

CASE 3215: Application of GULF
OIL CORP. FOR APPROVAL OF THE
MESCAL WASH UNIT AGREEMENT.

CASE NO.

3215

Application,

Transcripts,

Small Exhibits

ETC.

January 10, 1966

Gulf Oil Corporation
P. O. Box 1938
Roswell, New Mexico

Re: Mescal Wash Unit
Eddy County, New Mexico

ATTENTION: Mr. William V. Kastler

Gentlemen:

We have received by your letter of January 6, 1966, counterparts of a Request for Termination of the Mescal Wash Unit. This request is executed by all working interest owners with the exception of a 2% interest held by Sun Oil Company.

The test well which was drilled on the unit area resulted in a dry hole which was plugged and abandoned on July 12, 1965 and the working interest owners do not wish to conduct further drilling as provided for under Section 9 of the Unit Agreement, therefore, they wish to terminate the Mescal Wash Unit Agreement as provided for under Section 20 of the Agreement.

The Commissioner of Public Lands approves this termination to become effective February 1, 1966, subject to like approval by the United States Geological Survey.

We are enclosing five originally signed Certificates of Termination.

Gulf Oil Corporation
P. O. Box 1933
Roswell, New Mexico

Page (2).

Very truly yours,

CHETON B. KAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Pilberry, Director
Oil and Gas Department

MEM/m

cc: United States Geological Survey
Post Office Drawer 1857
Roswell, New Mexico
Attention: Mr. John A. Anderson
encl:

Oil Conservation Commission
P. O. Box 2038
Santa Fe, New Mexico

Gulf Oil Corporation

LAW DEPARTMENT

Booth Kellough
DIVISIONAL ATTORNEY
MIDLAND, TEXAS

ATTORNEY ROSWELL
William V. Kastler

P. O. Box 1938
Roswell, N. M. 88201

January 6, 1966 52

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
P. O. Box 1857
Roswell, New Mexico

Mr. Guyton B. Hayes
Commissioner of Public Lands
for the State of New Mexico
Attention: Mrs. Marian M. Rhea, Supervisor
Unit Division
P. O. Box 1148
Santa Fe, New Mexico

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
Attention: Mr. J. E. Kapteina
Engineer
P. O. Box 2088
Santa Fe, New Mexico

Re: Request for Termination of the
Mescal Wash Unit Agreement,
Eddy County, New Mexico.

Gentlemen:

January 12, 1966 is the date for the required filing of a Plan of Further Development on the Mescal Wash Unit Agreement. The working interest owners have collectively agreed to request termination of the Unit Agreement inasmuch as no reasonable proposal for further drilling on the unit exists.

Transmitted herewith are counterparts of a Request for Termination executed by all working interest owners except Sun Oil Company which owns less than a 2% interest. In the hope that sufficient file copies will be transmitted, five copies are being sent to the Supervisor, two copies to the Commissioner and one copy of each counterpart to the Commission.

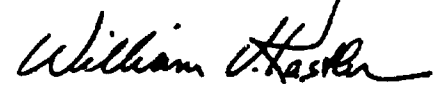
The purpose for requesting the termination be made effective as of February 1, 1966 is to facilitate the rental



Mescal Wash Unit Agreement
Eddy County, New Mexico
January 6, 1966
Page 2

calculations for those Federal leases which, under the law, are entitled to a two year extension as a result of the termination of the unit.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William V. Kastler". The signature is fluid and cursive, with a prominent initial "W".

William V. Kastler

WVK:ejl

Enclosures

To: The Director
United States Geological Survey
Washington, D. C.

The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

REQUEST FOR TERMINATION OF THE MESCAL WASH UNIT
NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

The undersigned, together with other working interest owners executing counterparts hereof, who collectively own, on an acreage basis, in excess of seventy-five per cent of the working interest in the Mescal Wash Unit Area, state as follows:

The test well drilled within the Unit Area pursuant to Section 9 of the Unit Agreement resulted in a dry hole which was plugged and abandoned on July 12, 1965. Further drilling under Section 9 of the Unit Agreement is, in the opinion of the undersigned working interest owners, unwarranted and impracticable under the circumstances appearing at this time.

The working interest owners under the Mescal Wash Unit Agreement who join in this Request for Termination by an executed counterpart hereof respectfully request that the Mescal Wash Unit Agreement be terminated effective February 1, 1966.

GULF OIL CORPORATION

ATTEST:

W. B. Barker
Assistant Secretary

W. B. Barker
By: Attorney-in-Fact

Date: DEC 15 1965

Approved
Date: 12/15/65

ATTEST:

By: _____

Date: _____

To: The Director
United States Geological Survey
Washington, D. C.

The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

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NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

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The working interest owners under the Mescal Wash Unit Agreement who join in this Request for Termination by an executed counterpart hereof respectfully request that the Mescal Wash Unit Agreement be terminated effective February 1, 1966.

ATTEST:
GULF OIL CORPORATION
PITTSBURGH, PA.
4 AUGUST 1965
Assistant Secretary
Date: DEC 5, 1965

GULF OIL CORPORATION

By [Signature]
Attorney-in-Fact

Form Approved
Low Dept. [Signature]

ATTEST:

Date: _____

TEXACO Inc.

By [Signature]
Attorney-in-Fact

To: The Director
United States Geological Survey
Washington, D. C.

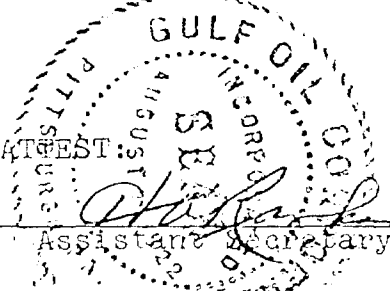
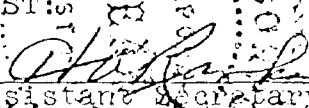
The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

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NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

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The working interest owners under the Mescal Wash Unit Agreement who join in this Request for Termination by an executed counterpart hereof respectfully request that the Mescal Wash Unit Agreement be terminated effective February 1, 1966.


ATTEST: 
Assistant Secretary
Date: DEC 30 1965

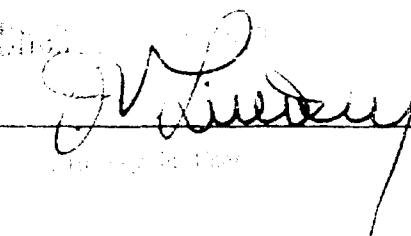
GULF OIL CORPORATION

By 
Attorney-in-Fact

Form Approved
Law Dept. 

ATTEST:

Date: DEC 30 1965

By 
Attorney-in-Fact

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

Before me, the undersigned authority, on this day personally appeared J. V. Lindsey, known to me to be the person whose name is subscribed to the foregoing instrument as Attorney in Fact for Shell Oil Company, a Delaware corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the free act and deed of said Shell Oil Company in the capacity therein stated.

Given under my hand and seal of office this 21 day of December,
1965.

My Commission Expires:

June 1, 1967

Rosalyn Magu
Notary Public in and for
Midland County, Texas.

To: The Director
United States Geological Survey
Washington, D. C.

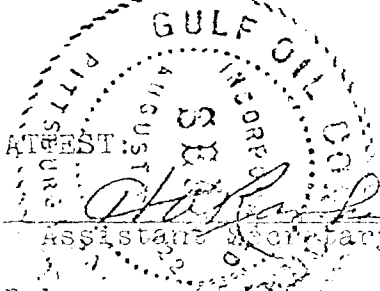
The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

REQUEST FOR TERMINATION OF THE MESCAL WASH UNIT
NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

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
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The working interest owners under the Mescal Wash Unit Agreement who join in this Request for Termination by an executed counterpart hereof respectfully request that the Mescal Wash Unit Agreement be terminated effective February 1, 1966.

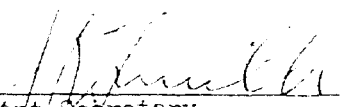
ATTEST: 
Assistant Secretary
Date: DEC 29, 1965

GULF OIL CORPORATION

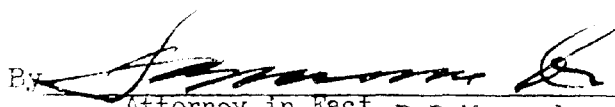
By: 
Attorney-in-Fact

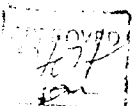
Form Approved
Law Dept. 

ATTEST:


Assistant Secretary
Date: December 29, 1965

PAN AMERICAN PETROLEUM CORPORATION

By: 
Attorney in Fact D. B. Mason, Jr.



To: The Director
United States Geological Survey
Washington, D. C.


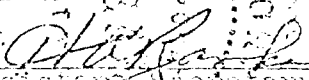
The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

REQUEST FOR TERMINATION OF THE MESCAL WASH UNIT
NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

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The working interest owners under the Mescal Wash Unit Agreement who join in this Request for Termination by an executed counterpart hereof respectfully request that the Mescal Wash Unit Agreement be terminated effective February 1, 1966.



ATTEST: 
Assistant Secretary
Date: DEC 20, 1965

GULF OIL CORPORATION

By: 
Attorney-in-Fact

Form Approved
Low Dept. 

AZTEC OIL & GAS COMPANY

ATTEST:

Secretary
Date: December 20, 1965

By: 
Vice President

LAS

To: The Director
United States Geological Survey
Washington, D. C.

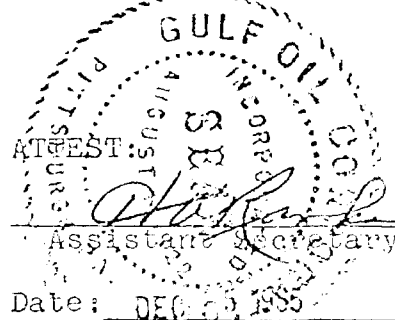
The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

REQUEST FOR TERMINATION OF THE MESCAL WASH UNIT
NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

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The working interest owners under the Mescal Wash Unit Agreement who join in this Request for Termination by an executed counterpart hereof respectfully request that the Mescal Wash Unit Agreement be terminated effective February 1, 1966.


ATTEST: [Signature]
Assistant Secretary
Date: DEC 23, 1965

GULF OIL CORPORATION

By [Signature]
Attorney-in-Fact

Form Approved
Law Dept. [Signature]

ATTEST: [Signature]
Asst. Secretary
Date: December 23, 1965

TIDEWATER OIL COMPANY

By [Signature]
VICE PRESIDENT

To: The Director
United States Geological Survey
Washington, D. C.

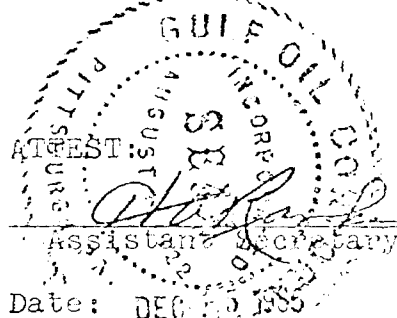
The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

REQUEST FOR TERMINATION OF THE MESCAL WASH UNIT
NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

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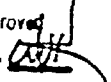
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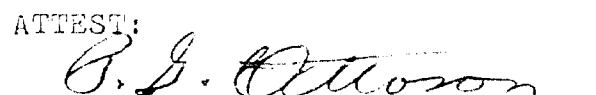
The working interest owners under the Mescal Wash Unit Agreement who join in this Request for Termination by an executed counterpart hereof respectfully request that the Mescal Wash Unit Agreement be terminated effective February 1, 1966.

ATTEST:

Assistant Secretary
Date: DEC 30 1965

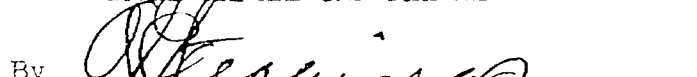
GULF OIL CORPORATION

By 
Attorney-in-Fact

Form Approved
Law Dept. 

ATTEST:

ASSISTANT SECRETARY
Date: December 28, 1965

SIGNAL OIL AND GAS COMPANY

By 
VICE PRESIDENT

To: The Director
United States Geological Survey
Washington, D. C.

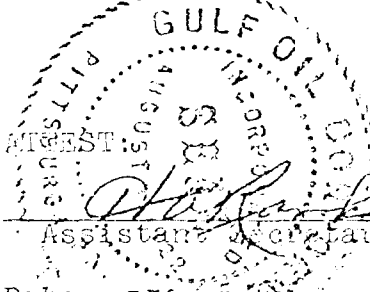
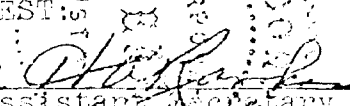
The Commissioner of Public Lands of the
State of New Mexico
State Land Office
Santa Fe, New Mexico

REQUEST FOR TERMINATION OF THE MESCAL WASH UNIT
NO. 14-08-0001 8672, EDDY COUNTY, NEW MEXICO

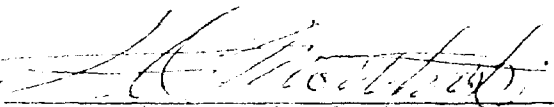
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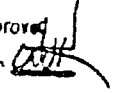
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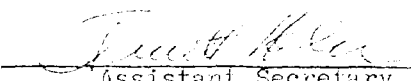

ATTEST: 
Assistant Secretary
Date: DEC 10 1965

GULF OIL CORPORATION

By 
Attorney-in-Fact

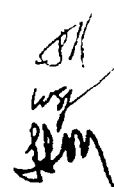
Form Approved
Law Dept. 

ATTEST:


Assistant Secretary
Date: JAN 1 1966

SOUTHERN UNION PRODUCTION COMPANY

By 
Executive Vice President



March 12, 1965

Gulf Oil Corporation
P. O. Box 1938
Roswell, New Mexico 88201

Attention: Mr. William V. Kastler

Re: Mescal Wash Unit
Eddy County, New Mexico

Gentlemen:

The Commissioner of Public Lands approved as of March 12, 1965, the Mescal Wash Unit Agreement, Eddy County, New Mexico. We have been informed by the Oil Conservation Commission Examiner, Mr. Elvis Ute, that this unit has been recommended for approval by the Commission. Therefore, our approval is subject to the issuance of an Order by the Oil Conservation Commission.

We are enclosing 10 original signed copies of our Certificate of Approval. Please notify this office when this has been approved by the United States Geological Survey and send us a copy of such approval. We are also enclosing Official Receipt No. OH-04500 in the amount of \$170.00 which covers the filing fee.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
(Mr.) Ted Bilberry, Director
Oil and Gas Department

GBH/mxr/d
Enclosures

cc: United States Geological Survey
Oil Conservation Commission

State of New Mexico
Oil Conservation Commission



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

March 25, 1965

Re: Case No. 3215
Order No. R-2884
Applicant:

GULF OIL CORPORATION

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

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

Carbon copy of order also sent to:

OTHER _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 3215
Order No. R-2884

APPLICATION OF GULF OIL CORPORATION
FOR APPROVAL OF THE MESCAL WASH UNIT
AGREEMENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 10, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 25th day of March, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Gulf Oil Corporation, seeks approval of the Mescal Wash Unit Agreement covering 21,445.78 acres, more or less, of State, Federal and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO

TOWNSHIP 25 SOUTH, RANGE 23 EAST, NMPM

Section 34: E/2 and SW/4

Section 35: All

Section 36: All

TOWNSHIP 26 SOUTH, RANGE 22 EAST, NMPM

Section 1: SE/4 and E/2 SW/4

Section 12: E/2 and E/2 W/2

Section 13: E/2 and E/2 W/2

Sections 23 through 26: All

TOWNSHIP 26 SOUTH, RANGE 23 EAST, NMPM

Sections 1 through 5: All

Section 6: E/2 and SW/4

Sections 7 through 24: All

-2-

CASE No. 3215

Order No. R-2884

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Mescal Wash Unit Agreement is hereby approved.

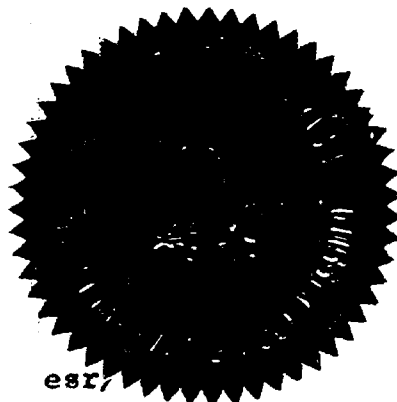
(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that 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.

(4) 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; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) 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

Guyton B. Hays
GUYTON B. HAYS, Member

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

esr/

Case 3215

Heard 3-10-65

Rec. 3-10-65

1. Grant Gulf a unit agreement
for their Mesal Wash unit.
Thurs. 4. 1965

Docket No. 7-65

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 10, 1965

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

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

CASE 2764: (Reopened and continued from the February 10, 1965 Examiner Hearing)
In the matter of Case No. 2764 being reopened pursuant to the provisions of Order No. R-2439, which order established temporary 640-acre spacing units for the West Jal-Strawn Gas Pool, Lea County, New Mexico, for a period of two years. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 3203: (Continued from the February 10, 1965 Examiner Hearing)
Application of Schermerhorn Oil Corporation for a non-standard location and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the N/2 NE/4 of Section 5, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its Linam G Well No. 1 at a non-standard location 1025 feet from the North line and 1953 feet from the East line of said Section 5.

CASE 3214: Application of Carter Foundation Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Teague-Simpson Pool by the injection of water into the Simpson formation through two injection wells located in Units B and G of Section 34, Township 23 South, Range 37 East, Lea County, New Mexico.

CASE 3215: Application of Gulf Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Mescal Wash Unit Area comprising 21,446 acres, more or less, of Federal, State and Fee lands in Townships 25 and 26 South, Ranges 22 and 23 East, Eddy County, New Mexico.

CASE 3216: Application of Gulf Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the expansion of its West Pearl Queen Unit Waterflood Project, Pearl Queen Pool, Lea County, New Mexico, to include the NW/4 of Section 28, Township 19 South, Range 35 East; applicant further seeks authority to convert two additional wells to water injection, said wells being located in Units D and F of said Section 28.

CASE 3217: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to permit S. S. Sutton, dba Eddy Oil Company and all other interested parties to show cause why the Eddy Oil Company Stanolind-State Wells Nos. 1 and 2, located in Units G and J, respectively, of Section 36, Township 19 South, Range 30 East, Eddy County, New Mexico, should not be plugged in accordance with a Commission approved plugging program.

- 2 -

MARCH 10, 1965 EXAMINER HEARING

CASE 3218: Application of Newmont Oil Company for a non-standard location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Fidel Well No. 5 as a water injection well to inject water into the Lower Grayburg and Upper San Andres formations in its East Square Lake Waterflood Project, at a non-standard location 50 feet from the North line and 50 feet from the East line of Section 29, Township 16 South, Range 31 East, Eddy County, New Mexico.

CASE 3219: (Continued to the March 24, 1965 Examiner Hearing)
Application of Humble Oil & Refining Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its State "M" lease waterflood project by the conversion to water injection of 13 additional wells located in Sections 19, 20, 29, 30 and 31, Township 22 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

DRAFT
JMD/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 3215

Order No. R- 2884

APPLICATION OF GULF OIL CORPORATION
FOR APPROVAL OF THE MESCAL WASH
UNIT AGREEMENT, EDDY, COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 10, 1965, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of March, 1965, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, Gulf Oil Corporation,
seeks approval of the Mescal Wash Unit Agreement
covering 21,446 acres, more or less, of State,
and Fee
described as follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 25 SOUTH, RANGE 23 EAST, NMPM

Section 34: E/2 and SW/4
Section 35: All
Section 36: All

TOWNSHIP 26 SOUTH, RANGE 22 EAST, NMPM

Section 1: SE/4 and E/2 SW/4
Section 12: E/2 and E/2 W/2
Section 13: E/2 and E/2 W/2
Sections 23 through 26: All

TOWNSHIP 26 SOUTH, RANGE 23 EAST, NMPM

Sections 1 through 5: All
Section 6: E/2 and SW/4
Sections 7 through 24: All

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Mescal Wash Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that 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.

