



Case 14-08-001-5247

CERTIFICATION - DETERMINATION

14-08-001-5247

Pursuant to the authority vested in the Secretary of the Interior, under the Act approved February 25, 1920, 41 Stat. 437, 30 U.S.C., Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey pursuant to Departmental Order 2365 of October 8, 1947, 43 C.F.R. Sec. 4.611, 12 F.R. 6784, I do hereby:

- A. Approve the attached agreement for the development and operation of the Cotton Draw Unit Area, Eddy and Lea Counties, New Mexico.
- B. Certify and determine that the unit plan of development and operation set forth in the attached agreement is necessary and advisable in the public interest and is for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Arthur D. Zuber

Acting Director,
United States Geological Survey

Date JUL 28 1958

CONSERVATION DIVISION
JUL 10 1958

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Arthur S. Baker
Acting Director,
United States Geological Survey

Date JUL 28 1958

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MAIN OFFICE OCC

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

RECEIVED

JUN 13 1958

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 21st day of
April, 1958, 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, 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 de-
velopment or operation or 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 (Chapter 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 con-
servation provisions hereof; and

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

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through 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 Cotton Draw unit area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 24 S., R. 31 E.

Sec. 13: All
Sec. 14: $S\frac{1}{2}$
Secs. 23, 24, 25, 26: All
Sec. 34: $E\frac{1}{2}$
Secs. 35 and 36: All

T. 24 S., R. 32 E.

Secs. 7, 8, 9: All
Secs. 16, 17, 18, 19,
20, 21: All
Sec. 27: $W\frac{1}{2}$, $SE\frac{1}{4}$
Secs. 28, 29, 30, 31, 32,
33 and 34: All

T. 25 S., R. 32 E.

Secs. 3, 4, 5, 6, 7, 8, 9, 10: All
Secs. 15, 16, 17, 18, 19, 20, 21, 22: All
Sec. 27: $N\frac{1}{2}$
Sec. 28: $N\frac{1}{2}$
Sec. 29: $N\frac{1}{2}$
Sec. 30: $N\frac{1}{2}$

T. 25 S., R. 31 E.

Secs. 1 and 2: All
Sec. 3: $E\frac{1}{2}$
Sec. 10: $E\frac{1}{2}$
Secs. 11, 12, 13, 14: All
Sec. 15: $E\frac{1}{2}$, $E\frac{1}{2}W\frac{1}{2}$
Sec. 22: $E\frac{1}{2}$, $E\frac{1}{2}W\frac{1}{2}$, $SW\frac{1}{4}NW\frac{1}{4}$, $NW\frac{1}{4}SW\frac{1}{4}$
Secs. 23 and 24: All
Sec. 25: $N\frac{1}{2}$
Sec. 26: $N\frac{1}{2}$

Situated in Eddy and Lea Counties, containing 35,144.36 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 seven 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 "Commissioner."

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

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the Commissioner and the Commission 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 in sufficient number, 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, the Commissioner, and the Commission become effective as of the date prescribed in the notice thereof.

(e) 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 5 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 5-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 90 days' time elapsing between the completion of one such well and the commencement of the next such well, 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 and Commissioner. 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 Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2. (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-non-participating-acreage basis, respectively, with approval of the Directors and Commissioner, provided such extension application is submitted to the Commissioner and 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 2. (e) shall not be considered automatic commitment or recommitment of such lands.

3. UNITIZED LAND AND UNITIZED SUBSTANCES: All lands committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and are herein called "unitized substance."

4. UNIT OPERATOR: The Texas Company, a corporation with offices at Fort Worth, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit "B" attached hereto and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as

herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

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 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners, the Director and Commissioner and the Commission, 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% of the working interests

qualified to vote are owned by one party to this agreement, a concurring vote of sufficient additional working interest owners shall be required so as to constitute in the aggregate not less than 75% of the total working interests in order 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 in the first instance by Unit Operator and such costs and expenses so paid by Unit Operator shall be apportioned among and borne by the owners of working interests and the Unit Operator reimbursed, 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 by the Director.

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.

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 an adequate test well at a location approved by the Supervisor, if on Federal land, or by the Commissioner if on State land, or by the Commission if on privately-owned land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the basal members of the Delaware formation down to the Bone Springs formation have been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land, the Commissioner if on State land, or the Commission if on privately-owned land, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 12,000 feet. 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 between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Federal land, 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 incapable of producing unitized substances in paying quantities in the formations drilled hereunder. 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

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

upon failure to comply with the drilling provisions of this section, the Director and 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 and the Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commissioner 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 and the Commissioner 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 and the Commissioner. Such plan or plans shall be modified or 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 the 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 Commissioner, 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 submit for approval by the Director and the Commissioner, 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 and the Commissioner to constitute a participating area,

effective as of the date of completion of such well or the effective date of this 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 and the Commissioner. 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 land then regarded as reasonably proved not to be productive in paying quantities, 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, a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and Commissioner. 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 of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director and the Commissioner 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 for Federal lands, the Commissioner as to State lands, and the Commission as to privately-owned lands, respectively, and the amount thereof deposited as directed by the Supervisor and Commissioner respectively 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 or parties hereto owning or controlling the working interests or a majority of the working interests 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, 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 or to test any formation for which a participating area has been established if such location is not within said participating area, or drill any well not mutually agreed to by all interested parties, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commenced 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 party or parties paying the cost of drilling such well shall be reimbursed as provided in the unit operating agreement for the cost of drilling such well, and the well shall thereafter be transferred to and 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 require-

ments 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, laws, and regulations. 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 of 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.

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.

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases.

With respect to any committed lease on privately-owned 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 provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and thereafter until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included in a participating area.

16. 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 regulation.

17. 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, including wells on adjacent unit areas, or, with the consent of the Director or the Commissioner, respectively, pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Federal lands or as approved by the Commissioner for State lands.

18. 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 as to Federal leases and the Commissioner as to State leases shall and each by his approval hereof, or by the approval hereof by his duly authorized representative, does 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 tract or part 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 lease shall be deemed to expire by reason of failure to drill or produce wells situated on the 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 land.

(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 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.

(e) Any federal lease for a fixed term of 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. Any other federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such lease remains subject hereto, provided that production is had in paying quantities under this agreement 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 terms 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) The segregation of any Federal lease committed to this agreement, is governed by the following provision in the fourth paragraph of Sec. 17(b) of the 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."

(h) Any lease embracing lands of the State of New Mexico having only a portion of its lands 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. 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 terms 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.

19. 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, trans-

fer, 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.

20. **EFFECTIVE DATE AND TERM:** This Agreement shall become effective upon approval by the Commissioner, and the Director, or their duly authorized representatives, as of the date of approval by the Director, and shall terminate five years after such date, unless:

(a) such date of expiration is extended by the Director and Commissioner, or

(b) it is reasonably determined prior to the expiration of the fixed term or any extensions thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations 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 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 and Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION:
All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any federal or state statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and within the limits made or fixed by the Commission to alter or modify the quantity and rate of production under this agreement, such authority being hereby limited to alternation 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; provided, further, 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.

22. CONFLICT OF SUPERVISION: Neither the 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 provision 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 things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. APPEARANCES: Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the 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 Commission or the Commissioner, 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.

24. NOTICES: All notices, demands or statements required hereunder to be given or rendered to the parties hereto

shall be deemed fully given if given in writing and personally delivered to the party or sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

25. 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.

26. 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 accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar in nature to the matters herein enumerated or not.

27. FAIR EMPLOYMENT: In connection with the performance of work under this agreement, the Unit Operator agrees not to 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 re-recruitment advertising, layoff or termination; rates of pay of other forms of compensation; and selection for training, including apprenticeship. The Unit 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 nondiscrimination clause.

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

28. LOSS OF TITLE: In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, so that such tract is not committed to this unit agreement, or the operation thereof hereunder becomes impractical as a result thereof, 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 of the United States shall be deposited as directed by the Supervisor, and such funds of the State shall be deposited as directed by the Commissioner, 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.

29. 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. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied 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. 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 may 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 accompanied 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.

30. 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.

ATTEST: APPROVED
 Terms RTM/REB
 Executed
 Secretary

Date May 8, 1958

THE TEXAS COMPANY
 BY J. A. Hale
 Address P.O. Box 1720
Fort Worth, Texas

UNIT OPERATOR AND WORKING INTEREST OWNER

ATTEST:
 Secretary

Date _____

[Redacted Signature]
 Address [Redacted]
717 Westwood Ave
LOS ANGELES, CALIF.

ATTEST:
 Secretary

Date _____

Col. A. J. Harrison
 Address Box 1320
Albuquerque, New Mexico

ATTEST:

Maria Rodgers
Assistant Secretary

Date May 22, 1958

ATTEST:

Secretary

Date May 23, 1958

ATTEST:

Secretary

Date 6-2-58

ATTEST:

Secretary

Date 6-2-58

ATTEST:

Secretary

Date _____

CONTINENTAL OIL COMPANY

By Y. G. Pearson

ATTORNEY IN FACT 1710 FAIR BUILDING
Address: FORT WORTH 2, TEXAS

22
Ran
600
978

T. G. Brown

By _____

Address: 1813 Fair Building
Fort Worth 2, Texas

By Larry R. Best

Address: 1200 Ft Worth Nat'l Bank Bldg
Ft Worth, Texas

By W. M. Richardson

Address: 1200 Ft Worth Nat'l Bank Bldg
Ft Worth, Texas

By _____

Address: _____

Date 4-21-58 J.M. Langford

Address: 9363 Wilshire Blvd
Beverly Hills, Calif

Date 4-22-58 T.D. Kern

Address: 436 So. Old Branch Rd
FA Castro Calif

Date 4-24-58 [Signature]

Address: 12305 5th Helena
Los Angeles 49, Calif.

Date _____
Address: _____

STATE OF Texas }
COUNTY OF Tarrant } ss.

The foregoing instrument was acknowledged before me
this 8th day of May, 1958, by J.A. Hall
ATTORNEY IN FACT of The Texas Company, a Delaware
corporation, on behalf of said corporation.

Mr. Dorothy Hansen
Notary Public

My Commission Expires:

6-1-59

STATE OF Texas }
COUNTY OF Tarrant } ss.

The foregoing instrument was acknowledged before me
this 22nd day of May, 1958, by G. T. PEARSON,
ATTORNEY IN FACT of CONTINENTAL OIL COMPANY,
a Delaware corporation, on behalf of said corporation.

Evelyn Reichmiller
Notary Public

My Commission Expires:

June 1, 1959

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by _____,
of _____, a _____
corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by _____,
of _____, a _____
corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by _____
_____, _____ of _____
_____, a _____ corporation, on
behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by _____
_____, _____ of _____
_____, a _____ corporation, on
behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by _____
_____, _____ of _____
_____, a _____ corporation, on
behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by _____
_____, _____ of _____
_____, a _____ corporation, on
behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

The foregoing instrument was acknowledged before me
this 21st day of April, 1958, by
J. M. GARFINKEL ~~XXXXXXXXXXXX~~

Georgia J. Lynch
Notary Public

My Commission Expires:
3-14-59

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

The foregoing instrument was acknowledged before me
this 22nd day of April, 1958, by
R. J. KERR ~~XXXXXXXXXXXX~~

Georgia J. Lynch
Notary Public

My Commission Expires:
3-14-59

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.

The foregoing instrument was acknowledged before me
this 24th day of April, 1958, by W. R. PAGEN
and EDWIN W. FAULEY ~~XXXXXXXXXXXX~~

Georgia J. Lynch
Notary Public

My Commission Expires:
3-14-59

STATE OF New Mexico)
COUNTY OF Bernalillo) ss.

The foregoing instrument was acknowledged before me
this 28 day of April, 1958, by
Paul R. L. Markham and his wife,

Robert L. Markham
Notary Public

My Commission Expires:
Jan 29, 1962

STATE OF Texas }
COUNTY OF Tarrant } ss.

The foregoing instrument was acknowledged before me
this 23rd day of May, 1958, by
Porter Brown and his wife, _____.

Trullie Adams
Notary Public

My Commission Expires:
TRULLIE ADAMS, Notary Public
in and for Tarrant County, Texas
My Commission Expires June 1, 1959

STATE OF Texas }
COUNTY OF Lavaca } ss.

The foregoing instrument was acknowledged before me
this 2nd day of June, 1958, by
L. W. Richardson and his wife, LeRoy R. Bess.

Delphia Corbin
Notary Public

My Commission Expires: June 1, 1959

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by
_____ and his wife, _____.

Notary Public

My Commission Expires:

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1958, by
_____ and his wife, _____.

Notary Public

My Commission Expires:

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COTTON DEAN UNIT AREA-

EDDY AND LEA COUNTIES

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated April 21, 1958, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 4th day of June 19 58.



Commissioner of Public Lands
of the State of New Mexico

December 15, 1969

144
186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

No. 14-08-001-5247

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

Gentlemen:

We enclose for your further handling, six copies each of application, with supporting data, for participating areas resulting from the drilling of Cotton Draw Unit Well Numbers 67, 69, 70, 72 and 73. The wells and the applicable participating application are as follows:

- Well No. 67 - First enlargement of Morrow participating area.
- Well No. 69 - Initial Delaware Sand "A" participating area.
- Well No. 70 - First enlargement of Delaware Sand "A" participating area.
- Well No. 72 - Second enlargement of Delaware Sand "A" participating area.
- Well No. 73 - Third enlargement of Delaware Sand "A" participating area.

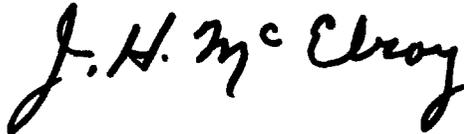
These applications represent the last revisions to the participating areas to be made during the period of time specified for automatic elimination as provided for in amended Section 2(e) of the Unit Agreement.

Texaco, by letter dated December 9, 1969, notified the Commissioner of Public Lands, Oil Conservation Commission of the State of New Mexico and the United States Geological Survey that Cotton Draw Unit Well No. 68 would be

commenced shortly at a location within the boundary of the Initial Devonian Participating area and scheduled to a depth of 16,500' to test the Devonian, Morrow and other formations. The drilling of well No. 68 will not serve to defer automatic elimination. Since only three wells will be ultimately needed to deplete the Morrow, any further drilling would be unnecessary.

We would appreciate the Commissioner approving all copies of the applications and forwarding four sets to the United States Geological Survey, Roswell, New Mexico for their further handling.

Yours very truly,

A handwritten signature in black ink, reading "J. H. Mc Elroy". The signature is written in a cursive style with a large, prominent "J" and "M".

WRD:er

enclosures

cc: Oil Conservation Commission
State of New Mexico
Box 2088
Santa Fe, New Mexico

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of Third
Enlargement of
Delaware Sand "A"
participating area

TO THE REGIONAL OIL AND GAS SUPERVISOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Regional Oil and Gas Supervisor, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico, the selection of the following described lands to constitute the Third Enlargement of the initial Delaware Sand "A" participating area, to wit:

Township 24 South, Range 32 East, N. M. P. M.

Section 34: NE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 40.00 acres, more or less.

Section 34: W $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 120.00 acres, more or less.

Section 33: SE $\frac{1}{4}$

containing 160 acres, more or less.

Township 25 South, Range 32 East, N. M. P. M.

Section 4: Lots 1 and 2 and S $\frac{1}{2}$ NE $\frac{1}{4}$

containing 159.52 acres.

Section 3: Lot 4 and SW $\frac{1}{4}$ NW $\frac{1}{4}$

containing 79.62 acres.

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area, participating area as heretofore established, and the boundary of the proposed enlargement herein.
- (2) A schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Delaware Sand "A" participating area, under the enlargement herein, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in quadruplicate to the Supervisor and in duplicate to the Commissioner, a geological report with an accompanying geologic map supporting and justifying the proposed selection of the participating area. Mechanical logs have previously been furnished.

This proposed enlargement of the initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the Unit Agreement on December 29, 1968 of Unit Well No. 73 in the Northeast Quarter of the Northeast Quarter of Section 4, Township 25 South, Range 32 East, Lea County, New Mexico, with a calculated absolute open flow potential of 2.422 MCFGPD. The effective date of this enlargement to the Delaware Sand "A" participating area shall be December 1, 1968 pursuant to Section 11 of the Unit Agreement.

This application has been approved by Texaco Inc., as Operator of the Cotton Draw Unit, and consequently, applicant respectfully requests that the Supervisor and the Commissioner approve the hereinabove selection of lands to constitute the third enlargement to the initial Delaware Sand "A" participating area, to be effective December 1, 1968.

Dated this 15th day of December, 1969.

TEXACO Inc.

By

J. H. McElroy
Attorney-in-Fact

APPROVED: _____, 1969

Regional Oil and Gas Supervisor,
United States Geological Survey

APPROVED: _____, 1969

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

EXHIBIT "B"

SCHEDULE

TRACT NO.	LEASE NO.	DESCRIPTION	NUMBER OF ACRES	WORKING INTEREST OWNERSHIP	COMMITTED PERCENTAGE	PARTICIPATION	THIRD ENLARGED PARTICIPATING AREA		
							Acres	Percent	
21-A	Federal Lease LC-061936	NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, T24S, R32E	40	Texaco Inc. Pauley Petroleum Inc. 50%	All All	3.5769220 3.5769220			
21-A	Federal Lease LC-061936	W $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, T24S, R32E	120	Texaco Inc. Pauley Petroleum Inc. 50%	All All	10.7307650 10.7307650			
22-C	Federal Lease NM-054031	SE $\frac{1}{4}$ Section 33, T24S, R32E	160	Texaco Inc. Pauley Petroleum Inc. 25% Beard Oil Company 50%	All All All	7.1538435 7.1538435 14.3076870			
22-D	Federal Lease NM-054031	Lots 1 and 2 and S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 4, T25S, R32E	159.52	Texaco Inc. Pauley Petroleum Inc. 50%	All All	14.2647635 14.2647635			
21-A	Federal Lease LC-061936	Lot 4 and SW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 3 T25S, R32E	79.62	Texaco Inc. Pauley Petroleum Inc. 50%	All All	7.1198625 7.1198625			
<u>SUMMARY</u>									
							<u>Acres</u>	<u>Percent</u>	
TOTAL USA LANDS							559.14	100.00	
OTHER LANDS							-----	-----	
SUB-TOTAL							559.14	100.00	
UNCOMMITTED AGREAGE							-----	-----	
TOTAL PRODUCTIVE AGREAGE							559.14	100.00	

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of Second
Enlargement of
Delaware Sand "A"
participating area

TO THE REGIONAL OIL AND GAS SUPERVISOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Regional Oil and Gas Supervisor, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico, the selection of the following described lands to constitute the First Enlargement of the initial Delaware Sand "A" participating area, to wit:

Township 24 South, Range 32 East, N. M. P. M.

Section 34: NE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 40.00 acres, more or less.

Section 34: W $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 120.00 acres, more or less.

Section 33: SE $\frac{1}{4}$

containing 160 acres, more or less.

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area, participating area as heretofore established, and the boundary of the proposed enlargement herein.
- (2) A schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Delaware Sand "A" participating area, under the enlargement herein, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in quadruplicate to the Supervisor and in duplicate to the Commissioner, a geological report with an accompanying geologic map supporting and justifying the proposed selection of the participating area. Mechanical logs have previously been furnished.

This proposed enlargement of the initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the Unit Agreement on September 14, 1968 of Unit Well No. 72 in the Southeast Quarter of the Southeast Quarter of Section 33,

Township 24 South, Range 32 East, Lea County, New Mexico, with a calculated absolute open flow potential of 1.957 MCFGPD. The effective date of this enlargement to the Delaware Sand "A" participating area shall be September 1, 1968 pursuant to Section 11 of the Unit Agreement.

This application has been approved by Texaco Inc., as Operator of the Cotton Draw Unit, and consequently, applicant respectfully requests that the Supervisor and the Commissioner approve the hereinabove selection of lands to constitute the second enlargement to the initial Delaware Sand "A" participating area, to be effective September 1, 1968.

Dated this 15th day of December, 1969.

TEXACO Inc.

By J. H. McElroy
Attorney-in-Fact

APPROVED: _____, 1969

Regional Oil and Gas Supervisor,
United States Geological Survey

APPROVED: _____, 1969

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

EXHIBIT "B"
SCHEDULE

<u>TRACT NO.</u>	<u>LEASE NO.</u>	<u>DESCRIPTION</u>	<u>NUMBER OF ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>COMMITTED PERCENTAGE</u>	<u>PARTICIPATION</u>	<u>SUMMARY</u>	
							<u>Acres</u>	<u>Percent</u>
<u>SECOND ENLARGED PARTICIPATING AREA</u>								
21-A	Federal Lease LC-061936	NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, T24S, R32E	40	Texaco Inc, Paulley Petroleum Inc. 50%	All All	6 $\frac{1}{2}$ % 6 $\frac{1}{2}$ %		
21-A	Federal Lease LC-061936	W $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, T24S, R32E	120	Texaco Inc, Paulley Petroleum Inc. 50%	All All	18 3/4% 18 3/4%		
22-C	Federal Lease NM-054031	SE $\frac{1}{4}$ Section 33, T24S, R32E	160	Texaco Inc, Paulley Petroleum Inc. 25% Beard Oil Company 50%	All All All	12 $\frac{1}{2}$ % 12 $\frac{1}{2}$ % 25 %		
<u>TOTAL USA LANDS</u>								
<u>OTHER LANDS</u>								
<u>SUB-TOTAL</u>								
<u>UNCOMMITTED ACREAGE</u>								
<u>TOTAL PRODUCTIVE ACREAGE</u>								

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of First
Enlargement of
Delaware Sand "A"
participating area

TO THE REGIONAL OIL AND GAS SUPERVISOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Regional Oil and Gas Supervisor, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico, the selection of the following described lands to constitute the First Enlargement of the initial Delaware Sand "A" participating area, to wit:

Township 24 South, Range 32 East, N. M. P. M.

