

TEW:AW
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EXECUTED COPY

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
WILLIAMS UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 20th day of January, 1955,
by and between the parties subscribing, ratifying, or consenting hereto,
and herein referred to as the "parties hereto",

W I T N E S S E T H:

WHEREAS, the parties hereto are the owners of working, royalty or
other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New
Mexico is duly authorized by law to consent to and approve the development or
operation of State lands under agreements made by lessees of State land
jointly or severally with other lessees where such agreements provide for
the unit operation or development of part of or all of any oil or gas pool,
field or area, and to amend with the approval of the lessee, any oil and gas
lease embracing State lands so that the length of the term of said lease, in
so far as it applies to unitized lands, may coincide with the term of such
agreements for the unit operation and development of part of or all of any
oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico
(hereinafter referred to as the "Commission") is duly authorized by law to
approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the
Williams Unit Area covering the land hereinafter described to give reasonably
effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural
resources, prevent waste, and secure other benefits obtainable through develop-
ment and operation of the area subject to this agreement under the terms, condi-
tions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises
herein contained, the parties hereto commit to this agreement their respec-
tive interests in the below defined unit area and agree severally among

themselves as follows:

1. UNIT AREA. The following described land is hereby designated and recognized as constituting the unit area:

All of Sections 8 and 17, T-16-S, R-34-E, N.M.P.M.
Lea County, New Mexico, containing 1280 acres, more
or less.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

The interest in the name of Mabee Royalties, Inc. on said Exhibit "B", is beneficially owned $3/4$ undivided interest by Mabee Royalties, Inc., and $1/4$ undivided interest by W. A. Yeager et ux Patsy Goss Yeager, and J. M. Armstrong et ux Mary Lee Armstrong. Said parties join herein to show their agreement and consent to all the terms hereof.

The above described unit area shall, when practicable, be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement. Such expansion shall be effected in the following manner.

(a) Unit Operator, on its own motion or on demand of the Commissioner shall prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Commissioner and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Commissioner evidence of mailing of the notice of expansion and a copy of any objections thereto which have been filed with the Unit Operator.

(d) After due consideration of all pertinent information, the expansion shall, upon approval by the Commissioner, become effective as of the date prescribed in the notice thereof; provided, however, that if any working interest owner or owners in the Unit object to such expansion, the Unit will not then be expanded.

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

2. **UNITIZED SUBSTANCES.** All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. **UNIT OPERATOR.** Shell Oil Company, a Delaware Corporation, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

4. **RESIGNATION OR REMOVAL OF UNIT OPERATOR.** Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor Unit Operator has been selected and approved in the manner provided for in Article 5 of this agreement. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit Operator may be subject to removal by the same percentage vote

of the owners of working interests determined in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the Commissioner.

The resignation or removal of the Unit Operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator; provided that, so long as there are more than two parties who own working interests in unitized land, if any party owns the working interest in land comprising more than 50% of the acreage included in the Unit, the vote of such party shall not control without the concurring vote of one additional working interest owner, and, if there is no such concurring vote, the vote of any two or more of the other parties who own a majority of the working interest in the unitized land remaining after deducting the interest of the party owning more than 50% of the total unit acreage shall control. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this article, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Unit Agreement, and in case of any inconsistencies or conflict between this Unit Agreement and the Operating Agreement this Unit Agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY. After the effective date hereof and on or before May 1, 1955, the Unit Operator shall commence operations upon a test well for oil and gas located in the approximate center of the Southwest Quarter (SW $\frac{1}{4}$) of the Southeast Quarter (SE $\frac{1}{4}$) of Section 8, Township

16 South, Range 34 East, and shall drill said well with due diligence to a depth of 14,350 feet, or to a depth sufficient in the opinion of Unit Operator, to test the Siluro-Devonian formation, whichever is the shallower, or until at a lesser depth, unitized substances shall be discovered which can be produced in paying quantities, or until it shall in the opinion of the Unit Operator be determined that the further drilling of said well shall be unwarranted or impracticable. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities, Unit Operator shall continue drilling diligently one well at a time allowing not more than six months between the completion of one well and the beginning of the next well until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Failure to comply with the drilling provisions of this article shall automatically terminate this agreement as to all its terms, conditions and provisions and all rights, privileges and obligations granted by this Unit Agreement shall cease and terminate as of the date of any such default.