(4) 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; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) 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.

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

February 8, 1965

Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation
for the Approval of the Mescal Wash
Unit Agreement Providing for the
Development and Operation of 21,445.78
acres in and adjacent to Township 26
South, Range 23 East, Eddy County,
New Mexico.

Dear Sir:

Gulf Oil Corporation as the proposed Unit Operator respectfully
herein requests the Commission's approval of the Mescal Wash Unit Area
on the grounds that the proposed unit plan will in principle tend to
promote the conservation of oil and gas and the prevention of waste.
In support of its application Gulf states as follows:

1. That the Unit Area shall be:

T. 25 S., R. 23 E., N.M.P.M.

Section 34: E/2 and SW/4
Section 35: All
Section 36: All

T. 26 S., R. 22 E., N.M.P.M.

Section 1: SW/4 and E/2 SW/4
Section 12: E/2 and E/2 W/2
Section 13: E/2 and E/2 W/2
Section 23: All
Section 24: All
Section 25: All
Section 26: All

T. 26 S., R. 23 E., N.M.P.M.

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 5: All
Section 6: E/2 and SW/4
Section 7: All
Section 8: All
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 23: All
Section 24: All

DOCKET MAILED

Date 2-26-65



containing 21,445.78 acres, more or less, Eddy County, New Mexico

Secretary-Director
New Mexico Oil Conservation Commission
Page 2
Mescal Wash Unit

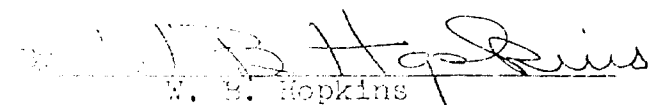
2. That a reasonable interpretation of subsurface information indicates a possibility of encountering reef type sediments in the upper Pennsylvanian or lower stratigraphic traps in the lower Pennsylvanian sufficient to warrant the greater than average-risk involved.
3. That the Unit Operator shall file with the Commission an executed original or an executed counterpart of the Mescal Wash Unit and Unit Operating Agreement within 30 days after the effective date thereof.
4. That any party owning rights in the unitized substances which does not commit such rights to said Unit Agreement before the effective date hereof may thereafter become a party thereto by subscribing to such agreement or a counterpart thereof or by ratifying the same subject to the usual terms and provisions.
5. That the proposed Unit Agreement contains approximately 91% federal lands, 7% state lands and 2% privately owned lands. Preliminary commitment has been obtained from better than 85% of the Working Interest Owners. Preliminary approval and designation of the unit area has been obtained from the Acting Director of the United States Geological Survey and the Commissioner of Public Lands has approved said instrument in form and content. At the present time the instrument is being finally executed by Working Interest and Royalty Owners.
6. That the Order of the Commission should become effective upon the final approval of said Unit Agreement by the Commissioner of Public Lands and the Director of the United States Geological Survey and should terminate ipso facto upon the termination of said Unit Agreement.

The Unit test well is to be located in the SW/4 NE/4 of Section 17, Township 26 South, Range 23 East. The well is projected to a depth adequate to test the Pennsylvanian formation, not to exceed 3,500 feet beneath the surface.

It is requested that this matter be set for hearing at the earliest time.

Respectfully submitted,

GULF OIL CORPORATION


W. B. Hopkins

WVK:ejf

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. J. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

February 8, 1965

Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation
for the Approval of the Mescal Wash
Unit Agreement Providing for the
Development and Operation of 21,445.78
acres in and adjacent to Township 26
South, Range 23 East, Eddy County,
New Mexico.

Dear Sir:

Gulf Oil Corporation as the proposed Unit Operator respectfully
herein requests the Commission's approval of the Mescal Wash Unit Area
on the grounds that the proposed unit plan will in principle tend to
promote the conservation of oil and gas and the prevention of waste.
In support of its application Gulf states as follows:

1. That the Unit Area shall be:

T. 25 S., R. 23 E., N.M.P.M.

Section 34: E/2 and SW/4
Section 35: All
Section 36: All

T. 26 S., R. 23 E., N.M.P.M.

Section 1: SE/4 and E/2 SW/4
Section 12: E/2 and E/2 W/2
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Section 23: All
Section 24: All
Section 25: All
Section 26: All

T. 26 S., R. 23 E., N.M.P.M.

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 5: All
Section 6: E/2 and SW/4
Section 7: All
Section 8: All
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 23: All
Section 24: All



containing 21,445.78 acres, more or less, Eddy County, New Mexico

Secretary-Director
New Mexico Oil and Gas Conservation Commission
Page 2
Mescal Wash Unit

2. That a reasonable interpretation of subsurface information indicates a possibility of encountering reef type sediments in the upper Pennsylvanian or lower stratigraphic traps in the lower Pennsylvanian sufficient to warrant the greater than average-risk involved.
3. That the Unit Operator shall file with the Commission an executed original or an executed counterpart of the Mescal Wash Unit and Unit Operating Agreement within 30 days after the effective date thereof.
4. That any party owning rights in the unitized substances which does not commit such rights to said Unit Agreement before the effective date hereof may thereafter become a party thereto by subscribing to such agreement or a counterpart thereof or by ratifying the same subject to the usual terms and provisions.
5. That the proposed Unit Agreement contains approximately 91% federal lands, 7% state lands and 2% privately owned lands. Preliminary commitment has been obtained from better than 85% of the Working Interest Owners. Preliminary approval and designation of the unit area has been obtained from the Acting Director of the United States Geological Survey and the Commissioner of Public Lands has approved said instrument in form and content. At the present time the instrument is being finally executed by Working Interest and Royalty Owners.
6. That the terms of the Commission shall become effective upon the final approval of said Unit Agreement by the Commissioner of Public Lands and the Director of the United States Geological Survey and shall terminate ipso facto upon the termination of said Unit Agreement.

The Unit well is to be located in the NE/4 of Section 17, Township 26 South, Range 13 East. The well is to be drilled to a depth adequate to test the Pennsylvanian formation, and to exceed 8,500 feet beneath the surface.

It is requested that this unit be approved and reaching at the earliest time.

Respectfully submitted,

THE OIL CORPORATION

W. B. Hopkins

WVK:ejj

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. J. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P.O. Drawer 1938
Roswell, New Mexico 88201

February 8, 1965

Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation
for the Approval of the Mescal Wash
Unit Agreement Providing for the
Development and Operation of 21,445.78
acres in and adjacent to Township 26
South, Range 23 East, Eddy County,
New Mexico.

Page 3215

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herein requests the Commission's approval of the Mescal Wash Unit Area
on the grounds that the proposed unit plan will in principle tend to
promote the conservation of oil and gas and the prevention of waste.
In support of its application Gulf states as follows:

1. That the Unit Area shall be:

T. 25 S., R. 23 E., N.M.P.M.

Section 34: E/2 and SW/4
Section 35: All
Section 36: All

T. 26 S., R. 22 E., N.M.P.M.

Section 1: SE/4 and E/2 SW/4
Section 12: E/2 and E/2 W/2
Section 13: E/2 and E/2 W/2
Section 23: All
Section 24: All
Section 25: All
Section 26: All

T. 26 S., R. 23 E., N.M.P.M.

Section 1: All
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Section 5: All
Section 6: E/2 and SW/4
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Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 23: All
Section 24: All



containing 21,445.78 acres, more or less, Eddy County, New Mexico

Secretary-Director
New Mexico Oil Conservation Commission
Page 2
Mescal Wash Unit

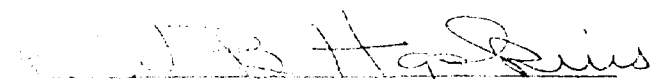
2. That a reasonable interpretation of subsurface information indicates a possibility of encountering reef type sediments in the upper Pennsylvanian or lower stratigraphic traps in the lower Pennsylvanian sufficient to warrant the greater than average-risk involved.
3. That the Unit Operator shall file with the Commission an executed original or an executed counterpart of the Mescal Wash Unit and Unit Operating Agreement within 30 days after the effective date thereof.
4. That any party owning rights in the unitized substances which does not commit such rights to said Unit Agreement before the effective date hereof may thereafter become a party thereto by subscribing to such agreement or a counterpart thereof or by ratifying the same subject to the usual terms and provisions.
5. That the proposed Unit Agreement contains approximately 91% federal lands, 7% state lands and 2% privately owned lands. Preliminary commitment has been obtained from better than 85% of the Working Interest Owners. Preliminary approval and designation of the unit area has been obtained from the Acting Director of the United States Geological Survey and the Commissioner of Public Lands has approved said instrument in form and content. At the present time the instrument is being finally executed by Working Interest and Royalty Owners.
6. That the Order of the Commission should become effective upon the final approval of said Unit Agreement by the Commissioner of Public Lands and the Director of the United States Geological Survey and should terminate ipso facto upon the termination of said Unit Agreement.

The Unit test well is to be located in the SW/4 NE/4 of Section 17, Township 28 South, Range 45 East. The well is projected to a depth adequate to test the Pennsylvanian formation, not to exceed 8,500 feet beneath the surface.

It is requested that this matter be set for hearing at the earliest time.

Respectfully submitted,

THIS OIL CORPORATION


W. B. Hopkins

WVK:ejl

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 10, 1965

EXAMINER HEARING

IN THE MATTER OF:

APPLICATION OF GULF OIL CORPORATION FOR A
UNIT AGREEMENT, EDDY COUNTY, NEW MEXICO

Case No. 3215

BEFORE:

ELVIS A. UTZ

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

SANTA FE, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691



dearnley-meier

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MR. UTZ: Case Number 3215.

MR. DURRETT: Application of Gulf Oil Corporation
for a unit agreement, Eddy County, New Mexico.

MR. KASTLER: If the Examiner please, my name is
Bill Kastler, with Gulf Oil Corporation, and I have two witnesses
--Mr. Jack Cavanaugh and Mr. Don Garey. Would you please stamp
these Exhibits 1, 2 and 3.

* * *

J. P. C A V A N A U G H, the witness, having been duly
sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Cavanaugh, please state your name and position,
and by whom you are employed.

A My name is J. P. Cavanaugh--Jack Cavanaugh. I am
a landman for Gulf Oil Corporation in Roswell, New Mexico.

Q Have you previously been qualified as a witness to
testify before the New Mexico Oil Conservation Commission?

A Yes, sir, I have.

Q Are you familiar with the unit area, the leases
involved and the unit operating agreement of the proposed
Mescal Wash Unit Area?

A Yes, sir, I am. The unit agreement covers 21,445.78
acres covering all or parts of Sections 34, 35 and 36 in Town-
ship 25 South, Range 23 East, Sections 1 through 24, Township

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26 South, Range 23 East, and all or parts of Sections 1, 12, 13, 23, 24, 25 and 26 in Township 26 South, Range 22 East, all in Eddy County, New Mexico.

Q All of this is clearly shown on a plat attached to Exhibit 1, which is part of the unit agreement marked Exhibit A?

A That is correct.

Q What is the character of this land and those leases?

A Of the 21,445.78-acre tract, 91-1/3% approximately of this area of the lands in this area are Federal lands; 7% are State lands, and 1-2/3% are fee lands.

Q Are there any unleased lands in the unit?

A Yes. Tract 49, being the southwest quarter of the southwest quarter of Section 22, Township 26 South, Range 23 East, is a 40-acre fee land tract which is unleased, and the mineral owner did not agree to committing it to the unit area.

Q So it will be in the unit area, but not committed?

A That is correct.

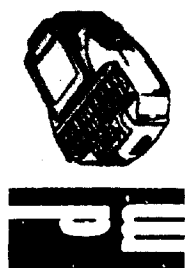
Q And that is only 40 acres?

A Yes.

Q Are there any other lands covered by the lease but not committed to the unit?

A Yes, sir, there is one uncommitted 160-acre lease which is Tract 35, being the southeast quarter of Section 11, Township 26 South, Range 23 East. An offer of a dry hole

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PAGE 4

contribution in an amount proportionate to the cost of drilling allocated to this 160-acre tract has been made by this non-joining lessee, and it has been accepted by Gulf Oil Corporation, the operator, for the benefit of the unit.

Q So although it has not been committed, it is still a matter in which the lessee has offered a dry hole contribution and that dry hole money has been accepted?

A It has been accepted by Gulf for the account of the paying known operators as well as the operator in this unit.

Q Are you familiar with the unit agreement?

A Yes, sir. This is a Federal style unit agreement providing for commencement of drilling operations within six months after the effective date, drilling to the objective depth of 8,500 feet or to the top of the Mississippian formation in Section 14, Township 26 South, Range 23 East. There is to be continuous drilling of exploratory wells until a discovery has been made and thereafter reasonable continuous development. There are provisions for establishing a participating area, the succession of unit operators, the extension of leases during the life of the unit, subsequent joinder and other such features. In other words, this is the standard, orthodox type of exploratory unit agreement.

Q Calling your attention to Exhibit 2, the unit operating agreement, with provisions for carrying the cost of

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a test well, non-consent operations and such as that?

A Yes. The operating agreement provides for fixed participation of all working interest owners regardless of where their acreage may be situated. However, the agreement does contain the feature of beneficial interest which provides in effect that a party whose lease is not subject to any overriding royalties or production payments will nevertheless share on a net surface acre basis rather than on a strict surface acre basis. The working interest owners have all agreed to this as a more equitable allocation, particularly in view of the fact that the drill site acreage is covered by an overriding royalty which would otherwise have to be borne entirely by the party owning the lease in Section 17. The usual non-consent drilling provision is incorporated into the agreement and so also is a provision whereby those parties not desiring to participate in the costs of the initial well agree instead to assign one-half of their lease-hold interest to the parties carrying this cost.

Q Is the cost of the initial well underwritten 100 per cent?

A Yes, it is.

Q In your opinion, how would approval of this unit prevent waste and protect correlative rights?

A The drilling of this well is a risk which is more readily borne by a group of operators than by a single lessee. Therefore, the incentive to drill is a more businesslike

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venture. Furthermore, as Mr. Garey will testify, there is a reasonable possibility of an oil and gas bearing structure being situated within the frame of the unit area which could most economically be developed without waste by carrying on unit operations. To some extent the lessees themselves have attempted to protect their correlative rights but the principal royalty owners, namely the Federal Government and the State of New Mexico, have confirmed that it protects correlative rights.

Q Are there any early expiring leases?

A There are no leases expiring overnight, but we would appreciate an early approval so that drilling could commence without further delay.

Q You stated that the Federal and State Governments have confirmed the advantages of unitization. By that, has this matter been considered and approved by the United States Geological Survey?

A Yes. The Acting Director has designated this area as a logical unit area and has indicated that he would approve the unit agreement when properly subscribed.

Q Has the Commissioner of Public Lands approved this instrument in form and content?

A Yes, his office has approved it after requiring the adoption of certain changes.

Q At this time what percentage of unit working interest

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owner commitment do you have?

A 99.992%.

Q And what percentage of royalty owner commitment do you have at this time?

A 99.995%.

Q When do you anticipate that drilling could commence?

A We are ready as soon as we receive the Oil Conservation Commission's approval to submit this instrument for final approval by the Commissioner of Public Lands for the State of New Mexico, and immediately upon obtaining this it will be submitted to the USGS for its final approval in Washington. If all goes well we expect the effective date to come up on May 1st, but under some unusual circumstances it might be as early as April 1st. We are ready to solicit bids for the drilling at the earliest possible time. We hope to certainly be drilling by May 1st.

Q Are these unit agreements and unit operating agreements labeled Exhibits 1 and 2 true copies of the instruments and exhibits which are now fully signed and ready for submittal to governmental authorities for final approval?

A Yes.

MR. KASTLER: This concludes my questions of this witness on direct examination, and at this time I would like to move for the acceptance of Exhibits 1 and 2 into evidence

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in this case.

MR. UTZ: Without objection, Exhibits 1 and 2 are entered into the record of this case. Are there any questions of the witness? ... He may be excused.

(The witness thereupon was excused and withdrew from the stand.)

MR. KASTLER: My next witness will be Don Garay.

* * *

D O N A L D L. G A R E Y, the witness, having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Please state what school you attended--first of all, state your full name.

A My full name is Donald L. Garay, and that's spelled G-a-r-e-y.

Q And you are employed by Gulf?

A I am employed by Gulf as a senior exploration geologist.

Q Please state your educational background.

A I attended Texas A&M University and have been employed since graduation with Gulf, for twelve years, as an exploration geologist. During that twelve years I spent the entire time in the Permian Basin, and the last five years

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particularly in southeastern New Mexico.

Q Do you have a BS degree?

A Yes.

Q Are you familiar with the area encompassed in the proposed Mescal Wash Unit Agreement?

A Yes.

Q Referring to the isopach marked Exhibit 3F, or F inside of your brochure which is marked Exhibit 3, will you please state what this is.

A This particular exhibit is an isopach map of the Upper Pennsylvanian sediments in the vicinity of the proposed unit.

Q What does it show?

A The map shows the variation in thickness of the Upper Pennsylvanian sediments, with a thicker area suggesting vertical reef development.

Q What does Exhibit 3B in the same brochure show?

A This particular exhibit shows the areal extent and location of the Shelf Transition and Basin Facies of the Upper Pennsylvanian sediments. These are primarily indicative of the structure, subsurface-wise, that is to be found in there.

Q I call your attention to Exhibit 3C. What does Exhibit 3C show?

A Exhibit 3C is actually a composite exhibit. The

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solid contours indicate a low magnetic area which we feel indicates a low area in the basement rocks, and the dashed contours represent a positive residual gravity, and it is our opinion that this positive gravity trend is suggestive of a carbonate buildup in the subsurface sediments.

Q What do Exhibits 3D and 3E show?

A Exhibit 3D is a columnar section of the anticipated geologic section to be penetrated.

Q And Exhibit 3E?

A Exhibit 3E is a pictorial generalized cross-section of the anticipated subsurface under the proposed unit.

Q What formations are to be tested?

A We feel that we will adequately test all formations on Exhibit 3E to the Mississippian Limestone.

Q Would you refer to Exhibit 3E and name and identify those formations, please.

A We feel we will adequately test the Delaware, the Bone Spring, the Wolfcamp and Pennsylvanian and Mississippian formations.

Q When you drill, will you drill through the Mississippian formation or simply into it?

A Simply into it.

Q What would this test penetrate in the Delaware?

A We should penetrate the entire section, which would

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PAGE 11

be Bell Canyon, Cherry Canyon and Brushy Canyon formations.

Q What would the Bone Springs consist of?

A We anticipate 1700 feet of limestone shale and sandstone, which should be predominantly limestone.

Q This is all reflected on Exhibit 3E?

A Yes, sir.

Q What would the Wolfcamp section consist of?

A It will be predominantly dark shale, with some limestone.

Q Would there be a reef buildup in the Upper Pennsylvanian?

A The isopach map of the Upper Pennsylvanian sediments and observed changes in facies indicate conditions in the vicinity of the proposed unit are favorable for reef development. This reef buildup was encountered twelve miles and eight miles to the south and southwest of this unit area.

Q In two different wells?

A Yes. And the anticipated section is very similar to the Indian Basin-Indian Hills area.

Q Do you feel that if this well has a chance of recovery of oil or gas, it would be similar to the gas in the Indian Hills area?

A Yes.

Q What about the Lower Pennsylvanian?

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A The structure formation has a potential for reef building but reefing is not anticipated in the Atoka and Morrow formations.

Q Do you expect to encounter some sandstone?

A Yes. The Morrow formation, which is Lower Pennsylvanian in age, has considerable deposits of sandstone and there are always potential stratigraphic traps in the Permian basin.

