

DOCKET: EXAMINER HEARING AUGUST 7, 1956

Oil Conservation Commission 10:00 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Warren W. Mankin, Examiner:

- CASE 1098: (Readvertisement) Application of Sun Oil Company for approval of an unorthodox location and a non-standard drilling unit for its B. T. Lanehart Well No. 3 in the Crosby-Devonian Pool in exception to Section 2 (a) and (b) of the Special Rules and Regulations for the Crosby-Devonian Pool as set forth in Order R-639. Applicant, in the above-styled cause seeks an order authorizing an unorthodox location for its B. T. Lanehart Well No. 3 at a point 330 feet from the South and East lines of Section 20, Township 25 South, Range 37 East in the Crosby-Devonian Pool, Lea County, New Mexico; and furthermore to authorize an 80 acre non-standard drilling unit for said well consisting of the E/2 of the SE/4 of said Section 20. The proposed well is projected as an oil well rather than a gas well.
- CASE 1117: Application of Richardson and Bass, a partnership, for approval of its proposed Little Eddy Unit Agreement located in Eddy and Lea Counties, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Little Eddy Unit Agreement embracing 54,044 acres, more or less, of federal, state and fee lands situated in Townships 21 and 22 South, Range 31 East; Townships 19, 20, 21 and 22 South, Range 32 East; Townships 19 and 20 South, Range 33 East, all in Lea and Eddy Counties, New Mexico.
- CASE 1118: Application of Humble Oil and Refining Company for approval of its proposed Railroad Mountain Unit Agreement in Chaves County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Railroad Mountain Unit Agreement embracing 4,217 acres, more or less, of fee and federal lands comprising the S/2 of Section 31, Township 7 South, Range 31 East, and All of Sections 5, 6, 7, 8, 17 and 18, Township 8 South, Range 31 East, Chaves County, New Mexico.
- CASE 1119: Application of V. F. Knickerbocker for approval of his proposed North Bagley Unit Agreement in Lea County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of his proposed North Bagley Unit Agreement embracing 1,440 acres, more or less, of fee and state lands, comprising All of Sections 9 and 10, and the NW/4 of Section 11, Township 11 South, Range 33 East, Lea County, New Mexico.

CASE 1120: Application of Gunsite Butte Uranium Corporation for an unorthodox gas well location in the Tapacito-Pictured Cliffs Gas Pool in exception to Paragraph (4) of the Special Rules and Regulations for said pool as set forth in Order R-794. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox location for a gas well to be drilled by applicant in the NW/4 of Section 3, Township 25 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 1121: Application of Gulf Oil Corporation for an order granting permission to convert its G. C. Matthews Well No. 6 into a salt water disposal well in the San Andres formation of the Monument Pool in accordance with New Mexico Oil Conservation Commission Statewide Rule 701. Applicant, in the above-styled cause, seeks an order granting permission to convert its G. C. Matthews Well No. 6 located 1650 feet from the South line and 990 feet from the East line of Section 6, Township 20 South Range 37 East, Lea County, New Mexico, into a salt water disposal well. Said well is presently completed in the Monument-Blinebry Pool, but it is proposed to plug back to the lower portion of the San Andres formation of the Monument Pool for water disposal. Applicant proposes to inject salt water through perforated 7 inch casing at intervals from 4300 to 4620 and 4670 to 4720 feet.

CASE 1122: Application of Gulf Oil Corporation for approval of a non-standard gas proration unit in the Blinebry Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Blinebry Gas Pool as set forth in Order R-610. Applicant, in the above-styled cause, seeks an order authorizing a 160 acre non-standard gas proration unit in the Blinebry Gas Pool comprising the E/2 SW/4, SW/4 SW/4, and SW/4 SE/4 Section 23, Township 22 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's O. I. Boyd Well No. 3 located 1980 feet from the South and West lines of said Section 23.

CASE 1123: Application of Gulf Oil Corporation for approval of a non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order authorizing a 200 acre non-standard gas proration unit in the Eumont Gas Pool comprising the NE/4 and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Lea County, New Mexico; said unit to be dedicated to applicant's Bertie Whitmire Well No. 2 located 660 feet from the North line and 1980 feet from the East line of said Section 8.

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
LITTLE EDDY UNIT AREA  
EDDY AND LEA COUNTIES, NEW MEXICO

No. \_\_\_\_\_

THIS AGREEMENT, entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 1956  
by and between the parties subscribing, ratifying or consenting hereto, and  
herein referred to as "parties hereto",

WITNESSETH:

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 Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as  
amended, 950, 30 U.S.C. Secs. 181 et seq., authorizes Federal lessees and  
their representatives to unite with each other, or jointly or separately with  
others, in collectively adopting and operating under a cooperative or unit  
plan of development or operation of any oil or gas pool, field, or like area,  
or any part thereof, for the purpose of more properly conserving the natural  
resources thereof whenever determined and certified by the Secretary of the  
Interior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is  
authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to  
or approve this agreement on behalf of the State of New Mexico, insofar 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 law (Chap. 72, Laws of 1935, as amended by Chap. 193, Laws of  
1937, Chap. 166, Laws of 1941, and Chap. 168, Laws of 1949) to approve this  
agreement, and the conservation provisions hereof; and

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

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WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions 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 respective interests in the below defined unit area, and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS: The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the state in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

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

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 19 S., R. 32 E.

Sec. 25:  $S\frac{1}{2}$   
Sec. 34: Lots 3, 4,  $N\frac{1}{2}SE\frac{1}{4}$   
Sec. 35: Lots 1, 2, 3, 4,  $N\frac{1}{2}S\frac{1}{2}$ ,  $N\frac{1}{2}$   
Sec. 36: Lots 1, 2, 3, 4,  $N\frac{1}{2}S\frac{1}{2}$ ,  $N\frac{1}{2}$

T. 19 S., R. 33 E.

Sec. 29: All  
Sec. 30: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$   
Sec. 31: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$   
Sec. 32: All

T. 20 S., R. 32 E.

Sec. 1: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 2: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 3: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 4: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Secs. 9 thru 16: all  
Secs. 22 thru 26: all  
Sec. 27:  $N\frac{1}{2}S\frac{1}{2}$ ,  $N\frac{1}{2}$   
Sec. 35, 36: all

T. 20 S., R. 33 E.

Sec. 5: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 6: Lots 1, 2, 3, 4, 5, 6, 7,  $SE\frac{1}{4}NW\frac{1}{4}$ ,  
 $S\frac{1}{2}NE\frac{1}{4}$ ,  $E\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}$  (all)  
Sec. 7: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Secs. 8, 17: all  
Sec. 18: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)

(continued next page)

T. 20 S., R. 33 E. (continued)

Sec. 19: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ (all)  
Secs. 20, 29: all  
Sec. 30: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$  E $\frac{1}{2}$  (all)  
Sec. 31: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Sec. 32: all

T. 21 S., R. 31 E.

Sec. 1: Lots 1 thru 16, S $\frac{1}{2}$  (all)  
Sec. 2: Lots 1 thru 16, S $\frac{1}{2}$  (all)  
Sec. 3: S $\frac{1}{2}$   
Secs. 10 thru 15: all  
Secs. 22 thru 27: all  
Sec. 34: E $\frac{1}{2}$   
Secs. 35, 36: all

T. 21 S., R. 32 E.

Sec. 3: Lots 1 thru 16, SW $\frac{1}{4}$   
Sec. 4: Lots 1 thru 16, S $\frac{1}{2}$  (all)  
Sec. 5: Lots 1 thru 16, S $\frac{1}{2}$  (all)  
Sec. 6: Lots 1 thru 18, E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$  (all)  
Sec. 7: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Secs. 8, 9: all  
Sec. 10: W $\frac{1}{2}$   
Sec. 15: W $\frac{1}{2}$   
Secs. 16, 17: all  
Sec. 18: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Sec. 19: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Secs. 20,21,22,27,28,29: all  
Sec. 30: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ (all)  
Sec. 31: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$  (all)  
Secs. 32,33,34: all

T. 22 S., R. 31 E.

Sec. 1: Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$   
Sec. 2: Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$

T. 22 S., R. 32 E.

Sec. 3: Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$   
Sec. 4: Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$   
Sec. 5: Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$   
Sec. 6: Lots 1,2,3,4,5, SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,  
S $\frac{1}{2}$ NE $\frac{1}{4}$

Situated in Eddy and Lea Counties, New Mexico, containing 54,044.08 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 Oil and Gas Supervisor, hereinafter referred to as "Supervisor", or the Commissioner of Public Lands, hereinafter referred to as "Commissioner", and not less than six copies of the revised exhibits shall be filed with the Supervisor, and at

least one copy shall be filed with the Commissioner and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission".

