



#3065

FILED  
DEC 22 1994

State of New Mexico  
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760  
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.  
COMMISSIONER

December 19, 1994

Xeric Oil & Gas Corporation  
200 N. Loraine  
Suite 1111  
P.O. Box 51311  
Midland, Texas 79710-1311

Attention: Mr. Carl O. Brininstool

Re: Resignation/Designation of Successor Unit Operator  
West Pearl Queen Unit  
Lea County, New Mexico

Dear Mr. Brininstool:

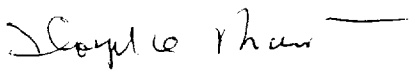
This office is in receipt of a resignation/designation of successor unit operator, wherein Pyramid Energy Inc. has resigned as unit operator of the West Pearl Queen Unit and designated Xeric Oil & Gas Corporation as the successor unit operator.

The Commissioner of Public Lands has this date approved the resignation of Pyramid Energy, Inc. and the designation of Xeric Oil & Gas Corporation as the successor unit operator of this unit. This change in operators is effective May 1, 1994. In accordance with this approval, Xeric Oil & Gas Corporation is now responsible for all operations and the reporting of all production from the unit.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY: 

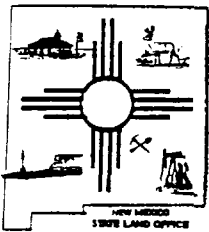
FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744

Enclos.

RP/FOP/pm

cc: Reader File

Pyramid Energy, Inc.  
OCD-Roy Johnson  
TRD



State of New Mexico  
Commissioner of Public Lands

#3065

W. R. Humphries  
COMMISSIONER

Advisory Board

George Clark  
Chairman

Kristin Conniff  
Vice Chairman

Melvin Cordova

Joe Kelly

Robert Portillos

Nancy Lynch Vigil

Rex Wilson

April 16, 1990

Sirgo Operating, Inc.  
P.O. Box 3531  
Midland, Texas 79702

ATTN: Mr. Brian Sirgo

RE: Successor Unit Operator  
West Pearl Queen Unit  
Lea County, New Mexico

Gentlemen:

We received your letters, dated July 10, 1989 and April 12, 1990, requesting approval for the change in Unit Operator for the West Pearl Queen Unit in Lea County, New Mexico. We also received copies of the working interest owner's approvals of this change in Unit Operator.

The Commissioner of Public Lands hereby approves the change of Unit Operator of the West Pearl Queen Unit to Sirgo Operating, Inc.

If you have any questions, please call Susan Howarth at (505) 827-5791.

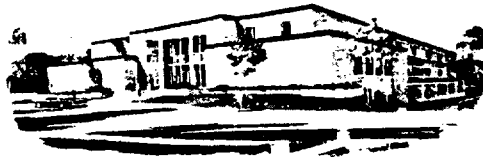
Very truly yours,

W.R. HUMPHRIES,  
COMMISSIONER OF PUBLIC LANDS

BY:

FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

# State of New Mexico



W.R. HUMPHRIES  
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

October 3, 1990

Mr. Victor Sirgo  
Sirgo Operating Inc.,  
P.O. Box 3531  
Midland, TX 79702

Re: West Pearl Queen Sand Unit  
Lea County, New Mexico  
1990 Plan of Development

Dear Mr. Sirgo:

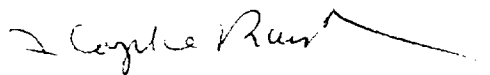
The Commissioner of Public Lands this date approved the 1990 Plan of Development for the West Pearl Queen Sand Unit. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development may exist. You will be contacted at a later date regarding these possibilities.

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

Sincerely,

W. R. HUMPHRIES

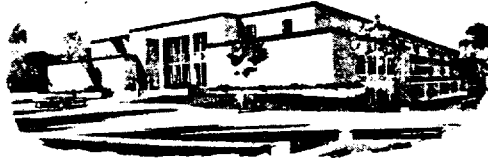
BY:   
Floyd O. Prando, Director  
Oil, Gas & Minerals Division

cc: OCD  
Unit Corresp.  
Unit POD

# State of New Mexico



W.R. HUMPHRIES  
COMMISSIONER



## Commissioner of Public Lands

July 16, 1990

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

Sirgo Operating, Inc.  
Attn: Mr. Victor J. Sirgo  
P. O. Box 3531  
Midland, Texas 79702

Re: West Pearl Queen Unit  
Resignation-Designation of  
Successor Unit Operator  
Lea County, New Mexico

This office is in receipt of your letter of July 2, 1990 advising this office that Sirgo Operating, Inc. has resigned as Unit Operator of the West Pearl Queen Unit, Lea County, New Mexico, and Pyramid Energy, Inc. has been designated as the successor Unit Operator of said unit.

The Commissioner of Public Lands has this date approved the resignation of Sirgo Operating, Inc., and the designation of Pyramid Energy, Inc. as the successor unit operator of the West Pearl Queen Unit. As per Section 8 of the Unit Agreement this change in operator will become effective upon approval by the Land Commissioner and when filed with the Bureau of Land Management.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*  
FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/pm  
encls.  
cc: OCD  
BLM

# Gulf Oil Corporation

LAW DEPARTMENT

Booth Kellough  
CITY SIGNAL ATTORNEY  
HOUSTON, TEXAS

ATTORNEY ROSWELL  
William V. Kastler

104 AUG 11 1964  
P. O. Box 1038  
Roswell, New Mexico

August 26, 1964

Mr. A. L. Porter, Jr.  
Secretary and Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: West Pearl Queen Unit Agreement

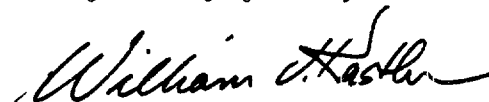
Gentlemen:

In compliance with your requirements I enclose herewith one complete reproduced copy of the Unit Agreement and one complete reproduced copy of the Unit Operating Agreement. To the best of my knowledge this Unit Agreement becomes effective with the commitment of 100% of the working interest and 100% of the royalty interest.

Immediately subsequent to the effective date it was necessary to revise Exhibits "B" and "C" which are also enclosed herewith for the reason that Gulf Oil Corporation and other parties purchased the working interest of Jake L. Hamon and Don O. Chapell in Tract No. 15.

Some delay has been caused in getting our Certificate of Effectiveness recorded and reproduced and it is for this reason that I have withheld making this filing until now. I hope it has not caused you any inconvenience.

Very truly yours,

  
William V. Kastler

WVK:ejl

Enclosures



## CERTIFICATE OF EFFECTIVENESS

WEST PEARL QUEEN UNIT

LEA COUNTY, NEW MEXICO 1964 AUG 11/15 o'clock P M

EFFECTIVE DATE: August 1, 1964

Page 279  
JANE RICE, County Clerk  
By Deputy

WHEREAS, a Unit Agreement, dated February 17, 1964, covering proposed waterflood operations in the West Pearl Queen Unit Area was approved by 100% of the Working Interest Owners and Royalty Owners, the Oil Conservation Commission for the State of New Mexico, the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; and

WHEREAS, said Unit Agreement provides further for the filing of at least one executed counterpart for record in the Office of the County Clerk of Lea County, New Mexico, which said filing has been made as evidenced in Vol. 221 of the Records of Lea County, New Mexico at Page 33; and

WHEREAS, said Unit Agreement further provides that Unit Operator shall, within thirty days after the effective date, file for record in the office where a counterpart of the agreement is recorded a certificate to the effect that said agreement has become effective according to its terms and stating further the effective date.

NOW, THEREFORE, Gulf Oil Corporation as Unit Operator does hereby declare and certify that said Unit shall be and is effective with the effective date of August 1, 1964, and that a description of the lands and formations as to which said Unit is effective is as follows:

Township 19 South, Range 35 East, N.M.P.M.

Section 20: SW/4 SE/4  
Section 21: SW/4 SW/4  
Section 28: W/2, W/2 SE/4 and SE/4 SE/4  
Section 29: All  
Section 30: E/2 SE/4, SE/4 NE/4 and SW/4 SE/4  
Section 31: NE/4, E/2 NW/4, N/2 SE/4 and NE/4 SW/4  
Section 32: N/2, N/2 SW/4 and NW/4 SE/4  
Section 33: N/2 and N/2 SE/4

containing 2,520 acres, more or less.

