

EXHIBIT "B"

HUERFANO UNIT

SAN JUAN COUNTY, NEW MEXICO

PARTICIPATING AREA
PICTURED CLIFFS ZONE

Lessee: Pauline S. MacNaughton
Serial Number: Santa Fe 078001
Lease Description: NW/4, N/2 NE/4 Section 25,
Township 26-N, Range 10-W.
Amount of Acreage: 240.00
Percentage of Participation: 37.5%

There are no overriding royalty interests involved
in the above described leases or portions of leases.

The operating rights on the above described lease,
or portion thereof, are held as follows:

Stanolind Oil and Gas Company 33.937%
Slick-Moorman Oil Company 66.063%

Lessee: Arthur T. Callahan
Serial Number: Santa Fe 080894
Lease Description: S/2 NE/4 of Section 25,
Township 26-N, Range 10-W.
Amount of Acreage: 80.00
Percentage of Participation: 12.5%

There are no overriding royalty interests involved
in the above described leases or portions of leases.

The operating rights on the above described lease,
or portion thereof, are held as follows:

Stanolind Oil and Gas Company 33.937%
Slick-Moorman Oil Company 66.063%

Lessee: Earl Ader, Jr.
Serial Number: Santa Fe 076605
Lease Description: SE/4 of Section 25,
Township 26-N, Range 10-W.
Amount of Acreage: 160.00
Percentage of Participation: 25%

There are no overriding royalty interests involved
in the above described leases or portions of leases.

The operating rights on the above described lease,
or portion thereof, are held as follows:

Stanolind Oil and Gas Company 33.937%
Slick-Moorman Oil Company 66.063%

Lessee:	Rosetta Ader
Serial Number:	Santa Fe 077949
Lease Description:	SW/4 of Section 25, Township 26-N, Range 10-W.
Amount of Acreage:	160.00
Percentage of Participation:	25%

There are no overriding royalty interests involved
in the above described leases or portions of leases.

The operating rights on the above described lease,
or portion thereof, are held as follows:

Stanolind Oil and Gas Company	33.937%
Slick-Moorman Oil Company	66.063%

#195

May 5, 1955

Stanolind Oil and Gas Company
Tulsa, Oklahoma

Re: (Huerfano Unit)
San Juan County,
New Mexico

Gentlemen:

We are in receipt of your Ratification and Joinder Agreement and Unit Operating Agreement, in which your Company commits to the Huerfano Unit its working interest under State Leases:

1. B-11571 covering NE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec 2-T26N-R10W,
Unit Tract 101.
3. E-85-35 covering NE $\frac{1}{4}$ SW $\frac{1}{4}$, Sec 32-T26N-R10W,
Unit Tract 110.
4. E-85-35 Covering SW $\frac{1}{4}$ SW $\frac{1}{4}$, Sec 32-T26N-R10W,

It is our opinion that lot one or the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 2-T26N-R10W, embraced by lease B-11571 assignment number 31, should have expired October 21, 1954 and Lease E-85 assignment number 35, embracing the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 32-T26N-R10W, should have expired February 7, 1955, therefore, none of this acreage could legally be committed to this Unit due to the fact that Ratification and Joinder was not received by this office prior to the expiration date of said leases.

Our Attorney is out of the office and will not return until May 16th, therefore, we are postponing final decision until he is here to advise us upon the legality of our position on this matter.

Very truly yours,

Ted Bilberry
Supervisor Of Oil and Gas Division

cc: N. Mex. Oil Conserva-
tion Commission

TB:mr

STANOLIND OIL AND GAS COMPANY

Tulsa, Oklahoma

MAIN OFFICE 000

SUBJECT: 41-295

April 29, 1955

File: GBJ-41.295

Re: Huerfano Unit
San Juan County,
New Mexico

file

Mr. John Anderson (3)
Regional Oil and Gas Supervisor
United States Geological Survey
Roswell, New Mexico

Dear Sir:

Herewith for Departmental distribution are four copies of Ratification and Joinder of Unit Agreement and Unit Operating Agreement by which this company commits to the Huerfano Unit its working interest under the following State leases, viz:

1. E-11571 covering NE/4 NE/4 2-T26N-R10W, Unit Tract 101.
2. E-331-18 covering SE/4 NE/4 16-T26N-R10W, Unit Tract 105.
3. E-85-15 covering NE/4 SW/4 32-T26N-R10W, Unit Tract 110.
4. E-85-22 covering SW/4 SW/4 32-T26N-R10W, Unit Tract 111.