Expansion or Contraction: 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 purpose of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the Commissioner shall prepare, after preliminary concurrence by the Director, a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

(b) Said notice shall be delivered to the Supervisor and 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-days period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director and Commissioner, become effective as of the date prescribed in the notice thereof.

(e) Automatic Elimination - All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within 7 years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said 7-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 180 days' time elapsing between the completion of one such well and the commencement of the next such well (however, if prior to each such drilling operation, the Director determined that a well on lands entitled to participation will expand the participating area, such well shall be an acceptable compliance with such drilling obligation), except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of Unit Operator as set forth in the section hereof entitled "Unavoidable Delay"; provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within 10 years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by Unit Operator and subject to approval of the Director. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection (e), a single extension of not to exceed 2 years may be accomplished by consent of the owners of 90% of the current unitized working interests and 60% of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-nonparticipating-acreage basis, respectively, with approval of the Director, provided such extension application is submitted to the Director not later than 60 days prior to the expiration of said 10-year period.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this subsection (e) shall not be considered automatic commitment or recommitment of such lands.

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES: All oil and gas in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances", except all formations down to a depth of 4,000 feet from the surface are excluded from this agreement as to the following described lands, to-wit:

T. 19 S., R. 32 E.

Sec. 34: SE $\frac{1}{4}$

Sec. 35: All

T. 19 S., R. 33 E.

Sec. 32: All

T. 20 S., R. 32 E.

Secs. 3, 4, 9, 10: All

4. UNIT OPERATOR: Richardson & Bass, a co-partnership consisting of Sid W. Richardson and Perry R. Bass, of Fort Worth, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator 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.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners, the Director and Commissioner, and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and the Commission as to State and privately-owned lands, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period. Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time a participating area established hereunder is in existence, but in all instances of resignation or removal until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, 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 Director and Commissioner.

The resignation or removal of Unit Operator under this agreement shall not terminate its 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.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator; provided, that if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. 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 Director and Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator

and the owners of working 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 section, whether one or more, are herein referred to as the "Unit Operating Agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other independent contracts and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating 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 inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor, and one true copy with the Commissioner, prior to approval of this agreement.

8. 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.

9. DRILLING TO DISCOVERY: Within six months after the effective date hereof, Unit Operator shall begin to drill at least two adequate test wells at locations approved by the Supervisor if such locations are upon lands of the United States, and if upon state or privately-owned lands, such locations shall be approved by the Commission or Commissioner, whichever is appropriate, unless on such effective date either or both of said wells are being drilled conformably with the terms hereof and thereafter continue such drilling diligently until all formations down to and including the Devonian formation have been tested or until at a lesser depth, unitized substances shall have been discovered in either or both wells which can be produced in paying quantities, to-wit: quantities sufficient to repay the costs of drilling and production operations with a reasonable profit, or the Unit Operator shall at any time establish to the satisfaction of the Supervisor that the further drilling of either or both of said wells would be unwarranted or impracticable; provided, however, that Unit Operator shall not in any event be required to drill either of said wells to a depth in excess of 14,500 feet. If either or both of said wells or any additional wells should be commenced subsequent to June 1, 1956, and prior to the effective date of this agreement, at locations approved as above provided within the unit area, the same shall be considered as drilled in accordance with the provisions hereof, and as meeting the requirements hereof. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six months before the completion of one well and the commencement of the next, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor, if on Federal land, or the Commissioner if on State land, or the Commission if on privately-owned land, or until it is reasonably proved that the unitized land is not capable of producing unitized substances in paying quantities. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or to continue any drilling during the

period pending such resignations becoming effective in order to comply with the requirements of this section. The Director and the Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in their opinion such action is warranted.

On failure to comply with the drilling provisions of this section, the Director and the Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee and lessor, at their last known addresses, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner and the Commission, an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the Commissioner and the Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner and the Commission, may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and location of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, the Commissioner and the Commission. Such plan or plans shall be modified or

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supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of this approved plan of development. The Supervisor and the Commissioner are authorized to grant a reasonable extension of the six-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substances in paying quantities no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and Commission shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor or the Commissioner, the Unit Operator shall, within the month of completion, if practicable, submit for approval by the Director, the Commissioner and the Commission, a schedule, based on subdivisions of the public land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule on approval of the Director, the Commissioner and the Commission to constitute a participating area, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the

Director, the Commissioner and the Commission. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities or to exclude lands then regarded as reasonably proved not to be productive, and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date or revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director, the Commissioner and the Commission as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor and the Commissioner, respectively, and the amount thereof deposited as directed by the Supervisor and Commissioner, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor, as to wells on Federal land, and Commissioner as to wells on State land and the Commission as to wells on privately-owned land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION: All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, Commissioner and the Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total number of acres of unitized land in said participating area except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating

area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS:

Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land, the Commissioner as to State land, and the Commission as to privately owned land, at such party's sole risk, cost and expense, drill a well to test any formation for which a participating area has not been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT: The United States and the State of New Mexico and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, law and regulation. Settlement for royalty interests not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations, on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation or production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, the Commissioner and the Commission, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area, and 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 the plan of operations or as may otherwise be consented to by the Supervisor, the Commissioner and 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.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land

as provided herein at the rates specified in the respective Federal leases, or at such lower rate or rates as may be authorized by law or regulation; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

It is expressly understood and agreed that beginning at the end of the respective 20-year terms, or any extension thereof, other than that provided by Sec. 19(e), of the Federal leases committed to this agreement which contain provisions for the payment of a 5% rate of royalty to the United States, if any, the royalty rate on said leases shall be the same rate as would be applicable to the renewal leases in the absence of unitization.

Royalty due on account of State and privately owned lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT: Rentals or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States, unless such rental or minimum royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provisions of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement, and until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. RIGHTS OF WORKING INTEREST OWNERS IN UNITIZED SUBSTANCES: Notwithstanding any provision contained herein to the contrary, if any, 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.

Any working interest owner who takes its share of the unitized substances in kind shall pay or secure the payment of the royalty on its interest and furnish at its own expense all tankage and other equipment necessary for taking said unitized substances in kind and shall also pay any other additional expenses of Unit Operator occasioned thereby. Likewise, any royalty owners who under existing contracts are entitled to take their share of the unitized substances in kind shall furnish at their own expense all equipment necessary in connection therewith, and shall reimburse Unit Operator for all expenses incurred on account thereof; provided, that as to Federal lands such expense, equipment and storage of royalty oil taken in kind shall be assumed and furnished pursuant to the provisions of the Federal leases involved.

17. 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 or Federal law or regulations.

18. 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 or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Federal land, or as approved by the Commissioner as to State land, or as determined by agreement between the Unit Operator and the royalty owner as to fee land.

19. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Commissioner, respectively, shall and by their approval hereof, or by the approval hereof by their duly authorized representatives do hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no Federal or State lease shall be deemed to expire by reason of failure to drill or produce wells situated on land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the Commissioner, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized lands.

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands other than those of the United States and the State of New Mexico committed to this agreement which by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the term of this agreement; provided, however, each such lease, sublease or contract, where not already extended by production, shall only be extended in the event unitized substances are capable of being produced from some part of the lands embraced in such lease committed to this agreement, or some part of said lands are committed to a participating area prior to the expiration of the primary term of such lease, sublease or contract. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or applicable law shall continue in full force and effect thereafter.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof subject to the royalty provisions of Section 14. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement pursuant to any well drilled in conformity hereto prior to the expiration date of the term of such lease.

(f) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(g) Any lease embracing lands of the State of New Mexico, which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(h) Any lease, other than a Federal lease, having only a divisible portion of its lands fully committed hereto, shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts. Provided, however, notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its 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.

(i) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17(h) of the Mineral Leasing Act, as amended by the Act of July 29, 1954 (68 Stat. 583, 585): "Any (Federal) lease hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization; Provided, however,

that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

20. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interest 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 interest, 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.

21. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Secretary or his duly authorized representative, the Commissioner and Commission, and shall terminate five years after such date unless (a) such date of expiration is extended by the Director or Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formation tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and Commissioner, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, i.e., in this particular instance in quantities sufficient to pay for the cost of producing the same from wells on unitized land within any participating area established hereunder, 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, or (d) it is terminated as heretofore provided in this agreement.

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director, Commissioner and Commission; notice of any such approval to be given by the Unit Operator to all parties hereto.

22. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION: The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the quantity and rate of production under this agreement, when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized and generally adhered to by the majority of operators in such State, 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. Without regard to the foregoing, the Director is also hereby 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 when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; provided, however, that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

Powers in this section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

23. CONFLICT OF SUPERVISION: Neither Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provisions thereof to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained.

