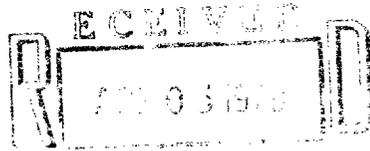




United States Department of the Interior

GEOLOGICAL SURVEY



OIL CONSERVATION DIVISION
SANTA FE

Phoenix Resources Company
Attention: Mr. Charles F. Harding, Jr.
3555 NW 58th, Suite 300
Oklahoma City, Oklahoma 73112

APR 11 1979

Case 6504

Gentlemen:

Your application of March 26, 1979, filed with the U. S. Geological Survey office in Roswell, New Mexico, requests the designation of the Ranch Road unit area embracing 17,254.40 acres, more or less, Chaves County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to unit plan regulations 30 CFR 226, the land requested as outlined in red on your plat marked "Exhibit 'A' Ranch Road unit, Chaves County, New Mexico" is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for a well to test all formations of Pennsylvanian Age or to a depth of 6,700 feet. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with the modifications requested in your application provided it is further modified as follows:

1. Add the words "as amended" after (30 F.R. 12319) in Section 26, Nondiscrimination.
2. Add the following paragraph to Section 11, Participation After Discovery. "Determination as to whether a well completed within the unit area prior to the effective date of this agreement is capable of producing unitized substances in paying quantities shall be deferred until a well is completed for production in paying quantities in accordance with Section 9 hereof."

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office through the Oil and Gas Supervisor for preliminary approval.

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 outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to Roswell, New Mexico, for the Supervisor's 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 1968 reprint of the aforementioned form.

Inasmuch as this unit agreement involves State land, we are sending a copy of the letter to the Commissioner of Public Lands in Santa Fe. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the State.

Sincerely yours,

William H. ...

ACTING Regional Conservation Manager
For the Director

CC:
NMOCD, Santa Fe ← This Copy for
Com. Pub. Lands, Santa Fe

Unit Name RANCH ROAD UNIT-EXPLORATORY
 Operator PHOENIX RESOURCES COMPANY
 County CHAVES

DATE	OCC CASE NO.	6504	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-5978							
Commissioner	Commission		4-9-79	17,254.40	4,679.21	12,575.19	-0-	Yes	5Yrs.

Entire unit has been TERMINATED
 App: 12-13-85
 Effic: 4-15-85

ELIMINATED
 EFFECTIVE DATE 5-19-84
 App: 11-5-85

AUTOMATIC ELIMINATION EFFECTIVE 5/19/84 THE FOLLOWING LANDS REMAIN AFTER CONTRACTION

UNIT AREA
 TOWNSHIP 19 SOUTH, RANGE 19 EAST, NMPM
 Section 25: All
 Section 36: All
 TOWNSHIP 19 SOUTH, RANGE 20 EAST, NMPM
 Sections 2 through 5: All
 Sections 7 through 11: All
 Sections 14 through 23: All
 Sections 26 through 31: All

Lots 3,4,E/2SW/4,SE/4 Sec. 18-19S-20E
 N/2 Sec. 20-19S-20E Containing 637.10 Acres

Unit Name RANCH ROAD UNIT-EXPLORATORY
 Operator PHOENIX RESOURCES COMPANY
 County CHAVES