Section 34: NE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 40.00 acres, more or less.

Section 34: W $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 120.00 acres, more or less.

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area, participating area as heretofore established, and the boundary of the proposed enlargement herein.
- (2) A schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Delaware Sand "A" participating area, under the enlargement herein, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in quadruplicate to the Supervisor and in duplicate to the Commissioner, a geological report with an accompanying geologic map supporting and justifying the proposed selection of the participating area. Mechanical logs have previously been furnished.

This proposed enlargement of the initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the Unit Agreement on March 8, 1968 of Unit Well No. 70 in the Northwest Quarter of the Southwest Quarter of Section 34, Township 24 South,

Range 32 East, Lea County, New Mexico, which on potential test produced 126 barrels of oil per day and 24 barrels of water per day, with a GOR of 2750. The effective date of this enlargement to the Delaware Sand "A" participating area shall be March 1, 1968 pursuant to Section 11 of the Unit Agreement.

This application has been approved by Texaco Inc., as Operator of the Cotton Draw Unit, and consequently, applicant respectfully requests that the Supervisor and the Commissioner approve the hereinabove selection of lands to constitute the first enlargement to the initial Delaware Sand "A" participating area, to be effective March 1, 1968.

Dated this 15th day of December, 1969.

TEXACO Inc.

By J. H. McElroy
Attorney-in-Fact

APPROVED: _____, 1969

Regional Oil and Gas Supervisor,
United States Geological Survey

APPROVED: _____, 1969

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

EXHIBIT "B"
SCHEDULE

<u>TRACT NO.</u>	<u>LEASE NO.</u>	<u>DESCRIPTION</u>	<u>NUMBER OF ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>COMMITTED PERCENTAGE</u>	<u>PARTICIPATION</u>
		<u>FIRST ENLARGED PARTICIPATING AREA</u>				
21-A	Federal Lease LC-061936	NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, T24S, R32E	40	Texaco Inc, Paulley Petroleum Inc. 50%	All All	12 $\frac{1}{2}$ % 12 $\frac{1}{2}$ %
21-A	Federal Lease LC-061936	W $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, T24S, R32E	120	Texaco Inc, Paulley Petroleum Inc. 50%	All All	37 $\frac{1}{2}$ % 37 $\frac{1}{2}$ %
<u>SUMMARY</u>						
			<u>Acres</u>		<u>Percent</u>	
		TOTAL USA LANDS	160.00		100.00	
		OTHER LANDS	-----		-----	
		SUB-TOTAL	160.00		100.00	
		UNCOMMITTED ACREAGE	-----		-----	
		TOTAL PRODUCTIVE ACREAGE	160.00		100.00	

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of initial
Delaware Sand "A"
participating area

TO THE REGIONAL OIL AND GAS SUPERVISOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Regional Oil and Gas Supervisor, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico, the selection of the following described lands to constitute the initial Delaware Sand "A" participating area, to wit:

Township 24 South, Range 32 East, N. M. P. M.

Section 34: NE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 40 acres, more or less.

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area and the proposed initial participating area,
- (2) A schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Delaware Sand "A" participating area, with the percentage of participation of each lease or tract indicated thereon.

Application is submitting separately in quadruplicate to the Supervisor and in duplicate to the Commissioner, a geological report with an accompanying geologic map supporting and justifying the proposed selection of the participating area. Mechanical logs have previously been furnished.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the Unit Agreement on November 28, 1967 of Unit Well No. 69 in the Northeast Quarter of the Southwest Quarter of Section 34, Township 24 South, Range 32 East, Lea County, New Mexico, (which on potential test produced 23 barrels of oil per day and 38 barrels of water per day, with a GOR of 3310.) The effective date of this initial Delaware Sand "A" participating area shall be November 28, 1967, pursuant to Section 11 of the Unit Agreement.

This application has been approved by Texaco Inc., as Operator of the Cotton Draw Unit; and consequently, applicant respectfully requests that the Supervisor and the Commissioner approve the hereinabove selection of lands to constitute the initial Delaware Sand "A" participating area, to be effective November 28, 1967.

Dated this 15th day of December, 1969.

TEXACO Inc.

By

J. H. McElroy
Attorney-in-Fact

APPROVED: _____, 1969

Regional Oil and Gas Supervisor,
United States Geological Survey

APPROVED: _____, 1969

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

EXHIBIT "B"
SCHEDULE

<u>TRACT NO.</u>	<u>LEASE NO.</u>	<u>DESCRIPTION</u>	<u>NO. OF ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>PERCENTAGE</u>	<u>PARTICIPATION</u>
21-A	Federal Lease LC-061936	NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 34, T24S, R32E	40	Texaco Inc, Paulley Petroleum Inc.	50% 50%	All All 50%
<u>SUMMARY</u>						
TOTAL USA LANDS				<u>Acres</u>	<u>Percent</u>	
OTHER LANDS				40.00	100.00	
SUB-TOTAL				40.00	100.00	
UNCOMMITTED ACREAGE				-----	-----	
TOTAL PRODUCTIVE ACREAGE				<u>40.00</u>	<u>100.00</u>	

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of First
Enlargement of Morrow
participating area

TO THE REGIONAL OIL AND GAS SUPERVISOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Regional Oil and Gas Supervisor, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico, the selection of the following described lands to constitute the First Enlargement of the initial Morrow participating area, to wit:

Township 24 South, Range 31 East, N. M. P. M.

Section 25: S $\frac{1}{2}$

Section 26: S $\frac{1}{2}$

Section 34: NE $\frac{1}{4}$ and the N $\frac{1}{2}$ ~~SE $\frac{1}{4}$~~ ^{SE $\frac{1}{4}$} and Lots 3 and 4

Section 35: Lots 1, 2, 3 and 4 and
N $\frac{1}{2}$ S $\frac{1}{2}$ and N $\frac{1}{2}$

Section 36: Lots 1, 2, 3 and 4 and
N $\frac{1}{2}$ S $\frac{1}{2}$ and N $\frac{1}{2}$

Township 25 South, Range 31 East, N. M. P. M.

Section 1: Lots 1, 2, 3 and 4 and
S $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$

Section 2: Lots 1, 2, 3 and 4 and
S $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$

Section 3: Lots 1 and 2 and
S $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$

Section 11: N $\frac{1}{2}$

Section 12: N $\frac{1}{2}$

containing 4,466.74 acres, more or less.

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area and the first enlarged Morrow participating area,
- (2) A schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the first enlarged Morrow participating area, tract indicated thereon.

Applicant is submitting separately in quadruplicate to the Supervisor

and in duplicate to the Commissioner, a geological report with an accompanying geologic map supporting and justifying the proposed selection of the participating area. Mechanical logs have previously been furnished.

This proposed enlargement of the initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the Unit Agreement on July 22, 1969 of Unit Well No. 67 in the Northwest Quarter of the Southwest Quarter of Section 35, Township 24, South, Range 31 East, Eddy County, New Mexico for a CAOF potential of 15,090,000 cubic feet of gas per day with no associated condensate. The effective date of this enlargement shall be July 1, 1969, pursuant to Section 11 of the Unit Agreement.

This application has been approved by Texaco Inc., as Operator of the Cotton Draw Unit, and consequently, applicant respectfully requests that the Supervisor and the Commissioner approve the hereinabove selection of lands to constitute the first enlargement to the initial Morrow participating area, to be effective July 1, 1969.

Dated this 15th day of December, 1969.

TEXACO INC.

By J. H. McCloy
Attorney-in-Fact

APPROVED: _____, 1969

Regional Oil and Gas Supervisor,
United States Geological Survey

APPROVED: _____, 1969

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

EXHIBIT "B"

SCHEDULE

FIRST ENLARGED MORROW PARTICIPATING AREA

<u>TRACT NO.</u>	<u>LEASE NO.</u>	<u>DESCRIPTION</u>	<u>NUMBER OF ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>COMMITTED PERCENTAGE</u>	<u>PARTICIPATION</u>
		<u>Township 25 South, Range 31 East</u>				
1-A	Federal Lease NM 0503	Section 1: Lots 1, 2, 3 and 4 and S $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$ Section 11: N $\frac{1}{2}$ Section 12: N $\frac{1}{2}$	1280.80	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - 14.33708 All - <u>14.33708</u>	28.67416
35	State of New Mexico K 4562	Section 2: Lots 1, 2, 3 and 4 and S $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$	639.92	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - 7.16317 All - <u>7.16316</u>	14.32633
11	Federal Lease NM 042625	Section 3: Lots 1 and 2 and S $\frac{1}{2}$ NE $\frac{1}{4}$	159.38	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - 1.78407 All - <u>1.78408</u>	3.56815
12	Federal Lease NM 042626	Section 3: E $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - .89551 All - <u>.89551</u>	1.79102
13	Federal Lease NM 046525	Section 3: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - .89551 All - <u>.89551</u>	1.79102
		<u>Township 24 South, Range 31 East</u>				
7	Federal Lease NM 012121	Section 25: S $\frac{1}{2}$ Section 26: S $\frac{1}{2}$ Section 35: NE $\frac{1}{4}$	800.00	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - 8.95508 All - <u>8.95507</u>	17.91015

<u>TRACT NO.</u>	<u>LEASE NO.</u>	<u>DESCRIPTION</u>	<u>NUMBER OF ACRES</u>	<u>WORKING INTEREST OWNERSHIP</u>	<u>COMMITTED PERCENTAGE</u>	<u>PARTICIPATION</u>
		<u>Township 24 South, Range 31 East</u>				
14	Federal Lease NM 036379	Section 34: N½ SE½ and Lots 3 and 4 Section 35: Lots 1,2,3,4 and N½ S½ and NW½	628.68	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - 7.03734 All - 7.03735	14.07469
15	Federal Lease NM 037489	Section 34: NE½	160.00	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - 1.79102 All - 1.79101	3.58203
33	State of New Mexico E 2129-4	Section 36: N½ SE½	80.00	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - .89550 All - .89551	1.79101
39	State of New Mexico E 9127-3	Section 36: Lots 1,2,3,4 and N½ and N½ SW½	557.96 <u>4466.74</u>	Texaco Inc. 50% Pauley Petroleum Inc. 50%	All - 6.24572 All - 6.24572	12.49144 <u>100.00000</u>

SUMMARY

<u>ACRES</u>	<u>PERCENT</u>
3188.86	71.39122
1277.88	28.60878
-----	-----
<u>4466.74</u>	<u>100.00000</u>
-----	-----
<u>4466.74</u>	<u>100.00000</u>

TOTAL USA LANDS
TOTAL STATE OF NEW MEXICO LANDS
TOTAL OTHER LANDS

SUB-TOTAL

UNCOMMITTED ACREAGE

TOTAL PRODUCTIVE ACREAGE

DEC 3 1969

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING P. O. BOX 1410

FORT WORTH, TEXAS—76101

December 1, 1969

3784

AFE-42944
North King Camp Area
Chaves County, New MexicoNew Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. Daniel S. Nutter

Gentlemen:

By letter dated November 25, 1969, the Commissioner of Public Lands approved a second six months extension for the commencement of the second test well under the subject unit. By letter dated November 28, 1969, the USGS approved a like extension. Accordingly, the second test must be commenced on or before June 2, 1970. Xerox copies of both letters are enclosed for your files.

Very truly yours,

PAN AMERICAN PETROLEUM CORPORATION



JACK D. ANDERSON

DEC 3 1969

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER

November 25, 1969

P. O. BOX 1148
SANTA FE, NEW MEXICO

Pan American Petroleum Corporation
P. O. Box 1410
Fort Worth, Texas 76101

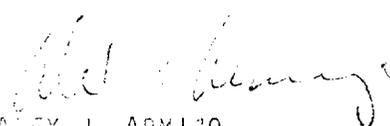
Attention: Mr. Jack D. Anderson

Re: North King Camp Unit
Chaves County, New Mexico

Gentlemen:

Your request of November 20, 1969, for a second extension of six months for the commencement date for the second test well, as called for under Article 9 of the Unit Agreement, is hereby granted contingent upon approval by the United States Geological Survey.

Very truly yours,


ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

AJA:GGM:ML:sh

cc: United States Geological Survey
Roswell, New Mexico

DEC 3 1969

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1111
Roswell, New Mexico 88201

November 28, 1969

Pan American Petroleum Corporation
P. O. Box 1410
Forsyth, Texas 76101

Attention: Mr. Jack D. Anderson

Gentlemen:

Your request of November 20, 1969, for an additional 6-month extension of time within which to commence the second test well under the terms of the North King Camp unit agreement has been approved on this date. The Commissioner of Public Lands of the State of New Mexico approved the application on November 25, 1969. The second unit well is now required to be commenced before midnight on June 2, 1970. However, should the second well not be commenced by that date, it is understood that Pan American will take the necessary action to voluntarily terminate the North King Camp unit agreement.

Copies of the approved extension are being distributed to the appropriate Federal offices and one copy is returned herewith.

Sincerely yours,



CARL C. TRANWICK
Acting Oil and Gas Supervisor

ILLEGIBLE

DEC 3 1969

North King Camp Unit
Section 19-130-302
November 10, 1969

RECEIVED
NOV 11 1969
U.S. GEOLOGICAL SURVEY
RESWELL, NEW MEXICO

North King Camp Unit
Grant County, New Mexico

Mr. John A. Anderson
Regional Oil and Gas Supervisor
U. S. Geological Survey
P. O. Box 107
Reswell, New Mexico 88201

Mr. Alex Anaije
Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico 87501

Gentlemen:

The North King Camp Unit Well No. 1 was plugged and abandoned on December 2, 1968, thus making the next test well due to be commenced on or before June 2, 1969. As requested in our letter of May 15, by the Commissioner's letter of May 21 and the Supervisor's letter of May 26, 1969, a six-months' extension of time in which to commence the second test well under the North King Camp Unit was granted, making the next well due on or before December 2, 1969. Pan American Petroleum Corporation as Unit Operator respectfully requests a second six-months' extension of the commencement date for the next test well called for under Article 9 of said unit agreement. In the event that Pan American Petroleum Corporation as unit operator is unable to commence or cause to be commenced the second well within the second extension, we shall voluntarily terminate the unit agreement.

At the time of the first extension, it was felt that a well would be commenced within the unit outline. During our negotiations, it was decided that a well drilled offsetting the unit would enable us to receive geological information that would better allow us to select a location within the unit outline for the second test well. After having reached this decision, we were instrumental in promoting a Queen test to be drilled offsetting the North King Camp Unit at a location 1980 feet from the East line and 660 feet from the South line of Section 19-130-302, by contributing dryhole money in

ILLEGIBLE

It is our belief to approximately equal the estimated cost of drilling a test well, and also including a well for an adjacent leased acreage within the unit. The well drilled by us on the Adgers Oil Corporation No. 1 well-Pederal was drilled on a lease dated of 1,300 acres in 1949. This well was abandoned as a result of a decision on November 27, 1949, that the acreage in the three formation, and it is our opinion that it will be drilled and abandoned under circumstances made by our field operations, which should furnish information enabling us to make the decision location for the second test well.

Pan American has continued to study the test records and the logs obtained from the three wells drilled on the North King Camp, East of the Valley and North Crow Pines Units, and it is our opinion that the Adams-Horner sand section still appears to be promising as well as the sands within the Queen formation. Certainly we do not feel that this acreage has been condemned by the dry hole which was drilled offsetting the unit.

Pan American is presently negotiating for the drilling of a test well within the confines of the North King Camp Unit, and it is our present belief that we will be able to consummate this deal or that shortly after the first of the year we will be able to commence a well as unit operator.

We would like to ask that the State Land Commissioner forward his approval of the six-months' extension to our office and at the same time furnish the USGS in Roswell with one executed copy of the extension, using the enclosed addressed, stamped envelope.

After the Supervisor has approved the extension, we ask that he send the approved extension to this office, and we shall then in turn forward a copy of the extension to the State Land Commissioner for his files.

We shall appreciate very much your expediting action on this request.

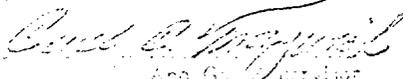
Very truly yours,

PAN AMERICAN PETROLEUM CORPORATION


JACK D. ANDERSON

JDA:mc

NOV 28 1953


C. A. MAYFIELD
Asst. Gen. Manager
U. S. GEOLOGICAL SURVEY

ILLEGIBLE



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT -
UNITED STATES
MIDLAND DIVISION

NOV 17 1969

1476

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

November 14, 1969

186150 - Cotton Draw Unit
Lea and Eddy Counties, New
Mexico

United States Geological Survey
No. 14-08-001-5247

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

Gentlemen:

Texaco Inc., operator of the Cotton Draw Unit, will drill Unit Well No. 68 at a location 2310 feet from the West line and 2310 feet from the North line of Section 12, T-25-S, R-31-E, Eddy County, New Mexico. It will be drilled for the Account of Texaco Inc. and Pauley Petroleum Inc., and it is scheduled as a 16,500 feet test of the Devonian, Morrow and other formations. Drilling should commence within the next 30 days.

The location is in the Initial Devonian Participating Area which was approved by the Director, United States Geological Survey, on August 5, 1966, and by the Commissioner of Public Lands, State of New Mexico on June 30, 1966.

Yours very truly,

R. T. Maxwell
Division Landman

RTM:er



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT-
UNITED STATES
MIDLAND DIVISION
DARRELL SMITH
DIVISION MANAGER

1446
TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

1969 MAR 5 AM 8

March 4, 1969

CERTIFIED MAIL

186150 - Cotton Draw Unit
Lea and Eddy Counties, New Mexico
United States Geological Survey
No. 14-08-001-5247

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

Gentlemen:

Texaco Inc., as Operator of the Cotton Draw Unit has been maintaining the unit in full force and effect under the provisions of Subsection 2(e) of the Unit Agreement.

In order to continue to maintain the unit in good standing, Texaco will, on or before March 28, 1969, commence drilling operations for a Morrow test at an approximate depth of 15,100 feet at a location 660 feet from the west line and 1,980 feet from the south line of Section 35, T-24-S, R-31-E, Eddy County, New Mexico. Pauley Petroleum Inc. will join Texaco in the drilling of this well to be designated as the Texaco-Pauley #67 Cotton Draw Unit.

Yours very truly,

R. T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy

WRD:er



PETROLEUM PRODUCTS

DEC 4 4 PM '68

1446

PRODUCING DEPARTMENT - UNITED STATES
MIDLAND DIVISION

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

CERTIFIED MAIL

December 3, 1968

186150 - Cotton Draw Unit
United States Geological Survey
No. 14-08-001-5247
Eddy and Lea Counties, New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

Gentlemen:

Texaco Inc., as Operator of the Cotton Draw Unit has been maintaining the unit in full force and effect under the provisions of Subsection 2(e) of the Unit Agreement.

In order to continue to maintain the unit in good standing, Texaco will, on or before December 13, 1968, commence drilling operations for a Delaware sand test at an approximate depth of 4,745 feet at a location 554 feet from the north line and 554 feet from the east line of Section 4, Township 25 South, Range 32 East, Lea County, New Mexico. Pauley Petroleum Inc. will join Texaco in this operation. The well will be known as the Texaco-Pauley #73 Cotton Draw Unit.

Yours very truly,

R. T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy

WRD:er



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT - UNITED STATES
MIDLAND DIVISION

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

1446

October 2, 1968

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Contract No. 14-08-001-5247

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

Commissioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico

Gentlemen:

Texaco Inc., Operator of the Cotton Draw Unit, Contract Number 14-08-001-5247, Lea and Eddy Counties, New Mexico, on September 14, 1968 completed the Cotton Draw Unit Well Number 72 in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 33, T-24-S, R-32-E, Lea County, New Mexico as a Delaware gas well.

The well tested for a CAOF of 1.957 MCFPD and is regarded as a well capable of producing gas in paying quantities.

Yours very truly,

R. T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy

WRD:er

cc: Working Interest Owners

1446

September 3, 1968

CERTIFIED MAIL

186150 - Cotton Draw Unit
United States Geological Survey
No. 14-08-001-5247
Eddy and Lea Counties, New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

1968 SEP 4 PM 2 01

Gentlemen:

Texaco Inc., as Operator of the Cotton Draw Unit has been maintaining the unit in full force and effect under the provisions of Subsection 2(e) of the Unit Agreement.

In order to continue to maintain the unit in good standing, Texaco will, on or before September 12, 1968, commence drilling operations for a Delaware sand test at an approximate depth of 4,850 feet at a location 660 feet from the south line and 660 feet from the east line of Section 33, Township 24 South, Range 32 East, Lea County, New Mexico. Pauley Petroleum Inc. and Beard Oil Company will join Texaco in this operation. The well will be known as the Texaco, Pauley and Beard #72 Cotton Draw Unit.

Yours very truly,

R. T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy

WRD-er



PETROLEUM PRODUCTS

~~DOMESTIC PRODUCING DEPARTMENT~~
CERTIFIED MAIL
MIDLAND DIVISION

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

1445

May 20, 1968

186150 - Cotton Draw Unit
United States Geological Survey
No. 14-08-001-5247
Eddy and Lea Counties, New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

1968 MAY 20 AM 10 50

Gentlemen:

Texaco Inc., as Unit Operator of the Cotton Draw Unit has been maintaining the unit in full force and effect under the provisions of Subsection 2(e) of the Unit Agreement which requires that drilling operations are continued diligently on unitized lands, with not more than 90 days' time elapsing between the completion of one well and commencement of the next well.