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

25. NOTICES: All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully 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.

26. NO WAIVER OF CERTAIN RIGHTS: Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any

legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

27. 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, acts of God, Federal, State or municipal law or agencies, unavoidable accident, 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.

28. FAIR EMPLOYMENT. In connection with the performance of work under this agreement, the operator shall not discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

29. LOSS OF TITLE: In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title

as to any royalty, working interest or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds shall be deposited as directed by the Supervisor, and with the Commissioner of Public Lands of the State of New Mexico, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

30. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, Commissioner and the Unit Operator prior to the approval of this agreement by the Director. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided for in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any owner of a non-working interest at any time must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. Joinder to the

unit agreement by a working interest owner, at any time, must be accomplished by appropriate joinder to the unit operating agreement, if more than one committed working interest owner is involved, in order for the interest to be regarded as effectively committed to this unit agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor, the Commissioner and the Commission of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director, Commissioner or Commission.

31. 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, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

RICHARDSON & BASS

Date:

By \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

UNIT OPERATOR AND WORKING INTEREST OWNER

EXHIBIT 1311  
 LITTLE EDDY UNIT AREA, LEA AND EDDY COUNTIES, NEW MEXICO  
 TOWNS. 19, 20 AND 21, RGS. 31, 32 and 33, N. M. P. M.  
 SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS  
 IN ALL LANDS IN THE UNIT AREA

TRACT DESCRIPTION NO. OF LAND	NO. OF ACRES	APPLICATION OR SERIAL NO. AND EFFECTIVE DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST OWNER
<u>FEDERAL LAND</u>						
1. <u>T-21 S., R. 31 E.</u> Sec. 3: SW $\frac{1}{4}$	160	NM-0179 10-1-51	USA-A11	Edna Ione Hall	O. R. Hall	1% Edna Ione Hall
2. <u>T-21 S., R. 32 E.</u> Sec. 9: S $\frac{1}{2}$	320	NM-0672 3-1-50	USA-A11	E. A. Culbertson and Wallace W. Irwin and Southern California Petroleum Corporation	Marion W. Culbertson and Kathleen Irwin Camay Drilling Co.	1 $\frac{1}{4}$ % 1 $\frac{1}{4}$ % Petroleum Corporation
3. <u>T-21 S., R-31 E.</u> Sec. 10: SW $\frac{1}{4}$	160	NM-0694 3-1-52	USA-A11	Edith E. Yarberry, Executrix of Estate of V. L. Yarberry	None	Edith E. Yarberry, Executrix of Estate of V. L. Yarberry
4. <u>T-21 S., R-32 E.</u> Sec. 3: Lots 9 thru 16, Inc., SW $\frac{1}{4}$ Sec. 4: Lots 7,8,9, 10,15 & 16	720	NM-0732 11-1-51	USA-A11	Sid W. Richardson & Perry R. Bass	Ralph Lannom, Obligation \$500 per Acre out of 3% of Production Ewell H. Muse, Jr.	Sid W. Richardson & Perry R. Bass .5%
5. <u>T-20-S., R-32 E.</u> Sec. 3: Lots 1,2,3, & 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ <u>T-19 S., R. 32 E.</u> Sec. 34: Lots 3 & 4, N $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 35: Lots 1,2,3,4, N $\frac{1}{2}$ S $\frac{1}{2}$ , N $\frac{1}{2}$ (A11)	1435.87	NM-01135 3-1-50	USA-A11	Leonard Oil Company	Hazel Boellner	2% Leonard Oil Company

6.	<u>T-19 S., R-32 E.</u> Sec. 25: SE $\frac{1}{4}$	160	NM-01235 1-1-52	USA-A11	W. E. Bondurant, Jr.	None	W. E. Bondurant, Jr.
7.	<u>T-19 S., R-32 E.</u> Sec. 25: SW $\frac{1}{4}$	160	NM-01235-B 1-1-52	USA-A11	W. D. Blaydes	W. D. Blaydes W. E. Bondurant, Jr., Obligation \$500 per Acre out of 3% of Production	.5% Sid W. Richardson and Perry R. Bass
8.	<u>T-21 S., R-32 E.</u> Sec. 5: Lots 1, 2, 3 and 4	164.96	NM-01236 2-1-52	USA-A11	W. R. Wheeler and H. L. Brown	W. E. Bondurant, Jr.	3% W. R. Wheeler and H. L. Brown
9.	<u>T-20 S., R-32 E.</u> Sec. 35: E $\frac{1}{2}$	320	NM-01321	USA-A11	Lois Anderson	None	Lois Anderson
10.	<u>T-21 S., R-31 E.</u> Sec. 12: All	640	NM-02139 1-1-51	USA-A11	Dorothy B. Perry	Dorothy B. Perry E. B. Todhunter	.5% Sid W. Richardson 3% and Perry R. Bass
11.	<u>T-21 S., R. 31 E.</u> Sec. 1: Lots 1, 2, 3 & 6 thru 16, inc., N $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ S $\frac{1}{2}$	807.55	NM-02139-A 1-1-51	USA-A11	Fred Turner, Jr.	E. B. Todhunter	4% Fred Turner, Jr.
12.	<u>T-21 S., R-31 E.</u> Sec. 1: Lots 4 & 5, N $\frac{1}{2}$ SW $\frac{1}{4}$	162.49	NM-02139-B 1-1-51	USA-A11	Mary Ruth Blaydes	Mary Ruth Blaydes Herbert Aid, Obligation \$250 out of 1% of Production E. B. Todhunter	.5% Sid W. Richardson and Perry R. Bass 4%

13.	<u>T-22 S., R-32 E.</u> Sec. 3: Lots 1, 2, 3 & 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 4: Lot 1, S $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 5: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$	758.25	NM-02967 4-1-52	USA-A11	Continental Oil Co.	Earl Payne, Obligation \$200 per Acre out of $\frac{1}{2}$ of 1% of Production		Continental Oil Co.
14.	<u>T-20 S., R.-33 E.</u> Sec. 19: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ E $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 30: Lots 1 and 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ E $\frac{1}{2}$ Sec. 31: Lots 2, 3, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$	1200.53	NM-03023 5-1-52	USA-A11	Howard W. Jennings	John H. Trigg Howard W. Jennings	1 $\frac{1}{2}$ % 2%	Sid W. Richardson and Perry R. Bass
15.	<u>T-21 S., R. 31 E.</u> Sec. 11: S $\frac{1}{2}$	320	NM-03183 3-1-52	USA-A11	Merrill L. Connally	Merrill L. Connally Mary Didlake, Obligation \$500 per Acre out of 3% of Production.	.5%	Sid W. Richardson and Perry R. Bass
16.	<u>T-21 S., R-32 E.</u> Sec. 4: Lots 2,3,4, SE $\frac{1}{4}$ NW $\frac{1}{4}$	159.27	NM-03273 5-1-52	USA-A11	Mary Ruth Blaydes	Mary Ruth Blaydes H. C. Roberts, Obligation \$500 per Acre out of 3% of Production	.5%	Sid W. Richardson Perry R. Bass

17.	<u>T-21 S., R-31 E.</u> Sec. 15: S $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 22: N $\frac{1}{2}$ NW $\frac{1}{4}$	160	NM-03497 4-1-50	USA-A11	Suniland Oil Corp. Wilshire Oil Co. of Texas	Ethel C. Bryant and M. D. Bryant	2%	Suniland Oil Corp. Wilshire Oil Co. of Texas
18.	<u>T-21 S., R-32 E.</u> Sec. 31: Lcts 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$	167.44	NM-03503 9-1-48	USA-A11	Suniland Oil Corp. Wilshire Oil Co. of Texas	None	Suniland Oil Corp. Wilshire Oil Co. of Texas	
19.	<u>T-21 S., R. 32-E.</u> Sec. 30: Lct 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 31: Lcts 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 33: S $\frac{1}{2}$	570.87	NM-03504 9-1-48	USA-A11	Eugene H. Perry	Eugene H. Perry	.5%	Sid W. Richardson and Perry R. Bass
20.	<u>T-21 S., R-32 E.</u> Sec. 30: Lcts 1, 2, 3, E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$	250.61	NM-03505 9-1-49	USA-A11	Eugene H. Perry	Eugene H. Perry	.5%	Sid W. Richardson and Perry R. Bass
21.	<u>T-21-S., R-31 E.</u> Sec. 27: S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$	320	NM-03506 9-1-48	USA-A11	Suniland Oil Corp and Wilshire Oil Co. of Texas	None		Suniland Oil Corp and Wilshire Oil Co. of Texas
22.	<u>T-21 S., R-31 E.</u> Sec. 35: SE $\frac{1}{4}$	160	NM-03507 9-1-48	USA-A11	Eugene H. Perry	Eugene H. Perry	.5%	Sid W. Richardson and Perry R. Bass
23.	<u>T-21 S., R-31 E.</u> Sec. 35: SW $\frac{1}{4}$	160	NM-03508 9-1-48	USA-A11	Eugene H. Perry	Eugene H. Perry	.5%	Sid W. Richardson and Perry R. Bass
24.	<u>T-21 S., R-31 E.</u> Sec. 22: SW $\frac{1}{4}$	160	NM-03585 4-1-50	USA-A11	Eugene H. Perry	Eugene H. Perry Ethel C. Bryant	.5% 2%	Sid W. Richardson and Perry R. Bass