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	DATE	ACREAGE		LESSEE
								ACRES	NOT RATIFIED	
23	✓ L-2754-3	C.S.	2	19S	20E	Lots 1, 2, 3, 4, S/2N/2, S/2	3-27-79	1081.12		Phoenix Resources Co.
		C.S.	3	19S	20E	N/2S/2, SE/4SW/4, SW/4SE/4				
		C.S.	4	19S	20E	NE/4SE/4				
		*C.S.	18	19S	20E	SE/4 Remains in Unit After Contracton 5-19-84				
24	✓ L-2755-2	P.N.	4	19S	20E	Lots 1, 2, 3, 4, SE/4NE/4	3-27-79	638.09		Phoenix Resources Co.
		P.N.	7	19S	20E	Lot 4, SE/4SW/4, S/2SE/4				
		P.N.	8	19S	20E	S/2SW/4				
		P.N.	17	19S	20E	NW/4				
		P.N.	26	19S	20E	SW/4NW/4				
25	✓ L-2756-3	C.S.	16	19S	20E	All	3-27-79	640.00		Phoenix Resources Co.
26	✓ L-2757-3	C.S.	*20	19S	20E	W/2W/2, NE/4NW/4, SW/4SW/4, N/2NE/4	3-27-79	880.00		Phoenix Resources Co.
		C.S.	21	19S	20E	S/2SE/4 (only N/2), SW/4SW/4, S/2NE/4				
		C.S.	36	19S	19E	W/2NW/4, S/2, E/2NE/4				
27	✓ L-2917-3	C.S.	36	19S	19E	W/2	3-27-79	320.00		Phoenix Resources Co.
		C.S.	36	19S	19E	E/2				
28	✓ LG-684	C.S.	22	19S	20E	N/2N/2, SE/4NE/4, NE/4SE/4, S/2S/2	3-27-79	400.00		Cities Service Oil Co.
29	✓ LG-685	P.N.	23	19S	20E	N/2N/2	3-27-79	160.00		Cities Service Oil Co.
30	IG-2476	C.S.	26	19S	20E	S/2SW/4			80.00	Great Western Drilg. Co.
		C.S.	27	19S	20E	W/2SE/4, SE/4SE/4			120.00	Great Western Drilg. Co.
		C.S.	31	19S	20E	NE/4NE/4			40.00	Great Western Drilg. Co.

NOT COMMITTED
 NOT COMMITTED
 NOT COMMITTED

After Contracton 5-19-84

195-195

State of New Mexico



6509

ALEX J. ARMIJO
COMMISSIONER

Commissioner of Public Lands

April 9, 1979

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Phoenix Resources Company
3555 N. W. 58, Suite 300
Oklahoma City, Oklahoma 73112

Re: Ranch Road Unit
Chaves County, New Mexico

ATTENTION: Mr. Harvey Case

Gentlemen:

The Commissioner of Public Lands has this date approved the Ranch Road Unit, Chaves County, New Mexico. Our approval is subject to like approval by the United States Geological Survey.

Enclosed are Five (5) Certificates of approval.

Please advise this office when the USGS gives their approval so that we may ascertain the effective date and finish processing same.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

AJA/RDG/s
encls.

cc: OCD-Santa Fe, New Mexico ✓
 USGS-Roswell, New Mexico
 USGS-Albuquerque, New Mexico



UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY RECEIVED
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125 1981

OIL CONSERVATION DIVISION
SANTA FE

17 APR 1981

Phoenix Resources Company
Attention: Harvey Case
914 Main Street, Suite 1550
Houston, Texas 77002

6504

Gentlemen:

An approved copy of your 1981 plan of development for the Ranch Road unit area, Eddy and Chaves Counties, New Mexico is enclosed. Such plan, proposing to drill a Morrow test well in the N $\frac{1}{4}$ section 27, T. 19 S., R. 20 E., was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Sincerely yours,

(ORIG. SGD.) Henry H. Luccock, Jr.

FOR Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosure

CC:
NMOCD, Santa Fe (ltr only)
DS Roswell (w/enclosure)

State of New Mexico



Commissioner of Public Lands

June 19, 1981

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

ALEX J. ARMIJO
COMMISSIONER

6504

Phoenix Resources Company
3524 N.W. 56, Suite 300
Oklahoma City, Oklahoma 73112

Re: Ranch Road Unit
Eddy and Chaves Counties,
New Mexico
1981 Plan of Development

ATTENTION: Mr. Paul O. Warren

Gentlemen:

The Commissioner of Public Lands has this date approved your 1981 Plan of Development for the Ranch Road Unit, Eddy and Chaves Counties, New Mexico. Such plan proposes the drilling of a Morrow Test in the N/2 of Section 27, T-19-S, R-20-E, during the third (3rd) quarter of 1981. Our approval is subject to like approval by the United States Geological Survey.

