

SCHEDULE I
INITIAL PARTICIPATING AREA FOR THE SILURO-DEVONIAN ZONE
GREENWOOD PRE-GRAYBURG UNIT

<u>Tract Number</u>	<u>Description</u>	<u>Number of Acres</u>	<u>Ownership</u>	<u>Participating Area & Percentage</u>	<u>Percentage Committed To Unit</u>	<u>Present Actual Participation</u>
Pt. 4A	<u>T-18-S, R-31-E</u> <u>N/2 NE/4 Sec. 34</u>	80.00	Royalty O.R.R.I. Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp.	5.00% 12.50% 5.00% 38.75% 38.75%	5.000% 9.125% 5.000% 38.750% 38.750%	5.55555%
Pt. 4B	<u>T-18-S, R-31-E</u> <u>S/2 NE/4 Sec. 34 and</u> <u>NW/4 Sec. 35</u>	240.00	Royalty O.R.R.I. Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp.	5.00% 7.50% 10.00% 38.75% 38.75%	5.00% 6.00% 5.00% 38.75% 38.75%	16.66667%
Pt. 5A	<u>T-18-S, R-31-E</u> <u>W/2 Sec. 26 and All</u> <u>Sec. 27</u>	960.00	Royalty Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp.	12.50% 11.00% 38.25% 38.25% 100.00%	12.50% 5.00% 38.25% 38.25% 94.00%	66.66667
Pt. 5B	<u>T-18-S, R-31-E</u> <u>NW/4 Sec. 34</u>	160.00	Royalty O.R.R.I. Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp.	12.50% 5.00% 5.00% 38.75% 38.75% 100.00%	12.500% 3.125% 5.000% 38.750% 38.750% 98.125%	11.11111%
Total Initial Participating Area		1440.00				100.00000%

R E C A P I T U L A T I O N

Description of Lands in Participating Area: T-18-S, R-31-E: W/2 Sec. 26, All Sec. 27, N/2 Sec. 34, and NW/4 Sec. 35
Total Number of Acres in Participating Area 1140
Total Number of Acres Committed in Participating Area 1140
Total Number of Acres Not Committed in Participating Area -0-
Percent of Basic Royalty Committed 100.000
Percent of Working Interest Committed 100.000

PAN AMERICAN PETROLEUM CORPORATION

(FORMERLY STANLIND OIL AND GAS COMPANY)

OIL AND GAS BUILDING

FORT WORTH, TEXAS

E. V. HEWITT
DIVISION PRODUCTION SUPERINTENDENT

July 3, 1957

File: KJB-4661-416

Subject: Greenwood Pre-Grayburg Unit
Eddy and Lea Counties, New
Mexico, Corrections to Exhibit
"A" and "B"

Director (6)
United States Geological Survey
Department of the Interior
Washington, 25, D. C.

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Oil Conservation Commission of (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

All Committed Working Interest Owners
in Unit Area
(See Attached Addressee List)

Gentlemen:

Our attention has been invited to an error on Exhibit "A" and an omission on Exhibit "B" to the Greenwood Pre-Grayburg Unit Agreement which was approved April 23, 1956.

On Exhibit "A" Lot 4, & SW/4 NW/4, Section 3, T-19-S, R-31-E, is shown as being Part of Tract 11 whereas it is actually a part of Tract 12.

On Exhibit "B" the description of Tract 10 failed to include the S/2 NE/4, Section 11, T-19-S, R-31-E, and NW/4 NW/4, Section 12, T-19-S, R-31-E which acreage is a part of Tract 10.

We are attaching a corrected Exhibit "A" and Page 5 of Exhibit "B" and will appreciate your inserting them in your copy of the Unit Agreement.

Yours very truly,



FAM:lj
Attachment

MAILING LIST OF COMMITTED WORKING INTEREST OWNERS
GREENWOOD PRE-GRAYBURG UNIT
LEA AND EDDY COUNTIES, NEW MEXICO

Buffalo Oil Company
First National Bank Building
Tulsa 3, Oklahoma
Attn: Mr. Paul Conner