25.	<u>T-21 S., R-32 E.</u> Sec. 8: E $\frac{1}{2}$ E $\frac{1}{2}$ Sec. 9: N $\frac{1}{2}$	480	NM-03653 2-1-51	USA-A11	Lucy R. Muse	Lucy R. Muse James L. Lee	.5% 3%	Sid W. Richardson and Perry R. Bass
26.	<u>T-22 S., R-31 E.</u> Sec. 1: Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$	159.81	NM-03898 9-1-48	USA-A11	Suniland Oil Corporation Wilshire Oil Co. of Texas	None.		Suniland Oil Corp. Wilshire Oil Co. of Texas
27.	<u>T-21 S., R-31 E.</u> Sec. 13: SE $\frac{1}{4}$ Sec. 24: SW $\frac{1}{4}$	320	NM-04225 7-1-50	USA-A11	Eugene H. Perry	Eugene H. Perry Magdalena P. Markham	.5% 1 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass
28.	<u>T-21 S., R-31 E.</u> Sec. 13: SW $\frac{1}{4}$ Sec. 23: SE $\frac{1}{4}$ Sec. 25: S $\frac{1}{2}$	640	NM-04225-A 7-1-50	USA-A11	Eugene H. Perry	Eugene H. Perry Magdalena P. Markham	.5% 1 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass
29.	<u>T-21 S., R-32 E.</u> Sec. 5: Lots 5, 6, 11, 12, 13, 14	240	NM-04229 2-1-51	USA-A11	W. D. Blaydes	W. D. Blaydes Cliffie A. Loomis	.5% 5%	Sid W. Richardson and Perry R. Bass
30.	<u>T-21 S., R-32 E.</u> Sec. 5: Lots 7, 8, 9, 10, 15, 16, S $\frac{1}{2}$	560	NM-04229-A 2-1-51	USA-A11	Lucy R. Muse	Lucy R. Muse Cliffie A. Loomis	.5% 5%	Sid W. Richardson and Perry R. Bass
31.	<u>T-21 S., R-31 E.</u> Sec. 22: NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$	240	NM-04382 11-1-51	USA-A11	Ewell H. Muse, Jr.	Ewell H. Muse, Jr. Manley O. VanOrsdol	.5% 3%	Sid W. Richardson and Perry R. Bass

32.	<u>T-21 S., R-31 E.</u> Sec. 14: $S\frac{1}{2}$ , $S\frac{1}{2}N\frac{1}{2}$ Sec. 15: $SE\frac{1}{4}$ , $S\frac{1}{2}NE\frac{1}{4}$	720	NM-04383 7-1-52	USA-A11	Merrill L. Connally	Merrill L. Connally Marley O. Vandersdol	.5% 3%	Sid W. Richardson Perry R. Bass
33.	<u>T-21 S., R-32 E.</u> Sec. 19: Lots 1, 2, $E\frac{1}{2}NW\frac{1}{4}$ , $W\frac{1}{2}NE\frac{1}{4}$	246.55	NM-04749 7-1-53	USA-A11	William S. Wright	William S. Wright Shirley V. Thompson	.5% 5%	Sid W. Richardson Perry R. Bass
34.	<u>T-21 S., R-32. E.</u> Sec. 21: All Sec. 22: All Sec. 27: $N\frac{1}{2}$	1600	NM-04801 9-1-52	USA-A11	Josie Jennings	Josie Jennings James DeWolville	.5% 3%	Sid W. Richardson and Perry R. Bass
35.	<u>T-21 S., R-31 E.</u> Sec. 3: $SE\frac{1}{4}$ Sec. 10: $N\frac{1}{2}$ , $SE\frac{1}{4}$	640	NM-04835 6-1-52	USA-A11	Elizabeth Ann Elliott	None		Elizabeth Ann Elliott
36.	<u>T-20 S., R-33 E.</u> Sec. 13: $N\frac{1}{2}SE\frac{1}{4}$	80	NM-05148 7-1-51	USA-A11	Phillips Petroleum Co. Anderson-Pritchard Oil Corporation	None		Phillips Petroleum Co Anderson-Pritchard Oil Corporation
37.	<u>T-20 S., R-32 E.</u> Sec. 4: $SW\frac{1}{4}$ , $W\frac{1}{2}SE\frac{1}{4}$ Sec. 9: $N\frac{1}{2}$ , $N\frac{1}{2}SW\frac{1}{4}$ , $E\frac{1}{2}SE\frac{1}{4}$	680	NM-05522 8-1-51	USA-A11	Argo Oil Corporation	None		Argo Oil Corporation
38.	<u>T-19 S., R-33 E.</u> Sec. 31: Lots 1, 2, 3, 4, $E\frac{1}{2}W\frac{1}{2}$ , $E\frac{1}{2}$	641.72	NM-05960 9-1-51	USA-A11	Pauline V. Trigg	Pauline V. Trigg	12%	Sid W. Richardson and Perry R. Bass

39.	<u>T-20 S., R-33 E.</u> Sec. 17: NW $\frac{1}{4}$ , NE $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 20: NW $\frac{1}{4}$ , SE $\frac{1}{4}$	560	NM-05961 9-1-51	USA-A11	H. H. Anderson	H. H. Anderson Grace E. VanHook	.5% <del>6<math>\frac{1}{4}</math>%</del>	Sid W. Richardson and Perry R. Bass
40.	<u>T-20 S., R-33E.</u> Sec. 18: S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 20: SW $\frac{1}{4}$	240	NM-05961-A 9-1-51	USA-A11	The Texas Company	H. H. Anderson Grace E. VanHook	.5% <del>6<math>\frac{1}{4}</math>%</del>	The Texas Company
41.	<u>T-21 S., R-32 E.</u> Sec. 29: NE $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 33: NE $\frac{1}{4}$	399.52	NM-06408 11-1-51	USA-A11	Ewell H. Muse, Jr.	Ewell H. Muse, Jr. Manley O. VanOrsdol	.5% 3%	Sid W. Richardson and Perry R. Bass
	<u>T-22 S., R-32 E.</u> Sec. 6: Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$							
42.	<u>T-20 S., R-33 E.</u> Sec. 7: Lots 2, 3, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ Sec. 18: NE $\frac{1}{2}$ NE $\frac{1}{4}$	559.47	NM-07611 5-1-52	USA-A11	Ewell H. Muse, Jr.	Ewell H. Muse, Jr.	.5%	Sid W. Richardson and Perry R. Bass
43.	<u>T-21 S., R-32 E.</u> Sec. 29: SE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$	80	NM-08624 5-1-52	USA-A11	Suniland Oil Corp. Wilshire Oil Co. of Texas	None		Suniland Oil Corp. Wilshire Oil Co. of Texas
44.	<u>T-20 S., R-32 E.</u> Sec. 9: SW $\frac{1}{4}$ SW $\frac{1}{4}$	40	NM-016807 2-1-55	USA-A11	The Texas Company	None		The Texas Company

45.	T-20 S., R-32 E. Sec. 4: Lots 1, 2, 3, 4, S1N1/2, E1/2SE1/4	400.24	LC-059000 H. B. P.	USA-A11	David C. Saikin	G. Kelley Stout Woodlan P. Saunders Elyse Saunders Patterson Sue Saunders Graham Sally Saunders Toles Southern Petroleum Exploration, Inc. Neil H. Wills Mary Lorena Higgins, Tr. Ronald K. DeFord Estate of F. A. Andrews Argo Oil Corporation William S. Bailey, Jr.	3 1/8% 1/32 of 1% 1/32 of 1% 1/32 of 1% 1/32 of 1% 1/8 of 1% 1/32 of 1% 1/8 of 1% 1/32 of 1% 1/8 of 1% 1/32 of 1% 1/4 of 1% 1/4 of 1% 1/32 of 1%	Shell Oil Company
46.	T-20 S., R-32 E. Sec. 9: E1/2SW1/4, W1/2SE1/4	160	LC-059000 H. B. P.	USA-A11	David C. Saikin	G. Kelley Stout Woodlan P. Saunders Elyse Saunders Patterson Sue Saunders Graham Sally Saunders Toles Southern Petroleum Exploration, Inc. Neil H. Wills Mary Lorena Higgins, Tr. F. A. Andrews Argo Oil Corporation William S. Bailey, Jr. Ronald K. DeFord	3 1/8% 1/32 of 1% 1/32 of 1% 1/32 of 1% 1/32 of 1% 1/8 of 1% 1/32 of 1% 1/8 of 1% 1/32 of 1% 1/4 of 1% 1/4 of 1% 1/32 of 1%	Kerr McGee Oil Ind., Inc. Phillips Petroleum Co.