Enclosed is one approved copy of the plan for your records.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

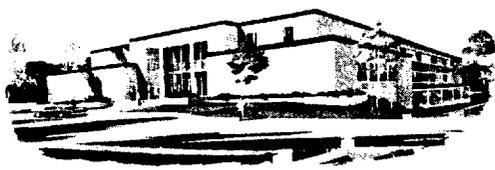
BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
encls.
cc:

OCD-Santa Fe, New Mexico
USGS-Roswell, New Mexico

Case # 6504

State of New Mexico



Commissioner of Public Lands

October 26, 1982

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501
87504-1148

Texas International Petroleum Corporation
Suite 300, 3535 Northwest 58th Street
Oklahoma City, Oklahoma 73112

Re: 1982 Plan of Development
Ranch Road Unit
Eddy and Chaves Counties, New Mexico

ATTENTION: Mr. Michael L. Lee

Gentlemen:

The Commissioner of Public Lands has this date approved your 1982 Plan of Development for the Ranch Road Unit, Eddy and Chaves Counties, New Mexico. Such plan proposes a complete engineering and geological analysis of the economic justification for future development and will pursue suitable locations for development within the unit. Our approval is subject to like approval by the United States Minerals Management Service.

Enclosed is an approved copy for your files.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
USMMS-Albuquerque, New Mexico

358



United States Department of the Interior

MINERALS MANAGEMENT SERVICE
SOUTH CENTRAL REGION
505 MARQUETTE AVENUE, N.W., SUITE 815
ALBUQUERQUE, NEW MEXICO 87102

IN REPLY
REFER TO:

Phoenix Resources Company
Attention: Michael L. Lee
3535 Northwest 58th Street
Suite 300
Oklahoma City, Oklahoma 73112

RECEIVED
NOV 17 1982

Gentlemen:

An approved copy of your 1982 plan of development for the Ranch Road unit area, Eddy and Chaves Counties, New Mexico, is enclosed. Such plan, proposing to perform an engineering and geological analysis to plan further development within the unit, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

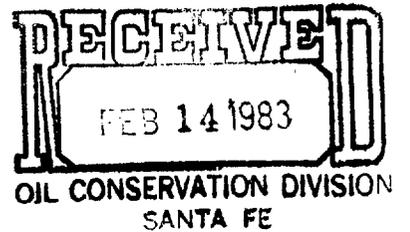
Sincerely yours,

Gene F. Daniel
Deputy Minerals Manager
Oil and Gas

Enclosure

cc:
Comm. of Public Lands
NMOCD, Santa Fe

358



February 10, 1983



District Superintendent for Oil and Gas
Bureau of Land Management
P. O. Drawer 1857
Roswell NM 88201

New Mexico Commissioner of Public Lands
P. O. Box 1148
Santa Fe NM 87501

Case 6504

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe NM 87501

Gentlemen:

Subject: Resignation of Unit Operator and
Designation of Successor Unit Operator
Ranch Road Unit Area
T-19-S, R-18-E
Chaves County, New Mexico
Mesa OP 05-NM-0759

The March 27, 1979 Unit Agreement for the Development and Operation of the Ranch Road Unit Area, County of Chaves, State of New Mexico was approved by the Commissioner of Public Lands of the State of New Mexico on April 9, 1979 and was approved as Contract Number 14-08-0001-18027 on April 13, 1979 by the Area Oil and Gas Supervisor for the United State Geological Survey. In that Agreement, Phoenix Resources Company was designated as Unit Operator.

Phoenix Resources Company has chosen to resign as Unit Operator and Mesa Petroleum Co. will become Successor Unit Operator with the approval of the Supervisor and the Commissioner.

Enclosed please find copies of the Resignation of Unit Operator and Designation of Successor Unit Operator instruments executed by Phoenix Resources Company, Mesa Petroleum Co. and Harper Oil Company in accordance with Articles 5 and 6 of the Ranch Road Unit Area Agreement.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Commission

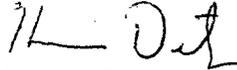
-2-

RECEIVED
FEB 14 1985

OIL CONSERVATION DIVISION
SANTA FE
February 10, 1985

Please advise this office concerning our application to succeed Phoenix
as Unit Operator of the captioned Unit.

Very truly yours,



Kevin Dentzer

pm

Enclosures

BUCKHORN 759

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RESIGNATION OF UNIT OPERATOR
AND DESIGNATION OF SUCCESSOR UNIT OPERATOR

The March 27, 1979 Unit Agreement For the Development and Operation of the Ranch Road Unit Area County of Chaves, State of New Mexico was approved by the Commissioner of Public Lands of the State of New Mexico on April 9, 1979 and was approved as Contract Number 14-08-0001-18027 on April 13, 1979 by the Area Oil and Gas Supervisor for the United States Geological Survey. In that Agreement Phoenix Resources Company was designated as Unit Operator. Phoenix Resources Company wishes to and does hereby resign as Unit Operator under said Agreement. The resignation shall be effective on the date a Successor Unit Operator is selected pursuant to the Agreement.