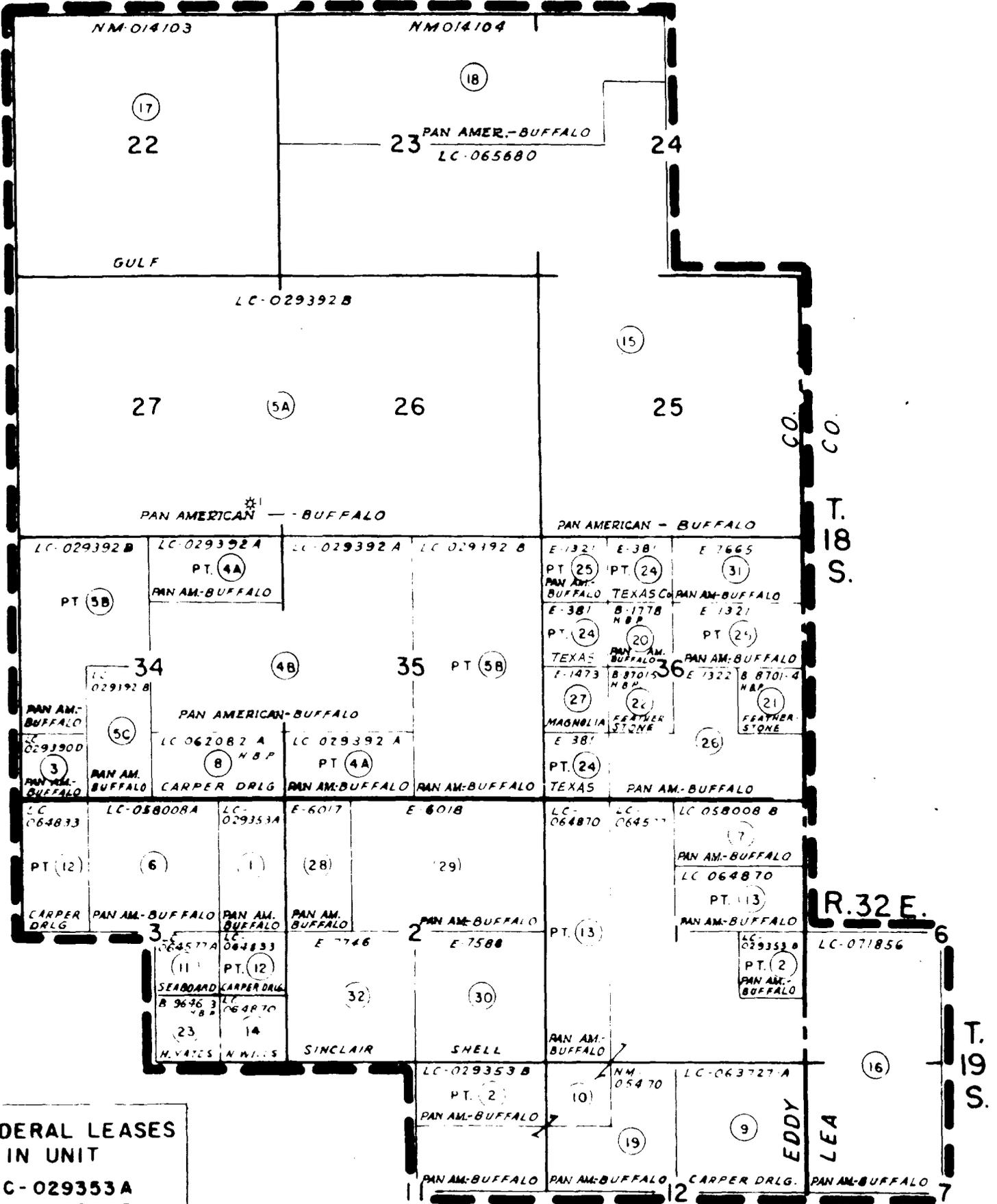
Mr. O. F. Featherstone
200 South Pennsylvania
Roswell, New Mexico

Magnolia Petroleum Company
P. O. Box 900
Dallas 21, Texas
Attn: Mr. James R. January

Sinclair Oil and Gas Company
Fair Building
Fort Worth, Texas

The Texas Company
Continental Life Building
Fort Worth, Texas
Attn: Mr. E. P. Munson, Jr.

