



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

IN REPLY REFER TO:

FEB 17 1967

Atlantic Richfield Company
P. O. Box 1978
Roswell, New Mexico 88201

Attention: Mr. R. L. Trimble

Gentlemen:

Your application of November 30 filed with the Regional Oil and Gas Supervisor, Roswell, New Mexico, requests the designation of the West Red Lake unit area embracing 1,236.85 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

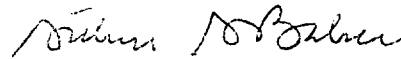
Unitization for the purpose of conducting secondary recovery operations by waterflooding will be limited to the interval in the Premier and San Andres identified in Section 2(f) of the proposed unit agreement form. The unit area is comprised of 915.71 acres of Federal land and 321.14 acres of fee land on which there are 30 productive wells completed in the interval to be unitized. Participation in unitized substances is based on one-third surface acres, one-third current producing rate, and one-third ultimate primary recovery. You estimate the proposed waterflood project will result in recovery of 400,000 to 600,000 barrels of oil over and above that recoverable by primary methods.

The land outlined on the plat marked "Exhibit A, West Red Lake Unit, Eddy County, New Mexico," is acceptable as a logical unit area for secondary recovery operations. The proposed form of unit agreement, which modifies the standard Federal form (1961 reprint) to the extent necessary to cover conditions incidental to secondary operations of a producing unit, will be acceptable if further modified as marked in colored pencil and/or by the attached riders. One copy of the marked form is returned herewith and the remaining copies are retained for distribution to the appropriate offices of the Geological Survey.

In the absence of any other type of land requiring special provisions or any other objections not now apparent, a duly executed agreement conformed to the marked copy will be approved if submitted in approvable status within a reasonable period of time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have full commitment of sufficient lands to afford effective control of secondary recovery operations.

Please include the latest status of all acreage when the executed agreement is submitted for final approval.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "William B. Baker".

Acting Director