Mesa Petroleum Co., upon the receipt of a majority vote of the owners of working interests according to their respective acreage interests in all Unitized Lands, as indicated by their signatures hereto, shall be selected as Successor Unit Operator, subject to the approval of the Supervisor and the Commissioner. In the event Mesa is so selected, Mesa hereby accepts the duties and responsibilities of Unit Operator. The signatures of the resigning Unit Operator and Mesa hereto shall count as votes in favor of the selection of Mesa as Successor Unit Operator. This instrument may be executed in counterparts and shall be binding pursuant to said Agreement when the signatures necessary to constitute said majority vote have been obtained by Mesa. To the extent further instruments are required by the Supervisor or the Commissioner, all parties hereto agree to cooperate fully with the resigning Unit Operator and Mesa. Mesa shall inform the resigning Unit Operator when a majority vote has been so obtained. Such designation of Mesa as Unit Operator shall also similarly affect the March 27, 1979 Unit Operating Agreement for the Ranch Road Unit Area.

Executed this 10th day of November, 1982

PHOENIX RESOURCES COMPANY

ATTEST:

By: _____

By: _____

Name:
Title:

Executed this 10TH day of November, 1982

MESA PETROLEUM CO.

120

ATTEST:

By: Louella S. Porter
Assistant Secretary

By: Marion E. Causey
Name: Marion E. Causey
Title: Vice President

Executed this 16th day of November, 1982

HARPER OIL COMPANY

ATTEST:

By: Benny E. Bechtol
Assistant Secretary

By: Benny E. Bechtol
Name: Benny E. Bechtol
Title: President

STATE OF X

COUNTY OF X

The foregoing instrument was acknowledged before me this _____ day of _____, 1982 by _____, _____ of Phoenix Resources Company

My Commission Expires:

Notary Public

STATE OF TEXAS X

COUNTY OF MIDLAND X

The foregoing instrument was acknowledged before me this 10th day of November, 1982, by Marion E. Causey, Vice President of Mesa Petroleum Co., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

3-29-86

Carolyn Heinze CAROLYN HEINZE
Notary Public

STATE OF OKLAHOMA X

COUNTY OF OKLAHOMA X

The foregoing instrument was acknowledged before me this 16th day of November, 1982 by Benny E. Bechtol, President of Harper Oil Company, an Oklahoma corporation, on behalf of said corporation.

My Commission Expires:

November 17, 1985

Carolyn J. Wagner
Notary Public

RESIGNATION OF UNIT OPERATOR
AND DESIGNATION OF SUCCESSOR UNIT OPERATOR

The March 27, 1979 Unit Agreement For the Development and Operation of the Ranch Road Unit Area County of Chaves, State of New Mexico was approved by the Commissioner of Public Lands of the State of New Mexico on April 9, 1979 and was approved as Contract Number 14-08-0001-18027 on April 13, 1979 by the Area Oil and Gas Supervisor for the United States Geological Survey. In that Agreement Phoenix Resources Company was designated as Unit Operator. Phoenix Resources Company wishes to and does hereby resign as Unit Operator under said Agreement. The resignation shall be effective on the date a Successor Unit Operator is selected pursuant to the Agreement.

Mesa Petroleum Co., upon the receipt of a majority vote of the owners of working interests according to their respective acreage interests in all Unitized Lands, as indicated by their signatures hereto, shall be selected as Successor Unit Operator, subject to the approval of the Supervisor and the Commissioner. In the event Mesa is so selected, Mesa hereby accepts the duties and responsibilities of Unit Operator. The signatures of the resigning Unit Operator and Mesa hereto shall count as votes in favor of the selection of Mesa as Successor Unit Operator. This instrument may be executed in counterparts and shall be binding pursuant to said Agreement when the signatures necessary to constitute said majority vote have been obtained by Mesa. To the extent further instruments are required by the Supervisor or the Commissioner, all parties hereto agree to cooperate fully with the resigning Unit Operator and Mesa. Mesa shall inform the resigning Unit Operator when a majority vote has been so obtained. Such designation of Mesa as Unit Operator shall also similarly affect the March 27, 1979 Unit Operating Agreement for the Ranch Road Unit Area.

