



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

W. T. Edwards

DEC 19 1962

Airmail

Odessa Natural Gasoline Company
Post Office Box 3908
Midland, Texas

Attention: Mr. W. T. Edwards

Gentlemen:

Your letter of August 20 filed with the Oil and Gas Supervisor, Roswell, New Mexico, requested reconsideration of our action of July 16, 1962, concerning the designation of 1,680 acres of Federal land in Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. You request that unitization be restricted to all formations below the base of the Seven Rivers formation. You indicated that substantial agreement has been reached between the owners of oil and gas interests and the potash interests.

Pursuant to the Unit Plan Regulations of December 22, 1950, 30 CFR 226.3, the land requested as outlined on the map marked "Exhibit A, Getty Deep unit, Eddy County, New Mexico," which accompanied the May 2 application, is hereby designated as a logical unit area.

You proposed to use the standard unit agreement form (1961 reprint) with required modifications. Only the following modifications thereof should be incorporated into the agreement:

1. The following language is offered for modification of section 3 in lieu of that proposed in the May 2 application:

"3. UNITIZED LAND AND UNITIZED SUBSTANCES. All lands committed to this agreement, as to all formations below the base of the Seven Rivers formation (1,580 feet below ground level in the El Paso Natural Gas Company's No. 1 Lambie Federal well, in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of section 3, T. 20 S., R. 29 E., N.M.P.M., Eddy County, New Mexico) shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in such formations in the unitized lands are unitized and designated as "unitized substances" under the terms of this agreement."

<p>BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION <i>Odessa</i> EXHIBIT NO. <u>5</u> CASE NO. <u>2758</u></p>

RECEIVED
 U.S. DEPARTMENT OF THE INTERIOR

5

2. Item (b) of Section 6 (Successor Unit Operator) beginning on line 5, page 7 of the 1961 reprint, should be changed to read:

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

3. Section 9 of the unit agreement submitted for the area designated should provide for the drilling of the initial exploratory well to test the Devonian or to a depth of 13,200 feet. In addition, Section 9 must be modified as follows:

Page 8, Standard 1961 Reprint, Lines 26 and 27 - delete "* * * allowing not more than 6 months between the completion of one well and the beginning of the next well * * *" and insert in lieu thereof "* * * such wells as shall be approved by the Supervisor, * * *"

4. The "Fair Employment" section should be replaced with the following "Nondiscrimination" section:

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

5. Add as a new section the standard "Potash Protection" language quoted in the application of May 2.

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

When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all acreage. In preparation

of Exhibits A and B, follow closely the format of the sample exhibits attached to the 1961 reprint of the standard form.

Sincerely yours,



Acting Director