

State of New Mexico
Commissioner of Public Lands

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April 16, 1990

preliminary approval

BHP Petroleum
5847 San Felipe, Suite 3600
Houston, Texas 77057

ATTN: Mr. Dwight Pickle

RE: Proposed Sunfish Unit
Chaves County, New Mexico

SEARCHED INDEXED
SERIALIZED FILED
APR 16 1990
BHP Unit No. 6
9908

Gentlemen:

This office has reviewed the unexecuted copy of the unit agreement submitted for the proposed Sunfish Unit Area, Chaves County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases until final approval and an effective date have been given.

When submitting your agreement for final approval, please include the following items:

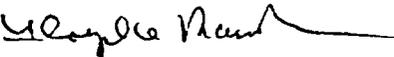
1. Application for final approval by the Commissioner setting forth the tracts that have been committed and those that are not committed.
2. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be contingent upon subsequent favorable approval by the New Mexico Oil Conservation Division.
4. An original and one copy of both the Unit Agreement and the Unit Operating Agreement for our files. Again, the original set must contain original signatures.

5. Please remit a filing fee in the amount of one hundred twenty dollars (120.00). This filing fee is assessed in the amount of thirty dollars (\$30.00) for each section or partial section included inside the Unit boundaries.

If we may be of further help, please do not hesitate to call Susan Howarth at (505) 827-5791.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WHR/FDP/SMH

VIA FEDERAL EXPRESS

March 28, 1990



Oil and Gas Division
State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501
ATTN: Susan M. Howarth

Re: Sunfish State Unit
Chaves County, NM
C-EXSW02437

Dear Ms. Howarth:

In furtherance of our pre-approval meeting with representatives of the Oil and Gas Division of the State Land Office on February 19, 1990, BHP Petroleum Company Inc. hereby makes application for preliminary approval of the Sunfish State Unit, Chaves County, New Mexico. This exploratory unit consists of 2195.87 acres of state lands and 39.21 fee acres. Submitted herewith for your review are the following:

1. The initial form of the proposed Unit Agreement.
2. A copy of Exhibit "A" showing the proposed unit area and the boundaries and identity of tracts and leases within the unit.
3. A preliminary copy of Exhibit "B" showing leasehold ownership in the unit area.
4. Geological Explanation.

BHP requests that all geological and geophysical data and discussions be kept confidential. We have clearly marked all material submitted as CONFIDENTIAL.

BHP Petroleum Company Inc. will commence the drilling of a test well prior to June 1, 1990 and drill the said well to a depth sufficient to test the Ordovician formation or to such a depth as unitized substances shall be discovered which can be produced in paying quantities. The proposed well location is 1980 feet FSL and 1980 feet FEL of Section 32, T9S, R27E, Chaves County, New Mexico.

Consequently, BHP hereby respectfully requests your preliminary approval of the lands described in Exhibits "A" and "B" of the enclosed Unit Agreement to constitute an area logically subject to unitization.

March 28, 1990
Page 2
Susan M. Howarth

Should you need any further information, please do not hesitate to call me at (713) 780-5071. Your prompt attention to this matter will be greatly appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dwight Pickle". The signature is stylized with a large initial "D" and a long horizontal stroke.

Dwight Pickle
Senior Landman, Western Area
Inland Business Unit

DPP:CFL

Enclosures

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF BHP PETROLEUM COMPANY, INC. FOR
UNIT AGREEMENT, CHAVES COUNTY,
NEW MEXICO

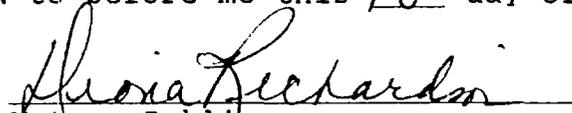
CASE NO. 9908

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In Accordance with Division Rule 1207 (Order R-8054) I hereby certify that on March 27, 1990, notice of the hearing and a copy of the Application for the above referenced case was mailed by certified mail return-receipt, at least twenty days prior to the hearing originally set for April 18, 1990, to the interested parties listed on Exhibit "A" attached hereto.


W. Thomas Kellahan

SUBSCRIBED AND SWORN to before me this 18th day of
April, 1990.


Notary Public

My Commission Expires:

Oct 28, 1993

BEFORE EXAMINER STOGNER
Oil Conservation Division
BHP Exhibit No. <u>7</u>
Case No. <u>9908</u>

SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 Fina Oil & Chemical Co
 5 Desta Drive, Suite 4400
 Midland, TX 79701

 Re: Sunfish State Unit BHP
 (WTK)

4. Article Number
 P 572 124 952

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

6. Signature - Agent

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 Re: Sunfish State Unit/BHP
 Yates Petroleum Corp.
 Yates Drilling Co
 Abo Petroleum Corp
 Myco Industries
 105 S. 4th
 Artesia, NM 88210 (WTK)

4. Article Number
 P 572 124 953

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X

7. Date of Delivery
 3/29/90

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge) 2. Restricted Delivery (Extra charge)