Executed this 10 day of December 1982

PHOENIX RESOURCES COMPANY

ATTEST:

By: Charlotte A. Evans
Charlotte EVANS
CORPORATE SECRETARY

By: Wm M Patterson *WMP*
Name: Wm M. Patterson
Title: Vice President

Executed this 10th day of November, 1982

MESA PETROLEUM CO. *10*

ATTEST:

By: Louella G. Porter
Assistant Secretary

By: Marion E. Causey *MEC*
Name: Marion E. Causey
Title: Vice President

Executed this _____ day of _____, 1982

HARPER OIL COMPANY

ATTEST:

By: _____

By: _____
Name:
Title:

STATE OF Oklahoma

COUNTY OF Oklahoma

The foregoing instrument was acknowledged before me this 10th day of December, 1982 by W.M. Patterson, Vice President of Phoenix Resources Company a Maine corporation, on behalf of said corporation.

My Commission Expires:

5-15-85

Alice Ann Wenzel
Notary Public

STATE OF TEXAS X

COUNTY OF MIDLAND X

The foregoing instrument was acknowledged before me this 10th day of November, 1982, by Marion E. Causey, Vice President of Mesa Petroleum Co., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

3-29-86

Carolyn Heinze CAROLYN HEINZE
Notary Public

STATE OF X

COUNTY OF X

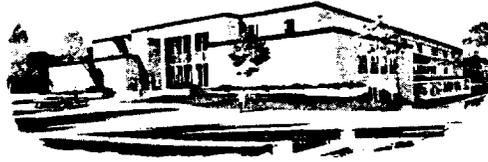
The foregoing instrument was acknowledged before me this _____ day of _____, 1982 by _____, _____ of Harper Oil Company, _____



JIM BACA
COMMISSIONER

65004

State of New Mexico



Commissioner of Public Lands
March 11, 1983

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Mesa Petroleum Company
Vaughn Building, Suite 1000
Midland, Texas 79701-4493

Re: Change in Unit Operator
Ranch Road Unit Area
Chaves County, New Mexico

ATTENTION: Mr. Kevin Dentzer

Gentlemen:

The Commissioner of Public Lands has this date approved the resignation of Phoenix Resources Company as unit operator and accepts the designation of Mesa Petroleum Company as the new unit operator for the Ranch Road Unit Area.

Enclosed is one approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505/827-5744

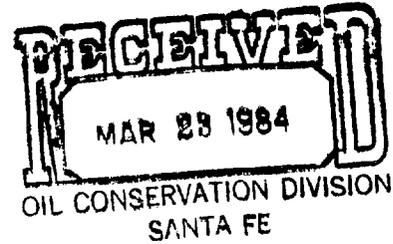
JB/FOP/pm
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cc:

OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico
Administration



#6504

March 21, 1984



State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504

Gentlemen:

Subject: Extension
March 27, 1979
Ranch Road Unit Agreement
Chaves County, New Mexico

Please review and, if acceptable, execute the enclosed Extension for the March 27, 1979 Ranch Road Unit Agreement. The instrument is intended to be self-explanatory. However, we are hand delivering it on this date in order to get it to the proper parties in a timely fashion and answer any questions that may arise. Mesa respectfully requests an expedited consideration of this Extension since the fifth anniversary of the Ranch Road Unit Agreement is rapidly approaching. We have also delivered on this day a copy of this same instrument to the United States of America Department of the Interior and we would appreciate receipt of the fully-executed Extension from both parties within two weeks, if possible. If you wish to discuss this matter further by telephone, please feel free to contact me at your convenience at the number set out below.

Very truly yours,

Steven C. James
Steven C. James

bt

c.c. M. E. Causey
Mark Hannifin
Edna Jackson

New Mexico Oil Conservation Commission/
P.O. Box 2088
Santa Fe, NM 87501

EXTENSION OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE RANCH ROAD UNIT AREA
COUNTY OF CHAVES, STATE OF NEW MEXICO

On or about March 27, 1979 Phoenix Resources Company, Mesa Petroleum Co. and Harper Oil Company entered into the Unit Agreement for the Development and Operation of the Ranch Road Unit Area in Chaves County, New Mexico. That Unit Agreement was approved by New Mexico's Commissioner of Public Lands on April 9, 1979 and by the United States Geological Survey on April 13, 1979. Phoenix Resources Company was designated the Operator of the Unit. A Unit Operating Agreement dated March 27, 1979 was also entered into by the three working interest owners.