The Unitized Formation shall be the stratigraphic interval underlying the Unit Area extending from the top of the Queen formation to a depth of fifty feet (50') below the base of Zone IIIA of the Queen formation, the top of the Queen and the base of Zone IIIA having been encountered at the depths of 4,660 feet and 5,008 feet, respectively, beneath the derrick floor of Gulf Oil Corporation's Lea State "IH" No. 1, located 1,980 feet from the south and east lines of Section 29, T-19-S, R-35-E, Lea County, New Mexico as shown on the Schlumberger Gamma Ray-Neutron Log run May 13, 1958.

IN WITNESS WHEREOF, this certificate is executed this 6<sup>th</sup> day of August, 1964, by the undersigned, as Unit Operator.

GULF OIL CORPORATION

Law	W.R.
Serv.	
Exp.	
Prod.	

ATTEST:

By W.B. Hopkins  
Attorney-in-FactAssistant SecretarySTATE OF NEW MEXICO  
COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of August, 1964, by W. B. HOPKINS, Attorney-in-Fact of GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires:

Loa Marie Cooper  
Notary PublicLEA COUNTY ABSTRACT CO.  
LOVINGDON, N. M.





*HAR*

IN REPLY REFER TO:

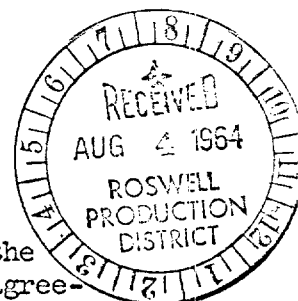
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
WASHINGTON 25, D. C.

1964 AUG 12 AM 7:45  
2973

JUL 30 1964

Gulf Oil Corporation  
Post Office Box 1938  
Roswell, New Mexico

Gentlemen:



On July 29, 1964, Arthur A. Baker, Acting Director of the Geological Survey, approved the West Pearl Queen unit agreement, Lea County, New Mexico, filed by your company as unit operator. This agreement has been designated No. 14-08-0001-8617, and is effective as of August 1, 1964.

Enclosed is one duplicate original of the approved unit agreement for your records. We request that you furnish the State of New Mexico and any other interested principal with whatever evidence of this approval is deemed appropriate.

Sincerely yours,

For the Director

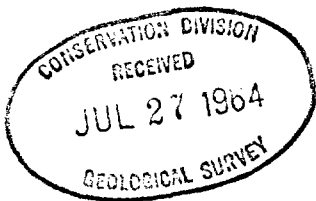
Enclosure

RECEIVED

AUG 3 1964

U.S. GEOLOGICAL SURVEY  
ROSWELL, NEW MEXICO





CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, I do hereby:

A. Approved the attached agreement for the development and operation of the Monte Pelado Quaternary Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest 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.

Dated JUL 29 1964

*William B. Baker*  
ACTING Director, United States Geological Survey

14-08-0001 86 17

# Gulf Oil Corporation

LAW DEPARTMENT

Booth Kellough  
D. AS. INAL. ATTORNEY  
M. D. AND TEXAS

ATTORNEY ROSWELL  
William V. Kastler

November 13, 1964

P. O. Box 1938  
Roswell, New Mexico

000000000000  
11 AM OCT 13 1964  
NOV 15 AM 8 10

3065

Mr. A. L. Porter, Jr.  
Secretary and Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Re: West Pearl Queen Unit Agreement

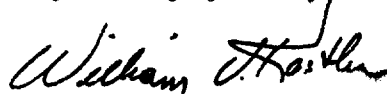
Gentlemen:

Enclosed herewith for the purpose of further augmenting and correcting your files are the following instruments:

- (1) One copy of revised Exhibit "B" to the Unit Agreement. This revision was made necessary by the discovery that Earl F. Kitchel owned a working interest which was previously reported to have been owned or controlled by Curtis R. Inman.
- (2) One copy of revised Exhibit "C" to the Unit Operating Agreement. This revision separates the interests of Curtis R. Inman and Earl F. Kitchel.
- (3) One copy of Working Interest Owners Joinder executed by Mr. and Mrs. Earl F. Kitchel.

This revision of exhibits is effective as of December 1, 1964. Mr. Inman has agreed with Mr. Kitchel to account to him for the proportionate amount of production received from the effective date to December 1. Mr. Kitchel has agreed with Mr. Inman to account to him for his proportionate share of the Working Interest Owners' cost.

Very truly yours,



William V. Kastler

WVK:ejl

Enclosures



EXHIBIT "B" TO UNIT AGREEMENT  
(REVISED NOVEMBER 2, 1964, EFFECTIVE DECEMBER 1, 1964)  
WEST PEARL QUEEN UNIT  
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND LEASE DATE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
1.	SW/4 SE/4 Sec. 20-19S-35E	40	IC-069704-A 7-1-51	U.S.A. - All	George Hunker, Jr.	Elizabeth Ann Elliott Ora R. Hall, Jr. George H. Hunker, Jr. & Margaret K. Hunker Thomas I. Pearson & Emily Elizabeth Pearson 1.3125% 1.3125% 2.6250% 1.0000%	B.T.A. Oil Producers All
2.	W/2 NE/4 Sec. 29-19S-35E	80	IG-070397 8-1-48	U.S.A. - All	H. A. Jacobs (Deceased)	El Paso National Bank, Independent Executor Estate of Homer A. Jacobs & Margaret S. Jacobs, Homer A. Jacobs, Jr., E. Philip S. Jacobs, Devisees R. E. Smith The Superior Oil Co. Earl F. Vigarlio 0.2500% 17.7500% 0.2500%	Curtis R. Inman Kay Kimbell Estate W.E. Lyle, Jr. Earl F. Kitchel 25.00000% 46.87500% 15.62500% 12.50000%
* 36.65625% Production Payment to The First Natl. Bank of Fort Worth A/C Tarrant Foundation Inc.							
2 Federal Tracts - 120.00 Acres or 4.7619% of Unit Area.							
STATE LAND							
3.	E/2 SE/4; E/2 SW/4 Sec. 29-19S-35E	160	E-1587 11-10-47	State of New Mexico - All	Gulf Oil Corp.	Gulf Oil Corporation - 5.45875%	Cactus Drilling Co. - All
4.	W/2 SE/4; W/2 SW/4 Sec. 29-19S-35E	160	E-1587 11-10-47	State of New Mexico - All	Gulf Oil Corp.	None	Gulf Oil Corp. - All
5.	NE/4, N/2 SE/4, NE/4 SW/4, E/2 NW/4 Sec. 31-19S-35E	360	E-1638 12-10-47	State of New Mexico - All	Aztec Oil & Gas Co.	Aztec Oil & Gas Co. - 5.46875%	Cactus Drilling Co. 49.9999% Penrose and Zachary 3.33333% Broseco Corporation 46.58334% John B. Rich 0.08334%
6.	N/2 SW/4 Sec. 32-19S-35E	80	E-1922 6-10-48	State of New Mexico - All	Phillips Petroleum Co.	Phillips Petroleum Co. 8.20312%	Cactus Drilling Co. - All
7.	W/4 SE/4 Sec. 32-19S-35E	40	E-1922 6-10-48	State of New Mexico - All	Phillips Petroleum Co.	None	Phillips Petroleum Co. - All

TRACT No.	DESCRIPTION OF LAND ACRES	SERIAL NO.		BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
		AND LEASE DATE							
8.	W/2 NW/4 Sec. 29 19S-35E	80	E-5840 12-10-51	State of New Mexico - All	Shell Oil Company	None		Shell Oil Company	- All
9.	N/2 Sec. 33-19S-35E	320	E-5841 12-10-51	State of New Mexico - All	Gulf Oil Corp.	None		Gulf Oil Corporation	- All
10.	SE/4 NE/4, E/2 SE/4, SW/4 SE/4 Sec. 30- 19S-35E	160	E-5885 1-10-52	State of New Mexico - All	Gulf Oil Corp.	None		Gulf Oil Corporation	- All
11.	N/2 Sec. 32-19S-35E	320	E-5886 1-10-52	State of New Mexico - All	Gulf Oil Corp.	None		Gulf Oil Corporation	- All
12.	N/2 SE/4 Sec. 33- 19S-35E	80	E-5887 1-10-52	State of New Mexico - All	Gulf Oil Corp.	None		Gulf Oil Corporation	- All
13.	E/2 NE/4 Sec. 29; SW/4 SW/4 Sec. 21- 19S-35E	120	E-7418 9-15-53	State of New Mexico - All	Skelly Oil Co.	None		Skelly Oil Company	- All
14.	SW/4 Sec. 28-19S-35E	160	E-8183 5-18-54	State of New Mexico - All	Cabot Corporation	None		Cabot Corporation	- All
14A. **	W/2 SE/4, SE/4 SE/4 Sec. 28-19S-35E	120	E-8184 5-18-54	State of New Mexico - All	Cabot Corporation	None		Cabot Corporation	- All
15.	NW/4 Sec. 28-19S-35E	160	E-8182 5-18-54	State of New Mexico - All	Jake L. Hamon	A. C. Elliott Don O. Chapel Jake L. Hamon	1.3672% 2.7344% 18.7988%	Cabot Corporation Gulf Oil Corporation Curtis R. Inman Phillips Petroleum Company Shell Oil Company	16.88729% 79.16256% 1.14030% 0.42339% 2.38646%

