State of New Mexico





JIM BACA

COMMISSIONER



Commissioner of Public Lands

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

January 14, 1991

Meridian Oil Inc., 21 Desta Drive Midland, TX 79705

Attn: Robert L. Bradshaw

Re: Rhodes Storage Unit

1990 Plan of Development

Dear Mr. Bradshaw:

The Commissioner of Public Lands this date approved the 1990 Plan of Development for the Rhodes Storage Unit. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development may exist. You will be contacted at a later date regarding these possibilities.

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

Sincerely,

JIM BACA COMMISSIONER OF PUBLIC LANDS

Floyd O. Prando, Director Oil, Gas & Minerals Division

cc: OCD

Unit Corresp.

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Unit POD

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OIL CONSERVATION COMMISSION P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 4, 1974

140

El Paso Natural Gas Company P. O. Box 1492 El Paso, Texas 79978

Attention: Mr. D. N. Canfield

Re: Rhodes State Unit,

Supplemental Drilling Program,

Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Supplemental Drilling Program providing for the drilling of four wells in the Rhodes Gas Storage Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

Three approved copies of the program are returned herewith.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands - Santa Fe

State of New Mexico

TELEPHONE

505-827-2748



ALEX J. ARMIJO



Commissioner of Public Lands

August 28, 1973

P. O. BOX 1148 SANTA FE, NEW MEXICO

El Paso Matural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Re: Rhodes State Unit (Rhodes State Gas Storage Area) 1973 SUPPLEMENTAL DRILLING PROGRAM Les County, New Mexico

ATTENTION: Mr. D. W. Canfield

Gentlemen:

The Commissioner of Public Lands has this date approved your 1973 Supplemental Drilling Program for the Rhodes State Unit, Les County, New Mexico. This plan provides for the drilling of four (4) additional wells in Section 16, Township 26 South, Range 37 East which are State of New Mexico Lands.

We have also received copies of the supplemental drilling program for the Rhodes Federal Unit providing for the drilling of sixteen (16) additional wells. We are retaining one copy for information purposes and returning one copy to you surplus to our need. Also enclosed are two approved copies for the State lands.

Please remit a Your (\$4.00) Dollar filing fee.

Very truly yours,

RAY D. GRAHAM, Director Oil and Gas Department

AJA/RDG/s encls.

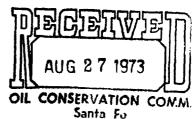
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USGS-Roswell, New Mexico OCC- Sents Fe, New Mexico

El Paso Natural Gas Company

El Paso, Texas 79978

August 17, 1973



Commissioner of Public Lands State of New Mexico Post Office Box 1148 Santa Fe, New Mexico 87501

Oil Conservation Commission State of New Mexico Post Office Box 2088 Santa Fe, New Mexico 87501

> Re: Rhodes State Unit (Rhodes State Gas Storage Area) All of Section 16, Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico

Gentlemen:

El Paso Natural Gas Company as the Group I Unit Operator of the referenced Unit, and pursuant to the provisions of Paragraph 10 of the Unit Agreement dated January 1, 1948, and effective June 1, 1951, plans to drill four (4) additional wells in the Unit for the injecting and withdrawal of Group I substances at the following described locations:

Well Location

Township 26 South, Range 37, East, N.M.P.M.

Rhodes	Gas	Storage	Unit	#18	Section	16:	NW/4	NW/4
Rhodes	Gas	Storage	Unit	#19	Section	16:	SE/4	NW/4
Rhodes	Gas	Storage	Unit	#20	Section	16:	NE/4	SW/4
Rhodes	Gas	Storage	Unit	#21	Section	16:	SW/4	SW/4

Each of the wells is proposed to be completed in the Yates Formation above a depth of 4000 feet below the surface of the earth and is intended to be used for the injecting and withdrawal of Group I substances in accordance with the applicable provisions of the Rhodes State Unit Agreement. The proposed drilling operations will not change the way the Storage Unit has been operated in the past and are planned to result in better and more efficient operations.

Commissioner of Public Lands Oil Conservation Commission Page Two

August 17, 1973

Approval is hereby respectfully requested for the drilling of said wells.

If this drilling program is acceptable, please signify your approval as required under Section 10 of the Unit Agreement in the space provided on the attached sheet and return an approved copy to El Paso Natural Gas Company.

Yours very truly,

D. N. Canfield

Manager

Land Department

Energy Resource Development

DNC:ALT:1j

Rhodes State Unit

APPROVED:		DATE:	
	Commissioner of Public Lands		
	Subject to like approval by the		
	Oil Conservation Commission		

Oil Conservation Commission

Subject to like approval by The Commissioner of Public Lands

The foregoing approvals are for the 1973 Supplemental Drilling Program for the Rhodes State Unit (Rhodes State Gas Storage Area) Lea County, New Mexico.

OIL CONSERVATION COMMISSION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501



July 20, 1973

El Paso Natural Gas Company Box 1492 El Paso, Texas 79978

Attention: Mr. D. N. Canfield

Re: Drilling Program
Rhodes State Unit,

Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Drilling Program dated May 30, 1973, providing for the drilling of two wells in the Rhodes State Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

One approved copy of the program is returned herewith.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands Santa Fe, New Mexico

United States Geological Survey Roswell, New Mexico

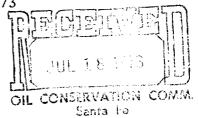
El Paso Natural Gas Company

El Paso, Texas 74978

May 30, 1973

Commissioner of Public Lands State of New Mexico Post Office Box 1148 Santa Fe, New Mexico 87501

Oil Conservation Commission State of New Mexico Post Office Box 2088 Santa Fe, New Mexico 87501



Re: Rhodes State Unit

(Rhodes State Gas Storage Area)

All of Section 16, Township 26 South,

Range 37 East, N.M.P.M. Lea County, New Mexico

Gentlemen:

El Paso Natural Gas Company as the Group I Unit Operator of the referenced Unit, and pursuant to the provisions of Paragraph 10 of the Unit Agreement dated January 1, 1948, and effective June 1, 1951, plans to drill two (2) additional wells in the Unit for the injecting and withdrawal of Group I substances at the following described locations:

WELL

LOCATION

Township 26 South, Range 37 East, N.M.P.M.

Rhodes Gas Storage Unit #3 Rhodes Gas Storage Unit #4 Section 16: NE/4 NE/4 Section 16: NW/4 SE/4

Each of the wells is proposed to be completed in the Yates Formation above a depth of 4000 feet below the surface of the earth and is intended to be used for the injecting and withdrawal of Group I substances in accordance with the applicable provisions of the Rhodes State Unit Agreement. The proposed drilling operations will not change the way the Storage Unit has been operated in the past and are planned to result in better and more efficient operations.

Approval is hereby respectfully requested for the drilling of said wells.

In accordance with the plan for continued orderly development of the Storage Unit El Paso Natural Gas Company also has under study tentative plans to drill similar storage wells at four (4) additional locations in the Rhodes State Unit, but a final decision on the exact locations to

Commissioner of Public Lands State of New Mexico

Oil Conservation Commission State of New Mexico Page Two

be requested for approval of the four (4) additional locations and wells is expected to be made after the results of drilling two (2) locations as described are known.

If this drilling program is acceptable, please signify your approval as required under Section 10 of the Unit Agreement in the space provided on the attached sheet and return an approved copy to El Paso Natural Gas Company.

Yours very truly,

D. N. Canfield

Manager,

Land Department

DNC:mm Rhodes State Unit

APPROVED:				DATE:	
Comm	issioner of	Public	Lands		

Commissioner of Public Lands Subject to like approval by the Oil Conservation Commission

APPROVED:

Oil Conservation Commission Subject to like approval by The Commission of Public Lands DATE: July 20, 1973

The foregoing approvals are for the 1973 Drilling Program for the Rhodes State Unit (Rhodes State Gas Storage Area) Lea County, New Mexico.

State of New Mexico



Commissioner of Public Lands

June 26, 1973



P. O. BOX 1148 SANTA FE, NEW MEXICO

El Paso Natural Gas Company P. O. Box 1492

El Paso, Texas 79978

Re: Rhodes State Unit (Rhodes State Gas Storage Area) All of Section 16, Township 26 South, Range 37 East, N.M.P.M. Lea County, New Mexico

ATTENTION: Mr. D. N. Canfield

Gentlemen:

ALEX J. ARMIJO

COMMISSIONER

The Commissioner of Public Lands has this date approved your Plan of Development for the Rhodes State and Federal Unit, Lea County, New Mexico. This plan provides for the drilling of the No. 3 and No. 4 Wells in Section 16, Township 26 South, Range 37 East which is State of New Mexico lands.

We have received the Plan of Development for the Federal Lands in the Rhodes State Unit, providing for the drilling of Wells No. 1, No. 2, and No. 5. We are retaining one copy for information purposes and returning two copies to you surplus to our need. Also enclosed is one approved copy for the State lands.

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

Very truly yours,

RAY D. GRAHAM, Director Oil and Gas Department

AJA/RDG/s enc1s.

cc:

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

C _ CONSE

P. O. BOX 871

SANTA FE, NEW MEXICO

May 18, 1954

Mr. Larry C. Zink, Division Geologist El Paso Natural Gas Company Box 1384 Jal. New Mexico

Dear Sir:

Reference is made to your letter and enclosures of April 30 to Mr. Stanley pertaining to your Rhodes Unit Area in Township 26 South, Range 27 East.

Inasmuch as this Commission has never formally approved the Rhodes Unit Area as such but has only approved the Rhodes State Unit Area, we feel that it is not within the scope of this office to approve development plans on units not subject to our approval.

We have examined your proposal and have no objection whatsoever to the plan provided, however, that you receive like approval from the U. S. Geological Survey.

It is my understanding that your company is planning to present all the available information pertaining to the Rhodes Unit Area and the storage project connected therewith, to the Commission at an early date.

Very truly yours,

R. R. SPURRIER
Secretary and Director

RRS:vc

CERTIFICATE OF APPROVAL BY THE COMMISSIONER OF PUBLIC LANDS OF THE STATE OF NEW MEXICO OF THE RHODES (STATE) UNIT AGREEMENT

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico, for examination, a unit agreement for the development and operation of the Rhodes (State) Unit Area, Lea County, New Mexico, bearing the date of January 1, 1948, in which the El Paso Natural Gas Company, a corporation, is designated as operator of Group 1 substances as indicated in said agreement, and which according to testimony adduced at the hearing some of the various parties holding oil and gas leases embracing state lands within the unit area have agreed, 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 field;
- (b) That under the operation proposed the State of New Mexico will receive its fair share of the recoverable gas and oil in place under its lands in the area affected;
- (c) The agreement is in other respects in the best interests of the State;
- (d) That the agreement provides for the unit operation of the area and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis, as specified in the agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chapter 83 of the New Mexico Session Laws of 1943, approved April 14, 1943, I, the undersigned Commissioner of Public Lands of the State of New Mexico for the purpose of more properly conserving the oil and gas resources of the State do hereby consent to and approve the unit agreement above referred to for

the development and operation of the RHODES (STATE) UNIT area, Lea County, New Mexico, subject, however, to all of the provisions of the aforesaid legislative act.

EXECUTED this 24th day of June, 1948.

Commissioner of Public Lands of the State of New Mexico

(SUBMIT IN TRIPLICATE)



UNITED STATES

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(SUBMIT IN TRIPLICATE)

Land Office Las Cruces

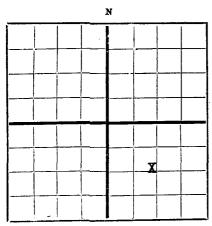
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My Commission expires My Commission Expires April 8, 1958

Representing El Paso Natural Gas Company

Company or Operator

Box 1384, Jal, New Mexico

### FORMATION RECORD

FROM	то	THICKNESS IN FEET	FORMATION
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27.	<i>32</i> 00		Dandy IIme
		HISTORY OF V	/ELL

At a total depth of 3200 the well produced an average of 23 barrels of fluid per day, 40% water and 250,00 cu. ft. of gas. Due to water encreachment in this area making it uneconomical to produce under these conditions, the well was plugged back to 2960 with cement. Having secured a complete water shut-off, 8,500,000 cu. ft. of gas successfully recovered and the 5-1/2" OD casing cut and recovered to a total depth of 2800. This leaves the well completed at a total depth of 2960' with a 5-1/2" liner from 2800' to 2990'.

## NEW MEXICO OIL CONSERVATION COMMISSION 10:33

Santa Fe, New Mexico

### WELL RECORD

LO	AREA 640 CATE WELL	ACRES CORRECTLY	- !		). SUBMIT IN TORM C-105 IS	RIPLICATE, FOI PROPERLY FILE		IDD NOT	BE API	PROVED	
E	l Paso N	atural G	as Compar	зу	<u> </u>	Во	x 1384,	Jal,	New 1	Mexico	
W.	H. Rhod	Company o	r Operator Well No	2	in S	E/4 of	sec. 22	dress	, T	26 S	
R 37	E Lea	80 N. M. P. M	Rho	odes	Field.		Lea		, ,		lounty.
Well is	1650 ₁	North leet <b>xxx</b> h o	South f the <b>Touch</b>	ine and	1650 feet	west of the E	ast line of.		22		
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sults of the production; gas well ck pres	plug—Mate — Material  shell  shell  f shooting of  em or other  ols were used  ducing  etion of the  l, cu. ft. per sure, lbs. per  R. W. R  Dick Br  wear or affirs s can be det  d and sworn	nial	RECORD ( EXPLOSIVE CHEMICAL II  troglyce)  treatment  RECOR. s or deviation  0  ours was  and  25,000  920  FOR information on available one this	PLUG OF SHOOT COR USED  D OF DRIP In surveys w  feet to	Iliburton  #  S AND ADAI  Length  ING OR CHI  QUANTITY  Q. 6-18-3  LL-STEM ANI Pere made, sub  FOOLS USED 3280  ferenduction 9 37  barrels diment. Gravi  Gallons  EMPLOYEES  Driller  Driller  RECORD ON  ewith is a com	Size	Depth OR TRE  O6  ESTS  separate sh  ch	shot and feet and feet feet feet feet feet feet feet fee	attack to	h hereto.	out  feet  feet  feet  feet  954

My Commission expires My Commission Expires April 8, 1956

Address Box 1384, Jal, New Mexico

#### FORMATION RECORD

, From	то	THICKNESS IN FEET	FORMATION
0	96	96	Sand & surface rock
96	395	299	Red bed and red rock
395	610	215	Red rock and shells
610	710	100	Red rock and gyp.
710	1055	345	Red rock and red bed
1055	1196	141	Anhydrite
1196	1520	324	Salt and anhydrite
1520	1565	45	Anhydrite
1565	1801	236	Salt and anhydrite
1801	1982	181	Salt
1982	2163	181	Salt and anhydrite
2163	2265	102	Salt and shells
2265	2495	230	Salt and anhydrite
2495	2649	154	broken salt
2649	2710	61	Anhydrite, salt and shale
2710	2750	40	Anhydrite and gyp.
2750	2849	99	Brown lime and anhydrite
2849	2979	130	Gray lime
2979	3010	31	Lime and anhydrite
3010	3122	112	White lime
3122	31.40	18	Sand and gray lime
3140	<b>31</b> 60	20	Medium gray lime
31.60	3170	10	Sandy gray lime
3170	3200	30	Sand
3200	3280	80	Hard gray & buff lime
1, .	<u> </u>		
		HISTO	RY OF WELL

Drill Stem Test on 6-5-37 showed small amount of gas from 3000' to 3103'.

On 6-6-37 Drill Stem Test showed 3,500,000 cu. ft. of gas from 3000' to 3160'

On 6-18-37 after drilling to total depth of 3280, the well was shot with 230 guarts of nitroglycerine from 3130, to 3206. Before shooting, the well tested 3,000,000 cu. ft. of gas and approximately 19 barrels of oil per day. After shooting and cleaning out to bottom, well tested 25,000,000 cu. ft. of gas and no oil with 250# pressure on casing/

eau No. 42-R355.1. .pires 11-30-49. COPY

Form 9-880

U. S. Land Office ______
Serial Number _____
Lease or Permit to Prospect _____

### UNITED STATES

### DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

### LOG OF OIL OR GAS WELL

Company		mb a ma		a			4 1 1		D 7.000	142.37	3 m.	
									Box 1270, Rhodes		•	
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FORMATION

Form 9-330

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U. S. Land Office.		
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UNITED STATES DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY

### LOG OF OIL OR GAS WELL

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### NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico

### WELL RECORD

Mail to Oil Conservation Commission, Santa Pe, New Mexico, er its proper agent not more than twenty days after completion of well. Follow instructions in the Rules and Regulations of the Commission. Indicate questionable data by following it with (?). SUBMIT IN TRIPLICATE. FORM C-110 WILL NOT BE APPROVED UNTIL FORM C-105 IS PROPERLY FILLED OUT.