R. 31 E.



FEDERAL LEASES IN UNIT

- LC-029353A
- LC-029353B
- LC-029390D
- LC-029392A
- LC-029392B
- LC-058008A
- LC-058008B
- LC-062082A
- LC-063727A
- LC-064577
- LC-064577A
- LC-064833
- LC-064870
- LC-065680
- LC-071856
- NM-014103
- NM-014104
- NM-05470

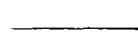
-  FEDERAL LAND
-  STATE LAND
-  UNIT BOUNDARY
-  TRACT BOUNDARY
-  TRACT NUMBER

EXHIBIT "A"
 TO ACCOMPANY
GREENWOOD PRE-GRAYBURG UNIT AGREEMENT
 EDDY AND LEA COUNTIES, NEW MEXICO
 SCALE: 2"=1 MILE
 (Corrected to 7-12-57)

Tract No.	Description	No. of Acres	Serial No. Las Cruces & Date of Lease	Land Owners & Percentage of Royalty	Record Owner of Lease or Application	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
6	T-19S-R-31E Sec. 3: Lot 2 and 3, SF/4 NW/4, SW/4 NE/4	159.40	058008-(a) 1-20-39	USA-5%	Keohane, Inc., et al 1/2 of 95% Woodlan P. Saunders- 1/16 of 95% Elyse Saunders Pat- terson-7/48% of 95% Sue Saunders Graham- 7/48% of 95% Sally Ann Saunders Toles-7/48% of 95%	7.5% ORR owned as follows: Albuquerque Nat'l. Bank and Samuel H. Marshall Anc. Executors under the will of F. A. Andrews-1% Nellie W. Day-3% Ernest A. Hanson-1% L. R. Simon-1% Charles J. Grayson-1/4 of 1% J. K. Wallingford-5/8 of 1% M. E. Baish-5/8 of 1% 5% ORR owned as follows: Keohane, Inc.-2-1/2% Woodlan P. Saunders-5/16% Elyse Saunders Patterson-35/48% Sally Ann Saunders Toles-35/48% Sue Saunders Graham-35/48%	Stanolind 41.25%* Buffalo 41.25%
7	Sec. 1: Lots 1 and 2	79.97	058008-(b)	USA-12-1/2%	Frank Bezoni	\$1,000. per acre production payment payable out of 4% owned by C. E. Roach	Stanolind-41.75 to 43.75%* Buffalo-41.75 to 43.75%
8	T-18S-R-31E Sec. 34: S/2 SE/4	80.00	062082-(a) 12-1-48	USA-5%	Carper Drilling Co.	W. H. Coulthard-7-1/2% C. E. Hinkle-6-1/4%	Carper Drilling Co. - 81.25%
9	T-19S-R-31E Sec. 12: NE/4	160.00	063727-A 12-1-48	USA-12-1/2%	Carper Drilling Co.	5% ORR owned as follows: Harold T. Kelly-2-3/4% Harry Leonard-2-1/4%	Carper Drilling Co. - 82.50%
10	Sec. 1: Lot 3, SE/4 NW/4, E/2 SW/4, SE/4 S/4, W/2 SE/4	399.96	064577-B 2-1-48	USA-12-1/2%	Frank Bezoni	\$1,000. per acre production payment payable out of 4% owned by Beulah I. Hanson et vir, Ernest A. Hanson	Stanolind-41.75% to 43.75%* Buffalo-41.75% to 43.75%
11	Sec. 3: NW/4 SE/4	40.00	064577-A 2-1-48	USA-12-1/2%	J. H. Woods	Beulah Irene Hanson-3%	Seaboard Oil Company - 84.5%

June 3, 1957

In reply refer to:
Unit Division

Pan American Petroleum Corporation
Oil and Gas Building
Fort Worth, Texas

Re: Greenwood Pre-Grayburg
Unit Agreement

Attention: Mr. E. V. Hewitt

Gentlemen:

We are enclosing one copy of Notice of Discovery and Request for Approval of Initial Participating Area for the Siluro-Devonian zone for the Greenwood Pre-Grayburg Unit Agreement, which has been approved by the Commissioner of Public Lands June 3, 1957.

This Participating Area shall become effective as of February 10, 1957 in accordance with Paragraph 11 of the Unit Agreement.

Paragraph 10 of the Unit provides for a plan of development and operation to be submitted six months after the completion of a well capable of producing unitized substances in paying quantities, which would be by August 10, 1957.