13 State Tracts - 2,320.00 Acres or 92.0635% of Unit Area

PATENTED LAND

16.	E/2 NW/4 Sec. 29 19S-35E	80	Patent Land 1-17-58	Jerry L. Hooper, Jimmy J. Hooper, and Jeanline Hooper Byron Bertha Leck Harris	Cactus Drilling Co.	None		Cactus Drilling Company	88.33181%
				0.058595% J. Bert Leck Mary Ann Leck Jenkins W. P. McIntosh Lester A. Parks et ux Clara, & Bobby Gene Parks et ux Gail				J. E. Simmons	11.66819%

1 Fee Tract - 80.00 Acres or 3.1746% of Unit Area

EXHIBIT "B" TO UNIT AGREEMENT (REVISED NOVEMBER 2, 1964, EFFECTIVE DECEMBER 1, 1964)  
WEST PEARL QUEEN UNIT - LEA COUNTY, NEW MEXICO

NOTE: \* Oil Payment shown above in Tract 2 is a burden on the interest of the Kay Kimbell Estate and W. E. Lyle, Jr.

\*\* State Leases E-8183 and E-8184 (Tracts No. 14 and 14A) have been consolidated by order of the Land Commissioner

I. RECAPITULATION OF NUMBER OF ACRES:

Federal Lands  
State Lands  
Patented Lands  
  
TOTAL

Number of Acres	Percentage of Unit
120.00	4.7619%
2,320.00	92.0635%
80.00	3.1746%
2,530.00	100.0000%

II. PRIMARY AND SECONDARY PHASE PARTICIPATION OF TRACT IN UNIT AREA:

Tract No.	Working Interest Owner	Primary Phase	Secondary Phase
1.	B.T.A. Oil Producers	1.70730%	1.00521%
2.	Curtis R. Inman	0.34327%	0.73529%
	Kay Kimbell Estate	0.64365%	1.37868%
	W. E. Lyle, Jr.	0.21455%	0.45956%
	Earl F. Kitchel	0.17164%	0.36765%
3.	Cactus Drilling Company	6.54907%	9.04691%
4.	Gulf Oil Corporation	3.71957%	6.51526%
5.	Cactus Drilling Company	11.89443%	7.05509%
	Penrose and Zachary	0.79296%	0.47035%
	Broseco Corporation	11.08165%	6.57300%
	John B. Rich	0.01983%	0.01176%
6.	Cactus Drilling Company	3.59942%	2.86672%
7.	Phillips Petroleum Company	0.47881%	0.40953%
8.	Shell Oil Company	1.85460%	2.30827%
9.	Gulf Oil Corporation	19.92179%	16.38124%
10.	Gulf Oil Corporation	4.59010%	4.65376%
11.	Gulf Oil Corporation	11.62928%	13.03053%
12.	Gulf Oil Corporation	1.99325%	1.93596%
13.	Skelly Oil Company	0.96900%	1.93596%
14.	Cabot Corporation	7.90343%	9.33943%
14A.	Cabot Corporation	5.92757%	7.00458%
15.	Cabot Corporation	0.32100%	0.55327%
	Gulf Oil Corporation	1.50478%	2.59356%
	Curtis R. Inman	0.02168%	0.03736%
	Phillips Petroleum Company	0.00805%	0.01387%
	Shell Oil Company	0.04536%	0.07819%
	Cactus Drilling Company	1.84963%	2.86107%
16.	J. E. Simmons	0.24433%	0.37794%
	TOTAL	100.00000%	100.00000%

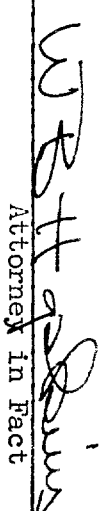
EXHIBIT "B" TO UNIT AGREEMENT (REVISED NOVEMBER 2, 1964, EFFECTIVE DECEMBER 1, 1964)  
WEST PEARL QUEEN UNIT - LEA COUNTY, NEW MEXICO

CERTIFICATION: The undersigned does hereby certify that the foregoing EXHIBIT "B" revised November 2, 1964, effective December 1, 1964, is true and correct according to the knowledge and information available concerning the ownership and commitment status of the various tracts shown.

ATTEST:

GULF OIL CORPORATION

  
Assistant Secretary

By   
Attorney in Fact

STATE OF NEW MEXICO                   X  
COUNTY OF CHAVES                   X  
  X

The foregoing certification was acknowledged before me this 3rd day of November, 1964, by  
W. B. HOPKINS, Attorney in Fact of GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of  
said corporation.

My Commission Expires:  
August 15, 1966

  
Notary Public

## EXHIBIT "C"

WEST PEARL QUEEN UNIT  
LEA COUNTY, NEW MEXICO

## SCHEDULE OF UNIT PARTICIPATION

(REVISED NOVEMBER 2, 1964 - EFFECTIVE DECEMBER 1, 1964)

	<u>PRIMARY PHASE PARTICIPATION</u>	<u>SECONDARY PHASE PARTICIPATION</u>
BROSECO CORPORATION	11.08165	6.57300
BTA OIL PRODUCERS	1.70730	1.00521
CABOT CORPORATION	14.15200	16.89728
CACTUS DRILLING COMPANY	23.89255	21.82979
GULF OIL CORPORATION	43.35877	45.11031
CURTIS R. INMAN	0.36495	0.77265
KAY KIMBELL ESTATE	0.64365	1.37868
EARL F. KITCHEL	0.17164	0.36765
W. E. LYLE, JR.	0.21455	0.45956
PHILLIPS PETROLEUM COMPANY	0.48686	0.42340
PENROSE AND ZACHARY	0.79296	0.47035
JOHN B. RICK	0.01983	0.01176
SHELL OIL COMPANY	1.89996	2.38646
J. E. SIMMONS	0.24433	0.37794
SKELLY OIL COMPANY	0.96900	1.93596
	<hr/>	<hr/>
TOTAL	100.00000	100.00000

WORKING INTEREST OWNERS JOINDER  
IN UNIT AGREEMENT AND UNIT OPERATING AGREEMENT  
WEST PEARL QUEEN UNIT, LEA COUNTY, NEW MEXICO

WHEREAS, the undersigned has received a counterpart of an instrument entitled "Unit Agreement, West Pearl Queen Unit, Lea County, New Mexico", providing for the development and operation of 2,520 acres, more or less, in Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico, as to the "Unitized Formation" as said term is defined in said Unit Agreement, and a counterpart of an instrument entitled "Unit Operating Agreement, West Pearl Queen Unit, Lea County, New Mexico", both of which were executed by Gulf Oil Corporation as the Unit Operator and as a Working Interest Owner, to provide for conducting secondary recovery operations; and

WHEREAS, said Unit Agreement and Unit Operating Agreement each provide for counterpart execution and by other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned Working Interest Owner whose interests are defined in said instruments and exhibits thereto, desires to ratify and consent to said Unit Agreement and Unit Operating Agreement by the execution of this instrument, agreeing to be bound by the provisions thereof.

NOW, THEREFORE, in consideration of the premises, and of the mutual advantages to be secured by all who become parties to said instrument, the undersigned Working Interest Owner does by these presents agree to be bound by and does expressly ratify and consent to all of said terms and provisions of the aforesaid Unit Agreement and Unit Operating Agreement.

EXECUTED this 5 day of October, 1964.

ATTEST:

Earl F. Kitchel  
Joy W. Kitchel

Theresa DeMaskey

THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 196\_\_\_\_, by \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ corporation, on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

THE STATE OF California  
COUNTY OF Los Angeles

The foregoing instrument was acknowledged before me this 5 day of October, 1964, by Earl F. Kitchel and Joy W. Kitchel.

My Commission Expires: \_\_\_\_\_

Rob Nielsen  
Notary Public



# State of New Mexico



W.R. HUMPHRIES  
COMMISSIONER



## Commissioner of Public Lands

P.O. BOX 1143  
SANTA FE, NEW MEXICO 87504-1148

March 30, 1989

#

3065

Armstrong Energy Corporation  
P.O. Box 1973  
Roswell, New Mexico 88201

ATTN: Robert G. Armstrong

RE: West Pearl Queen Unit  
1989 Plan of Development  
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned 1989 Plan of Development.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is a copy for your files.