3. Article Addressed to:
 Martha K. Rice
 337 Hale Street (Alloway)
 Lyons, NY 14489

 RE; Sunfish State Unit/BHP

4. Article Number
 P 572 124 951

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X Martha K. Rice

6. Signature - Agent
 X

7. Date of Delivery
 3/31/90

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

EXHIBIT "B"

To Unit Agreement
Sunfish State Unit
Chaves County, New Mexico

Tract #	Land Description	No. of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner	100%
1	T10S-R27E Sec. 8: E/2	320.00	V-1450 - 4 6/1/90	State of N.M. 16.67%	BHP Petroleum Company Inc.	8.33%	BHP Petroleum Company Inc.	100%
2	T9S-R27E Sec. 32: E/2	320.00	V-1463 - 4 6/1/90	State of N.M. 16.67%	BHP Petroleum Company Inc.	3.33%	BHP Petroleum Company Inc.	100%
3	T10S-R27E Sec. 5: Lots 1, 2, S/2 NE/4, SE/4	319.01	V-1467 6/1/90	State of N.M. 16.67%	BHP Petroleum Company Inc.	None	BHP Petroleum Company Inc.	100%
4	T10S-R27E Sec. 5: Lots 3, 4, S/2 NW/4, SW/4	319.35	V-1468 6/1/90	State of N.M. 16.67%	BHP Petroleum Company Inc.	None	BHP Petroleum Company Inc.	100%
5	T10S-R27E Sec. 7: Lots 1, 2, 3, E/2, E/2 W/2	597.51	V-1574 9/1/90	State of N.M. 16.67%	BHP Petroleum Company Inc.	None	BHP Petroleum Company Inc.	100%
6	T10S-R27E Sec. 8: W/2	320.00	V-1648 12/1/90	State of N.M. 16.67%	BHP Petroleum Company Inc.	None	BHP Petroleum Company Inc.	100%

TOTAL STATE ACREAGE 2,195.87

EXHIBIT "B"

To Unit Agreement
 Sunfish State Unit
 Chaves County, New Mexico

Tract # Land Description	No. of Acres	Serial No. & Exp. Date	Basic Royalty Ownership %	Lessee of Record	Overriding Royalty	Working Interest Owner	
T10S-R27E Sec. 7: Lot 4	39.21	12/22/95	18.75%	Yates Petroleum Corporation	1.25%	Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc.	40% 20% 20% 20%

*William C. Harold
 & wife*

March 2002

Revised to Yates

39.21

TOTAL FEE ACREAGE

RECAPITULATION

2,195.87	Acres of State of New Mexico Lands	98.246%
39.21	Acres of Fee Lands	01.754%
<u>2,235.08</u>		100.000%

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9908
ORDER NO. R-9159

APPLICATION OF BHP PETROLEUM
COMPANY, INC. FOR A UNIT
AGREEMENT, CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 18, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 23rd day of April, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, BHP Petroleum Company, Inc., seeks approval of the Sunfish State Unit Area and Agreement for all oil and gas in any and all formations underlying those lands described in Exhibit "A" attached hereto and made a part hereof.
- (3) No interested party appeared and objected to the proposed unit area.
- (4) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.
- (5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

Case No. 9908
Order No. R-9159
Page No. 2

IT IS THEREFORE ORDERED THAT:

(1) The Sunfish State Unit Agreement is hereby approved for all oil and gas in any and all formations underlying those lands described in Exhibit "A" attached hereto and made a part hereof.

(2) 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, 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 Division to supervise and control operations for the unit and production of oil and gas therefrom.

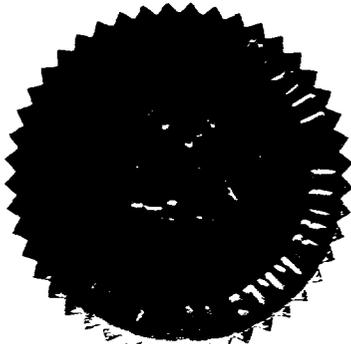
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) This order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; this order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

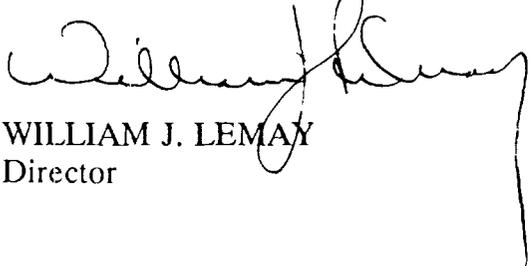

WILLIAM J. LEMAY
Director

EXHIBIT "A"
CASE NO. 9908
ORDER NO. R-9159
SUNFISH STATE UNIT AREA
CHAVES COUNTY, NEW MEXICO

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 32: E/2

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 5: All

Sections 7 and 8: All

Comprising 2235.08 acres, more or less, of state and fee lands in Chaves County, New Mexico.