Q As you would pick these, and without wanting to be quoted after the well is drilled, before the well is drilled what would you think the formation tops would be?

A I believe probably in the Delaware sandstone at five to 600 feet, and the Bone Springs---

Q This is shown on Exhibit E?

A Yes. And the Columbus Section on Exhibit D would show this very well. We should encounter the Bone Springs at around 3200 feet; the Wolfcamp at around 4200; the Upper Pennsylvanian, which we anticipate would be a pay, around 5300 feet; the Strawn, which has a pay potential, at 6500 to 6600 feet, and the Morrow, which is also another anticipated pay, at around 7500 to 7600 feet; and we should encounter the Mississippian lime around 8400 feet.

Q What is the estimated cost of the well?

A The estimated cost is approximately \$105,000 as a dry hole and approximately \$137,000 as a producer.

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Q How long would it take to drill the well?

A With good luck, thirty days, approximately.

Q Is this in your opinion a reasonable test for oil or gas?

A Yes.

Q Has any other similar test been made in this particular unit area?

A No.

Q There are no dry holes there?

A No, sir. There are shallow Delaware Sand dry holes, but nothing deeper.

Q There are shallow Delaware Sand tests in this same unit area?

A Yes.

Q So actually your testimony to the previous question, one or two questions back, is that in the Delaware Sands you might encounter a pay that is quite sketchy?

A I would like to correct that last answer. There are shallow Delaware Sand tests in the area, but not within the unit outline itself.

Q Which substance do you expect it is most likely you will encounter--oil or gas?

A I believe in this particular part of the Permian Basin we would anticipate gas.

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Q Was composite Exhibit 3 prepared by you or at your direction or supervision?

A Yes.

MR. KASTLER: These are all the questions I have of this witness. I would like to move that Exhibit 3 with all of its counterpart exhibits be admitted into evidence.

MR. UTZ: Exhibit 3 and its counterparts will be admitted as part of this record. Are there other questions of this witness?

CROSS-EXAMINATION

BY MR. PORTER:

Q What is the projected total depth?

A 8,500 feet.

Q That would be to the Mississippian, or through it?

A To it--enough penetration to know we were actually in it.

Q And you anticipate 30-day drilling?

A Yes, sir, that's what the drilling date is estimated at--thirty days.

MR. PORTER: That's all I have.

MR. UTZ: Gulf has a producing well north of this area?

A Yes, in the Estelaria.

MR. KASTLER: That's the White City Penn--that's

the name of the well?

A Yes.

MR. PORTER: Is that well being produced at the present time?

A Yes, it is.

MR. UTZ: Are there any other questions? ... The witness may be excused. Are there other statements in this case? The case will be taken under advisement.

* * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ELIZABETH K. HALE, Notary Public and Court Reporter, do hereby certify that the proceedings in the foregoing case were taken and transcribed by me, and that the foregoing is a true and correct transcript of proceedings to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, my hand and seal of office this 30th day of March, 1965.

Elizabeth K. Hale
Notary Public

My commission expires
May 23, 1968.

I do hereby certify that the foregoing is a complete record of the proceedings in the Escobedo hearing of Case No. 72-15, heard by me on *March 30, 1965*.
Elizabeth K. Hale
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 10, 1965

EXAMINER HEARING

IN THE MATTER OF:

APPLICATION OF GULF OIL CORPORATION FOR A
UNIT AGREEMENT, EDDY COUNTY, NEW MEXICO

Case No. 3215

BEFORE:

ELVIS A. UTZ

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243 6691



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MR. UTZ: Case Number 3215.

MR. DURRETT: Application of Gulf Oil Corporation
for a unit agreement, Eddy County, New Mexico.

MR. KASTLER: If the Examiner please, my name is
Bill Kastler, with Gulf Oil Corporation, and I have two witnesses
--Mr. Jack Cavanaugh and Mr. Don Garey. Would you please stamp
these Exhibits 1, 2 and 3.

* * *

J. P. C A V A N A U G H, the witness, having been duly
sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Cavanaugh, please state your name and position,
and by whom you are employed.

A My name is J. P. Cavanaugh--Jack Cavanaugh. I am
a landman for Gulf Oil Corporation in Roswell, New Mexico.

Q Have you previously been qualified as a witness to
testify before the New Mexico Oil Conservation Commission?

A Yes, sir, I have.

Q Are you familiar with the unit area, the leases
involved and the unit operating agreement of the proposed
Mescal Wash Unit Area?

A Yes, sir, I am. The unit agreement covers 21,445.78
acres covering all or parts of Sections 34, 35 and 36 in Town-
ship 25 South, Range 23 East, Sections 1 through 24, Township

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26 South, Range 23 East, and all or parts of Sections 1, 12, 13, 23, 24, 25 and 26 in Township 26 South, Range 22 East, all in Eddy County, New Mexico.

Q All of this is clearly shown on a plat attached to Exhibit 1, which is part of the unit agreement marked Exhibit A?

A That is correct.

Q What is the character of this land and those leases?

A Of the 21,445.78-acre tract, 91-1/3% approximately of this area of the lands in this area are Federal lands; 7% are State lands, and 1-2/3% are fee lands.

Q Are there any unleased lands in the unit?

A Yes. Tract 49, being the southwest quarter of the southwest quarter of Section 22, Township 26 South, Range 23 East, is a 40-acre fee land tract which is unleased, and the mineral owner did not agree to committing it to the unit area.

Q So it will be in the unit area, but not committed?

A That is correct.

Q And that is only 40 acres?

A Yes.

Q Are there any other lands covered by the lease but not committed to the unit?

A Yes, sir, there is one uncommitted 160-acre lease which is Tract 35, being the southeast quarter of Section 11, Township 26 South, Range 23 East. An offer of a dry hole

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contribution in an amount proportionate to the cost of drilling allocated to this 160-acre tract has been made by this non-joining lessee, and it has been accepted by Gulf Oil Corporation, the operator, for the benefit of the unit.

Q So although it has not been committed, it is still a matter in which the lessee has offered a dry hole contribution and that dry hole money has been accepted?

A It has been accepted by Gulf for the account of the paying known operators as well as the operator in this unit.

Q Are you familiar with the unit agreement?

A Yes, sir. This is a Federal style unit agreement providing for commencement of drilling operations within six months after the effective date, drilling to the objective depth of 8,500 feet or to the top of the Mississippian formation in Section 14, Township 26 South, Range 23 East. There is to be continuous drilling of exploratory wells until a discovery has been made and thereafter reasonable continuous development. There are provisions for establishing a participating area, the succession of unit operators, the extension of leases during the life of the unit, subsequent joinder and other such features. In other words, this is the standard, orthodox type of exploratory unit agreement.

Q Calling your attention to Exhibit 2, the unit operating agreement, with provisions for carrying the cost of

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a test well, non-consent operations and such as that?

A Yes. The operating agreement provides for fixed participation of all working interest owners regardless of where their acreage may be situated. However, the agreement does contain the feature of beneficial interest which provides in effect that a party whose lease is not subject to any overriding royalties or production payments will nevertheless share on a net surface acre basis rather than on a strict surface acre basis. The working interest owners have all agreed to this as a more equitable allocation, particularly in view of the fact that the drill site acreage is covered by an overriding royalty which would otherwise have to be borne entirely by the party owning the lease in Section 17. The usual non-consent drilling provision is incorporated into the agreement and so also is a provision whereby those parties not desiring to participate in the costs of the initial well agree instead to assign one-half of their lease-hold interest to the parties carrying this cost.

Q Is the cost of the initial well underwritten 100 per cent?

A Yes, it is.

Q In your opinion, how would approval of this unit prevent waste and protect correlative rights?

A The drilling of this well is a risk which is more readily borne by a group of operators than by a single lessee.

Therefore, the incentive to drill is a more businesslike

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venture. Furthermore, as Mr. Garey will testify, there is a reasonable possibility of an oil and gas bearing structure being situated within the frame of the unit area which could most economically be developed without waste by carrying on unit operations. To some extent the lessees themselves have attempted to protect their correlative rights but the principal royalty owners, namely the Federal Government and the State of New Mexico, have confirmed that it protects correlative rights.

Q Are there any early expiring leases?

A There are no leases expiring overnight, but we would appreciate an early approval so that drilling could commence without further delay.

Q You stated that the Federal and State Governments have confirmed the advantages of unitization. By that, has this matter been considered and approved by the United States Geological Survey?

A Yes. The Acting Director has designated this area as a logical unit area and has indicated that he would approve the unit agreement when properly subscribed.

Q Has the Commissioner of Public Lands approved this instrument in form and content?

A Yes, his office has approved it after requiring the adoption of certain changes.

Q At this time what percentage of unit working interest

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owner commitment do you have?

A 99.992%.

Q And what percentage of royalty owner commitment do you have at this time?

A 99.995%.

Q When do you anticipate that drilling could commence?

A We are ready as soon as we receive the Oil Conservation Commission's approval to submit this instrument for final approval by the Commissioner of Public Lands for the State of New Mexico, and immediately upon obtaining this it will be submitted to the USGS for its final approval in Washington. If all goes well we expect the effective date to come up on May 1st, but under some unusual circumstances it might be as early as April 1st. We are ready to solicit bids for the drilling at the earliest possible time. We hope to certainly be drilling by May 1st.

Q Are these unit agreements and unit operating agreements labeled Exhibits 1 and 2 true copies of the instruments and exhibits which are now fully signed and ready for submittal to governmental authorities for final approval?

A Yes.

MR. KASTLER: This concludes my questions of this witness on direct examination, and at this time I would like to move for the acceptance of Exhibits 1 and 2 into evidence

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in this case.

MR. UTZ: Without objection, Exhibits 1 and 2 are entered into the record of this case. Are there any questions of the witness? ... He may be excused.

(The witness thereupon was excused and withdrew from the stand.)

MR. KASTLER: My next witness will be Don Garey.

* * *

D O N A L D L. G A R E Y, the witness, having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Please state what school you attended--first of all, state your full name.

A My full name is Donald L. Garey, and that's spelled G-a-r-e-y.

Q And you are employed by Gulf?

A I am employed by Gulf as a senior exploration geologist.

Q Please state your educational background.

A I attended Texas A&M University and have been employed since graduation with Gulf, for twelve years, as an exploration geologist. During that twelve years I spent the entire time in the Permian Basin, and the last five years

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particularly in southeastern New Mexico.

Q Do you have a BS degree?

A Yes.

Q Are you familiar with the area encompassed in the proposed Mescal Wash Unit Agreement?

A Yes.

Q Referring to the isopach marked Exhibit 3F, or F inside of your brochure which is marked Exhibit 3, will you please state what this is.

A This particular exhibit is an isopach map of the Upper Pennsylvanian sediments in the vicinity of the proposed unit.

Q What does it show?

A The map shows the variation in thickness of the Upper Pennsylvanian sediments, with a thicker area suggesting vertical reef development.

Q What does Exhibit 3B in the same brochure show?

A This particular exhibit shows the areal extent and location of the Shelf Transition and Basin Facies of the Upper Pennsylvanian sediments. These are primarily indicative of the structure, subsurface-wise, that is to be found in there.

Q I call your attention to Exhibit 3C. What does Exhibit 3C show?

A Exhibit 3C is actually a composite exhibit. The

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solid contours indicate a low magnetic area which we feel indicates a low area in the basement rocks, and the dashed contours represent a positive residual gravity, and it is our opinion that this positive gravity trend is suggestive of a carbonate buildup in the subsurface sediments.

Q What do Exhibits 3D and 3E show?

A Exhibit 3D is a columnar section of the anticipated geologic section to be penetrated.

Q And Exhibit 3E?

A Exhibit 3E is a pictorial generalized cross-section of the anticipated subsurface under the proposed unit.

Q What formations are to be tested?

A We feel that we will adequately test all formations on Exhibit 3E to the Mississippian Limestone.

Q Would you refer to Exhibit 3E and name and identify these formations, please.

A We feel we will adequately test the Delaware, the Bone Spring, the Wolfcamp and Pennsylvanian and Mississippian formations.

Q When you drill, will you drill through the Mississippian formation or simply into it?

A Simply into it.

Q What would this test penetrate in the Delaware?

A We should penetrate the entire section, which would

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be Bell Canyon, Cherry Canyon and Brushy Canyon formations.

Q What would the Bone Springs consist of?

A We anticipate 1700 feet of limestone shale and sandstone, which should be predominantly limestone.

Q This is all reflected on Exhibit 3E?

A Yes, sir.

Q What would the Wolfcamp section consist of?

A It will be predominantly dark shale, with some limestone.

Q Would there be a reef buildup in the Upper Pennsylvanian?

A The isopach map of the Upper Pennsylvanian sediments and observed changes in facies indicate conditions in the vicinity of the proposed unit are favorable for reef development. This reef buildup was encountered twelve miles and eight miles to the south and southwest of this unit area.

Q In two different wells?

A Yes. And the anticipated section is very similar to the Indian Basin-Indian Hills area.

Q Do you feel that if this well has a chance of recovery of oil or gas, it would be similar to the gas in the Indian Hills area?

A Yes.

Q What about the Lower Pennsylvanian?

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A The structure formation has a potential for reef building but reefing is not anticipated in the Atoka and Morrow formations.

Q Do you expect to encounter some sandstone?

A Yes. The Morrow formation, which is Lower Pennsylvanian in age, has considerable deposits of sandstone and there are always potential stratigraphic traps in the Permian basin.

Q As you would pick these, and without wanting to be quoted after the well is drilled, before the well is drilled what would you think the formation tops would be?

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Q This is shown on Exhibit E?

A Yes. And the Columbus Section on Exhibit D would show this very well. We should encounter the Bone Springs at around 3200 feet; the Wolfcamp at around 4900; the Upper Pennsylvanian, which we anticipate would be a pay, around 5300 feet; the Strawn, which has a pay potential, at 6500 to 6600 feet, and the Morrow, which is also another anticipated pay, at around 7500 to 7600 feet; and we should encounter the Mississippian lime around 8400 feet.

Q What is the estimated cost of the well?

A The estimated cost is approximately \$105,000 as a dry hole and approximately \$137,000 as a producer.

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Q How long would it take to drill the well?

A With good luck, thirty days, approximately.

Q Is this in your opinion a reasonable test for oil or gas?

A Yes.

Q Has any other similar test been made in this particular unit area?

A No.

Q There are no dry holes there?

A No, sir. There are shallow Delaware Sand dry holes, but nothing deeper.

Q There are shallow Delaware Sand tests in this same unit area?

A Yes.

Q So actually your testimony to the previous question, one or two questions back, is that in the Delaware Sands you might encounter a pay that is quite sketchy?

A I would like to correct that last answer. There are shallow Delaware Sand tests in the area, but not within the unit outline itself.

Q Which substance do you expect it is most likely you will encounter--oil or gas?

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Q Was composite Exhibit 3 prepared by you or at your direction or supervision?

A Yes.

MR. KASTLER: These are all the questions I have of this witness. I would like to move that Exhibit 3 with all of its counterpart exhibits be admitted into evidence.

MR. UTZ: Exhibit 3 and its counterparts will be admitted as part of this record. Are there other questions of this witness?

CROSS-EXAMINATION

BY MR. PORTER:

Q What is the projected total depth?

A 8,500 feet.

Q That would be to the Mississippian, or through it?

A To it--enough penetration to know we were actually in it.

Q And you anticipate 30-day drilling?

A Yes, sir, that's what the drilling date is estimated at--thirty days.

MR. PORTER: That's all I have.

MR. UTZ: Gulf has a producing well north of this area?

A Yes, in the Estelaria.

MR. KASTLER: That's the White City Penn--that's

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the name of the well?

A Yes.

MR. PORTER: Is that well being produced at the present time?

A Yes, it is.

MR. UTZ: Are there any other questions? ... The witness may be excused. Are there other statements in this case? The case will be taken under advisement.

* * *

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ELIZABETH K. HALE, Notary Public and Court Reporter, do hereby certify that the proceedings in the foregoing case were taken and transcribed by me, and that the foregoing is a true and correct transcript of proceedings to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, my hand and seal of office this 30th day of March, 1965.

Elizabeth K. Hale
Notary Public

My commission expires
May 23, 1968.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No 3245 heard by me on *March 10*, 1965.
Thomas L. [Signature], Examiner
New Mexico Oil Conservation Commission

CERTIFICATION--DETERMINATION

14-08-0001 8672

Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, I do hereby:

A. Approve the attached agreement for the development and operation of the Mescal Wash Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated APR 23 1965


Acting Director, United States Geological Survey

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

MESCAL WASH UNIT, EDDY COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated January 4, 1965, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, and 7-11-48, New Mexico Statutes Annotated, 1953 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the afore-said statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 12th day of March, 1965.



Quinton B. Hays
COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

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. 3313
Order No. R-2884

APPLICATION OF GULF OIL CORPORATION
FOR APPROVAL OF THE MESCAL WASH UNIT
AGREEMENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 10, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Uto.

NOW, on this 25th day of March, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Gulf Oil Corporation, seeks approval of the Mescal Wash Unit Agreement covering 21,448.73 acres, more or less, of State, Federal and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO

TOWNSHIP 25 NORTH, RANGE 23 EAST, T15N

Section 34: E/2 and SW/4
Section 35: All
Section 36: All

TOWNSHIP 24 NORTH, RANGE 22 EAST, T14N

Section 1: SE/4 and E/2 SW/4
Section 12: E/2 and E/2 W/2
Section 13: E/2 and E/2 W/2
Sections 23 through 26: All

TOWNSHIP 24 NORTH, RANGE 23 EAST, T14N

Sections 1 through 5: All
Section 6: E/2 and SW/4
Sections 7 through 24: All

-2-

CASE No. 3215
Order No. R-2074

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Mescal Wash Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that 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 these interests having joined or ratified.

(4) 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; that this order shall terminate upon its date upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

CUTTON B. HAYS, Member

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

S E A L

ccr/

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
MESCAL WASH UNIT AREA
EDDY COUNTY, NEW MEXICO
NO. _____

RECEIVED
MAR 19 1965
U. S. GEOLOGICAL SURVEY
ROS WELL, NEW MEXICO

THIS AGREEMENT, entered into as of the 4th day of
January, 1965, by and between the parties sub-
scribing, ratifying, or consenting hereto, and herein referred
to as the "parties hereto",

W I T N E S S E T H :

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

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

WHEREAS, the Commissioner of Public Lands of the State
of New Mexico is authorized by an Act of the Legislature (Sec.
7-11-39 N.M. Statutes 1953 Annotated) to consent to or approve
this agreement on behalf of the State of New Mexico, insofar as
it covers and includes lands and mineral interests of the State
of New Mexico; and;

WHEREAS, the Oil Conservation Commission of the State
of New Mexico is authorized by an Act of the Legislature

(Chapter 72, Laws of 1935, as amended by Chapter 193, Laws of 1937, Chapter 166, Laws of 1941, and Chapter 168, Laws of 1949) to approve this agreement and the conservation provisions hereof; and,

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

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

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

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, *supra*, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

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

T. 25 S., R. 23 E., N.M.P.M.

Section 34: E/2 and SW/4
Section 35: All
Section 36: All

T. 26 S., R. 22 E., N.M.P.M.

Section 1: SE/4 and E/2 SW/4
Section 12: E/2 and E/2 W/2
Section 13: E/2 and E/2 W/2
Section 23: All
Section 24: All
Section 25: All
Section 26: All

T. 26 S., R. 23 E., N.M.P.M.

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 5: All
Section 6: E/2 and SW/4
Section 7: All
Section 8: All
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 17: All
Section 18: All
Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 23: All
Section 24: All

containing 21,446.00 acres, more or less, Eddy County, New Mexico.

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

referred to as "Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and one (1) copy thereof shall be filed with the Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission".