9. PARTICIPATION AND ALLOCATION AFTER DISCOVERY. All unitized substances produced from the unit area, except any part thereof used within the unit area for production or development purposes, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land, and for the purpose of determining any benefits accruing under this agreement in such unitized substances and the distribution of the royalty payable to the State of New Mexico each such tract

shall have allocated to it such percentage of such production as its area bears to the entire unitized area. Production of unitized substances from the unit area shall be so allocated regardless of whether or not any particular tract has a well thereon.

Notwithstanding any provision contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

10. ROYALTY AND RENTAL PAYMENT. All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the Unit Operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If the Unit Operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that, such withdrawal shall be at such time as may be provided in a plan of operations consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

11. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

12. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement.

13. LEASES AND CONTRACTS CONFORMED AND ~~EXTENDED~~ IN SO FAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, sub-leases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall, upon approval hereof by the Commissioner be and the same are hereby expressly modified and amended in so far as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the length of the secondary term as to lands within such area will be extended in so far as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the lessee, shall, without further action of the Commissioner or the lessee, be effective to conform the provisions and extend the term of such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement in so far as it applies to lands within the unitized area, shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws shall continue in full force and effect thereafter. The commencement, completion, operation or production of a well on any part of unitized land

shall be respectively construed and considered as the commencement or completion or operation or production of a well within the terms and provisions of each of the oil and gas leases to the same extent as though such commencement, completion, operation or production was carried on, conducted and/or obtained from any such leased tract.

Any lease having only a portion of its lands committed hereto shall be segregated as to the portion committed and to the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if unitized substances are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same as to all lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of unitized substances, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as unitized substances in paying quantities are being produced from any portion of said lands.

14. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance, of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working, royalty or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished

with the original, photostatic or certified copy of the instrument of transfer.

15. **EFFECTIVE DATE AND TERM.** This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. As provided in Article 8 hereof, the failure to comply with the drilling provisions of this Unit Agreement shall as of the date of any such default automatically terminate this Unit Agreement.

16. **RATE OF PRODUCTION.** All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

17. **APPEARANCES.** Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings relative to operations pending before the Commissioner or Commission; provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

18. **NOTICES.** All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if given in writing and personally delivered to the party or sent by postpaid

registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

19. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

20. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

21. COUNTERPARTS. This agreement may be executed in any number of counterparts no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and

effect as if all such parties had signed the same document.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed on the respective dates set opposite their signatures.

ATTEST:
R. P. Doughton
Assistant Secretary

Address: Petroleum Building
Midland, Texas

Date: April 11, 1955

SHELL OIL COMPANY
By J. E. Clark
Vice President

UNIT OPERATOR

WORKING INTEREST OWNERS

ATTEST:
Edna L.
Assistant Secretary

Address: Bartlesville, Oklahoma

Date: April 6, 1955

PHILLIPS PETROLEUM COMPANY
By Edna
Vice President

*John A.K.
L.A.W.
4/11/55*

ATTEST:

Assistant Secretary

Address: _____

Date: _____, 1955

THE OHIO OIL COMPANY
By _____
Vice President

ATTEST:

Secretary

Address: _____

Date: _____, 1955

MABEE ROYALTIES, INC.
By _____
President

J. M. Armstrong

Address: _____

Date: _____, 1955

W. A. Yeager

Address: _____

Date: _____, 1955

Mary Lee Armstrong

Address: _____

Date: _____, 1955

Patsy Goss Yeager

Address: _____

Date: _____

effect as if all such parties had signed the same document.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed on the respective dates set opposite their signatures.

ATTEST: SHELL OIL COMPANY

Assistant Secretary _____ By _____
 Vice President

Address: Petroleum Building
 Midland, Texas

Date: _____, 1955 UNIT OPERATOR

WORKING INTEREST OWNERS

ATTEST: PHILLIPS PETROLEUM COMPANY

Assistant Secretary _____ By _____
 Vice President

Address: Bartlesville, Oklahoma

Date: _____, 1955

ATTEST: THE OHIO OIL COMPANY

Assistant Secretary [Signature] By [Signature]
 Vice President

Address: P. O. Box 552
 Midland, Texas

Date: March 31, 1955

[Stamp]
[Signature]

ATTEST: MABEE ROYALTIES, INC.