Company or Operator  Company or Operator  Well No.  These  N. M. P. M.  Field,  Cour  Field,  Cour  For State land the oil and gas lease is No.  Assignment No.  Address.  If patented land the owner is.  If operator is.  If oper	LO	AREA 6	40 ACRES				TRIPLICATE. FOR PROPERLY FILL		L NOT BE	APPROVED
PROBLEM A SOURCE OF SHOOTING ON AND STREET A	***************************************				s Isc.			EDMIT.	TELES	
THOSE SAME PAGE  1. SEPT OF STATE AND THE STATE AND STATES  I patented land the owner is.  Address.  Addre			Company of	r Operator			mut.	Addı Sec. 16	ess	т. 268
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Notary Public

My Commission expires....

Representing Company or Operator

Address Box 335, Kernill, Tuesp

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## CERTIFICATE OF APPROVAL BY THE COMMISSIONER OF PUBLIC LANDS OF THE STATE OF NEW MEXICO OF THE RHODES (STATE) UNIT AGREEMENT

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico, for examination, a unit agreement for the development and operation of the Rhódes (State) Unit Area, Lea County, New Mexico, bearing the date of January 1, 1948, in which the El Paso Natural Gas Company, a corporation, is designated as operator of Group 1 substances as indicated in said agreement, and which according to testimony adduced at the hearing some of the various parties holding oil and gas leases embracing state lands within the unit area have agreed, 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 is said field;
- (b) That under the operation proposed the State of New Mexico will receive its fair share of the recoverable gas and oil in place under its lands in the area affected;
  - (c) The agreement is in other respects in the best interests of the State;
- (d) That the agreement provides for the unit operation of the area and the sharing of proceeds from a part of the area covered by the agreement on an acreago basis, as specified in the agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chapter 88 of the New Mexico Session Laws of 1943, approved April 14, 1943, I, the undersigned Commission of Public Lands of the State of New Mexico for the purpose of more properly conserving the oil and gas resources of the State do hereby consent to and approve the unit agreement above referred to for the dévelopment and operation of the RHODES (STATE) UNIT area, Lea County, New Mexico, subject, however, to all of the provisions of the aforesaid legislative act.

EXECUTED this 24th day of June, 1948.

/s/ JCHNE. MILES
Commissioner of Public Lands
Of the State of New Mexico



February 5, 1953

Fr. R. J. Colla ino, Division of locist al 1800 Netural Cas Company

DO: 1364

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Case 140

Jer Lir:

to are in receipt of your let or dated Joseph of 30, 1993 requesting approved from tile office to use your State 2, ell So. 1 and State Y, ell So. 1, both in Section 16, Towns ip 26 Jouth, Asingo 37 Seas, No. 1, Lea County, New Mexico as injection wells.

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## P. O. BOX 871 SANTA FE, NEW MEXICO

### January 30, 1953

Mr. R. A. Scalapino, Division Geologist El Paso Natural Gas Company Bex 1384

Jal. New Mexico

File: Rhodes Unit Agreement - Case 140.

Dear Sir:

Reference is made to your letter of January 19, 1953 pertaining to the use of your State A, Well No. 1 and State Y, Well No. 1, both in Section 16, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico as injection wells.

Inasmuch as the wells fall within the boundaries of the Rhodes (State) Unit area, we interpret your request as a form of development program for the unit under paragraph ten (10) of the Unit Agreement, and not as a request under Rule 701 which would require a hearing.

Your application is approved subject to like approval of the Commissioner of Public Lands.

Very truly yours,

R. R. Spurrier Secretary - Director

RRS: WBM:lh

cc:

Land Commissioner E. S. Walker

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### Agreement dated as of Dec. 1, 1950

between

EL PASO NATURAL GAS COMPANY Buyer

and

SKELLY OOL COMPANY Seller

covering purchase of gas (in place)
Rhodes (State) Unit

THIS AGREEMENT, made and entered into as of the 1st day of December, 1950, by and between EL PASO NATURAL GAS COMPANY a Delaware corporation with offices at El Paso, Texas, hereinafter called "Buyer", and SKELLY OIL COMPANY, a Delaware corporation with principal offices at Tulsa, Oklahoma, hereinafter called "Seller",

### WITNESSETH:

For and in consideration of the sum of One Dollar (\$1.00) cash in hand paid to Seller by Buyer, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter set out, Buyer and Seller do hereby contract, covenant and agree with each other as follows:

### ARTICLE I

COMMITMENT OF LANDS. Seller covenants and represents that it is the owner of valid and subsisting oil and gas mining lease or leases covering the following described lands in Lea County, State of New Mexico, to wit:

Southeast quarter of Northwest quarter (SE/ $\frac{1}{4}$  NW/ $\frac{1}{4}$ ) and Northwest quarter of Southeast quarter (NW/ $\frac{1}{4}$  SE/ $\frac{1}{4}$ ), all in Section 16, Township 26 South, Range 37 East, N.M.P.M., a total of 80 acres.

### ARTICLE II

Seller agrees that simultaneously with the execution of this agreement it will execute the Rhodes (State) Unit Agreement dated as of January 1, 1948, and will commit the above described lands to said Agreement.

### ARTICLE III

PURCHASE. Buyer agrees that it will purchase from Seller and/or pay for four hundred seventy-four million, two hundred forty thousand (474,240,000) cubic feet of natural gas at a pressure base of 16.4 pounds per square inch absolute and at a temperature of 60° Fahrenheit, which is the amount of natural gas reserves agreed to be contained under the above described lands to a depth of 4,000 feet from the surface as of January 1, 1944.

Buyer agrees to produce the above amount of gas from its own wells without expense to Seller, and Buyer will pay Seller for such gas four and one-tenth cents (\$0.041) per thousand (1,000) cubic feet at the aforesaid pressure base and temperature.

Buyer agrees that it will produce, take and/or pay for during the period ending September 1, 1953, the full four hundred seventy-four million, two hundred forty thousand (474,240,000) cubic feet of gas above mentioned, paying Seller on or before September 1st of each year beginning 1951 and ending September 1, 1953, the sum of \$6,481.28 or a total of \$19,443.84 for the three year period.

Buyer will pay all royalties and taxes due the State of New Mexico.

### ARTICLE IV

LIMITATION OF PAYMENTS. Seller agrees that Buyer will not be required to pay Seller any further sums of money beyond the said \$19,433.84 regardless of the amount of gas Buyer may produce from said Rhodes (State) Unit in excess of said four hundred seventy-four million, two hundred forty thousand (474,240,000) cubic feet.

### ARTICLE V

OWNERSHIP OF INJECTED GAS. Seller agrees that all gas injected by Buyer into the said Rhodes (State) Unit, limited to a depth of 4,000 feet below the surface of the said lease, shall be the property of Buyer and Seller shall not produce such gas above the said depth of 4,000 feet.

### ARTICLE VI

Nothing in this agreement shall entitle Buyer to any interest in Group 2 unitized substances or in Group 3 unitized substances as described in said Rhodes (State) Unit Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officers as of the day and year first above written.

Attest:

EL PASO NATURAL GAS COMPANY

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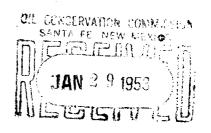
Vice President

Attest:

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SKELLY OTT. COMPANY

oxee Vice President



## Agreement dated as of Dec. 21, 1948 between

EL PASO NATURAL GAS COMPANY
Buyer

and

CITIES SERVICE OIL COMPANY
Seller

covering purchase of gas (in place)
RHODES (State) Unit

THIS AGREEMENT made and entered into as of the 2/st day of Accessed, 1948, by and between EL PASO NATURAL GAS COMPANY, a Delaware corporation with offices at El Paso, Texas, hereinafter called "Buyer", and CITIES SERVICE OIL COMPANY, a Delaware corporation with principal offices at Bartlesville, Oklahoma, hereinafter called "Seller",

### WITNESSETH:

For and in consideration of the sum of One Dollar (\$1.00) cash in hand paid to Seller by Buyer, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter set out, Buyer and Seller do hereby contract, covenant and agree with each other as follows:

### ARTICLE I:

Commitment of Lands. Seller covenants and represents that it is the owner of valid and subsisting oil and gas mining lease or leases covering the following described lands in Lea County, State of New Mexico, to wit:

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Southwest quarter of Northwest quarter (SW_{4}^{1}, NW_{4}^{1}), Northwest quarter of Southwest quarter (NW_{4}^{1}, SW_{4}^{1}), Southwest quarter of Southeast quarter (SW_{4}^{1}, SE_{4}^{1}), and Northeast quarter of Southeast quarter (NL_{4}^{1}, SE_{4}^{1}), all in Section 16, Township 26 South, Range 37 East, N.M.P.M., a total of 160 acres.
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### ARTICLE II:

Seller agrees that simultaneously with the execution of this agreement it will execute the Rhodes (State) Unit Agreement dated as of January 1, 1948, and will commit the above described lands to said Agreement.

### ARTICLE III:

PURCHASE. Buyer agrees that it will purchase from Seller and/or pay for six hundred sixty three million, seven hundred ninety two thousand (663,792,000) cubic feet of natural gas at a pressure base of 16.4 lbs. per

square inch absolute and at a temperature of  $60^{\circ}\text{F}$ , which is the amount of natural gas reserves agreed to be contained under the above described lands to a depth of 4,000 feet from the surface as of January 1, 1944, on which date Euger acquired a well located on the bouth one-half of the Northeast Cuarter ( $S_{2}^{\circ}$  Ne₄) of said Section 16, Township 26 South, hange 37 East, and seven other wells in areas adjoining said Section 16.

Fuyer agrees to produce the above amount of gas from its own wells without expense to beller, and buyer will pay beller for such gas four and one-tenth cents (\$0.041) per thousand (1000) cubic feet at the aforesaid pressure base and temperature.

five year period ending September 1, 1953, the full six hundred sixty three million, seven hundred ninety two thousand (663,792,000) cubic feet of gas above mentioned, paying Seller on or before September 1st of each year beginning 1949 and ending September 1, 1953, the sum of \$5,443.09 or a total of \$27,215.45 for the five year period.

Euyer agrees it will report, pay and bear all royalties and taxes due the State of New Mexico.

### ARTICLE IV:

LIMITATION OF PAYMENTS. Seller agrees that Tuyer will not be required to pay Seller any further sums of money beyond the said \$27,215.45 regardless of the amount of gas Buyer may produce from said bhodes (State) Unit in excess of said six hundred sixty three million, seven hundred ninety two thousand (663,792,000) cubic feet.

### ARTICLE V:

OLMENSHIP OF INJECTED GAS. Seller agrees that all gas injected by Euger into the said Rhodes (State) Unit, limited to a depth of 4,000 feet below the surface of the said lease, shall be the property of Euger and Seller shall

not produce such gas above the said depth of 4,000 feet.

### ARTICLE VI

Nothing in this agreement shall entitle Buyer to any interest in Group 2 unitized substances or in Group 3 unitized substances as described in said Rhodes (State) Unit Agreement.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed by their respective officers as of the day and year first above written.

Attest:

Secretary

EL PASO NATURAL GAS COMPANY

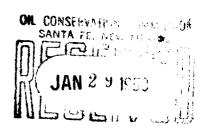
Vice President

Attest:

Man Secretary

CITIES SERVICE OIL COMPANY

Vice President



# RHODES (State) UNIT ACREEMENT Lea County, New Mexico

dated as of January 1, 1948 (executed 5-18-51)

between

EL PASO NATURAL GAS COMPANY

a.nd

BEN R. HOWELL, JOHN A. GRAMBLING

# RHODES UNIT AGREEMENT LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the lat day of January, 1948, by and between the parties subscribing or consenting hereto;

#### WITNESSETH:

WHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

WHERKAS, it is the purpose of the parties hereto to conserve natural resources, prevent avoidable waste and secure other benefits obtainable through development and operating of the Unit Area subject to this agreement under the terms, conditions and limitations hereinafter set forth; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chapter 88, Laws 1943) to consent to or approve this agreement on behalf of the State of New Mexico, in so far 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 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

- 1. LAWS AND REGULATIONS: The Acts of the Legislature of the State of New Mexico (Chapter 72, Laws of 1935, and Chapter 88, Laws of 1943) and all pertinent regulations; issued thereunder, including operating and unit plan regulations, are accepted and made a part of this agreement.
- 2. DEFINITIONS: For all purposes of this agreement, certain terms used herein are defined as follows:
- (a) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

- (b) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.
- (c) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of, operations hereunder.
- (d) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.
- (e) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping, and operating the well and a profit in addition thereto.
- 3. <u>UNIT AREA</u>: The following described land is hereby designated and recognized as constituting the State Rhodes Unit Area:

All of Section 16, Township 26 South, Range 37 East, Lea County, New Mexico, embracing 640 acres.

The Operator, with the consent of a majority in interest of the Working Interest, and subject to the approval of the Commissioner and the Commission, may enlarge the Unit Area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the Unit Area to exclude lands now in any participating area hereunder which shall be demonstrated to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein-established Unit Area, together with the ownership of the lands and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said schedule shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised schedule shall be filed with the record of this agreement.

4. <u>UNITIZED SUBSTANCES</u>: All gas, including natural gasoline, propane, butane, and other contents of the gas producible from land subject to this agreement, in any and all saids or

horizons at or above a depth of 4,000 feet from the ground surface, are unitized under the terms of this agreement and herein are called "Unitized Substances".

- 5. <u>UNIT OPERATOR</u>: El Paso Natural Gas Company is hereby designated as Unit Operator, and by signature hereof commits to this agreement all interests vested in it in land within the Unit Area and agrees to accept the duties and obligations of such Unit Operator to conduct and manage the operation of the lands subject to this agreement for the development, storage and production of unitized substances as herein provided.
- 6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator under this agreement shall be removed or shall relinquish his rights as Unit Operator under this agreement, the owners of the majority of operating rights in the lands subject to this agreement shall select a new unit operator. Such selection shall not become effective until (a) the unit operator so selected shall accept the duties and responsibilities of such unit operator and (b) the selection shall have been approved by the Commission and Commissioner. Any unit operator shall be subject to removal for failure to perform effectively his duties and obligations as Unit Operator hereunder on notice by the Commission and Commissioner, such notice to be given only after reasonable opportunity has been given to correct any specified default in performance.

The right to relinquish all rights as a Unit Operator may be exercised whenever said Operator is not in default under this agreement, but no Unit Operator shall be relieved from his duties and obligations as Unit Operator for a period of six months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto holding operating rights in respect to the unitized substances involved and the Commission and Commissioner, unless a new operator shall have been selected and shall have taken over and assumed the duties and obligations of such Unit Operator prior to the expiration of said period. At any time prior to the date on which relinquishment by or removal of a Unit Operator becomes effective, the owners of operating rights as to the unitized substances involved or a duly qualified new Unit Operator may elect to purchase on reasonable terms all or any part of the preceding Unit Operator's equipment, material, and appurtenances in or upon the lands subject to this agreement, provided that no such equipment, material, or appurtenances so selected for purchase shall be removed pending determination of reasonable terms of purchase. Any equipment, material, and appurtenances not so purchased and not so necessary for the preservation of

wells may be removed by the retiring Unit Operator at any time within six months after the relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of the operating rights as to the unitized substances involved.

Acquisition or assignment of operating rights pertaining to State lands subject to this agreement and the consideration therefor shall be subject to approval by the Commission and Commissioner.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: The exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with said Unit Operator, and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided, that nothing herein shall be construed to transfer title to any lands, leases, or operating agreements, it being understood that the Unit Operator shall have rights of possession and use merely for the purposes herein specified, and for any and all other purposes all existing agreements in respect to unitized substances remain in force and effect.

The Unit Operator shall pay all costs and expenses of operations with respect to the development, storage and recovery of unitized substances.

- 8. PLAN OF OFERATION AS TO UNITIZED SUBSTANCES: The Unit Operator is authorized to shut—in or produce the unitized substances or supplement such substances by injection of gas, according to a plan of development and/or operations which shall be submitted by said Unit Operator for approval by the Commission and Commissioner within 30 days after approval of this agreement, and when so approved shall constitute the obligations of said Unit Operator for development and operation of such unitized substances; provided that said plan shall be subject to modification from time to time at the option of said Unit Operator subject to like approval; and provided further that the Commission and Commissioner may require that a new plan of development and/or operations shall be submitted when, in his opinion, such action is necessary and advisable in the public interest.
- 9. ALLOCATION OF UNITIZED SUBSTANCES: Unitized substances, as and when produced, will be deemed to be produced equally on an acreage basis from all the lands subject to this

agreement, and will be allocated to the several tracts in the ratio that the total agreement of each bears to the total acreage subject to this agreement.