Also, herewith are four copies of Ratification and Joinder of Unit Agreement executed by Harold Kogan and Matilda Kogan, his wife, committing their overriding royalty interest under Unit Tract 110 and Edward C. Evensen and Hulda E. Evensen, individually committing their interest in Unit Tracts 101, 105 and 111. Stanolind Oil and Gas Company as Unit Operator and Working Interest Owner has noted its consent to the joinders on the instrument.

The State of New Mexico has heretofore committed its royalty interest under these tracts. This ratification by Stanolind is a confirmation of our previous joinder to cover the newly acquired interests.

Yours very truly,

Original
Signed by G. B. JENKINSON

G. B. Jenkinson

JM:dr

Enclosures

cc: New Mexico Oil Conservation Commission
New Mexico Commission on Public Lands
Slick-Moorman Oil Company

COPY

Ratification and Joinder of Unit Agreement
and Unit Operating Agreement

file

This instrument made and executed to be effective as of the 26th day of January, AD 1955, Witnesseth:

In consideration of the Unit Agreement for the Development and Operation of the Huerfano Unit Area, County of San Juan, State of New Mexico, in form approved on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned owner of certain State of New Mexico leases, vis:

1. B-11571-30 covering NE/4 NE/4 2-T26N-R10W (being Tract 101 described in Exhibit "B" to the Unit Agreement)
2. E-331-17 covering SE/4 NE/4 16-T26N-R10W (being Tract 105 described in Exhibit "B" to the Unit Agreement)
3. E-85-34 covering NE/4 SW/4 32-T26N-R10W (being Tract 110 described in Exhibit "B" to the Unit Agreement)
4. E-85-33 covering SW/4 SW/4 32-T26N-R10W (being Tract 111 described in Exhibit "B" to the Unit Agreement)

hereby consents to the inclusion of said lands within the said Unit Agreement, approves and adopts the terms of said Unit Agreement and any modifications thereof approved by the Secretary of the Interior or his duly authorized representative, agrees that the term of said leases are extended and modified to the extent necessary to make the same conform to the term of said Unit Agreement, agrees that the drilling, development, and producing requirements of said leases and other contracts relating thereto shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agrees that payment for or delivery of oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the above described lands regardless of actual production therefrom shall constitute full performance of all such obligations to the undersigned existing under said leases.

For a like consideration, the undersigned does hereby expressly ratify, approve, adopt, confirm, and join in said Unit Operating Agreement to the extent of the undersigned's leasehold interest in the above described lands, and agrees to be governed by all the terms and provisions thereof as a working interest owner, as fully to all intents and purposes as though the undersigned had originally executed said Unit Operating Agreement and all counterparts thereof.

And the undersigned does especially agree to the allocation of cost as set forth in said Unit Operating Agreement and the Exhibits attached thereto.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the undersigned.

ATTEST:

J. W. Howard
Assistant Secretary

STANOLIND OIL AND GAS COMPANY

By *Frank Lindeman*
Vice President

STATE OF OKLAHOMA
COUNTY OF TULSA

On this 14th day of JUNE, 1955, before me appeared FRANK LINDEMAN, JR., to me personally known, who, being by me duly sworn, did say that he is the Vice President of STANOLIND OIL AND GAS COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said FRANK LINDEMAN, JR. acknowledged said instrument to be the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 14th day of JUNE, 1955.