There are two shut-in gas wells located on the Unit Area. The first well, the Phoenix #1 Buckhorn Canyon, was completed March 22, 1979 for an IPF of 1,068 MCFGPD through a 12/64 inch choke from Strawn Formation perforations at 5,796 feet to 5,913 feet. The second well, the Phoenix #1 Ranch Road Unit, was completed May 18, 1979 for an IPCAOF of 1,558 MCFGPD from Atoka Formation perforations at 6,484 feet to 6,494 feet. Due to the lack of a market for the gas from these two gas wells, they have not yet been connected to a pipeline. However, both wells are considered to represent discoveries of Unitized Substances, as defined in the Ranch Road Unit Agreement, which can be produced in paying quantities.

Phoenix Resources Company recently resigned as Operator. Mesa Petroleum Co. was designated as Successor Unit Operator. This resignation of Phoenix and designation of Mesa was approved by New Mexico's Commissioner of Public Lands on March 11, 1983 and by the Bureau of Land Management on November 22, 1983. Mesa Petroleum Co. has had to move rapidly since its designation as Successor Unit Operator was finally approved in order to study the Unit Area, evaluate its potential and protect the interests of all parties involved.

Mesa Petroleum Co., as Successor Unit Operator of the Unit Area, is asking New Mexico's Commissioner of Public Lands and the proper representative of the United States of America's Interior Department to acknowledge and accept the valuable discovery of Unitized Substances made on the Unitized Lands as reflected by the two shut-in gas wells and to modify Article 2. (e) in each place where it refers to the fifth anniversary to refer to the eighth anniversary. This acknowledgment, acceptance and modification on behalf of the United States of America and New Mexico will allow Mesa Petroleum Co. sufficient time to fully study, test and evaluate the Unit Area, properly allocate budgeted funds to the development of the Unit Area and actually commence further development of the Unit Area.

The United States of America and New Mexico will benefit from the execution of this instrument. They understand that Mesa Petroleum Co. and the other two working interest owners already have a substantial investment in this area as a result of the drilling and completion of the two existing gas wells. The three working interest owners are the most likely parties to further develop the Unit Area in the near future. Other parties without such an existing investment in the area would be unlikely to allocate funds to develop this remote area at any time in the foreseeable future as a result of the current gas market situation. The best opportunity for prompt development of this Unit Area lies with the current working interest owners.

New Mexico and the United States of America, through their proper representatives, hereby acknowledge and accept the valuable discovery of Unitized Substances made on the Unitized Lands in the Ranch Road Unit Area as reflected by the Phoenix #1 Buckhorn Canyon and the Phoenix #1 Ranch Road Unit wells drilled and completed thereon and also hereby agree to the modification of Article 2. (e) of the Ranch Road Unit Agreement to reflect the substitution of the eighth anniversary in each place therein where the fifth anniversary is referenced. Counterparts of this instrument may be executed but shall constitute one binding instrument when combined.

APPROVED, ACCEPTED AND AGREED TO this _____ day of _____, 1984.

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR

COMMISSIONER OF PUBLIC LANDS

By: _____
Name:

By: _____
Name:

State of New Mexico

#6504



JIM BACA
COMMISSIONER

Commissioner of Public Lands

June 18, 1984

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery User
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Mesa Petroleum Company
Vaughn Building, Suite 1000
Midland, Texas 79701-4493

Re: Application for Approval of Initial
Participating Area for the Strawn
Formation - Ranch Road Unit
Buckhorn Canyon Well No. 1
Chaves County, New Mexico

ATTENTION: Mr. Mark Hannifin

Gentlemen:

This office is in receipt of your letters dated April 26, 1984 and April 27, 1984 wherein as unit operator of the Ranch Road Unit Agreement, you have determined that the Buckhorn Canyon Well No. 1 in the SW/4SE/4 Section 18, T. 19s., R. 20 E., is capable of producing unitized substances in paying quantities and therefore entitled to be in the Initial Strawn Participating Area.

The Commissioner of Public Lands concurs with your determination that such well is capable of producing unitized substances in paying quantities from the Strawn formation, pursuant to Section 9 of the unit agreement. This office has also approved your application for approval of the Initial Strawn Participating Area for the Ranch Road Unit Agreement. The Initial Strawn Participating Area is 317.10 acres described as Lots 3, 4, E/2SW/4, SE/4 of Section 18, T. 19S., R. 20E., and is predicated upon the knowledge and information first obtained upon the completion in paying quantities of the Buckhorn Canyon Well No. 1.