Secretary _____ By _____
 President

Address: _____

Date: _____, 1955

J. M. Armstrong
 Address: _____
 Date: _____, 1955

W. A. Yeager
 Address: _____
 Date: _____, 1955

Mary Lee Armstrong
 Address: _____
 Date: _____, 1955

Patsy Goss Yeager
 Address: _____
 Date: _____

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

Before me, the undersigned authority, on this the _____ day of _____, 1955, appeared J. E. Clark, to me personally known, who, being by me duly sworn, did say that he is Vice President of SHELL OIL COMPANY, that the seal affixed to said instrument is the corporate seal of said corporation, that same was signed and sealed in behalf of said corporation by authority of its Board of Directors, and he acknowledged said instrument to be the free act and deed of said corporation, same having been executed by him for the purposes and consideration therein expressed and in the capacity therein stated.

Witness my hand and official seal the day and year last above written.

My Commission expires:

Notary Public in and for Midland
County, Texas

STATE OF _____)
)
COUNTY OF _____)

On this _____ day of _____, 1955, before me appeared _____, to me personally known, who, being by me duly sworn did say that he is the Vice President of PHILLIPS PETROLEUM 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 _____ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal the day and year last above written.

My Commission expires:

Notary Public in and for _____
County, _____

STATE OF OHIO)
)
COUNTY OF HANCOCK)

On this 31st day of March, 1955, before me appeared _____, to me personally known, who, being by me duly sworn did say that he is the Vice President of THE OHIO OIL 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 _____ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal the day and year last above written.

~~My Commission expires:~~
M. E. SORENSON
NOTARY PUBLIC, HANCOCK COUNTY, OHIO
MY COMMISSION EXPIRES JUNE 20, 1956

M. E. Larson

Notary Public in and for Hancock
County, Ohio

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

Before me, the undersigned authority, on this the 11 day of April, 1955, appeared J. E. Clark, to me personally known, who, being by me duly sworn, did say that he is Vice President of SHELL OIL COMPANY, that the seal affixed to said instrument is the corporate seal of said corporation, that same was signed and sealed in behalf of said corporation by authority of its Board of Directors, and he acknowledged said instrument to be the free act and deed of said corporation, same having been executed by him for the purposes and consideration therein expressed and in the capacity therein stated.

Witness my hand and official seal the day and year last above written.

My Commission expires:

June 4, 1955

Jean Akins
Notary Public in and for Midland

Jean Akins
Notary Public in and for
Midland County, Texas

STATE OF Oklahoma)
)
COUNTY OF Washington)

On this 6 day of April, 1955, before me appeared P.O. Stark, to me personally known, who, being by me duly sworn did say that he is the Vice President of PHILLIPS PETROLEUM 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 P.O. Stark acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal the day and year last above written.

My Commission expires:

12-29-57

Nadun Shelton
Notary Public in and for Washington
County, Oklahoma

STATE OF _____)
)
COUNTY OF _____)

On this _____ day of _____, 1955, before me appeared _____, to me personally known, who, being by me duly sworn did say that he is the Vice President of THE OHIO OIL 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 _____ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal the day and year last above written.

My Commission expires:

Notary Public in and for _____
County, _____

STATE OF _____)
COUNTY OF _____)

On this _____ day of _____, 1955, before me appeared _____, to me personally known, who, being by me duly sworn did say that he is the _____ President of MABEE ROYALTIES, INC., 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 _____ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal the day and year last above written.

My Commission expires:

Notary Public in and for _____
County, _____

STATE OF Texas)
COUNTY OF Winn)

On this the 7th day of April, 1955, before me personally appeared W. A. Yeager and Patsy Goss Yeager, his wife, to me personally known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

My Commission expires:
June 1, 1955

Notary Public in and for _____
County, _____

STATE OF Texas)
COUNTY OF Winn)

On this the 7th day of April, 1955, before me personally appeared J. M. Armstrong and Mary Lee Armstrong, his wife, to me personally known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

My Commission expires:
June 1, 1955

Notary Public in and for _____
County, _____

TR. AM
3/21/55
M-9-55

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. _____
ORDER NO. _____

THE APPLICATION OF SHELL OIL COMPANY
FOR APPROVAL OF THE WILLIAMS UNIT AGREEMENT
EMBRACING 1,280 ACRES IN LEA COUNTY, NEW
MEXICO, WITHIN TOWNSHIP 16 SOUTH, RANGE 34
EAST, N.M.P.M.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock AM on FEB 16, 1955
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, here-
inafter referred to as the "Commission."