If we may be of further help, please do not hesitate to contact us.

Very truly yours,

W.R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*  
FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

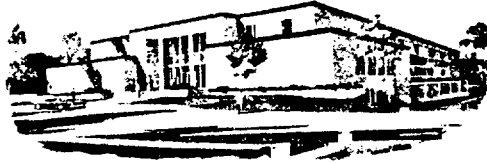
cc:OCD  
BLM

State of New Mexico

3065



W.R. HUMPHRIES  
COMMISSIONER



Commissioner of Public Lands

SLO REF NO OG-804  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

June 6, 1988

Armstrong Energy Corporation  
Attn: Mr. Thomas K. Scroggin  
P. O. Box 1973  
Roswell, New Mexico 88201

Re: 1988 Plan of Development  
West Pearl Queen Unit  
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1988 Plan of Development for the above captioned unit area.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

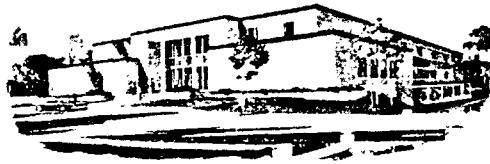
BY:

*Floyd O. Prando*  
FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/pm  
encls.  
cc: OCD  
BLM

State of New Mexico

#3065



SLO REF NO. OG-226

W.R. HUMPHRIES  
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

June 24, 1987

Chevron USA Inc.  
ATTENTION: Mr. Larry C. La Fleur  
P. O. Box 1150  
Midland, Texas 79702

Re: Resignation of Unit Operator  
West Pearl Queen Unit  
Lea County, New Mexico

Gentlemen:

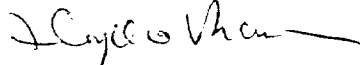
The Commissioner of Public Lands has this date approved the resignation of Chevron USA Inc. as unit operator of the West Pearl Queen Unit and the designation of Armstrong Energy Corporation as the successor unit operator.

As per Section 8 of the Unit Agreement this approval will be effective upon approval by the Land Commissioner and when filed with the Supervisor.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

WILLIAM R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY:   
FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/PM  
encls.

cc: OCD-Santa Fe, New Mexico  
BLM-Roswell, New Mexico Attn: Armando Lopez

Drawer 1857  
Roswell, New Mexico 88201

MAILED 11  
NOV 8 AM 6:11  
November 5, 1965

Gulf Oil Corporation  
P. O. Box 1938  
Roswell, New Mexico

Attention: Mr. William V. Kastler

Gentlemen:

The five copies of a ratification and joinder to the West Pearl Unit agreement and unit operating agreement, Lea County, New Mexico, executed by Earl F. and Joy W. Kitchell, transmitted by your letter of November 13, 1964, are returned herewith as unnecessary. Such joinder covers a 12.5 percent working interest in Federal tract No. 2, lease Las Cruces 070397, conveyed to Earl F. and Joy W. Kitchell by Curtis E. Inman by an operating agreement which has not been approved by the Bureau of Land Management. Our records show unit tract No. 2 was fully committed as of the effective date of the unit agreement.

Your letter of October 13, 1965, transmits four copies each of a revised Exhibit B to the West Pearl Queen unit agreement and Exhibit C to the unit operating agreement. The exhibits are revised to show changes in ownership in the tracts. Copies of the revised exhibits are being distributed to the appropriate Federal offices to be filed with the unit records.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON  
Regional Oil & Gas Supervisor

cc:  
Washington (w/revised Exhibits B & C)  
BLM - Santa Fe (w/revised Exhibits B & C)  
Hobbs (w/revised Exhibits B & C)  
Com. of Pub. Lands - Santa Fe (ltr. only)  
N.M.O.C.C. - Santa Fe (ltr. only)✓  
Accounts

# Gulf Oil Corporation

LAW DEPARTMENT

Booth Kellough  
DIVISIONAL ATTORNEY  
MIDLAND, TEXAS

ATTORNEY, ROSWELL

William V. Kastler

October 13, 1965

P. O. Box 1938  
Roswell, N. M. 88201

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

Attention: Mr. J. E. Kapteina

Re: West Pearl Queen Waterflood Unit  
Lea County, New Mexico

Gentlemen:

I am enclosing herewith one copy of a revised Exhibit "B" to the West Pearl Queen Unit Agreement and one copy of revised Exhibit "C" to the West Pearl Queen Unit Operating Agreement. Primarily the revision was made to show the acquisition by Gulf Oil Corporation of the Cactus Drilling Company's interest in Tracts 3, 5, 6 and 16. Also, Tract 2 is shown as subject to a production payment reducible when 80,000 barrels of oil are produced.

None of the participation factors are changed except those applicable to Cactus Drilling Company, J. E. Simmons and Gulf Oil Corporation.

Very truly yours,

  
William V. Kastler

WVK:ejl

Enclosures



EXHIBIT "B" TO UNIT AGREEMENT  
(REVISED SEPTEMBER 20, 1965, EFFECTIVE AS OF MAY 1, 1965)  
WEST PEARL QUEEN UNIT  
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND LEASE DATE	PASTIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
						FEDERAL LAND			
1.	SW/4 SE/4 Sec. 20-19S-35E	40	LC-069704-A 7-1-51	U.S.A. - All	George H. Hunker, Jr.	Elizabeth Ann Elliott Ora R. Hall, Jr. George H. Hunker, Jr. & Margaret K. Hunker Thomas L. Pearson & Emily Elizabeth Pearson	1.3125% 1.3125% 2.6250% 1.0000%	B.T.A. Oil Producers	All
2.	W/2 NE/4 Sec. 29-19S-35E 19S-35E	80	LC-070397 8-1-49	U.S.A. - All	H. A. Jacobs (Deceased)	El Paso National Bank, Independent Executor Estate of Homer A. Jacobs & Margaret S. Jacobs, Homer A. Jacobs, Jr., E. Philip S. Jacobs, Devises R. E. Smith The Superior Oil Co. Earl F. Figario	0.2500% 0.2500% 17.7500%* 0.2500%	Kay Kimbell Estate W. E. Lyle, Jr. Earl F. Kitchel	25.0000% 11.37500%*** 19.62500%*** 12.50000%
2 Federal Tracts - 120.00 Acres or 4.7619% of Unit Area.									
STATE LAND									
3.	E/2 SE/4; E/2 SW/4 Sec. 29-19S-35E	160	E-1587 11-10-47	State of New Mexico - All	Gulf Oil Corp.	Gulf Oil Corporation	5.46875%	Gulf Oil Corporation	All
4.	W/2 SE/4; W/2 SW/4 Sec. 29-19S-35E	160	E-1587 11-10-47	State of New Mexico - All	Gulf Oil Corp.	None		Gulf Oil Corporation	All
5.	NE/4, W/2 SE/4, NE/4 SW/4, E/2 NW/4 Sec. 31-19S-35E	360	E-1638 12-10-47	State of New Mexico - All	Aztec Oil & Gas Co.	Aztec Oil & Gas Co.	5.46875%	Gulf Oil Corp.	45.9999%#
6.	N/2 SW/4 Sec. 32-19S-35E	80	E-1922 6-10-48	State of New Mexico - All	Phillips Petroleum Co.	Phillips Petroleum Co.	8.20312%	Gulf Oil Corporation	All
7.	SW/4 SE/4 Sec. 32-19S-35E	40	E-1922 6-10-48	State of New Mexico - All	Phillips Petroleum Co.	None		Phillips Petroleum Co.	All

UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT, WASHINGTON, D. C. 20540  
OFFICE OF THE ASSISTANT SECRETARY FOR LAND MANAGEMENT, NEW MEXICO  
LAND TRACT AND UNIT - DATA SUMMARY, NEW MEXICO