- Operator, on behalf of the peopletive lessees, shall pay all royalties due the State of New Mexico, and others entitled thereto, on account of unitized substances; provided, that if said Unit Operator defaults in any such payment and no bond has been posted by said Unit Operator which is adequate to cover such default, or when there is no Unit Operator, the obligation to pay royalties on Unitized Substances shall rest upon the respective lessees.
- 11. ROYALTIES AND RENTALS: (a) Royalties on unitized substances payable to the State of New Mexico shall be:
- (1) A royalty of 3.39% on the value of the gas as to production thereof allocated to State lands for a period of twenty-five (25) years from the effective date of this agreement, subject to the provisions of the following paragraphs of this Section 11, regardless of whether the production was originally in place or was injected by Unit Operator, and thereafter the lease rates shall prevail unless a modification is agreed upon by the Commission and the Commissioner and Unit Operator.
- (2) Royalties on gasoline or other liquid hydrocarbons allocated to State lands shall be paid at the lease rates.
- (3) If for any reason Unit Operator does not inject into sands or horizons containing Unitized Substances a total of 15,328,630 M.c.f. of gas within fifteen (15) years from the effective date of this agreement, or if, upon the permanent discontinuance of the injection of gas, Unit Operator has failed to inject 15,328,630 M.c.f., the rate of royalty due the State of New Mexico on the gas recovered from the production of unitized substances shall be 3.39% plus that percentage of 9.11% which the difference between 15,328,630 M.c.f. and the amount of such gas injected bears to 15,328,630 M.c.f. Quantities of gas as above stated shall be on a pressure base of 16.4# absolute per square inch and 60° Fahrenheit temperature.
- (4) The royalties to be paid the State of New Mexico under paragraphs (1) and (3) hereof are on the basis of five cents (5¢) per thousand (1,000) cubic feet at 15.025# psia or the market value, whichever is the greater.
- (5) If the total volume of gas produced per acre equals the amount injected per acre plus 4,413 M.c.f.

per acre at 16.4# pressure base and temperature of 60° Fahrenheit, the rate of State royalty on all subsequent production shall be at the lease rates.

- 11. (b) Rental for lands of the State of New Mexico subject to this agreement shall be paid at the rates specified in the leases. The leases shall be deemed to be in a status of operating leases while being used for storage of unitized substances.
- calendar year it will withdraw from the lands covered by this agreement an amount of gas per acre of the acres committed to this agreement equal to the gas withdrawn per acre from the acres committed to the Federal Rhodes Unit Area. In the event that a lesser amount of gas is withdrawn from lands committed to this agreement than the foregoing in any calendar year, the difference is hereby agreed to be admitted drainage of State lands and Unit Operator shall pay the State of New Mexico royalties on the full amount agreed to be withdrawn in the first sentence of this paragraph.
- conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste, and for the purpose of more properly conserving the natural resources, the production of unitized substances at all times shall be without waste as defined by State Law; and production from gas wells shall be limited to such quantity as can be put to beneficial use with adequate realization of fuel values; and, in the discretion of the Commission and Commissioner, production of unitized substances shall be limited by the beneficial demand as determined by said Commission and Commissioner.
- 13. DRAINAGE: Any Unit Operator shall take appropriate and adequate measures to prevent drainage of the unitized substances as to which he is Unit Operator from the unitized lands by wells not on the lands subject to this agreement, or, with approval of the Commission and Commissioner, pay a fair and reasonable compensatory royalty as determined by the Commission and Commissioner.
- 14. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding State of New Mexico leases subject to this agreement consent that the Commission and Commissioner shall, and said Commission and Commissioner by their approval of this agreement do, establish, alter, change or revoke the drilling, producing, royalty and rental requirements of such leases, and the regulations in respect thereof, to conform said requirements to the provisions of this agreement.

The Commission and Commissioner further agree, consent and determine that during the effective life of this agreement, the prospecting, drilling, and producing operations performed upon any lands subject hereto will be accepted and deemed to be operations under and for the benefit of all such leases; that suspension of operations or production on any such lease shall be deemed not to have occurred if there be operations or production on any part of the lands subject hereto; and that suspension of all operations and production on said lands pursuant to any approved plan of development and/or operation or to the direction or consent of said Commission and Commissioner shall be deemed to constitute such suspension with respect to each such lease; and no such lease shall be deemed to expire by reason of such approved suspension.

All agreements by and between the parties hereto or consenting hereto are hereby modified or amended to the extent that such agreements are not consistent herewith, and in case of any conflict the terms of this unit agreement shall prevail.

- 15. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer, or lease of interest in lands or leases subject hereto shall be conditioned on the assumption of all privileges and obligations hereunder by the grantee, transferee, lessee, or other successor in interest, and as to State land shall be subject to approval by the Commission and Commissioner.
- approval by the Commission and Commissioner shall be deemed to have become effective as of January 1, 1948, and shall terminate two (2) years after said effective date unless gas has been or is being injected into the horizons containing unitized substances, as herein provided, provided that this agreement may be terminated by the Commission and Commissioner upon request of Unit Operator, or if there be no Unit Operator then the owners of the operating interests after notice of intention to request such termination has been served on all parties in interest who are not parties to the request for such termination.
- production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute; provided that the Commissioner is 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, 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.

- 18. DETERMINATIONS BY UNIT OPERATOR AND REVIEW THEREOF: Unit Operator shall determine all matters involved in this agreement for which a different method of determination is not herein established; provided that Operator shall give timely notice of all such determination to all interested parties, including the Commissioner; provided, further, that all such determinations may be reviewed by the Commissioner on his own initiative or on written request of any interested party, notice of any such review to be given to all interested parties, including Unit Operator, within 60 days after receipt of notice of Unit Operator's determination; and provided, further, that any matters so reviewed, on request or consent of Unit Operator. may be submitted to a committee of three competent persons appointed by said Commissioner, one on nomination of Unit Operator, one on nomination of the other interested parties, and the third on nomination of the first two, the cost of such committee to be a cost of operation, and its report (which shall be binding on the committee when concurred in by any two of its members) shall be submitted to said Commissioner, the Unit Operator, and other interested parties; and provided, further, that opportunity shall be given in said review for all interested parties to present their contentions and supporting evidence by written or oral communication to said committee or said Commissioner, and that after consideration of all credible evidence, said Commissioner shall render a reasonable decision based thereon and in conformity therewith, which decision, so made and rendered, shall be final and binding on all parties hereto or consenting hereto.
- 19. BOND: Any Unit Operator shall furnish within 30 days after approval hereof by the Commission and Commissioner or after his selection and maintain at all times thereafter a bond in the penal sum of \$5,000.00 with approved corporate surety, or with deposit of United States Bonds as surety therefor, conditioned upon compliance with the terms of this agreement applicable to him, provided that additional bond may be required at any time deemed necessary by the Commission and Commissioner.
- 20. <u>COUNTERPARTS</u>: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and set opposite their respective names the date of execution and a list of the lands or interests made subject to this agreement.

ATTEST:  Assistant Secretary	By Vice President
Date: WITNESS: ATTEST:	BEN R. HOWELL,  By Must Mousell  By Must Mousell  By Market Marke
WITNESS:	JOHN A. GRANBLING  By (L.) / Leaffei

### EXHIBIT "A"

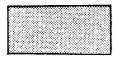
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Total Acreage in Area	•
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Committed herewith 200

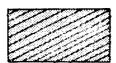
Percent committed including this application 66.7

8520

5480



State Lands to be authorized to be included in area.



State Lands committed to this agreement.

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#### EXHIBIT "B"

EL PASO NATURAL GAS COMPANY lease owner:

NW/1 NW/1: SE/1 SW/1 and SE/1 SE/1 of Sec. 16, Twp. 26 South, Rge. 37 East, Lea County, New Mexico.

BEN R. HOWELL lease owner:

NE/ $\frac{1}{4}$  SW/ $\frac{1}{4}$  of Sec. 16, Twp 26 South, Rge. 37 East, Lea County, New Mexico.

JOHN A. GRAMBLING lease owner:

 $SW/\frac{1}{4}$   $SW/\frac{1}{4}$  of Sec. 16, Twp 26 South, Rge. 37 East, Lea County, New Mexico.

# RHODES (State) UNIT AGREEMENT Lea County, New Mexico

dated as of January 1, 1948 (executed 5-18-51)

between

EL PASO NATURAL GAS COMPANY and

SKELLY OIL COMPANY

# RHODES UNIT AGREEMENT LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the lat day of January, 1948, by and between the parties subscribing or consenting hereto;

#### WITNESCETH:

WHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chapter 88, Laws 1943) to consent to or approve this agreement on behalf of the State of New Mexico, in so far 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 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

- l. LAWS AND REGULATIONS: The Acts of the Legislature of the State of New Mexico (Chapter 72, Laws of 1935, and Chapter 88, Laws of 1943) and all pertinent regulations; issued thereunder, including operating and unit plan regulations, are accepted and made a part of this agreement.
- 2. DEFINITIONS: For all purposes of this agreement, certain terms used herein are defined as follows:
- (a) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

- (b) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.
- (c) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of, operations hereunder.
- (d) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.
- (e) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping, and operating the well and a profit in addition thereto.
- 3. UNIT AREA: The following described land is hereby designated and recognized as constituting the State Rhodes Unit Area:

All of Section 16, Township 26 South, Range 37 East, Lea County, New Mexico, embracing 640 acres.

The Operator, with the consent of a majority in interest of the Working Interest, and subject to the approval of the Commissioner and the Commission, may enlarge the Unit Area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the Unit Area to exclude lands now in any participating area hereunder which shall be demonstrated to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein-established Unit Area, together with the ownership of the lands and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said schedule shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised schedule shall be filed with the record of this agreement.

4. <u>UNITIZED SUBSTANCES</u>: All gas, including natural gasoline, propane, butane, and other contents of the gas producible from land subject to this agreement, in any and all saids or

horizons at or above a depth of 4,000 feet from the ground surface, are unitized under the terms of this agreement and herein are called "Unitized Substances".

- 5. <u>UNIT OPERATOR</u>: El Paso Natural Gas Company is hereby designated as Unit Operator, and by signature hereof commits to this agreement all interests vested in it in land within the Unit Area and agrees to accept the duties and obligations of such Unit Operator to conduct and manage the operation of the lands subject to this agreement for the development, storage and production of unitized substances as herein provided.
- 6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator under this agreement shall be removed or shall relinquish his rights as Unit Operator under this agreement, the owners of the majority of operating rights in the lands subject to this agreement shall select a new unit operator. Such selection shall not become effective until (a) the unit operator so selected shall accept the duties and responsibilities of such unit operator and (b) the selection shall have been approved by the Commission and Commissioner. Any unit operator shall be subject to removal for failure to perform effectively his duties and obligations as Unit Operator hereunder on notice by the Commission and Commissioner, such notice to be given only after reasonable opportunity has been given to correct any specified default in performance.

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wells may be removed by the retiring Unit Operator at any time within six months after the relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of the operating rights as to the unitized substances involved.

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RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with said Unit Operator, and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided. that nothing herein shall be construed to transfer title to any lands, leases, or operating agreements, it being understood that the Unit Operator shall have rights of possession and use merely for the purposes herein specified, and for any and all other purposes all existing agreements in respect to unitized substances remain in force and effect.

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- 8. PLAN OF OFERATION AS TO UNITIZED SUBSTANCES: The Unit Operator is authorized to shut-in or produce the unitized substances or supplement such substances by injection of gas, according to a plan of development and/or operations which shall be submitted by said Unit Operator for approval by the Commission and Commissioner within 30 days after approval of this agreement, and when so approved shall constitute the obligations of said Unit Operator for development and operation of such unitized substances; provided that said plan shall be subject to modification from time to time at the option of said Unit Operator subject to like approval; and provided further that the Commission and Commissioner may require that a new plan of development and/or operations shall be submitted when, in his opinion, such action is necessary and advisable in the public interest.
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agreement, and will be allocated to the several tracts in the ratio that the total acreage of each bears to the total acreage subject to this agreement.

- 10. PAYMENTS OF ROYALTIES ON UNITIZED SUBSTANCES: Unit Operator, on behalf of the respective lessees, shall pay all royalties due the State of New Mexico, and others entitled thereto, on account of unitized substances; provided, that if said Unit Operator defaults in any such payment and no bond has been posted by said Unit Operator which is adequate to cover such default, or when there is no Unit Operator, the obligation to pay royalties on Unitized Substances shall rest upon the respective lessees.
- 11. ROYALTIES AND RENTALS: (a) Royalties on unitized substances payable to the State of New Mexico shall be:
- (1) A royalty of 3.39% on the value of the gas as to production thereof allocated to State lands for a period of twenty-five (25) years from the effective date of this agreement, subject to the provisions of the following paragraphs of this Section 11, regardless of whether the production was originally in place or was injected by Unit Operator, and thereafter the lease rates shall prevail unless a modification is agreed upon by the Commission and the Commissioner and Unit Operator.
- (2) Royalties on gasoline or other liquid hydrocarbons allocated to State lands shall be paid at the lease rates.
- (3) If for any reason Unit Operator does not inject into sands or horizons containing Unitized Substances a total of 15,328,630 M.c.f. of gas within fifteen (15) years from the effective date of this agreement, or if, upon the permanent discontinuance of the injection of gas, Unit Operator has failed to inject 15,328,630 M.c.f., the rate of royalty due the State of New Mexico on the gas recovered from the production of unitized substances shall be 3.39% plus that percentage of 9.11% which the difference between 15,328,630 M.c.f. and the amount of such gas injected bears to 15,328,630 M.c.f. Quantities of gas as above stated shall be on a pressure base of 16.4% absolute per square inch and 60° Fahrenheit temperature.
- (4) The royalties to be paid the State of New Mexico under paragraphs (1) and (3) hereof are on the basis of five cents  $(5\phi)$  per thousand (1,000) cubic feet at 15.025# psia or the market value, whichever is the greater.
- (5) If the total volume of gas produced per acre equals the amount injected per acre plus 4,413 M.c.f.

per acre at 16.4# pressure base and temperature of 60° Fahrenheit, the rate of State royalty on all subsequent production shall be at the lease rates.

- 11. (b) Rental for lands of the State of New Mexico subject to this agreement shall be paid at the rates specified in the leases. The leases shall be deemed to be in a status of operating leases while being used for storage of unitized substances.
- calendar year it will withdraw from the lands covered by this agreement an amount of gas per acre of the acres committed to this agreement equal to the gas withdrawn per acre from the acres committed to the Federal Rhodes Unit Area. In the event that a lesser amount of gas is withdrawn from lands committed to this agreement than the foregoing in any calendar year, the difference is hereby agreed to be admitted drainage of State lands and Unit Operator shall pay the State of New Mexico royalties on the full amount agreed to be withdrawn in the first sentence of this paragraph.
- conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste, and for the purpose of more properly conserving the natural resources, the production of unitized substances at all times shall be without waste as defined by State Law; and production from gas wells shall be limited to such quantity as can be put to beneficial use with adequate realization of fuel values; and, in the discretion of the Commission and Commissioner, production of unitized substances shall be limited by the beneficial demand as determined by said Commission and Commissioner.
- 13. DRAINAGE: Any Unit Operator shall take appropriate and adequate measures to prevent drainage of the unitized substances as to which he is Unit Operator from the unitized lands by wells not on the lands subject to this agreement, or, with approval of the Commission and Commissioner, pay a fair and reasonable compensatory royalty as determined by the Commission and Commissioner.
- 14. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding State of New Mexico leases subject to this agreement consent that the Commission and Commissioner shall, and said Commission and Commissioner by their approval of this agreement do, establish, alter, change or revoke the drilling, producing, royalty and rental requirements of such leases, and the regulations in respect thereof, to conform said requirements to the provisions of this agreement.

The Commission and Commissioner further agree, consent and determine that during the effective life of this agreement, the prospecting, drilling, and producing operations performed upon any lands subject hereto will be accepted and deemed to be operations under and for the benefit of all such leases; that suspension of operations or production on any such lease shall be deemed not to have occurred if there be operations or production on any part of the lands subject hereto; and that suspension of all operations and production on said lands pursuant to any approved plan of development and/or operation or to the direction or consent of said Commission and Commissioner shall be deemed to constitute such suspension with respect to each such lease; and no such lease shall be deemed to expire by reason of such approved suspension.

All agreements by and between the parties hereto or consenting hereto are hereby modified or amended to the extent that such agreements are not consistent herewith, and in case of any conflict the terms of this unit agreement shall prevail.

- 15. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer, or lease of interest in lands or leases subject hereto shall be conditioned on the assumption of all privileges and obligations hereunder by the grantee, transferee, lessee, or other successor in interest, and as to State land shall be subject to approval by the Commission and Commissioner.
- approval by the Commission and Commissioner shall be deemed to have become effective as of January 1, 1948, and shall terminate two (2) years after said effective date unless gas has been or is being injected into the horizons containing unitized substances, as herein provided, provided that this agreement may be terminated by the Commission and Commissioner upon request of Unit Operator, or if there be no Unit Operator then the owners of the operating interests after notice of intention to request such termination has been served on all parties in interest who are not parties to the request for such termination.
- 17. REGULATION OF DEVELOPMENT AND PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute; provided that the Commissioner is 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, 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.