We shall expect either Section 2-19S-31E or Section 36-18S-31E to be included in the abovementioned plan of development.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

MEM:MMR/m
enc: 1

cc: OCC-Santa Fe

PAN AMERICAN PETROLEUM CORPORATION

(FORMERLY STANOLIND OIL AND GAS COMPANY)

OIL AND GAS BUILDING

FORT WORTH, TEXAS

E. V. HEWITT
DIVISION PRODUCTION SUPERINTENDENT

May 27, 1957

File: KJB-4253-416

Subject: Greenwood Pre-Grayburg Unit
Eddy County, New Mexico
Notice of Discovery and Request
for Approval of Initial Participating
Area for Siluro-Devonian Zone
Effective February 10, 1957

Director (6)
United States Geological Survey
Department of the Interior
Washington 25, D. C.

Oil Conservation Commission of (3)
The State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Gentlemen:

Pursuant to Section 11 of the Greenwood Pre-Grayburg Unit Agreement approved April 23, 1956, Pan American Petroleum Corporation, as Unit Operator, determined, subject to the approval of the Director, Commissioner and Commission, that the Greenwood Unit No. 1 Well, completed in the Siluro-Devonian Zone, is capable of producing unitized substances in paying quantities and that the Initial Participating Area for the Siluro-Devonian Zone should be established. The proposed Initial Participating Area contains 1440 acres and is composed of nine quarter sections around the discovery well including the quarter section on which the discovery well is located. The participating area is described as follows:

Township 18 South, Range 31 East

Section 26: W/2
Section 27: All
Section 34: N/2
Section 35: NW/4
Containing 1440 acres, more or less

The Greenwood Unit No. 1 Well is located 660' from the south line and 660' from the East line of Section 27, Township 18 South, Range 31 East, Eddy County, New Mexico. The well was completed February 10, 1957 at a plugged back

May 27, 1957

total depth of 12,784' having been plugged back from a total depth of 13,446'. The Siluro-Devonian zone between 12,655' - 12,700' and 12,741' - 12,766' was perforated and treated with 2500 gallons of acid in the upper zone and 1000 gallons of acid in the lower zone. On potential test the well produced at a rate of 8,372 MCF of gas with a gas condensate ratio of 15,610 cu. ft. per barrel. Calculated absolute open flow is 13,600 MCF per day. This well is not currently producing.

The effective date for the Initial Participating Area is determined as February 10, 1957, the date on which the above well was completed.

Attached hereto is Schedule I which describes the Initial Participating Area for the Siluro-Devonian Zone, and shows the percentage of Unitized substances allocated to each unitized tract. Also attached hereto as Exhibit "A" is a map of the Greenwood Pre-Grayburg Unit Area on which has been noted the proposed Initial Participating Area for the Siluro-Devonian Zone.

If this Initial Participating Area meets with your approval, please indicate such approval in the space provided on the attached sheet. Approval of this Participating Area has been received from 100.00% of the committed working interest owners in the unit area.

Yours very truly,



FAM:lj
Attachment

APPROVED

Supervisor, United States Geological
Survey - Subject to like approval by
appropriate State Officials

DATE _____

APPROVED

Commissioner of Public Lands
Subject to like approval by U.S.G.S.
and Oil Conservation Commission

DATE _____

APPROVED

Oil Conservation Commission
Subject to like approval by U.S.G.S.
and Commissioner of Public Lands

DATE _____

The foregoing approvals are for the 1440.00 acre Initial Participating Area effective as of the date of first production (February 10, 1957), Greenwood Pre-Grayburg Unit, Lea and Eddy Counties, New Mexico.