In order to continue to maintain the unit in good standing Texaco will, on or before June 6, 1968, commence drilling operations for a Delaware sand test at an approximate depth of 4,850' at a location 1,980' from north line and 660' from west line of Section 34, Township 24 South, Range 32 East, Lea County, New Mexico. Pauley Petroleum Inc. will join Texaco in this operation. The well will be known as the Texaco-Pauley #71 Cotton Draw Unit.

Yours very truly,

R. T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy



PETROLEUM PRODUCTS

~~DOMESTIC PRODUCTIONS DEPARTMENT~~
CERTIFIED MAIL
MIDLAND DIVISION

TEXACO INC.
P. O. BOX 8109
MIDLAND, TEXAS 79701

May 20, 1968

186150 - Cotton Draw Unit
United States Geological Survey
No. 14-08-001-5247
Eddy and Lea Counties, New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

1968 MAY 21 11 00 AM '68

Gentlemen:

Texaco Inc., as Unit Operator of the Cotton Draw Unit has been maintaining the unit in full force and effect under the provisions of Subsection 2(e) of the Unit Agreement which requires that drilling operations are continued diligently on unitized lands, with not more than 90 days' time elapsing between the completion of one well and commencement of the next well.

In order to continue to maintain the unit in good standing Texaco will, on or before June 6, 1968, commence drilling operations for a Delaware sand test at an approximate depth of 4,850' at a location 1,980' from north line and 660' from west line of Section 34, Township 24 South, Range 32 East, Lea County, New Mexico. Pauley Petroleum Inc. will join Texaco in this operation. The well will be known as the Texaco-Pauley #71 Cotton Draw Unit.

Yours very truly,

R. T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy



PETROLEUM PRODUCTS

~~DOMESTIC PRODUCTIONS DEPARTMENT~~
~~CERTIFIED MAIL~~
MIDLAND DIVISION

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

May 20, 1968

186150 - Cotton Draw Unit
United States Geological Survey
No. 14-08-001-5247
Eddy and Lea Counties, New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

68 MAY 21 AM 8 00

Gentlemen:

Texaco Inc., as Unit Operator of the Cotton Draw Unit has been maintaining the unit in full force and effect under the provisions of Subsection 2(e) of the Unit Agreement which requires that drilling operations are continued diligently on unitized lands, with not more than 90 days' time elapsing between the completion of one well and commencement of the next well.

In order to continue to maintain the unit in good standing Texaco will, on or before June 6, 1968, commence drilling operations for a Delaware sand test at an approximate depth of 4,850' at a location 1,980' from north line and 660' from west line of Section 34, Township 24 South, Range 32 East, Lea County, New Mexico. Pauley Petroleum Inc. will join Texaco in this operation. The well will be known as the Texaco-Pauley #71 Cotton Draw Unit.

Yours very truly,

R. T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

1446

March 19, 1968

C
O
P
Y

Texaco Inc.
P. O. Box 3109
Midland, Texas 79701

Attention: Mr. Wm. R. Dowdy

Re: Amendment to Subsection 2(e),
Cotton Draw Unit, Eddy and Lea
Counties, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the amendment to Subsection 2(e) of the Cotton Draw Unit Agreement, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the letter of transmittal are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og
Enclosures

cc: Commissioner of Public Lands
Santa Fe, New Mexico

United States Geological Survey
Roswell, New Mexico

State of New Mexico



Commissioner of Public Lands



GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

January 16, 1968

Texaco Inc.
P. O. Box 3109
Midland, Texas 79701

Re: Cotton Draw Unit
AMENDMENT
Eddy and Lea Counties,
New Mexico

ATTENTION: Mr. Wm. R. Dowdy

Gentlemen:

The Commissioner of Public Lands has this date approved your amendment to Subsection 2(e) of the Cotton Draw Unit Agreement. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

We are retaining two copies of the amendment and returning nine (9) copies to you.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/TB/EL/s
encls.

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

TEXACO INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
MIDLAND, TEXAS 79701

December 8, 1967

186150 - Cotton Draw Unit
United States Geological Survey
No. 14-08-001-5247
Eddy and Lea Counties, New Mexico

The Director
United States Geological Survey
Washington 25, D.C.

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

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

Gentlemen:

We enclose for your consideration and approval, eleven (11) copies of an amendment to Subsection 2(e) of the Cotton Draw Unit Agreement, United States Geological Survey No. 14-08-001-5247, which was approved by the Commissioner of Public Lands and the Oil Conservation Commission of the State of New Mexico on June 4, 1958, and by the United States Geological Survey on July 28, 1958. The enclosed amendment ratifications have been executed by owners representing 99.9% of the working interest. Repeated efforts to obtain a ratification as to the remaining 0.1% working interest have been unsuccessful. This outstanding unsigned interest is owned by Mr. W.G. Ross of Midland, Texas and covers Lease NM 052111, described as SE/4 SE/4 Section 22, T-25-S, R-32-E, Lea County, New Mexico.

The amendment forms were first submitted to the working interest owners as we did not wish to put the governmental agencies through the trouble of considering such a proposal prior to acceptance by the preponderance of the working interest ownership.

11 000

11 AM 8 42

The amendment is submitted for the following two reasons:

1. To allow more time between deep wells (Wolfcamp or deeper) for purposes of Subsection 2(e) of the Unit Agreement. The time between such deep wells will be increased from 90 days to 180 days.
2. To allow any well in an approved participating area, which is drilled deeper than the producing formation comprising the participating area, to qualify as additional drilling within the meaning of Subsection 2(e) of the Unit Agreement.

The operator and 99.9% of the working interest ownership believe both reasons are sound and equitable. We have confidence that the agencies will concur.

The additional period of time between deep tests, as provided by the amendment, is required to formulate the most practical drilling program as possible for the entire unit area. A thorough analysis of the previous drilling operations, reservoir conditions, pressures, and mud and casing programs are necessary to insure the most efficient operations.

The economics of drilling these deep expensive tests with the accompanying uncertainty of returns are such that each test must be carefully evaluated by the best available geological, geophysical and reservoir information. Well No. 64, which tested the Devonian at 16,537', cost approximately \$1,279,784.00. Well No. 65, which tested the Ellenburger at 19,546', cost approximately \$2,124,846.00. Well No. 66, which tested the Morrow at 15,769', to date, has cost approximately \$901,908.00. There is a definite need for additional time between deep tests.

This amendment will become effective the first day of the month following approval by the government agencies.

Yours very truly,

R.T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy

WRD-er

enclosure

Approved March 19, 19 68
A. L. Porter
Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

1446
March 11, 1968

Texaco Inc.
P. O. Box 3109
Midland, Texas 79701

Attention: Mr. J. H. Markley

Gentlemen:

The initial Morrow participating area for the Cotton Draw unit agreement, Lea and Eddy Counties, New Mexico, was approved on March 4, 1968, by the Acting Director, Geological Survey, effective as of June 3, 1967.

One copy of the approved application is enclosed. You are requested to furnish the State of New Mexico and any other interested party with appropriate evidence of this approval.

Sincerely yours,

(DR. ST.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (ltr. only)
Com. Pub. Lands, Santa Fe (ltr. only)
NMOCC, Santa Fe (ltr. only) ✓
Hobbs (w/cy. approved appln.)

1446
MAR 13 1968 AM 8 27



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

March 11, 1968

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. J. H. Markley

Gentlemen:

The initial Wolfcamp participating area for the Cotton Draw unit agreement, Lea and Eddy Counties, New Mexico, was approved on March 4, 1968, by the Acting Director, Geological Survey, effective as of June 3, 1967.

One copy of the approved application is enclosed. You are requested to furnish the State of New Mexico and any other interested party with appropriate evidence of this approval.

Sincerely yours,

JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (ltr. only)
Com. Pub. Lands, Santa Fe (ltr. only)
NMOCC, Santa Fe (ltr. only) ✓
Hobbs (w/cy. approved appl.)

APR 10 1968
'68 MAR 13 AM 8 27

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

1400
P. O. BOX 3109
MIDLAND, TEXAS 79701

February 14, 1968

Certified Mail

186150 - Cotton Draw Unit
United States Geological Survey
No. 14-08-001-5247
Eddy and Lea Counties, New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

Gentlemen:

Texaco Inc., as Unit Operator of the Cotton Draw Unit has been maintaining the unit in full force and effect under the provisions of Subsection 2(e) of the Unit Agreement which requires that drilling operations are continued diligently on unitized lands, with not more than 90 days' time elapsing between the completion of one well and commencement of the next well.

In order to continue to maintain the unit in good standing Texaco will, on or before February 26, 1968, commence drilling operations for a Delaware sand test at an approximate depth of 4,850' at a location 1,980' from south line and 660' from west line of Section 34, Township 24 South, Range 32 East, Lea County, New Mexico. Pauley Petroleum Inc. will join Texaco in this operation. The well will be known as the Texaco-Pauley #70 Cotton Draw Unit.

Yours very truly,

R.T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm. R. Dowdy

State of New Mexico



Commissioner of Public Lands



GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

January 16, 1968

Texaco Inc.
P. O. Box 3109
Midland, Texas 79701

Re: Cotton Draw Unit
Application for Initial
Morrow and Wolfcamp
Participating Areas
Lea and Eddy Counties
New Mexico

ATTENTION: Mr. Wm. R. Dowdy

Gentlemen:

The Commissioner of Public Lands has this date approved your application for Initial Morrow and Wolfcamp Participating areas to the Cotton Draw Unit, Lea and Eddy Counties New Mexico. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Two approved copies are enclosed herewith.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS
BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/TB/EL/s
encls.

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

1446

1440

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

11-01-000

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

DEC 11 AM 8 42

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

Subsection 2. (e) is hereby amended, effective upon approval of Commissioner of Public Lands and Director, Geological Survey to read as follows: 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 5 years commencing 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 of the sixth year, 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 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, or diligent drilling operations are in progress on unitized lands either entitled to be in a participating area or within a participating area so long as such operations are diligently continued to a depth below the deepest formation either entitled to be in a participating area or within a participating area, in either of which events, all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well; provided, however, that if any such well is drilled to a depth sufficient to test the Wolfcamp or any deeper formation, the time within which the next well must be commenced shall be 180 days. 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 and Commissioner. Elimination taking place after the completion of a well that has deferred elimination shall be effective on the first day after the time allowed to commence the next well. 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 Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(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 and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

APPROVED AS TO
Terms WLD/SM
Form JSR

TEXACO Inc.

Date _____

By J. M. Marbley
Attorney-in-Fact
UNIT OPERATOR

Date _____

Date _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967 by _____ of _____ a _____ corporation, on behalf of said corporation.

Notary Public in and for _____ County, _____.

My Commission Expires:

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967, by _____

Notary Public in and for _____ County, _____.

My Commission Expires:

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person _____ whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

JOINT ACKNOWLEDGMENT BY HUSBAND AND WIFE

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____ and his wife _____, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her said husband, and having the same fully explained to her, she acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Midland

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared J.H. Markley Attorney-in-Fact known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of TEXACO Inc., a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 8 day of December, 19 67.

Bess Lawrence
Notary Public in and for Midland County, State of Texas.

OTHER

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person _____ whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

OFFICE 000

37 Dec 11 AM 8 42

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

Subsection 2. (e) is hereby amended, effective upon approval of Commissioner of Public Lands and Director, Geological Survey to read as follows: 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 5 years commencing 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 of the sixth year, 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 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, or diligent drilling operations are in progress on unitized lands either entitled to be in a participating area or within a participating area so long as such operations are diligently continued to a depth below the deepest formation either entitled to be in a participating area or within a participating area, in either of which events, all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well; provided, however, that if any such well is drilled to a depth sufficient to test the Wolfcamp or any deeper formation, the time within which the next well must be commenced shall be 180 days. 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 and Commissioner. Elimination taking place after the completion of a well that has deferred elimination shall be effective on the first day after the time allowed to commence the next well. 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 Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(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 and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____
Attorney-in-Fact

UNIT OPERATOR

Date _____

CONTINENTAL OIL COMPANY

Date August 11, 1967

By [Signature]
Vice President

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967 by _____ of _____ a _____ corporation, on behalf of said corporation.

Notary Public in and for _____ County, _____.

My Commission Expires:

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967, by _____

Notary Public in and for _____ County, _____.

My Commission Expires:

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

JOINT ACKNOWLEDGMENT BY HUSBAND AND WIFE

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____ and his wife _____, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her said husband, and having the same fully explained to her, she acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

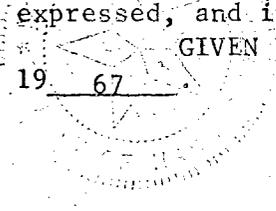
CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Harris

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared J. P. Malott known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of Continental Oil Company, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11th day of August, 19 67.



Mary A. Williams
Notary Public in and for Harris
County, State of Texas

OTHER

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

OFFICE 000
67 DEC 11 AM 8 42

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

Subsection 2. (e) is hereby amended, effective upon approval of Commissioner of Public Lands and Director, Geological Survey to read as follows: 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 5 years commencing 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 of the sixth year, 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 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, or diligent drilling operations are in progress on unitized lands either entitled to be in a participating area or within a participating area so long as such operations are diligently continued to a depth below the deepest formation either entitled to be in a participating area or within a participating area, in either of which events, all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well; provided, however, that if any such well is drilled to a depth sufficient to test the Wolfcamp or any deeper formation, the time within which the next well must be commenced shall be 180 days. 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 and Commissioner. Elimination taking place after the completion of a well that has deferred elimination shall be effective on the first day after the time allowed to commence the next well. 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 Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(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 and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____

Attorney-in-Fact

UNIT OPERATOR

Date _____

HUMBLE OIL & REFINING COMPANY

Date July 31, 1967

BY: [Signature]
Agent and Attorney-in-Fact

APPROVED	
Desc.	[initials]
Acraage	[initials]
Int.	[initials]
Form	[initials]
Rate	[initials]

form ok. ope

STATE OF TEXAS Y
 Y
COUNTY OF MIDLAND Y

The foregoing instrument was acknowledged before me this 31st day of July, 1967 by A. T. Gibbon, Agent and Attorney-in-Fact of Humble Oil & Refining Company, a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public in and for Midland County, Texas.

My Commission Expires:

June 1, 1968

STATE OF Y
 Y
COUNTY OF Y

The foregoing instrument was acknowledged before me this _____ day of _____, 1967, by _____

Notary Public in and for _____ County, _____.

My Commission Expires:

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

OFFICE 000

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

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of the basic royalty interests of the United States and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____
Attorney-in-Fact

UNIT OPERATOR

Date 7/17/67

Ernest A. Hanson

Date _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967 by _____ of _____ a _____ corporation, on behalf of said corporation.

Notary Public in and for _____ County, _____.

My Commission Expires:

STATE OF NEW MEXICO
COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by Ernest A. Hanson

Ernest A. Hanson
Notary Public in and for Chaves County, New Mexico.

My Commission Expires:

March 29, 1971

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

OFFICE 000
67 DEC 11 AM 8 42

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

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of the basic royalty interests of the United States and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and the Director not later than 60 days prior to the expiration of said 10-year period.

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This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____
Attorney-in-Fact

UNIT OPERATOR
GULF OIL CORPORATION

Attest:

[Signature]
Assistant Secretary
Date JUL 25 1967

By *[Signature]*
Attorney in Fact

Date _____

STATE OF NEW MEXICO X
COUNTY OF CHAVES X

[Handwritten initials and notes]

The foregoing instrument was acknowledged before me this 25th day of July, 1967 by W. B. HOPKINS, ATTORNEY IN FACT of GULF OIL CORPORATION, a PENNSYLVANIA corporation, on behalf of said corporation.

[Signature]
Notary Public in and for Chaves County, New Mexico.

My Commission Expires:
My Commission Expires August 15, 1970

STATE OF _____ X
COUNTY OF _____ X

The foregoing instrument was acknowledged before me this _____ day of _____, 1967, by _____

Notary Public in and for _____ County, _____.

My Commission Expires:

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

RECEIVED 000

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

'67 DEC 11 AM 8 42

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

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If conditions warrant extension of the 10-year period specified in this subsection 2(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

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

MAIL OFFICE 000

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

'67 Dec 11 AM 8 42

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

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of the basic royalty interests of the United States and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____
Attorney-in-Fact

UNIT OPERATOR

BEARD OIL COMPANY

Date August 22, 1967

By W.M. Beard

Partner

Date _____

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967 by _____ of _____ a _____ corporation, on behalf of said corporation.

Notary Public in and for _____ County, _____.

My Commission Expires:

STATE OF Oklahoma _____
COUNTY OF Oklahoma _____

The foregoing instrument was acknowledged before me this 22nd day of August, 1967, by W. M. Beard, Partner of Beard Oil Company.

Arthur L. Dodson
Notary Public in and for Oklahoma County, Oklahoma.

My Commission Expires:

1-12-67

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

MAIN OFFICE 000

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

'67 DEC 11 AM 8 42

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

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

TEXACO Inc.

Date _____

By _____
Attorney-in-Fact

UNIT OPERATOR

UNION OIL COMPANY OF CALIFORNIA

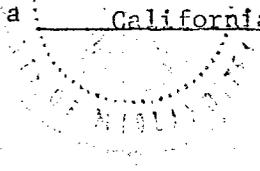
Date August 14, 1967

By: John Hansen
Attorney-in-Fact

Date _____

STATE OF TEXAS I
 I
COUNTY OF MIDLAND I

The foregoing instrument was acknowledged before me this 16th day of August, 1967 by JOHN HANSEN, Attorney-in-Fact for UNION OIL COMPANY OF CALIFORNIA, a California corporation, on behalf of said corporation.



Elma H. Sloan ELMA H. SLOAN
Notary Public in and for Midland
County, Texas

My Commission Expires:
June 1, 1969

STATE OF I
 I
COUNTY OF I

The foregoing instrument was acknowledged before me this _____ day of _____, 1967, by _____

Notary Public in and for _____
County, _____

My Commission Expires:

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

MAIN OFFICE 000

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

67 Dec 11 AM 8 42

Subsection 2. (e) is hereby amended, effective upon approval of Commissioner of Public Lands and Director, Geological Survey to read as follows: 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 5 years commencing 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 of the sixth year, 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 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, or diligent drilling operations are in progress on unitized lands either entitled to be in a participating area or within a participating area so long as such operations are diligently continued to a depth below the deepest formation either entitled to be in a participating area or within a participating area, in either of which events, all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well; provided, however, that if any such well is drilled to a depth sufficient to test the Wolfcamp or any deeper formation, the time within which the next well must be commenced shall be 180 days. 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 and Commissioner. Elimination taking place after the completion of a well that has deferred elimination shall be effective on the first day after the time allowed to commence the next well. 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 Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(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 and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____

Attorney-in-Fact

UNIT OPERATOR

Date July 17, 1967

Peggy T. Jennings

Date July 17, 1967

Howard W. Jennings

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967 by _____ of _____ a _____ corporation, on behalf of said corporation.

Notary Public in and for _____ County, _____.

My Commission Expires:

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967, by _____

Notary Public in and for _____ County, _____.

My Commission Expires:

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he _____ executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

JOINT ACKNOWLEDGMENT BY HUSBAND AND WIFE

STATE OF Texas

COUNTY OF Tarrant

BEFORE ME, the undersigned authority, on this day personally appeared Reverend P. Cunningham and his wife Josephine M. Cunningham both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her said husband, and having the same fully explained to her, she acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON July 17, 1947 (Date)

Wm. B. Smith
Notary Public in and for County of Tarrant State of Texas

CORPORATION ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

Notary Public in and for _____ County, State of _____.

OTHER

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he _____ executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

MAIN OFFICE 0-10

'67 DEC 11 AM 8 42

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

Subsection 2. (e) is hereby amended, effective upon approval of Commissioner of Public Lands and Director, Geological Survey to read as follows: 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 5 years commencing 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 of the sixth year, 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 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, or diligent drilling operations are in progress on unitized lands either entitled to be in a participating area or within a participating area so long as such operations are diligently continued to a depth below the deepest formation either entitled to be in a participating area or within a participating area, in either of which events, all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well; provided, however, that if any such well is drilled to a depth sufficient to test the Wolfcamp or any deeper formation, the time within which the next well must be commenced shall be 180 days. 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 and Commissioner. Elimination taking place after the completion of a well that has deferred elimination shall be effective on the first day after the time allowed to commence the next well. 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 Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(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 and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____
Attorney-in-Fact

UNIT OPERATOR

RICHARDSON OILS, INC.

ATTEST:

Marguerite Wright
Secretary
Date July 19, 1967

By E. W. Sampson
President

ATTEST:

Marguerite Wright
Secretary
Date July 17, 1967

PANTHER CITY INVESTMENT COMPANY
By E. W. Sampson
Vice-President

Date 7-17-67
STATE OF Texas X
COUNTY OF Tarrant X

Ferry R. Bass
Ferry R. Bass

The foregoing instrument was acknowledged before me this 17th day of July, 1967 by E. W. Sampson, President of Richardson Oils, Inc., a Texas corporation, on behalf of said corporation.

Irvin Barnhart
Notary Public in and for Tarrant County, Texas.

My Commission Expires:
June 1, 1969

STATE OF Texas X
COUNTY OF Tarrant X

The foregoing instrument was acknowledged before me this 17th day of July, 1967, by Ferry R. Bass

Irvin Barnhart
Notary Public in and for Tarrant County, Texas.

My Commission Expires:
June 1, 1969

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he _____ executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

JOINT ACKNOWLEDGMENT BY HUSBAND AND WIFE

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____ and his wife _____, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her said husband, and having the same fully explained to her, she acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Tarrant

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared E. W. Hammons known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of Panther City Apartments Co., a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 17th day of July, 1967.

Loan Barnhart
Notary Public in and for Tarrant
County, State of Texas.