47.	<u>T-20 S., R-32 E.</u> Sec. 1: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 12: E $\frac{1}{2}$ NE $\frac{1}{4}$	160	LC-060117 11-1-48	USA-A11	Dorothy B. Perry	Dorothy B. Perry Ben F. Pior	.5% 3%	Sid W. Richardson and Perry R. Bass
48.	<u>T-20 S., R-32 E.</u> Sec. 12: E $\frac{1}{2}$ SW $\frac{1}{4}$	80	LC-060118 11-1-48	USA-A11	Dorothy B. Perry	Dorothy B. Perry Ben F. Pior	.5% 3%	Sid W. Richardson and Perry R. Bass
49.	<u>T-21 S., R-31 E.</u> Sec. 13: NE $\frac{1}{4}$ Sec. 23: W $\frac{1}{2}$ Sec. 24: E $\frac{1}{2}$ Sec. 25: NE $\frac{1}{4}$ , W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 26: NE $\frac{1}{4}$	1200	LC-061640 7-1-50	USA-A11	Eugene H. Perry	Eugene H. Perry Magdalena P. Markham	.5% 3%	Sid W. Richardson and Perry R. Bass
50.	<u>T-21 S., R-31 E.</u> Sec. 23: NE $\frac{1}{4}$ Sec. 24: NW $\frac{1}{4}$ Sec. 25: E $\frac{1}{2}$ NW $\frac{1}{4}$	400	LC-061640-A 7-1-50	USA-A11	Suniland Oil Corp. Wilshire Oil Co. of Texas	Magdalena P. Markham	1 $\frac{1}{2}$ %	Suniland Oil Corp. Wilshire Oil Co. of Texas
51.	<u>T-21 S., R-32 E.</u> Sec. 27: S $\frac{1}{2}$ Sec. 28: All	960	LC-062067 11-1-46	USA-A11	Eugene H. Perry	Eugene H. Perry J. D. Haynes	.5% 3%	Sid W. Richardson & Perry R. Bass
52.	<u>T-21 S., R-32 E.</u> Sec. 29: NW $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$	160	LC-062975 6-1-49	USA-A11	Wayne Connally	Wayne Connally Jim Barrow	.5% 3%	Sid W. Richardson and Perry R. Bass
53.	<u>T-21 S., R-32 E.</u> Sec. 4: NE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 7: N $\frac{1}{2}$ NE $\frac{1}{4}$	120	LC-063106 2-1-51	USA-A11	Lucy R. Muse	Lucy R. Muse Blanche T. Clapp	.5% 5%	Sid W. Richardson and Perry R. Bass

54.	<u>T-20 S., R-32 E.</u> Sec. 1; Lots 1, 2, 3, 4, NE $\frac{1}{4}$ SW $\frac{1}{4}$ Secs. 10 and 11: All Sec. 12: NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$	1798.80	LC-063587 11-1-48	USA-A11	Dorothy B. Perry	Dorothy B. Perry Ben F. Prior	.5% 3%	Sid W. Richardson and Perry R. Bass
55.	<u>T-19 S., R. 33 E.</u> Sec. 29: All Sec. 30: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ (A11)	1283	LC-063591 9-1-46	USA-A11	American Republics Corporation	J. A. Patson, Vivian D. Batson C. W. Carder Kitty Carder P. L. Blake	5%	American Republics Corporation (Now Sinclair)
56.	<u>T-21 S., R-32 E.</u> Sec. 4: SE $\frac{1}{4}$ Sec. 8: W $\frac{1}{2}$ NE $\frac{1}{4}$	240	LC-063664 3-1-51	USA-A11	Sid W. Richardson and Perry R. Bass	Pauline V. Trigg Lucy R. Muse	5% .5%	Sid W. Richardson and Perry R. Bass
57.	<u>T-20 S., R-32 E.</u> Sec. 1: SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 23: NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 24: N $\frac{1}{2}$ NW $\frac{1}{4}$	160	LC-064228 2-1-51	USA-A11	Dorothy B. Perry	Dorothy B. Perry J. W. Rutledge	.5% 3%	Sid W. Richardson and Perry R. Bass
58.	<u>T-21 S., R. 32 E.</u> Sec. 6: Lots 2, 7	81.87	LC-064552 3-1-47	USA-A11	Mary Ruth Blaydes	Mary Ruth Blaydes L. E. Edwards J. C. Rattliff, Jr. Herbert Aid, Obligation \$250 per Acre out of 1% of Production	.5% 2% 2% 2%	Sid W. Richardson and Perry R. Bass
59.	<u>T-21 S., R-32 E.</u> Sec. 6: Lots 1, 3, 4, 5, 6, 8, 9 thru 18, incl., NE $\frac{1}{4}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$	783.19	LC-064552-A 3-1-47	USA-A11	Fred Turner, Jr.	J. C. Rattliff, Jr. L. E. Edwards	2% 2%	Fred Turner, Jr.

60.	<u>T-20 S., R-33 E.</u> Sec. 29: E $\frac{1}{2}$	401.13	LC-065161-A	USA-A11	Dorothy B. Perry	Dorothy B. Perry Billie M. Trigg	.5% 5%	Sid W. Richardson and Perry R. Bass
	<u>T-21 S., R-32 E.</u> Sec. 4: Lots 1, 2							
61.	<u>T-20 S., R-33 E.</u> Sec. 29: W $\frac{1}{2}$	320	LC-065161-8	USA-A11	The Texas Company	Dorothy B. Perry Billie M. Trigg	.5% 5%	The Texas Company
62.	<u>T-20 S., R-32 E.</u> Sec. 24: S $\frac{1}{2}$ , S $\frac{1}{2}$ N $\frac{1}{2}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 25: N $\frac{1}{2}$ , SW $\frac{1}{4}$ Sec. 26: All Sec. 27: N $\frac{1}{2}$ N $\frac{1}{2}$	1840	LC-065750	USA-A11	Merrill L. Connally	Merrill L. Connally Paul Wallach	.5% 3%	Sid W. Richardson and Perry R. Bass
63.	<u>T-20 S., R-32 E.</u> Sec. 22: W $\frac{1}{2}$ SW $\frac{1}{4}$	80	LC-065751	USA-A11	Merrill L. Connally	Merrill L. Connally Paul Wallach	.5% 3%	Sid W. Richardson and Perry R. Bass
64.	<u>T-20 S., R-32 E.</u> Sec. 22: W $\frac{1}{2}$ NW $\frac{1}{4}$	80	LC-065752	USA-A11	Merrill L. Connally	Merrill L. Connally Paul Wallach	.5% 3%	Sid W. Richardson and Perry R. Bass
65.	<u>T-21 S., R-32 E.</u> Sec. 7: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 8: W $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 17: All Sec. 18: E $\frac{1}{2}$ E $\frac{1}{2}$	1320	LC-065833	USA-A11	Dorothy B. Perry	Dorothy B. Perry T. C. Stromberg	.5% 3%	Sid W. Richardson and Perry R. Bass