My commission expires:
My Commission Expires October 4, 1955

Maxine M. Adams
Notary Public
Maxine McAdams

Ratification and Joinder of Unit Agreement
and Unit Operating Agreement

In consideration of the Unit Agreement for the Development and Operation of the Huerfano Unit Area, County of San Juan, State of New Mexico, in form approved on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned owner of certain State of New Mexico leases, vis:

1. B-11571 covering NE/4 NE/4 2-T26N-R10W (being Tract 101 described in Exhibit "B" to the Unit Agreement)
2. E-331-18 covering SE/4 NE/4 16-T26N-R10W (being Tract 105 described in Exhibit "B" to the Unit Agreement)
3. E-85-15 covering NE/4 SW/4 32-T26N-R10W (being Tract 110 described in Exhibit "B" to the Unit Agreement)
4. E-85-22 covering SW/4 SW/4 32-T26N-R10W (being Tract 111 described in Exhibit "B" to the Unit Agreement)

hereby consents to the inclusion of said lands within the said Unit Agreement, approves and adopts the terms of said Unit Agreement and any modifications thereof approved by the Secretary of the Interior or his duly authorized representative, agrees that the term of said leases are extended and modified to the extent necessary to make the same conform to the term of said Unit Agreement, agrees that the drilling, development, and producing requirements of said leases and other contracts relating thereto shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agrees that payment for or delivery of oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the above described lands regardless of actual production therefrom shall constitute full performance of all such obligations to the undersigned existing under said leases.

For a like consideration, the undersigned does hereby expressly ratify, approve, adopt, confirm, and join in said Unit Operating Agreement to the extent of the undersigned's leasehold interest in the above described lands, and agrees to be governed by all the terms and provisions thereof as a working interest owner, as fully to all intents and purposes as though the undersigned had originally executed said Unit Operating Agreement and all counterparts thereof.

And the undersigned does especially agree to the allocation of cost as set forth in said Unit Operating Agreement and the Exhibits attached thereto.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the undersigned.

ATTEST:

J. W. Howard
Assistant Secretary

Date:

4-26-55

STANOLIND OIL AND GAS COMPANY

By

F. J. Schempf
Vice President



STATE OF OKLAHOMA)
COUNTY OF TULSA)

On this 26 day of APRIL, 1955, before me appeared F. J. SCHEMPF, to me personally known, who, being by me duly sworn, did say that he is the President of STANOLIND OIL AND GAS COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said F. J. SCHEMPF acknowledged said instrument to be the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 26 day of APRIL, 1955.

My commission expires:

OCT 4 1955

Maxine McAdams
Notary Public
Maxine McAdams



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

C
O
P
Y

P. O. Box 6721
Roswell, New Mexico

April 7, 1955

Stanolind Oil and Gas Company
Oil and Gas Building
Fort Worth, Texas

Gentlemen:

Returned herewith unapproved is the plan of development dated March 29, 1955, for the (Huerfano unit area,) New Mexico, I-Sec. No. 731, for the calendar year 1955. It is noted that the plan provides for the drilling of only two Pictured Cliffs wells during the year 1955.

Your records will show that the unit agreement has now been in effect for nearly five years, having been approved effective as of June 6, 1950, and embraces approximately 63,121 acres. A review of the past development discloses that thirty wells have been drilled on unitized land to the Pictured Cliffs formation and one well has been drilled to the Dakota formation. Twenty-seven of the Pictured Cliffs wells have obtained gas in varying volumes and three have been abandoned. A small volume of gas was obtained in the Dakota well.

In view of the period of time in which the unit agreement has been in existence and the acreage involved, it is the opinion of this office that the development of the unit area to date has been lagging and that an accelerated drilling program should be initiated in order to determine the limits of production as soon as practicable as contemplated under the unit agreement. In this connection, it is noted that relatively large areas within the unit area remain untested.

In view of the foregoing, it is believed that a minimum of fifteen Pictured Cliffs wells should be drilled in the unit area during 1955. At least four of the wells should be located in the larger untested areas.

Accordingly, it is requested that you amend the plan of development to provide for the additional wells herein suggested.

A copy of the subject plan is being retained for our files.

Very truly yours,

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy to: NMOCC ✓

MAIN OFFICE CCC
BUREAU OF LANDS

January 14th, 1955

C
O
P
Y

Stanolind Oil & Gas Company
Oil and Gas Building
Fort Worth, Texas

Re: Huerfano Unit
San Juan County, New Mexico
Revised Plan of Development
for 1954

Gentlemen:

This is to advise that the revised plan of development for the Huerfano Unit for 1954, dated December 24th, 1954 has this date been approved subject to like approval by the United States Geological Survey and by the Oil Conservation Commission.

Very truly yours,


E. S. WALKER,
Commissioner of Public Lands

cc: U. S. Geological Survey
Oil Conservation Commission ✓



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 6721
Roswell, New Mexico

January 4, 1955

Stanolind Oil and Gas Company
Oil and Gas Building
Fort Worth, Texas

Gentlemen:

Receipt is acknowledged of the revised plan of development for 1954, dated December 22, 1954, for the Marfano unit area, New Mexico, I-Sec. No. 731. The revised plan discloses the eleven wells were completed or commenced instead of the seven wells proposed in the original plan of development for the calendar year 1954.

The revised plan is accepted for the record.

A review of the well completions during the year discloses that applications for revisions of the Pictured Cliffs participating area are overdue and that immediate steps should be taken to enlarge the participating area pursuant to section 10 of the unit agreement. Hereafter it is requested that applications for revisions of participating areas be filed within 30 days after completion of wells which justify such revisions.

Your cooperation in this matter will be appreciated.

Very truly yours,

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

Copy to: Cons.Div., Wash., D.C. (w/copy of revised plan)
Farmington (w/copy of revised plan)
H.E.O.C.C., Santa Fe ✓

STANOLIND OIL AND GAS COMPANY

MAIN OFFICE OIL AND GAS BUILDING

C. F. BEDFORD
DIVISION PRODUCTION SUPERINTENDENT

FORT WORTH, TEXAS

December 30, 1954

File: RLH-8546-216.82

Subject: Huerfano Unit Area
San Juan County,
New Mexico

TO ALL WORKING INTEREST OWNERS
(See Addressee List Attached)

Gentlemen:

By their letter dated October 28, 1954, New Mexico Western Oil and Gas Company requested Stanolind as Unit Operator of the subject unit to drill thirty-five specific locations or in the alternative that New Mexico Western Oil and Gas Company be allowed to drill same under the terms and provisions of Section 12 of the Huerfano Unit Agreement.

In our letter dated November 15, 1954, File: RLH-9054-216.82, we balloted all of the working interest owners in the Pictured Cliffs Participating Area to determine whether or not the specified locations should be drilled at the expense of the participating area. Sufficient concurrence for drilling the 35 specified locations was obtained in accordance with the provisions of Section 5 of the Unit Accounting Agreement and accordingly the wells were to have been drilled at the expense of the participating area.

In their letter of December 22, 1954, a copy of which is hereby attached, New Mexico Western Oil and Gas Company has notified the Unit Operator that they wish to withdraw their above-mentioned request. Inasmuch as New Mexico Western no longer wishes to drill the wells at this time and has withdrawn their request, there is no longer sufficient approval under the terms of paragraph 5 of the Unit Accounting Agreement to carry the motion submitted in our letter of November 15, 1954. As a result there 35 specified locations will not be drilled in the manner described in the ballot at this time nor will they be drilled at this time by New Mexico Western Oil and Gas Company. Unless New Mexico Western or some other operator requests additional development under the terms of the Unit Agreements, the Unit Operator will follow the drilling program outlined in the Plan of Development for 1955 which is to be submitted in the near future for approval by appropriate regulatory bodies.

Yours very truly,

RLH/jl
Attachment



cc: U. S. Geological Survey
Commissioner of Public Lands
New Mexico Oil Conservation Commission

NEW MEXICO WESTERN OIL AND GAS COMPANY

1501 MERCANTILE BANK BUILDING
DALLAS 1, TEXAS

December 22, 1954

Mr. C. F. Bedford
Division Production Superintendent
Stanolind Oil and Gas Company
Oil and Gas Building
Fort Worth, Texas

Re: Huerfano Unit Area
San Juan County, New Mexico

Dear Mr. Bedford:

By notice dated October 28, 1954, New Mexico Western Oil and Gas Company tendered its request that thirty-five Pictured Cliffs wells be drilled by Stanolind Oil and Gas Company as Unit Operator under the captioned unit or, in the alternative, that New Mexico Western Oil and Gas Company be allowed to drill same under the terms and provisions of Section 12 of the Huerfano Unit Accounting Agreement; reference is here made to said letter for a complete description of the location of each of such wells. By letter dated November 15, 1954, Stanolind Oil and Gas Company requested the approval and disapproval of all working interest owners within the Huerfano Unit Area of the drilling of each of the wells requested in our letter to you dated October 28, 1954.

Pursuant to our several recent conversations with reference to the drilling of the above referred to wells we wish to advise that we wish to withdraw the request and notice given in our letter to you dated October 28, 1954 provided that this notice of withdrawal shall not be interpreted as waiving or prejudicing New Mexico Western's right and privilege to hereafter renew its said request that the aforesaid wells be drilled.

Yours very truly,

NEW MEXICO WESTERN OIL AND GAS COMPANY

By

President

JGT:ed

HUERFANO UNIT WORKING INTEREST OWNERS

C. V. Lyman
P. O. Box 1141
Midland, Texas

Sunland Refining Corporation
East and California Avenues
Fresno, California
Attention: Mr. G. A. Olsen

Miss Lucille Pipkin
P. O. Box 1174
Roswell, New Mexico

John A. Daniel
Rutledge Pike
Knoxville, Tennessee

Harold Kogan
345 - 15th Avenue
San Francisco, California

William C. Johnston, Estate
2903 First National Bank Bldg.
Oklahoma City, Oklahoma
Attention: Wm. T. Payne, Executor

New Mexico Western Oil & Gas Company
1501 Mercantile Bank Building
Dallas, Texas
Attention: Mr. J. Glenn Turner

Three States Natural Gas Company
Corrigan Tower
Dallas, Texas

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

H. K. Riddle
P. O. Box 1055
Albuquerque, New Mexico

Brookhaven Oil Company
P. O. Box 644
Albuquerque, New Mexico

B A L L O T

In accordance with the provisions of Section 5 of the Huerfano Unit Accounting Agreement, the undersigned hereby votes as follows on the drilling of Pictured Cliffs wells by Stanolind Oil and Gas Company, as Unit Operator of the Huerfano Unit, at the locations set forth below, as extension wells drilled at the cost and expense of the working interest owners within the Pictured Cliffs Participating Area:

SW/4, Section 5, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 5, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 6, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 6, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 7, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 7, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 8, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NW/4, Section 8, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 8, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 9, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 9, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 17, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 17, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NW/4, Section 17, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 17, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 21, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 21, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NW/4, Section 21, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 23, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 23, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 26, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 26, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NW/4, Section 26, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 26, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 27, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NE/4, Section 27, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
NW/4, Section 27, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 27, T-26-N, R-9-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 8, T-26-N, R-10-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 9, T-26-N, R-10-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 10, T-26-N, R-10-W, N.M.P.M.	For	Against	(Strike one)
NW/4, Section 1, T-26-N, R-11-W, N.M.P.M.	For	Against	(Strike one)
SW/4, Section 1, T-26-N, R-11-W, N.M.P.M.	For	Against	(Strike one)
SE/4, Section 1, T-26-N, R-11-W, N.M.P.M.	For	Against	(Strike one)
NW/4, Section 33, T-27-N, R-11-W, N.M.P.M.	For	Against	(Strike one)

COMPANY _____

BY _____

DATE _____

ADDRESSEE LIST

HUERFANO UNIT

New Mexico Western
1501 Mercantile Bank Building
Dallas 1, Texas

El Paso Natural Gas Company
10th Floor Bassett Tower
El Paso, Texas

William F. Payne, Executor
Estate of Wm. G. Johnston, Dec.
2813 First National Bank Building
Oklahoma City, Oklahoma