OTHER

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he _____ executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

AMENDMENT OF UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE COTTON DRAW UNIT AREA
LEA AND EDDY COUNTIES, NEW MEXICO

MAIN OFFICE

UNITED STATES GEOLOGICAL SURVEY
NO. 14-08-001-5247

'67 DEC 11 AM 8 43

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned owner(s) of working or other interest(s) committed to the Unit Agreement for the Development and Operation of the Cotton Draw Unit Area embracing lands situated in Lea and Eddy Counties, New Mexico, which agreement is dated April 21, 1958, was approved by said Commissioner June 4, 1958, and approved by said Director July 28, 1958, and bears United States Geological Survey No. 14-08-001-5247, do hereby amend said Unit Agreement as follows, to-wit:

Subsection 2. (e) is hereby amended, effective upon approval of Commissioner of Public Lands and Director, Geological Survey to read as follows: 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 5 years commencing 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 of the sixth year, 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 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, or diligent drilling operations are in progress on unitized lands either entitled to be in a participating area or within a participating area so long as such operations are diligently continued to a depth below the deepest formation either entitled to be in a participating area or within a participating area, in either of which events, all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well; provided, however, that if any such well is drilled to a depth sufficient to test the Wolfcamp or any deeper formation, the time within which the next well must be commenced shall be 180 days. 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 and Commissioner. Elimination taking place after the completion of a well that has deferred elimination shall be effective on the first day after the time allowed to commence the next well. 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 Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(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 and the State of New Mexico), on a total-non-participating-acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Commissioner and 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 2(e) shall not be considered automatic commitment or recommitment of such lands.

This agreement may be executed in any number of counterparts, with the same force and effect as if the parties had joined in the execution of a single instrument.

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

TEXACO Inc.

Date _____

By _____
Attorney-in-Fact

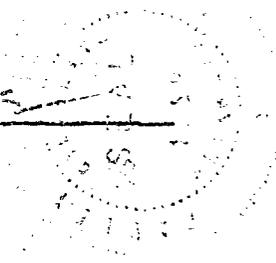
UNIT OPERATOR

Date Nov. 30 1967

By Lawrence E. Scott
Vice President

Date _____

[Signature]
ASSISTANT SECRETARY



STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967 by _____ of _____ a _____ corporation, on behalf of said corporation.

Notary Public in and for _____
County, _____.

My Commission Expires:

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1967, by _____

Notary Public in and for _____
County, _____.

My Commission Expires:

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

JOINT ACKNOWLEDGMENT BY HUSBAND AND WIFE

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____ and his wife _____, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her said husband, and having the same fully explained to her, she acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

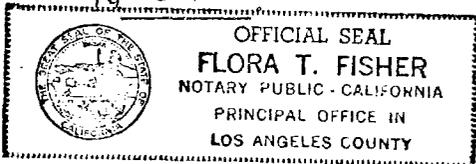
CORPORATION ACKNOWLEDGMENT

STATE OF California

COUNTY OF Los Angeles

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Lawrence T. Smith known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of California Petroleum Sales, Inc., a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 30 day of November, 1967



Flora T. Fisher
Notary Public in and for Los Angeles County, State of California

OTHER _____ My Commission Expires Nov 21, 1971

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON _____ (Date)

Notary Public in and for County of _____ State of _____

TEXACO
INC.

1446

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79701

September 25, 1967

186150 - Cotton Draw Unit
Lea and Eddy Counties, New Mexico
U. S. Geological Survey No. 14-08-001-5247

CERTIFIED MAIL
RETURN RECEIPT
REQUESTED

Commissioner of Public Lands (2)
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission (2) ✓
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor (2)
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

37 OCT 14 1967

Gentlemen:

The Cotton Draw Unit Agreement, dated April 21, 1958, Contract No. 14-08-001-5247 was approved by the Commissioner of Public Lands and the Oil Conservation Commission of the State of New Mexico on June 4, 1958, and by the United States Geological Survey on July 28, 1958.

A total of 68 wells have been drilled on committed lands in the unit area, as indicated below:

<u>Number of Wells drilled:</u>	<u>Deepest formation tested</u>
2	Bone Springs (#1 Shaw-Fed'1: to 8511') (#1 Heflin-Fed'1: to 8545')
63	Delaware Sand (average depth: 4800')
1	Devonian (CDU #64: TD 16,537')
1	Ellenburger (CDU #65: TD 19,546')
1	Morrow (CDU #66: TD 15,769')
<u>68</u> - Total	

Subsection 2.(e) of the Unit Agreement, as amended effective August 26, 1966, provides as follows:

"All ... lands ... , no part of which are ... in a participating area (by October 1, 1965) ... shall be eliminated automatically from this agreement ... and ... shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless (on October 1, 1965) ... diligent drilling operations are in progress on unitized lands not entitled to participation, or diligent drilling operations are in progress (for wells projected to the Devonian or deeper on any unitized lands) ... in either of which events, all such lands shall remain subject hereto for so long as drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next ... "

The unit area has been kept intact, in compliance with the above provisions, with unit wells #64, #65 and #66, all of which were drilled at the sole expense of Texaco Inc. and Pauley Petroleum Inc. jointly. Well #66, in the SW/4 NW/4 of Section 10, T-25-S, R-32-E, Lea County, New Mexico, which was drilled to a total depth of 15,769' in the Morrow formation, was abandoned, with salvage deferred, on September 19, 1967. We consider this to be its completion date.

Because Subsection 2.(e) of the Unit Agreement is now effective, with its provisions for 90 days between wells, Texaco, operator, is no longer submitting plans of development. Texaco and Pauley wish to advise, however, that they intend to drill still another well at their sole joint expense in compliance with said Subsection 2.(e), with commencement of drilling operations estimated sometime in October, 1967. This well will be designated as the Texaco and Pauley #69 Cotton Draw Unit, located approximately 1,980' from the south and west lines of Section 34, T-24-S, R-32-E, Lea County, New Mexico. It will be drilled as a 4,950' Delaware sand wildcat well.

Yours very truly,

TEXACO Inc., Unit Operator

By R.T. Maxwell
Division Landman

RTM:MEM

cc-All committed working interest
owners in the Cotton Draw Unit.

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79701

September 25, 1967

186150 - Cotton Draw Unit
Lea and Eddy Counties, New Mexico
U. S. Geological Survey No. 14-08-001-5247

CERTIFIED MAIL
RETURN RECEIPT
REQUESTED

Commissioner of Public Lands (2)
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission (2)
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor (2)
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

The Cotton Draw Unit Agreement, dated April 21, 1958, Contract No. 14-08-001-5247 was approved by the Commissioner of Public Lands and the Oil Conservation Commission of the State of New Mexico on June 4, 1958, and by the United States Geological Survey on July 28, 1958.

A total of 68 wells have been drilled on committed lands in the unit area, as indicated below:

<u>Number of Wells drilled:</u>	<u>Deepest formation tested</u>
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1	Morrow (CDU #66: TD 15,769')
<u>68</u> - Total	

1967 OCT 14 AM 11 57

Subsection 2.(e) of the Unit Agreement, as amended effective August 26, 1966, provides as follows:

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Yours very truly,

TEXACO Inc., Unit Operator

By R.T. Maxwell
Division Landman

RTM:MEM

cc-All committed working interest
owners in the Cotton Draw Unit.

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79701

September 25, 1967

186150 - Cotton Draw Unit
No. 14-08-001-5247
Lea and Eddy Counties,
New Mexico

Re: Application for Initial
Morrow and Wolfcamp Parti-
cipating Areas.

The Director
United States Geological Survey
Washington 25, D.C.

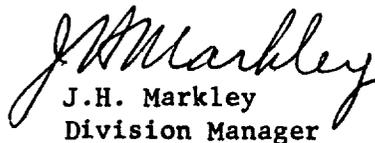
Commissioner of Public Lands
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

1967 Oct 2 11 05 AM

Gentlemen:

We separately enclose, in triplicate to the Director and in duplicate to the Commissioner, geological report together with accompanying geologic map and mechanical logs in support of our application of September 25, 1967 for approval of the Initial Morrow and Wolfcamp Participating Areas to the Cotton Draw Unit, No. 14-08-001-5247, covering all of Section 2, Township 25 South, Range 31 East, Eddy County, New Mexico.

Yours very truly,


J.H. Markley
Division Manager

WRD-er

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of initial
participating area
for the Morrow formation

TO THE DIRECTOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Director, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico, the selection of the following described lands to constitute the initial participating area for the Morrow producing zone or formation, to wit:

Township 25 South, Range 31 East, N.M.P.M.

Section 2: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$
containing 639.92 acres, more or less.

67 Oct 2 AM 8 57

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area and the proposed initial participating area,
- (2) A schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Morrow formation, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in triplicate to the Director and in duplicate to the Commissioner, geological report with accompanying geologic map and mechanical logs supporting and justifying the proposed selection of the participating area.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the Unit Agreement on June 3, 1967 of Unit Well No. 65 in the Southwest Quarter of the Northeast Quarter of Section 2, Township 25 South, Range 31 East, Eddy County, New Mexico, with a calculated absolute open flow potential of 21,230 MCFGPD from perforated intervals of the Morrow formation at 14,787-95, 14,813-35, 14,846-53, and 14,863-67. The effective date of this initial Morrow participating area shall be June 3, 1967, pursuant to Section 11 of the Unit Agreement.

This application has been approved by both Texaco Inc. and Pauley Petroleum Inc., and consequently, applicant respectfully requests that the Director and the Commissioner approve the hereinabove selection of lands to constitute the initial Morrow participating area, to be effective June 3, 1967.

Dated this 25th day of September, 1967.

TEXACO Inc.

By J.H. Markley
J.H. Markley
Attorney-in-Fact

APPROVED: _____ 1967

Director, United States Geological Survey

APPROVED: _____ 1967

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

EXHIBIT "B"

SCHEDULE

TRACT NO. 35

Lessor: State of New Mexico

Working Interest Owner: Texaco Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: K-4562

Participating Acreage: 639.92

Percent of Participation: 100

Description: Lots, 1, 2, 3, 4, N $\frac{1}{2}$ S $\frac{1}{2}$ and S $\frac{1}{2}$ Section 2, Township 25 South,
Range 31 East, N.M.P.M.

SUMMARY

	<u>Acres</u>	<u>Percent</u>
Total State Lands	639.92	100.00
Other lands	-----	-----
Sub-total	<u>639.92</u>	<u>100.00</u>
Uncommitted acreage	<u>-----</u>	<u>-----</u>
Total Productive Acreage	639.92	100.00

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of initial
participating area
for the Wolfcamp formation

TO THE DIRECTOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Director, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico, the selection of the following described lands to constitute the initial participating area for the Wolfcamp producing zone or formation, to wit:

Township 25 South, Range 31 East, N.M.P.M.

Section 2: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ and S $\frac{1}{2}$
containing 639.92 acres, more or less.

67 Oct 2 1967

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area and the proposed initial participating area,
- (2) A schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Wolfcamp formation, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in triplicate to the Director and in duplicate to the Commissioner, geological report with accompanying geologic map and mechanical logs supporting and justifying the proposed selection of the participating area.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the Unit Agreement on June 3, 1967 of Unit Well No. 65 in the Southwest Quarter of the Northeast Quarter of Section 2, Township 25 South, Range 31 East, Eddy County, New Mexico, with a calculated absolute open flow potential of 9.592 MMCFGPD plus a gas/liquid ratio of 78,300:1, from perforations in the Wolfcamp formation at 12,785-803, 814, 824, 828, 834, 846, and 851. The effective

date of this initial Wolfcamp participating area shall be June 3, 1967, pursuant to Section 11 of the Unit Agreement.

This application has been approved by both Texaco Inc. and Pauley Petroleum Inc., and consequently, applicant respectfully requests that the Director and the Commissioner approve the hereinabove selection of lands to constitute the initial Wolfcamp participating area, to be effective June 3, 1967.

Dated this 25th day of September, 1967.

TEXACO Inc.

By J.H. Markley
J.H. Markley
Attorney-in-Fact

APPROVED: _____ 1967

Director, United States Geological Survey

APPROVED: _____ 1967

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

EXHIBIT "B"

SCHEDULE

TRACT NO. 35

Lessor: State of New Mexico

Working Interest Owner: Texaco Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: K-4562

Participating Acreage: 639.92

Percent of Participation: 100

Description: Lots, 1, 2, 3, 4, N $\frac{1}{2}$ S $\frac{1}{2}$ and S $\frac{1}{2}$ Section 2, Township 25 South,
Range 31 East, N.M.P.M.

SUMMARY

	<u>Acres</u>	<u>Percent</u>
Total State Lands	639.92	100.00
Other lands	-----	-----
Sub-total	<u>639.92</u>	<u>100.00</u>
Uncommitted acreage	<u>-----</u>	<u>-----</u>
Total Productive Acreage	639.92	100.00

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

1446

July 7, 1967

C

Texaco Inc.
P. O. Box 3109
Midland, Texas 79701

O

Attention: Mr. V. F. Dullnig

Re: Cotton Draw Unit
Cooperative Waterflood Agreement

P

Gentlemen:

Y

This is to advise that the New Mexico Oil Conservation Commission has this date approved the initial plan of operation for a cooperative waterflood in the Paduca Delaware Field with cooperation between the Cotton Draw Unit, Lea County, New Mexico, and those producing properties outside the participating area operated by Texaco Inc. and Tenneco Oil Company. This approval is subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico and is not to be construed as original authority for the injection of water for secondary recovery purposes in lieu of authority granted by the Commission only after notice and hearing.

Two approved copies of the plan are returned herewith.

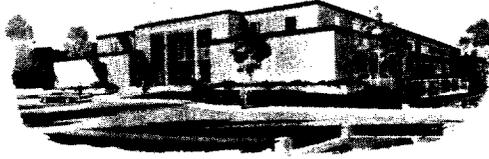
Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og
Enclosures

cc: Commissioner of Public Lands - Santa Fe
United States Geological Survey - Roswell

State of New Mexico



Commissioner of Public Lands



June 30, 1967

GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

RECEIVED

'67 JUL 6 PM 1 25

Texaco Inc.
P. O. Box 3109
Midland, Texas 79701

Re: Cotton Draw Unit
Cooperative Waterflood
Agreement
Paduca Delaware Field
Lea County, New Mexico

ATTENTION: Mr. V. F. Dullig

Gentlemen:

The Commissioner of Public Lands has this date approved your initial plan of development, proposing to initiate a waterflood project in the Delaware Sand, Cotton Draw Unit Area, Lea County, New Mexico. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy of the plan is enclosed.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS
BY:
Eddie Lopez, Supervisor
Unit Division

GBH/TR/EL/s
encl.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico ✓

T E X A C O I N C .

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79701

V. F. DULLNIG, ASSISTANT DIVISION MANAGER

June 14, 1967

Cotton Draw Unit
Cooperative Waterflood Agreement
230595 - Paduca Delaware Field
Rocky County, New Mexico

Director
United States Geological Survey
c/o Regional Oil & Gas Supervisor
Drawer 1857
Roswell, New Mexico 88201

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Texaco Inc., as Operator of the Cotton Draw Unit participating area, hereby submits for your approval the initial plan of operation for a cooperative waterflood in the Paduca Field.

It is planned to waterflood the Paduca Delaware Field with cooperation between the Cotton Draw Unit participating area and those producing properties outside the participating area operated by Texaco Inc. and Tenneco Oil Company. The Cotton Draw Unit participating area members will construct the waterflood injection facilities, which will be designed for 12,000 BWPD, and will supply water to those injection wells outside the participating area. Waterflooding will be accomplished by injecting into Cotton Draw Unit Wells No. 1, 6, 9, 12, 17, 23, 36, 37, 44, 55, 56, 60, Texaco's E.F. Ray Federal "B" (NCT-1) Well No. 1, Texaco's G.E. Jordan Federal (NCT-1) Wells No. 15 and 16, Tenneco's State Monsanto Wells No. 3 and 7, and Tenneco's J.D. Sena, Jr. Well No. 1. These wells are indicated on the attached map. This will be an inverted nine-spot pattern with a partial five-spot on the southern tip of the field to balance injection across lease lines.

RECEIVED
1967 JUN 15 PM 1 20

6-14-67

All of the above wells are completed through perforations. To convert these wells to injection, the tubing will be pulled, total depth checked to be sure all perforations are uncovered, internally plastic coated tubing with tension packer run and set approximately 100 feet above the top perforation, tubing casing annulus filled with corrosion inhibited fluid and the well placed on injection. After injection has been in progress about six months, injectivity profiles will be run to determine the vertical distribution of injected fluid into the formation and remedial work will be accomplished on wells which require a change in injectivity profile.

Texaco has drilled two water wells in Section 2, T-25-S, R-31-E to support deep drilling activity. These wells are located approximately five miles west northwest of the Paduca Field. The Rustler completions have not been tested to capacity, however, a sufficient water supply is anticipated in this area with the drilling of additional wells. A water well was drilled in Section 10, T-25-S, R-32-E for drilling water purposes but its capacity is only 750 BHPD. A well will be drilled in Section 21, T-25-S, R-32-E to evaluate the possibility of obtaining a water source within the boundaries of the Cotton Draw Unit participating area. If a water supply cannot be found at this test hole location, then the water source located in Section 2, T-25-S, R-31-E will be further developed and piped to the water injection plant. A plat of the water supply and distribution system is attached for your reference.

It is estimated that injection will commence during the first quarter of 1968. This is based upon the assumption that all regulatory body approvals will be received by September 1, 1967.

Yours very truly,



THIS APPROVAL GRANTED SUBJECT TO LIKE APPROVAL
BEING GRANTED BY THE UNITED STATES GEOLOGICAL
SURVEY AND BY THE COMMISSIONER OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO.