TRACT NO.	SECTION OF LAND	NO. OF ACRES	LAND AND LEASE DATE	BASIC ROYALTY AND OWNERSHIP PER CENTAGE		LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
8.	N/2 NW/4 Sec. 29-19S-35E	80	E-5840 12-10-51	State of New Mexico - All		Shell Oil Company	None		Shell Oil Company All	
9.	N/2 Sec. 33-19S-35E	320	E-5841 12-10-51	State of New Mexico - All		Gulf Oil Corporation	None		Gulf Oil Corporation All	
10.	SE/4 NW/4, E/2 SE/4, SW/4 SW/4 Sec. 30-19S-35E	160	E-5845 1-10-52	State of New Mexico - All		Gulf Oil Corporation	None		Gulf Oil Corporation All	
11.	N/2 Sec. 32-19S-35E	320	E-5846 1-10-52	State of New Mexico - All		Gulf Oil Corporation	None		Gulf Oil Corporation All	
12.	N/2 SE/4 Sec. 33-19S-35E	80	E-5847 1-10-52	State of New Mexico - All		Gulf Oil Corporation	None		Gulf Oil Corporation All	
13.	E/2 NE/4 Sec. 29; SW/4 SE/4 Sec. 21-19S-35E	120	E-7418 9-15-53	State of New Mexico - All		Skelly Oil Company	None		Skelly Oil Company All	
14.	SW/4 Sec. 23-19S-35E	160	E-5183 5-18-54	State of New Mexico - All		Cabot Corporation	None		Cabot Corporation All	
14A.	N/2 SE/4, SE/4 SW/4 Sec. 23-19S-35E	120	E-5184 5-18-54	State of New Mexico - All		Cabot Corporation	None		Cabot Corporation All	
15.	NW/4 Sec. 28-19S-35E	160	E-8182 5-18-54	State of New Mexico - All		Gulf Oil Corporation	A. C. Elliott Don O. Chapell Jake L. Hamon	1.3672% 2.7344% 18.7988%	Cabot Corporation Gulf Oil Corporation Curtis R. Ingram Phillips Petroleum Co. Shell Oil Company	16.8372% 79.16256% 1.14030% 0.42339% 2.3846%
13 State Tracts - 2,320.00 Acres or 92.0635% of Unit Area										
PATENTED LAND										
16.	E/2 NW/4 Sec. 29-19S-35E	80	Patent Land 1-17-58	Jerry L. Hooper, Jimmy J. Hooper, and Jeanne Hooper Byron Bertha Leck Harris J. Bert Leck Mary Ann Leck Jenkins W.P. McIntosh Lester A. Parks et ux Clara, & Tobly Gene Parks et ux Gail Parks		Gulf Oil Corporation	None		Gulf Oil Corporation J. E. Simons	90.00000% 10.00000%

1 Fee Tract - 21.00 Acres or 3.1746% of Unit Area

UNIT 20 UNIT AGREEMENT (REVISED) SIGNED JAN 10, 1965, EFFECTIVE AS OF MAY 1, 1965)  
WEST FARM GREEN UNIT - LBA COUNTY, NEW MEXICO

NOTE: \* Reduces to 13% when 80,000 barrels produced under Inman farmout.

\*\* 36.65625% production payment by mortgage to The First National Bank of Fort Worth A/C Tarrant Foundation, secured by pay of 85% of income until payout on the interest of Kay Kimbell Estate and W. E. Lyle, Jr.

## State Leases E-8183 and E-8184 (Tracts No. 14 & 14A) have been consolidated by order of the Land Commissioner.

### The working interests of Gulf Oil Corporation in Tracts 3, 5, 6 and 16 are subject to a \$500,000 production payment, secured by payments of 90% of income under mortgage to The First City National Bank of Houston A/C AWC Corporation.

I. RECAPITULATION OF NUMBER OF ACRES:

Number of Acres	Percentage of Unit Area
Federal Lands	4.7619%
State Lands	92.0635%
Patented Lands	3.1746%
TOTAL	100.0000%

II. PRIMARY AND SECONDARY PHASE PARTICIPATION OF TRACT IN UNIT AREA:

Tract No.	Working Interest Owner	Primary Phase	Secondary Phase
1	B.T.A. Oil Producers	1.70730%	1.00521%
2	Curtis R. Inman	0.34327%	0.73529%
	Key Kimbell Estate	0.64365%	1.37868%
	W. E. Lyle, Jr.	0.21455%	0.45956%
	Earl F. Kitchel	0.17164%	0.36765%
3	Gulf Oil Corporation	6.54907%	9.04691%
4	Gulf Oil Corporation	3.71957%	6.51526%
5	Gulf Oil Corporation	11.89443%	7.05509%
	Penrose and Zachary	0.79296%	0.47035%
	Brosco Corporation	11.08165%	6.57300%
	John B. Rich	0.01983%	0.01176%
6	Gulf Oil Corporation	3.59942%	2.86672%
7	Phillips Petroleum Company	0.47881%	0.40953%
8	Shell Oil Company	1.85460%	2.30827%
9	Gulf Oil Corporation	19.92179%	16.38124%
10	Gulf Oil Corporation	4.59010%	4.65376%
11	Gulf Oil Corporation	11.62928%	13.03053%
12	Gulf Oil Corporation	1.99325%	1.93536%
13	Gulf Oil Corporation	0.96900%	1.93536%
14	Skelly Oil Company	7.90343%	9.33943%
14A	Cabot Corporation	5.92757%	7.00458%
15	Cabot Corporation	0.32100%	0.55327%
	Cabot Corporation	1.50478%	2.59356%
	Gulf Oil Corporation	0.02168%	0.03736%
	Curtis R. Inman	0.00805%	0.01387%
	Phillips Petroleum Company	0.04536%	0.07819%
	Shell Oil Company	1.88456%	2.91511%
16	Gulf Oil Corporation	0.20940%	0.32300%
	J. E. Simmons		
	TOTAL	100.0000%	100.0000%



EXHIBIT "B" TO LEASE AGREEMENT (REVISED SEPTEMBER 20, 1965, EFFECTIVE AS OF MAY 1, 1965)  
WINDY HAVEN CO. UNIT - LINA COUNTY, NEW MEXICO

CERTIFICATION: The undersigned does hereby certify that the foregoing EXHIBIT "B" revised September 20, 1965, effective as of May 1, 1965, is true and correct according to the knowledge and information available concerning the ownership and commitment status of the various tracts shown.

ATTEST:

  
Assistant Secretary

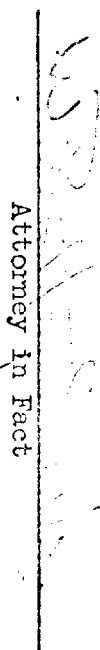
STATE OF NEW MEXICO  
COUNTY OF CHAVES

||

The foregoing certification was acknowledged before me this 20th day of September, 1965 by  
W. B. HOPKINS, Attorney in Fact of GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of  
said corporation.

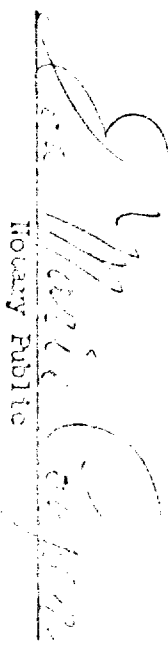
GULF OIL CORPORATION

By

  
Attorney in Fact

Form Approved  
May Dept. 60

My Commission Expires:  
August 15, 1966

  
Notary Public

## EXHIBIT "C"

WEST PEARL QUEEN UNIT  
LEA COUNTY, NEW MEXICO

## SCHEDULE OF UNIT PARTICIPATION

(REVISED SEPTEMBER 20, 1965 - EFFECTIVE AS OF MAY 1, 1965)

	<u>PRIMARY INTEREST PARTICIPATION</u>	<u>SECONDARY INTEREST PARTICIPATION</u>
BROSECO CORPORATION	11.08165	6.57300
BTA OIL PRODUCERS	1.70110	1.00521
CAROT CORPORATION	14.15200	16.89728
GULF OIL CORPORATION	67.28685	66.99414
CURTIS R. INMAN	0.38395	0.77265
KAY KIMBELL ESTATE	0.64365	1.37863
EARL F. KITCHEL	0.17164	0.36765
W. E. LYNN, JR.	0.21455	0.45956
PHILLIPS PETROLEUM COMPANY	0.48686	0.42340
PENROSE AND ZACHARY	0.79296	0.47035
JOHN B. RICH	0.01983	0.01176
SHELL OIL COMPANY	1.89996	2.38646
J. E. SIMMONS (1)	0.20940	0.32390
SKELLY OIL COMPANY	0.96900	1.93596
	<hr/>	<hr/>
TOTAL	<u>100.00000</u>	<u>100.00000</u>

(1) Review of Title indicates above interest beginning August 1, 1964.