- 18. DETERMINATIONS BY UNIT OPERATOR AND REVIEW THEREOF: Unit Operator shall determine all matters involved In this agreement for which a different method of determination is not herein established; provided that Operator shall give timely notice of all such determination to all interested parties, including the Commissioner; provided, further, that all such determinations may be reviewed by the Commissioner on his own initiative or on written request of any interested party, notice of any such review to be given to all interested parties, including Unit Operator, within 60 days after receipt of notice of Unit Operator's determination; and provided, further, that any matters so reviewed, on request or consent of Unit Operator, may be submitted to a committee of three competent persons appointed by said Commissioner, one on nomination of Unit Operator, one on nomination of the other interested parties, and the third on nomination of the first two, the cost of such committee to be a cost of operation, and its report (which shall be binding on the committee when concurred in by any two of its members) shall be submitted to said Commissioner, the Unit Operator, and other interested parties; and provided, further, that opportunity shall be given in said review for all interested parties to present their contentions and supporting evidence by written or oral communication to said committee or said Commissioner, and that after consideration of all credible evidence, said Commissioner shall render a reasonable decision based thereon and in conformity therewith, which decision, so made and rendered, shall be final and binding on all parties hereto or consenting hereto.
- 19. BOND: Any Unit Operator shall furnish within 30 days after approval hereof by the Commission and Commissioner or after his selection and maintain at all times thereafter a bond in the penal sum of \$5,000.00 with approved corporate surety, or with deposit of United States Bonds as surety therefor, conditioned upon compliance with the terms of this agreement applicable to him, provided that additional bond may be required at any time deemed necessary by the Commission and Commissioner.
- 20. <u>COUNTERPARTS</u>: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and set opposite their respective names the date of execution and a list of the lands or interests made subject to this agreement.

Date: 5-18-51

ATTEST:

Assistant Secretary

BL PASO NATURAL GAS COMPANY

By.

Vice President

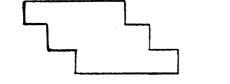
Date:

ATTEST:

SKELLY OIL COMPANY

A By

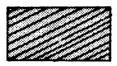
## EXHIBIT "A"



Total Acreage in Area	8520
Committed to Federal Unit	5680
Committed herewith	80
Percent committed including this application	67.7



State Lands to be authorized to be included in area.



State Lands committed to this agreement.

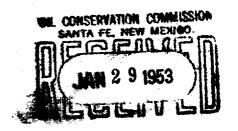
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# EXHIBIT "B"

SKELLY OIL COMPANY lease owner:

SE/ $\frac{1}{4}$  NW/ $\frac{1}{4}$  and NW/ $\frac{1}{4}$  SE/ $\frac{1}{4}$  of Sec. 16, Twp 26 South, Rge. 37 East, Lea County, New Mexico.



# RHODES (State) UNIT AGREEMENT Lea County, New Mexico

dated as of January 1, 1948 (executed Mar 1951)

between

EL PASO NATURAL GAS COMPANY

and

THE TEXAS COMPANY

# RHODES UNIT AGREEMENT LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of January, 1948, by and between the parties subscribing or consenting hereto;

#### WITNESSETH:

WHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chapter 88, Laws 1943) to consent to or approve this agreement on behalf of the State of New Mexico, in so far 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 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

- l. LAWS AND REGULATIONS: The Acts of the Legislature of the State of New Mexico (Chapter 72, Laws of 1935, and Chapter 88, Laws of 1943) and all pertinent regulations issued thereunder, including operating and unit plan regulations, are accepted and made a part of this agreement.
- 2. <u>DEFINITIONS</u>: For all purposes of this agreement, certain terms used herein are defined as follows:
- (a) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.
- (b) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.

- (c) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of operations hereunder.
- (d) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.
- (e) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and operating the well and a profit in addition thereto.
- 3. UNIT AREA: The following described land is hereby designated and recognized as constituting the State Rhodes Unit Area:

All of Section 16, Township 26 South, Range 37 East, Lea County, New Mexico, embracing 640 acres.

The Operator, with the consent of a majority in interest of the Working Interest, and subject to the approval of the Commissioner and the Commission, may enlarge the Unit Area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the Unit Area to exclude lands now in any participating area hereunder which shall be demonstrated to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein-established Unit Area, together with the ownership of the lands and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said schedule shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised schedule shall be filed with the record of this agreement.

- 4. <u>UNITIZED SUBSTANCES</u>: All gas, including natural gasoline, propane, butane, and other contents of the gas producible from land subject to this agreement, in any and all sands or horizons at or above a depth of 4,000 feet from the ground surface are unitized under the terms of this agreement and herein are called "Unitized Substances".
- 5. UNIT OPERATOR: El Paso Natural Gas Company is hereby designated as Unit Operator, and by signature hereof commits to this agreement all interests vested in it in land

within the unit area and agrees to accept the duties and obligations of such Unit Operator to conduct and manage the operation of the lands subject to this agreement for the development, storage and production of unitized substances as herein provided.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator under this agreement shall be removed or shall relinquish his rights as Unit Operator under this agreement, the owners of the majority of operating rights in the lands subject to this agreement shall select a new unit operator. Such selection shall not become effective until (a) the unit operator so selected shall accept the duties and responsibilities of such unit operator and (b) the selection shall have been approved by the Commission and Commissioner. Any unit operator shall be subject to removal for failure to perform effectively his duties and obligations as Unit Operator hereunder on notice by the Commission and Commissioner, such notice to be given only after reasonable opportunity has been given to correct any specified default in performance.

The right to relinquish all rights as a Unit Operator may be exercised whenever said Operator is not in default under this agreement, but no Unit Operator shall be relieved from his duties and obligations as Unit Operator for a period of six months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto holding operating rights in respect to the unitized substances involved and the Commission and Commissioner, unless a new operator shall have been selected and shall have taken over and assumed the duties and obligations of such Unit Operator prior to the expiration of said period. At any time prior to the date on which relinquishment by or removal of a Unit Operator becomes effective, the owners of operating rights as to the unitized substances involved or a duly qualified new Unit Operator may elect to purchase on reasonable terms all or any part of the preceding Unit Operator's equipment, material, and appurtenances in or upon the lands subject to this agreement, provided that no such equipment, material, or appurtenances so selected for purchase shall be removed pending determination of reasonable terms of purchase. Any equipment, material, and appurtenances not so purchased and not so necessary for the preservation of wells may be removed by the retiring Unit Operator at any time within six months after the relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of the operating rights as to the unitized substances involved.

Acquisition or assignment of operating rights pertaining to State lands subject to this agreement and the consideration therefor shall be subject to approval by the Commission and Commissioner.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with said Unit Operator, and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided, that nothing herein shall be construed to transfer title to any lands, leases, or operating agreements, it being understood that the Unit Operator shall have rights of possession and use merely for the purposes herein specified, and for any and all other purposes all existing agreements in respect to unitized substances remain in force and effect.

The Unit Operator shall pay all costs and expenses of operations with respect to the development, storage and recovery of unitized substances.

- 8. PLAN OF OPERATION AS TO UNITIZED SUBSTANCES: The Unit Operator is authorized to shut-in or produce the unitized substances or supplement such substances by injection of gas, according to a plan of development and/or operations which shall be submitted by said Unit Operator for approval by the Commission and Commissioner within 30 days after approval of this agreement, and when so approved shall constitute the obligations of said Unit Operator for development and operation of such unitized substances; provided that said plan shall be subject to modification from time to time at the option of said Unit Operator subject to like approval; and provided further that the Commission and Commissioner may require that a new plan of development and/or operations shall be submitted when, in his opinion, such action is necessary and advisable in the public interest.
- 9. ALLOCATION OF UNITIZED SUBSTANCES: Unitized substances, as and when produced, will be deemed to be produced equally on an acreage basis from all the lands subject to this agreement, and will be allocated to the several tracts in the ratio that the total acreage of each bears to the total acreage subject to this agreement.
- Operator, on behalf of the respective lessees, shall pay all royaltics due the State of New Mexico, and others entitled thereto, on account of unitized substances; provided, that if said Unit Operator defaults in any such payment and no bond has been posted by said Unit Operator which is adequate to cover such default, or when there is no Unit Operator, the obligation to pay royalties on Unitized Substances shall rest upon the respective lessees.

- 11. ROYALTIES AND RENTALS: (a) Royalties on unitized substances payable to the State of New Mexico shall be:
- (1) A royalty of 3.39% on the value of the gas as to production thereof allocated to State lands for a period of twenty-five (25) years from the effective date of this agreement, subject to the provisions of the following paragraphs of this Section 11, regardless of whether the production was originally in place or was injected by Unit Operator, and thereafter the lease rates shall prevail unless a modification is agreed upon by the Commission and the Commissioner and Unit Operator.
- (2) Royalties on gasoline or other liquid hydrocarbons allocated to State lands shall be paid at the lease rates.
- (3) If for any reason Unit Operator does not inject into sands or horizons containing Unitized Substances a total of 15,328,630 M.c.f. of gas within fifteen (15) years from the effective date of this agreement, or if, upon the permanent discontinuance of the injection of gas, Unit Operator has failed to inject 15,328,630 M.c.f., the rate of royalty due the State of New Mexico on the gas recovered from the production of unitized substances shall be 3.39% plus that percentage of 9.11% which the difference between 15,328,630 M.c.f. and the amount of such gas injected bears to 15,328,630 M.c.f. Quantities of gas as above stated shall be on a pressure base of 16.4# absolute per square inch and 60° Fahrenheit temperature.
- (4) The royalties to be paid the State of New Mexico under paragraphs (1) and (3) hereof are on the basis of five cents  $(5\phi)$  per thousand (1000) cubic feet at 15.025# psia or the market value, whichever is the greater.
- (5) If the total volume of gas produced per acre equals the amount injected per acre plus 4,413 M.c.f. per acre at 16.4# pressure base and temperature of 60° Fahrenheit, the rate of State royalty on all subsequent production shall be at the lease rates.
- ll. (b) Rental for lands of the State of New Mexico subject to this agreement shall be paid at the rates specified in the leases. The leases shall be deemed to be in a status of operating leases while being used for storage of unitized substances.
- 11. (c) Unit Operator agrees that in any one calendar year it will withdraw from the lands covered by this agreement an amount of gas per acre of the acres committed to this agreement equal to the gas withdrawn per acre from the acres committed to the Federal Rhodes Unit Area. In the event that a lesser amount of gas is withdrawn from lands committed to this agreement than

the foregoing in any calendar year, the difference is hereby agreed to be admitted drainage of State lands and Unit Operator shall pay the State of New Mexico royalties on the full amount agreed to be withdrawn in the first sentence of this paragraph.

- 12. CONSERVATION: All operations shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste, and for the purpose of more properly conserving the natural resources, the production of unitized substances at all times shall be without waste as defined by State Law; and production from gas wells shall be limited to such quantity as can be put to beneficial use with adequate realization of fuel values; and, in the discretion of the Commission and Commissioner, production of unitized substances shall be limited by the beneficial demand as determined by said Commission and Commissioner.
- 13. DRAINAGE: Any Unit Operator shall take appropriate and adequate measures to prevent drainage of the unitized substances as to which he is Unit Operator from the unitized lands by wells not on the lands subject to this agreement, or, with approval of the Commission and Commissioner, pay a fair and reasonable compensatory royalty as determined by the Commission and Commissioner.
- 14. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding State of New Mexico leases subject to this agreement consent that the Commission and Commissioner shall, and said Commission and Commissioner by their approval of this agreement do, establish, alter, change or revoke the drilling, producing, royalty and rental requirements of such leases, and the regulations in respect thereof, to conform said requirements to the provisions of this agreement.

The Commission and Commissioner further agree, consent and determine that during the effective life of this agreement, the prospecting, drilling, and producing operations performed upon any lands subject hereto will be accepted and deemed to be operations under and for the benefit of all such leases; that suspension of operations or production on any such lease shall be deemed not to have occurred if there be operations or production on any part of the lands subject hereto; and that suspension of all operations and production on said lands pursuant to any approved plan of development and/or operation or to the direction or consent of said Commission and Commissioner shall be deemed to constitute such suspension with respect to each such lease; and no such lease shall be deemed to expire by reason of such approved suspension.

All agreements by and between the parties hereto or consenting hereto are hereby modified or amended to the extent that such agreements are not consistent herewith, and in case of any conflict the terms of this unit agreement shall prevail.

- 15. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer, or lease of interest in lands or leases subject hereto shall be conditioned on the assumption of all privileges and obligations hereunder by the grantee, transferee, lessee, or other successor in interest, and as to State land shall be subject to approval by the Commission and Commissioner.
- approval by the Commission and Commissioner shall be deemed to have become effective as of January 1, 1948, and shall terminate two (2) years after said effective date unless gas has been or is being injected into the horizons containing unitized substances, as nerein provided, provided that this agreement may be terminated by the Commission and Commissioner upon request of Unit Operator, or if there be no Unit Operator then the owners of the operating interests after notice of intention to request such termination has been served on all parties in interest who are not parties to the request for such termination.
- 17. REGULATION OF DEVELOPMENT AND PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute; provided that the Commissioner is 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, 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.
- 18. DETERMINATIONS BY UNIT OPERATOR AND REVIEW THEREOF: Unit Operator shall determine all matters involved in this agreement for which a different method of determination is not herein established; provided that Operator shall give timely notice of all such determination to all interested parties, including the Commissioner; provided, further, that all such determinations may be reviewed by the Commissioner on his own initiative or on written request of any interested party, notice of any such review to be given to all interested parties, including Unit Operator, within 60 days after receipt of notice of Unit Operator's determination; and provided, further, that any matters so reviewed, on request or consent of Unit Operator, may be submitted to a committee of three competent persons appointed by said Commissioner, one on nomination of Unit Operator, one on nomination of the other interested parties, and the third on nomination of the first two, the cost of such committee to be a cost or operation, and its report (which shall be binding on the committee when concurred in by any two of its members) shall be submitted to said Commissioner, the Unit Operator, and other interested parties; and provided, furtner, that opportunity snall be given in said review for all interested parties to

present their contentions and supporting evidence by written or oral communication to said committee or said Commissioner, and that after consideration of all credible evidence, said Commissioner shall render a reasonable decision based thereon and in conformity therewith, which decision, so made and rendered, shall be final and hinding on all parties hereto or consenting hereto.

- 19. BOND: Any Unit Operator shall furnish within 30 days after approval hereof by the Commission and Commissioner or after his selection and maintain at all times thereafter a bond in the penal sum of \$5,000.00 with approved corporate surety, or with deposit of United States Bonds as surety therefor, conditioned upon compliance with the terms of this agreement applicable to him, provided that additional bond may be required at any time deemed necessary by the Commission and Commissioner.
- 20. <u>COUNTERPARTS</u>: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and set opposite their respective names the date of execution and a list of the lands or interests made subject to this agreement.

**Հարեշար** •

Assistant Secretary

EL PASO NATURAL GAS COMPANY

Vice President

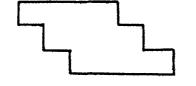
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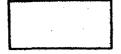
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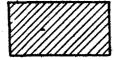
## EXHIBIT "A"



Total Acreage in Area	8520
Committed to Federal Unit	5680
Committed herewith	80
Percent committed including this application	67.7



State Lands to be authorized to be included in area.



State Lands committed to this agreement.

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# EXHIBIT "B"

# THE TEXAS COMPANY lease owner:

 $S/\frac{1}{2}$  NE/ $\frac{1}{4}$  of Section 16, Twp. 26 South, Rge. 37 East, Lea County, New Mexico.



# RHODES (State) UNIT AGREEMENT Lea County, New Mexico

dated as of January 1, 1948 (executed 12-21-48)

be tween

EL PASO NATURAL GAS COMPANY

and

CITIES SERVICE OIL COMPANY

#### RILDES UNIT AFRES SAT ISA C SUIT. IEU SO IOO

THE ACCEPT, entered into as of the let day of Jamery 19 18 by and between the parties subscribing or consenting hereto;

#### FITTHE SETTING

FHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

SHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent avoidable waste and secure other benefits obtainable through development and operating of the Unit Area subject to this agreement under the terms, conditions and limitations hereinafter set forth; and

State of New Mexico is enthorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to ar approve this agreement on behalf of the State of New Mexico, in so far as it covers and includes londs and mineral interests of the State of New Mexico; and

SHERRIS, the Gil Conservation Covaission of the State of New Mexico is enthurized by an Act of the Lagislature (Chap. 72, Laws 1935) to approve this agreement and the comparation provisions bereof;

MUR. THEREFORE, for and in consideration of the presises and the promises bereinsfter contained, the parties subscribing herets and the parties consenting herets agree as follows:

- 1. INCLASS RESULTING: The Acts of the Logislature of the State of New Mexico (Chap. 72, Laws of 1935 and Chapter 88, Laws 1943) and all partinent regulations issued therounder, including operating and unit plan regulations, are accepted and made a part of this agreement.
- 2. DEFECTION: For all purposes of this agreement, certain terms used herein are defined as follows:
- (a) "Corrissioner" shall mean the Commissioner of Public Lands of the State of How Maxico.
- (b) "Complesion" shall mean the Oil Conservation Commission of the State of New Series and those persons duly authorized to act for and in its behalf.

- (a) "Working Interest Owner" shall mean a party hereto whose interest in the unitised substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of operations hereunder.
- (d) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.
- (e) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and eperating the well and a profit in addition thereto.
- 3. <u>URIT AREA</u>: The following described lands are hereby designated and recognized as constituting the State Rholes Unit Area:

In Township 26 South, Range 37 Fast:

All of Section 16

Section 27: News

Section 28: NaME

Embracing 800 acres.