Approved July 2 1967

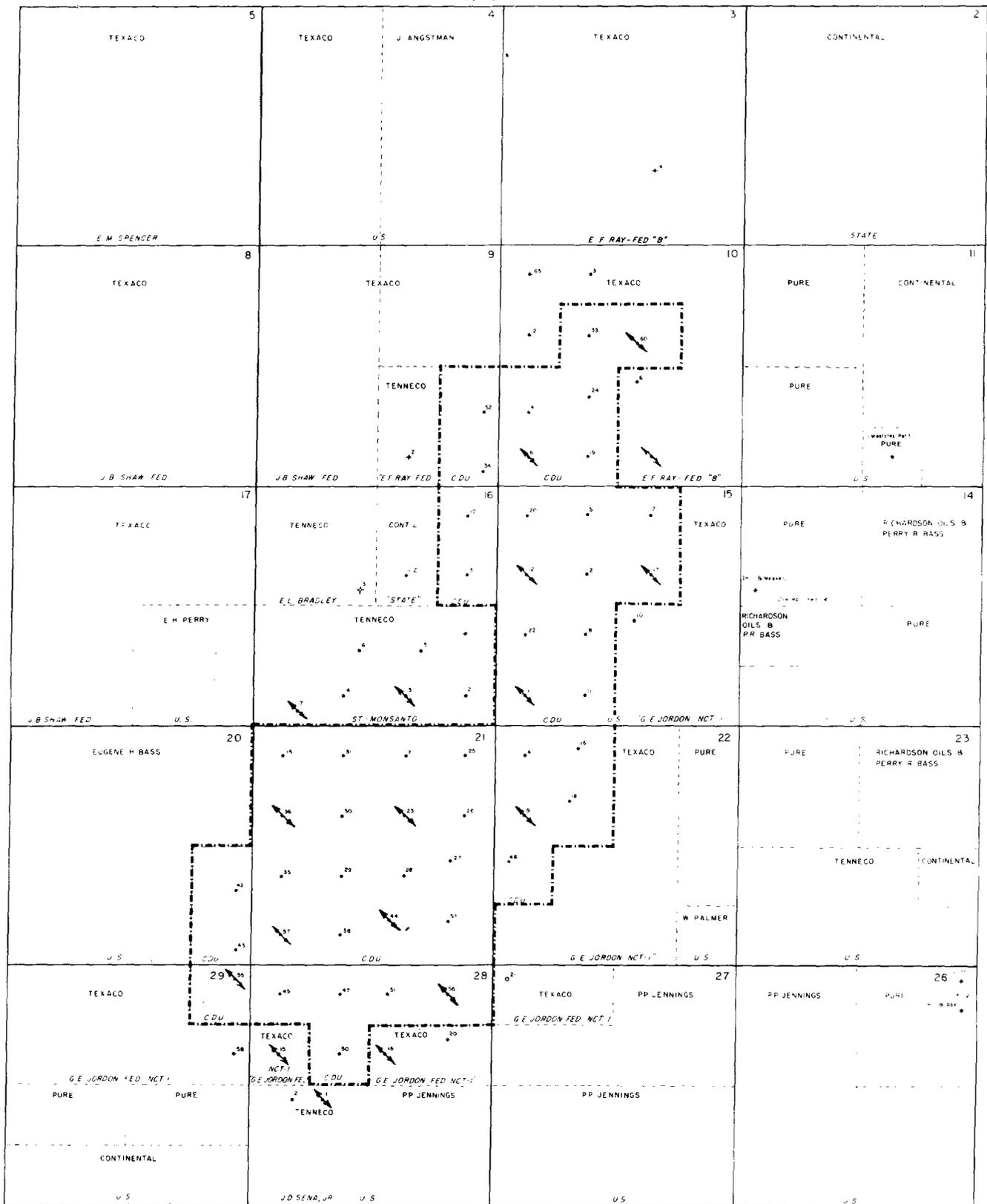


Secretary-Director

NEW MEXICO OIL CONSERVATION COMMISSION

EDMc-er

attachments



LEGEND

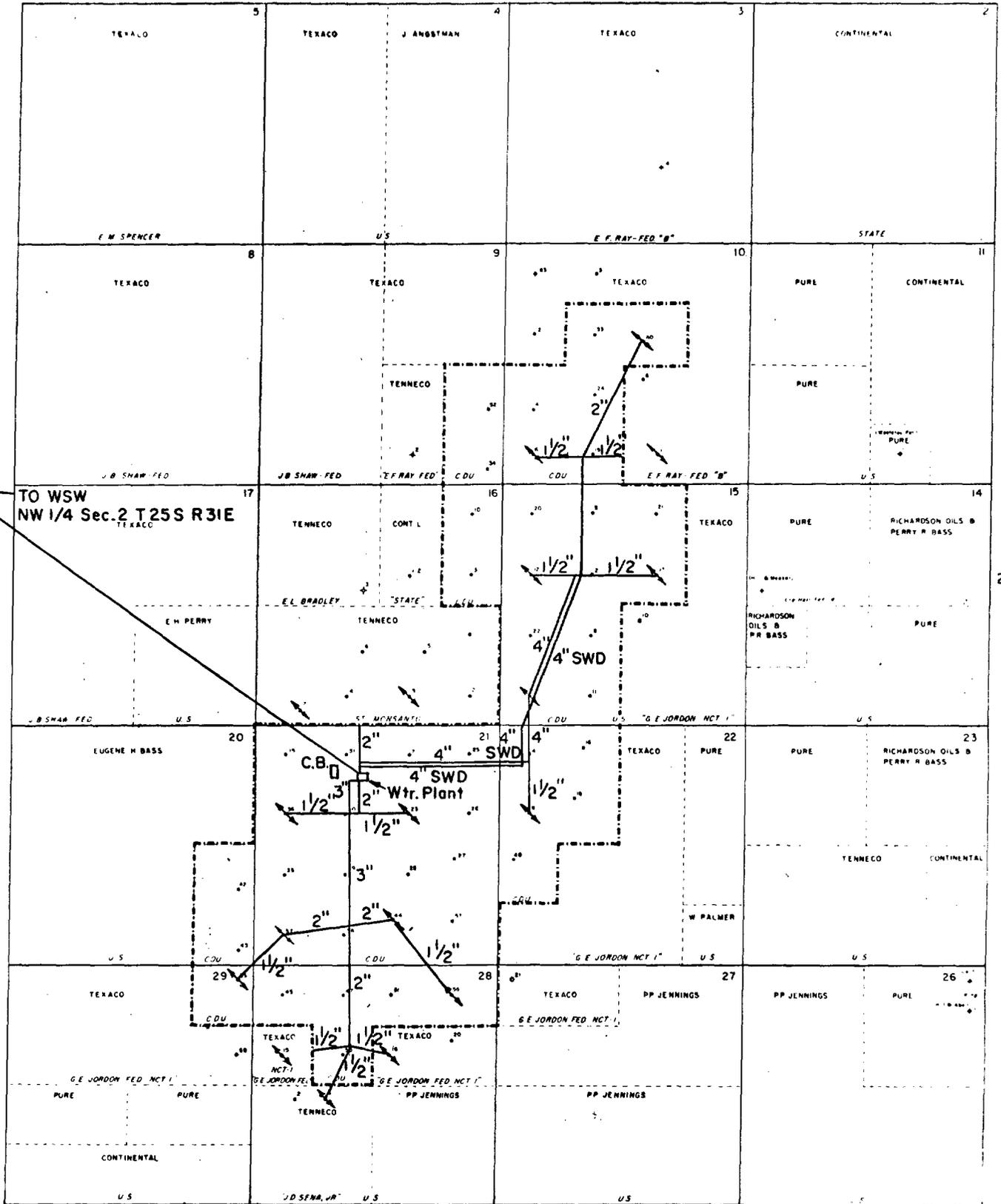
COTTON DRAW UNIT PARTICIPATING AREA

INJECTION WELLS

PADUCA DELAWARE FIELD ENGINEERING COMMITTEE	
COTTON DRAW UNIT PADUCA DELAWARE FIELD LEA COUNTY, NEW MEXICO	
Date 6-3-64	Drawn By JMD
Scale	

R-32-E

T
25
S



TO WSW
NW 1/4 Sec. 2 T 25 S R 31 E

LEGEND

COTTON DRAW UNIT PARTICIPATING AREA

INJECTION WELLS

PADUCA DELAWARE FIELD
ENGINEERING TOMMY TITUS

ATTACHMENT 3

COTTON DRAW UNIT
PADUCA DELAWARE FIELD
LEA COUNTY, NEW MEXICO

Date: 8-1-64 Drawn By: [Signature]
Scale: 1" = 400'



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

144

June 29, 1967

Texaco Inc.
P. O. Box 3109
Midland, Texas 79701

Gentlemen:

Your initial plan of development dated June 14, 1967, proposing to initiate a waterflood project in the Delaware Sand, Cotton Draw unit area, Lea County, New Mexico, has been approved on this date subject to like approval by the appropriate State officials.

One approved copy of the plan is enclosed.

Sincerely yours,

(Orig. Sgd.) CARL C. TRAYWICK

CARL C. TRAYWICK
Acting Oil and Gas Supervisor

cc:
Washington (w/cy of plan)
Hobbs (w/cy of plan)
NMOCC - Santa Fe (ltr. only) ✓
Com. of Pub. Lands - Santa Fe (ltr. only)

67 JUN 30 PM 1 15



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

100
June 13, 1967

Texasco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Gentlemen:

Your letter of June 8 transmits copies of a ratification and joinder executed by J. A. Fairley, Don R. Merchant, and Wallace Merchant as successor overriding royalty interest owners in Federal land unit tract Nos. 18-A, 18-B, 18-C, and 18-D, Cotton Draw unit agreement, No. 14-08-001-5247, Lea and Eddy Counties, New Mexico. The ratification and joinder has been consented to by Pauley Petroleum Inc. and Texasco Inc., working interest owners of the above-identified tracts.

Such joinder is hereby accepted for the record effective July 1, 1967, and copies thereof are being furnished to the appropriate Federal offices.

Sincerely yours,

~~Carl C. Traywick~~

CARL C. TRAYWICK
Acting Oil and Gas Supervisor

cc:
Washington (w/cy joinder)
BLM - Santa Fe (w/cy joinder)
Hobbs (w/cy joinder)
NMOCC - Santa Fe (ltr. only) ✓
Com. of Pub. Lands - Santa Fe (ltr. only)
Accounts

MAIN OFFICE

'67 JUN 16 AM 8 10

TEXACO
IN
PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS

June 8, 1967

- 192742 - E. M. Spencer Federal Lease LC-061863-A (Tr. 18-B)
186458 - E. M. Spencer Federal Lease LC-061863 (Tr. 18-A)
205537 - E. M. Spencer Federal Lease LC-061863-B (Tr. 18-D)
205536 - E. M. Spencer Federal Lease LC-061863-C (Tr. 18-C)
Lea County, New Mexico
186150 - Cotton Draw Unit

Commissioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico 87501

✓ Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

Enclosed to the Commissioner is one copy, to the Commission, one copy, and to the Survey, three copies of a Royalty Owner's Consent and Ratification to the Cotton Draw Unit Agreement. This instrument has been executed by J. A. Fairey, Individually and as Executor of the Will of Elsie Merchant Spencer, Deceased; Don R. Merchant; and Wallace Merchant as successors to the 1/8 overriding royalty interest previously owned by Mrs. E. M. Spencer in the subject base lease. Texaco Inc. and Pauley Petroleum Inc. have also signed each ratification instrument in consent.

This ratification is furnished to you in accordance with Section 29 covering subsequent joinder. The overriding royalty interest of the Estate of Elsie Merchant Spencer, Deceased, in the above tracts will be treated as effectively committed as of July 1, 1967.

Yours very truly,

R. T. Maxwell
Division Landman

By


B. E. Hellman

BKH-CW
Encls.

cc: Mr. A. J. Losee
Losee & Stewart
P. O. Drawer 239
Artesia, New Mexico 88210 (w/encls.)

**ROYALTY OWNER'S CONSENT AND RATIFICATION
OF THE COTTON DRAW UNIT AGREEMENT
LEA AND EDDY COUNTIES, NEW MEXICO**

Reference is made to the Cotton Draw Unit Agreement, dated (effective date) July 28, 1958, embracing 35,144.26 acres, in Lea and Eddy Counties, New Mexico and operated by Texaco Inc.

The undersigned, also being the owner of an overriding royalty interest under part of the lands embraced in said Unit Area being under lease LC-061863 covering the SW/4, S/2 NW/4, and NW/4 NW/4 Section 33, T-24-S, R-32-E, N.M.P.M., lease LC-061863-B covering the NE/4 NW/4 Section 33, T-24-S, R-32-E, N.M.P.M., lease LC-061863-A covering Lots 3, 4, S/2 NW/4, and SW/4 Section 4, Lots 2, 3, 4, S/2 N/2, and S/2 Section 5, all of Section 6, and Lots 1, 2, E/2 NW/4, and NE/4 Section 7, T-25-S, R-32-E, N.M.P.M., and lease LC-061863-C covering Lot 1 Section 5, T-25-S, R-32-E, N.M.P.M., Lea County, New Mexico, containing 2,242.99 acres, more or less, do hereby commit all of their interest to the Cotton Draw Unit Agreement and do hereby consent thereto and do ratify all of the terms and provisions thereof exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF this instrument is executed by the undersigned as of the date set forth in this acknowledgment.

Wallace Merchant
Wallace Merchant

Don R. Merchant
Don R. Merchant

J. A. Fairrey
J. A. Fairrey
Individually and as
Executor of the Will of
Elsie Merchant Spencer,
Deceased.

STATE OF ~~NEW MEXICO~~ Ark
COUNTY OF Madison

The foregoing instrument was acknowledged before me this 27th day of April, 1967, by Wallace Merchant.

My Commission Expires:
October 9, 1970
11-10-69

Reby J. Strain
Notary Public

STATE OF ~~NEW MEXICO~~ CALIF.
COUNTY OF Los Angeles

The foregoing instrument was acknowledged before me this 29th day of April, 1967, by Don R. Merchant.

My Commission Expires:
October 9, 1970

George Humphill Crow
Notary Public

STATE OF NEW MEXICO
COUNTY OF Eddy

The foregoing instrument was acknowledged before me this 23rd day of May, 1967, by J. A. Fairrey, individually and as Executor of the Will of Elsie Merchant Spencer, Deceased.

My Commission Expires:
March 25, 1969

Bucke Lyster
Notary Public

Consented to this 5th day of June, 1967.

PAWLEY PETROLEUM INC
Lawrence E. Scott
LAWRENCE E. SCOTT, VICE PRESIDENT

Consented to this 29th day of May, 1967.

APPROVED AS TO:
Terms 74c
Form MM

TEXACO Inc.
By J. M. Marley
ATTORNEY-IN-FACT

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



67 MAY 19 PM 1 21

P. O. BOX 3109
MIDLAND, TEXAS 79701

May 17, 1967

14-10

186150 - Cotton Draw Unit
230595 - Paduca (Delaware) Cooperative
Water Flood
Eddy and Lea Counties,
New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

Attention: Mr. Carl Traywick

Gentlemen:

Pursuant to our telephone conversation of May 15, 1967, this is to confirm that no action or approvals will be expected from governmental agencies as to the Cooperative Water Flood Agreement enclosed with our letter of May 4, 1967, which Agreement affects working interest owners only. We will circulate new Agreements without reference to governmental agencies, and upon acceptance by the affected working interest owners, a copy will be submitted for your file, together with the Plan of Development to put such secondary project into operation.

Yours very truly,

R.T. Maxwell
Division Landman

By Wm. R. Dowdy
Wm R. Dowdy

WRD-er

cc: Commissioner of Public Lands, State of New Mexico, P.O. Box 1148, Santa Fe,
New Mexico 87501, Attn: Mr. Lopez

cc: Oil Conservation Commission, State of New Mexico, P.O. Box 2088, Santa Fe,
New Mexico

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79701

May 4, 1967

186150 - Cotton Draw Unit
230595 - Paduca (Delaware)
Cooperative Water Flood
Eddy and Lea Counties,
New Mexico

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

The working interest owners of the Paduca Delaware Field, Lea County, New Mexico, in the interest of more properly conserving the oil, gas and associated hydrocarbons, and to obtain the maximum economic recovery of such substances, propose to enter into and operate a cooperative water flood program covering the Paduca Delaware Field.

We enclose for your consideration, three copies of the proposed cooperative Water Flood Agreement, which we would appreciate your reviewing at your earliest convenience. After your having reviewed the enclosed Agreement, at such time convenient to you, we would be pleased to meet with you to further discuss the program.

If possible, we would appreciate a few days notice in which to arrange to have a representative meet with you and to assemble any additional data which you may require at the meeting.

Yours very truly,

R.T. Maxwell
Division Landman

By Wm R. Dowdy
Wm R. Dowdy

WRD-er
enclosure

COOPERATIVE WATER FLOOD AGREEMENT

MAY 8 AM 8 08
1967

THIS AGREEMENT, made and entered into this _____ day of _____, 1967, by and between the owners of the oil and gas leasehold working interest in the Initial Participating Area of the Delaware Formation, Thirteenth Enlargement, pursuant to "Unit Agreement For the Development and Operation of The Cotton Draw Unit Area, Eddy and Lea Counties, New Mexico," represented by the Unit Operator of said Unit, Texaco Inc., and hereinafter referred to as "FIRST PARTY"; TEXACO Inc., a corporation, and PAULEY PETROLEUM INC., a corporation, hereinafter jointly referred to as "SECOND PARTY"; and TENNECO OIL COMPANY, a corporation, hereinafter referred to as "THIRD PARTY,"

W I T N E S S E T H

THAT WHEREAS, each of the parties hereto represents that by virtue of a valid oil and gas lease or operating rights, it is currently producing oil from the Delaware formation underlying certain lands and leases in the Paduca Delaware Field, Lea County, New Mexico, which said lands and leases are shown on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, in the interest of more properly conserving the oil, gas and associated hydrocarbons from said lands and leases, the parties hereto desire to enter into and operate a cooperative water flood program in order to obtain the maximum economic recovery of such substances from the said producing formation;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, it is agreed as follows:

1.

Each of the parties hereto within 180 days of the final execution of this agreement and at its sole risk, cost and expense, shall convert and equip the existing wells operated by such party and listed below for water input purposes and commence the injection of water into the Ramsey zone of the Delaware formation in each such well at the locations shown on the attached plat marked Exhibit "A" and made a part hereof, to-wit;

FIRST PARTY

- Cotton Draw Unit Well No. 1 - SW/4 of SW/4 Section 15
- Cotton Draw Unit Well No. 9 - SW/4 of NW/4 Section 22
- Cotton Draw Unit Well No. 12 - SW/4 of NW/4 Section 15
- Cotton Draw Unit Well No. 17 - SW/4 of NE/4 Section 15
- Cotton Draw Unit Well No. 23 - SW/4 of NE/4 Section 21
- Cotton Draw Unit Well No. 36 - SW/4 of NW/4 Section 21
- Cotton Draw Unit Well No. 55 - NE/4 of NE/4 Section 29
- Cotton Draw Unit Well No. 56 - NE/4 of NE/4 Section 28
- Cotton Draw Unit Well No. 60 - SW/4 of NE/4 Section 10

SECOND PARTY

- E.F. Ray Federal "B" Well No. 1 - SW/4 of SE/4 Section 10
- G.E. Jordon Federal NCT-1 Well No. 15 - SW/4 of NW/4 Section 28
- G.E. Jordon Federal NCT-1 Well No. 16 - SW/4 of NE/4 Section 28

THIRD PARTY

- State Monsanto Well No. 3 - SW/4 of SE/4 Section 16
- State Monsanto Well No. 7 - SW/4 of SW/4 Section 16
- J.D. Sena, Jr. Well No. 1 - NE/4 of SW/4 Section 28

All of the above described wells being in T-25-S; R-32-E, Lea County, New Mexico.

2.

Each party hereto shall be solely responsible for the wells converted and operated by it pursuant to this agreement, and each party shall at its sole risk, cost and expense keep its wells in proper repair and condition for the purposes of this agreement.

Nothing contained in this agreement is to be construed as imposing any restriction or limitation on the right of any party hereto to drill additional water injection wells or convert other producing wells to water injection wells.

3.

The rate of injection of water through each of the hereinbefore described wells shall be mutually agreed upon between the parties hereto. In the event the parties are unable to agree at any time upon the rate of injection to be maintained through said wells, the party operating each such well shall, until otherwise agreed upon between the parties, maintain an injection rate of not less than 200 barrels of water per day nor more than 300 barrels of water per day per well, provided however, that the required minimum injection rate shall not exceed the unrestricted injection capacity of the well at the available line injection pressure.

4.

It is agreed that the operator of each of the hereinbefore described wells shall maintain accurate and reasonable records as to the volume of water injected in each such injection well and the volumes of oil and water produced from each producing well it operates in the Paduca Delaware Field, and that this information will be furnished each of the other parties hereto at monthly intervals and, further that all pertinent completion data for both injection and producing wells shall be made available to each of the parties hereto upon request.

5.

This agreement shall become effective on the date of last execution by all parties hereto or on the date of final approval of this agreement by the United States Geological Survey, the Commissioner of Public Lands of the State of New Mexico and the Oil Conservation Commission of the State of New Mexico, whichever last occurs, and shall remain in full force and effect for a minimum period of six months and so long thereafter as the parties mutually agree that the results of the cooperative water flood program are mutually advantageous and economically profitable, or until terminated by mutual agreement of the parties. Any party may withdraw from this agreement upon a showing to the other parties that the herein contemplated activity is no longer economically feasible, desirable or in accord with good production practices, except that in this respect the parties agree to provide each other with ninety (90) days notice in advance of such withdrawal.

6.

First Party contemplates the construction and operation of a Water Flood Plant in connection with its operation of the said Initial Participating Area of the Delaware Formation for the purpose of supplying water for the injection contemplated by this agreement and for such additional water injection wells as may be required by the parties hereto. First Party agrees to furnish and each of the other parties agrees to receive pressured water suitable for injection into the wells herein provided for insofar as such water is available in excess of First Party's own requirements. (It is agreed that the obligations of Second Party and Third Party to inject water pursuant to this agreement shall be suspended during such periods of time as First Party is unable to furnish water for such injection.) Such water shall be delivered at mutually agreeable points on First Party's water distribution system as near to the respective water injection wells as is practicable, and shall be measured by metering equipment installed and

operated by First Party at each delivery point. First Party shall keep such metering facilities in good repair and each of the other parties shall have access thereto at all reasonable times and may witness meter readings whenever by written notice to First Party within the first half of any month any party notifies First Party of its desire to witness meter readings occurring that month.

In order to reimburse First Party for the costs and expenses incurred in procuring, treating, handling and delivering such water, each of the other parties hereto shall pay to First Party the sum of one and three-fourths cents (1 3/4¢) per barrel for each barrel of water delivered to such party. In the event the sum of one and three-fourths cents (1 3/4¢) per barrel should prove insufficient or excessive to cover First Party's costs and expenses in procuring, treating, handling and delivering such water, then the price for any yearly period after the first year of this agreement may be adjusted upon written notice of intention to so adjust given by First Party to each of the other parties thirty (30) days prior to the beginning of the yearly period for which such adjustment is to be made. The calculation of the costs and expenses per barrel of water as herein provided for shall include but not be limited to the procurement, treating, handling and delivering such water together with seven per cent (7%) interest per year on the unrecovered balance of the Water Flood Plant facility investment, such Water Flood Plant facility investment to be amortized on a straight line annual basis over the estimated life of the water flood project.

For all purposes of this agreement one barrel of water equals 42 U.S. gallons.

First Party agrees to accept all produced water from the jointly benefited lands and leases of any party hereto, provided that such water is returned at the sole cost, risk and expense of the party returning same to First Party's produced water system at a delivery point to be designated by First Party, and further provided that such water is returned through a closed system and is reasonably free from air and sediment.

7.

To the extent that it has the authority to do so, each party hereto grants unto each of the other parties hereto the necessary rights-of-way to lay and maintain the water lines and associated equipment required in the performance of this agreement, together with the right of ingress and egress for the same purposes.

Each party hereto agrees to indemnify and hold each of the other parties hereto harmless from all liability, claims and demands resulting from each such party's operations conducted pursuant to this agreement.

8.

This contract shall in no manner affect the right of any party hereto to operate its own wells and to produce and own the oil which may be obtained therefrom. Nothing contained in this contract nor any action of any party hereto under any provision of this agreement or which in any manner relates to the operations contemplated hereby shall be deemed to commit any such party's interest to any unit agreement, unit operating agreement, participating area or to any other agreement, contract or arrangement which has not heretofore been committed to any such unit agreement, unit operating agreement, participating area or to any other agreement, contract or arrangement, it being the intent of this agreement solely to provide for the cooperative water flooding program set forth hereinabove. The duties, liabilities and obligations of the parties hereto are intended to be several and not joint or collective, and nothing herein contained shall ever be construed to impose a partnership obligation or liability with regard to any of the parties hereto. Each party shall be individually responsible for only its obligation, as set out herein, and shall be liable only for its own costs and expenses incurred in complying with the terms of this agreement.

It is the intention of each of the parties hereto that this agreement and the operations hereunder shall not constitute a partnership and each party elects to be excluded from the application of all of Subchapter K, Chapter 1, Subtitle A of the Internal Revenue Code of 1954. Operator is hereby authorized and directed to make this election and execute on behalf of the parties hereto such evidence of this election as may be required by the Secretary of the Treasury of the United States. Each party hereto agrees not to give any notices or take any other action inconsistent with election here made. In making this election, each of the parties hereto states that the income derived by him from the operations under this agreement can be adequately determined without the computation of partnership taxable income.