5065  
**OIL CONSERVATION COMMISSION**

P. O. BOX 2088

SANTA FE, NEW MEXICO

March 5, 1965

**Gulf Oil Corporation  
P. O. Box 1938  
Roswell, New Mexico**

**Attention: Mr. W. B. Hopkins**

**Re: Initial Plan of  
Operation, West Pearl  
Queen Unit, Lea County,  
New Mexico**

**Gentlemen:**

**This is to advise that the New Mexico Oil Conservation Commission has this date approved the Initial Plan of Operation for the West Pearl Queen Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.**

**One approved copy of the plan of operation is 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  
Roswell, New Mexico**

C  
O  
P  
Y

Drawer 1837  
Roswell, New Mexico 88201

December 16, 1964

Gulf Oil Corporation  
P. O. Box 1938  
Roswell, New Mexico

Attention: Mr. W. B. Hopkins

Gentlemen:

Your initial plan of operation dated December 7, 1964, for the West Pearl Queen unit area, Lea County, New Mexico, has been approved on this date subject to like approval by the appropriate State officials.

Two approved copies of the plan are enclosed.

Sincerely yours,

*Carl C. Traywick*

CARL C. TRAYWICK  
Acting Oil & Gas Supervisor

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

MAIL ROOM

DEC 18 PM 1

RECEIVED  
DEC 14 AM 3

3064

December 11, 1964

Gulf Oil Corporation  
P. O. Box 1938  
Roswell, New Mexico

Re: West Pearl Queen Unit  
Lea County, New Mexico  
Initial Plan of Operation

Attention: Mr. William V. Kastler

Dear Mr. Kastler:

I am returning one (1) approved copy of Initial Plan of Operation for the West Pearl Queen Unit, Lea County, New Mexico.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:

Ted Bilberry, Director  
Oil & Gas Department

ESW/mm/v

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

# Gulf Oil Corporation

LAW DEPARTMENT

Booth Kellough  
DIVISIONAL ATTORNEY  
M.D. AND TEXAS

ATTORNEY ROSWELL  
William V. Kastler

P. O. Box 1938  
Roswell, New Mexico

December 7, 1964

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

Attention: Mr. A. L. Porter, Jr.  
Secretary & Director


Dear Mr. Porter:

I am enclosing an original and one copy of Gulf's Initial Plan of Operation for the West Pearl Queen Unit. The proposed initial Plan of Operation is identical in all respects to that explained in our brochure which was used as the basis of testimony in our hearing on June 10, 1964.

I would appreciate your returning one copy of the Plan showing your approval if you find this in order.

With best personal regards, I am

Sincerely yours,



William V. Kastler

WVK:ejl

Enclosures



INITIAL PLAN OF OPERATION  
WEST PEARL QUEEN UNIT  
LEA COUNTY, NEW MEXICO

The Oil and Gas Supervisor  
United States Geological Survey  
Roswell, New Mexico 88201

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

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico 87501

In accordance with Section 11 of the West Pearl Queen Unit Agreement this Initial Plan of Operation is respectfully submitted.

Consistent with testimony presented before the New Mexico Oil Conservation Commission (June 10, 1964, Case No. 3066) Gulf as Unit Operator plans to inject water into as many as four pay zones in the Queen formation through injection wells on an 80-acre five-spot pattern as shown on Figure 1. Thirty of the sixty-three Unit wells will be utilized for injection of Ogallala fresh water into the reservoir at an approximate depth of 4,900 feet.

Injection will be through dual strings of coated tubing in each input well with the uppermost pay zone in the Queen being separated from the three lower pay zones by means of packers as more fully shown in Figure 2. The upper zone (Zone I) will thus be flooded separately from the other zones to insure that it is adequately flooded.

The source of the injection water is shallow Ogallala wells located approximately six miles east of the project area. The water will be transported to the Unit Area by means of a pipe line, jointly owned with the East Pearl Queen Unit. Unit Operator initially plans to inject an average of 500 barrels of water per day into each input well.

To insure maximum recovery through cooperative waterflood operations and to protect the correlative rights of both Units, Unit Operator has entered into a line injection well agreement with the East Pearl Queen Unit operated by Shell. A copy of said line injection well agreement is attached hereto marked Figure 3. The two Units adjoin and will have the same 80-acre five-spot flood pattern.

Because nearly one-third of the Unit wells are not drilled to the lowermost floodable pay zone, Unit Operator will deepen these wells to insure that maximum oil recovery will be obtained

Initial Plan of Operation  
West Pearl Queen Unit  
Lea County, New Mexico  
Page 2

through secondary recovery operations. The deepening program will be conducted in a prudent manner with well logs and production tests being utilized to justify continuation of the program, after the first few wells have been drilled deeper.

We regret that this Initial Plan of Operation was not filed concurrently with the filing of the Unit Agreement for your final approval.

Respectfully submitted, *WKS*

GULF OIL CORPORATION  
Unit Operator *WKS*

Date: December 7, 1964

By *W.B. H. [Signature]*  
District Manager

APPROVED IN COUNTERPART:

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

Date: \_\_\_\_\_

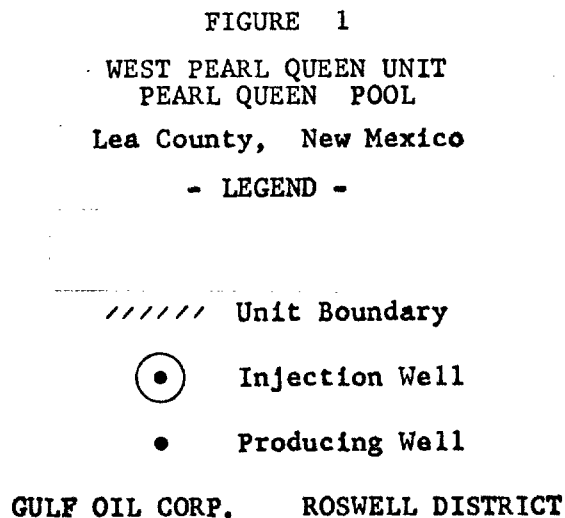
Commissioner of Public Lands  
for the State of New Mexico

Date: \_\_\_\_\_

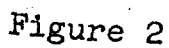
*A.L. [Signature]*  
New Mexico  
Oil Conservation Commission

Date: *3-5-65*





West Pearl Queen Unit  
Lea County, New Mexico



## LINE WELL AGREEMENT

THIS AGREEMENT made and entered into on the 4<sup>th</sup> day of NOVEMBER, 1964, by and between SHELL OIL COMPANY, a corporation, hereinafter referred to as "Shell", acting herein in its capacity as Operator of the East Pearl Queen Unit, Lea County, New Mexico, and GULF OIL CORPORATION, a corporation, hereinafter referred to as "Gulf", acting herein in its capacity as Operator of the West Pearl Queen Unit, Lea County, New Mexico.

### W I T N E S S E T H:

WHEREAS, Shell is the Operator of the East Pearl Queen Unit covering, among other lands, parts of Sections 21 and 28, Section 27, and Section 34, Township 19 South, Range 35 East, Lea County, New Mexico; and

WHEREAS, Gulf is the Operator of the West Pearl Queen Unit, covering, among other lands, parts of Sections 21, 28, and 33, Township 19 South, Range 35 East, Lea County, New Mexico; and

WHEREAS, the above described units are currently producing from the Queen formation, and the parties hereto mutually desire to increase substantially the ultimate recovery of oil from said formation and to conduct their operations in such a manner as to protect the correlative rights of both parties and to make the operations of one party compatible with the operations of the other party.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements to be completed and performed between the parties hereto, it is agreed as follows:

1. Shell shall convert, subject to approval of appropriate governmental agencies or regulatory bodies, at its sole cost, risk and expense, the following wells for the injection of water into the Queen formation:

- A. Unit Well 21-14 - SE/4 SW/4, Section 21
- B. Unit Well 28- 2 - NW/4 NE/4, Section 28
- C. Unit Well 34- 4 - NW/4 NW/4, Section 34
- D. Unit Well 34-12 - NW/4 SW/4, Section 34

2. Gulf shall convert, subject to approval of the appropriate governmental agencies or regulatory bodies, at its sole cost, risk and expense, the following wells for the injection of water into the Queen formation:

- A. Unit Well 28- 6 - SE/4 NW/4, Section 28
- B. Unit Well 28-10 - NW/4 SE/4, Section 28
- C. Unit Well 28-16 - SE/4 SE/4, Section 28
- D. Unit Well 33- 8 - SE/4 NE/4, Section 33

3. The location of the above wells is also shown on the plat attached hereto marked Exhibit "A" and made a part hereof. The wells described in Paragraphs 1 and 2 hereof shall hereinafter be referred to as "Injection Wells".

4. Each party shall own, operate and maintain its respective Injection Wells and shall pay all costs of operating, maintaining and equipping said wells.

5. Injection Wells shall be used and operated for the injection of water in connection with the waterflooding of the Queen formation. Each party hereto shall have the exclusive charge, control and supervision over its respective Injection Wells and their operation, except as may be herein otherwise provided. The parties agree that nothing herein contained shall be construed as granting any right to either party to

supervise or participate in operations on the unit operated by the other party. Each party, performing under the terms of its existing unit operating agreement as to its respective unit lands, shall be entitled exclusively to operate its own properties.

No party hereto shall be obligated to inject water into any well located on any 40-acre legal subdivision except only those Injection Wells specified in Paragraphs 1 and 2 hereof.

6. Each party shall furnish the injection water required for the operation of its own Injection Wells. The party furnishing the water for any particular wells shall also furnish and provide a satisfactory meter for measuring the quantity of water delivered and injected into the respective Injection Wells.

7. The cost of plugging and abandoning any Injection Well shall be at the sole cost, risk, expense and liability of the party owning same unless the other party exercises its option under Paragraph 11, in which case the party exercising the option shall plug and abandon the well at its sole cost, risk and expense. If said well is returned by the said other party to the party originally owning said well, in accordance with Paragraph 11 hereof, said party receiving the well back shall plug and abandon same at its sole cost, risk and expense.

8. The Injection Wells shall be converted and water injection shall be commenced into said wells by March 1, 1965, or as soon as practical thereafter.

9. The rate of injection and the pressure maintained shall be adjusted as mutually agreed upon between the parties hereto. Each party hereto shall maintain and operate the Injection Wells under its supervision and shall inject water into the Queen formation by means of said wells in a good and workmanlike manner, in accordance with the standards of a reasonably prudent oil and gas operator and in accordance with the general water flooding program for the leaseholds, which said Injection Wells are designed to effect, having in mind the objective of increasing the ultimate recovery of oil from said formation underlying said leaseholds, the protection of the correlative rights of the parties hereto and the production of oil from the respective tracts of land and leaseholds in such a manner that will insure that the operations of one party shall be compatible with the operations of the other party.

10. Additional Injection Wells may be drilled (or converted from producing wells) in the same general vicinity as those mentioned in this agreement, and the operation of said additional Injection Wells shall be in accordance with the terms, covenants and provisions of this agreement. This shall be accomplished by the parties entering into memorandum agreements or by the exchange of letters between the parties hereto, which (1) properly identify such additional Injection Wells, (2) specify the party to drill (or convert), own and operate same, and (3) include therein a reference to this agreement.

11. At any time subsequent to one year after injection has been commenced into its Injection Wells, either party may discontinue injection into one or more of said wells upon thirty (30) days written notice to the other party hereto. The party so notified shall have the option during this thirty (30) day period to take over any Injection Well in which the other party advises it desires to discontinue injection. The party desiring to terminate shall continue injection into such well until it is taken over by the other party hereto, but shall in no event be required to continue such injection for more than sixty (60) days beyond the date of notification of said other party. The party desiring to terminate injection shall grant the other party

any rights it may have to so use such well and such other party may, subject to obtaining such additional authorization as may be necessary, continue injection of water into such well, at its sole cost, risk and expense.

The party taking over such well shall pay to the party desiring to terminate injection a sum equal to the reasonable salvable value of the well and equipment therein and thereon, less the cost of salvaging the same. Should the party here desiring to continue injection determine at a later date to cease such injection, it shall tender such well back to the other party subject to the repayment to it of the amounts heretofore paid as the reasonable salvable value thereof. If such tender is declined, then the party who elected to continue injection shall plug and abandon such well at its sole cost and expense.

The party so taking over an Injection Well shall indemnify and hold harmless the party whose well is so taken over against the claim or demand of any person arising out of the fact of the take over of such well or the subsequent operation thereof.

It is understood and agreed between the parties hereto, that the party desiring to terminate injection into a well or wells and the party desiring to continue injection into such well or wells by taking same over, shall both secure the permission of the Working Interest Owners of the above described respective units operated by said parties. It is further understood that securing permission from such Working Interest Owners may require longer than the thirty (30) day period herein allotted. Should this occur, the party desiring to terminate injection, upon being advised that the other party hereto desires to take over such well or wells, shall continue to inject water into such well or wells until the party taking over secures the necessary permissions. This additional option period shall be put into effect upon the request of the party taking over said well or wells, but in no event shall the other party be required to continue injection for more than thirty (30) additional days.

12. Shell, as Operator of the East Pearl Queen Unit, and Gulf, as Operator of the West Pearl Queen Unit shall secure the necessary consent and approval of the required percentage of their respective Unit Working Interest Owners in accordance with the terms of the respective Unit Operating Agreements covering each Unit, with respect to the execution of this agreement and with respect to the taking over from, or releasing to, the other party of any Injection Well in accordance with Paragraph 11 above. The parties hereto shall upon request furnish satisfactory evidence of such approval. Shell and Gulf shall indemnify and hold harmless each other for any action taken by any of their respective Working Interest Owners that do not approve this agreement or any of the things done or intended under the terms of this agreement.

To the extent that they may lawfully do so Shell and Gulf hereby grant the right of ingress and egress each to the other over lands in their respective units in order that each may enter or leave the premises of the other when such is necessary or desirable in order to perform their respective obligations under the terms of this agreement. Both Shell and Gulf agree (1) to help the other secure such permissions, easements, and rights-of-way as may be necessary or convenient in entering on the premises of their respective units for the purpose of carrying out the provisions hereof and (2) that such permissions, easements and rights-of-way as may be acquired for the purposes hereof shall insofar as such is reasonably possible be worded so that each party hereto may exercise the rights thereby granted.

13. This contract shall in no way affect the obligation of any party hereto to produce the oil from its own wells, and each party shall be entitled to all production from its own wells and leases. 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 for only its own costs and expenses incurred in complying with the terms of this agreement.

While each of the parties hereto recognizes that its rights and liabilities hereunder are several and not joint or collective, if solely for Federal Income Tax purposes, and for no other reason, the parties should be regarded as partners or joint venturers, and the operations carried on under this agreement be required to be treated as a partnership as defined in Section 761 of the Internal Revenue Code of 1954 for Federal Income Tax purposes, each and all of the parties hereto do hereby elect to exclude such operations from the application of all of Subchapter K of the Internal Revenue Code of 1954 as provided in Section 761 (4) thereof.

14. Whenever, because of any cause, accident or occurrence not within the reasonable control of a party hereto, or because of any valid orders, rules or regulations of duly constituted authorities, said party is prevented from complying with any obligations imposed by this agreement, said party shall not be held in default or liable for damages, and such obligations shall be suspended so long as such cause persists; but each party hereto shall use due diligence in a good faith attempt to eliminate any such cause, it being understood, however, that no party shall be obligated to settle or compromise any labor dispute or legal action as a result of the obligations imposed by this agreement.

15. This agreement shall be subject to all applicable laws and the rules and regulations of Federal and State agencies or regulatory bodies having jurisdiction in the premises.

16. This agreement shall remain in full force and effect for a minimum period of one year, and thereafter until terminated by agreement of both parties, subject, however, to the right of a party to cease injecting in its Injection Wells.

17. Each party hereto agrees to protect and hold harmless the other party from and against any claims, demands, losses and/or liabilities by or due the Working Interest Owners or Royalty Owners of the indemnifying party having interests in the indemnifying party's respective Unit based upon or resulting from the conduct by such other party's water injection operations pursuant to the provisions of this agreement excepting, however, any claim, demand, loss and/or liability which resulted from the gross negligence or willful misconduct of such other party, its agents, officers or employees. Each party also agrees to be responsible for any such claims, demands, losses or liabilities of its own royalty owners based upon or resulting from its water injection operations under this agreement. Such indemnities shall include, without limitation, attorney's fees, court costs and similar expenses. Each of the parties hereby releases the other party from any liability for damages to the releasing party's interest in and to the releasing party's land described herein, arising from, or growing out of, the operations contemplated by this agreement, provided such operations are conducted in accordance with the terms and conditions of this agreement, and such damage is not the result of gross negligence or willful misconduct of such other party.

18. The terms, covenants and conditions hereof shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

19. Any notice or communication required or permitted to be given hereunder shall be deemed to have been given when such notice in writing shall have been deposited in the United States mail, postage prepaid, the address of the parties for such purpose being as follows:

Shell Oil Company  
Post Office Box 1858  
Roswell, New Mexico 88201  
  
Gulf Oil Corporation  
Post Office Box 1938  
Roswell, New Mexico 88201

IN WITNESS WHEREOF, this instrument is executed and effective on the date first above written.

ATTEST:

SHELL OIL COMPANY

By

J. V. Lindsey  
ATTORNEY IN FACT

GULF OIL CORPORATION

By

W. B. Hopkins  
Attorney in Fact

Law	<u>WOK</u>
Secy.	
Exp.	
Prod.	<u>M.S.</u>

ATTEST:

D. Barker  
Assistant Secretary

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 20th day of

November, 1964, by J. V. Lindsey as Attorney in Fact on behalf of SHELL OIL COMPANY, a Delaware corporation.

My Commission Expires:

6-1-65

Rosalyn Magee  
Notary Public

Rosalyn Magee  
Notary Public in and for  
Midland County, Texas

STATE OF NEW MEXICO

COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 4th day of

November, 1964, by W. B. HOPKINS as Attorney in Fact on behalf of GULF OIL CORPORATION, a Pennsylvania corporation.

My Commission Expires:  
My Commission Expires August 15, 1966

Don Marie Cooper  
Notary Public





1004 SEP 1964  
Bureau 12577  
Roswell, New Mexico 88201

August 28, 1964

Gulf Oil Corporation  
P. O. Box 1938  
Roswell, New Mexico

Attention: Mr. William V. Kastler

Gentlemen:

Your letter of August 26 transmits five copies each of a Certificate of Effectiveness for the West Pearl Queen unit agreement, revised exhibits "A" and "B" to the unit agreement, and revised exhibit "C" to the unit operating agreement. The exhibits are revised to show a change of ownership in tract 13 and the certificate is filed to establish the effective date of the unit as August 1, 1964, pursuant to section 23 of the unit agreement.

Copies of the revised exhibits and Certificate of Effectiveness 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 exhibits & certificate)  
BLM-Santa Fe (w/cy exhibits & certificate)  
Hobbs (w/cy exhibits & certificate)  
Com. of Public Lands-Santa Fe (ltr. only)  
- BLMCC-Santa Fe (ltr. only)  
Accounts

3065 3065  
MAIN OFFICE OCC

1964 JUL 2 AM 9:58

June 30, 1964

Gulf Oil Corporation  
P. O. Box 1938  
Roswell, New Mexico

Re: West Pearl Queen Unit,  
Lea County, New Mexico

Attention: Mr. William V. Kastler

Gentlemen:

The Commissioner of Public Lands approves as of June 30, 1964 the West Pearl Queen Unit, Lea County, New Mexico subject to like approval by the United States Geological Survey. This Unit Agreement was approved by the Oil Conservation Commission by Case numbers 3065 and 3066 and order numbers R-2728 and R- 2729 on June 18, 1964.

We are handing to Mr. Kastler eight originally signed copies of our Certificate of Approval together with Official Receipt No. G-39339 in the amount of Forty (\$40.00) Dollars which covers the filing fee.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(Mrs.) Marian M. Rhea, Supervisor  
Unit Division

ESJW/mm/mim  
Enclosures

cc: United States Geological Survey  
P. O. Box 1857  
Roswell, New Mexico  
Attention: Mr. John A. Anderson

Oil Conservation Commission  
Santa Fe, New Mexico

State of New Mexico  
Oil Conservation Commission



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

**OTHER** \_\_\_\_\_



STATE OF NEW MEXICO

STATE ENGINEER OFFICE

SANTA FE

S. E. REYNOLDS  
STATE ENGINEER

May 22, 1964

ADDRESS CORRESPONDENCE TO:  
STATE CAPITOL  
SANTA FE, N. M.

Mr. A. L. Porter, Jr.  
Secretary-Director  
Oil Conservation Commission  
Santa Fe, N. M.

Dear Mr. Porter:

Reference is made to the application of Gulf Oil Corporation dated May 19, 1964 which seeks approval of the West Pearl Queen Unit Agreement providing for secondary recovery operations in a portion of the Pearl Queen Pool, Lea County, New Mexico.

If the injection wells are constructed and equipped as shown on the three diagrammatic sketches submitted to me as a part of the application, it appears that no threat of contamination to the fresh waters which may exist in the area will occur. Therefore, this office offers no objection to the granting of this application.

The three diagrammatic sketches submitted to me are labeled:

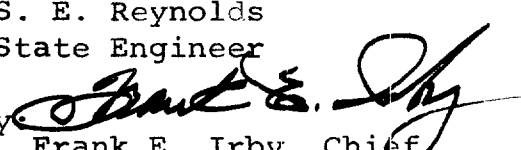
- (A) Typical dual injection well
- (B) Typical single injection well
- (C) Typical dual injection well

The latter sketch represents the situation where injection into one zone will be down tubing under packer and injection to the other (upper) will be down the tubing-casing annulus.

FEI/ma  
cc-Gulf Oil Corp.  
F. H. Hennighausen

Yours truly,

S. E. Reynolds  
State Engineer

By   
Frank E. Irby, Chief,  
Water Rights Div.

DOCKET MADE

Date

# Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT  
May 19, 1964

W. B. Hopkins  
DISTRICT MANAGER  
M. I. Taylor  
DISTRICT PRODUCTION  
MANAGER  
F. O. Mortlock  
DISTRICT EXPLORATION  
MANAGER  
H. A. Rankin  
DISTRICT SERVICES MANAGER

P. O. Drawer 1938  
Roswell, New Mexico 88201

Secretary Director  
New Mexico Oil Conservation Commission  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation for the Approval of the  
West Pearl Queen Unit Agreement Providing for Secondary  
Recovery Operations in a Portion of the Pearl Queen Pool,  
Lea County, New Mexico.

Dear Sir:

Gulf Oil Corporation, as the proposed Unit Operator, respectfully herein requests the Commission's approval of the West Pearl Queen Unit Agreement, on the grounds that the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste. In support of the application, Gulf states as follows:

1. That the Unit Area shall be

T. 19 S., R. 35 E.

Section 20: SW/4 SE/4

Section 21: SW/4 SW/4

Section 28: W/2, W/2 SE/4 and SE/4 SE/4

Section 29: All

Section 30: E/2 SE/4, SE/4 NE/4 and SW/4 SE/4

Section 31: NE/4, E/2 NW/4, N/2 SE/4 and NE/4 SW/4

Section 32: N/2, N/2 SW/4 and NW/4 SE/4

Section 33: N/2 and N/2 SE/4

Containing 2,520 acres, more or less, more fully shown  
on the enclosed plat.

2. That the Unit Area described above includes all producing Pearl Queen wells in Township 19 South, Range 35 East, west of Shell Oil Company's East Pearl Queen Unit and that no Pearl Queen wells are contiguous to the Unit Area other than those in the East Pearl Queen Unit.

3. That the average daily production for the wells in the proposed Unit Area has declined to approximately nine (9) barrels per day and that said wells have reached an advanced stage of depletion as is described in Rule 701 (E) (1).

4. That applicant proposes to convert thirty (30) wells to water injection wells, detailed descriptions of which are summarized and outlined in the enclosed tables and diagrammatic sketches. A copy of a log on a typical injection well is also enclosed.



DOCKET MAILED

Date 6-1-64

May 19, 1964

5. That applicant plans to inject 500 barrels per day of fresh water into each injection well into the Queen formation in the approximate depth interval 4800-5000 feet. The source of water will be wells in Section 3, Township 19 South, Range 36 East, producing from the Ogallala formation.

6. Prior to any expansion of the Unit, applicant will request that the expansion be authorized by administrative approval. Unit Operator will agree to file with the Commission an executed original or an executed counterpart of the West Pearl Queen Unit Agreement within 30 days after the effective date thereof.

7. That the order of the Commission should become effective upon the final approval of said Unit Agreement by the Commissioner of Public Lands of the State of New Mexico and shall terminate ipso facto upon the termination of said Unit Agreement.

Gulf Oil Corporation has previously obtained a preliminary approval of the Unit Agreement from the Commissioner of Public Lands, U.S.G.S., and a copy of this application, complete with all attachments, has been sent to the State Engineer Office, Santa Fe, New Mexico.

It is requested that this matter be set for hearing before an examiner.

Respectfully submitted,

GULF OIL CORPORATION

  
M. I. Taylor

Enclosures

DGB:bc

CC With Enclosures:

Commissioner of Public Lands  
State of New Mexico  
Post Office Box 1148  
Santa Fe, New Mexico 87501

State Engineer Office  
State of New Mexico  
Capitol Building  
Santa Fe, New Mexico 87501

New Mexico Oil Conservation Commission  
Post Office Box 2045  
Hobbs, New Mexico 88240