66.	<u>T-21 S., R-31 E.</u> Sec. 13: NW $\frac{1}{4}$ Sec. 26: S $\frac{1}{2}$ , NW $\frac{1}{4}$	640	LC-066446 5-1-51	USA-A11	Hudson & Hudson, Inc.	None		Hudson & Hudson, Inc. 95, First Nat'l Bank 15, Galveston, Texas, Trustee
67.	<u>R-21 S., F-31 E.</u> Sec. 27: N $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 34: E $\frac{1}{2}$ Sec. 35: N $\frac{1}{2}$	960	LC-067052 9-1-48	USA-A11	Lucy R. Muse	Lucy R. Muse I. W. Bosworth	.5% 3%	Sid W. Richardson and Perry R. Bass
68.	<u>T-22 S., R-31 E.</u> Sec. 1: Lcts 3, 4 S $\frac{1}{2}$ NW $\frac{1}{4}$	159.43	LC-067053 9-1-48	USA-A11	Lucy R. Muse	Lucy R. Muse I. W. Bosworth	.5% 3%	Sid W. Richardson and Perry R. Bass
69.	<u>T-21 S., R-32 E.</u> Sec. 30: S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ Sec. 34: SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$	520	LC-067054 9-1-48	USA-A11	Lucy R. Muse	Lucy R. Muse I. W. Bosworth	.5% 3%	Sid W. Richardson and Perry R. Bass
70.	<u>T-21 S., R-32 E.</u> Sec. 20: N $\frac{1}{2}$ Sec. 34: N $\frac{1}{2}$	640	LC-067056 9-1-48	USA-A11	George F. Bauerdorf	None		George F. Bauerdorf
71.	<u>T-21 S., R-32 E.</u> Sec. 20: S $\frac{1}{2}$	320	LC-067056-A 9-1-48	USA-A11	Eugene H. Perry	George F. Bauerdorf Eugene H. Perry	3% .5%	Sid W. Richardson and Perry R. Bass
72.	<u>T-21 S., R-32 E.</u> Sec. 29: E $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$	160	LC-067130 2-1-52	USA-A11	Suniland Oil Corp. Wilshire Oil Co. of Texas	None		Suniland Oil Corp. Wilshire Oil Co. of Texas

73.	<u>T-21 S., R-32 E.</u> Sec. 33: NW $\frac{1}{4}$	160	LC-067130-A 2-1-52	USA-A11	Eugene H. Perry	Eugene H. Perry	.5%	Sid W. Richardson and Perry R. Bass
74.	<u>T-20 S., R-32 E.</u> Sec. 35: W $\frac{1}{2}$	320	LC-068104 8-1-51	USA-A11	Merrill L. Connally	Merrill L. Connally T. K. Underwood, Obligation \$500 per Acre out of 3% of Production	.5%	Sid W. Richardson and Perry R. Bass
75.	<u>T-21 S., R-31 E.</u> Sec. 15: SW $\frac{1}{4}$	160	LC-068137 4-1-51	USA-A11	Elsinore C. Machris Wilshire Oil Co. of Texas	None		Elsinore C. Machris Wilshire Oil Co. of Texas
76.	<u>T-21 S., R-32 E.</u> Sec. 19: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ Sec. 30: N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 31: E $\frac{1}{2}$	726.85	LC-068600 6-1-53	USA-A11	L. E. Elliott	Hoover Wright	1%	L. E. Elliott
77.	<u>T-21 S., R-32 E.</u> Sec. 4: Lots 3, 4, 5, 6, 11, 12, 13, 14, W $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 6: SE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 7: NW $\frac{1}{4}$ NW $\frac{1}{4}$	601.71	LC-068921 10-1-51	USA-A11	Ewell H. Muse, Jr.	Ewell H. Muse, Jr. Victor B. VanHook	.5% 5%	Sid W. Richardson and Perry R. Bass
78.	<u>T-20 S., R-32 E.</u> Sec. 14: All Sec. 15: All Sec. 22: E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ Sec. 23: W $\frac{1}{2}$ , SE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$	2360	LC-069060 11-1-51	USA-A11	Ewell H. Muse, Jr.	Ewell H. Muse, Jr. Mrs. W. H. Milner Obligation \$500 per Acre out of 3% of Production	.5%	Sid W. Richardson and Perry R. Bass

79.	<u>T-21 S., R-32 E.</u> Sec. 7: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 18: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ Sec. 19: E $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 29: NE $\frac{1}{4}$	978.56	LC-069138 6-1-51	USA-A11	Dorothy H. Perry	Dorothy H. Perry Ella Belle Robinson Obligation \$500 per Acre out of 3% of Production	.5%	Sid W. Richardson and Perry R. Bass
79-A.	<u>T-21 S., R-32 E.</u> Sec. 7: Lots 1, 2, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$	165.88	LC-069188 6-1-51	USA-A11	Dorothy B. Perry	Dorothy B. Perry Ella Belle Robinson	.5% 5%	Sid W. Richardson and Perry R. Bass
80.	<u>T-22 S., R-32 E.</u> Sec. 6: Lots 3, 4, 5, SE $\frac{1}{4}$ NW $\frac{1}{4}$	167.58	LC-069475 1-1-48	USA-A11	Honolulu Oil Corp.	Georgia McAdams and C. A. McAdams		Honolulu Oil Corp.
81.	<u>T-20 S., R-33 E.</u> Sec. 5: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$ (A11) Sec. 6: Lots 1, 2, 3, 4, 5, 6, 7, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ (A11) Sec. 7: Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 8: All	2004.86	LC-069944 6-1-51	USA-A11	Dorothy B. Perry	Dorothy B. Perry Beulah Irene Hanson Obligation \$500 per Acre out of 3% of Production	.5%	Sid W. Richardson and Perry R. Bass
82.	<u>T-20 S., R-33 E.</u> Sec. 7: N $\frac{1}{2}$ NE $\frac{1}{4}$	80	LC-069944-A 6-1-51	USA-A11	The Texas Company	Dorothy B. Perry Beulah Irene Hanson, Obligation \$500 per Acre out of 3% of Production	.5%	The Texas Company

83.	<u>T-21 S., R-32 E.</u> Sec. 3: Lots 1 thru 8, inc. Sec. 10: W $\frac{1}{2}$ Sec. 15: W $\frac{1}{2}$	959.48	LC-070042 8-1-49	USA-A11	Skelly Oil Company	None	Skelly Oil Company
84.	<u>T-21 S., R-31 E.</u> Sec. 22: S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$	160	LC-070792 4-1-50	USA-A11	Eugene H. Perry	Eugene H. Perry Ethel C. Bryant	.5% 2% Sid W. Richardson and Perry R. Bass
86.	<u>T-21 S., R-31 E.</u> Sec. 11: N $\frac{1}{2}$	320	LC-070876 8-1-51	USA-A11	H. H. Anderson	H. H. Anderson Frances S. Jennings	.5% 5% Sid W. Richardson and Perry R. Bass
86.	<u>T-21 S., R-31 E.</u> Sec. 14: N $\frac{1}{2}$ N $\frac{1}{2}$ Sec. 15: N $\frac{1}{2}$ N $\frac{1}{2}$	320	LC-071771 8-1-49	USA-A11	H. H. Anderson	H. H. Anderson Ethel C. Bryant	.5% 5% Sid W. Richardson and Perry R. Bass
87.	<u>T-20 S., R-33 E.</u> Sec. 17: NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 20: NE $\frac{1}{4}$	400	LC-071900-A 9-1-51	USA-A11	W. G. Ross	Grace E. Van Hook	5% Sinclair Oil & Gas Company

87 FEDERAL TRACTS CONTAINING 44,037.49 ACRES, OR 81.48% OF THE UNIT AREA

TRACT NO.	DESCRIPTION OF LAND	NO. ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST OWNER
STATE LAND							
88.	T-21 S., R-32 E. Sec. 32: NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{2}$ SE $\frac{1}{4}$	280	E-1623-3 12-10-57	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
89.	T-21 S., R-32 E. Sec. 16: All	640	E-2784-4 7-11-59	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	Willard W. Moyer 4%	Sid W. Richardson and Perry R. Bass
90.	T-20 S., R-32 E. Sec. 16: NW $\frac{1}{4}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$	240	E-5230-1 5-10-61	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
91.	T-20 S., R-32 E. Sec. 2: N $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , Lots 1 and 4 Sec. 13: NE $\frac{1}{4}$	759.76	E-5231-1 5-10-61	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
	T-20 S., R-33 E. Sec. 18: Lot 2, SE $\frac{1}{4}$ NW $\frac{1}{4}$						
	T-21 S., R-31 E. Sec. 2: S $\frac{1}{2}$						

92.	<u>T-20 S., R-32 E.</u> Sec. 36: E $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ E $\frac{1}{2}$ SE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$	1000.18	E-5231-2 5-10-61	State of New Mexico 12 $\frac{1}{2}$ %	The Texas Company	None	The Texas Company
	<u>T-20 S., R-33 E.</u> Sec. 18: Lots 1, 3, 4, S $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$						
	Sec. 19: W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 31: Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$						
93.	<u>T-19 S., R-32 E.</u> Sec. 36: NW $\frac{1}{4}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Lot 1	438.86	E-5558-1 9-10-61	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
94.	<u>T-20 S., R-33 E.</u> Sec. 31: S $\frac{1}{2}$ SE $\frac{1}{4}$	80	E-6142-2 4-10-62	State of New Mexico 12 $\frac{1}{2}$ %	The Texas Company	None	The Texas Company
95.	<u>T-20 S., R-32 E.</u> Sec. 2: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$	120	E-7671-1 12-15-63	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
96.	<u>T-20 S., R-32 E.</u> Sec. 2: Lots 2, 3, SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$	279.80	E-9051-1 5-17-65	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
97.	<u>T-20 S., R-33 E.</u> Sec. 30: W $\frac{1}{2}$ E $\frac{1}{2}$	160	E-9051-2 5-17-65	State of New Mexico 12 $\frac{1}{2}$ %	The Texas Company	None	The Texas Company
98.	<u>T-20 S., R-33 E.</u> Sec. 32: E $\frac{1}{2}$	320	E-9052-1 5-17-65	State of New Mexico 12 $\frac{1}{2}$ %	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass

99.	<u>T-20 S., R-33 E.</u> Sec. 32: $W\frac{1}{2}$	320	E-9052-2 5-17-65	State of New Mexico $12\frac{1}{2}\%$	The Texas Company	None	The Texas Company
100.	<u>T-21 S., R-31 E.</u> Sec. 2: Lots 1 thru 16	649.52	E-9360 9-20-65	State of New Mexico $12\frac{1}{2}\%$	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
101.	<u>T-20 S., R-32 E.</u> Sec. 13: $W\frac{1}{2}SW\frac{1}{4}$ Sec. 36: $W\frac{1}{2}NW\frac{1}{4}$	160	E-1931-1 6-10-58	State of New Mexico $12\frac{1}{2}\%$	Phillips Petroleum Company	None	Phillips Petroleum Company
102.	<u>T-20 S., R-32 E.</u> Sec. 16: $SW\frac{1}{4}$ , $NW\frac{1}{4}SE\frac{1}{4}$	200	B-3277-11 H.B.P.	State of New Mexico $12\frac{1}{2}\%$	David C. Saikin	The Texas Company ( $6\frac{1}{4}\%$ to $12\frac{1}{2}\%$ )	Kerr-McGee and Phillips Petr. Co.
103.	<u>T-20 S., R-32 E.</u> Sec. 16: $S\frac{1}{2}SE\frac{1}{4}$ , $NE\frac{1}{4}SE\frac{1}{4}$	120	B-3277-7 H.B.P.	State of New Mexico $12\frac{1}{2}\%$	The Texas Company	None	The Texas Company
104.	<u>T-20 S., R-32 E.</u> Sec. 16: $SW\frac{1}{4}NE\frac{1}{4}$	40	E-6568-1 10-10-62	State of New Mexico $12\frac{1}{2}\%$	Kerr-McGee and Phillips Petr. Co.	None	Kerr-McGee and Phillips Petr. Co.
105.	<u>T-20 S., R-32 E.</u> Sec. 16: $NW\frac{1}{4}NE\frac{1}{4}$	40		State of New Mexico $12\frac{1}{2}\%$	OPEN		OPEN
106.	<u>T-19 S., R-32 E.</u> Sec. 36: $NW\frac{1}{4}SW\frac{1}{4}$	40	B-1565-2 H.B.P.	State of New Mexico $12\frac{1}{2}\%$	Pacific-Western Oil Company	None	Pacific-Western Oil Company
107.	<u>T-19 S., R-32 E.</u> Sec. 36: Lots 2, 3, 4, $SW\frac{1}{4}NE\frac{1}{4}$	158.54	B-1482-1 H.B.P.	State of New Mexico $12\frac{1}{2}\%$	Cities Service Oil Company	None	Cities Service Oil Company
108.	<u>T-19 S., R-33 E.</u> Sec. 32: $W\frac{1}{2}SW\frac{1}{4}$ $NE\frac{1}{4}SW\frac{1}{4}$	120	B-1581-6 H.B.P.	State of New Mexico $12\frac{1}{2}\%$	Sinclair Oil & Gas Company	None	Sinclair Oil & Gas Company

109.	<u>T-19 S., R-33 E.</u> Sec. 32: NW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$	320	E-8013 3-16-64	State of New Mexico 12 $\frac{1}{2}$ %	Ed E. Kinney	None	Ed E. Kinney
110.	<u>T-19 S., R-33 E.</u> Sec. 32: NE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$	200	B-11290 H.B.P.	State of New Mexico 12 $\frac{1}{2}$ %	Magnolia Petroleum Company	None	Magnolia Petroleum Company
111.	<u>T-20 S., R-32 E.</u> Sec. 2: SE $\frac{1}{4}$ NW $\frac{1}{4}$	40	B-1482-1 H.B.P.	State of New Mexico 12 $\frac{1}{2}$ %	Cities Service Oil Company	None	Cities Service Oil Company
112.	<u>T-20 S., R-32 E.</u> Sec. 12: SE $\frac{1}{4}$ Sec. 13: NW $\frac{1}{4}$ , SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$	560	B-3615-2 H.B.P.	State of New Mexico 12 $\frac{1}{2}$ %	The Texas Company	None	The Texas Company
113.	<u>T-20 S., R-32 E.</u> Sec. 36: W $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$	160	E-9543 11-15-65	State of New Mexico	The Texas Company	None	The Texas Company
114.	<u>T-20 S., R-32 E.</u> Sec. 36: SE $\frac{1}{4}$ NW $\frac{1}{4}$	40	E-2863-1 8-10-59	State of New Mexico	The Texas Company	E.M. Zuklin	6 $\frac{1}{4}$ % The Texas Company
115.	<u>T-20 S., R-33 E.</u> Sec. 17: S $\frac{1}{2}$ SW $\frac{1}{4}$	80	E-4207-3 9-11-60	State of New Mexico 12 $\frac{1}{2}$ %	Sinclair Oil & Gas Company	None	Sinclair Oil & Gas Company
116.	<u>T-20 S., R-33 E.</u> Sec. 17: S $\frac{1}{2}$ SE $\frac{1}{4}$	80	B-1482-1 H.B.P.	State of New Mexico 12 $\frac{1}{2}$ %	Cities Service Oil Company	None	Cities Service Oil Company

117.	<u>T-21 S., R-31 E.</u> Sec. 36: <u>NE<math>\frac{1}{4}</math>,</u> <u>N<math>\frac{1}{2}</math>NW<math>\frac{1}{4}</math></u>	240	E-7812 2-16-64	State of New Mexico 12 $\frac{1}{2}$ %	Gulf Oil Corporation	None	Gulf Oil Corporation
118.	<u>T-21 S., R-31 E.</u> Sec. 36: <u>S<math>\frac{1}{2}</math>, S<math>\frac{1}{2}</math>NW<math>\frac{1}{4}</math></u>	400	E-7645 12-15-63	State of New Mexico 12 $\frac{1}{2}$ %	Ohio Oil Company	None	Ohio Oil Company
119.	<u>T-21 S., R-32 E.</u> Sec. 32: <u>SW<math>\frac{1}{4}</math>, N<math>\frac{1}{2}</math>NW<math>\frac{1}{4}</math></u> <u>SW<math>\frac{1}{4}</math>NW<math>\frac{1}{4}</math></u>	280	E-5007-1 2-10-61	State of New Mexico 12 $\frac{1}{2}$ %	Continental Oil Co.	None	Continental Oil Co.
120.	<u>T-21 S., R-32 E.</u> Sec. 32: <u>SE<math>\frac{1}{4}</math>NW<math>\frac{1}{4}</math></u>	40	E-1932-1 6-10-58	State of New Mexico 12 $\frac{1}{2}$ %	Phillips Petroleum Co.	None	Phillips Petr. Co.
121.	<u>T-21 S., R-32 E.</u> Sec. 32: <u>SW<math>\frac{1}{4}</math>SE<math>\frac{1}{4}</math></u>	40	B-399-34 H.B.P.	State of New Mexico 12 $\frac{1}{2}$ %	Mazel Oil & Gas Co.	None	Mazel Oil & Gas Co.
122.	<u>T-22 S., R-31 E.</u> Sec. 2: <u>Lots 1, 2,</u> <u>3, 4, S<math>\frac{1}{2}</math>N<math>\frac{1}{2}</math></u>	319.48		State of New Mexico 12 $\frac{1}{2}$ %	OPEN		OPEN