9.

In connection with the performance of work under this agreement, each party agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

10.

All obligations of each party hereto, except for the payment of money, shall be suspended while said party is prevented from complying therewith, in whole or in part, by strikes, fire, war, civil disturbances, acts of God, federal, state or municipal laws, orders or regulations, inability to secure water or materials or other causes beyond the reasonable control of said party; provided, however, that performance shall be resumed within a reasonable time after such cause has been removed; and provided further that no party shall be required against its will to adjust or settle any labor dispute. This agreement shall not be terminated by reason of suspension of operations due to the aforesaid causes.

11.

The terms and provisions of this agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day, month and year first above written.

FIRST PARTY

Oil and Gas Leasehold Working Interest Owners in the Initial Participating Area of the Delaware Formation, Thirteenth Enlargement, pursuant to "Unit Agreement for the Development and Operation of the Cotton Draw Unit Area, Eddy and Lea Counties, New Mexico."

Unit Operator
TEXACO Inc.

Date: _____ By _____
Attorney-in-Fact

SECOND PARTY

PAULEY PETROLEUM Inc.

Date: _____ By _____

TEXACO Inc.

Date: _____ By _____

THIRD PARTY

TENNECO OIL COMPANY

Date: _____ By _____

TEXACO INC.
MIDLAND, TEXAS

PADUCA DELAWARE FIELD
Lea County, New Mexico

Scale: 1" = 2000'

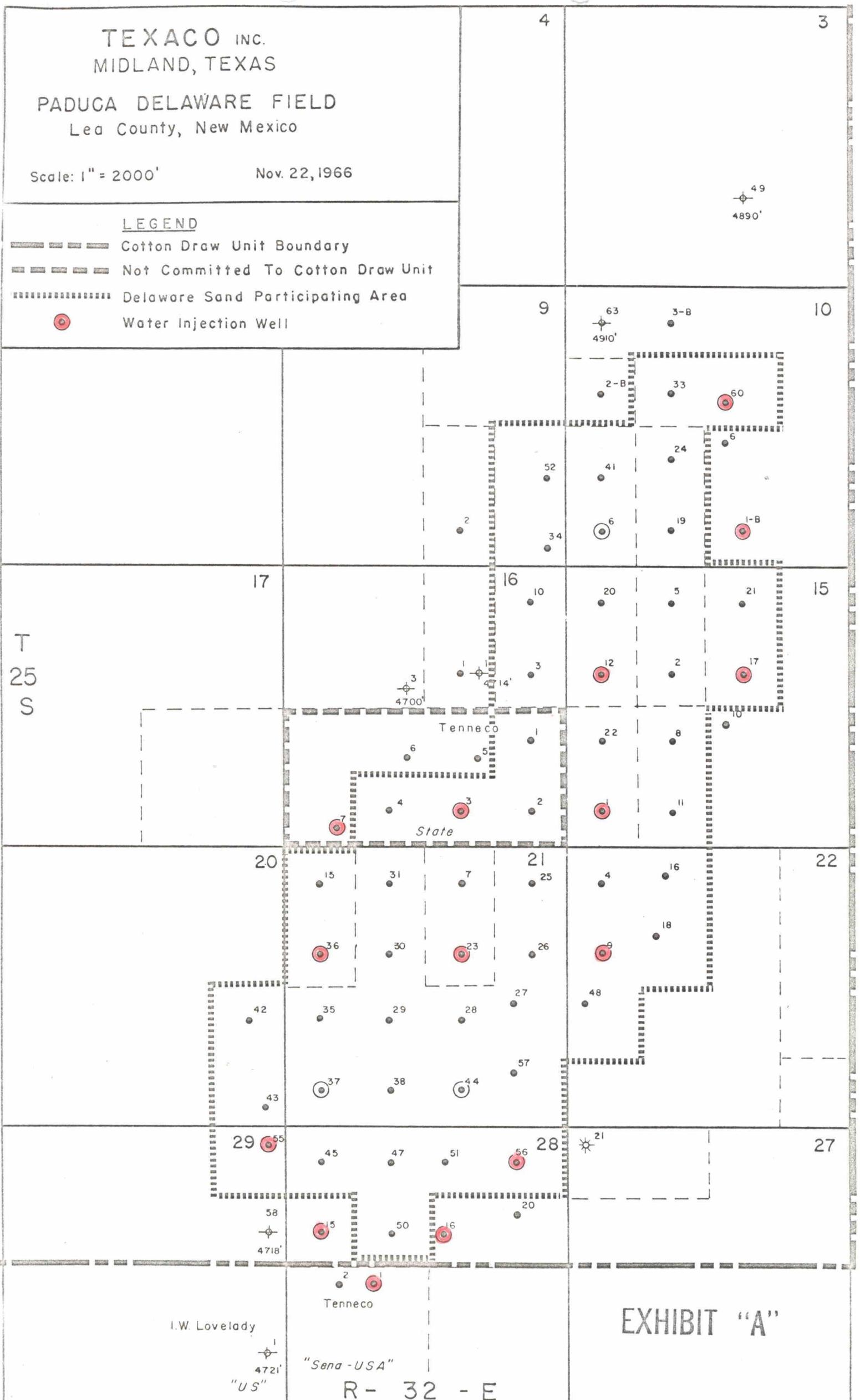
Nov. 22, 1966

LEGEND

-  Cotton Draw Unit Boundary
-  Not Committed To Cotton Draw Unit
-  Delaware Sand Participating Area
-  Water Injection Well

49
4890'

T
25
S



I.W. Lovelady

1
4721'
"US"

"Sena - USA"

R - 32 - E

EXHIBIT "A"

67 MAY 8 AM 8 08

COOPERATIVE WATER FLOOD AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 1967, by and between the owners of the oil and gas leasehold working interest in the Initial Participating Area of the Delaware Formation, Thirteenth Enlargement, pursuant to "Unit Agreement For the Development and Operation of The Cotton Draw Unit Area, Eddy and Lea Counties, New Mexico," represented by the Unit Operator of said Unit, Texaco Inc., and hereinafter referred to as "FIRST PARTY"; TEXACO Inc., a corporation, and PAULEY PETROLEUM INC., a corporation, hereinafter jointly referred to as "SECOND PARTY"; and TENNECO OIL COMPANY, a corporation, hereinafter referred to as "THIRD PARTY,"

W I T N E S S E T H

THAT WHEREAS, each of the parties hereto represents that by virtue of a valid oil and gas lease or operating rights, it is currently producing oil from the Delaware formation underlying certain lands and leases in the Paduca Delaware Field, Lea County, New Mexico, which said lands and leases are shown on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, in the interest of more properly conserving the oil, gas and associated hydrocarbons from said lands and leases, the parties hereto desire to enter into and operate a cooperative water flood program in order to obtain the maximum economic recovery of such substances from the said producing formation;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, it is agreed as follows:

1.

Each of the parties hereto within 180 days of the final execution of this agreement and at its sole risk, cost and expense, shall convert and equip the existing wells operated by such party and listed below for water input purposes and commence the injection of water into the Ramsey zone of the Delaware formation in each such well at the locations shown on the attached plat marked Exhibit "A" and made a part hereof, to-wit;

FIRST PARTY

- Cotton Draw Unit Well No. 1 - SW/4 of SW/4 Section 15
- Cotton Draw Unit Well No. 9 - SW/4 of NW/4 Section 22
- Cotton Draw Unit Well No. 12 - SW/4 of NW/4 Section 15
- Cotton Draw Unit Well No. 17 - SW/4 of NE/4 Section 15
- Cotton Draw Unit Well No. 23 - SW/4 of NE/4 Section 21
- Cotton Draw Unit Well No. 36 - SW/4 of NW/4 Section 21
- Cotton Draw Unit Well No. 55 - NE/4 of NE/4 Section 29
- Cotton Draw Unit Well No. 56 - NE/4 of NE/4 Section 28
- Cotton Draw Unit Well No. 60 - SW/4 of NE/4 Section 10

SECOND PARTY

- E.F. Ray Federal "B" Well No. 1 - SW/4 of SE/4 Section 10
- G.E. Jordon Federal NCT-1 Well No. 15 - SW/4 of NW/4 Section 28
- G.E. Jordon Federal NCT-1 Well No. 16 - SW/4 of NE/4 Section 28

THIRD PARTY

- State Monsanto Well No. 3 - SW/4 of SE/4 Section 16
- State Monsanto Well No. 7 - SW/4 of SW/4 Section 16
- J.D. Sena, Jr. Well No. 1 - NE/4 of SW/4 Section 28

All of the above described wells being in T-25-S; R-32-E, Lea County, New Mexico.

2.

Each party hereto shall be solely responsible for the wells converted and operated by it pursuant to this agreement, and each party shall at its sole risk, cost and expense keep its wells in proper repair and condition for the purposes of this agreement.

Nothing contained in this agreement is to be construed as imposing any restriction or limitation on the right of any party hereto to drill additional water injection wells or convert other producing wells to water injection wells.

3.

The rate of injection of water through each of the hereinbefore described wells shall be mutually agreed upon between the parties hereto. In the event the parties are unable to agree at any time upon the rate of injection to be maintained through said wells, the party operating each such well shall, until otherwise agreed upon between the parties, maintain an injection rate of not less than 200 barrels of water per day nor more than 300 barrels of water per day per well, provided however, that the required minimum injection rate shall not exceed the unrestricted injection capacity of the well at the available line injection pressure.

4.

It is agreed that the operator of each of the hereinbefore described wells shall maintain accurate and reasonable records as to the volume of water injected in each such injection well and the volumes of oil and water produced from each producing well it operates in the Paduca Delaware Field, and that this information will be furnished each of the other parties hereto at monthly intervals and, further that all pertinent completion data for both injection and producing wells shall be made available to each of the parties hereto upon request.

5.

This agreement shall become effective on the date of last execution by all parties hereto or on the date of final approval of this agreement by the United States Geological Survey, the Commissioner of Public Lands of the State of New Mexico and the Oil Conservation Commission of the State of New Mexico, whichever last occurs, and shall remain in full force and effect for a minimum period of six months and so long thereafter as the parties mutually agree that the results of the cooperative water flood program are mutually advantageous and economically profitable, or until terminated by mutual agreement of the parties. Any party may withdraw from this agreement upon a showing to the other parties that the herein contemplated activity is no longer economically feasible, desirable or in accord with good production practices, except that in this respect the parties agree to provide each other with ninety (90) days notice in advance of such withdrawal.

6.

First Party contemplates the construction and operation of a Water Flood Plant in connection with its operation of the said Initial Participating Area of the Delaware Formation for the purpose of supplying water for the injection contemplated by this agreement and for such additional water injection wells as may be required by the parties hereto. First Party agrees to furnish and each of the other parties agrees to receive pressured water suitable for injection into the wells herein provided for insofar as such water is available in excess of First Party's own requirements. (It is agreed that the obligations of Second Party and Third Party to inject water pursuant to this agreement shall be suspended during such periods of time as First Party is unable to furnish water for such injection.) Such water shall be delivered at mutually agreeable points on First Party's water distribution system as near to the respective water injection wells as is practicable, and shall be measured by metering equipment installed and

operated by First Party at each delivery point. First Party shall keep such metering facilities in good repair and each of the other parties shall have access thereto at all reasonable times and may witness meter readings whenever by written notice to First Party within the first half of any month any party notifies First Party of its desire to witness meter readings occurring that month.

In order to reimburse First Party for the costs and expenses incurred in procuring, treating, handling and delivering such water, each of the other parties hereto shall pay to First Party the sum of one and three-fourths cents (1 3/4¢) per barrel for each barrel of water delivered to such party. In the event the sum of one and three-fourths cents (1 3/4¢) per barrel should prove insufficient or excessive to cover First Party's costs and expenses in procuring, treating, handling and delivering such water, then the price for any yearly period after the first year of this agreement may be adjusted upon written notice of intention to so adjust given by First Party to each of the other parties thirty (30) days prior to the beginning of the yearly period for which such adjustment is to be made. The calculation of the costs and expenses per barrel of water as herein provided for shall include but not be limited to the procurement, treating, handling and delivering such water together with seven per cent (7%) interest per year on the unrecovered balance of the Water Flood Plant facility investment, such Water Flood Plant facility investment to be amortized on a straight line annual basis over the estimated life of the water flood project.

For all purposes of this agreement one barrel of water equals 42 U.S. gallons.

First Party agrees to accept all produced water from the jointly benefited lands and leases of any party hereto, provided that such water is returned at the sole cost, risk and expense of the party returning same to First Party's produced water system at a delivery point to be designated by First Party, and further provided that such water is returned through a closed system and is reasonably free from air and sediment.

7.

To the extent that it has the authority to do so, each party hereto grants unto each of the other parties hereto the necessary rights-of-way to lay and maintain the water lines and associated equipment required in the performance of this agreement, together with the right of ingress and egress for the same purposes.

Each party hereto agrees to indemnify and hold each of the other parties hereto harmless from all liability, claims and demands resulting from each such party's operations conducted pursuant to this agreement.

8.

This contract shall in no manner affect the right of any party hereto to operate its own wells and to produce and own the oil which may be obtained therefrom. Nothing contained in this contract nor any action of any party hereto under any provision of this agreement or which in any manner relates to the operations contemplated hereby shall be deemed to commit any such party's interest to any unit agreement, unit operating agreement, participating area or to any other agreement, contract or arrangement which has not heretofore been committed to any such unit agreement, unit operating agreement, participating area or to any other agreement, contract or arrangement, it being the intent of this agreement solely to provide for the cooperative water flooding program set forth hereinabove. The duties, liabilities and obligations of the parties hereto are intended to be several and not joint or collective, and nothing herein contained shall ever be construed to impose a partnership obligation or liability with regard to any of the parties hereto. Each party shall be individually responsible for only its obligation, as set out herein, and shall be liable only for its own costs and expenses incurred in complying with the terms of this agreement.

It is the intention of each of the parties hereto that this agreement and the operations hereunder shall not constitute a partnership and each party elects to be excluded from the application of all of Subchapter K, Chapter 1, Subtitle A of the Internal Revenue Code of 1954. Operator is hereby authorized and directed to make this election and execute on behalf of the parties hereto such evidence of this election as may be required by the Secretary of the Treasury of the United States. Each party hereto agrees not to give any notices or take any other action inconsistent with election here made. In making this election, each of the parties hereto states that the income derived by him from the operations under this agreement can be adequately determined without the computation of partnership taxable income.

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In connection with the performance of work under this agreement, each party agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

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11.

The terms and provisions of this agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day, month and year first above written.

FIRST PARTY

Oil and Gas Leasehold Working Interest Owners in the Initial Participating Area of the Delaware Formation, Thirteenth Enlargement, pursuant to "Unit Agreement for the Development and Operation of the Cotton Draw Unit Area, Eddy and Lea Counties, New Mexico."

Unit Operator
TEXACO Inc.

Date: _____ By _____
Attorney-in-Fact

SECOND PARTY

PAULEY PETROLEUM Inc.

Date: _____ By _____
TEXACO Inc.

Date: _____ By _____

THIRD PARTY

TENNECO OIL COMPANY

Date: _____ By _____

MAY 8 AM 8 08
COOPERATIVE WATER FLOOD AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 1967, by and between the owners of the oil and gas leasehold working interest in the Initial Participating Area of the Delaware Formation, Thirteenth Enlargement, pursuant to "Unit Agreement For the Development and Operation of The Cotton Draw Unit Area, Eddy and Lea Counties, New Mexico," represented by the Unit Operator of said Unit, Texaco Inc., and hereinafter referred to as "FIRST PARTY"; TEXACO Inc., a corporation, and PAULEY PETROLEUM INC., a corporation, hereinafter jointly referred to as "SECOND PARTY"; and TENNECO OIL COMPANY, a corporation, hereinafter referred to as "THIRD PARTY,"

W I T N E S S E T H

THAT WHEREAS, each of the parties hereto represents that by virtue of a valid oil and gas lease or operating rights, it is currently producing oil from the Delaware formation underlying certain lands and leases in the Paduca Delaware Field, Lea County, New Mexico, which said lands and leases are shown on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, in the interest of more properly conserving the oil, gas and associated hydrocarbons from said lands and leases, the parties hereto desire to enter into and operate a cooperative water flood program in order to obtain the maximum economic recovery of such substances from the said producing formation;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, it is agreed as follows:

1.

Each of the parties hereto within 180 days of the final execution of this agreement and at its sole risk, cost and expense, shall convert and equip the existing wells operated by such party and listed below for water input purposes and commence the injection of water into the Ramsey zone of the Delaware formation in each such well at the locations shown on the attached plat marked Exhibit "A" and made a part hereof, to-wit;

FIRST PARTY

Cotton Draw Unit Well No. 1 - SW/4 of SW/4 Section 15
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This agreement shall become effective on the date of last execution by all parties hereto or on the date of final approval of this agreement by the United States Geological Survey, the Commissioner of Public Lands of the State of New Mexico and the Oil Conservation Commission of the State of New Mexico, whichever last occurs, and shall remain in full force and effect for a minimum period of six months and so long thereafter as the parties mutually agree that the results of the cooperative water flood program are mutually advantageous and economically profitable, or until terminated by mutual agreement of the parties. Any party may withdraw from this agreement upon a showing to the other parties that the herein contemplated activity is no longer economically feasible, desirable or in accord with good production practices, except that in this respect the parties agree to provide each other with ninety (90) days notice in advance of such withdrawal.

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FIRST PARTY

Oil and Gas Leasehold Working Interest Owners in the Initial Participating Area of the Delaware Formation, Thirteenth Enlargement, pursuant to "Unit Agreement for the Development and Operation of the Cotton Draw Unit Area, Eddy and Lea Counties, New Mexico."

Unit Operator
TEXACO Inc.

Date: _____ By _____
Attorney-in-Fact

SECOND PARTY

PAULEY PETROLEUM Inc.

Date: _____ By _____

TEXACO Inc.

Date: _____ By _____

THIRD PARTY

TENNECO OIL COMPANY

Date: _____ By _____

TEXACO INC.
MIDLAND, TEXAS

PADUCA DELAWARE FIELD
Lea County, New Mexico

Scale: 1" = 2000'

Nov. 22, 1966

LEGEND

- Cotton Draw Unit Boundary
- - - - - Not Committed To Cotton Draw Unit
- Delaware Sand Participating Area
- ⊙ Water Injection Well

49
4890'

63
4910'

3
4700'

58
4718'

I.W. Lovelady

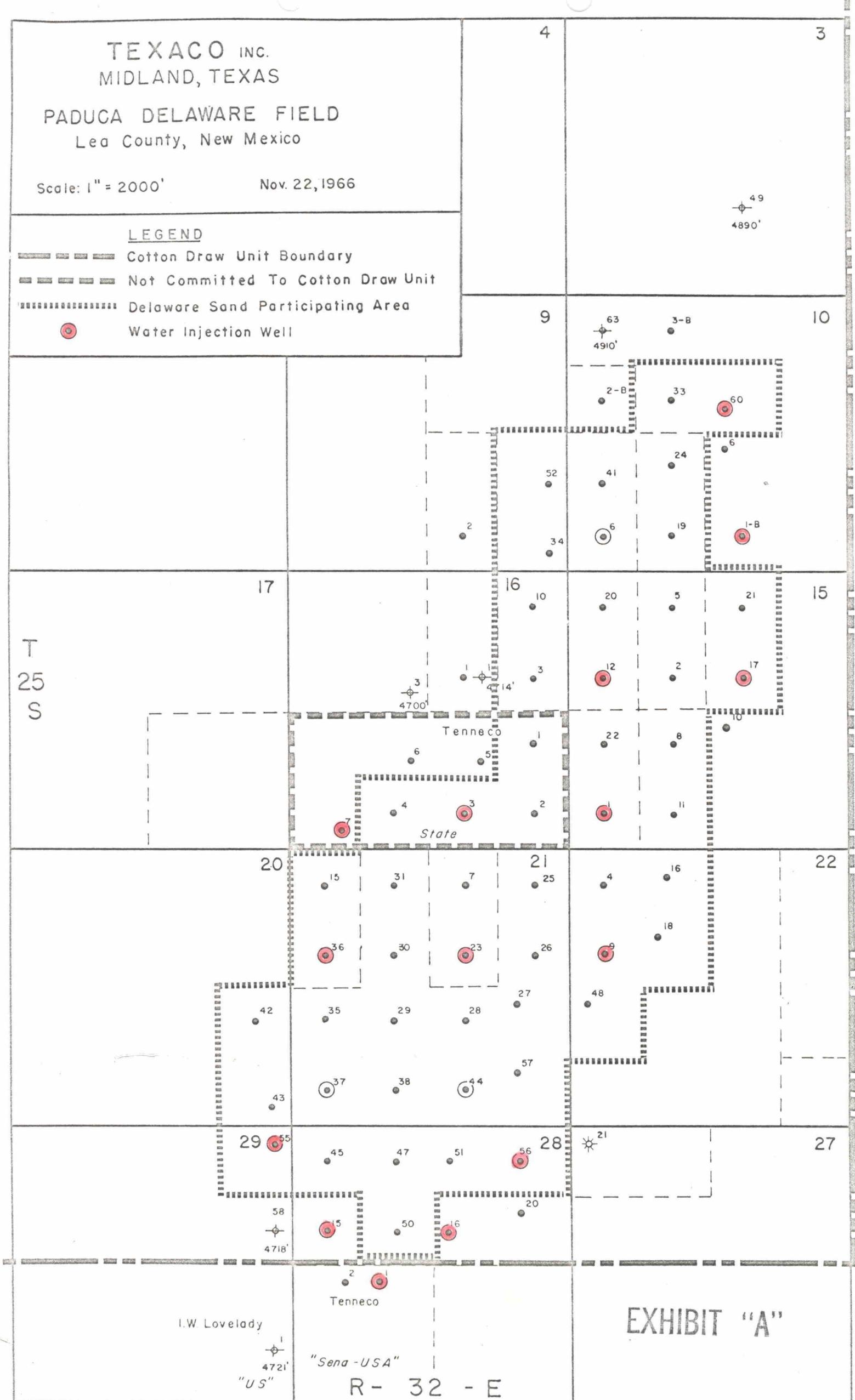
1
4721'
"US"

"Sena-USA"

R - 32 - E

EXHIBIT "A"

T
25
S



TEXACO
INC.
PETROLEUM PRODUCTS

APR 24 AM 8

1446

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
MIDLAND, TEXAS 79701

April 19, 1967

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Commissioner of Public Lands (3)
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission (3)
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor (3)
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

By letter dated June 1, 1966, we submitted Plan of Development and Operation covering the Cotton Draw Unit Agreement, Contract No. 14-08-001-5247 wherein, pursuant to Section 2(e) of the Unit Agreement, a Devonian or deeper wildcat test to an approximate depth of 17,000 feet was proposed at a location 1980 feet from the North and East lines of Section 2, T-25-S, R-31-E, Eddy County, New Mexico, and to be known as the Texaco Cotton Draw Unit Well No. 65.