The Operator, with the consent of a majority in interest of the Working Interest, and subject to the approval of the Commissioner and the Commission, may enlarge the unit area to include other lands believed to be productive of the unitised substances, or may with like consent and approval, dimish the unit area to exclude lands not in any participating area hereunder which shall be demonstrated to be barren of the unitised substances.

Exhibit "A" attached hereto is a map on which is outlined the herein-established Unit Area, together with the ownership of the lands and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said schedule shall be revised by the Unit Operator whonever any change in the Unit Area or comership of rights renders such change necessary, and the revised schedule shall be filed with the record of this agreement.

- 4. <u>UNITIZED SUBSTANCES</u>: All cil, gas, natural gasoline and associated fluid hydrocarbons producible from land subject to this agreement, in any and all sonds or horizons, are unitized under the terms of this agreement and hereinafter are called "unitized substances".
- 5. SECREGATION OF UNITIZED SUBSTANCES: It is the intent and purpose of the perties to this agreement that the unitized substances shall be subject to development and operation in separate groups as follows:
  - Group 1 Cas (including casinghead gas) in any and all sands at or shove a depth of 4,000 feet from the ground surface, whether such gas is now in place or is hereafter injected.
  - Group 2 011 in any and all sands at or above a depth of 4,000 feet from the ground surface.
  - <u>Orom 3</u> All unitized substances below a depth of 4,000 feet from the ground surface.
- 6. GROUP 2 AND/OR GROUP 3 UNIT OPERATOR OR OPERATORS:
  No Unit Operator has been appointed for the unitized substances
  in Group 2 and/or Group 3, nor need be unless the appointment
  of such a Unit Operator be demanded by the Commission.

The terms and conditions for the development and operation of unitised substances in Group 2 and/or Group 3 shall (unless and until a plan for their development be established as below provided) be deemed to be the terms and conditions of the leases, contracts, and other agreements under which said unitised substances are now being developed and operated, except in so far as said leases, contracts or other agreements may require adjustment or modification to conform with the herein provided terms and conditions.

The holders of the operating rights as to the unitized substances in Group 2 and Group 3, or either, may at

any time select, and they agree upon derand of the Commission and Commissioner promptly to select, a Unit Operator for the unitised substances in Group 2 and Group 3, or either, and in either such case they shall also submit a schedule showing a method of allocation of benefits and costs of operations as to said unitized substances and the ratio of apportionment thereof among the parties entitled to such benefits or chargeable with such costs. After approval by the Commission and Commissioner of the Unit Operator so selected, and of the schedule so submitted, and within 30 days after demand by the Commission and Commissioner, said Unit Operator shall submit for the approval of the Commission and Commissioner a plan of development and/or operation for the unitized substances in Groups 2 and/or 3, which plan or plans, when so approved, shall . constitute the further drilling and operating obligations of said Unit Operator for the unitized substances involved. Said plan or plans shall be as nearly complete and adequate as the Commission and Commissioner may determine to be necessary and advisable to conserve properly the unitized substances covered by such plan or plans. Said plan or plans may be medified from time to time upon approval of said Commission and Commissioner. or at the direction of said Commission and Commissioner, to meet changed conditions, and the further obligations of the Unit Operator or Operators involved shall be conformed thereto.

- 7. GROUP 1 UNIT UPGEATOR: El Paso Natural Gus Company is hereby designated as unit operator for Group 1 unitized substances, hereinafter designated as Group 1 Unit Operator, and by signature hereof commits to this agreement all interests vested in it in land within the unit area and agrees to accept the duties and obligations of such unit operator to conduct and manage the operation of the lands subject to this agreement for the development, storage and production of Group 1 unitized substances as herein provided.
- for a Group or groups of unitized substances designated under this agreement shall be removed or shall relinquish his rights as Unit Operator under this agreement, the owners of the majority of operating rights as to such group or groups of unitized substances according to their total acreage interests in the lands subject to this agreement as to such group or groups shall select a new unit operator for such group or groups of unitized substances. Such selection shall not become effective until (a) the unit operator so selected shall accept the duties and responsibilities of such unit operator and (b) the selection shall have been approved by the Commission and Commissioner. Any unit operator shall be subject to removal for failure to

perform effectively his duties and obligations as Unit Operator hereunder on notice by the Commission and Commissioner, such notice to be given only after reasonable opportunity has been given to correct any specified default in performance.

The right to relinquish all rights as a unit operator may be exercised whenever said Operator is not in default under this agreement but no Unit Operator shall be relieved from his duties and obligations as Unit Operator for a period of six months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto holding operating rights in respect to the unitized substances involved and the Commission and Commissioner, unless a new operator shall have been selected and shall have taken over and assumed the duties and obligations of such Unit Operator prior to the expiration of said period. At any time prior to the date on which relinquishment by or removal of a Unit Operator becomes effective, the owners of operating rights as to the unitised substances involved or a duly qualified new Unit Operator may elect to purchase on reasonable terms all or any part of the preceding Unit Operator's equipment, material, and appurtenances in or upon the lands subject to this agreement. provided that, no such equipment, material, or appurtenances so selected for purchase shall be removed pending detarmination of reasonable terms of purchase. Any equipment, material, and appurtanances not so purchased and not so necessary for the preservation of wells may be removed by the retiring Unit Operator at any time within six (6) months after the relinquishment or removal becomes effective, but if not no removed shall become the joint property of the owners of the operating rights as to the unitized substances involved.

Acquisition or assignment of operating rights pertaining to State lands subject to this agreement and the consideration therefor shall be subject to approval by the Commission and Commissioner.

9. RICHTS AND OBLICATIONS OF GROUP 1 BUTT OF RATOR:
The exclusive right, privilege, and duty of exercising any and
all rights of the parties signatory hereto which are necessary
or convenient for prospecting for, producing, storing and disposing of the Group 1 unitized substances in hereby vested in
the Group 1 Unit Operator and shall be exercised by said unit
Operator as provided in this agreement. Acceptable evidence
of title to said rights shall be deposited with said Unit Operator, and, together with this agreement, shall constitute and
define said Unit Operator's rights, privileges, and obligations
in the premises; provided, that nothing herein shall be construct to transfer title to any lands, leases, or operating

agreements, it being understood that the Group 1 Unit Operator shall have rights of possession and use merely for the purposes herein specified, and for any and all other purposes all existing agreements in respect to Group 1 validated substances remain in force and effect. Like provisions shall be applicable to Group 2 and/or Group 3 unitized substances if and when a unit operator or operators for these substances are selected as herein provided.

The Group 1 Unit Operator shall pay all costs and expenses of operations with respect to the development, storage and recovery of Group 1 unitised substances.

- The Group 1 Unit Operator is authorized to shut-in or produce the unitized substances in Group 1, or supplement such substances by injection of gas, according to a plan of development and/or operations which shall be subsitted by said Unit Greenter for approval by the Commission and Commissioner within 30 days after approval of this agreement and when so approved shall constitute the obligations of said Unit Operator for development and operation of such unitized substances; provided that said plan shall be subject to modification from time to time at the option of said Unit Operator subject to like approval; and provided further that the Commission and Commissioner may require that a new plan of development and/or operations shall be submitted when, in his opinion, such action is necessary and advisable in the public interest.
- 11. ALICATION OF SHORP 1 UNITIZED SUPERTANCES: Group 1 unitized substances, as and when produced, will be deemed to be produced equally on an acreage basis from all the lands subject to this agreement and will be allocated to the several tracts in the ratio that the total acreage of each bears to the total acreage subject to this agreement.
- STANCES: Group 1 Unit Operator, on behalf of the mapsotive lesses, shall pay all royalties due the State of New Mexico, and others entitled thereto, on account of Group 1 unitized substances; provided, that if said Unit Operator defaults in any such payments and no bead has been posted by said Unit Operator which is adequate to cover such default, or when there is no Group 1 Unit Operator, the obligation to pay royalties on Group 1 Unitized Substances shall rest upon the respective lesses.

- 13. ROYALTIES AND RENTALS: (a) Royalties on Group 1 unitised substances payable to the State of New Mexico shall be:
- (1) A royalty of 3.39% on the value of the gas as to production thereof allocated to State lands for a period of twenty-five (25) years from the effective date of this agreement, subject to the provisions of the following paragraphs of this Section 13, regardless of whether the production was originally in place or was injected by Group 1 Unit Operator, and thereafter the lease rates shall prevail unless a modification is agreed upon by the Commission and the Commissioner and Group 1 Unit Operator.
- (2) Royaltics on gasoline or other liquid hydrocarbons allocated to State lands shall be paid at the lease rates.
- (3) If for any reason Group 1 Unit Operator does not inject into sands or horisons containing Group 1 Unitized substances a total of 15,323,630 M.c.f. of gas within 15 years from the effective date of this agreement or if, upon the permanent discontinuance of the injection of gas, Group 1 Unit Operator has failed to inject 15,325,630 M.c.f., the rate of royalty due the State of New Mexico on the gas recovered from the production of Group 1 unitized substances shall be 3,39% plus that percentage of 9.11% which the difference between 15,328,630 M.c.f. and the amount of such gas injected bears to 15,328,630 M.c.f. quantities of gas as above stated shall be on a pressure base of 16.4% absolute per square inch and 60° Fahrenheit temperature.
- (4) The royalties to be paid the State of New Mexico under paragraphs (1) and (3) hereof are on the basis of five cents (5¢) per thousand (1000) cubic feet at 15.025% psia or the market value whichever is the greater.
- (5) If the total volume of gas produced per acre equals the amount injected per acre plus 4,413 M.c.f. per acre at 10.4 lbs. pressure base and temperature of 60° Fahrenheit, the rate of State royalty on all subsequent production shall be at the lease rates.
- 13. (b) Royalties for Groups 2 and/or 3 unitized substances cayable to the State of New Mexico shall be paid at the rates specified in the respective leases subject to this agreement. If and when such substances are produced under a plan of development and/or operation approved pursuant to this agreement, said royalties shall be computed on the basis of the anomat or value of production allocated to said leases.
- 13. (c) Rental for lands of the state of New Mexico subject to this agreement shall be paid at the rates specified in the leases. The leases shall be dreamed to be in a status of operating leases while being used for storage of Group 1 unitized substances.

- 13 (d). Group 1 Unit Operator agrees that in any one calendar year it will withdraw from the lands covered by this agreement an amount of gas per acre of the acres consitted to this agreement equal to the gas withdrawn per acre from the acres consitted to the Federal Rhodes Unit Area. In the event that a lesser amount of gas is withdrawn from lands committed to this agreement than the foregoing in any calendar year, the difference is hereby agreed to be admitted drainage of State Lands and Group 1 Unit Operator shall pay the State of New Mexico royalties on the full amount agreed to be withdrawn in the first sentence of this paragraph.
- 24. COMMENTATION: All operations shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste, and for the purpose of more properly conserving the natural resources, the production of unitized substances at all times shall be without waste as defined by State law; and production from gas wells shall be limited to such quantity as can be put to beneficial use with adequate realization of fuel values; and, in the discretion of the Commission and Commissioner, production of unitized substances shall be limited by the beneficial demand as determined by said Commission and Commissioner.
- priate and adequate measures to prevent drainage of the unitical adequate measures to prevent drainage of the unitical adeatances as to which he is Unit Operator from the unitical lands by wells not on the lands subject to this agreement, or, with approval of the Commission and Commissioner, pay a fair and responsible compensatory royalty as determined by the Commission and Commissioner.
- 16. IN 1883 AND CONTRACTS GREEN TO TO ACRESSING:
  The parties hereto or concenting hereto holding State of New
  Mexico leases subject to this agreement, consent that the
  Commission and Commissioner shall, and said Commission and the special department of this agreement do, establish,
  alter, change or revoke the Smilling, producing, royalty and
  remail requirements of such leases and the regulations in
  respect thereof, to conform said requirements to the provisions
  of this agreement.

The Commission and Commissioner further agree, consent and detarning that during the effective life of this agreement, the prospecting, drilling, and producing operations

performed upon any lands subject hareto will be accepted and deemed to be operations under and for the banefit of all such leases; that suspension of operations or production on any such lease shall be desmed not to have occurred if there be operations or production on any part of the lands subject hereto; and that suspension of all operations and production on said lands pursuant to any approved plan of development and/or operation or to the direction or consent of said Commission and Commissioner shall be deemed to constitute such suspension with respect to each such lease; and no such lease shall be deemed to expire by reason of such approved suspension.

All agreements by and between the parties herete or consenting herete are hereby medified or amended to the extent that such agreements are not consistent herewith and in case of any conflict the terms of this unit agreement shall prevail.

- 17. GUIZEANTS FUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer, or lease of interest in lands or leases subject hereto shall be conditioned on the assumption of all / privileges and obligations hereunder by the grantee, transferee, lease, or other successor in interest and as to State land shall be subject to approval by the Commission and Commissioner.
- 18. EFFECTIVE DATE AND TERM: This agreement upon approval by the Commission and Commissioner shall be deemed to have become effective as of January 1, 1948, and shall terminate two (2) years after said offective date unless (1) gas has been or is being injected into the horizons containing Group 1 unitized substances, as herein provided, or (2) a plan for the development and operation of Group 2 or Group 3 unitized substances has been established, pursuent to section (6) hereof, provided that this agreement may be terminated by the Consission and Commissioner upon request of Group 1 Unit Operator and the unit operator or operators for unitized substances in Groups 2 and 3. or, if there be no unit operator for unitized substances in said Groups or either of them, then the owners of the operating interests as to unitized substances as to which there is no unit operator upon the majority of the lands then subject to this agreement, after notice of intention to request such termination has been served on all parties in interest who are not parties to the request for such termination.

- All production and the disposal thereof shall be in conformity with allocations, allotronts, and quotas made or fixed by any duly authorized person or regulatory bely unfor any Polyrul or State statute; provided that the Counis into it wested with authority, to alter or nodify from time to time in his discretion, the rate of prospecting and development and the quantity and rate of production under this agreement, 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.
- 20. PUTERNINATIONS BY CHERACOR AND PENTER THERE OF Operator shall determine all matters involved in this agreement for which a different method of determination is not herein established; provided that Operator shall give tirely notice of all such determination to all interested parties, including the Commissioner; provided further, that all such determinations may be reviewed by the Commissioner on his can initiative or on written request of any interested party, notice of any such review to be given to all interested parties, including Operator, within 60 days after receipt of notice of Operator's determination; and provided further, that any matters so reviewed. on request or consent of Operator, may be substitted to a committee of three compotent persons appointed by said Commissioner, one on nomination of Operator, one on maximation of the other interested parties, and the third on memination of the first two. the cost of such committee to be a cost of operation and its report (which shall be binding on the committee when concurred in by any two of its members) shall be submitted to said Commissioner, the Operator, and other interested parties; and provided forther, that opportunity shall be given in said review for all interested parties to prosent their contentions and supporting evidence by written or cral communication to said committee or paid Commissioner, and that after consideration of all credible evidence, said Commissioner shall render a reasonable decision hased thereon and in conformity therewith, which decision, so made and rendered, shall be final and bisding on all parties heroto or consecting hereto.
- (a) where unitized substances in Group 1 are concerned, the Group 1 Unit Operator; (b) where unitized substances in Groups 2 and 3 are involved; the unit operator or operators for such substances, or, if there he no unit operator for the unitized substances in both or either of said groups, then the owners of the operating interests as to the unitized substances for which there is no unit operator upon the majority of the lands then subject to this agreement; and (c) where unitized substances in Groups 1, 2 and 3 are involved, the Group 1 Unit Operator and the unit operator or operators for unitized substances in Groups 2 and 3, or if there he no such unit operator for the unitized substances in Groups 2 and 3 or either of the c.

owners of the operating interests as to the unitised substances in said groups or group upon the majority of the lands then subject to this agreement.

- 21. ECMD: Any Unit Operator shall furnish within 30 days after approval hereof by the Commission and Commissioner or after his selection and maintain at all times thereafter a bend in the penal sum of \$5,000.00 with approved corporate surety, or with deposit of United States bowls as surety therefor, conditioned upon compliance with the terms of this agreement applicable to him provided that additional bond may be required at any time deemed necessary by the Commission and Commissioner.
- 22. <u>COUNTERPARTS</u>: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document.