Our approval is subject to like approval by the Bureau of Land Management.

Enclosed is an approved copy for your files.

Very truly yours,

for

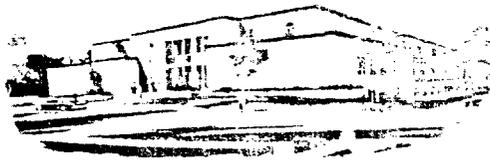
Gay D. Graham
JIM BACA
COMMISSIONER OF PUBLIC LANDS
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico
BLM-Roswell, New Mexico

State of New Mexico

#6504



Commissioner of Public Lands

JIM BACA
COMMISSIONER

October 5, 1985

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Mesa Petroleum Company
P. O. Box 2009
Amarillo, Texas 79189

Re: Ranch Road Unit
Automatic Elimination
Chaves County, New Mexico

ATTENTION: Mr. Mike Moore

Gentlemen:

Please be advised that automatic elimination for the Ranch Road Unit Agreement, Chaves County, New Mexico has become effective as of May 19, 1984, being five years from the effective date of the First Initial Participating Area which was May 19, 1979.

Section 2(e) of the unit agreement provides that a description of the lands eliminated should be furnished to the Commissioner of Public Lands and the Bureau of Land Management. As unit operator, you are requested to file a description of the lands automatically eliminated from the Ranch Road Unit Agreement together with the lands remaining in the unit as described by revised Exhibits "A" and "B" as per Section 2(e) of the unit agreement.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

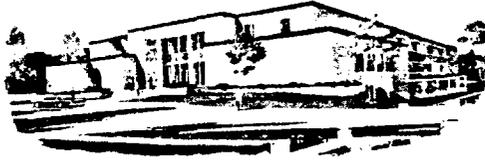
BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico Attn: Fluids Branch
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez

State of New Mexico

#6504



Commissioner of Public Lands

JIM BACA
COMMISSIONER

December 13, 1985

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

REGISTERED MAIL RETURN RECEIPT REQUESTED

Mesa Petroleum Company
P. O. Box 2009
Amarillo, Texas 79189

Re: Termination of
Ranch Road Unit
Chaves County, New Mexico

ATTENTION: Land Department, SE New Mexico District

Gentlemen:

Reference is made to our letters dated December 9, 1985 and December 11, 1985, wherein we advised you that State of New Mexico Oil and Gas Lease Nos. L-2754-3 and L-2757-3 have had the full five year extension period provided for by the shut in royalty clause within the lease contract and with absence of actual production these leases have been expired effective as of April 15, 1984 and April 15, 1985.

In view of the above, the Ranch Road Unit does not have the full commitment of sufficient lands to afford the effective control of operations in the unit area and has this date been terminated effective as of April 15, 1985.

If you have any questions or if we can be of further assistance, please feel free to contact us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico Attn: Fluids Branch
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez



IN REPLY REFER TO

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Box 1397, Roswell, New Mexico - 88201

14-08-0001-18027
3182 (065)

MAY 23 1986

Mesa Petroleum Company
ATTN: Land Department - SE New Mexico District
P.O. Box 2009
Amarillo, TX 79189

Re: Termination of Ranch Road Unit,
Chaves County, New Mexico

Gentlemen:

On December 13, 1985 the State of New Mexico Commissioner of Public Lands terminated the Ranch Road Unit Contract Number 14-08-0001-18027 effective as of April 15, 1985. The State of New Mexico terminated this unit due to the absence of actual production from State Lease Nos. L-2754-3 and L-2757-3 which have had the full five year extension period provided for by the shut in royalty clause within the state lease contract, and have expired as of April 15, 1984 and April 15, 1985.

In view of the above, the Bureau of Land Management concurs with the State of New Mexico that the Ranch Road Unit does not have the full commitment of sufficient lands and therefore considers it terminated as of April 15, 1985.

If you have any questions or if we can be of further assistance, please feel free to contact the Branch of Fluid Minerals.

Sincerely,

E/R. Stovall

Acting District Manager

cc:
Commissioner of Public Lands, Santa Fe
✓NMOCD