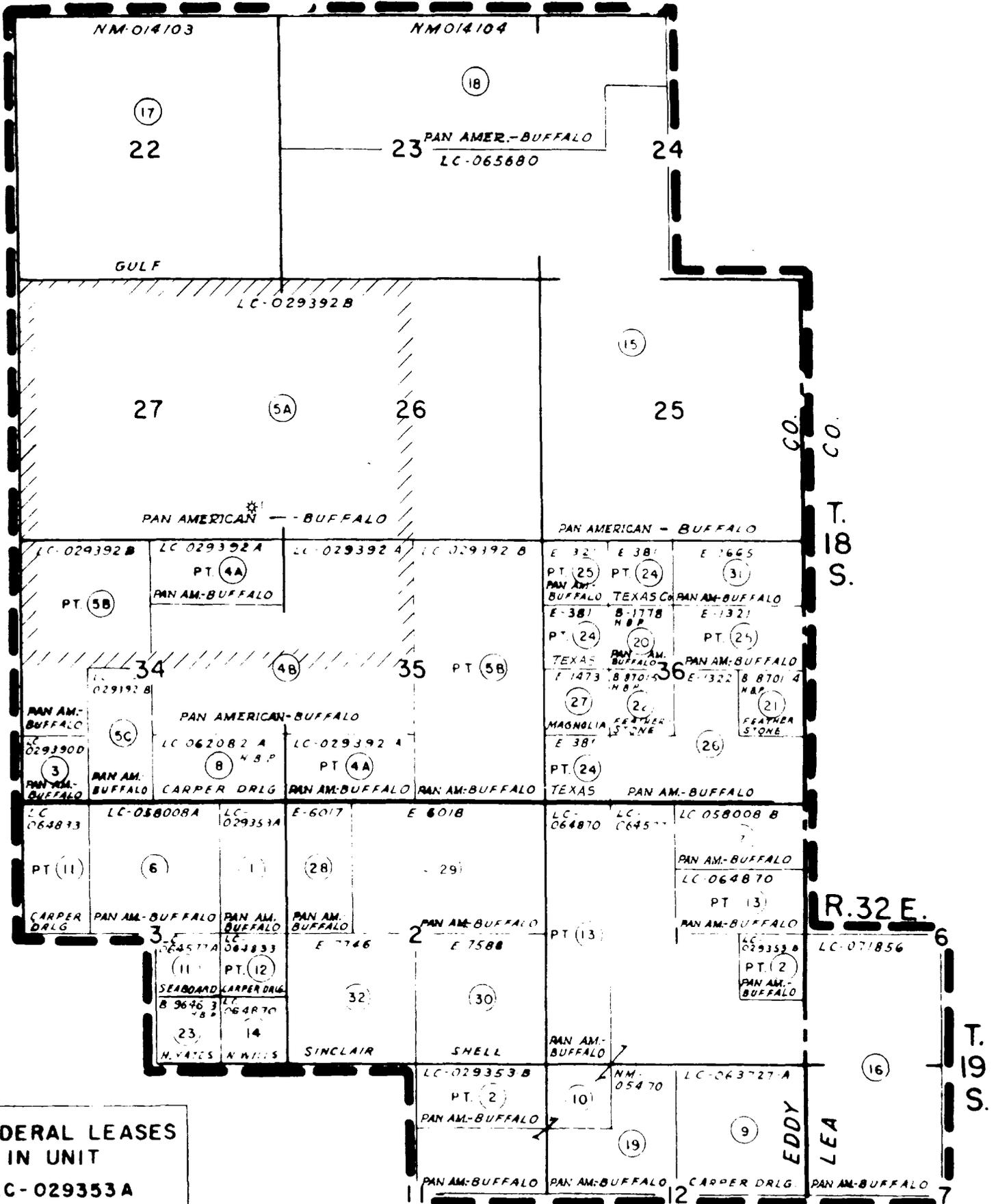
SCHEDULE I
INITIAL PARTICIPATING AREA FOR THE SIIURO-DEVONIAN ZONE,
GREENWOOD PRE-GRAYBURG UNIT

<u>Tract Number</u>	<u>Description</u>	<u>Number of Acres</u>	<u>Participating Area & Percentage</u>	<u>Percentage Committed To Unit</u>	<u>Present Actual Participation</u>
Pt. 1A	<u>T-18-S, R-31-E</u> <u>N/2 NE/4 Sec. 34</u>	80.00	Royalty O.R.R.I. Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp. <u>38.75%</u>	5.000% 9.125% 5.000%	5.55555%
Pt. 1B	<u>T-18-S, R-31-E</u> <u>S/2 NE/4 Sec. 34 and</u> <u>NW/4 Sec. 35</u>	240.00	Royalty O.R.R.I. Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp. <u>38.75%</u>	5.00% 6.00% 5.00%	16.66667%
Pt. 5A	<u>T-18-S, R-31-E</u> <u>W/2 Sec. 26 and All</u> <u>Sec. 27</u>	960.00	Royalty Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp. <u>38.25%</u>	12.50% 11.00%	66.66667%
Pt. 5B	<u>T-18-S, R-31-E</u> <u>NW/4 Sec. 34</u>	160.00	Royalty O.R.R.I. Production Payment Working Interest Buffalo Oil Company Pan American Pet. Corp. <u>38.75%</u>	12.500% 3.125% 5.000%	11.11111%
Total Initial Participating Area		1440.00		98.125%	100.00000%