Please be advised that the proposed test, currently drilling, is now scheduled to drill to sufficient depth to test the Ellenburger formation.

Yours very truly,

R.T. Maxwell
Division Landman



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Box 1857
Roswell, New Mexico 88201

PH 7 29
MAR 26 1967

March 24, 1967

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Gentlemen:

Your plan of development dated January 18, 1967, covering the period from June 1, 1967, to November 30, 1967, for the Getton Draw unit area, Lea and Eddy Counties, New Mexico, has been approved on this date subject to like approval by the appropriate State officials. Said plan proposes the drilling of a Devonian test well in the NW 1/4 sec. 10, T. 25 S., R. 32 E., Eddy County, New Mexico.

One approved copy of the plan is enclosed.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (w/cy plan)
Hobbs (w/cy plan)
NECC, Santa Fe (ltr. only) ✓
Con. of Pub. Lands, Santa Fe (ltr. only)

February 14, 1967

Texaco Inc.
P. O. Box 3109
Midland, Texas

Re: Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

ATTENTION: Mr. R. T. Maxwell

Gentlemen:

The Commissioner of Public Lands has this date approved your requests for an extension of the current Plan of Development and Operation for the Cotton Draw Unit, Lea and Eddy Counties, New Mexico. The current Plan of Development was approved for the Period from June 1, 1966 to May 31, 1967, and this approval extends the period from June 1, 1967, to ninety (90) days after the completion of Well No. 65 or Well No. 66, whichever is last completed.

This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy of the application is returned.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS
BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/HMR/s
encl. 1.
cc: USGS-ROSWELL
OCC- Santa Fe



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

1967 FEB 8 AM 11 05

IN REPLY REFER TO:

1442

February 6, 1967

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Gentlemen:

Your letter of January 26, received January 30, 1967, transmits copies of a ratification and joinder executed by J. L. and Birdie Jean Prude, overriding royalty interest owners in Federal land unit tract 17-A Cotton Draw unit agreement No. 14-08-001-1247, Lee and Eddy Counties, New Mexico.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

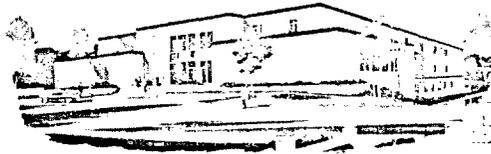
Sincerely yours,

(ORIG. SGD) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (w/cy joinder)
BLM, Santa Fe (w/cy joinder)
Hobbs (w/cy joinder)
MSDC, Santa Fe (ltr. only) ✓
Com. of Pub. Lands, Santa Fe (ltr. only)
Accounts

State of New Mexico



Commissioner of Public Lands



P. O. BOX 1148
SANTA FE, NEW MEXICO

GUYTON B. HAYS
COMMISSIONER

February 3, 1967

Texaco Inc.
P. O. Box 3109
Midland, Texas

Re: Cotton Draw Unit
Eddy County, New Mexico
Consent and Ratification

ATTENTION: Mr. R. T. Maxwell

Gentlemen:

We acknowledge receipt of your letter dated January 26, 1967, submitting one copy of a royalty owner's consent and ratification to the Cotton Draw Unit Agreement, which has been executed by Mr. J. L. Prude and wife, Birdie Jean Prude.

The Commissioner of Public Lands accepts this filing on Tract 17A to become effective February 1, 1967.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/MMR/s

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

United States Geological Survey
Roswell, New Mexico

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79704

January 26, 1967

186150 - Cotton Draw Unit
186464 - J.L. Prude LC061862
Eddy County, New Mexico

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

Enclosed to the Commissioner of Public Lands, one copy, to the Oil Conservation Commission, two copies, and to Regional Oil and Gas Supervisor, three copies of a royalty owner's consent and ratification to the Cotton Draw Unit Agreement which has been executed by Mr. J.L. Prude and wife, Birdie Jean Prude. You will note that this ratification has also been signed in consent by Pauley Petroleum Inc. and Texaco Inc. This ratification is furnished to you in accordance with Section 29 covering subsequent joinder and the overriding royalty interest of Mr. and Mrs. Prude in Tract No. 17A of unit will be treated as effectively committed as of February 1, 1967.

Yours very truly,

R.T. Maxwell
Division Landman

By B.E. Hellman
B.E. Hellman

BEH-er
enclosure

ROYALTY OWNER'S CONSENT AND RATIFICATION
OF THE COTTON DRAW UNIT AGREEMENT
LEA AND EDDY COUNTIES, NEW MEXICO

Reference is made to the Cotton Draw Unit Agreement, dated (effective date) July 28, 1958, embracing 35,144.26 acres, in Lea and Eddy Counties, New Mexico and operated by Texaco Inc.

The undersigned, also being the owner of an overriding royalty interest under part of the lands embraced in said Unit Area being under lease LC-061862 covering the SE/4 Section 12, all of Section 13, NE/4 and S/2 of Section 14, S/2 SE/4 and NE/4 SE/4 of Section 15 and N/2 Section 23, 1-25-S, R-31-E, N.M.P.M., Eddy County, New Mexico, containing 1720 acres, more or less, do hereby commit all of their interest to the Cotton Draw Unit Agreement and do hereby consent thereto and do ratify all of the terms and provisions thereof exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF this instrument is executed by the undersigned as of the date set forth in this acknowledgment.

J. L. Prude
J. L. Prude

Birdie Jean Prude
Birdie Jean Prude

STATE OF NEW MEXICO)
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 11 day of January, 1967, by J. L. Prude and Birdie Jean Prude, his wife.

Robert E. Baling
Notary Public

My Commission Expires:

10-6-67

Consented to this 18th day of January, 1967.

By Lawrence E. Scott
ASSISTANT SECRETARY

PAULEY PETROLEUM INC.
By Lawrence E. Scott
LAWRENCE E. SCOTT, VICE PRESIDENT

Consented to this 25th day of January, 1967.

APPROVED AS TO:
Terms OK
Form MMB

TEXACO Inc.
By J. Marley

ROYALTY OWNER'S CONSENT AND RATIFICATION
OF THE COTTON DRAW UNIT AGREEMENT
LEA AND EDDY COUNTIES, NEW MEXICO

Reference is made to the Cotton Draw Unit Agreement, dated (effective date) July 28, 1958, embracing 35,144.26 acres, in Lea and Eddy Counties, New Mexico and operated by Texaco Inc.

The undersigned, also being the owner of an overriding royalty interest under part of the lands embraced in said Unit Area being under lease LC-061862 covering the SE/4 Section 12, all of Section 13, NE/4 and S/2 of Section 14, S/2 SE/4 and NE/4 SE/4 of Section 15, and N/2 Section 23, T-25-S, R-31-E, N.M.P.M., Eddy County, New Mexico, containing 1720 acres, more or less, do hereby commit all of their interest to the Cotton Draw Unit Agreement and do hereby consent thereto and do ratify all of the terms and provisions thereof exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF this instrument is executed by the undersigned as of the date set forth in this acknowledgment.

J. L. Prude
J. L. Prude

Birdie Jean Prude
Birdie Jean Prude

STATE OF NEW MEXICO)
 :
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 11 day of January, 1967, by J. L. Prude and Birdie Jean Prude, his wife.

Robert E. Bailey
Notary Public

My Commission Expires:

10 - 6 - 67

Consented to this 18th day of January, 1967.

By Chris L. Hedges
ASSISTANT SECRETARY

PAULEY PETROLEUM INC.
By Lawrence E. Scott
LAWRENCE E. SCOTT, VICE PRESIDENT

Consented to this 25th day of January, 1967.

APPROVED AS TO:
Terms ARK
Form WMB

TEXACO Inc.
By J. Marley
act

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

1446

January 26, 1967

C
O
P
Y

Texaco Inc.
P. O. Box 3109
Midland, Texas

Attention: Mr. R. T. Maxwell

Re: Request for Extension of
Plan of Development, Cotton
Draw Unit

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved your requested extension of the current Plan of Development and Operation for the Cotton Draw Unit, Lea and Eddy Counties, New Mexico. The current Plan of Development was approved for the period from June 1, 1966 to May 31, 1967, and the above approval extends the period covered to November 30, 1967.

This approval is subject to like approval by the Commissioner of Public Lands of the State of New Mexico and the United States Geological Survey.

Two approved copies of the application are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands - Santa Fe
United States Geological Survey - Roswell

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79704

Certified Mail

January 18, 1967

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Request for Extension of Plan of
Development and Operation to
November 30, 1967

Commissioner of Public Lands (3)
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission (3)
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor (3)
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

In compliance with Section 10 of the Cotton Draw Unit Agreement, Contract No. 14-08-001-5247, dated April 21, 1958, approved by both the Commissioner of Public Lands, State of New Mexico and the Oil Conservation Commission, State of New Mexico on June 4, 1958 and approved by the United States Geological Survey on July 28, 1958, Texaco Inc. as Unit Operator hereby requests your approval of a six (6) months extension of the current Plan of Development and Operation.

Whereas the current Plan of Development and Operation covers the period from June 1, 1966 to May 31, 1967, said Unit Operator hereby requests a six (6) months extension of said Plan to November 30, 1967.

HISTORY OF PAST DEVELOPMENT: Sixty-three (63) wells have been drilled to the Delaware zone on committed lands in the unit area. Forty-nine (49) of the producing wells have been included in the Delaware Participating Area.

In addition to the sixty-three (63) wells that have been drilled to the Delaware zone on committed lands in the unit area, one (1) Devonian test to a total depth of 16,537 feet was drilled and completed as a Devonian gas well, and is currently producing gas from the initial Devonian Participating Area.

PROPOSED ADDITIONAL WELL: In an effort to evaluate additional unit acreage not presently within or entitled to be within a participating area and pursuant to Section 2(e) of the Unit Agreement providing for the extension of the contraction date, a Devonian test to an approximate depth of 17,200 feet is proposed for commencement on or before March 15, 1967 at a location 2080 feet from the north line and 760 feet from the west line of Section 10, Township 25 South, Range 32 East, Lea County, New Mexico and to be known as the Cotton Draw Unit Well No. 66. Pauley Petroleum Inc. will join with Texaco in this unit operation. Although said Well No. 66 is projected to the Devonian formation at approximately 17,200 feet, if oil or gas in paying quantities is encountered in the Wolfcamp or any other formation above the Devonian formation, said Well No. 66 may be completed in such formation.

Since Cotton Draw Unit Well No. 66 is scheduled for commencement while drilling operations are in progress on Well No. 65, currently drilling at a depth of 16,099 feet, it is understood that no additional well will need to be commenced to prevent the automatic elimination under Section 2(e) of the Unit Agreement until after 90 days time has elapsed following the completion of Well No. 65 or Well No. 66, whichever is last completed.

OFFSET OBLIGATIONS: Appropriate and adequate measures will be taken to prevent drainage of unitized substances from lands subject to the Cotton Draw Unit Agreement, or pursuant to applicable regulations fair and reasonable compensatory royalty will be paid as provided in Section 17 of said agreement.

FURTHER DEVELOPMENT: This Plan of Development shall constitute the

drilling obligations of the Unit Operator under the terms of the Cotton Draw Unit Agreement for the period June 1, 1966 to November 30, 1967.

Yours very truly,

TEXACO Inc.
Unit Operator

By R.T. Maxwell
R.T. Maxwell
Division Landman

Approved: _____ Date: _____
Commissioner of Public Lands, State of New Mexico
(Subject to like approval by the Supervisor and Oil Conservation Commission)

Approved: A. S. [Signature] Date: January 26, 1967
Oil Conservation Commission, State of New Mexico
(Subject to like approval by the Supervisor and Commissioner)

Approved: _____ Date: _____
Supervisor, United States Geological Survey
(Subject to like approval by the Commissioner and Oil Conservation Commission)

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

14-6

January 23, 1967

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Re: Tract 8 Commitment
Cotton Draw Unit, Lea and
Eddy Counties, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the commitment of Tract 8 to the Cotton Draw Unit effective January 1, 1967, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the application for commitment and one copy of subsequent joinder are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands - Santa Fe
United States Geological Survey - Roswell

C
O
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IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

1456

Drawer 1807
Roswell, New Mexico 88201

January 9, 1967

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Gentlemen:

Your letter of December 27, received December 30, 1966, transmits copies of a ratification and joinder to the Cotton Draw unit and unit operating agreement, No. 14-08-001-5247, Lea and Eddy Counties New Mexico. The ratification and joinder is executed by Gulf Oil Corporation, lessee of record and working interest owner of unit tract 8, Federal lease New Mexico 925233.

Section 29 of the Cotton Draw unit agreement requires that copies of such ratification and joinder be filed with the Commissioner of Public Lands, State of New Mexico, and the New Mexico Oil Conservation Commission. Subject to your compliance with the foregoing requirement Federal land unit tract 8 will be considered effectively committed to the Cotton Draw unit agreement as of January 1, 1967.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

Sincerely yours,

(ONE COPY TO BE FILED)

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (w/cy joinder)
BLM, Santa Fe (w/cy joinder)
Hobbs (w/cy joinder)
NMOCC, Santa Fe (ltr. only)✓
Com. of Pub. Lands, Santa Fe (ltr. only)
Accounts

December 30, 1966

Texaco Inc.
P. O. Box 3109
Midland, Texas, 79704

Re: Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

ATTENTION: Mr. R. T. Maxwell

Gentlemen:

The Commissioner of Public Lands has this date approved the Subsequent Joinder to the Cotton Draw Unit Agreement and Operating Agreement, which commits Tract 8, effective as of January 1, 1967, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

We will expect a revised copy of the Exhibit "B" reflecting Gulf Oil Corporation as the working Interest Owner under Tract No. 8.

We are returning one approved copy of your application together with one copy of the ratification.

A three (\$3.00) Dollar filing fee is required for the filing of these instruments.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS
BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/MBR/s

Texaco Inc.
P. O. Box 3109
Midland, Texas, 79704
Page 2.

December 30, 1966

cc: United States Geological Survey
P. O. Box 1857
Roswell, New Mexico

New Mexico Oil Conservation
Commission
P. O. Box 2088
Santa Fe, New Mexico

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79704

December 27, 1966

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Commissioner of Public Lands (3)
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico, 87501

Oil Conservation Commission (3)
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor (3)
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

A request has been received by Texaco Inc., Unit Operator of the Cotton Draw Unit, to include a presently uncommitted tract that is within the outline of the Cotton Draw Unit, through the subsequent joinder provisions of the Cotton Draw Unit Agreement and Unit Operating Agreement.

The parcel requested for inclusion, together with the Working Interest Owner thereof, is as follows:

<u>Tract</u>	<u>Description</u>	<u>Working Interest Owner</u>
8	NM 025283 5-1-57 E/2 NE/4, Section 7 T-24-S, R-32-E Lea County, New Mexico	Gulf Oil Corporation

This tract, upon commitment, will be subject to the terms and conditions of both the Unit Agreement and Unit Operating Agreement.

We enclose three (3) copies of Consent and Ratification of Cotton Draw Unit Agreement and Unit Operating Agreement covering Tract 8, which has been executed by the Working Interest Owner and approved by Texaco Inc., Unit Operator.

We would appreciate your approval to the commitment of this parcel, with an effective date of January 1, 1967.

Yours very truly,

TEXACO Inc.
UNIT OPERATOR

By R.T. Maxwell
R.T. Maxwell *WRD*

Approved: _____ Date: _____
Commissioner of Public Lands, State of New Mexico

Approved: A. H. Carter Date: Jan. 23, 1967
Oil Conservation Commission, State of New Mexico

Approved: _____ Date: _____
Supervisor, United States Geological Survey

WRD-er

enclosure

SUBSEQUENT JOINDER (Tract 8)
CONSENT AND RATIFICATION TO THE
COTTON DRAW UNIT AND UNIT OPERATING AGREEMENTS
EMBRACING LANDS IN LEA AND EDDY COUNTIES, NEW MEXICO

GULF OIL CORPORATION, the undersigned, has heretofore on April 30, 1964 consented to and ratified the Cotton Draw Unit and Unit Operating Agreements dated April 21, 1958. It now appears that among other lands owned and held by Gulf, Tract No. 8 comprising the E/2 NE/4 of Section 7, Township 24 South, Range 32 East is and was at all times material hereto owned and held by Gulf Oil Corporation; and

WHEREAS, in order to more clearly commit said Tract No. 8, above described, to the Cotton Draw Unit Agreement, the owner, Gulf Oil Corporation does hereby consent to and ratify all the terms and provisions thereof insofar as the same applies to said Tract No. 8, the same as if the undersigned had executed the original copy of said Unit Agreement or Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF this instrument is executed by the undersigned as of the date set forth below.

GULF OIL CORPORATION

Form Approved
Law Dept. *WOK*

ATTEST:

J. A. Austin
Assistant Secretary

By *E. O. Mortlock*
Attorney-in-Fact

Date: NOV 30 1966

STATE OF NEW MEXICO X
COUNTY OF CHAVES X

The foregoing instrument was acknowledged before me this 30th day of November, 1966, by E. O. MORTLOCK, Attorney-in-Fact for GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of said corporation.



Eva Marie Cooper
Notary Public

My Commission Expires: August 15, 1970

APPROVED AND CONSENTED TO:
TEXACO Inc. (Unit Operator)

By *J. M. Markley*
Attorney-in-Fact

APPROVED AS TO
Terms *W.D. 116*
Form *J.R.*

SUBSEQUENT JOINDER (Tract 8)
CONSENT AND RATIFICATION TO THE
COTTON DRAW UNIT AND UNIT OPERATING AGREEMENTS
EMBRACING LANDS IN LEA AND EDDY COUNTIES, NEW MEXICO

GULF OIL CORPORATION, the undersigned, has heretofore on April 30, 1964 consented to and ratified the Cotton Draw Unit and Unit Operating Agreements dated April 21, 1958. It now appears that among other lands owned and held by Gulf, Tract No. 8 comprising the E/2 NE/4 of Section 7, Township 24 South, Range 32 East is and was at all times material hereto owned and held by Gulf Oil Corporation; and

WHEREAS, in order to more clearly commit said Tract No. 8, above described, to the Cotton Draw Unit Agreement, the owner, Gulf Oil Corporation does hereby consent to and ratify all the terms and provisions thereof insofar as the same applies to said Tract No. 8, the same as if the undersigned had executed the original copy of said Unit Agreement or Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF this instrument is executed by the undersigned as of the date set forth below.

GULF OIL CORPORATION

Form Approved
Law Dept. *WOK*

ATTEST:

J. A. Austin
Assistant Secretary

By *E. O. Mortlock*
Attorney-in-Fact

Date: NOV 30 1966

STATE OF NEW MEXICO X

COUNTY OF CHAVES X

The foregoing instrument was acknowledged before me this 30th day of November, 1966, by E. O. MORTLOCK, Attorney-in-Fact for GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

Geo. Marie Cooper
Notary Public

My Commission Expires: August 15, 1970

APPROVED AND CONSENTED TO:

TEXACO Inc. (Unit Operator)

By *J. M. Markley*
Attorney-in-Fact

APPROVED AS TO
Terms *WOK*
Form *J. A.*

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

1446

October 31, 1966

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Re: Tract 30-A
Cotton Draw Unit, Lea and
Eddy Counties, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the commitment of Tract 30-A, effective November 1, 1966, to the Cotton Draw Unit, Lea and Eddy Counties, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the application for approval of commitment are returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands
Santa Fe, New Mexico

United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

C
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TEXACO INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

66 OCT 17 AM 6 05

P. O. BOX 8109
MIDLAND, TEXAS 79704

October 12, 1966

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Commissioner of Public Lands (3)
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico, 87501

Oil Conservation Commission (3)
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor (3)
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

A request has been received by Texaco Inc., Unit Operator of the Cotton Draw Unit, to include a presently uncommitted tract that is within the outline of the Cotton Draw Unit, through the subsequent joinder provisions of the Cotton Draw Unit Agreement and Unit Operating Agreement.

The parcel requested for inclusion, together with the Working Interest Owner thereof, is as follows:

<u>Tract</u>	<u>Description</u>	<u>Working Interest Owner</u>
30-A	NM-507 SW/4 SW/4, E/2 SW/4, SE/4 Section 8; and NE/4 Section 9, T-24-S, R-32-E, Lea County, New Mexico	Edward L. Diefenderfer

This tract, upon commitment, will be subject to the terms and conditions of both the Unit Agreement and Unit Operating Agreement.