IN WITTESS WHEREOF, the parties hereto have caused this agreement to be executed and set opposite their respective names the date of execution and a list of the lands or interests made subject to this agreement. EL PASO NATURAL GAS COMPANY Date: Lee: 21/1948 ATTEST: ARERADA PETROLEUM CORPORATION Date: ATTEST: Vice President Secretary SKEILY OIL COSPANY Date: ATTEST: Vice Freeddent Secretary CITIES SERVICE OIL COMPANY Jan + Vice President Secretary THE TEXAS COVERNY Date: ATTEST: Vice iresident Secretary

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a total of 160 seres

#### CITIES SERVICE OIL COMPANY lease owner:

Swit Nwit, Nwit Swit, Swit SEit and NEit SEit of Sec. 16, Twp. 26 South, Rge. 37 East, Lea County, N.M.,

a total of 160 acres



## RHODES (State) UNIT AGREEMENT Lea County, New Mexico

dated as of January 1, 1948 (executed 5-18-51)

between

EL PASO NATURAL GAS COMPANY

and

AMERADA PETROLEUM CORPORATION

#### August 17 1951

El Paso Natural Gas Company National Standard Building Houston 2 Texas

Attention Mr. V. M. Plummer

Gentlemen:

We herewith deliver to you two executed copies of Rhodes Unit Agreement, Lea County, New Mexico, covering gas rights only to a depth of 4000 feet in Section 16-26S-37E. We have executed this instrument with the following understanding and conditions:

- l. It is understood that we have executed this unit agreement for the reason that although we have heretofore granted to you all of our gas rights down to 4000 feet as to the acreage committed to this agreement, we still retain record title to the oil and gas lease from the State of New Mexico covering said land, and it is agreed that the Unit Agreement shall in no way alter or affect any of the rights or obligations of any party to the various contracts effecting the conveyance of said gas rights to you.
- 2. Notwithstanding any ambiguity or conflict in the provisions of the Unit Agreement and the exhibits attached thereto with respect to the acreage to be included in said unit, it is understood that this Unit Agreement pertains to, and affects, gas rights above 4000 feet only as to Section 16, Township 26-South, Range 37-East, Lea County, New Mexico.
- 3. It is agreed that this unit will not be extended or enlarged to include any acreage in which Amerada owns gas rights above 4000 feet without our consent.

p-2 El Paso Natural Gas Co 8-17-51

If you are willing to accept our execution and delivery of this instrument with the above understanding and conditions, please signify below, as indicated, and return.

Very truly yours,

AMERADA PETROLEUM CORPORATION

E. H. McCollough

EHM:MGH K encl

ACCEPTED this 27 day of August, 1951:

EL PASO NATURAL GAS COMPANY

Vice President



# RHODES UNIT AGREEMENT LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the lat day of January, 1948, by and between the parties subscribing or consenting hereto;

#### WITNESSETH:

record

WHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chapter 88, Laws 1943) to consent to or approve this agreement on behalf of the State of New Mexico, in so far 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 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

- l. LAWS AND REGULATIONS: The Acts of the Legislature of the State of New Mexico (Chapter 72, Laws of 1935, and Chapter 88, Laws of 1943) and all pertinent regulations; issued thereunder, including operating and unit plan regulations, are accepted and made a part of this agreement.
- 2. <u>DEFINITIONS</u>: For all purposes of this agreement, certain terms used herein are defined as follows:
- (a) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

- (b) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.
- (c) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of, operations hereunder.
- (d) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.
- (e) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping, and operating the well and a profit in addition thereto.
- 3. <u>UNIT AREA</u>: The following described land is hereby designated and recognized as constituting the State Rhodes Unit Area:

All of Section 16, Township 26 South, Range 37 East, Lea County, New Mexico, embracing 640 acres.

The Operator, with the consent of a majority in interest of the Working Interest, and subject to the approval of the Commissioner and the Commission, may enlarge the Unit Area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the Unit Area to exclude lands now in any participating area hereunder which shall be demonstrated to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein-established Unit Area, together with the ownership of the lands and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said schedule shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised schedule shall be filed with the record of this agreement.

4. <u>UNITIZED SUBSTANCES</u>: All gas, including natural gasoline, propane, butane, and other contents of the gas producible from land subject to this agreement, in any and all saids or

horizons at or above a depth of 4,000 feet from the ground surface, are unitized under the terms of this agreement and herein are called "Unitized Substances".

- 5. UNIT OPERATOR: El Paso Natural Gas Company is hereby designated as Unit Operator, and by signature hereof commits to this agreement all interests vested in it in land within the Unit Area and agrees to accept the duties and obligations of such Unit Operator to conduct and manage the operation of the lands subject to this agreement for the development, storage and production of unitized substances as herein provided.
- 6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator under this agreement shall be removed or shall relinquish his rights as Unit Operator under this agreement, the owners of the majority of operating rights in the lands subject to this agreement shall select a new unit operator. Such selection shall not become effective until (a) the unit operator so selected shall accept the duties and responsibilities of such unit operator and (b) the selection shall have been approved by the Commission and Commissioner. Any unit operator shall be subject to removal for failure to perform effectively his duties and obligations as Unit Operator hereunder on notice by the Commission and Commissioner, such notice to be given only after reasonable opportunity has been given to correct any specified default in performance.

The right to relinquish all rights as a Unit Operator may be exercised whenever said Operator is not in default under this agreement, but no Unit Operator shall be relieved from his duties and obligations as Unit Operator for a period of six months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto holding operating rights in respect to the unitized substances involved and the Commission and Commissioner, unless a new operator shall have been selected and shall have taken over and assumed the duties and obligations of such Unit Operator prior to the expiration of said period. At any time prior to the date on which relinquishment by or removal of a Unit Operator becomes effective, the owners of operating rights as to the unitized substances involved or a duly qualified new Unit Operator may elect to purchase on reasonable terms all or any part of the preceding Unit Operator's equipment, material, and appurtenances in or upon the lands subject to this agreement, provided that no such equipment, material, or appurtenances so selected for purchase shall be removed pending determination of reasonable terms of purchase. Any equipment, material, and appurtenances not so purchased and not so necessary for the preservation of

wells may be removed by the retiring Unit Operator at any time within six months after the relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of the operating rights as to the unitized substances involved.

Acquisition or assignment of operating rights pertaining to State lands subject to this agreement and the consideration therefor shall be subject to approval by the Commission and Commissioner.

RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with said Unit Operator, and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided, that nothing herein shall be construed to transfer title to any lands, leases, or operating agreements, it being understood that the Unit Operator shall have rights of possession and use merely for the purposes herein specified, and for any and all other purposes all existing agreements in respect to unitized substances remain in force and effect.

The Unit Operator shall pay all costs and expenses of operations with respect to the development, storage and recovery of unitized substances.

- 8. PLAN OF OFERATION AS TO UNITIZED SUBSTANCES: The Unit Operator is authorized to shut-in or produce the unitized substances or supplement such substances by injection of gas, according to a plan of development and/or operations which shall be submitted by said Unit Operator for approval by the Commission and Commissioner within 30 days after approval of this agreement, and when so approved shall constitute the obligations of said Unit Operator for development and operation of such unitized substances; provided that said plan shall be subject to modification from time to time at the option of said Unit Operator subject to like approval; and provided further that the Commission and Commissioner may require that a new plan of development and/or operations shall be submitted when, in his opinion, such action is necessary and advisable in the public interest.
- 9. ALLOCATION OF UNITIZED SUBSTANCES: Unitized substances, as and when produced, will be deemed to be produced equally on an acreage basis from all the lands subject to this

agreement, and will be allocated to the several tracts in the ratio that the total acreage of each bears to the total acreage subject to this agreement.

- 10. PAYMENTS OF ROYALTIES ON UNITIZED SUBSTANCES: Unit Operator, on behalf of the respective lessees, shall pay all royalties due the State of New Mexico, and others entitled thereto, on account of unitized substances; provided, that if said Unit Operator defaults in any such payment and no bond has been posted by said Unit Operator which is adequate to cover such default, or when there is no Unit Operator, the obligation to pay royalties on Unitized Substances shall rest upon the respective lessees.
- 11. ROYALTIES AND RENTALS: (a) Royalties on unitized substances payable to the State of New Mexico shall be:
- (1) A royalty of 3.39% on the value of the gas as to production thereof allocated to State lands for a period of twenty-five (25) years from the effective date of this agreement, subject to the provisions of the following paragraphs of this Section 11, regardless of whether the production was originally in place or was injected by Unit Operator, and thereafter the lease rates shall prevail unless a modification is agreed upon by the Commission and the Commissioner and Unit Operator.
- (2) Royalties on gasoline or other liquid hydrocarbons allocated to State lands shall be paid at the lease rates.
- (3) If for any reason Unit Operator does not inject into sands or horizons containing Unitized Substances a total of 15,328,630 M.c.f. of gas within fifteen (15) years from the effective date of this agreement, or if, upon the permanent discontinuance of the injection of gas, Unit Operator has failed to inject 15,328,630 M.c.f., the rate of royalty due the State of New Mexico on the gas recovered from the production of unitized substances shall be 3.39% plus that percentage of 9.11% which the difference between 15,328,630 M.c.f. and the amount of such gas injected bears to 15,328,630 M.c.f. Quantities of gas as above stated shall be on a pressure base of 16.4# absolute per square inch and 60° Fahrenheit temperature.
- (4) The royalties to be paid the State of New Mexico under paragraphs (1) and (3) hereof are on the basis of five cents (5¢) per thousand (1,000) cubic feet at 15.025# psia or the market value, whichever is the greater.
- (5) If the total volume of gas produced per acre equals the amount injected per sore plus 4,413 M.c.f.

per acre at 16.4# pressure base and temperature of 60° Pahrenheit, the rate of State royalty on all subsequent production shall be at the lease rates.

- 11. (b) Rental for lands of the State of New Mexico subject to this agreement shall be paid at the rates specified in the leases. The leases shall be deemed to be in a status of operating leases while being used for storage of unitized substances.
- calendar year it will withdraw from the lands covered by this agreement an amount of gas per acre of the acres committed to this agreement equal to the gas withdrawn per acre from the acres committed to the Federal Rhodes Unit Area. In the event that a lesser amount of gas is withdrawn from lands committed to this agreement than the foregoing in any calendar year, the difference is hereby agreed to be admitted drainage of State lands and Unit Operator shall pay the State of New Mexico royalties on the full amount agreed to be withdrawn in the first sentence of this paragraph.
- conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste, and for the purpose of more properly conserving the natural resources, the production of unitized substances at all times shall be without waste as defined by State Law; and production from gas wells shall be limited to such quantity as can be put to beneficial use with adequate realization of fuel values; and, in the discretion of the Commission and Commissioner, production of unitized substances shall be limited by the beneficial demand as determined by said Commission and Commissioner.
- 13. DRAINAGE: Any Unit Operator shall take appropriate and adequate measures to prevent drainage of the unitized substances as to which he is Unit Operator from the unitized lands by wells not on the lands subject to this agreement, or, with approval of the Commission and Commissioner, pay a fair and reasonable compensatory royalty as determined by the Commission and Commissioner.
- 14. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding State of New Mexico leases subject to this agreement consent that the Commission and Commissioner shall, and said Commission and Commissioner by their approval of this agreement do, establish, alter, change or revoke the drilling, producing, royalty and rental requirements of such leases, and the regulations in respect thereof, to conform said requirements to the provisions of this agreement.

The Commission and Commissioner further agree, consent and determine that during the effective life of this agreement, the prospecting, drilling, and producing operations performed upon any lands subject hereto will be accepted and deemed to be operations under and for the benefit of all such leases; that suspension of operations or production on any such lease shall be deemed not to have occurred if there be operations or production on any part of the lands subject hereto; and that suspension of all operations and production on said lands pursuant to any approved plan of development and/or operation or to the direction or consent of said Commission and Commissioner shall be deemed to constitute such suspension with respect to each such lease; and no such lease shall be deemed to expire by reason of such approved suspension.

All agreements by and between the parties hereto or consenting hereto are hereby modified or amended to the extent that such agreements are not consistent herewith, and in case of any conflict the terms of this unit agreement shall prevail.

- 15. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer, or lease of interest in lands or leases subject hereto shall be conditioned on the assumption of all privileges and obligations hereunder by the grantee, transferee, lessee, or other successor in interest, and as to State land shall be subject to approval by the Commission and Commissioner.
- 16. EFFECTIVE DATE AND TERM: This agreement upon approval by the Commission and Commissioner shall be deemed to have become effective as of January 1, 1948, and shall terminate two (2) years after each effective date unless and has been or is being injected into the decimal and commissioner upon request of Unit Operator, or if there be no Unit Operator then the owners of the operating interests after notice of intention to request such termination has been served on all parties in interest who are not parties to the request for such termination.
- 17. REGULATION OF DEVELOPMENT AND PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute; provided that the Commissioner is 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, 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.

- 18. DETERMINATIONS BY UNIT OPERATOR AND REVIEW THEREOF: Unit Operator shall determine all matters involved in this agreement for which a different method of determination is not herein established; provided that Operator shall give timely notice of all such determination to all interested parties. including the Commissioner; provided, further, that all such determinations may be reviewed by the Commissioner on his own initiative or on written request of any interested party, notice of any such review to be given to all interested parties, including Unit Operator, within 60 days after receipt of notice of Unit Operator's determination; and provided, further, that any matters so reviewed, on request or consent of Unit Operator, may be submitted to a committee of three competent persons appointed by said Commissioner, one on nomination of Unit Operator, one on nomination of the other interested parties, and the third on nomination of the first two, the cost of such committee to be a cost of operation, and its report (which shall be binding on the committee when concurred in by any two of its members) shall be submitted to said Commissioner, the Unit Operator, and other interested parties; and provided, further, that opportunity shall be given in said review for all interested parties to present their contentions and supporting evidence by written or oral communication to said committee or said Commissioner. and that after consideration of all credible evidence, said Commissioner shall render a reasonable degision based thereon and in conformity therewith, which decision, so made and rendered, shall be final and binding on all parties hereto or consenting hereto.
- 19. BOND: Any Unit Operator shall furnish within 30 days after approval hereof by the Commission and Commissioner or after his selection and maintain at all times thereafter a bond in the penal sum of \$5,000.00 with approved corporate surety, or with deposit of United States Bonds as surety therefor, conditioned upon compliance with the terms of this agreement applicable to him, provided that additional bond may be required at any time deemed necessary by the Commission and Commissioner.
- 20. <u>COUNTERPARTS</u>: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and set opposite their respective names the date of execution and a list of the lands or interests made subject to this agreement.

Date: 5-18-57

- ATTEST:

Assistant Secretary

EL PASO NATURAL GAS COMPANY

Vice President

Date:

ATTEST:

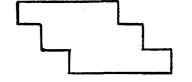
Assistant Secretary

AMERADA PETROLEUM CORPORATION

APPROYED

Vice President

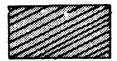
## EXHIBIT "A"



Total Acreage in Area	8520
Committed to Federal Unit	5680
Committed herewith	120
Percent committed including this application	68.1 `



State Lands to be authorized to be included in area.



State Lands committed to this agreement.

Continuental Statem Continuental Statem A Statem Continuental Statem Continuental Statem Continuental Statem Continuental Statem Continuental Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem Statem S	Sul/ Arrett	R. Olsen Oll  Olsen Olsen Olsen Oll  Olsen Olsen Olsen Oll  Olsen Olse	Mumble 11 14 48 18 18 81 21 16 48 21 16 48 21 16 48 21 16 48 21 16 48 21 21 21 21 21 21 21 21 21 21 21 21 21	Other to Stanting Sta	Sulf H
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1 4017 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	gi . Name	R OlsenOffta Anderson Prichard Sta	This are "9 Ainet add %s Columbias Sorb %	Cites   Shell   Shell   Service   State   Stat	US
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BT	EX		7E		O U N
	' U		V		. W

#### EXHIBIT "B"

### AMERADA PETROLEUM CORPORATION lease owner:

 $N/\frac{1}{2}$  NE/ $\frac{1}{4}$  and NE/ $\frac{1}{4}$  NW/ $\frac{1}{4}$  of Sec. 16, Twp. 26 South, Rge. 37 East, Lea County, New Mexico.

# EL PASO NATURAL GAS ( )MPANY

January 19, 1953

Box 1384

Jal, New Mexico

Rhodes Unit File Case 140

New Mexico Oil Conservation Commission Mr. Roy O. Yarborough P. O. Box 2045 Hobbs, New Mexico

Dear Mr. Yarborough:

Pursuant to Rule 701 (b), Rules and Regulations of the New Mexico Oil Conservation Commission, effective January 1, 1950, permission is hereby requested to use the El Paso Natural Gas Company's State A-1 and State Y-1 wells, located in Sec. 16, Twp. 26S, Rge. 37E, NMPM, Lea County, New Mexico, for injection wells.

The following information is respectfully submitted as outlined in Rule 701 (b):

(1.) Plat enclosed

(2.) Yates formation of the Permian system

(3.) The Yates sand is the formation to be affected by injection in both wells.

State A-1, producing interval 2980 to 3310 feet
State Y-1, producing interval 2970 to 3140 feet

(4. & 5.) Enclosed on Form C-105

(6.) Residue gas and gas from gas wells is to be injected at a rate of approximately 4,166 MCFPD. However, this figure will vary widely, depending on sales demands.

(7.) El Paso Natural Gas Company P. O. Box 1492 El Paso, Texas

> El Paso Natural Gas Company P. O. Box 1384 Jal, New Mexico.