NOW, on this the 14th day of April, 1955 the Commission, a quorum being
present, having before it for consideration the testimony adduced at the hearing
of said case and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law the
Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the proposed unit plan will in principle tend to promote the
conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

WILLIAMS UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as
the Williams Unit Agreement, and shall hereafter be referred to as the "Project."

(b) That the plan by which the Project shall be operated
shall be embraced in the form of a unit agreement for the development and opera-
tion of the Williams Unit Area referred to in the Petitioner's petition and
filed with said petition, and such plan shall be known as the Williams Unit
Agreement Plan.

SECTION 3. That the Williams Unit Agreement Plan shall be, and hereby
is, approved in principle as a proper conservation measure; provided, however,
that notwithstanding any of the provisions contained in said unit agreement this
approval shall not be considered as waiving or relinquishing in any manner any
right, duties or obligations which are now, or may hereafter, be vested in the
New Mexico Oil Conservation Commission by law relative to the supervision and
control of operations for exploration and development of any lands committed
to said Williams Unit Agreement, or relative to the production of oil or gas
therefrom.

CERTIFICATE OF APPROVAL
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW
MEXICO OF UNIT AGREEMENT FOR DEVELOPMENT AND
OPERATION OF WILLIAMS UNIT AREA, LEA COUNTY,
NEW MEXICO.

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Williams Unit Area, Lea County, New Mexico, dated the 20th day of January, 1955, in which Shell Oil Company is designated as Operator and which has been executed by various parties owning and holding oil and gas leases embracing lands within the Unit Area 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 operations proposed, the State and each State beneficiary institution will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the agreement is in other respects for the best interest of the State;
- (d) That the agreement provides for the unit operation of the field, for the allocation of production, 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 Sections 1 and 3, Chapter 88 of the laws of the State of New Mexico, 1943, as amended by Sec. 1 of Chapter 162, Laws of 1951, 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 said Agreement, as to the lands of the State of New Mexico included in said Williams Unit Agreement, and all leases embracing lands of the State of New Mexico committed to said Unit Agreement shall be and the same are hereby amended to conform with the terms thereof and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid Sections 1 and 3, Chapter 88 of the New Mexico Session Laws of 1943, as amended by Sec. 1 of Chapter 162, Laws of 1951.

EXECUTED THIS 14 day of April, 1955.



Commissioner of Public Lands of the
State of New Mexico

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS IN ALL LAND IN THE
WILLIAMS UNIT AGREEMENT

TRACT NO.	DESCRIPTION	NO. OF ACRES	LEASE NO. AND EXPIRATION DATE OF LEASE	LAND OWNER	RECORD OWNER OF LEASE
1	W-1/2 of Section 17, T-16-S, R-34-E, N.M.P.M.	320	E-913-1 7-10-56	State of New Mexico	Shell Oil Company
2	W-1/2 of Section 8, T-16-S, R-34-E, N.M.P.M.	320	E-1079-1 11-12-56	State of New Mexico	Shell Oil Company
3	SE-1/4 of Section 17, T-16-S, R-34-E, N.M.P.M.	160	E-1127 12-10-56	State of New Mexico	The Ohio Oil Company
4	SE-1/4 of Section 8, T-16-S, R-34-E, N.M.P.M.	160	E-1186 2-10-57	State of New Mexico	Phillips Petroleum Company
5	NE-1/4 of Section 17, T-16-S, R-34-E, N.M.P.M.	160	E-1240-1 3-10-57	State of New Mexico	Shell Oil Company
6	W-1/2 of NE-1/4 of Section 8, T-16-S, R-34-E, N.M.P.M.	80	E-1386-3 7-10-57	State of New Mexico	Mabee Royalties, Inc.
7	E-1/2 of NE-1/4 of Section 8, T-16-S, R-34-E, N.M.P.M.	80	E-8265-1 6-15-64	State of New Mexico	Shell Oil Company

RECAPITULATION OF OWNERSHIP

NAME	ACRES	PERCENTAGE OWNED
Shell Oil Company	880	68.75
Phillips Petroleum Company	160	12.50
The Ohio Oil Company	160	12.50
Mabee Royalties, Inc.	80	<u>6.25</u>
	1,280	100.00%