RECAPITULATION

Description of Lands in Participating Area: T-18-S, R-31-E: W/2 Sec. 26, All Sec. 27, N/2 Sec. 34, and NW/4 Sec. 35	
Total Number of Acres in Participating Area	1140
Total Number of Acres Committed in Participating Area	1140
Total Number of Acres Not Committed in Participating Area	-0-
Percent of Basic Royalty Committed	100.000
Percent of Working Interest Committed	100.000

R. 31 E.



**FEDERAL LEASES
IN UNIT**

- LC-029353A
- LC-029353B
- LC-029390D
- LC-029392A
- LC-029392B
- LC-058008A
- LC-058008B
- LC-062082A
- LC-063727A
- LC-064577
- LC-064577A
- LC-064833
- LC-064870
- LC-065680
- LC-071856
- NM-014103
- NM-014104
- NM-05470

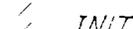
-  FEDERAL LAND
-  STATE LAND
-  UNIT BOUNDARY
-  TRACT BOUNDARY
-  TRACT NUMBER
-  INITIAL PARTICIPATING AREA
-  SILURO-DEVONIAN ZONE

EXHIBIT "A"

TO ACCOMPANY
GREENWOOD PRE-GRAYBURG UNIT AGREEMENT
 EDDY AND LEA COUNTIES, NEW MEXICO
 SCALE: 2"=1 MILE

MAILING LIST OF COMMITTED WORKING INTEREST OWNERS
GREENWOOD PRE-GRAYBURG UNIT
LEA AND EDDY COUNTIES, NEW MEXICO

Buffalo Oil Company
First National Bank Building
Tulsa 3, Oklahoma
Attn: Mr. Paul Conner

Mr. O. F. Featherstone
200 South Pennsylvania
Roswell, New Mexico

Magnolia Petroleum Company
P. O. Box 900
Dallas 21, Texas
Attn: Mr. James R. January

Sinclair Oil and Gas Company
Fair Building
Fort Worth, Texas

The Texas Company
Continental Life Building
Fort Worth, Texas
Attn: Mr. E. P. Munson, Jr.

PAN AMERICAN PETROLEUM CORPORATION
FORT WORTH, TEXAS

May 27, 1957

File: KJB-4554-416

Subject: Initial Participating Area
Siluro Devonian Zone
Greenwood Pre-Grayburg Unit
Lea and Eddy Counties, New Mexico

~~Mr. Murray S. Morgan
Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico~~

Dear Sir:

Reference is made to your letter of May 22, 1957 referring to our letter of April 5, 1957, File: 3E-93-1158 concerning the establishment of a Participating Area for Greenwood Unit Well No. 1.

This is to advise that as of this date approval of the proposed Initial Participating Area for the Siluro-Devonian Zone has been obtained from 100 % of the committed working interest owners in the Unit Area. Further under date of May 27, 1957, File: KJB-4253-416, we are requesting Regulatory Bodies approval of the Initial Participating Area. Following approval, appropriate distribution of any accrued royalties will be made.

Yours very truly,

Original Signed By
E. V. Hewitt
by AC

PAN:lj

cc: Oil Conservation Commission
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Mr. John A. Anderson
Regional Oil & Gas Supervisor
United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

COPY

May 22, 1957

In reply refer to:
Unit Division

File

Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth, Texas

Re: Greenwood Pre-Grayburg Unit -
Lea and Eddy Counties, N. Mex.

Attention: Mr. E. S. Pester

Gentlemen:

We received a copy of your letter to the United States Geological Survey, dated April 5, 1957. We have been unable to obtain an explanation concerning this letter.

We feel if this well is capable of producing there should be an initial participating area set up, and we are unable to determine from the quotation in your letter of a part of Paragraph 11 of the Unit Agreement what your intentions are concerning this.

If you received a reply from the United States Geological Survey in regard to this letter, this office did not receive a copy.

May we hear from you at your very earliest convenience concerning your intentions for setting up an Initial Participating Area for this Unit Well No. 1.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

By: Ted Bilberry, Supervisor
Oil and Gas Department

MEM:MMR/m

cc: CCC-Santa Fe
USGS-Roswell

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico

May 17, 1957

File: RLH-341-400.1

Subject: Regulatory Forms and
Reports - Greenwood
Unit Well No. 1

Mr. Murray E. Morgan
Commissioner of Public Lands
Santa Fe, New Mexico

Dear Sir:

In accordance with a telephone request from Mrs. Rhea to Mr. W. A. Blankenship of our Roswell District Office, we are forwarding copies of N.M.O.C.C. and U.S.G.S. forms relative to the drilling and completion of Greenwood Unit Well No. 1, located in the SE/4 SE/4 of Section 27, T-18-S, R-31-E, Eddy County New Mexico.

During the drilling and completion of this well, it was our intention to mail your office copies of these forms as work progressed and as they were evidently missent, we are forwarding additional copies as follows:

Form 9-331a	Notice of Intention to Drill
Forms 9-331a	Subsequent Report of Water Shut Off (16", 10-3/4", 7-5/8" Casing and 5" Casing Liner)
Form C-110	Authorization to Transport Oil
Form 9-330	Log of Oil or Gas Well
Form C-122	Multi-Point Back Pressure Test

You will note the potential test was not entered on Form 9-330, but is recorded on Form C-122, Multi-Point Back Pressure Test, and the well was considered completed on February 20, 1957, the date of preparation of this test.

COPY

We regret any inconvenience you may have been caused by the delay in receiving these forms and will appreciate your advising if there is any additional information which is needed.

Yours very truly,

PAN AMERICAN PETROLEUM CORPORATION



Ralph L. Hendrickson
Field Superintendent

Attachment

cc: U.S.G.S. (2)
Box 187
Artesia, New Mexico

N.M.O.C.C. (2)
Box 2045
Hobbs, New Mexico

STANOLIND OIL AND GAS COMPANY

Tulsa, Oklahoma

May 29, 1956

File

File: GBJ-41.599

Re: Greenwood Pre-Grayburg Unit
Lea and Eddy Counties,
New Mexico

Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

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

Gentlemen:

Attached herewith for your respective files is a photostatic copy of the letter from the U.S.G.S. giving their approval to the Greenwood Pre-Grayburg Unit, Lea and Eddy Counties, New Mexico, effective April 23, 1956.

Yours very truly,

G. B. Jenkinson

By: *J. A. Cory*

FR/sc
Attachment

COPY



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

APR 27 1956

RECEIVED: 5/1/56
ROSWELL DISTRICT
ROSWELL, NEW MEXICO
EXPLORATION-LAND

Stanolind Oil and Gas Company
Stanolind Building
Tulsa, Oklahoma

Gentlemen:

On April 23, 1956, Director of the Geological Survey, Thomas B. Nolan, approved the Greenwood Pre-Grayburg unit agreement, Lea and Eddy Counties, New Mexico, filed by your company as unit operator. This agreement has been designated No. 14-08-001-2904, and is effective as of the date of approval.

Enclosed are four copies of the approved unit agreement for your records. It is requested that you furnish the State of New Mexico or any other interested principal with whatever evidence of this approval is deemed appropriate.

Very truly yours,

For the Director

Enclosures 4

CARPER

DRILLING COMPANY, INC

O I L P R O D U C T I O N A N D D R I L L I N G

EMERY CARPER, PRESIDENT
STANLEY CARPER, VICE PRES.
MARSHALL ROWLEY, VICE PRES.

ARTESIA, NEW MEXICO
CARPER BUILDING
TELEPHONE 147 L D 847

February 6, 1956

Nutter - T. J.
Re: (AFE-20,579
Greenwood Pre-Grayburg Unit
Eddy & Lea Counties, New Mexico)

Stanolind Oil and Gas Company
P. O. Box 899
Roswell, New Mexico

file

Attention: Mr. John H. Thompson

Gentlemen:

This will acknowledge receipt of your letter of January 31, 1956 wherein you informed us that the Department of the Interior was critical of the fact that we refused to ratify the captioned unit agreement.

Although the inducement offered in your letter is appreciated it does not cure the objections to this unit agreement set forth to you in our letter of November 23, 1955.

Accordingly, we still refuse to ratify the proposed Greenwood Pre-Grayburg Unit Agreement. We are sending a copy of this letter and a copy of your certified letter of January 31st to Mr. W. B. Macey, Secretary of the Oil Conservation Commission and to the United States Geological Survey for their records.

Very truly yours,

CARPER DRILLING COMPANY, INC.

By: *Marshall Rowley*
Vice President

cc: Mr. W. B. Macey, Secretary
Oil Conservation Commission
Santa Fe, New Mexico

United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

STANOLIND OIL AND GAS COMPANY

P. O. Box 899
Roswell, New Mexico

January 31, 1956

961
CERTIFIED MAIL

Re: AFE-20,579
South Maljamar Area
Eddy & Lea Counties, N.M.

Carper Drilling Company
Carper Building
Artesia, New Mexico

Gentlemen:

We have been informed that the Department of the Interior at Washington is particularly critical of the fact that you have refused to ratify our proposed Greenwood Pre-Grayburg Unit Agreement. It is difficult for them to understand why you would not be interested in the drilling of this extremely deep test in an area where the lease ownership is so diversified that it would be practically impossible for any one Operator to drill such a test.

In order to induce you to execute the Unit Agreement, Stanolind is willing to hold you free and harmless from any duty, obligation or liability to contribute to or to bear any part of the cost of the first test well to be drilled under the Unit Agreement unless oil or gas in paying quantities is discovered in said well and as a result of production a participating area is then or thereafter formed or enlarged to include all or part of the acreage owned by you.

It will, therefore, be sincerely appreciated if you will again give the matter very careful consideration and advise us as quickly as possible of your decision. In the event we do not hear from you within one week from the date you receive this letter, we shall assume that you still refuse to execute the Agreement.

Yours truly,

STANOLIND OIL AND GAS COMPANY

John H. Thompson
J. H. Thompson

JHT:ja
cc: Mr. D. B. Mason, Jr.

ILLEGIBLE

CARPER

DRILLING COMPANY, INC.

Dan = Unit 2

O I L P R O D U C T I O N A N D D R I L L I N G

EMERY CARPER, PRESIDENT
STANLEY CARPER, VICE PRES.
MARSHALL ROWLEY, VICE PRES.

ARTESIA, NEW MEXICO
CARPER BUILDING
TELEPHONE 147 L. D. 847

23 November 1955

file

#961

Re: AFE-20,579
Unitization of Greenwood Area
Greenwood Pre-Grayburg Unit
Eddy and Lea Counties, New Mexico

Stanolind Oil and Gas Company
P. O. Box 899
Roswell, New Mexico

Attention: Mr. Robert N. Enfield

Gentlemen:

We have carefully considered your letter of August 31st together with the enclosed copy of the Unit Agreement and Unit Operating Agreement.

Although it is our desire to have a Devonian test drilled in this area we are declining to join this unit for certain reasons, some of which are hereinafter outlined.

Referring to Section 2.4 of the Unit Operating Agreement regarding consent of working interest owners. It appears that Stanolind Oil and Gas Company and Buffalo Oil Company are the owners of approximately 80 per cent of the acreage included in this unit. Under the terms of this paragraph Stanolind and Buffalo will control the development of the unit.

Referring to Section 5.2(a) of the Unit Operating Agreement regarding enlargement of the participating area. From an examination of the unit map and the aforementioned control by Stanolind and Buffalo it appears that if a discovery were made that the participating area and drilling operations could be conducted for several years upon lands held solely by Stanolind and Buffalo. Seven or eight producing wells could be completed and the flush production withdrawn before any part of Carper Drilling Company's acreage was included in the participating area. Under this paragraph we would then be called upon to make an investment adjustment of tangibles and intangibles which might be so large that our own operations would be greatly curtailed.



Stanolind Oil and Gas Company

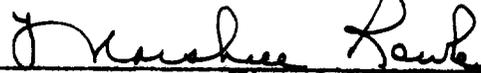
Page 2

You have informed us that our interpretation of these two sections is correct. Under the circumstances we respectfully decline to join this unit.

Very truly yours,

CARPER DRILLING COMPANY, INC.

By:



~~Vice-President~~

cc: Mr. W. B. Macey, Secretary
Oil Conservation Commission
Santa Fe, New Mexico

United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

November 15, 1955

Mr. Oliver Seth
Seth & Montgomery
111 E. San Francisco
Santa Fe, New Mexico

Dear Sir:

In behalf of your client, Stanolind Oil & Gas Company, we enclose two copies of Order R-712 issued November 10, 1955, by the Oil Conservation Commission in Case 961, which was heard at the October 13th hearing.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Encls.

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