We enclose three (3) copies of Consent and Ratification of Cotton Draw Unit Agreement and Unit Operating Agreement covering Tract 30-A, which has been executed by the Working Interest Owner and approved by Texaco Inc., Unit Operator.

We would appreciate your approval to the commitment of this parcel, with an effective date of November 1, 1966.

Yours very truly,

TEXACO Inc.
UNIT OPERATOR

By R.T. Maxwell
R.T. Maxwell *WRD*

Approved: _____ Date: _____
Commissioner of Public Lands, State of New Mexico

Approved: *A. L. Porter Jr.* Date: 10-31-66
Oil Conservation Commission, State of New Mexico

Approved: _____ Date: _____
Supervisor, United States Geological Survey

WRD-er

enclosure



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Praver 1857
Roswell, New Mexico 88201

October 19, 1966

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Gentlemen:

Your letter of October 12, received on October 17, transmits copies of a ratification and joinder to the Cotton Draw unit and unit operating agreement, No. 14-08-001-5247, Lea and Eddy Counties, New Mexico. The ratification and joinder is executed by Edward L. Biefenderfer who will become lessee of record and working interest owner of unit tract 30-A upon issuance of Federal lease New Mexico 507.

Section 29 of the Cotton Draw unit agreement requires that copies of such ratification and joinder be filed with the Commissioner of Public Lands, State of New Mexico, and the New Mexico Oil Conservation Commission. Subject to your compliance with the foregoing requirement, Federal land unit tract 30-A (lease offer New Mexico 507) will be considered effectively committed to the Cotton Draw unit agreement as of the effective date of the lease.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (w/cy joinder)
BLM - Santa Fe (w/cy joinder)
Hobbs (w/cy joinder)
NMOCC - Santa Fe (ltr. only) ✓
Com. of Pub. Lands (ltr. only)
Accounts

66 OCT 17 AM 8 03

CONSENT AND RATIFICATION
OF COTTON DRAW UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Cotton Draw Unit Area embracing lands situated in Eddy and Lea Counties, New Mexico, which said agreements are dated the 28th day of July, 1958, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty, or other interest in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the Cotton Draw Unit Agreement and Unit Operating Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the originals of said Unit Agreement and Unit Operating Agreement or counterparts thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Lease Committed:

NM-507
SW/4 SW/4, E/2 SW/4,
SE/4 Section 8, and
NE/4 Section 9, All in T-24-S, R-32-E,
Lea County, New Mexico

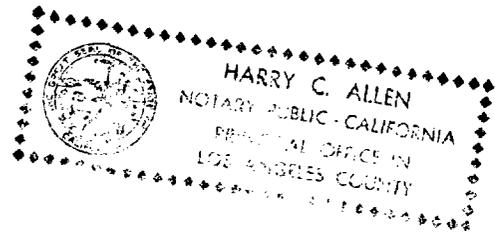
Edward L. Diefenderfer
EDWARD L. DIEFENDERFER

STATE OF California X
COUNTY OF Los Angeles X 55

The foregoing instrument was acknowledged before me this 10th
day of October, 1966, by Edward L. Diefenderfer

Harry C. Allen
Notary Public in and for Los Angeles
County, State of California

HARRY C. ALLEN
My Commission Expires August 2, 1968



66 OCT 17 AM 9 05

CONSENT AND RATIFICATION
OF COTTON DRAW UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Cotton Draw Unit Area embracing lands situated in Eddy and Lea Counties, New Mexico, which said agreements are dated the 28th day of July, 1958, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty, or other interest in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the Cotton Draw Unit Agreement and Unit Operating Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the originals of said Unit Agreement and Unit Operating Agreement or counterparts thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Lease Committed:

NM-507
SW/4 SW/4, E/2 SW/4,
SE/4 Section 8, and
NE/4 Section 9, All in T-24-S, R-32-E,
Lea County, New Mexico

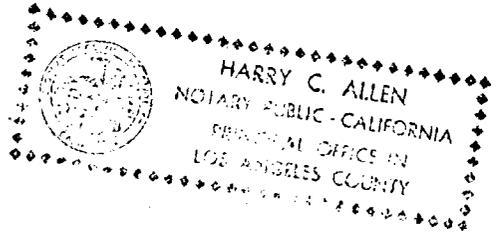
Edward L. Diefenderfer
EDWARD L. DIEFENDERFER

STATE OF California X
COUNTY OF Los Angeles X 55

The foregoing instrument was acknowledged before me this 10th
day of October, 1966, by Edward L. Diefenderfer

Harry C. Allen
Notary Public in and for Los Angeles
County, State of California

HARRY C. ALLEN
My Commission Expires August 2, 1968



OCT 17 AM 8 05

CONSENT AND RATIFICATION
OF COTTON DRAW UNIT AGREEMENT
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IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Lease Committed:

NM-507
SW/4 SW/4, E/2 SW/4,
SE/4 Section 8, and
NE/4 Section 9, All in T-24-S, R-32-E,
Lea County, New Mexico

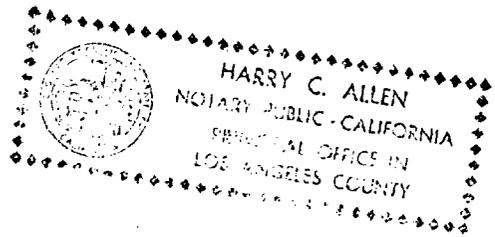
Edward L. Diefenderfer
EDWARD L. DIEFENDERFER

STATE OF California X
COUNTY OF Los Angeles X 55

The foregoing instrument was acknowledged before me this 10th
day of October, 1966, by Edward L. Diefenderfer

Harry C. Allen
Notary Public in and for Los Angeles
County, State of California

HARRY C. ALLEN
My Commission Expires August 2, 1968



September 19, 1966

186150 - Cotton Draw Unit

66 OCT 17 10 11 AM '66

Mr. Rick Ferris
Texaco, Inc.
P. O. Box 2248
Roswell, New Mexico

Dear Mr. Ferris:

I was the successful applicant for oil and gas lease NM-507 described as T. 24 S., R. 32 E., Sec. 8: SW $\frac{1}{2}$ SW $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{2}$, SE $\frac{1}{2}$ and Sec. 9: NE $\frac{1}{2}$, containing 440 Acres in the August, 1966 federal lease drawing.

I have been notified by the Bureau of Land Management that it is necessary for me to secure consent and ratification papers and approval from you to join the Cotton Draw Unit in order to receive a lease on said application.

Would you please send me the necessary documents to effect entry into the unit. The Bureau of Land Management has allowed me thirty days in which to accomplish this and I would appreciate if you could expedite the matter.

Thanking you in advance for all courtesies, I remain,

Sincerely yours,

Edward L. Diefenderfer

EDWARD L. DIEFENDERFER
9636 Hunt Avenue
South Gate, California 90280

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3109
MIDLAND, TEXAS 79704

October 25, 1966

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico

Oil Conservation Commission
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

Gentlemen:

We enclose for your records, copy of letter dated October 19, 1966 from Regional Oil and Gas Supervisor, United States Geological Survey, with reference to the commitment of Tract 30-A to the Cotton Draw Unit.

By copy of this letter we are advising the United States Geological Survey that three copies of the ratification and joinder by Edward L. Diefenderfer were submitted to your office by letter dated October 12, 1966.

Yours very truly,

R.T. Maxwell
Division Landman

By Wm R. Dowdy
Wm R. Dowdy

WRD-er

enclosure



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

100-08-1112-9
100-08-1112-9
100-08-1112-9

October 19, 1966

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. R. T. Maxwell

Gentlemen:

Your letter of October 12, received on October 17, transmits copies of a ratification and joinder to the Cotton Draw unit and unit operating agreement, No. 14-08-001-5247, Lea and Eddy Counties, New Mexico. The ratification and joinder is executed by Edward L. Diefenderfer who will become lessee of record and working interest owner of unit tract 30-A upon issuance of Federal lease New Mexico 507.

Section 29 of the Cotton Draw unit agreement requires that copies of such ratification and joinder be filed with the Commissioner of Public Lands, State of New Mexico, and the New Mexico Oil Conservation Commission. Subject to your compliance with the foregoing requirement, Federal land unit tract 30-A (lease offer New Mexico 507) will be considered effectively committed to the Cotton Draw unit agreement as of the effective date of the lease.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

Sincerely yours,

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

pl 116

August 15, 1966

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico

Attention: Mrs. M.M. Rhea

Gentlemen:

We enclose for your records two copies of "Application for initial participating area for the Devonian formation of the Cotton Draw Unit", which has been approved by both the Commissioner of Public Lands, State of New Mexico and Acting Director, United States Geological Survey.

OFFICE

'66 AUG 18 PM 1 35

Yours very truly,

R.T. Maxwell
Division Landman

By _____
Wm R. Dowdy

WRD-er

cc: New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Bureau of Land Management
Santa Fe, New Mexico
Attention: Mr. M. Solan

'66 AUG 18 PM 1 35

RECEIVED
 JUN 28 1966
 U. S. GEOLOGICAL SURVEY
 ROSWELL, NEW MEXICO

IN RE: Cotton Draw Unit Area
 No. 14-08-001-5247,
 Lea and Eddy Counties,
 New Mexico

Application for
 approval of initial
 participating area
 for the Devonian
 formation.

TO THE DIRECTOR, UNITED STATES GEOLOGICAL SURVEY
 TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Director, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico the selection of the following described lands to constitute the initial participating area for the Devonian producing zone or formation, to wit:

Township 25 South, Range 31 East, N.M.P.M.

Section 12: All

Section 13: All

Township 25 South, Range 32 East, N.M.P.M.

Section 7 : All

Section 18: All

containing 2,558.6⁴ acres, more or less.

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area and the proposed initial participating area,
- (2) A Schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Devonian formation, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in triplicate to the Director and in duplicate to the Commissioner, geological report with accompanying geologic map and mechanical logs supporting and justifying the proposed selection of the participating area.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the

terms of the Unit Agreement on May 19, 1966 of Unit Well No. 64, in the Northeast Quarter of the Northwest Quarter of Section 18, Township 25 South, Range 32 East, Lea County, New Mexico, with a calculated open flow potential of 92 MMCFGPD from the Devonian formation at a depth of 16,490 to 16,537 feet. The effective date of this initial Devonian participating area shall be May 19, 1966, pursuant to Section 11 of the Unit Agreement.

This application has been approved by both Texaco Inc. and Pauley Petroleum Inc., and consequently, applicant respectfully requests that the Director and the Commissioner approve the hereinabove selection of lands to constitute the initial Devonian participating area, to be effective May 19, 1966.

Dated this 24th day of June, 1966.

TEXACO Inc.

By J.H. Markley
J.H. Markley
Attorney-in-Fact

APPROVED: AUG 5 - 1966 1966

Arthur A. Baker
ACTING Director, United States Geological Survey

APPROVED: June 30th 1966
Gayton B. Sapp
Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

RECEIVED
AUG 12 1966
U.S. GEOLOGICAL SURVEY

RECEIVED

JUL 11 1966

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

REVISED

EXHIBIT "B"

SCHEDULE

TRACT NO. 1-A (2,360.80 acres)

Lessor: U.S.A.

Working Interest Owner: TEXACO Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: NM 0503

Participating Acreage: 480

Percent of Participation: 18.75996

Description: N 1/2 and SW 1/4 Section 12, T25S, R31E, N.M.P.M.

TRACT NO. 17-A (1720.00 acres)

Lessor: U.S.A.

Working Interest Owner: TEXACO Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: LC 061862

Participating Acreage: 800

Percent of Participation: 31.26661

Description: SE 1/4 Section 12 and All of Section 13, T25S, R31E, N.M.P.M.

TRACT NO. 18-B (1882.61 acres)

Lessor: U.S.A.

Working Interest Owner: TEXACO Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: LC 061863 A

Participating Acreage: 320.15

Percent of Participation: 12.51251

Description: Lots 1 & 2, E 1/2 NW 1/4 and NE 1/4 Section 7, T25S,
R32E, N.M.P.M.

TRACT NO. 20-B (319.73 acres)

Lessor: U.S.A.

Working Interest Owner: TEXACO Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: LC 061873

Participating Acreage: 319.73

Percent of Participation: 12.49609

Description: Lots 3 & 4, E 1/2 SW 1/4 and SE 1/4 Section 7, T25S,
R32E, N.M.P.M.

Exhibit "B", Contd.

TRACT NO. 20-A (319.45 acres)

Lessor: U.S.A.

Working Interest Owner: TEXACO Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: LC 061873-A

Participating Acreage: 319.45

Percent of Participation: 12.48515

Description: Lots 1 & 2, E 1/2 NW 1/4 and NE 1/4 Section 18, T25S, R32E.

TRACT NO. 20-C (1759.31 acres)

Lessor: U.S.A.

Working Interest Owner: TEXACO Inc. 1/2, Pauley Petroleum Inc. 1/2

Serial or Lease Number: LC 061873-B

Participating Acreage: 319.31

Percent of Participation: 12.47968

Description: Lots 3 & 4, E 1/2 SW 1/4 and SE 1/4, Section 18, T25S,
R32E, N.M.P.M.

SUMMARY

	<u>Acres</u>	<u>Percent</u>
Total Federal Lands	2558.64	100.00
Other lands	----	----
Sub-total	2558.64	100.00
Uncommitted acreage	----	----
Total Productive Acreage	2558.64	100.00

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

1446

July 29, 1966

C
O
P
Y

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. J. L. Sleeper, Jr.

Re: Plan of Development and
Operation 1966-1967,
Cotton Draw Unit, Lea and
Eddy Counties, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Plan of Development and Operation covering the period from June 1, 1966 to May 31, 1967 for the Cotton Draw Unit, Lea and Eddy Counties, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are returned herewith.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands - Santa Fe
United States Geological Survey - Roswell



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

June 14, 1966

Texasco Inc.
P. O. Box 3109
Midland, Texas 79704

Attention: Mr. J. L. Sleeper, Jr.

Gentlemen:

Your plan of development dated June 1, 1966, covering the period from June 1, 1966, to June 1, 1967, for the Cotton Draw unit area, Lea and Eddy Counties, New Mexico, has been approved on this date subject to like approval by the appropriate State officials. Said plan proposes the drilling of a Devonian test well in the NE $\frac{1}{4}$ sec. 2, T. 25 S., R. 31 E., Eddy County, New Mexico.

One approved copy of the plan is enclosed.

Sincerely yours,

(ORIG. SIGNED) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (w/cy plan)
Hobbs (w/cy plan)
NMOCC - Santa Fe (ltr. only) ✓
Com. of Pub. Lands - Santa Fe (ltr. only)

RPearcy:jh:6-14-66

MAIL ROOM

'66 JUN 17 AM 7 39

June 16, 1966

Texaco Inc.
P. O. Box 3109
Midland, Texas 79704

Re: Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

ATTENTION: Mr. J. L. Sleeper, Jr.

Gentlemen:

The Commissioner of Public Lands approved as of this date the Plan of Development and Operation for the period June 1, 1966 to May 31, 1967, for the Cotton Draw Unit, Lea and Eddy Counties, New Mexico, subject to like approval by the United States Geological Survey.

The unit is now being operated as provided for under Section 2 (e) of the Unit Agreement and approval of the Plan of Development in no way relieves the operator from any of the provisions of Section 2 (e). The Operator proposes, pursuant to Section 2 (e), the drilling of a Devonian or deeper test to approximate depth of 17,000', to be commenced prior to August 1, 1966, at a designated location.

To keep the Cotton Draw Unit from being contracted under the terms of Section 2 (e), Well No. 65 would necessarily be commenced not later than August 17, 1966. The operator therefore proposes, pursuant to the terms of this section, the drilling of a Devonian or deeper test to an approximate depth of 17,000' to be commenced prior to August 1, 1966.

Texaco Inc.
June 16, 1966
Page 2.

We are returning one approved copy of this plan.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/MMR/s

cc: United States Geological Survey
P. O. Drawer 1857
Roswell, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

TEXACO INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

MAIL OFFICE

1966 JUN 6 PM 1 08

P. O. BOX 3109
MIDLAND, TEXAS 79704

June 1, 1966

Certified Mail

186150 - Cotton Draw Unit
Lea and Eddy Counties,
New Mexico

Plan of Development and Operation
June 1, 1966 to May 31, 1967

Commissioner of Public Lands (3)
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

Oil Conservation Commission (3)
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico

Regional Oil and Gas Supervisor (3)
United States Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Gentlemen:

In compliance with Section 10 of the Cotton Draw Unit Agreement, Contract No. 14-08-001-5249, dated April 21, 1956, approved by both the Commissioner of Public Lands, State of New Mexico and the Oil Conservation Commission, State of New Mexico on June 4, 1958 and approved by the United States Geological Survey on July 28, 1958, Texaco Inc. as Unit Operator hereby submits for your approval a Plan of Development and Operation, for the period of June 1, 1966 to May 31, 1967.

HISTORY OF PAST DEVELOPMENT: Sixty-three (63) wells have been drilled to the Delaware zone on committed lands in the unit area. Forty-nine (49) of the producing wells have been included in the Delaware Participating Area.

In addition to the sixty-three (63) wells that have been drilled to the Delaware zone on committed lands in the unit area one (1) Devonian test to a total depth of 16,537 feet was drilled under the current plan of development and completed May 19, 1966 as a shutin Devonian gas well.

p. 2, 6-1-66, 186150-Cotton Draw Unit

PROPOSED ADDITIONAL WELL: Pursuant to Section 2 (e) of the Unit Agreement providing for the extension of the contraction date, a Devonian or deeper wildcat test to approximate depth of 17,000 feet is proposed for commencement on or before August 1, 1966 at a location 1980 feet from the North and East lines of Section 2, T-25-S, R-31-E, Eddy County, New Mexico, and to be known as the Texaco Cotton Draw Unit Well No. 65. It is estimated that a minimum of nine (9) months will be required to drill the test. Pauley Petroleum Inc. will join with Texaco in this unit operation.

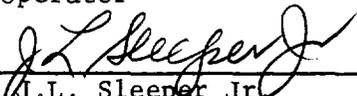
Any additional well or wells drilled during the period covered by this plan of development, as required by Section 2 (e), to extend the contraction date will be on unitized lands not entitled to participation, or on unitized lands, whether or not on unitized lands entitled to participation, if such well to test the Devonian or any deeper formation.

OFFSET OBLIGATIONS: Appropriate and adequate measures will be taken to prevent drainage of unitized substances from lands subject to the Cotton Draw Unit Agreement, or pursuant to applicable regulations fair and reasonable compensatory royalty will be paid as provided in Section 17 of said agreement.

FURTHER DEVELOPMENT: This Plan of Development shall constitute the drilling obligations of the Unit Operator under the terms of the Cotton Draw Unit Agreement for the period of June 1, 1966 to May 31, 1967.

Yours very truly,

TEXACO Inc.
Unit Operator

By 
J.L. Sleeper Jr.
Asst. Division Manager

Approved: _____ Date: _____
Commissioner of Public Lands, State of New Mexico
(Subject to like approval by the Supervisor and Oil Conservation Commission)

Approved:  Date: 7-29-66
Oil Conservation Commission, State of New Mexico
(Subject to like approval by the Supervisor and Commissioner)

Approved: _____ Date: _____
Supervisor, United States Geological Survey
(Subject to like approval by the Commissioner and Oil Conservation Commission)

WRD-er

1475
1966 JUL 13 AM 7 37

IN RE: Cotton Draw Unit Area
No. 14-08-001-5247,
Lea and Eddy Counties,
New Mexico

Application for
approval of initial
participating area
for the Devonian
formation.

TO THE DIRECTOR, UNITED STATES GEOLOGICAL SURVEY
TO THE COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

Texaco Inc., as Unit Operator for the Cotton Draw Unit Agreement, approved by the Acting Director, United States Geological Survey, effective July 28, 1958, pursuant to the provisions of Section 11 thereof, respectfully submits for the approval of the Director, United States Geological Survey and the Commissioner of Public Lands, State of New Mexico the selection of the following described lands to constitute the initial participating area for the Devonian producing zone or formation, to wit:

Township 25 South, Range 31 East, N.M.P.M.

- Section 12: All
- Section 13: All

Township 25 South, Range 32 East, N.M.P.M.

- Section 7 : All
- Section 18: All

containing 2,558.6~~3~~4 acres, more or less.

In support of this application, the following items are attached hereto and made a part hereof:

- (1) An ownership map, marked Exhibit "A", showing boundaries of the unit area and the proposed initial participating area,
- (2) A Schedule, marked Exhibit "B", showing the lands entitled to participation in the unitized substances produced from the Devonian formation, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in triplicate to the Director and in duplicate to the Commissioner, geological report with accompanying geologic map and mechanical logs supporting and justifying the proposed selection of the participating area.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the

terms of the Unit Agreement on May 19, 1966 of Unit Well No. 64, in the Northeast Quarter of the Northwest Quarter of Section 18, Township 25 South, Range 32 East, Lea County, New Mexico, with a calculated open flow potential of 92 MMCFGPD from the Devonian formation at a depth of 16,490 to 16,537 feet. The effective date of this initial Devonian participating area shall be May 19, 1966, pursuant to Section 11 of the Unit Agreement.

This application has been approved by both Texaco Inc. and Pauley Petroleum Inc., and consequently, applicant respectfully requests that the Director and the Commissioner approve the hereinabove selection of lands to constitute the initial Devonian participating area, to be effective May 19, 1966.

Dated this 24th day of June, 1966.

TEXACO Inc.

By J.H. Markley
J.H. Markley
Attorney-in-Fact

APPROVED: _____ 1966

Director, United States Geological Survey

APPROVED: _____ 1966

Commissioner of Public Lands, State of New Mexico

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico