



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 18, 1983

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

*Case
2871*

Benson-Montin-Greer Drilling
Corp.
221 Petroleum Center Building
Farmington, NM 87401

Attention: Albert R. Greer

Re: Canada Ojitos Unit
1983 Plan of Development
East Puerto Chiquito Mancos Unit
Modification of Initial Plan of
Development

Dear Sir:

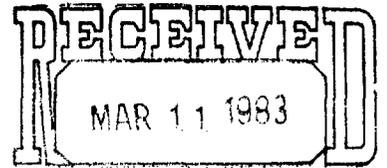
The above referenced submittals have been approved by the New Mexico Oil Conservation Division effective this date. Such approval is contingent upon like approval by the New Mexico Commissioner of Public Lands and the United States Minerals Management Service.

Sincerely,

ROY E. JOHNSON
Petroleum Geologist

REJ/dp

cc: Commissioner of Public Lands - Santa Fe
Minerals Management Service - Albuquerque
OCD District Office -Aztec



BENSON-MONTIN-GREER DRILLING CORP. OIL CONSERVATION DIVISION
SANTA FE

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

March 8, 1983

U.S. Department of the Interior
Bureau of Land Management
P.O. Box 26124
Albuquerque, NM 87125

Attention: Joe Lara

✓ New Mexico Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attention: Joe D. Ramey

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

Attention: Ray Graham
Director, Oil and Gas Department

Re: CANADA OJITOS UNIT
RIO ARRIBA COUNTY, NEW MEXICO:
1983 PLAN OF DEVELOPMENT

Gentlemen:

We are submitting to you now for your review our proposed Plan of Development for the work year 1983 which will be from May 1, 1983 to April 30, 1984.

Our Plan of Development for 1983 consists of the completion of the following wells whose drilling was initiated earlier:

F-20: Section 20, Township 25 North, Range 1 West
N-22: Section 22, Township 25 North, Range 1 West
G-32: Section 32, Township 25 North, Range 1 West.

In addition we propose the drilling of one new well in the

...

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Oil Conservation Division
New Mexico Commissioner of Public Lands

Page No. 2
March 8, 1983

third expansion area. The location of this well is to be determined following testing information on the wells now in the process of being completed.

With regard to the testing and completion of the above-listed wells, we advise that because of the multiple zones comprising the producing reservoir of the existing Niobrara-Greenhorn participating area that accumulation of the test data and its evaluation is somewhat more involved than ordinarily is the case; and as a consequence our testing and completion work has taken longer than normally required.

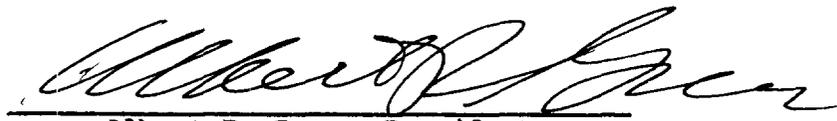
As required by the Unit Agreement, once the location of the new well has been selected, proper approvals of its location will at that time be sought.

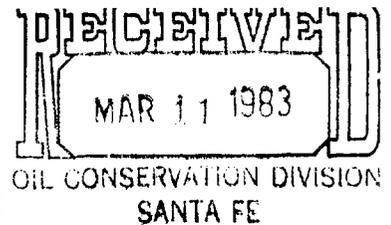
We hereby respectfully request your approval of this 1983 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President



BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

March 8, 1983

U.S. Department of the Interior
Bureau of Land Management
P.O. Box 26124
Albuquerque, NM 87125

Attention: Joe Lara

New Mexico Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Attention: Joe D. Ramey

Bureau of Indian Affairs
Jicarilla Agency
P.O. Box 167
Dulce, NM 87528

Attention: Perry D. Parton
Superintendent

Re: EAST PUERTO CHIQUITO MANCOS UNIT:
MODIFICATION OF INITIAL PLAN OF
DEVELOPMENT

Gentlemen:

We are submitting to you now for your review modification of the initial Plan of Development to include the drilling of five additional wells.

The Plan of Development of the East Puerto Chiquito Mancos Unit was furnished the affected principals when the Unit Agreement was approved. Under the plan work has commenced on the gas gathering system, gas lift system, gas injection system, water gathering system and water injection system and the drilling of three wells.

It is hoped that work on the systems this year will reach the point such that gas injection will be commenced and injection of pre-flush water also will be commenced. We presume injection of chemicals for the tertiary phase of the project will not commence until 1984.

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Oil Conservation Division
Bureau of Indian Affairs

Page No. 2
March 8, 1983

In line with the development plan, additional wells drilled since unitization and in the process of completion are the following:

E-19: Section 19, Township 27 North, Range 1 East
F-20: Section 20, Township 27 North, Range 1 East
E-21: Section 21, Township 27 North, Range 1 East.

This year we propose to drill five additional wells, one or two of which will be water injection wells and the others producers.

As work progresses and information influences the locations of the wells, we will seek proper approvals of the specific locations.

We hereby respectfully request your approval of this 1983 Plan of Development.

Yours truly,

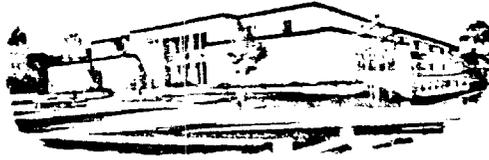
BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

State of New Mexico



Commissioner of Public Lands

January 19, 1982

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

ALEX J. ARMIJO
COMMISSIONER

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: Canada Ojitos Unit
1982 Plan of Development
Rio Arriba County, New Mexico

ATTENTION: Mr. Albert R. Greer

Gentlemen:

The Commissioner of Public Lands has this date approved your 1982 Plan of Development. Such plan proposes the drilling of two wells. One well in the Basic Unit Area in Section 22, Township 26 North, Range 1 West, and One well in the Third Expansion Area in Section 32, Township 26 North, Range 1 West. Our approval is subject to like approval by the United States Geological Survey and the New Mexico Oil Conservation Division.

In the future please attach to your plan an up-to-date map showing the current status of all unit wells and their zone(s) of completion. Also, please furnish us with a production history, by well and by month, for the past one year period.

Enclosed is one approved copy for your files. Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encls.

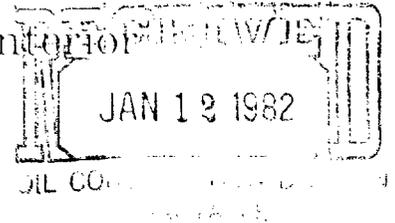
cc: OCD-Santa Fe, New Mexico ✓
USGS-Albuquerque, New Mexico

2011



United States Department of the Interior

GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125



JAN 1 1982

Benson-Montin-Greer Drilling Corporation
Attention: Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

Gentlemen:

An approved copy of your 1982 plan of development for the Canada Ojitos unit area, Rio Arriba County, New Mexico is enclosed. Such plan, proposing the drilling of two wells (the N-22 and G-32) was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Sincerely yours,

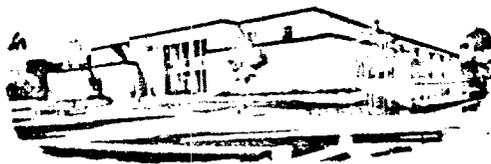
(Signature)

FOR Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosure

cc:
NMOCD, Santa Fe

State of New Mexico



Commissioner of Public Lands

January 6, 1982

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

ALEX J. ARMIJO
COMMISSIONER

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: Canada Ojitos Unit
Application for Third Expansion
Rio Arriba County, New Mexico

2011

ATTENTION: Mr. Albert R. Greer

Gentlemen:

The Commissioner of Public Lands has this date approved your application for the Third Expansion of the Canada Ojitos unit area, Rio Arriba County, New Mexico. The effective date of this expansion is June 1, 1981.

It appears that our records are not up to date on this unit and therefore request that you submit the revised Exhibits A and B for the resultant unit area which were automatically eliminated from the Canada Ojitos unit agreement effective as of November 11, 1972.

Enclosed is one approved copy of the Third Expansion of this unit.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

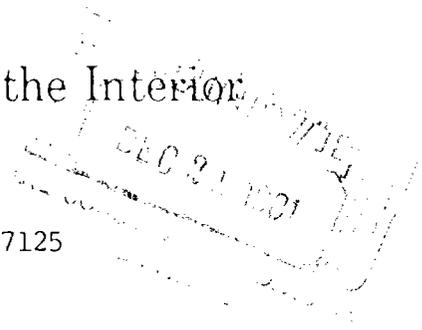
AJA/RDG/pm
encls.
cc:

OCD-Santa Fe, New Mexico
USGS-Albuquerque, New Mexico



United States Department of the Interior

GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125



30 OCT 1981

Benson-Montin-Greer Drilling Corp.
Attention: Mr. A. R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

2871

Gentlemen:

Your application for the Third Expansion of the Canada Ojitos unit area, Rio Arriba County, New Mexico, No. 14-08-0001-8526 was approved on October 30, 1981 and is effective as of June 1, 1981. Approval of the expansion increases the unit area from 52,992.26 acres to 69,637.15 acres.

One approved copy of the application is enclosed. You are requested to furnish all interested principals with appropriate evidence of this approval.

Sincerely yours,

(ORIG. SGD.) JAMES W. SHELTON

FOR
Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosure

cc:
BLM, Santa Fe
Comm. of Pub. Lands, Santa Fe (ltr only)
NMOCD, Santa Fe (ltr only)
DS, Farmington
Roswell Accounting (Exhibit A & B)

South Central Region
P. O. Box 20124
Albuquerque, New Mexico 87125

2871

JUL 27 1981

Benson-Montin-Greer Drilling Corp.
Attention: Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

Gentlemen:

An approved copy of your 1981 plan of development for the Canada Ojitos unit area, Rio Arriba County, New Mexico is enclosed. Such plan, proposing to drill Well No. 23, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Sincerely yours,

(ORIG. SGD.) JAMES W. SHELTON

FOR Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosure

cc:
NMOCD, Santa Fe
DS, Farmington (w/enc)



R I W

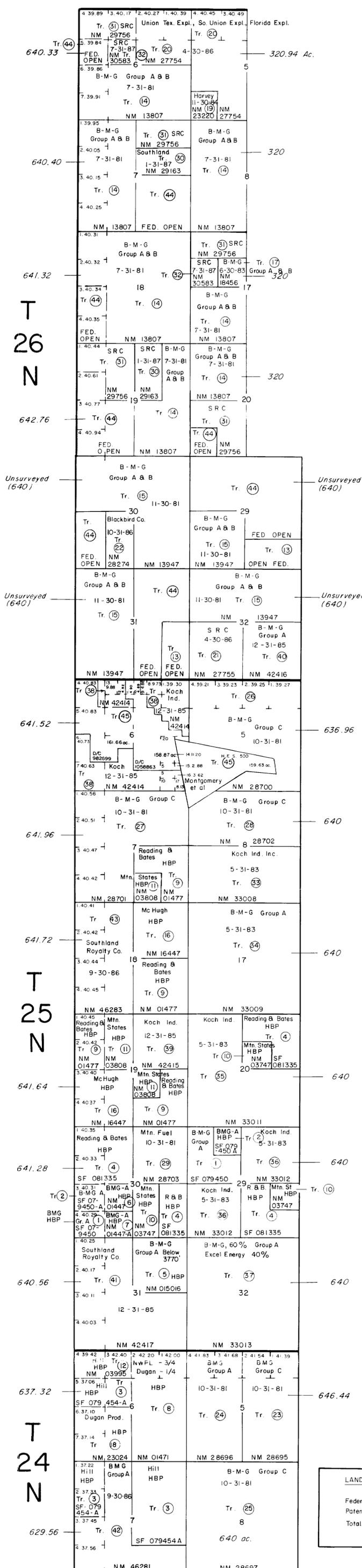
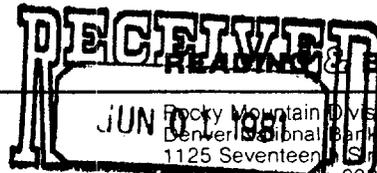


EXHIBIT "A"

THIRD EXPANSION AREA
TO
CANADA OJITOS UNIT
RIO ARRIBA CO., NEW MEXICO
BENSON-MONTIN-GREER DRILLING CORP.

Approval Effective June 1, 1981

RB



READING & BATES PETROLEUM CO.

Rocky Mountain Division
Denver National Park Building
1125 Seventeenth Street, Suite #2300
Denver, Colorado 80202

May 29, 1981

2571

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

Attention: Albert R. Greer

RE: Canada Ojitos Unit
14-08-00018526
Rio Arriba County, New Mexico
Objection to proposed third
expansion of the Unit area

Gentlemen:

Reading & Bates hereby objects and refuses to sign the Ratification and Joinder of the proposed third expansion of the Unit Area for the following reasons:

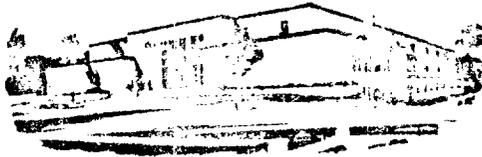
1. We feel that there is insufficient data to conclude that communication exists between the reservoir which is now being produced in the existing Unit and the proposed third expansion area.
2. In our opinion the existing Unit has not been fully developed; therefore, any additional acreage being added to this Unit would unnecessarily dilute our interests at the present time.

Very truly yours,
READING & BATES PETROLEUM CO.
Eric Koelling
Eric Koelling
Division Landman
Rocky Mountain Division

EK/rb

cc: Deputy Conservation Manager
Commissioner of Public Lands
New Mexico Dept. of Energy & Minerals

State of New Mexico



2871

ALEX J. ARMIJO
COMMISSIONER

Commissioner of Public Lands

February 18, 1981

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Benson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: Canada Ojitos Unit
Application for Preliminary
Concurrence of Proposed Third
Expansion to Unit Area

ATTENTION: Mr. Albert R. Greer

Gentlemen:

The Commissioner of Public Lands hereby gives you preliminary approval to the proposed third expansion of the Canada Ojitos Unit Area, Rio Arriba County, New Mexico filed with your letter of January 22, 1981.

When submitting your application for final approval please comply with the applicable provisions of Section 2 of the unit agreement. Two copies of the application for final approval should be filed with this office together with appropriate joinders and two copies each of revised Exhibits A. and B.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
cc:

OCD-Santa Fe, New Mexico
USGS-Roswell, New Mexico
USGS-Albuquerque, New Mexico

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 17, 1981

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

Attention: Albert R. Greer

Re: Case No. 2971
Canada Ojitos Unit
Preliminary Concurrence
of Proposed Third
Expansion

Gentlemen:

We hereby approve the Preliminary Concurrence of Proposed Third Expansion for the Canada Ojitos Unit, Rio Arriba County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

One approved copy of the Preliminary Concurrence is returned herewith.

Yours very truly,

JOE D. RAMEY
Director

JDR/EP/fd
enc.

cc: U.S.G.S. - Albuquerque
Commissioner of Public Lands

C

O

P

Y

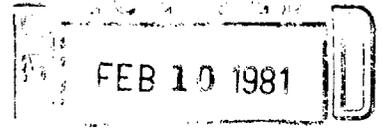


United States Department of the Interior

GEOLOGICAL SURVEY

South Central Region
P. O. Box 26124

Albuquerque, New Mexico 87126 OIL CONSERVATION DIVISION
SANTA FE



FEB 09 1981

Benson-Montin-Greer Drilling Corporation
Attention: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

2871

Gentlemen:

Your application of January 22, 1981, filed with the Deputy Conservation Manager, Oil and Gas, requests preliminary approval of the proposed third expansion of the Canada Ojitos unit area, Rio Arriba County, New Mexico.

The Canada Ojitos unit agreement, No. 14-08-0001-8526, was approved effective June 19, 1963. The unit was formed for the purpose of conducting exploratory drilling operations in an unproven area. The unit area presently contains 52,992.26 acres, more or less, following a first and second expansion and also a contraction. The proposed third expansion will add mostly Federal lands on the west side of the present unit boundary and are described in your application. Although the lands to be added are not presently productive from the Niobrara-Greenhorn, present geologic data indicates the possibility exists. Accordingly, the inclusion of such lands in the unit area is necessary to insure proper control of the reservoir to obtain maximum oil recovery. The application states that Benson-Montin-Greer Drilling Corporation will drill and complete a test well on the proposed expansion area within six months of the effective date of the expansion and drill additional wells under approved annual plans of development. It is further agreed, that at the end of four years from the effective date of the expansion, lands that are not in a participating area will be eliminated from the unit area.

No objection will be offered to the proposed third expansion of the Canada Ojitos unit area if it is accomplished in accordance with the applicable provisions of Section 2 of the unit agreement within a reasonable period of time. A minimum of two copies of the application for final approval accompanied by the appropriate joinders should be filed with the Deputy Conservation Manager, Oil and Gas.

The format of the original exhibits attached to the unit agreement should be followed closely in the preparation of revised Exhibits A and B.

Sincerely yours,

(ORIG. SSO) JAMES W. SUTHERLAND

James W. Sutherland
Conservation Manager

cc:
BLM, Santa Fe
Com. of Public Lands, Santa Fe
NMOCD, Santa Fe.

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401
PHONE: 325-8874

January 22, 1981

2871

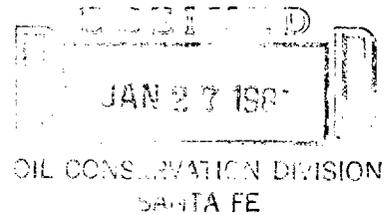
The Deputy Conservation Manager
U.S. Department of the Interior
Geological Survey
P.O. Box 26124
Albuquerque, New Mexico 87125

and

The Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico 87501

and

New Mexico Department of Energy and Minerals
Oil Conservation Division
Santa Fe, New Mexico 87501



OK
EJP
2/6/81

Re: CANADA OJITOS UNIT
14-08-0001 8526:
APPLICATION FOR PRELIMINARY
CONCURRENCE OF PROPOSED THIRD
EXPANSION TO UNIT AREA

Gentlemen:

We hereby submit for your preliminary concurrence proposal for third expansion to the Canada Ojitos Unit area. The lands requested to be included in this expansion are listed below:

All in Rio Arriba County, New Mexico

Township 24 North, Range 1 West

Sections 5 through 8

Township 25 North, Range 1 West

Sections 5 through 8

Sections 17 through 20

Sections 29 through 32

BENSON-MONTIN-GREER DRILLING CORP.

U.S.G.S.
Commissioner of Public Lands
Oil Conservation Division

Page No. 2
January 22, 1981

Township 26 North, Range 1 West

Section 5: W/2
Section 6: All
Section 7: All
Section 8: W/2
Section 17: W/2
Section 18: All
Section 19: All
Section 20: W/2
Sections 29 through 32 (unsurveyed).

The federal lands are covered by 41 federal leases; the serial numbers of which are set out on the schedule next attached.

It is recommended that the obligation well be at one of the following locations to be later approved by the Supervisor, depending upon leasing status and accessibility; giving due regard for the character of the Forest lands, and how best to protect them while still permitting oil and gas development:

(Listed north to south: not necessarily in order of preference)

Township 26 North, Range 1 West

Section 18: SE/4
Section 19: NE/4
Section 20: NW/4
Section 29: NE/4 or NW/4
Section 32: SE/4 or SW/4

Township 25 North, Range 1 West

Section 8: NE/4 or NW/4
Section 17: SE/4
Section 32: NE/4 or SE/4

Township 24 North, Range 1 West

Section 5: SE/4

Objective formation is the Niobrara member of the Mancos formation: the obligation well should be drilled to this formation or not to exceed 8,000 feet.

BENSON-MONTIN-GREER DRILLING CORP.

U.S.G.S.
 Commissioner of Public Lands
 Oil Conservation Division

Page No. 3
 January 22, 1981

Submitted concurrently herewith is an engineering and geological report describing the unit and this proposed third expansion area. None of the information contained therein is considered confidential.

In event this application is granted, Unit Operator is willing to enter into the following stipulations in connection with the expansion if it is accomplished:

1. Within six months of the effective date of the expansion, at a location on the proposed expansion area approved by the Supervisor, Unit Operator will commence the drilling of a well projected to test that part of the Mancos formation now being produced by wells in the Niobrara-Greenhorn Participating Area in the present Canada Ojitos Unit. Any well started after February 1, 1981 will qualify in this respect.

2. Additional wells will be drilled under annual plans of development approved by the Deputy Conservation Manager and the Commissioner of Public Lands.

3. At the end of four years from the effective date of the expansion, Unit Operator will apply for contraction of the unit area to eliminate all lands not qualified for inclusion in a participating area.

In event the preliminary concurrence requested herein is granted, the formal application for expansion of the unit area will include a complete Exhibit B for the unit, including the expansion area. At this time we are submitting only a skeleton schedule of the data which will later comprise Exhibit B as to the expansion lands.

Also enclosed is copy of Exhibit A of the existing Canada Ojitos Unit and a separate Exhibit A showing the lands proposed for expansion. In the application for final approval Exhibit A will be prepared in one plat, to include such of the lands herein requested that are approved for inclusion in the expansion area.

A significant feature of this proposed expansion and the drilling of wells thereon is the critical issue of continued pressure maintenance and efficient depletion of the main Canada Ojitos reservoir; regarding which the engineering and geological aspects have previously been provided to all the addressees of this letter.

Also significant is the fact that owners of leases of a substantial part of the proposed expansion area are opposed - apparently in principle - to unitization under the standard federal exploratory type unit agreement, and their cooperation is not anticipated, which will probably result in a large portion of the lands being not committed to the unit agreement. We submit, however,

BENSON-MONTIN-GREER DRILLING CORP.

U.S.G.S.
Commissioner of Public Lands
Oil Conservation Division

Page No. 4
January 22, 1981

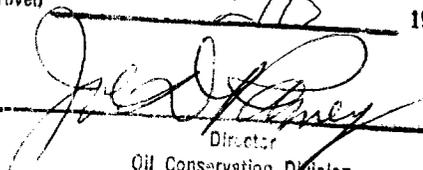
that their opposition to unitization should not preclude the others from unitizing their lands, carrying out extension development of the reservoir, and minimizing the problems which inevitably will arise should non-unitized wells be completed for production from the reservoir now producing under the Canada Ojitos Unit.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

Approved 2/12 19 81

Director
Oil Conservation Division
Energy and Minerals Department

THIS APPROVAL IS LIMITED TO THE SUBJECT MATTER APPROVED
AND DOES NOT CONSTITUTE AN ENDORSEMENT OR GUARANTEE
BY THE UNITED STATES GOVERNMENT OR THE COMMISSIONER OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO.

ARG:ney

SCHEDULE OF FEDERAL LEASES
IN PROPOSED THIRD EXPANSION AREA, CANADA OJTOS UNIT
UNDER APPLICATION FOR PRELIMINARY CONCURRENCE
BENSON-MONTIN-GREER DRILLING CORP.

JANUARY 22, 1981

SF 079450
SF 079450-A
SF 079454-A
SF 081335
NM 015016
NM 01447
NM 01447-A
NM 01471
NM 01477
NM 03747
NM 03808
NM 03995
NM 13372
NM 13807
NM 13947
NM 16447
NM 18456
NM 23024
NM 23220
NM 27754
NM 27755
NM 28274
NM 28695
NM 28696
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NM 28700
NM 28701
NM 28702
NM 28703
NM 29163
NM 29756
NM 30583
NM 33008
NM 33009
NM 33011
NM 33012
NM 33013
NM 42414
NM 42415
NM 42416
NM 42417

2871

September 4, 1970

70 SEP 8 AM 5 01

Benson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: Cañada Ojitos Unit
14-08-0001 8526
APPLICATION FOR APPROVAL
OF SECOND EXPANSION TO UNIT
AREA

ATTENTION: Mr. A. R. Greer

Gentlemen:

The Commissioner of Public Lands has this date approved the Second Expansion of the Canada Ojitos Unit Area, Rio Arriba County, New Mexico. The United States Geological Survey approved the application August 31, 1970, to become effective August 1, 1970.

We are retaining the one copy of the application for our files.

Very truly yours,

Ted Bilberry
Oil and Gas Department

TB/s

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

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401

PHONE: 325-8874

70 JUN 30 PM 1 07

June 26, 1970

The Supervisor
U.S. Department of the Interior
Geological Survey
Roswell, New Mexico

New Mexico Oil Conservation Commission
Commissioner of Public Lands
State of New Mexico

All Working Interest Owners

All Lessors

All Lessees

All Overriding Royalty Owners

}
} whose interests are committed
} to the Canada Ojitos Unit
} Agreement

Re: CAÑADA OJITOS UNIT
RIO ARriba COUNTY, NEW MEXICO
14-08-0001 8526

NOTICE OF PROPOSED SECOND
EXPANSION OF THE UNIT AREA

Gentlemen:

This is to advise you that the Acting Director of the U.S. Geological Survey has this 26th day of June, 1970, given preliminary concurrence to Unit Operator's proposal for the second expansion of the Canada Ojitos Unit area, as described herein. The Commissioner of Public Lands of the State of New Mexico has also given his preliminary approval to this proposal. This proposal for the second expansion of the unit area is made concurrently with the proposal for the first expansion, information respecting which is described in other correspondence and sent to you as a separate notice.

Unit Operator hereby gives notice of this proposed second expansion, and each party to whom this notice is directed is allowed thirty (30) days from the date of this notice to submit to the Unit Operator any objections to this expansion.

Lands proposed to be added to the Canada Ojitos Unit Area by the second expansion are identified by the attached plat (Exhibit A) and are listed below:

Township 25 North, Range 1 East, N.M.P.M.

- Section 4: W $\frac{1}{2}$
- Section 5: All
- Section 8: All
- Section 9: W $\frac{1}{2}$
- Section 17: All
- Section 20: All
- Section 22: W $\frac{1}{2}$

BENSON-MONTIN-GREER DRILLING CORP.

Page No. 2
June 26, 1970

Township 26 North, Range 1 East, N.M.P.M.

Section 20: $W\frac{1}{2}$
Section 29: All
Section 32: All
Section 33: $W\frac{1}{2}$

Reasons for this proposed second expansion are:

1. Geological and engineering data indicate the reservoir under the Niobrara-Greenhorn Participating Area may extend beyond the present unit boundaries within the area of this proposed second expansion.

2. In the event the subject reservoir does extend beyond the present unit boundaries within the area of this second expansion, it is essential that these lands be included in the participating area, since this part of the reservoir will probably be in the gas cap, and successful pressure maintenance can be carried on only if control is maintained of the gas cap lands.

Accordingly, Unit Operator has stipulated, in connection with this proposed second expansion, the following:

1. If this expansion becomes effective prior to the September 8, 1970 date at which the leases expire in Sections 20, 29, 32 and 33, Township 26 North, Range 1 East, Unit Operator agrees to drill and complete within twelve (12) months of the effective date of the expansion a well projected to test that part of the Mancos Formation now being produced by wells in the Niobrara-Greenhorn Participating Area in the present Canada Ojitos Unit.

2. If none of the wells drilled on the proposed second expansion lands within twelve (12) months of the effective date of the expansion result in being capable of producing in commercial quantities, Unit Operator will make application, under the provisions of Section 2 of the Unit Agreement, to contract the unit area by eliminating all of the lands in this second expansion area which do not at that time qualify for inclusion in a participating area under the terms of the Unit Agreement as it is amended.

The proposed effective date of this expansion is August 1, 1970, which is the first day of the month subsequent to the date of this notice.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.
UNIT OPERATOR

BY:



BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401
PHONE: 325-8874

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JUN 30 1970

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June 26, 1970

The Supervisor
U.S. Department of the Interior
Geological Survey
Roswell, New Mexico

New Mexico Oil Conservation Commission
Commissioner of Public Lands
State of New Mexico

All Working Interest Owners
All Lessors
All Lessees
All Overriding Royalty Owners

}
} whose interests are committed
} to the Canada Ojitos Unit
} Agreement
}

Re: CAÑADA OJITOS UNIT
RIO ARriba COUNTY, NEW MEXICO
14-08-0001 8526

NOTICE OF PROPOSED FIRST EXPANSION
OF THE UNIT AREA

Gentlemen:

This is to advise you that the Acting Director of the U.S. Geological Survey has this 26th day of June, 1970, given preliminary concurrence to Unit Operator's proposal for the first expansion of the Canada Ojitos Unit Area, as described herein. The Commissioner of Public Lands of the State of New Mexico has also given his preliminary approval to this proposal.

Unit Operator hereby gives notice of this proposed first expansion, and each party to whom this notice is directed is allowed thirty (30) days from the date of this notice to submit to the Unit Operator any objections to this expansion.

Lands proposed to be added to the Canada Ojitos Unit Area by the first expansion are identified by the attached plat (Exhibit A) and are listed below:

Township 24 North, Range 1 East, N.M.P.M.

- Section 6: All
- Section 7: All
- Section 8: W $\frac{1}{2}$
- Section 17: W $\frac{1}{2}$
- Section 18: All
- Section 19: All
- Section 20: W $\frac{1}{2}$

Township 24 North, Range 1 West, N.M.P.M.

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 8: E $\frac{1}{2}$
Section 9
through
Section 16: All
Section 17: E $\frac{1}{2}$
Section 23: All
Section 24: All

Reasons for this proposed first expansion are:

1. Geological and engineering data indicate the reservoir under the Niobrara-Greenhorn Participating Area extends beyond the present unit boundaries within the area of this first proposed expansion.

2. Because of the unusual nature of the reservoir and the fact that maximum oil recovery can only be secured by pressure maintenance and with well spacing patterns wider than those practicably obtainable under state laws, it becomes necessary to unitize the expansion lands first and confirm the presence of the reservoir after expansion, by drilling; rather than drill first and unitize later.

Accordingly, Unit Operator has stipulated in connection with this expansion, the following:

1. Within twelve (12) months of the effective date of the expansion, at locations on the proposed expansion area approved by the Supervisor of the U.S. Geological Survey, Unit Operator will have commenced the drilling of at least two wells projected to test that part of the Mancos Formation now being produced by wells in the Niobrara-Greenhorn Participating Area in the present Canada Ojitos Unit. Any well started after July 1, 1970, will qualify in this respect.

2. At least two wells will have been completed, after having tested that part of the Mancos Formation described in Item 1 above, within eighteen (18) months of the effective date of the expansion.

3. If none of the wells drilled on expansion lands within eighteen (18) months of the effective date of the expansion result in being capable of producing in commercial quantities, Unit Operator will make application, under the provisions of Section 2

BENSON-MONTIN-GREER DRILLING CORP.

Page No. 3
June 26, 1970

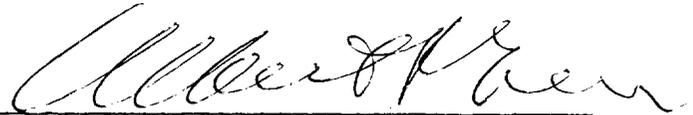
of the Unit Agreement, to contract the unit area by eliminating all of the lands in the subject expansion area which do not at that time qualify for inclusion in a participating area under the terms of the Unit Agreement as it is amended.

The proposed effective date of this expansion is August 1, 1970, which is the first day of the month subsequent to the date of this notice.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.
UNIT OPERATOR

BY:



Albert R. Greer, President