35 STATE TRACTS CONTAINING 8,966.14 ACRES OR 16.59% OF UNIT AREA

Tract No.	DESCRIPTION OF LAND	NO. OF ACRES	EXPIRATION DATE OF LEASE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST OWNER
<u>FEE OR PRIVATELY OWNED LAND</u>							
123.	<u>T-20 S., R-32 E.</u> Sec. 1: SE $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$	320	8-30-56	W. M. Snyder	Sid W. Richardson and Perry R. Bass	None	Sid W. Richardson and Perry R. Bass
124.	<u>T-20 S., R-32 E.</u> Sec. 27: N $\frac{1}{2}$ S $\frac{1}{2}$ , S $\frac{1}{2}$ N $\frac{1}{2}$	320		Estate of J. M. Campbell	Not Leased	None	Estate of J.M. Campbell
125.	<u>T-20 S., R-32 E.</u> Sec. 25: SE $\frac{1}{4}$ <u>T-20 S., R-33 E.</u> Sec. 30: SW $\frac{1}{4}$	320.45	4-8-57	Argo Oil Corp., et al. Leonard Oil Company Sunshine Royalty Co. Estate of E. C. Higgins Mabel Stewart Cecil H. Kyte Pearl Monteith	The Texas Company		The Texas Company Leonard Oil Company Sunshine Royalty Co. Argo Oil Corp.
126.	<u>T-21 S., R-32 E.</u> Sec. 34: SE $\frac{1}{4}$ SE $\frac{1}{4}$	40		C. H. James	Not Leased		C. H. James
127.	<u>T-22 S., R-32 E.</u> Sec. 3: SE $\frac{1}{4}$ NE $\frac{1}{4}$	40		C. H. James	Not Leased		C. H. James
<u>5 FEE OR PRIVATELY OWNED TRACTS CONTAINING 1040.45 ACRES, OR 1.93% OF THE UNIT AREA</u>							

TOTAL 127 TRACTS CONTAINING 54,044.08 ACRES, IN THE LITTLE EDDY UNIT AREA

MAIN OFFICE OCC

1955 JUL 25 BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

APPLICATION OF RICHARDSON & BASS  
FOR APPROVAL OF THE LITTLE EDDY  
UNIT AGREEMENT EMBRACING 54,044.08  
ACRES, MORE OR LESS, EDDY AND LEA  
COUNTIES, NEW MEXICO, WITHIN  
TOWNSHIPS 19, 20, 21 and 22 S.,  
RANGES 31, 32 and 33 E., N.M.P.M.

CASE NO. 1117

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Comes the undersigned, Richardson & Bass, a co-partnership composed of Sid W. Richardson and Perry R. Bass, of Fort Worth, Texas, and files herewith three copies of the proposed unit agreement for the development and operation of the Little Eddy Unit Area, Eddy and Lea Counties, New Mexico, and hereby makes application for the approval of said unit agreement as provided by law, and in support thereof, shows:

1. That the proposed unit area covered by said agreement embraces 54,044.08 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 19 S., R. 32 E.

Sec. 25:  $S\frac{1}{2}$   
Sec. 34: Lots 3, 4,  $N\frac{1}{2}SE\frac{1}{4}$   
Sec. 35: Lots 1, 2, 3, 4,  $N\frac{1}{2}S\frac{1}{2}$ ,  $N\frac{1}{2}$   
Sec. 36: Lots 1, 2, 3, 4,  $N\frac{1}{2}S\frac{1}{2}$ ,  $N\frac{1}{2}$

T. 19 S., R. 33 E.

Sec. 29: All  
Sec. 30: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$   
Sec. 31: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$   
Sec. 32: All

T. 20 S., R. 32 E.

Sec. 1: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 2: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 3: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 4: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Secs. 9 thru 16: all  
Secs. 22 thru 26: all  
Sec. 27:  $N\frac{1}{2}S\frac{1}{2}$ ,  $N\frac{1}{2}$   
Sec. 35: all  
Sec. 36: all

T. 20 S., R. 33 E.

Sec. 5: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$ ,  $S\frac{1}{2}$  (all)  
Sec. 6: Lots 1, 2, 3, 4, 5, 6, 7,  $SE\frac{1}{4}NW\frac{1}{4}$ ,  
 $S\frac{1}{2}NE\frac{1}{4}$ ,  $E\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}$  (all)  
Sec. 7: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Sec. 8: all  
Sec. 17: all  
Sec. 18: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Sec. 19: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Secs. 20, 29: all  
Sec. 30: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Sec. 31: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Sec. 32: all

T. 21 S., R. 31 E.

Sec. 1: Lots 1 thru 16,  $S\frac{1}{2}$  (all)  
Sec. 2: Lots 1 thru 16,  $S\frac{1}{2}$  (all)  
Sec. 3:  $S\frac{1}{2}$   
Secs. 10 thru 15: all  
Secs. 22 thru 27: all  
Sec. 34:  $E\frac{1}{2}$   
Secs. 35, 36: all

T. 21 S., R. 32 E.

Sec. 3: Lots 1 thru 16,  $SW\frac{1}{4}$   
Sec. 4: Lots 1 thru 16,  $S\frac{1}{2}$  (all)  
Sec. 5: Lots 1 thru 16,  $S\frac{1}{2}$  (all)  
Sec. 6: Lots 1 thru 18,  $E\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}$  (all)  
Sec. 7: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Secs. 8, 9: all  
Sec. 10:  $W\frac{1}{2}$   
Sec. 15:  $W\frac{1}{2}$   
Sec. 16, 17: all  
Sec. 18: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Sec. 19: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Sec. 20, 21, 22, 27, 28, 29: all  
Sec. 30: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Sec. 31: Lots 1, 2, 3, 4,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$  (all)  
Secs. 32, 33, 34: all

T. 22 S., R. 31 E.

Sec. 1: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$   
Sec. 2: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$

T. 22 S., R. 32 E.

Sec. 3: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$   
Sec. 4: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$   
Sec. 5: Lots 1, 2, 3, 4,  $S\frac{1}{2}N\frac{1}{2}$   
Sec. 6: Lots 1, 2, 3, 4, 5,  $SE\frac{1}{4}NW\frac{1}{4}$ ,  $S\frac{1}{2}NE\frac{1}{4}$

2. That of the lands embraced within the proposed unit area, 44,037.49 acres or 81.48% are federal lands, 8,966.14 acres or 16.59% are lands of the State of New Mexico, and 1,040.45 acres or 1.93% are fee or privately owned lands. That said area has heretofore, on June 8, 1956, been designated by the Acting Director of the United States Geological Survey as an area suitable and proper for unitization, a copy of said designation being attached hereto, made a part hereof

and for purposes of identification marked Exhibit A.

3. That applicant is informed and believes, and upon such information and belief, states: That the proposed unit area covers a substantial part of the geological feature involved, and in the event of the discovery of oil or gas thereon, that said unit agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of the unitized substances.

4. That Richardson & Bass is designated as the unit operator in said unit agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas, subject to all applicable laws and regulations. That said unit agreement provides for the commencement of at least two adequate test wells within the unit area within six months from the effective date of the unit agreement, and that the same be drilled until all formations down to and including the Devonian formation have been tested or until, at a lesser depth, unitized substances shall have been discovered in either or both wells which can be produced in paying quantities, however, unit operator is not required in any event to drill either of said wells to a depth in excess of 14,500 feet.

5. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said agreement, to the end that the maximum recovery will be obtained, and that said unit agreement is in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes.

6. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico.

7. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, an approved copy thereof will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said unit agreement and that upon said hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and prevention of waste.

DATED this the 19th day of July, 1956.

Respectfully submitted,

RICHARDSON & BASS

BY: 

1111 HERVEY, DOW & HINKLE

HIRAM M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
HOWARD G. BRATTON  
S. B. CHRISTY IV

J. PENROD TOLES  
LEWIS C. COX, JR.

LAW OFFICES  
HERVEY, DOW & HINKLE  
FIRST NATIONAL BANK BUILDING  
ROSWELL, NEW MEXICO

July 20, 1956

TELEPHONE MAIN 2-6510

*Case # 1117*

*sent copy  
to  
Clarence  
Hinkle*

*on 7/31/56*

New Mexico Oil Conservation Commission  
Capitol Building  
Santa Fe, New Mexico

Gentlemen:

We enclose herewith in triplicate application of Richardson & Bass for approval of the Little Eddy Unit Agreement embracing lands in Eddy and Lea Counties, New Mexico.

I telegraphed you yesterday requesting that the hearing be set for August 6 before Warren Mankin, examiner, and this application is filed as a follow-up of the telegram.

We also enclose three copies of the form of unit agreement which is proposed to be used in this case. You will note from the application that this area has heretofore been designated as an area suitable and proper for unitization by the United States Geological Survey.

Yours very truly,

HERVEY, DOW & HINKLE

BY: *Clarence Hinkle*

CEH: jy  
Encls.