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion, or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the Commissioner, after preliminary concurrence by the Commissioner and the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

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

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

an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

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

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

the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by unit operator and subject to approval of the Director and the Commissioner. The unit operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the Commissioner and promptly notify all parties in interest.

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

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR. Gulf Oil Corporation is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interest in unitized substances vested in it and

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 interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

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

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but, in all instances of resignation or removal, until a successor unit operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation or removal becomes effective appoint

a common agent to represent them in any action to be taken hereunder.

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

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

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

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator, or shall be removed as hereinabove provided, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator; provided, that, if a majority but less than 75 per cent of the working interests qualified to vote are owned by one

party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until:

(a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and

(b) the selection shall have been filed with the Supervisor and approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT.

If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under

this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the Commissioner, prior to approval of this unit agreement by the Director.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor if on Federal land or by the Commissioner if on State land, or by the Commission if on privately owned land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Pennsylvanian formations have been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if

on Federal land, or the Commissioner if on State land, or of the Commission if on privately owned land, that further drilling of said well would be unwarranted or impracticable; provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 8,500 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if it be on Federal land or of the Commissioner if on State land or the Commission if on privately owned land or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to comply with the drilling provisions of this section, the Director and Commissioner may, after reasonable notice to the Unit Operator, and each working interest owner, lessee, and

lessor at their last known addresses, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

(a) specify the number and location of any wells to be drilled and the proposed order and time for such drilling; and,

(b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the Commissioner. Said plans or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan

of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor or the Commissioner, the Unit Operator shall submit for approval by the Director and the Commissioner a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director and the Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of the initial participating area. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single

pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the Commissioner. No land shall be excluded from a participating area on account of depletion of the unitized substances.

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

In the absence of agreement at any time between the Unit Operator, the Director and the Commissioner as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States, which shall be determined by the Supervisor for Federal lands and the Commissioner for State lands and

the amount thereof deposited, as directed by the Supervisor, the Commissioner and the Commission, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor as to wells drilled on Federal land, of the Commissioner as to wells drilled on State land and of the Commission as to wells on privately owned land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, the Commissioner and the Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production

as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

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

unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

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

14. ROYALTY SETTLEMENT. The United States and any State and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced

during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, the Commissioner, and the Commission, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the plan of operations or as may otherwise be consented to by the Supervisor, the Commissioner and 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.

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

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

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

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

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

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement,

or, with the consent of the Director and the Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for federal lands and as approved by the Commissioner for State lands and as approved by the Commission as to fee lands.

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

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

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract

of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

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

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands, other than those of the United States and State of New Mexico, committed to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with

the provisions of the Mineral Leasing Act Revision of 1960.

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

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

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

(i) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto, shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, notwithstanding any of the provisions

of this agreement to the contrary any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

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

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Director and the Commissioner or their

duly authorized representatives as of the date of approval by the Director and shall terminate five (5) years from said effective date unless:

(a) such date of expiration is extended by the Director and the Commissioner, or

(b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and Commissioner, or

(c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, i.e., in this particular instance in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or

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

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

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION.

The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico, as to the rate of prospecting and developing in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

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

22. COMPLETION OF SUPERVISION. Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representative of the State of New Mexico in and about any matters

or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this agreement are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the Commission or Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or Commission or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said

unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

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

27. NONDISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 10925, as amended (28 F.R. 6485), which are hereby incorporated by reference in this agreement.

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico

shall be deposited as directed by the State Commissioner to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

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

at any time must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working interest owner is involved, in order for the interest to be regarded as effectively committed to this unit agreement. Except as may otherwise herein be provided subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor, the Commissioner and the Commission of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director; provided, however, that as to State lands such subsequent joinder must be approved by the Commissioner.

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

31. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party in any lease, sub-lease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party shall forfeit such rights and no further benefits from operation hereunder as to said land shall accrue to such party, unless within ninety (90) days thereafter said party shall execute this agreement and the unit operating agreement as to the working interest acquired through such surrender, effective as though such land had remained continuously subject to this

agreement and the unit operating agreement. And in the event such agreements are not so executed, the party next in the chain of title shall be and become the owner of such working interest at the end of such ninety (90) day period, with the same force and effect as though such working interest had been surrendered to such party.

If as the result of any such surrender or forfeiture the working interest rights as to such lands become vested in the fee owner of the unitized substances, such owner may:

(1) Execute this agreement and the unit operating agreement as a working interest owner, effective as though such land had remained continuously subject to this agreement and the unit operating agreement.

(2) Again lease such lands but only under the condition that the holder of such lease shall within thirty (30) days after such lands are so leased execute this agreement and the unit operating agreement as to each participating area theretofore established hereunder, effective as though such land had remained continuously subject to this agreement and the unit operating agreement.

(3) Operate or provide for the operation of such land independently of this agreement as to any part thereof or any oil or gas deposits therein not then included within a participating area.

If the fee owner of the unitized substances does not execute this agreement and the unit operating agreement as a working interest owner or again lease such lands as above provided with respect to each existing participating area, within six (6) months after any such surrender or forfeiture, such fee owner shall be deemed to have waived the right to execute the unit operating agreement or lease such lands as to each such participating area, and to have agreed, in consideration for the compensation hereinafter provided, that operations hereunder as to any such participating area or areas shall not be affected by such surrender.

For any period the working interest in any lands are not expressly committed to the unit operating agreement as the result of any such surrender or forfeiture, the benefits and obligations of

operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective participating working interest ownerships in any such participating area or areas, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized, as to such participating area or areas.

Upon commitment of a working interest to this agreement and the unit operating agreement as provided in this section, an appropriate accounting and settlement shall be made, to reflect the retroactive effect of the commitment, for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered working interest during the period between the date of surrender and the date of recommitment, and payment of any moneys found to be owing by such an accounting shall be made as between the parties then signatory to the unit operating agreement and this agreement within thirty (30) days after the recommitment. The right to become a party to this agreement and the unit operating agreement as a working interest owner by reason of a surrender or forfeiture as provided in this section shall not be defeated by the nonexistence of a unit operating agreement and in the event no unit operating agreement is in existence and a mutually acceptable agreement between the proper parties thereto cannot be consummated, the Supervisor may prescribe such reasonable and equitable agreement as he deems warranted under the circumstances.

Nothing in this section shall be deemed to limit the right of joinder or subsequent joinder to this agreement as provided elsewhere in this agreement. The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

32. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.



AZTEC OIL & GAS COMPANY

Richard L. Wood
Secretary

By Quilman B. Davis
Vice President

Date: January 20, 1965

Address: 920 Mercantile Securities Bldg.
Dallas, Texas

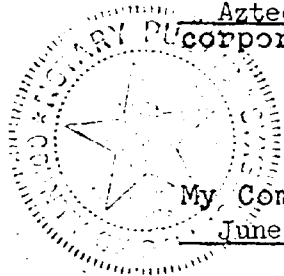
Date: _____

Address: _____

THE STATE OF TEXAS

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me this 21st day of January, 1965, by Quilman B. Davis, Vice President of Aztec Oil & Gas Company, a Delaware corporation, on behalf of said corporation.



My Commission Expires:
June 1, 1965

Peggy Tapp
Notary Public

PEGGY TAPP
NOTARY PUBLIC, DALLAS COUNTY, TEXAS
MY COMMISSION EXPIRES JUNE 1, 1965

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____

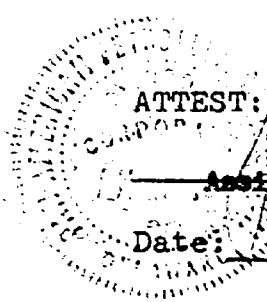
My Commission Expires: _____

Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

PAN AMERICAN PETROLEUM CORPORATION

RECEIVED
JAN 10 1965



ATTEST: [Signature]
Assistant Secretary
Date: 2-18-65

By [Signature]
Attorney in Fact
Address: P. O. Box 1410
Fort Worth, Texas

Date: _____ Address: _____

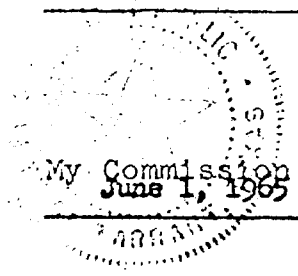
THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

THE STATE OF TEXAS
COUNTY OF TARRANT

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ as Attorney in Fact on behalf of PAN AMERICAN PETROLEUM CORPORATION



My Commission Expires: June 1, 1965
Notary Public [Signature]

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

Shell Oil Company

By

Attorney in Fact

Date: Jan FEBRUARY 3, 1965

Address:

P. O. Box 1509

Midland, Texas

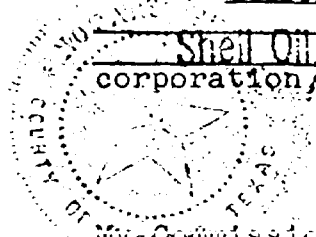
Date: _____

Address: _____

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 3rd day of February, 1965, by J. V. Lindsey Attorney in Fact of Shell Oil Company, a Delaware corporation, on behalf of said corporation.



My Commission Expires: June 1, 1965

Rosalyn Magee Notary Public in and for Midland County, Texas

THE STATE OF _____

COUNTY OF _____

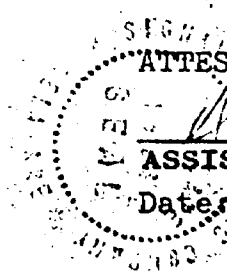
The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____.

My Commission Expires: _____

Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

SIGNAL OIL AND GAS COMPANY

ATTEST:

R. O. Jennings
ASSISTANT SECRETARY
Date: February 25, 1965

By R. O. Jennings
VICE PRESIDENT
Address: P.O. Box 17126, Foy Station
Los Angeles, California


Date: _____ Address: _____

THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

The foregoing instrument was acknowledged before me this 25 day of February, 1965, by R. O. Jennings, Vice President of Signal Oil and Gas Company, a Delaware corporation, on behalf of said corporation.

Margaret Zimola MARGARET ZIMOLA
Notary Public

My Commission Expires:
March 23, 1966

 MARGARET ZIMOLA
NOTARY PUBLIC, CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires March 23, 1966

THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____.

My Commission Expires:

Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.*

ATTEST:

Joanna Neal
Assistant Secretary

By

Southern Union Production Company

A. M. Wiedersheim
Vice President

Date: 2/5/65

Address: _____

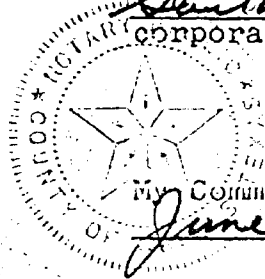
Date: _____

Address: _____

THE STATE OF Texas

COUNTY OF Dallas

The foregoing instrument was acknowledged before me this 5th day of February, 1965, by A. M. Wiedersheim, Vice President of Southern Union Production Co., a Delaware corporation, on behalf of said corporation.



My Commission Expires:

June 1, 1965

Gusbrand Byrke
Notary Public

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____.

Notary Public

My Commission Expires:

*By the execution of this instrument Southern Union Production Company is not relinquishing, nor is it estopped to claim, ownership in and to Lots 1, 2, 3, 4, E/2 W/2, SE/4, W/2 NE/4, and SE/4 NE/4 of Section 7, Township 26 South, Range 23 East, Eddy County, New Mexico, containing 600.48 acres, which said acreage is designated as Tract No. 44 and is credited to Gulf Oil Corporation.

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by Sun Oil Company as the owner of a working interest, all as more fully shown in Exhibit B.

SUN OIL COMPANY

~~ADDRESS:~~

By Cecil A. Colville
Agent and Attorney in Fact

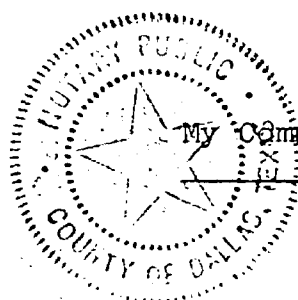
Date: January 14, 1965

Address: P. O. Box 2880
Dallas, Texas

THE STATE OF Texas

COUNTY OF Dallas

The foregoing instrument was acknowledged before me this
14 day of January, 1965, by
CECIL A. COLVILLE, Agent and Attorney in Fact
of SUN OIL COMPANY, a New Jersey corporation, on
behalf of said corporation.



My Commission Expires:

6-1-65

Cecil A. Colville
Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By _____
Date: _____ Address: _____

APPROVED AS TO

Terms as is

Form 115

Date: February 9, 1965

TEXACO Inc.

By

J. D. Markley
Attorney-in-Fact
P. O. Box 3109
Midland, Texas

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 9th day of February, 1965, by J. D. Markley Attorney-in-Fact of TEXACO Inc., a Delaware corporation, on behalf of said corporation.

Billie J. Bailey
Notary Public

My Commission Expires:

June 1, 1965

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196, by _____

Notary Public

My Commission Expires:

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

TIDEWATER OIL COMPANY

ATTEST:

By Lloyd Armstrong

Attorney in Fact

Date: 2-10-65

Address: _____

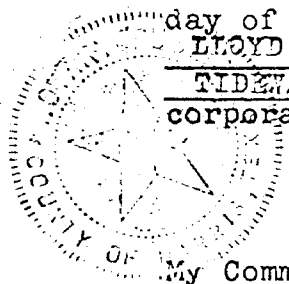
Date: _____

Address: _____

THE STATE OF Nebraska

COUNTY OF Thurston

The foregoing instrument was acknowledged before me this 10 day of February, 1965, by LLOYD ARMSTRONG, Attorney in Fact of TIDEWATER OIL COMPANY, a corporation, on behalf of said corporation.



My Commission Expires: 2-1-65

Virginia Holloman
Notary Public

VIRGINIA HOLLOWAN
Notary Public in and for Harris County, Texas

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____.

My Commission Expires: _____

Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

Mildred W. Stewart
George R. Stewart

ATTEST:

By *Mildred W. Stewart*

Date: Feb. 8, 1965

Address: 10049 Sideview Dr.
Downey, California

George R. Stewart

Date: Feb. 8, 1965

Address: 10049 Sideview Dr.
Downey, California

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires: _____

THE STATE OF California

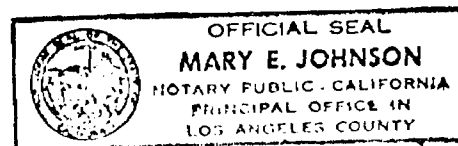
COUNTY OF Los Angeles

The foregoing instrument was acknowledged before me this 8 day of February, 1965, by Mildred W. Stewart & George R. Stewart, husband and wife

Mary E. Johnson
 Notary Public

My Commission Expires: _____

MARY E. JOHNSON
 My Commission Expires Apr. 27, 1968



The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By _____

Date: _____ Address: _____

W. F. Still
 W. F. Still

Date: February 17, 1965

Flora C. Still
 Flora C. Still
 Address: Faults 3, Commonwealth Building
1635 K Street S.W., Washington, D.C.

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

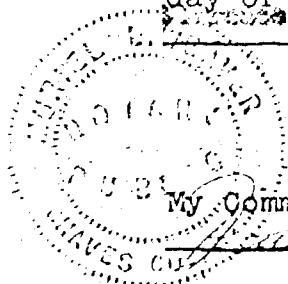
Notary Public

My Commission Expires: _____

THE STATE OF NEW MEXICO

COUNTY OF CHAVEZ

The foregoing instrument was acknowledged before me this 17th day of February, 196____, by W. F. Still and
Flora C. Still, his wife



My Commission Expires: February 9, 1966

Muriel L. Weaver
 Muriel L. Weaver
 Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

Julia Stevenson Papen
wife

Frank O. Papen
husband

Date: Jan. 29, 1965Address: 1910 No Alameda Blvd
Las Cruces, N. M.

Dan W. Williams
a widower and single man

Date: February 3, 1965Address: P.O. Box 442
Las Cruces, N. M.THE STATE OF New MexicoCOUNTY OF Dona Ana

The foregoing instrument was acknowledged before me this 3rd day of February, 1965, by Frank O. Papen and Julia S. Papen, his wife of 1910 No. Alameda Blvd., Las Cruces, N.M., a corporation, on behalf of said corporation.

My Commission Expires:

7-6-68

Julia S. Papen
Notary Public

THE STATE OF New MexicoCOUNTY OF Dona Ana

The foregoing instrument was acknowledged before me this _____ day of third day of February, 1965, by Dan W. Williams, a single man

My Commission Expires:

7-6-68

Julia S. Papen
Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescoal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

L. A. Poole
L. A. Poole
Lida Kate Poole
Lida Kate Poole

ATTEST:

By _____

Date: _____ Address: _____

Date: _____ Address: _____

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires: _____

THE STATE OF Texas

COUNTY OF Grayson

The foregoing instrument was acknowledged before me this 3rd day of February, 1965, by L. A. Poole and wife Lida Kate Poole

L. A. Poole
Notary Public

My Commission Expires: _____

June 1, 1965

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

Kathryn Canavan
John L. Canavan

By _____

Date: 2/8/65 Address: 6926 Alexander Drive
Dallas, Texas 75214

Date: _____ Address: _____

THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires: _____

THE STATE OF Texas
COUNTY OF Dallas

The foregoing instrument was acknowledged before me this _____ day of February, 1965, by John L. Canavan and Kathryn Canavan 8th

My Commission Expires: 6/1/65

John L. Canavan
Notary Public
Dallas County, Texas

RUDY ROBERTSON, Notary Public
In and for Dallas County, Texas
RUDY ROBERTSON, Notary Public
In and for Dallas County, Texas

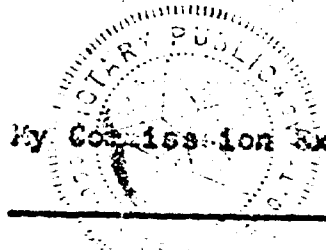
The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

Edward C. Donohue
Ruby B. Donohue

AMMERM.

THE STATE OF TEXAS
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me this 16 day of February, 1965, by Silma Elliott Donohue, a feme sole



My Commission Expires: _____

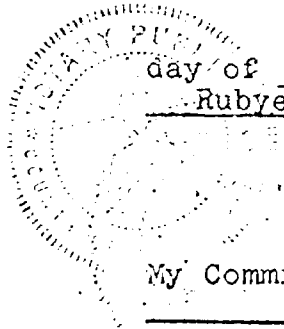
Virginia Mann
Notary Public
El Paso County, Texas, My Com. Expires _____

My Commission Expires: _____

Notary Public

THE STATE OF TEXAS
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me this 16th day of February, 1965, by Edward C. Donohue & Ruby B. Donohue, husband and wife



My Commission Expires: _____

Virginia Mann
Notary Public

El Paso County, Texas, My Com. Expires _____

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By _____
Date: _____ Address: _____

E. Sidney Newhoff
Wla R. Newhoff
Date: February 9, 1965 Address: 1045 Cotton Belt Bldg.
St. Louis, Mo. 63102

THE STATE OF _____
COUNTY OF _____

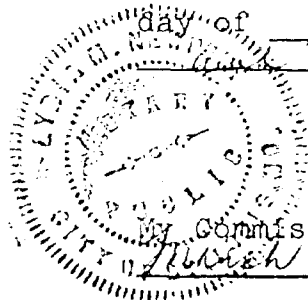
The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

THE STATE OF Missouri
City St. Louis
COUNTY OF St. Louis

The foregoing instrument was acknowledged before me this 9th day of February, 1965, by E. Sidney Newhoff and Wla R. Newhoff, his wife.



My Commission Expires: February 23, 1966

Lydia M. Newport
Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

W. M. Beard Mrs. Jess McBee, John M. Beard,
& Emily Jo Watts, d/b/a BEARD OIL COMPANY

By

W. M. Beard, Acting individually & as attorney-in-fact
for Mrs. Jess McBee, John M. Beard & Emily Jo Watts

Power of Attorney previously filed in NM 0315901-Oklahoma & is still in effect.

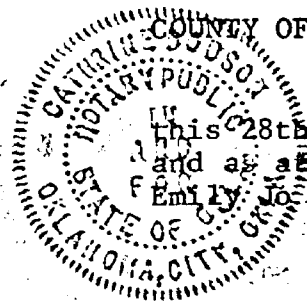
~~_____~~:

By _____

Date: JAN 28 1964

Address: Sixth Floor, 2000 Classen Blvd. Oklahoma City, Oklahoma 73106

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)



The foregoing instrument was acknowledged before me
this 28th day of January, 1965, by W. M. Beard, Acting individually
and as attorney-in-fact for Mrs. Jess McBee, John M. Beard and
Emily Jo Watts, d/b/a BEARD OIL COMPANY.

Lawrence D. Dodson
Notary Public

My commission expires 1/12/68.

_____, a _____ of _____
corporation, on behalf of said corporation.

Notary Public

My Commission Expires: _____

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____
day of _____, 196____, by _____

Notary Public

My Commission Expires: _____

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By _____

Date: _____ Address: _____

Date: February 15th, 1965.

Address: P. O. Box 1234, Santa Fe, New Mexico.

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

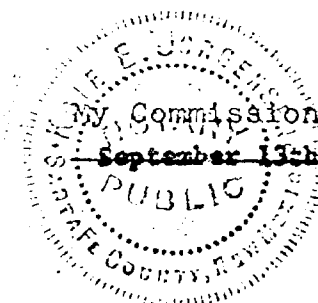
THE STATE OF NEW MEXICO

COUNTY OF SANTA FE

The foregoing instrument was acknowledged before me this 15th day of February, 1965, by R. M. Young, Jr., and his wife, Adala J. Young.

My Commission Expires: _____

September 13th, 1966



Notary Public in and for
Santa Fe County, New Mexico.

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

SCOPE INDUSTRIES, a Corporation

ATTEST:

Robert G. Fundy, Secretary
Date: February 19, 1965

By William H. Mannon
William H. Mannon, Vice President
Address: 4250 Wilshire Boulevard
Los Angeles, California 90005

Date: _____

Address: _____

THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

The foregoing instrument was acknowledged before me this 19th day of February, 1965, by William H. Mannon, Vice President of Scope Industries, a California corporation, on behalf of said corporation.

JANE McLAIN - Notary Public,
State of California - Principal Office, Los Angeles County
My Commission Expires March 25, 1967
4250 Wilshire Blvd., Los Angeles 5, Calif.
My Commission Expires: _____

Jane McLain
Notary Public

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____

My Commission Expires: _____

Notary Public

ATTEST:

By

Date:

Address:

Date: 2/10/65

Address: 1505 North "C" Street
Midland, Texas

THE STATE OF ~~TEXAS~~

COUNTY OF NEW MEXICO

The foregoing instrument was acknowledged before me this 10th day of Xxxxxx, 196x, by XxxxxxxxxXXXXXXXXXXXXXXX
Xxxx Battery Inc., and wife Virginia S. Sutton Xxxxxxx
 , a corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 10TH day of February, 1965, by A. W. Rutter, Jr., and wife, Virginia S. Rutter.

Notary Public

My Commission Expires:
6-1-65

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By _____
Date: _____ Address: _____

Adelaide Benjamin *Joan D. Benjamin*
Edward B. Benjamin *W. Mente Benjamin*
Date: 2/17/65 Address: 374 WALTON ST.
NEW ORLEANS, LA 70114
(1200 Whitney Bank Building,)
(New Orleans, Louisiana 70130)

THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ or _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

THE STATE OF LOUISIANA
~~XXXXXXXXXX~~ PARISH OF ORLEANS

The foregoing instrument was acknowledged before me this 19th day of February, 1965, by Adelaide W. Benjamin, Edward B. Benjamin, Jr., Joan D. Benjamin and W. Mente Benjamin

My Commission Expires: _____
at death

Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

W. L. Corder - Husband
Mary Allen Jackson Corder - wife
S. Howard - Husband
Bernice M. Howard - wife

ATTEST:

_____ By _____

Date: _____ Address: _____

Date: _____ Address: _____

THE STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

THE STATE OF LOUISIANA §

COUNTY OF ORLEANS §

The foregoing instrument was acknowledged before me this 8th day of FEBRUARY, 1965, by H.R. CORDER, MARY ALLEN JACKSON CORDER, S. HOWARD AND BERNICE M. HOWARD

My Commission Expires: _____

AT MY DEATH.

Notary Public

Bladys A. Gaither
Notary Public
 710030

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By _____

Date: _____ Address: _____

Louise C. Moody

Louise C. Moody

Date: FEBRUARY 2, 1965

Address: Box 577
ARMOORE, OKLA.

THE STATE OF Oklahoma

COUNTY OF Carter

The foregoing instrument was acknowledged before me this 1st day of February, 1965, by _____ of _____, a _____ corporation, on behalf of said corporation.

Louise A. Stockton
Notary Public

My Commission Expires: _____

THE STATE OF Oklahoma

COUNTY OF Oklahoma

The foregoing instrument was acknowledged before me this 1st day of February, 1965, by Bertha M. Moody and
Louise C. Moody, husband and wife

Louise A. Stockton
Notary Public

My Commission Expires: October 16, 1968



The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

A. W. Rutter

AWR

ATTEST:
XXXXXX

By: *Dorothy Tripp Rutter*

DTR

Date: 2/23/65

Address: 2006 Harvard
Midland, Texas

Date: _____

Address: _____

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires: _____

THE STATE OF TEXAS

COUNTY OF MIDLAND

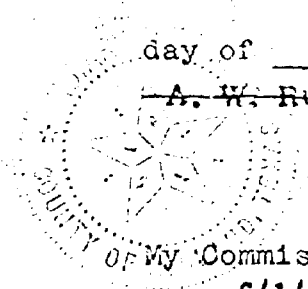
The foregoing instrument was acknowledged before me this 23rd day of 23 February, 1965, by A. W. Rutter and wife, Dorothy Tripp Rutter

Bennie J. Cole

Notary Public

My Commission Expires: _____

6/1/65



The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By H. J. Brown

Date: 2-5-65 Address: _____

Date: _____ Address: _____

THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____ Notary Public

THE STATE OF Wyoming
COUNTY OF Albany

The foregoing instrument was acknowledged before me this 4 day of January, 1965, by H. J. Brown

My Commission Expires: 7 21 68 Notary Public

The foregoing 32 pages and Exhibits A and B incorporated therewith constituting the Unit Agreement for the Mescal Wash Unit Area, Eddy County, New Mexico, dated January 4, 1965, are expressly ratified and adopted by the undersigned as the owner of either a working interest or a royalty interest, all as more fully shown in Exhibit B.

ATTEST:

By _____

Date: _____ Address: _____

John L. O'Brien
Isabel M. O'Brien

Date: February 8, 1965

Address: 1704 N SECURITY LIFE BLDG. 1615 CLINTON ST. DORTCH, CALIF. 95522

THE STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 196____, by _____ of _____, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires: _____

THE STATE OF Florida

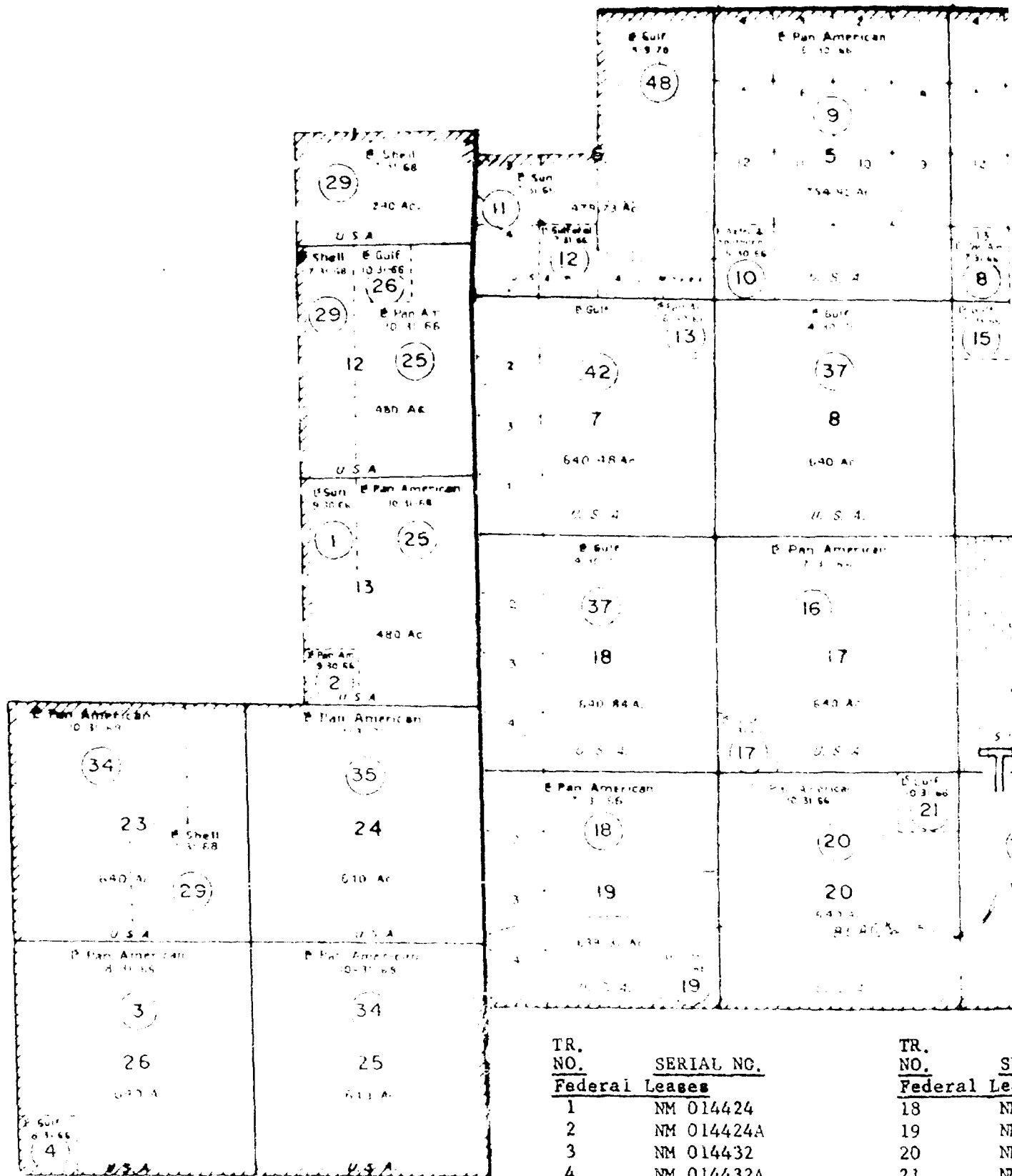
COUNTY OF Martin

The foregoing instrument was acknowledged before me this 8th day of February, 1965, by Mr. John L. O'Brien and Mrs. Isabel B. O'Brien

Mary Jane Baker
Notary Public

My Commission Expires: _____

July 28, 1965



TR. NO.	SERIAL NO.	TR. NO.	SERIAL NO.
1	NM 014424	18	NM 014458
2	NM 014424A	19	NM 014459
3	NM 014432	20	NM 014460
4	NM 014432A	21	NM 014461
5	NM 014455	22	NM 014462
6	NM 014455A	23	NM 014463
7	NM 014457	24	NM 014464
8	NM 014457A	25	NM 014465
9	NM 014458	26	NM 014466
10	NM 014458A	27	NM 014467
11	NM 014459	28	NM 014468
12	NM 014459A	29	NM 014469
13	NM 014460A	30	NM 014470
14	NM 014462	31	NM 014471
15	NM 014462A	32	NM 014472
16	NM 014463	33	NM 014473
17	NM 014463A	34	NM 014474



1 014465
1 014465A
1 014466-2
1 014466-2-A
1 014470
1 014470A
1 014470B
1 014766
1 014766A
1 018232
1 034277
1 037567
1 039565
1 039566A
1 040609
1 045191
1 048482

35	NM 069775
36	NM 071316
37	NM 072780
38	NM 0162557
39	NM 0234258
40	NM 0411920
41	NM 0503055
42	NM 0555274

State Leases

43	K-3982
44	K-4790
45	K-4791
46	OG 6029
47	OG 6030

EXHIBIT "A"

MESCAL WASH UNIT - FEDERAL
EDDY COUNTY, NEW MEXICO

- LEGEND -

Proposed Unit Outline

Federal

State

Page

Scale: 1" = 3000'

EXHIBIT "B"
MESCAL WASH UNIT - FEDERAL
EDDY COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	APPLICATION OR SERIAL NO. AND EFFECTIVE DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDE ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
1	NE 1/4, SE 1/4, T-26S, R-23E, SW 1/4 Sec. 13,	120.00	NM-014424 9-30-66	1/3 - U.S.A.	Sun Oil Company	None	Sun Oil Company 100%
2	SE 1/4, SW 1/4, T-26S, R-23E, Sec. 13,	40.00	NM-014424-A 9-30-66	1/3 - U.S.A.	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%
3	NE 1/4, SE 1/4, T-26S, R-23E, SW 1/4, SE 1/4, T-26S, R-23E	600.00	NM-014432 8-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	Robert C. Thomas 2.5%	Pan American Petroleum Corp. 100%
4	SE 1/4, SW 1/4, T-26S, R-23E, Sec. 13,	40.00	NM-014432-A 8-31-66	1/3 - U.S.A.	Gulf Oil Corp.	Robert C. Thomas 2.5%	Gulf Oil Corp. 100%
5	SE 1/4, SW 1/4, T-26S, R-23E, Sec. 13,	600.00	NM-014455 7-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	Mildred W. Stewart & George R. Stewart 0.5% Neil F. Stull & Florence C. Stull 2.5%	Pan American Petroleum Corp. 100%
6	NE 1/4, NE 1/4, Sec. 35, T-25S, R-23E	40.00	NM-014455-A 7-31-66	1/8 - U.S.A.	Texaco Inc. & Tidewater Oil Co.	Mildred W. Stewart & George R. Stewart 0.5% Neil F. Stull & Florence C. Stull 2.5%	Texaco Inc. 50% Tidewater Oil Company 50%
7	NE 1/4, SE 1/4, T-26S, R-23E, Sec. 13, & Lots 14 & 15 Sec. 13, T-26S, R-23E	756.70	NM-014457 7-31-66	1/8 - U.S.A.	Gulf Oil Corp.	Frank O. Papen & Julia Stevenson Papen, Dan W. Williams 3%	Gulf Oil Corporation 100%
8	Lot 13 Sec. 4, T-26S, R-23E	50.54	NM-014457-A 7-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	Frank O. Papen & Julia Stevenson Papen, Dan W. Williams 3%	Pan American Petroleum Corp. 100%
9	Lots 1 to 12, Incl. & S/2 SE 1/4, SE 1/4, SW 1/4 Sec. 5, T-26S, R-23E	714.92	NM-014458 6-30-66	1/8 - U.S.A.	Pan American Petroleum Corp.	L.A. Poole & Lida Kate Poole 5%	Pan American Petroleum Corp. 100%

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	APPLICATION OR SERIAL NO. AND EFFECTIVE DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
10	SW/4, SE/4, Sec. 5, T-26S, R-23E	40.00	NM-014458-A 6-30-66	1/8 - U.S.A.	Aztec Oil & Gas Co. & Southern Union Production Co.	L.A. Poole & Lida Kate Poole 5%	Aztec Oil & Gas Co. Southern Union Production Co. 50% 50%
11	Lots 3 & 4, NE/4 SW/4 Sec. 6, T-26S, R-23E	119.73	NM-014459 7-31-66	1/8 - U.S.A.	Sun Oil Company	None	Sun Oil Company 100%
12	SE/4 SW/4 Sec. 6, T-26S, R-23E	40.00	NM-014459-A 7-31-66	1/8 - U.S.A.	Gulf Oil Corp. and Pan American Petroleum Corp.	None	Gulf Oil Corp. Pan American Petroleum Corp. 50% 50%
13	NE/4, NW/4 Sec. 7, T-26S, R-23E	40.00	NM-014460-A 6-30-66	1/8 - U.S.A.	Pan American Petroleum Corp.	Aztec Oil & Gas Co. 2.5% Southern Union Production Co. 2.5%	Pan American Petroleum Corp. 100%
14	NE/4, N/2 SE/4, SE/4 SE/4, N/2 SW/4, SW/4, S/2, T-26S, R-23E	520.00	NM-014462 7-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%
15	NW/4 NW/4 Sec. 9, T-26S, R-23E	40.00	NM-014462-A 7-31-66	1/8 - U.S.A.	Gulf Oil Corp.	None	Gulf Oil Corporation 100%
16	N/2, SE/4, N/2 SW/4, SE/4 SW/4, Sec. 17, T-26S, R-23E	600.00	NM-014463 7-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%
17	SW/4, SW/4 Sec. 17, T-26S, R-23E	40.00	NM-014463-A 7-31-66	1/8 - U.S.A.	Gulf Oil Corp.	None	Gulf Oil Corporation 100%
18	Lots 1, 2, 3, 4, E/2 W/2, NE/4, N/2 SE/4, SW/4 SE/4 Sec. 19, T-26S, R-23E	599.32	NM-014465 7-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%
19	SE/4, SE/4 Sec. 19, T-26S, R-23E	40.00	NM-014465-A 7-31-66	1/8 - U.S.A.	Gulf Oil Corp.	None	Gulf Oil Corporation 100%
20	N/2, W/2, NE/4, SE/4 NE/4 SE/4 Sec. 20, T-26S, R-23E	600.00	NM-014466-2 10-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	Jack A. Roth & Katherine M. Roth 2.5%	Pan American Petroleum Corp. 100%
21	NE/4, NE/4 Sec. 20, T-26S, R-23E	40.00	NM-014466-2-A 10-31-66	1/8 - U.S.A.	Gulf Oil Corp.	Jack A. Roth & Katherine M. Roth 2.5%	Gulf Oil Corporation 100%
22	N/2, N/2 SW/4, N/2 SE/4 Sec. 24, T-26S, R-23E	480.00	NM-014470 6-30-66	1/8 - U.S.A.	Gulf Oil Corp.	John L. Canavan & Kathryn Canavan 3%	Gulf Oil Corporation 100%

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	APPLICATION OR SERIAL NO. AND EFFECTIVE DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
2	S/2 Sec. 24, T-26S, R-23E	80.00	NM-014470-A 6-30-66	1/8 - U.S.A.	Pan American Petroleum Corp.	John I. Canavan & Kathryn Canavan 3%	Pan American Petroleum Corp. 100%
25	S/2 SW/4 Sec. 24, T-26S, R-23E	80.00	NM-014470-B 6-30-66	1/8 - U.S.A.	Pan American Petroleum Corp.	John I. Canavan & Kathryn Canavan 3%	Pan American Petroleum Corp. 100%
26	NE/4, SW/4, S/2 NE/4, SE/4 Sec. 12, T-26S, R-22E	600.00	NM-014766 10-31-66	1/8 - U.S.A.	Pan American Petroleum Corp.	Edward C. Donohue & Rubye B. Donohue, Wilma Elliott Donohue 5% Until \$500/acre paid on 640 acres.	Pan American Petroleum Corp. 100%
26	NE/4 NE/4 Sec. 12, T-26S R-22E	40.00	NM-014766-A 10-31-66	1/8 - U.S.A.	Gulf Oil Corp.	Edward C. Donohue & Rubye B. Donohue, Wilma Elliott Donohue 5% Until \$500/acre paid on 640 acres.	Gulf Oil Corporation 100%
27	NE/4, SW/4 Sec. 3; NE/4 Sec. 10, T-26S, R-23E	569.06	NM-018232 9-30-65	1/8 - U.S.A.	Signal Oil & Gas Co.	None	Signal Oil & Gas Co. 100%
28	1/5, 1/2, 7/8, 9/10, 11/12, S/2 S/2 Sec. 11, A11 Sec. 12, T-26S, R-23E	1,185.29	NM-034277 10-31-68	1/8 - U.S.A.	Gulf Oil Corp.	Edward C. Donohue & Rubye B. Donohue, Wilma Elliott Donohue 5% Until \$750/acre paid on 1,185.29 acres.	Gulf Oil Corporation 100%
29	SE/4, E/2 SW/4 Sec. 1; E/2 W/2 Sec. 12; E/2 NE/4, SE/4 Sec. 23, T-26S, R-22E	640.00	NM-037567 7-31-68	1/8 - U.S.A.	Shell Oil Company	C. Sidney Neuhoff & Uia R. Neuhoff 3%	Shell Oil Company 100%
30	N/2 SW/4 Sec. 11; S/2 Sec. 13; SE/4 Sec. 14, T-26S, R-23E	560.00	NM-039566 9-30-68	1/8 - U.S.A.	Pan American Petroleum Corp. & Gulf Oil Corp.	Beard Oil Co. 5%	Pan American Petroleum Corp. 75% Gulf Oil Corporation 25%
31	S/2 SW/4 Sec. 11; N/2 Sec. 13; & NE/4 Sec. 14, T-26S, R-23E	560.00	NM-039566-A 9-30-68	1/8 - U.S.A.	Sun Oil Company	None	Sun Oil Company 100%
32	A11 Sec. 23, T-26S, R-23E	640.00	NM-040609 1-31-71	1/8 - U.S.A.	Pan American Petroleum Corp.	R.M. Young & Adele J. Young, 5% until \$500/acre paid.	Pan American Petroleum Corp. 100%
33	SE/4 Sec. 11, T-26S, R-23E	160.00	NM-045191 8-31-69	1/8 - U.S.A.	Steve Helbling	None	Steve Helbling 100%
34	W/2 & W/2 NE/4 Sec. 23; & A11 Sec. 25, T26S, R-22E	1,040.00	NM-048482 10-31-69	1/8 - U.S.A.	Pan American Petroleum Corp.	Scope Industries - 5%	Pan American Petroleum Corp. 100%

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	APPLICATION OR SERIAL NO. AND EFFECTIVE OR EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
35	All Sec. 24, T-26S, R-22E	640.00	NM-069775 1-31-71	1/8 - U.S.A.	Pan American Petroleum Corp.	A.W. Rutter, Jr. & Virginia S. Rutter 5%	Pan American Petroleum Corp. 100%
36	N/2, SE/4, E/2 SW/4 & NW/4 SW/4, Sec. 32, T-26S, R-23E; E/2 & SW/4 Sec. 34, T-25S, R-23E	1,080.00	NM-071316 3-31-70	1/8 - U.S.A.	Gulf Oil Corp.	Edward B. Benjamin, Jr. & Adelaide Wisdom Benjamin, W. Mente Benjamin & Joan Durland Benjamin 3% Until \$300/acre paid on 1,080.00 acres	Gulf Oil Corporation 100%
37	All Sec. 8; All Sec. 21, T-26S, R-23E	1,940.32	NM-072780 4-30-71	1/8 - U.S.A.	Gulf Oil Corp.	S. Howard & Bernice M. Howard; H.R. Corder & Mary Allen Jackson 3% Until \$300/acre paid on 1,940.32 acres	Gulf Oil Corporation 100%
38	NW/4 Sec. 1; SE/4 Sec. 3; & S/2 Sec. 10, T-26S, R-23E	702.80	NM-0162557 7-31-71	1/8 - U.S.A.	Shell Oil Co.	Burke G. Mordy & Dana Mordy 3% Until \$750/acre paid on 702.80 acres	Shell Oil Company 100%
39	N/2 Sec. 11; W/2 Sec. 14; E/2, E/2 SW/4, SW/4 SW/4 Sec. 15, T-26S, R-23E	1,088.80	NM-0234258 2-29-72	1/8 - U.S.A.	Gulf Oil Corp.	A.W. Rutter & Dorothy Tripp Rutter 3%	Gulf Oil Corporation 100%
40	NW/4 & NW/4 SW/4 Sec. 15, T-26S, R-23E	200.00	NM-0411920 7-31-73	1/8 - U.S.A.	Pan American Petroleum Corp.	W.H. Brown & Dorothy R. Brown 5%	Pan American Petroleum Corp. 100%
41	NW/4 Sec. 3 & NW/4 Sec. 10, T-26S, R-23E	364.52	NM-0503055 4-30-74	1/8 - U.S.A.	Pan American Petroleum Corp.	John L. O'Brien & Isabel M. O'Brien 5%	Pan American Petroleum Corp. 100%
42	lots 1, 2, 3, 4, E/2 W/2, SE/4, W/2 NE/4, SE/4 NE/4, Sec. 7, T-26S, R-23E	600.48	NM-0555274	1/8 - U.S.A.	Thomas Allen	Thomas Allen & Jerune Allen 5%	Gulf Oil Corporation 100%
43	SW/4 SE/4, SE/4 SW/4 Sec. 9, T-26S, R-23E	80.00	K-3982 3-17-74	1/8 - State of New Mexico	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%
44	E/2 SW/4, S/2 NW/4, NE/4 NW/4 Sec. 36, T-25S, R-23E	600.00	K-4790 7-31-66	1/8 - State of New Mexico	Texaco Inc. & Tidewater Oil Co.	None	Texaco Inc. & Tidewater Oil Company 50%
45	NW/4 NW/4 Sec. 36, T-25S, R-23E	40.00	K-4791 7-31-66	1/8 - State of New Mexico	Pan American Petroleum Corp.	Tidewater Oil Co. 1.5% Texaco Inc. 1.5%	Pan American Petroleum Corp. 100%

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	APPLICATION OR SERIAL NO. AND EFFECTIVE OR DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
46	All Sec. 2, T-26S, R-23E	793.52	OG-6029 10-20-69	1/8 - State of New Mexico	Gulf Oil Corp.	None	Gulf Oil Corporation 100%
47	All Sec. 16, T-26S, R-23E	640.00	OG-6030 10-29-69	1/8 - State of New Mexico	Gulf Oil Corp.	None	Gulf Oil Corporation 100%
48	E/2 Sec. 6, T-26S, R-23E	320.00	Fee 5-9-70	1/8 - Arthur J. Mayes & Mary J. Mayes	Gulf Oil Corp.	None	Gulf Oil Corporation 100%
49	SW/4 SW/4 Sec. 22, T-26S, R-23E	40.00	Fee	---	Mary Usacry	---	Unleased (Uncommitted)

RECAPITULATION

FEDERAL LANDS	COMMITTED	18,772.48 ACRES	87.534%
	UNCOMMITTED	160.00 ACRES	0.746%
		18,932.48 ACRES	88.280%
STATE LANDS	COMMITTED	2,153.52 ACRES	10.042%
FEE LANDS	COMMITTED	320.00 ACRES	1.492%
	UNCOMMITTED	40.00 ACRES	0.186%
		360.00 ACRES	1.678%
TOTAL LANDS		21,446.00 ACRES	100.000%

STATE OF NEW MEXICO }
County of Eddy

FILED MAY - 6 1965 FOR RECORD

at 2 o'clock P.M. was duly
Recorded in Book 155 of Records of
Eddy County, New Mexico
Geraldine M. Haffey, County Clerk
Deputy

CASE NO. ^{2nd page}
3215

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

R. M. RICHARDSON
OIL AND GAS LEASES - UNITIZATION
FEDERAL - STATE - FEE
P. O. BOX 819
ROSWELL, NEW MEXICO
July 8, 1965

OFFICE 505 622-8801
RES. 505 622-7985

In Re: James E. Logan's
Rain Spring Unit Area
Eddy County, New Mexico

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

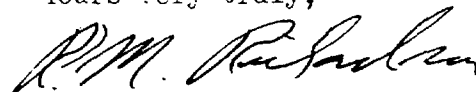
Gentlemen,

Attached hereto is one fully executed and approved copy
of the above captioned Rain Spring Unit Agreement.

This instrument is for your permanent files.

So far as I know, there is nothing remaining to be
done in connection with this unit, however if you need anything
more at this time, please do not hesitate to let me know.

Yours very truly,



R. M. Richardson

MAIN OF. 14 006

'65 JUL 12 AM 7 3.

RECORDED
JUN 13 1965

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ROSWELL, NEW MEXICO

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
RAIN SPRING UNIT AREA
EDDY COUNTY, NEW MEXICO
NO. _____

THIS AGREEMENT, entered into as of the 1st day of April, 1965, by and between the parties subscribing, ratifying, or consenting hereto, and hereinafter referred to as the "parties hereto,"

WITNESSETH:

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

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 7-11-39 N.M. Statutes 1953 Annotated) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and,

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Article 3, Chapter 65, Volume 9, Part 2, 1953 Statutes) to approve this agreement and the conservation provisions hereof; and,

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

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

conditions and limitations herein set forth;

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

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the unit area, containing 10,542.00 acres, more or less.

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

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion, or on demand of the Director of the Geological Survey, hereinafter referred to as "Director," or on demand of the State Land Commissioner, after preliminary concurrence by the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

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

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the State Land Commissioner and the State Commission evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

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

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within five years after the first day of the month following

the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said five-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay;" provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within ten years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by Unit Operator and subject to approval of the Director and the State Land Commissioner. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the Commissioner and promptly notify all parties in interest.

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

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances."

4. UNIT OPERATOR. James E. Logan with offices at Midland, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in him and agrees and consents to accept the duties and obligations of Unit Operator for 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 interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by him.

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

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but, in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

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

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

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

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator, or shall be removed as hereinabove provided, or a change of unit operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator; provided that, if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until:

(a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and

(b) the selection shall have been filed with the Supervisor and approved

by the State Land Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Land Commissioner at their election may declare this Unit Agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the State Land Commissioner, prior to approval of this unit agreement by the Director.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and

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

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor if on Federal land or by the State Land Commissioner if on State land, or by the State Commission if on privately owned land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the entire Pennsylvanian system has been tested, or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land, or the State Land Commissioner if on State land, or of the State Commission if on privately owned land, that further drilling of said well would be unwarranted or impracticable; provided however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 10,500 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if it be on Federal land or of the State Land Commissioner if on State land or the State Commission if on privately owned land or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and State Land

Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to comply with the drilling provisions of this section, the Director and State Land Commissioner may, after reasonable notice to the Unit Operator, and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the State Land Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the State Land Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the State Land Commissioner a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the State Land Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

(a) specify the number and location of any wells to be drilled and the proposed order and time for such drilling; and,

(b) to the extent practicable specify the operating practices regarded as necessary and advisable for the proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the State Land Commissioner. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions, or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and State Land Commissioner are authorized to grant a

reasonable extension of the six-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Land Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall within the month of such completion, if practicable, or as soon thereafter as required by the Supervisor or the State Land Commissioner submit for approval by the Director and the State Land Commissioner a schedule, based on subdivisions of the public land survey or aliquot parts thereof of all unitized land then regarded as reasonably proved to be productive or unitized substances in paying quantities; all lands in said schedule on approval of the Director and the State Land Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of the initial participating area. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director and the State Land Commissioner. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities,

or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the State Land Commissioner. No land shall be excluded from a participating area on account of depletion of the unitized substances.

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

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

Whenever it is determined, subject to the approval of the Supervisor, as to wells drilled on Federal land and of the State Land Commissioner as to wells drilled on State land and the State Commission as to wells on privately owned lands, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be

allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, and State Land Commissioner and the State Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party or parties hereto owning or controlling the working interests in any unitized land having thereon a regular well location may with the approval of

the Supervisor as to Federal land, the State Land Commissioner as to State Land, and the State Commission as to privately owned land, and subject to the provisions of the Unit Operating Agreement, at such party's or parties' sole risk, costs, and expense drill a well at such location on such land to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

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

14. ROYALTY SETTLEMENT. The United States and the State of New Mexico and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding

calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, the State Land Commissioner, and the State Commission, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the plan of operations or as may otherwise be consented to by the Supervisor, the State Land Commissioner and the State 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.

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

Royalty due on account of State of New Mexico and privately owned lands, shall be computed and paid as to all unitized substances on the basis of the amounts allocated to such lands.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof

due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

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

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

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with prior consent of the Director and the State Land Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Federal lands or as approved by the State Land Commissioner for New Mexico State lands.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operations for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the State Land Commissioner as to State leases shall and each

by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

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

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

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

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands, other than those of the United States and State of New Mexico, committed to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination

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

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

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

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

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

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

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

(a) such date of expiration is extended by the Director and the State Land Commissioner, or

(b) it is reasonably determined prior to the expiration of the fixed

term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and State Land Commissioner, or

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

(d) it is terminated as heretofore provided in this agreement. This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director and State Land Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

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

in this agreement and is not in violation of any applicable Federal or State law; provided further that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and developing in the absence of the specific written approval thereof by the State Land Commissioner and as to the lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the State Commission.

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

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

23. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the State Land Commissioner or State Commission or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the State Land Commissioner or State Commission or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

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

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

27. NONDISCRIMINATION. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 10925 (28 F.R. 6485), which are hereby incorporated by reference in this agreement.

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land or

leases, no payments of funds for the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor, and such funds of the State of New Mexico shall be deposited as directed by the State Land Commissioner, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

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

of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within sixty (60) days by the Director; provided, however, that as to State lands such subsequent joinder must be approved by the State Land Commissioner.

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

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

DATE: June 11, 1965

James E. Logan
~~James E. Logan~~
ADDRESS: 503 Midland National Bank Bldg.
Midland, Texas

UNIT OPERATOR

William E. Logan
~~William E. Logan~~
ADDRESS: 503 Midland National Bank Bldg.
Midland, Texas

14 15 16 20 24 28

ATTEST:

DATE: _____

BY: _____

ITS _____

ADDRESS: _____

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day
of _____, 19____, by _____
_____.

NOTARY PUBLIC

My Commission Expires:

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this 11th day
of JUNE, 19 65, by _____
JAMES E. LOGAN AND LILLIAN E. LOGAN, HIS WIFE

James E. Schindler

NOTARY PUBLIC

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day
of _____, 19____, by _____
_____.

NOTARY PUBLIC

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day
of _____, 19____, by _____
_____.

NOTARY PUBLIC

My Commission Expires:

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

THE PURE OIL COMPANY
By [Signature]
Division Manager,
Southern Producing Division

INDIVIDUAL

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

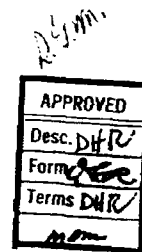
STATE OF TEXAS
COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 18th day of June, 1965, by W. K. Lewright, who is Division Manager of the Southern Producing Division of The Pure Oil Company, an Ohio corporation, for and on behalf of said corporation.

My commission expires: _____

[Signature] 4/19/67

[Signature]
Notary Public
HELEN E. JONES
Notary Public, State of Texas, County of _____



CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:
[Signature]
Secretary

CACTUS DRILLING CORPORATION
By: *[Signature]*
F. N. Late, President

INDIVIDUAL

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____

My commission expires: _____

Notary Public

CORPORATE

STATE OF TEXAS
COUNTY OF TARRANT

The foregoing instrument was acknowledged before me this 15th day of June, 1965 by F. N. Late, who is President of Cactus Drilling Corporation, a Texas corporation, for and on behalf of said corporation.

My commission expires: 6-1-67

[Signature]
Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

	<u>Curtis R. Inman</u>
	<u>Muriel Henderson Inman</u>
	<u>1 2 3 4 5 6 7 8 9</u>
	<u>INDIVIDUAL 10 12 13 14 15 30 32 33</u>
STATE OF <u>Texas</u>	<u>36 37 39</u>
COUNTY OF <u>Midland</u>	

The foregoing instrument was acknowledged before me this 8th day of June, 1965, by Curtis R. Inman and Muriel Henderson Inman.

My commission expires: June 1, 1967

Ellen Fegett
Notary Public Ellen Fegett

CORPORATE

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

Notary Public

My commission expires: _____

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

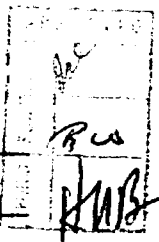
The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:
[Signature]
ASST. SECRETARY

SINCLAIR OIL & GAS COMPANY

[Signature]
VICE PRESIDENT



STATE OF _____
COUNTY OF _____

INDIVIDUAL 1 2 3 4 5 6 7 8 9
10 12 13 14 15 17 18 30 32 33
36 37 38 39

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

STATE OF Texas
COUNTY OF Midland

The foregoing instrument was acknowledged before me this 4th day of June, 1965 by R. M. Kobdich, who is Vice-President of Sinclair Oil & Gas Company, a Maine corporation, for and on behalf of said corporation.

My commission expires:
June 1, 1967

[Signature]
Notary Public

REARRESTED FOR VIOLATION OF
MY COMMISSION EXPIRES 6/1/67

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

RICHEFIELD OIL CORPORATION

By E. M. Benson, Jr.
General Manager - Operations

R. J. Quinn
Assistant Secretary

INDIVIDUAL

STATE OF _____ 1 2 3 4 5 6 7 8 9
COUNTY OF _____ 10 12 13 14 15 30 32 33 36

The foregoing instrument was acknowledged before me this day of

_____, 1965, by _____

My commission expires:

.....

CORPORATE

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

The foregoing instrument was acknowledged before me this 11th day of June, 1965 by E. M. BENSON, JR., who is General Manager - Operations of Richfield Oil Corporation, a Delaware corporation, for and on behalf of said corporation.

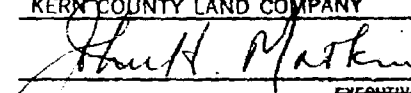
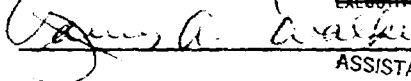
My commission expires:

My Commission expires December 3, 1965

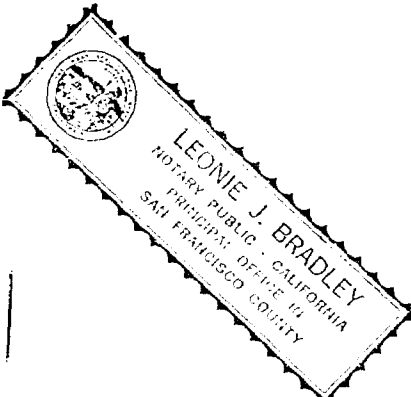
CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

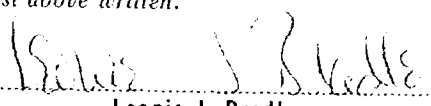
IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgements.

	<u>KERN COUNTY LAND COMPANY</u>  _____ EXECUTIVE VICE PRESIDENT  _____ ASSISTANT SECRETARY
	<u>INDIVIDUAL</u>

STATE OF CALIFORNIA } ss. 1 2 3 4 5 6 7 8 9
City and County of San Francisco }
On this 10 day of June, 1965, before me, Leonie J. Bradley, a Notary Public in and for the State of California, duly commissioned and sworn, personally appeared JOHN H. MATKIN known to me to be the _____ Vice President, and JAMES A. WALKER, known to me to be the _____ ASSISTANT Secretary, of KERN COUNTY LAND COMPANY, the corporation that executed the within instrument and known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



LEONIE J. BRADLEY
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN FRANCISCO COUNTY



Leonie J. Bradley
My commission expires February 18, 1969

_____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

Notary Public

My commission expires: _____

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST: Harold N. Thompson
Assistant Secretary

PHILLIPS PETROLEUM COMPANY

By H. E. Brubaker
Vice President

APPROVED BY
Henry W. Terry
ATTORNEY
Harold N. Thompson
CONTRACTMAN
PHILLIPS PETROLEUM CO.

INDIVIDUAL 1 2 3 4 5 6 7 10
12 21 22 25 30 31 32

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

STATE OF OKLAHOMA
COUNTY OF WASHINGTON

The foregoing instrument was acknowledged before me this 28th day of May, 1965, by H. E. Brubaker, who is Vice President of Phillips Petroleum Company, a Delaware corporation, for and on behalf of said corporation.

My commission expires: _____

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

NORTHERN NATURAL GAS PRODUCING COMPANY
~~SOCONY MOBIL OIL COMPANY, INC.~~

J. T. Jones
J. T. JONES, ASST. SECRETARY

AUTHORITY IN DEED 000100
U.S. OFFICE WASHINGTON, D. C.

INDIVIDUAL

STATE OF _____
COUNTY OF _____

1 3 6 7 12 25

D. S.
LEGAL
T. R.
PR. D.
EX. L.

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

STATE OF Texas
COUNTY OF Midland

The foregoing instrument was acknowledged before me this 14 day of June 1965 by NORTHERN NATURAL GAS PRODUCING COMPANY, a Delaware corporation, of SOCONY MOBIL OIL COMPANY, INC., a Massachusetts corporation, for and on behalf of said corporation.

My commission expires: _____
My commission expires
June 1, 1967

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:

Assistant Secretary

GULF OIL CORPORATION

By Attorney in Fact

INDIVIDUAL

8 9 33 34 39

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

STATE OF NEW MEXICO
COUNTY OF CHAVEZ

The foregoing instrument was acknowledged before me this 16th day of June by F. O. MCKELLOCK, who is Attorney in Fact of Gulf Oil Corporation, a Pennsylvania corporation, for and on behalf of said corporation.

My commission expires: _____

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:
Am J Ght
Secretary

REDFERN DEVELOPMENT CORPORATION
By: *John J. Redfern, Jr.*
John J. Redfern, Jr., President

INDIVIDUAL

14 15 23

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

STATE OF TEXAS
COUNTY OF MILLAND

The foregoing instrument was acknowledged before me this 2nd day of June, 1965, by John J. Redfern, Jr., who is President of Redfern Development Corporation, a Delaware corporation, for and on behalf of said corporation.

My commission expires: _____

B. J. Bralley
Notary Public

B. J. Bralley, Notary Public

Notary Public

(CONSENT AND RATIFICATION)
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Bobby Mathis

_____ 19

INDIVIDUAL

STATE OF Texas
COUNTY OF Edwards

The foregoing instrument was acknowledged before me this 15th day of June, 1965, by Bobby Mathis.

My commission expires:

June 1, 1967

Pauline Capeland
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Derrell G. Hanks
Sue Ann Hanks

28

INDIVIDUAL

STATE OF Texas
COUNTY OF Haskell

The foregoing instrument was acknowledged before me this 17 day of

June, 1965, by Derrell G. Hanks and Sue Ann Hanks.

My commission expires:

6-1-67

Lois Ann Patterson
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of

_____ by _____, who is _____
of _____, a _____ corporation,
for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

C. A. Hobbs
2

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Eddy

The foregoing instrument was acknowledged before me this 14 day of June, 1965, by C. A. Hobbs
Notary Public

My commission expires:
My term expires 1-1-68

W. L. Zimling
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Neil H. Wills
_____ 2 3 4 5 6 7 8 9 10 12

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 8 day of June _____, 1965, by Neil H. Wills.

My commission expires:

12/7/67

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ George D. Riggs
_____ Edith Riggs
_____ 2 3 4 5 6 7 8 9 10 12

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Eddy

The foregoing instrument was acknowledged before me this 26th day of May, 1965, by George D. Riggs and Edith Riggs, his wife.

My commission expires:

5-28-66

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Delbert O. Wilson

_____ 3 5

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Eddy

The foregoing instrument was acknowledged before me this 14 day of June, 1965, by Delbert O. Wilson, a widower.

My commission expires:

May 28, 1966

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Rubie C. Bell Rubie Crosby Bell, a married woman, d
herein in her sole and separate estate
_____ Bryan Bell
_____ 4 5 9 10

INDIVIDUAL

STATE OF Louisiana
COUNTY OF Orleans

The foregoing instrument was acknowledged before me this 2nd day of June, 1965, by Rubie C. Bell + Bryan Bell

My commission expires:

issued for life

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

[Signature]

[Signature]

INDIVIDUAL

4 7 8 12

STATE OF New Mexico
COUNTY OF Otero

The foregoing instrument was acknowledged before me this 9th day of June, 1965, by Klizabeth E. Zaney, a feme sole.

My commission expires:
12-3-66

[Signature]
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Everett E. Taylor
Regina L. Taylor
5

INDIVIDUAL

STATE OF TEXAS
COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 2ND day of JUNE, 1965, by EVERETT E. & REGINA L. TAYLOR.

My commission expires:

6-1-67

Ralph Wittner
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Virginia W. Hess
_____ R. M. Hess
_____ 6

INDIVIDUAL

STATE OF Arizona
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 4th day of June, 1965, by Virginia W. and R. M. Hess.

My commission expires:

My Commission Expires Oct. 7, 1967

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ _____ _____ AFFECT: <u>J. L. Marsh</u> STATE OF <u>New Mexico</u> COUNTY OF <u>CHAVES</u>	_____ _____ _____ <u>Emmett D. White</u> THE FIRST NATIONAL BANK OF ROSWELL INDIVIDUAL BY <u>William J. Williamson</u> CASHIER Vice President and Trust Officer TRUSTEES UNDER THE WILL OF HARRY LEONARD, DECEASED
--	--

6

The foregoing instrument was acknowledged before me this 25th day of May, 1965, by Mabel F. Leonard.

My commission expires:

March 14, 1967

Margaret McPherson
Notary Public

CORPORATE

STATE OF NEW MEXICO

COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 4th day of June, 1965, by William J. Williamson, Vice President and Trust Officer, The First National Bank of Roswell, a corporation, Emmett D. White and Ralph Shugart, Trustees under the Will of Harry Leonard, Deceased, in the capacities and for the consideration therein stated.

My Commission Expires:

May 4, 1969

William McPherson
Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

INDIVIDUAL 7 8 12

STATE OF Illinois
COUNTY OF Carroll

The foregoing instrument was acknowledged before me this 14 day of July, 1965, by Richard J. & Helen C. Nelson.

My commission expires:

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

Notary Public

My commission expires:

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Leslie A. McPherson
Ruth C. McPherson
9 10

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 2nd day of June, 1965, by Leslie A. McPherson and Ruth C. McPherson.

My commission expires:

My Commission Expires July 2, 1967

Raymond S. ...
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

JOHN A. SCHUGH, A PARTNERSHIP

Glenn A. Dow
Glenn A. Dow

Jerome P. Schugh
Jerome P. Schugh

Anabel C. Schugh
Anabel C. Schugh

Marybeth T. Dow
Marybeth T. Dow

INDIVIDUAL

STATE OF COLORADO
COUNTY OF DENVER

The foregoing instrument was acknowledged before me this 26th day of August, 1965, by Glenn A. Dow, Jerome P. Schugh & Anabel C. Schugh

My commission expires:

August 13, 1966

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

Notary Public

My commission expires:

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

W. B. Priest 1726 Horton Place, Chadronville, Ohio
W. B. Priest
W. B. Priest 14
W. B. Priest, Ohio

INDIVIDUAL

STATE OF OHIO
COUNTY OF JEFFERSON

The foregoing instrument was acknowledged before me this 20th day of May, 1965, by W. B. Priest and H. B. Priest

My commission expires:

August 28, 1967

William R. Bell
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Wendell S. Holmes Alice F. Holmes

_____ 15

INDIVIDUAL

STATE OF KANSAS)
COUNTY OF RENO)

The foregoing instrument was acknowledged before me this 7th day of June, 1965, by Wendell S. Holmes and Alice F. Holmes.

My commission expires:

May 11, 1967

Rosemary Batt
Notary Public

CORPORATE

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:

Jane A. Podgorschan
Secretary

JANELL CORPORATION

Stephen C. Helbing
President

15

INDIVIDUAL

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

STATE OF NEW MEXICO
COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 28th day of May, 1965, by Stephen C. Helbing, who is President of Janeil Corporation, a New Mexico corporation, for and on behalf of said corporation.

My commission expires: _____

Carroll M. Rieck
Notary Public

My Commission Expires 12-8-66

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ William A. Huffman
_____ Harriet A. Huffman
_____ 16

INDIVIDUAL

STATE OF TEXAS
COUNTY OF TAYLOR

The foregoing instrument was acknowledged before me this 27 day of MAY, 1965, by William A. Huffman and Harriet A. Huffman

My commission expires:

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

[Signature] _____
[Signature] _____
18 _____

INDIVIDUAL

STATE OF District of Columbia
COUNTY OF _____

The foregoing instrument was acknowledged before me this 27th day of May, 1965, by _____.

My commission expires:

January 14, 1967

[Signature]
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Robert W. Polchow
_____ Mary Peter Polchow
_____ 20

INDIVIDUAL

STATE OF LOUISIANA
~~PARISH~~
COUNTY OF ORLEANS

The foregoing instrument was acknowledged before me this 1st day of JUNE, 1965, by _____.

My commission expires:

AT DEATH

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Nancy Sue Hanagan Robert G. Hanagan

_____ 21

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 7th day of June, 1965, by Robert G. Hanagan and Nancy Sue Hanagan.

My commission expires:

MY COMMISSION EXPIRES AUGUST 16, 1967

Lucille M. Meyers
Notary Public

LUCILLE M. MYERS

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:

SULLIVAN, INC.

Jerry L. Sullivan
Jerry L. Sullivan - Ass't Secy.

J. P. Sullivan
J. P. Sullivan - President

2% ORR NW1/4 Sec 26-22S-24E, Lse No. NM-0322913
INDIVIDUAL

21

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1965, by _____.

My commission expires: _____

Notary Public

CORPORATE

STATE OF **Kansas**

COUNTY OF **Grant**

The foregoing instrument was acknowledged before me this 2nd day of June by J. P. Sullivan, who is President of Sullivan, Inc., a Kansas corporation, for and on behalf of said corporation.

My commission expires: **2/21/66**

Nannie Walker
Notary Public
Nannie Walker

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Dwight P. Teed
_____ Virginia E. Teed
_____ 22

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Lea

The foregoing instrument was acknowledged before me this 26th day of May, 1965, by Dwight P. Teed and Virginia E. Teed.

My commission expires:

11-5-66

Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

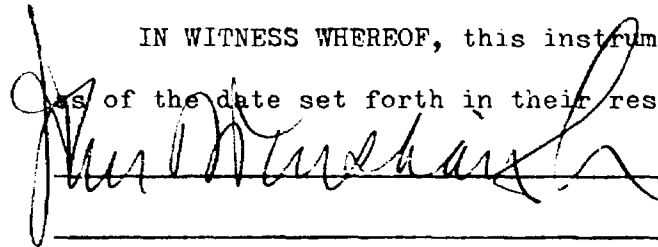
My commission expires:

Notary Public

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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



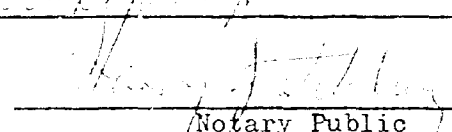
24

INDIVIDUAL

STATE OF New York
COUNTY OF New York

The foregoing instrument was acknowledged before me this 17 day of May, 1965, by Harry J. Feeling.

My commission expires:
HARRY J. FEELING
NOTARY PUBLIC, State of New York
No. 62-6252200
Qualified in Westchester County
Certs. filed in N.Y., Queens & Kings Co's.
Commission Expires March 30, 1966


Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

Notary Public

My commission expires:

CONSENT AND RATIFICATION
RAIN SPRING UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Rain Spring Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of April, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Rain Spring Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Michael S. Neal
Elizabeth R. Neal
39

INDIVIDUAL

STATE OF New Mexico
COUNTY OF Eddy

The foregoing instrument was acknowledged before me this 25 day of May, 1965, by Michael S. Neal and Elizabeth R. Neal, his wife

My commission expires:

Jan 24, 1967

Blanche Wifong
Notary Public

CORPORATE

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____ by _____, who is _____ of _____, a _____ corporation, for and on behalf of said corporation.

My commission expires:

Notary Public

R-25-E



EXHIBIT "B"
SCHEDULE SHOWING ALL LANDS AND OWNERSHIP
WITHIN THE UNIT AREA
RAIN SPRING UNIT - EDDY COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & LEASE EXPIRATION DATE	BASIC ROYALTY & PERCENT	LESSEE OF RECORDED AND PERCENT	OVERRIDING ROYALTY AND PERCENT	WORKING INTEREST AND PERCENT
FEDERAL LANDS							
1.	T-22-S, R-24-E Sec. 23; W-23-E Sec. 24; W-23-E	320.00	LC-064517 7-1-65	U.S.A. 12 3 %	Curtis R. Inman Richfield Oil Corp. Phillips Pet. Co. Northern Natural Gas Producing Co.	48.75* 11.25 20.00 20.00 20.00	26.25* 11.25 20.00 20.00 20.00
					Hleyse S. Patterson, Sue S. Graham, & Sally S. Toles \$300.00 per acre out of	2%	Curtis R. Inman Richfield Oil Corp. Phillips Pet. Corp. Northern Natural Gas Producing Co. Kern County Land Co. Sinclair Oil & Gas Co.
2.	T-22-S, R-24-E Sec. 35; SE¹/₄, S-24-E	240.00	LC-064520-A 7-1-65	U.S.A. 12 3 %	Phillips Pet. Co. Curtis R. Inman Richfield Oil Corp.	40.00* 48.75 11.25	40.00* 26.25 11.25
					C. A. & Hazel Hobbs Neil H. Wills (5/12) George D. & Edith Riggs \$300.00 per acre out of	2%	Phillips Pet. Co. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.
3.	T-22-S, R-25-E Sec. 19; Lot 1	40.44	LC-064521-A 7-1-65	U.S.A. 12 3 %	Curtis R. Inman Richfield Oil Corp. Phillips Pet. Co. Northern Natural Gas Producing Co.	48.75* 11.25 20.00 20.00 20.00	26.25* 11.25 20.00 20.00 20.00
					D. O. & Margaret L. Wilson Neil H. Wills (5/12) George D. & Edith Riggs \$600.00 per acre out of	3%	Curtis R. Inman Richfield Oil Corp. Phillips Pet. Co. Northern Natural Gas Producing Co. Kern County Land Co. Sinclair Oil & Gas Co.

4.	T-22-S, R-25-E Sec. 19; Lots 2, 3, 4, E ₂ NE ₂ , E ₃ Sec. 30; Lot 1, NE ₂ . E ₂ NE ₂	878.84	IC-066013-A 7-1-65	U.S.A. 12 ² / ₈	Curtis R. Inman Richfield Oil Corp. Phillips Pet. Co.	63.7500* 11.2500 25.0000	Rubie C. & Bryan Bell Neil H. Wills (1/3) George D. & Edith Riggs (1/3) Elizabeth W. Chaney (1/6) \$600.00 per acre out of	3 ² / ₈	Curtis R. Inman Richfield Oil Corp Phillips Pet. Co. Kern County Land Co. Sinclair Oil & Gas Co.	32.8125* 14.0625 25.0000 18.7500 9.3750
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5.	T-22-S, R-24-E Sec. 24; NE ₂ NE ₂	40.00	NM-01488 7-1-65	U.S.A. 12 ² / ₈	Curtis R. Inman Phillips Pet. Co. Richfield Oil Corp.	60.9375* 25.0000 14.0625	Margaret L. & D.O. Wilson (1/4) Neil H. Wills (1/4) George D. & Edith Riggs (1/4) Everett E. Taylor (1/8) Rubie C. & Bryan Bell (1/8) \$300.00 per acre out of	2 ² / ₈	Curtis R. Inman Phillips Pet. Co. Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	32.8125* 25.0000 14.0625 18.7500 9.3750
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6.	T-22-S, R-24-E Sec. 24; W ₂	320.00	NM-01293-A 7-1-65	U.S.A. 12 ² / ₈	Curtis R. Inman Northern Natural Gas Producing Co. Phillips Pet. Co. Richfield Oil Corp.	48.75* 20.00 20.00 11.25	Virginia W. and R. M. Hess (1/5) Mabel F. Leonard (1/10) Harry Leonard Estate Neil H. Wills (1/5) George D. & Edith Riggs (1/5) Sally S. Toles (1/15) Sue S. Graham (1/15) Eleyse S. Patterson (1/15) \$300.00 per acre out of	2 ² / ₈	Curtis R. Inman Northern Natural Gas Producing Co. Phillips Pet. Co. Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	26.25* 20.00 20.00 11.25 15.00 7.50
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7.	T-22-S, R-24-E Sec. 26; SE 1/4 Sec. 35; NW 1/4	200.00	NM-04527 7-1-65	U.S.A. 12 3/8%	Curtis R. Inman Northern Natural Gas Producing Co. Phillips Pet. Co. Richfield Oil Corp.	48.75* 20.00 20.00 11.25	T. J. Jr. and June C. Deason (1/10) Neil H. Wills (3/10) George D. & Edith Riggs (3/10) Elizabeth W. Chaney (3/10) \$300.00 per acre out of	Curtis R. Inman Northern Natural Gas Producing Co. Phillips Pet. Co. Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	26.25* 20.00 20.00 11.25 15.00 7.50
8.	T-22-S, R-24-E Sec. 35; NE 1/4	40.00	NM-04527-A 7-1-65	U.S.A. 12 3/8%	Gulf Oil Corp. Curtis R. Inman Richfield Oil Corp.	50.000* 40.625 9.375	T. J. Jr. & June C. Deason (1/10) Neil N. Wills (3/10) George D. & Edith Riggs (3/10) Elizabeth W. Chaney (3/10) \$300.00 per acre out of	Gulf Oil Corp. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	50.000* 21.875 9.375 12.500 6.250
9.	T-23-S, R-24-E Sec. 1; Lot 3, SW 1/4 Sec. 12; W 1/2	597.80	NM-04529 7-1-65	U.S.A. 12 3/8%	Gulf Oil Corp. Curtis R. Inman Richfield Oil Corp.	50.000* 40.625 9.375	Leslie A. & Ruth C. McPherson (1/6) Neil H. Wills (5/18) George D. & Edith Riggs (5/18) Ruble C. & Bryan Bell (5/18) \$500.00 per acre out of	Gulf Oil Corp. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	50.000* 21.875 9.375 12.500 6.250
10.	T-23-S, R-24-S Sec. 1; Lot 4	37.91	NM-04529-A 7-1-65	U.S.A. 12 3/8%	Curtis R. Inman Richfield Oil Corp. Phillips Pet. Co.	60.9375* 14.0625 25.0000	Leslie A. & Ruth C. McPherson (1/6) Neil H. Wills (5/18) George D. & Edith Riggs (5/18) Ruble C. & Bryan Bell (5/13) \$500.00 per acre out of	Curtis R. Inman Richfield Oil Corp. Phillips Pet. Co. Kern County Land Co. Sinclair Oil & Gas Co.	32.8125* 14.0625 25.0000 18.7500 9.3750

2%

2%

3%

3%

11.	T-22-S, R-24-E Sec. 25; NE$\frac{1}{4}$	160.00	NM-040991 9-30-65	U.S.A. 12$\frac{3}{8}$	Texaco, Inc.	ALL	Robert S. Light \$500.00 per acre out of	3 $\frac{3}{8}$	Texaco, Inc.	ALL
12.	T-22-S, R-24-E Sec. 23; NE$\frac{1}{4}$ Sec. 24; SE$\frac{1}{4}$NE$\frac{1}{4}$, NE$\frac{1}{4}$SE$\frac{1}{4}$ Sec. 25; NE$\frac{1}{4}$ Sec. 26; NE$\frac{1}{4}$	600.00	NM-0100957 7-1-65	U.S.A. 12$\frac{3}{8}$	Curtis R. Inman Richfield Oil Corp. Northern Natural Gas Producing Co. Phillips Pet. Co.	48.75* 11.25 20.00 20.00	T.J. Jr. & June C. Deason (1/10) Neil H. Wills (3/10) George D. & Edith Riggs (3/10) Elizabeth W. Chaney (3/10) \$300.00 per acre out of	2 $\frac{3}{8}$	Curtis R. Inman Richfield Oil Corp. Northern Natural Gas Producing Co. Phillips Pet. Co. Kern County Land Co. Sinclair Oil & Gas Co.	26.25* 11.25 20.00 20.00 15.00 7.50
13.	T-22-S, R-24-E Sec. 25; W$\frac{1}{2}$	320.00	NM-0106328 8-31-65 (1)	U.S.A. 12$\frac{3}{8}$	Pure Oil Co. Curtis R. Inman Richfield Oil Corp.	50.000* 40.625 9.375	Anabel C. McHugh Dow & McHugh, a partnership	.25% 3.25%	Pure Oil Co. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	50.000* 21.875 9.375 12.500 6.250
14.	T-22-S, R-25-E Sec. 31; NE$\frac{1}{4}$NE$\frac{1}{4}$	40.00	NM-0150707 7-31-71	U.S.A. 12$\frac{3}{8}$	Redfern Dev. Corp. Curtis R. Inman Richfield Oil Corp. James E. Logan	37.500** 40.625* 9.325 12.500**	W. W. Priest	5%	Redfern Dev. Corp. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co. James E. Logan	37.500** 21.875* 9.325 12.500 6.250 12.500**
15.	T-22-S, R-25-E Sec. 31; lots 1, 2, 3, 4, NE$\frac{1}{4}$, W$\frac{1}{2}$SE$\frac{1}{4}$, SE$\frac{1}{4}$NE$\frac{1}{4}$, E$\frac{1}{2}$SE$\frac{1}{4}$	600.96	NM-0243406 2-28-72	U.S.A. 12$\frac{3}{8}$	Redfern Dev. Corp. Curtis R. Inman Richfield Oil Corp. James E. Logan	37.500** 40.625 9.325 12.500*	Alice F. Holmes Janell Corp.	2.5% 2.5%	Redfern Dev. Corp. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co. James E. Logan	37.500** 21.875 9.375 12.500 6.250 12.500**
16.	T-22-S, R-25-E Sec. 30; lots 3, 4, E$\frac{1}{2}$SW$\frac{1}{4}$, SE$\frac{1}{4}$	318.75	NM-0248732 2-28-72	U.S.A. 12$\frac{3}{8}$	James E. Logan	ALL	William A. Huffman	5%	James E. Logan	ALL

17.	T-23-S, R-24-E Sec. 1; Lots 1, 2, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ Sec. 12; E $\frac{1}{2}$ Sec. 13; E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$	1115.29	NM-0272711 5-31-72	U.S.A. 12 $\frac{3}{4}$ %	Sinclair Oil & Gas Co. All	R. M. Patterson \$750.00 per acre out of	5%	Sinclair Oil & Gas Co. All
18.	T-23-S, R-24-E Sec. 13; W $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	NM-0282336 5-31-72	U.S.A. 12 $\frac{3}{4}$ %	Sinclair Oil & Gas Co. All	Pauline W. Walker \$500.00 per acre out of	5%	Sinclair Oil & Gas Co. All
19.	T-23-S, R-24-E Sec. 11; NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ Sec. 14; W $\frac{1}{2}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$	1080.00	NM-0303836 8-31-72	U.S.A. 12 $\frac{3}{4}$ %	Cactus Drilling Corp. Billy Mathis	None		Cactus Drilling Corp. Billy Mathis 50.00
20.	T-23-S, R-24-E Sec. 11; W $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$	120.00	NM-0304136-A 8-31-72	U.S.A. 12 $\frac{3}{4}$ %	James E. Logan	Robert W. Polchow \$750.00 per acre out of	5%	James E. Logan
21.	T-22-S, R-24-E Sec. 26; NW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	NM-0322913-B 11-30-72	U.S.A. 12 $\frac{3}{4}$ %	Phillips Pet. Co.	Sullivan Inc. Robert G. Hanagan \$800.00 per acre out of	3%	Phillips Pet. Co. All
22.	T-22-S, R-25-E Sec. 20; SW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	NM-0364110 3-31-73	U.S.A. 12 $\frac{3}{4}$ %	Phillips Pet. Co.	Dwight P. Teed	5%	Phillips Pet. Co. All
23.	T-22-S, R-24-E Sec. 23; NW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	NM-0387325 5-31-73	U.S.A. 12 $\frac{3}{4}$ %	Redfern Dev. Corp.	None		Redfern Dev. Co. All
24.	T-22-S, R-25-E Sec. 20; E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$	600.00	NM-0411072 9-30-73	U.S.A. 12 $\frac{3}{4}$ %	James E. Logan	John T. Winkhaus, Jr. \$750.00 per acre out of	5%	James E. Logan All
25.	T-22-S, R-24-E Sec. 23; SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	280.00	NM-0523140 1-7-66	U.S.A. 12 $\frac{3}{4}$ %	Northern Natural Gas Producing Co. Phillips Pet. Co.	Eleyse S. Patterson Sue S. Graham & Sally S. Toles \$300.00 per acre out of	2%	Northern Natural Gas Producing Co. Phillips Pet. Co. 50.00

26.	T-22-S, R-25-E Sec. 30; Lot 2	39.37	NM-0537855 4-30-74	U.S.A. 12 2 %	Carper Drilling Co.	ALL	None	Carper Drilling Co.	ALL
27.	T-22-S, R-24-E Sec. 35; W₂ ^{SW₄}	160.00	NM-0554473 7-31-74	U.S.A. 12 2 %	Etta Mandel	ALL	None	Etta Mandel	ALL
28.	T-22-S, R-25-E Sec. 29; NW₄	160.00	NM-0556532 3-31-75	U.S.A. 12 2 %	Derrell G. Hanks	ALL	Derrell G. Hanks \$750.00 per acre out of	Derrell G. Hanks	ALL
29.	T-22-S, R-24-E Sec. 26; SW₄ , SE₄ , SW₄ , NE₄ , NW₄ Sec. 35; E₂ , SW₂	140.00	Not Leased***						

TOTAL: 29 Tracts, Federal Land, 8949.36 acres 84.89% of Unit Area

*LESSEE OF RECORD AND WORKING INTEREST AS TO TRACTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, & 15: The Lessee of Record Column reflects ownership in accordance with the Bureau of Land Management records. Assignments of Record Title to the leases covering these tracts are being executed and will be filed with the Bureau of Land Management for approval prior to June 30, 1965. After approval of these Assignments the record title and percentages will be the same as shown in the Working Interest Column herein.

**Assignment of 12.500% running from Redfern Development Corp. to James E. Logan was filed for approval by the Bureau of Land Management under date of June 15, 1965.

***This acreage appeared on the February 1965 list for simultaneous filings. The Bureau of Land Management raised some question as to the Number 1 Offeror's qualifications and has declined to issue the lease. The Bureau of Land Management is presently conducting additional investigations and it is doubtful if a lease will issue on this tract for several months.

STATE OF NEW MEXICO LANDS

30.	T-22-S, R-24-E Sec. 36; NE¹/₄NE¹/₄, W¹/₂SE¹/₄, SE¹/₄SE¹/₄	200.00	E-10087-1 5-15-66	State 12²/₈	Phillips Petroleum Co.	None	Curtis R. Inman Phillips Pet. Co. Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	26.25* 40.00 11.25 15.00 7.50
31.	T-23-S, R-24-E Sec. 2; S¹/₂SW¹/₄, NW¹/₄SW¹/₄	120.00	E-10089-3 5-15-66	State 12²/₈	Phillips Petroleum Co.	None	Phillips Pet. Co.	All
32.	T-23-S, R-24-E Sec. 2; SE¹/₄	160.00	E-10089-3 5-15-66	State 12²/₈	Phillips Petroleum Co.	None	Curtis R. Inman Phillips Pet. Co. Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	26.25* 40.00 11.25 15.00 7.50
33.	T-22-S, R-24-E Sec. 36; NW¹/₄, SE¹/₄NE¹/₄	240.00	OG-6176 11-17-69	State 12²/₈	Gulf Oil Corporation	None	Gulf Oil Corp. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	50.000* 21.875 9.375 12.500 6.250
34.	T-23-S, R-24-E Sec. 2; lots 3, 4, NE¹/₄SW¹/₄	116.52	OG-6176 11-17-69	State 12²/₈	Gulf Oil Corporation	None	Gulf Oil Corp.	All
35.	T-23-S, R-24-E Sec. 2; S¹/₂NW¹/₄	80.00	K-1589-1 7-18-71	State 12²/₈	Amerada Petroleum Co.	None	Amerada Pet. Corp.	All
36.	T-23-S, R-24-E Sec. 2; lots 1, 2, SE¹/₄NE¹/₄	156.12	K-1589-2 7-18-71	State 12²/₈	Amerada Petroleum Co.	None	Amerada Pet. Corp. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	50.000* 21.875 9.375 12.500 6.250

37.	T-22-S, R-24-E Sec. 36; NE 1/4 SE 1/4	43.00	K-2808 11-16-72	State 12 3/4	Curtis R. Inman	None	Curtis R. Inman Kern County Land Co. Richfield Oil Corp. Sinclair Oil & Gas Co.	43.75* 25.00 18.75 12.50
38.	T-22-S, R-24-E Sec. 36; SW 1/4	160.00	K-2808-1 11-16-72	State 12 3/4	Sinclair Oil & Gas Co.	None	Sinclair Oil & Gas Co.	All
		<u>TOTAL: 9 Tracts, State of New Mexico lands</u>		1272.64 Acres		12.07% of Unit Area		

*Working Interest Ownership of State of New Mexico leases reflects trade letters and farmout agreements which have not been filed with the State of New Mexico Land Office.

PATENTED (FEE) LANDS

39.	T-23-S, R-24-E Sec. 13; W-2-SW-4 Sec. 14; E-2-SE-4	160.00	Lease 1 3-25-68	W. L. Kincaid	50.00	Gulf Oil Corp.	ALL	Caswell S. Neal \$250.00 per acre out of	3%	Gulf Oil Corp. Curtis R. Inman Richfield Oil Corp. Kern County Land Co. Sinclair Oil & Gas Co.	50.000 21.875 9.375 12.500 6.250
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40.	T-22-S, R-25-E Sec. 29; SW-4	160.00	Lease 2 5-6-68	William G. Smith (12 3/4 % Royalty)	50.00						
			Lease 1 7-17-67	Est. M.G. Kin- caid	50.00	Humble Oil & Ref. Co.	ALL	None		Humble Oil & Ref. Co.	ALL
			Lease 2 8-8-72	C. R. Kee (12 3/4 % Royalty)	50.00						

TOTAL: 2 Tracts Patented (Fee) Lands, 320.00 acres, 3.04% of Unit Area.

RECAPITULATION:

29 Tracts Federal Lands	- 8949.36 Acres	84.89 Percent of Unit Area
9 Tracts State of New Mexico Lands	- 1272.64 "	12.07 " "
2 Tracts Patented (Fee) Lands	- 320.00 "	3.04 " "
	<u>10542.00 Acres</u>	<u>100.00 Percent of Unit Area</u>

SENATE AND HOUSE OF REPRESENTATIVES
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE PETITION
FILED BY THE OIL COMMISSION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3244
Order No. R-2903

APPLICATION OF JAMES E. LEGAN
FOR APPROVAL OF THE RAIN SPRING
WATER AGREEMENT, ROSE COUNTY, NEW
MEXICO.

ORDER OF OIL COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 26,
1965, at Santa Fe, New Mexico, before Examiner Daniel S. Muttter.

NOW, on this 6th day of May, 1965, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

BEFORE:

(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, James E. Legan, seeks approval of
the Rain Spring Water Agreement covering 10,562.00 acres, more or
less, of State, Federal and Fee lands described as follows:

ALL OF SECTION 20, T10N 36N, R10E, S1E, NEW MEXICO
SECTION 20, T10N 36N, R10E, S1E, NEW MEXICO
Sections 12 through 15: All
Sections 25 and 26: All

SECTION 20, T10N 36N, R10E, S1E, NEW MEXICO
SECTION 20, T10N 36N, R10E, S1E, NEW MEXICO
Sections 19 and 20: All
Section 21: 1/2
Sections 29 and 31: All

SECTION 20, T10N 36N, R10E, S1E, NEW MEXICO
SECTION 20, T10N 36N, R10E, S1E, NEW MEXICO
Sections 1 and 2: All
Sections 11 through 14: All

-2-

Order No. 3046
Order No. R-2203

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Rain Spring Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper and reasonable one; 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and protection of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or certified counterpart of the unit agreement within 30 days after the effective date thereof; that 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 retired.

(4) 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; that this order shall terminate upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this order be 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 hereinafore designated.

WILLIAM H. HARRIS
Commissioner of Public Lands

JOHN H. GIBBS, Jr., Chairman

OTTO H. LAMB, Member

B. H. H.

and

W. H. HARRIS, Jr., State Geologist

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

RAIN SPRING UNIT, EDDY COUNTY, NEW MEXICO

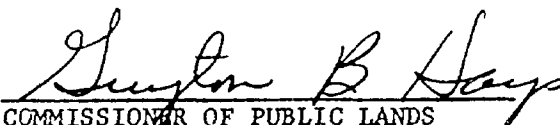
There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated April 1, 1965, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, and 7-11-48, New Mexico Statutes Annotated, 1953 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the afore-said statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 16th day of June, 19 65.




COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

RECEIVED
JUN 1 1965

U.S.
GEOLOGICAL SURVEY

CERTIFICATION - DETERMINATION

No. **14-08-0001 87 03**

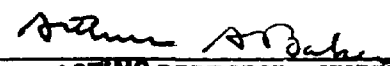
Pursuant to the authority vested in the Secretary of Interior as to Federal Lands, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. Secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8th, 1947, 43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

A. Approve the attached agreement for the development and operation of the Rain Spring Unit Area, Eddy County, New Mexico.

B. Certify and determine that the Unit Plan of Development and Operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Date JUN 25 1965

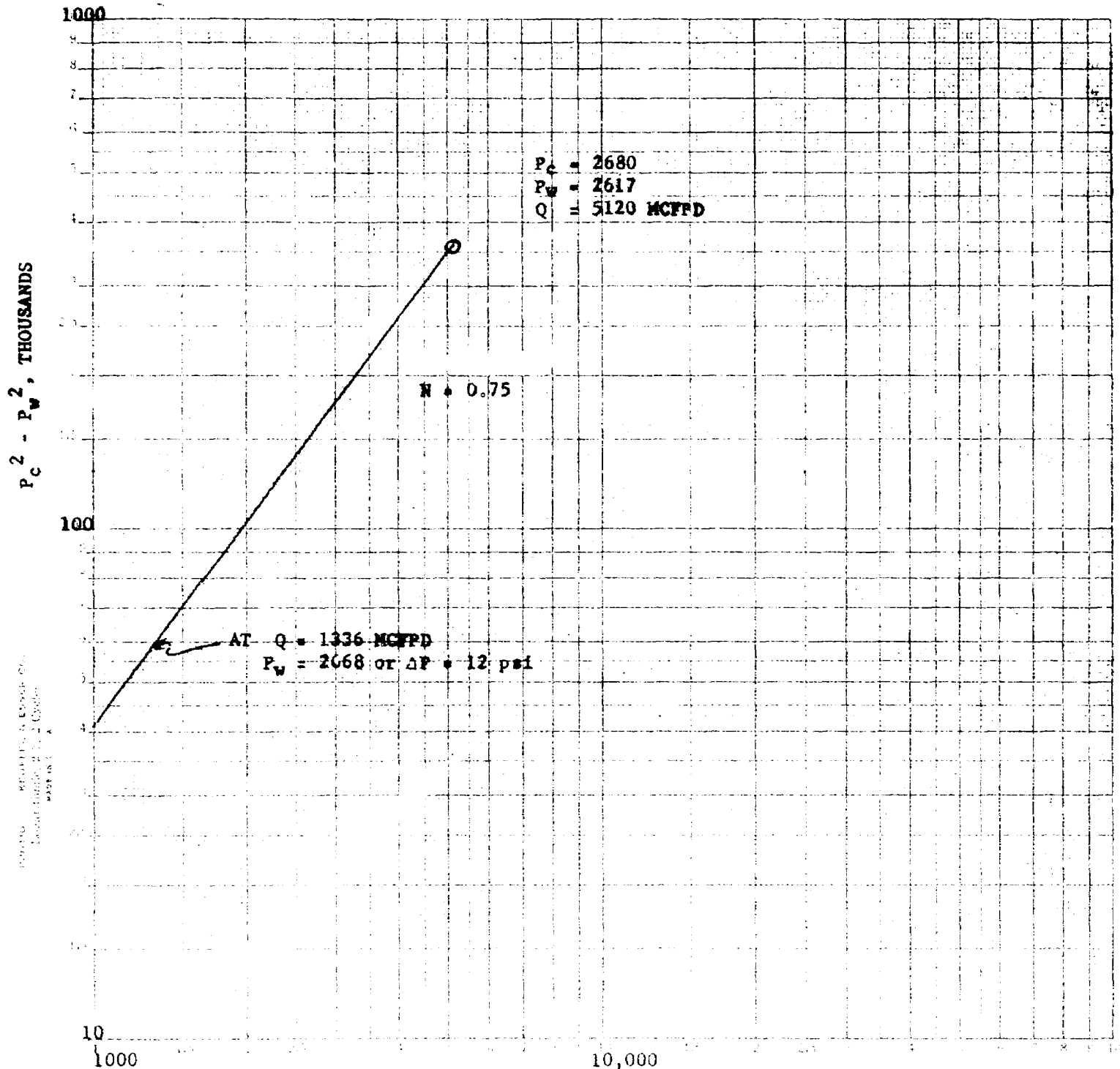

ACTING DIRECTOR, UNITED STATES
GEOLOGICAL SURVEY.

Rain Spring Unit Area
Eddy County, New Mexico

PART OF CASE FILE #3198

FILMED HERE. OUT OF SEQUENCE

PAN AMERICAN PETROLEUM CORPORATION
 NAVAJO TRIBAL "N" NO. 3
 TOCITO DOME PENN. "D" POOL



BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 3
 CASE NO. 5778

CALCULATION OF PRESSURE DRAWDOWN
PAN AMERICAN PETROLEUM CORPORATION
NAVAJO TRIBAL "U" NO. 1
TOCITO DOME PENN. "D" POOL
SAN JUAN COUNTY, NEW MEXICO

Permeability, K	600 md
Viscosity of Oil, μ	0.25 cp
Reservoir Volume Factor, β	1.4
$\ln R_e/R_w$	8.7
Thickness, H	11

PI = Bbls./day/psi drawdown

$$= \frac{7.07 KH}{\mu \ln R_e/R_w \beta}$$

$$= \frac{7.07 \times 0.600 \times 11}{0.25 \times 8.7 \times 1.4}$$

$$= 15.3 \text{ Bbls./day/psi drawdown}$$

$$\text{Drawdown at 334 BOPD} = \frac{334}{15.3} = 22 \text{ psi}$$

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<u>10-5-54</u>	EXHIBIT NO. <u>4</u>
CASE NO. <u>5728</u>	

MAP