> > Very truly yours,

EL PASO NATURAL GAS COMPANY

R. A. Scalapino

R. A. Scalapino Division Geologist



8		9	,			10
El Paso Net Gas Co	E	Paso P	Texas			
		<b>☆</b> I			Dublin	
					Gregory	Texas
		Cag	U.5.	Bates		
Texas	El Paso Nat. Gas	Amerada				Paso Gas Co.
Baker # Taylor	Cities Service	Skelly	El Paso Nat. Gas		<b>∵</b> B″	
/7	1,000		6		Gres	9014
Texas		Flint	Skelly	Service		Paso t. Gas
	Gramb-			El Paso		"B"
Moberly	ling	Not Gas	Service	Not Gos	Ů2 Co	gle
Baker Krupp Taylor Flaherty	Elliott	EI P	aso Nat	. Gas ‡ı	The second secon	Paso t. Gas
•1		herty				
20		2	5	Moberly	RI	hodes 22

EL PASO NATURAL GAS COMPANY

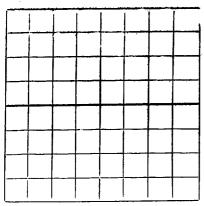
EL PASO, TEXAS

Plat of

RHODES STATE UNIT ACREAGE

SCALE I" = 2000' DATE Jan 16,1953 No.

DRAWN BY E.M. CHECKED BY F.G.B



N.

# NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

C O P Y

WELL RECORD

Mail to District Office, Oil Conservation Commission, to which Form C-101 was sent not later than twenty days after completion of well. Follow instructions in Rules and Regulations of the Commission. Submit in QUINTUPLICATE.

LOCA	AREA 640 ACI	RES RRECTLY	·	ine Com	mssion. Submit in	QUINT OF LICE	X 1 12.	
	Great W	estern Pr	oducers	Inc.		•	State A	
Well No				SE	¼, of Sec16	, T	26S R	37E, NMP
								Coun
								East 1
	_							••
Drilling Con	menced	ctober 1			1937 Drillin	g was Completed	November	5, 193
•								
	<del>-</del>							***************************************
								o be kept confidential ur
		•	-				_	•
				0.	IL SANDS OR Z	ONTES		
NT. 1 f			4					·
•								
•						-		
No. 3, from	······		to		INO. 0	, irom	to	•
				IMPO	RTANT WATER	SANDS		,
					water rose in hole			
•								
ŕ								
No. 3, from				to			feet	
No. 4, from		· 		to			feet	
					CASING RECO	RD		
SIZE	WEIGH PER FO		OR ED	AMOUNT	KIND OF SHOE	CUT AND PULLED FROM	PERFORATIONS	PURPOSE
13"	40			144	None			Water Shut Of
9 <u>-5/8"</u> 7"	40			<u>090</u> 980	Baker Baker			Water Shut Of Oil String
2	4.7			246	Danel			OII String
							•	
	Gran on				AND CEMENT	ING RECORD		
SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. SA OF CEL	MENT	METHOD USED	G	MUD RAVITY	AMOUNT OF MUD USED
$17\frac{1}{2}$	13	160	13	_	Halliburto			
12 8 <b>-</b> 3/4	9 <del>-</del> 5/8	1105 2995	500 250		Halliburto Halliburto			
			RECO	RD OF	PRODUCTION A	AND STIMULAT		
					~	•	· ··· <b>,</b>	
1		•••••••••••	••••••	••••••••	***************************************	***************************************	•••••••••••	
			****************		·····		••••	
				••••••••	······································	***************************************	••••••••••••••••	
					***************************************		•••••	
Result of Pro	duction Stim	ulation					•••••	
								,

Depth Cleaned Out

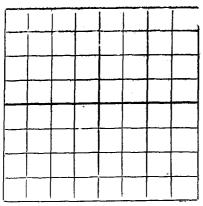
#### RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests .. deviation surveys were made, submit report on se, .. ate sheet and attach hereto

#### TOOLS USED

•			0 feet to 3315 feet to	•			
Cable 100	is were us	c <b>u</b> 110111	PRODUC	•	u nom		icci.
Put to Pr	oducing		, 19				
OIL WE	LL: The	production	n during the first 24 hours was	е	barr	els of liqu	uid of which% was
		_	% was emulsion;			_	
					water,	anu	was seament. A.I.I.
		-		^			
GAS WE			n during the first 24 hours was 50,000	<u>)</u>	I.C.F. plu	S	barrels of
	liqu	iid Hydroca	arbon. Shut in Pressure 1200 lbs.				
Length o	f Time Sh	ut in					
PLE	ASE IND	ICATE B	ELOW FORMATION TOPS (IN CONF	ORMANC	E WITH	GEOGR	APHICAL SECTION OF STATE):
	_		Southeastern New Mexico				Northwestern New Mexico
•			T. Devonian				Ojo Alamo
			T. Silurian		· ·		Kirtland-Fruitland
			T. Montoya			•	Farmington
	-		T. Simpson				Pictured Cliffs
			T. McKee	-			Menefee Point Lookout
-			T. Ellenburger		•		Mancos
-	-		T. Granite				Dakota
			T				Morrison
T. Drin	kard		т			Т.	Penn
T. Tubb	os		T			т.	
T. Abo		<del></del>	T		·····	т.	
T. Penn			T	·····	•	т.	
T. Miss.			FORMATIO			т.	
From	То	Thickness	Formation	From		Thickness	Formation
		in Feet				in Feet	
0 10	10 25	10 15	Surface Soil Caliche	3070	3080		Sand and some lime. GAS odor
25	65	40	Sand and Caliche	3080 3089	3089 3105	9 <b>1</b> 6	Dark colored sand. Base of Y Hard, white dense lime
65	165	100	Sand and Red Bed	3105	3110		Red bed and same sandy lime
165	305	140	Red Bed, sand	3110	3130	20	Hard, flinty, sandy lime and
305 660	1035	355 375	Red Bed Sand and Red bed	27.20	21.50	200	some gray shale
1035	1050	15	Red bed and Shells	3130	3150	20	Gray sand with gas odor and shale streaks
1050	1335	285	Anhydrite	3150	3160	10	White, sandy lime with pyrit
335	1375	40	Salt and streaks of Redbe	1	( -		and shale streaks
.375	2308	<b>93</b> 3	Salt streaked with anyh. and polyhalite	3160	3169	9	Light colored sand with dark
2308	2366	58	Anhydrite	3169	3180	11	stmeaks, gas odor Light colored sandy lime
2366	2557	191	Salt and streaks of any.	3180	3182	1	Dark, sandy shale
2557	2685	128	Anhy. and Shale Streaks	3182	3191	9	White crystalline lime, shale
2685	2714	29	Anhydrite	3191	3203	12	Hard, crystalline, pink-whit
2714	2860	144	Brown sandy lime	2000	2027	٦	shale with calcite crystals
2860 298 <b>0</b>	2980 3000	120 20	Sandy lime and shale White lime stringer in:Yat	3203	3211	8 7	White sandy lime, gas odor
3 <b>0</b> 00	3022	22	Broken lime showing gas	3218	3235	17	Sandy lime/ shale breaks. Oi
3022	3027	5	Shale break	المستر	رزمر	1/	Hard white, broken sandy limbreaks of dark shale/ l" thi
3027	3041	14	Sandy white lime	3235	3245	10	Hard white crystalline lime
3041	3045	4	Light sand with odor of ge	ន			with calcite crystal
3045	3060	15	Light sand with dark street	ks 324	3260	15	Hard white sandy lime. Shale
3060 —	3070	10	Sandy lime with gas odor				breaks more frequent.
		· ·	ATTACH SEPARATE SHEET IF	ADDITION	NAL SPA	CE IS N	EEDED

I hereby swear or affirm that the information given herewith is a as can be determined from available records.	complete and correct record of the well and all work done on it so far
	(Date)
Company or Operator	Address
Nama	Position or Title



Result of Production Stimulation....

## NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico

WELL RECORD^C_P

Mail to District Office, Oil Conservation Commission, to which Form C-101 was sent not later than twenty days after completion of well. Follow instructions in Rules and Regulations of the Commission. Submit in OUINTUPLICATE.

.....Depth Cleaned Out.....

of the Commission. Submit in QUINTUPLICATE. AREA 640 ACRES LOCATE WELL CORRECTLY The Texas Company St. N.M. in. SE 26S R 37E NMPM. Lea County. Rhodes feet from North line and 1270 feet from East If State Land the Oil and Gas Lease No. is..... Name of Drilling Contractor..... OIL SANDS OR ZONES No. 1, from 2970 to 3140 No. 4, from to IMPORTANT WATER SANDS Include data on rate of water inflow and elevation to which water rose in hole. No. 2, from to CASING RECORD WEIGHT PER FOOT NEW OR USED KIND OF SHOE CUT AND PULLED FROM AMOUNT PERFORATIONS PURPOSE SIZE 13" Texas Pattern 40 2031 <u>9-5/8"</u> 36 10981 Baker <u>7"</u> 29731 24 Baker MUDDING AND CEMENTING RECORD SIZE OF HOLE SIZE OF CASING WHERE SET NO. SACKS OF CEMENT METHOD USED MUD GRAVITY AMOUNT OF MUD USED 13" 2181 180 Halliburton 1111' 9-5/8" 450 Halliburton 711 29531 125 Halliburton RECORD OF PRODUCTION AND STIMULATION (Record the Process used, No. of Qts. or Gals. used, interval treated or shot.)

#### RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests ... deviation surveys were made, submit report on se, ... ate sheet and attach hereto

#### TOOLS USED

	ls were use	ed from	0 feet to 3140 feet to	feet, ar	nd from			feet
			PRODUC	CTION				
Put to Pro	oducing		, 19					
OIL WEI	LL: The	production	during the first 24 hours was		baı	rrels of liq	uid of which	% wa
	was	oil;	was emulsion;		.% watei	r; and		ment. A.P.
	Gra	vi <b>ty</b>						
GAS WEI	LL: The	production	during the first 24 hours was 13,700	1	M.C.F. pl	lus		barrels o
	liqu	id Hydroca	rbon. Shut in Pressure900lbs.					
Length o	f Time Sh	ut in						
PLE	ASE IND	ICATE BI	LOW FORMATION TOPS (IN CON	FORMAN	CE WIT	H GEOGE	APHICAL SECTION OF	STATE):
			Southeastern New Mexico				Northwestern New M	exico
T. Anhy			T. Devonian		<b>-</b>	т.	Ojo Alamo	
			T. Silurian			T.	Kirtland-Fruitland	
			T. Montoya			<b>T.</b>	Farmington	
T. Yates	279	5	T. Simpson			т.	Pictured Cliffs	
T. 7 Riv	/ers	•	T. McKee				Menefee	
~			T. Ellenburger				Point Lookout	
-	-		T. Gr. Wash				Mancos	
			T. Granite				Dakota	
			T				Morrison	
			T				renn	
			T					
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			Т.				•••••	
			FORMATIO	T DECC				
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From	То	Thickness in Feet		From	To	Thicknes in Feet	Formation	
From		Thickness in Feet	Formation				Formation	
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0 141 200 270	141 200 270 518	141 59 70 248	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds	From			Formation	
0 141 200	141 200 270	Thickness in Feet  141 59 70	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, She	From			Formation	
0 141 200 270 518	141 200 270 518 1005	141 59 70 248 487	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shell	From			Formation	
0 141 200 270 518	141 200 270 518	141 59 70 248	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, She	From			Formation	
0 141 200 270 518 1005 1030	141 200 270 518 1005 1030 1145 1695	141 59 70 248 487 25 115 550	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shel Shale Shale & Red Rock Anhydrite Salt & Anhydrite	From			Formation	
0 141 200 270 518 1005 1030	141 200 270 518 1005 1030 1145	141 59 70 248 487 25 115	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shel Shale Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite,	From			Formation	
0 141 200 270 518 1005 1030 1145 1695	141 200 270 518 1005 1030 1145 1695 1932	141 59 70 248 487 25 115 550 237	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shel Shale Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite, & Gyp.	From			Formation	
0 141 200 270 518 1005 1030 1145 1695	141 200 270 518 1005 1030 1145 1695 1932	141 59 70 248 487 25 115 550 237 493	Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shel Shale Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite, & Gyp. Salt & Anhydrite	From			Formation	
0 141 200 270 518 1005 1030 1145 1695	141 200 270 518 1005 1030 1145 1695 1932	141 59 70 248 487 25 115 550 237	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shel Shale Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite, & Gyp. Salt & Anhydrite Anhydrite	From			Formation	
0 141 200 270 518 1005 1030 1145 1695 1932 2425 2470	141 200 270 518 1005 1030 1145 1695 1932 2425 2470 2640 2705	141 59 70 248 487 25 115 550 237 493 45 170 65	Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shele Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite, & Gyp. Salt & Anhydrite Anhydrite Salt & Anhydrite Anhydrite Salt & Lime	From			Formation	
0 141 200 270 518 1005 1030 1145 1695 1932 2425 2425 2426 24270 2640	141 200 270 518 1005 1030 1145 1695 1932 2425 2470 2640 2705 2780	141 59 70 248 487 25 115 550 237 493 45 170 65 75	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shel Shale Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite, & Gyp. Salt & Anhydrite Anhydrite Salt & Anhydrite Anhydrite Salt & Lime Brown Lime	From			Formation	
0 141 200 270 518 1005 1030 1145 1695 2425 2470 2640 2705 2780	141 200 270 518 1005 1030 1145 1695 1932 2425 2470 2640 2705 2780 2850	141 59 70 248 487 25 115 550 237 493 45 170 65 75	Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shele Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite, & Gyp. Salt & Anhydrite Anhydrite Salt & Lime Brown Lime Anhydrite, Lime and Sand	From			Formation	
0 141 200 270 518 1005 1030 1145 1695 1425 2425 2470 2640 2705 2780 2850	141 200 270 518 1005 1030 1145 1695 1932 2425 2470 2640 2705 2780 2850 2970	141 59 70 248 487 25 115 550 237 493 45 170 65 75 70 120	Formation  Caliche & Sand Sand & Red Beds Red Beds Sand, Shale, and Red Beds Red Rock, Hard Sand, Shele Shale & Red Rock Anhydrite Salt & Anhydrite Salt, Potash, Anhydrite, & Gyp. Salt & Anhydrite Anhydrite Salt & Lime Brown Lime Anhydrite, Lime and Sand Lime	From			Formation	
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ATTACH SEPARATE SHEET IF	ADDITIONAL SPACE IS NEEDED
I hereby swear or affirm that the information given herewith is a	complete and correct record of the well and all work done on it so fa
as can be determined from available records.	
·	(Date)
Company or Operator	Address
Name	Position or Title

(Cont'd.)

#### FORMATION RECORD

		Thickness	
From	To	in Feet	Formation
3260	3277	17	White sandy lime and gray lime
3277	3285	8	Brown sandy lime
3285	3295	10 .	Light gray lime
3295	33 <b>1</b> 0	15	Broken sandy lime. Breaks carry shale
3310	<b>3</b> 3 <b>1</b> 5	5	Light colored lime and anhydrite

o by do

December 1, 1950

Ir. Warren L. Taylor
Il Paso Natural Gas Company
I. J. Box 1384
Jal, New Maxico

Dear Mr. Taylor:

This is in reply to your letter of November 24, in which you refer to the Rhodes Unit Agreement.

Under Section 18, of the Agreement, you will note the terms under which it becomes effective or terminates. We interpret the requirements to the effect that another hearing will not be necessary, but that the signatures on the various leaseholders must be secured before all the requirements are met.

To summarize, a hearing will not be necessary, the unit is not in full effect without signatures, and the unit carnot be terminated.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier Secretary-Director

RESibu

P.O. Box 1384

Jal, New Mexico

November 24, 1950

Mr. R. R. Spurrier Secretary - Director, Oil Conservation Commission P. O. Box 871 Santa Fe, New Mexico

Dear Mr. Spurrier:

1.

While in your office some six months ago, we reviewed the present status of El Paso Natural Gas Company's application for an order of approval of Rhodes (State) Unit Agreement covering all of Section 16; N1/2 W1/4 of Section 27; N1/2 NE1/4 of Section 28, all in Township 26S, Range 37E, Lea County, New Mexico. This embraces approximately 800 acres which are an integral part of the present Rhodes Unit Area, but which is not included in the original Unit Agreement.

While talking with you about this matter, it was my understanding that the unitization of the above described lands could be effected by acquiring the signatures of a majority of the lessees concerned. Also, if memory serves me correctly, the Agreement bore two (2) signatures, namely El Paso Natural Gas Company and Cities Service Oil Company, thus requiring the signatures of two (2) more lessees to meet the required majority.

I would appreciate your confirmation of the above, or if incorrect, your correct suggestions. Your last order on the subject, order No. 772, dated June 23, 1948, stated that El Paso Natural Gas Company should file with the Commission a copy of the Rhodes (State) Unit Agreement by August 1, 1948. Will a new hearing be required since the required signatures were not obtained by the designated time?

Mr. Cragin's testimony regarding some of the indicated practices is on record, as well as a letter from Mr. L. F. Shiplet, representing The Texas Company, asking for time to study the matter.

Your consideration of the above will be greatly appreciated.

Yours very truly,

EL PASO NATURAL GAS COMPANY

Warren L. Taylor Division Geologist

WLT:jr

#### September 15, 1949

Mr. Warren L. Taylor, Geologist P. O. Box 1384 El Paso Natural Gas Company Jal, New Mexico

Dear Mr. Taylors

As per Mr. Graham's letter to you of September 13, your letter of September 9 to Mr. Shepard has been referred to this office.

In the first paragraph of your letter, you ask permission to use El Paso Natural Gas Company's State A-1 and State Y-1 wells for injection, according to Rule 601 (b).

Apparently you have a copy of our proposed rules and regulations which are at this time under revision and upon which another open hearing will be held on November 1st. Rule 601 (b) is therefore not in effect.

We also note that the Texas Company has not get signed the Rhodes Unit Agreement and they are the lessess in the State land involved. We believe it is necessary that the Texas Company join in this unit agreement before we may grant the permission which you request.

Very truly yours,

STATE OF MEET MEXICO
OIL CONSERVATION CONSISSION

R. R. Spurrier Secretary-Director

RRS: bw

Warren L. Taylor, Geologist Post Office Box 1384 El Paso Watural Gas Company Jal, New Mexico

Dear Mr. Taylor:

This acknowledges receipt of your letter of September 9 in the matter of the El Paso Natural Gas Company's State A-1 and State Y-1 wells for injection wells.

This is to advise that I have handed this correspondence in the matter to the Oil Conservation Commission for reply.

Very truly yours.

GEORGE A. GRAHAM Attorney, State Land Office

GAG/mih cc. Oil Conservation Commission Santa Fe, New Mexico



P. O. Box 1384 Jal, New Mexico

September 9, 1949

RECEIVED STATE LAND OFFICE

SEP 17 11 48 AM 149

CANTA FE, N. 15.

Mr. Guy Shepherd Commissioner of Public Lands State Land Office Santa Fe, New Mexico

Dear Sir:

Permission is hereby requested to use the El Paso Natural Gas Company's State A-l and State Y-l wells for injection wells, according to Rule 601(b), General Rules and Regulations for the Conservation of Oil and Gas in the State of New Mexico. This request will supersede my letter of July 12, 1949.

The following information is respectfully submitted according to Rule 601(b):

Map enclosed.

(2) Yates formation of the Permian system.

The Yates sand is the formation to be affected by injection in both wells. State A-1, 2" upset tubing set at a depth of 3246'. State Y-1, 2" upset tubing set at a depth of 3072'.

- (4) & (5) Logs enclosed.
  (6) Residue gas and gas from gas wells is to be injected at a rate of approximately 50,000 MCF monthly. However, this figure will vary widely, depending on sales demands.
  - (7) El Paso Natural Gas Company P. O. Box 1492 El Paso, Texas

El Paso Natural Gas Company P. O. Box 1384 Jal, New Mexico

Very truly yours.

EL PASO NATURAL GAS COMPANY

Warren L. Taylor

Geologist

Encl. (3) cc: H. F. Steen File

0140



August 3, 1949

El Paso Natural Gas Company Post Office Box 1384 Jal, New Mexico

Attention of Mr. Warren L. Taylor Geologist

Gentlemen:

This acknowledges receipt of your letter of July 12 and July 28, 1949 concerning the Commissioner of Public Lands granting permission to convert two state wells to "input" wells.

The records of this office for the past two years show that return from these two wells in the matter of royalties have been in the neighborhood of \$200 per year each.

With reference to the Rhodes federal unit agreement, the State's lands are within its exterior boundaries, but the only obligation this office has in that unit would be by reason of the so-called recently created Rhodes (state) Unit Agreement, January 1, 1948. By this latter unit agreement and by reference to the records of the State Land Office, it appears that the Texas Company, holder of the lease upon which one well is located, is not a signer of the unit agreement. Therefore, I hope you will take this up with the El Paso office in order that they may advise this office as to the lessee's interest in the uncommitted acreage.

About a year and a half ago, Mr. Cragin discussed some of the indicated practices, but this office understood that The Texas Company was about to commit their acreage.



Commissioner of Public Lands

Box 1384 Jal, New Mexico

MATE LAND OFFICE

July 28, 1949

Mr. Guy Sheppherd State Land Commissioner Santa Fe, New Mexico

Dear Sir:

Kindly advise on my letter of July 12, 1949, by which we requested your permission to use El Paso Natural Gas Company's State A-1 and State Y-1 wells for injection wells under the Rhodes Unit Agreement, approved by the Secretary of Interior on June 29, 1944.

If the previous letter did not reach you, I will be glad to submit the information again.

Yours very truly,

EL PASO NATURAL GAS COMPANY

Warren L. Taylor

Geologist

WLT:pd

Box 1384

Jal. New Mexico

July 12, 1949

In 11 2 1 Ph suc

Mr. Guy Sheppherd State Land Commissioner Santa Fe. New Mexico

Dear Sir:

The purpose of this letter is to request your permission to use the El Paso Natural Gas Company's State A-1 and State Y-1 wells for injection wells under the Rhodes Unit Agreement, approved by the Secretary of Interior on June 29, 1944. The following information is submitted for your consideration:

> State A-1 is located 660' from the S line and 660' from the E line of Sec. 16, T26S, R37E, Rhodes 1 Lace B- 1490 Field, SE Lea County, New Mexico. The elevation of the derrick floor above sea level is 2992 feet. The average production is 3, 000 MCF per month and /948 is produced four days per month.

State Y-1 is located 990' from the E line and 1980' from the N line of Sec 16, T26S, R37E, Rhodes Field, SE Lea County, New Mexico. The elevation of the derrick floor above sea level is 2994 feet. The average production is 3,000 - 5,000 MCF per month and is produced seven days per month.

B-+014

The gas being injected is metered prior to the injection process and is being stored in the Rhodes Pool located in southeast Lea County on which there is no limiting Gas Oil Ratio.

A copy of this letter is being sent to Mr. R. R. Spurrier, State Geologist, Santa Fe, New Mexico.

Very truly yours,

EL PASO NATURAL GAS COMPANY

Warren L. Taylor

Geologist

cc: Mr. R. R. Spurrier File

Box 1384

Jal, New Mexico

July 11, 1949



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

Gentlemen:

This is to inform you that the El Paso Natural Gas Company now has five new injection wells in its Rhodes Unit Area Repressuring Project. Requests for these changes in plans were submitted to the U. S. Geological Survey office in Roswell, New Mexico, and were duly approved by them. The gas being injected is metered prior to the injection process, and is being stored in the Rhodes Pool located in southeast Lea County on which there is no limiting Gas Oil Ratio. Injection was started in these wells the latter part of last month.

Submitted below are the well names and locations, none of which lie on State land.

Cagle A-l 1650' from S line and 1650' from

W line, Sec. 9-T26S-R37E, Lea County,

New Mexico.

Cagle A-2 990' from N line and 1650' from W

line, Sec. 9-T26S-R37E, Lea County,

New Mexico.

Farnsworth C-1 990' from S line and 1650' from W

line, Sec. 4-T26S-R37E, Lea County,

New Mexico.

Moberly B-1 660' from N line and 660' from E line,

Sec. 21-T26S-R37E, Lea County, New Mexico.

Rhodes A-l 990' from N line and 2310' from W line,

Sec. 22-T26-R37E, Lea County, New Mexico.

Yours very truly,

EL PASO NATURAL GAS COMPANY

R. T. Wright

cc: File

El Paso Natural Gas Company

TENTH FLOOR BASSETT TOWER

ACCEIVEL STATE LAND OFFICE

JUL 13 3 11 AM 30

CAGIA CL. N. M.

A. J. HARPER, JR.
SECRETARY AND
TREASURER

El Paso, Texas July 6, 1949

State of New Mexico Oil Conservation Commission Santa fe, New Mexico

Attention: Mr. Guy Shepherd

Re: Rhodes State Unit Agreement - Case No. 140, Order No. 772

#### Gentlemen:

In compliance with provision of the Rhodes State Unit Agreement, we enclose herewith bond in the penal sum of \$5,000.00 conditioned upon compliance with the terms of such agreement.

Very truly yours

AJH:ms Encl

OIL CONSERVATION COMPANIA FE. NEW METERS

JUL 6- 1848

July 6, 1949

MEUEIVEL

OFFICE

JUL 13 & 11 Am 200

AM, A FE. N. M.

VIA ADM MAIL SPECIAL DELIVERY C. A. Simop & Co. Santa Fo, Now Moxico

Contlong

El Paso Natural Gas Co. Rhedes State Unit Agreement \$5,000 Bond USF&C

We are emclosing herewith bond of the El Raso Natural Gas Company, which we would like to have you countersign, and immediately deliver to the Cil Conservation Countesion at Santa Fe. We would also appreciate very much if you would advise us by return air mail that this has been attended to.

Yours very truly,

COLES, ENUNDERS & MOAPEE

CFS:lw

es: Mr. A. J. Harper, Jr. El Raso Natural Gas Co. El Paso, Toxas

> Cil Conservation Commission State of New Mexico Santa Fe, New Mexico

#### January 19, 1949

Mr. E. E. Cragen El Paso Natural Gas Company Tenth Floor - Bassett Tower El Paso, Texas

Dear Mr. Cragan:

Please find enclosed a signed copy of Extension of Time Order, Case No. 140, Order No. 772B, for your records.

The order is effective as of October 25, 1948, granting an extension of 90 days time from that date.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier Secretary and Director

RRS: bw encl.

#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION OF EL PASO NATURAL GAS COMPANY FOR AN EX-TENSION OF TIME TO COMPLY WITH ORDER 772 HERETOFORE ISSUED IN CASE 140.

> CASE NO. 140 ORDER NO. 772B

#### EXTENSION OF TIME

WHEREAS, by Section IV of Order 772, thirty days time was given applicant for filing an executed original of the Rhodes (State) Unit Agreement bearing signatures of a majority of the lessees and:

WHEREAS, the applicant, El Paso Natural Gas Company has been granted an additional 90 days by Order No. 772A but has applied for an additional ninety days, the original 120 days being insufficient to conclude negotiations in the matter of securing signatures to said Rhodes (State) Unit agreement and has made timely application for an extension of 90 days from and after October 25, 1948.

IT IS THEREFORE ORDERED by the Commission that El Paso Natural Gas Company is hereby granted 90 days time from the date hereof within which to comply with Section IV of Order 772 in Case 140.

DONE at Santa Fe, New Mexico, this 25th day of October 1948.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

MEMBER

L. L. Jourral

SECRETARY

## El Paso Natural Gas Company

TENTH FLOOR BASSETT TOWER

El Paso, Texas

October 18, 1948



State of New Mexico Uil Conservation Commission Santa Fe, New Mexico

Gentlemen:

C. C. CRAGIN

VICE PRESIDENT AND GENERAL MANAGER

Reference is made to your Order No. 772, case No. 140, dated June 23, 1948 and particularly to sections IV and VI thereof, and to order No. 772A dated July 28, 1948.

We find that the time extension of 90 days from and after July 27, 1948, in which to secure signatures to the Rhodes (State) Unit Agreement is not sufficient. As stated previously, the ownership of the leases concerned involved four major oil companies, an estate of a deceased person and a partnership of three major oil companies.

The interest owned by the estate has been sold and the parties purchasing such interest have executed the agreement. As to the major oil companies, it has been necessary to negotiate the contracts at several different levels of authority within the respective companies and the matter is now under consideration by a committee prior to submission to their executives for final approval and signature.

We, therefore, request that the time limit set forth in section IV of your Order No. 772 be further extended for a period of ninety days from October 25, 1948.

Yours very truly,

EL PASO NATURAL GAS COMPANY
Operator of Group 1
Unitized Substances of

Unitized Substances of Rhodes Unit Agreement

Vice President

CCC:m

### BEFORE THE OIL COMSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION OF ELPASO NATURAL GAS COMPANY FOR AN EXTENSION OF TIME TO COMPLY WITH ORDER 772 HERETOFORE ISSUED IN CASE 140.

CASE NO. 140 ORDER NO. 772A

#### EXTENSION OF TIME

WHIREAS, by Section IV of Order 772, thirty days time was given applicant for filing an executed original of the Rhodes (State) Unit Agreement bearing signatures of a majority of the lesses and:

WHEREAS, the applicant El Paso Natural Cas Company has found that thirty days time is insufficient to conclude negotiations in the matter of securing signatures to said Rhodes (State) Unit Agreement, and has made timely application for an extension of 90 days from and after July 27, 1948.

IT IS THEREFORE ORDERED by the Commission that El Paso Natural Gas Company is hereby granted 90 days time from the date hereof within which to comply with Section IV of Order 772 in Case 140.

DONE at Santa Fe, New Mexico, this 28th day of July 1943.

STATE OF NEW MEXICO
CIL CONSERVATION CONFISSION

CHATLIMIN

MEMPER

SECRETARY

CLASS OF SERVICE DESIRED				
DOMESTI	c	CABLE		
TELEGRAM		ORDINARY		
DAY	X	URGENT RATE		
SERIAL		DEFERRED		
NIGHT LETTER		NIGHT LETTER		
Patrons should check class of service desired; otherwise the message will be				

ordinary cablegram

- (For reference only)

# WESTERN'' UNION

\$	CHECK
s	ACCOUNTING INFORMATION
F	TIME FILED

number

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to JULY 28 19_48 C. C. CRAGIN Care of or Apt. No. EL PASO NATURAL GAS COMPANY Street and No .. EL PASO, TEXAS ORDER OF TIME EXTENSION IN RHODES STATE UNIT MATTER FOR NINETY DAYS FROM TODAY APPROVED BY OIL COMMISSION. COPY WILL BE MAILED YOU TOMORROW. GEORGE A. GRAHAM OIL CONSERVATION COMMISSION (CHARGE PHONE 2246) Sender's name and address Sender's telephone

State of New Mexico Oil Conservation Commission Santa Fe, New Mexico

Gentlemen:

Reference is made to case 140 order No. 772 dated the 23rd day of June 1948 and particularly to sections IV and VI thereof.

We find that the time limit set forth in aforesaid section IV viz 30 days after the effective date of said order No. 772 or not later than July 31, 1948 does not give us time enough to comply with aforesaid section IV in that the leases involved four major oil companies, an estate of a deceased person and a partnership of three major oil companies.

We, therefore, request that the time limit set forth in said Section IV be extended for a period of ninety days.

Yours very truly

EL PASO NATURAL GAS COMPANY
Operator of Group 1
Unitized Substances of Rhodes
Unit Agreement

Vice Presiden

El Paso Natural Gas Companyor Conservation Commission Santa Fe. New Mexico.

Tenth floor bassett tower

El Paso, Jexas

July 20, 1948

July 20, 1948

New Mexico Oil Conservation Commission Santa Fe, New Mexico

#### Gentlemen:

Pursuant to Section 10 of the Rhodes (State) Unit Agreement, we hand you herewith three copies of Plan of Operation of the Rhodes (State) Unit in Lea County, New Mexico.

Yours very truly,

CCC:m Encl.

#### PLAN OF OPERATION

of the

#### RHODES (STATE) UNIT in Lea County, New Mexico

The operator of Group 1 Unitized Substances, (viz., EL PASO NATURAL GAS COMPANY) of the Rhodes (State) Unit Area, Lea County, New Mexico, under Rhodes Unit Agreement approved by the Oil Conservation Commission of the State of New Mexico on the 23rd day of June, 1948, proposes the following plan of operation for approval of said Commission:

- (1) Operator has contracted with Phillips Petroleum
  Company for 72,000,000 cubic feet of gas per day
  from Phillips' Eunice gaseline absorption plant and
  35,000,000 cubic feet of gas per day from the Warren
  Petroleum Corporation's Monument plant for the life
  of the Eunice and Monument peols, respectively.
  These quantities are on a pressure base of 16.4 lbs.
  per square inch absolute.
- (2) Operator has installed pipe line connections from the aforesaid gasoline plants to its Eunice compressor station and installed sufficient compressor units to compress this gas from 45 lbs., in the case of the Phillips gas, and from 200 lbs., in the case of the Warren gas, to 550 lbs.
- (3) Operator has installed 31.5 miles of 16-inch pipe and 31.5 miles of 30-inch pipe, connecting the discharge

of its Eunice compressor plant with the suction of Operator's 3,600 horsepower Rhodes compressor station.

- (4) Operator's Rhodes compressor station as now constructed has a capacity to inject gas into the Rhodes area (Federal Rhodes Unit and Rhodes (State) Unit) up to 1400 lbs. pressure at the rate of 53,000,000 cubic feet per day.
- (5) Operator's existing gathering lines in the Rhodes area will be used to convey the gas to the various wells for injection.
- (6) Operator has purchased 16 wells in the Rhodes area and drilled one. Included among these wells are two wells in the Rhodes (State) Unit. These wells are to be used for injections and withdrawals.
- gathering facilities up to a capacity of 53,000,000 cubic feet in excess of our market requirements, Operator expects to inject in the Rhodes area approximately 12,000,000,000 cubic feet of gas during the summer months at the rate of 53,000,000 cubic feet per day and withdraw 6,000,000,000 cubic feet during the winter months at the rate of 70,000,000 cubic feet per day, leaving a net injection of approximately 6,000,000,000 cubic feet annually.

EL PASO NATURAL GAS COMPANY (Operator of Group 1

July 20, 1948

y Claam Vice President

LVizad Substances)