

#3463

Oil and Gas Division
U.S. Department of the Interior
Bureau of Land Management
Hobbs, NM 88241

Lynx Petroleum Consultants, Inc.

P.O. Box 1708
3325 Enterprise Drive
Hobbs, New Mexico 88241

505 392-6950

Fax: 505 392-7886

November 29, 2001

Bureau of Land Management
2909 W. Second St.
Roswell, NM 88202

RE: 2001 PLAN OF DEVELOPMENT/OPERATIONS
Reed Sanderson Unit, Agreement No.: 8910088220
Lea County, New Mexico

Dear Sir or Madam:

Pursuant to the Unit Agreement, the following Plan of Development/Operations is submitted for your approval on the referenced unit for the period of January 1, 2002 through December 31, 2002.

Lynx Petroleum plans to continue to operate the unit as in the past and has no drilling plans at this time.

Attached is a current map showing all existing wells, a copy of MMS OGOR Monthly Report of Operations which includes the status of each well, and a decline curve updated through October, 2001, for the unit.

If you have any questions, please do not hesitate to call.

Sincerely,
LYNX PETROLEUM CONSULTANTS, INC.

Marc Wise

Marc Wise

Attachments

APPROVED

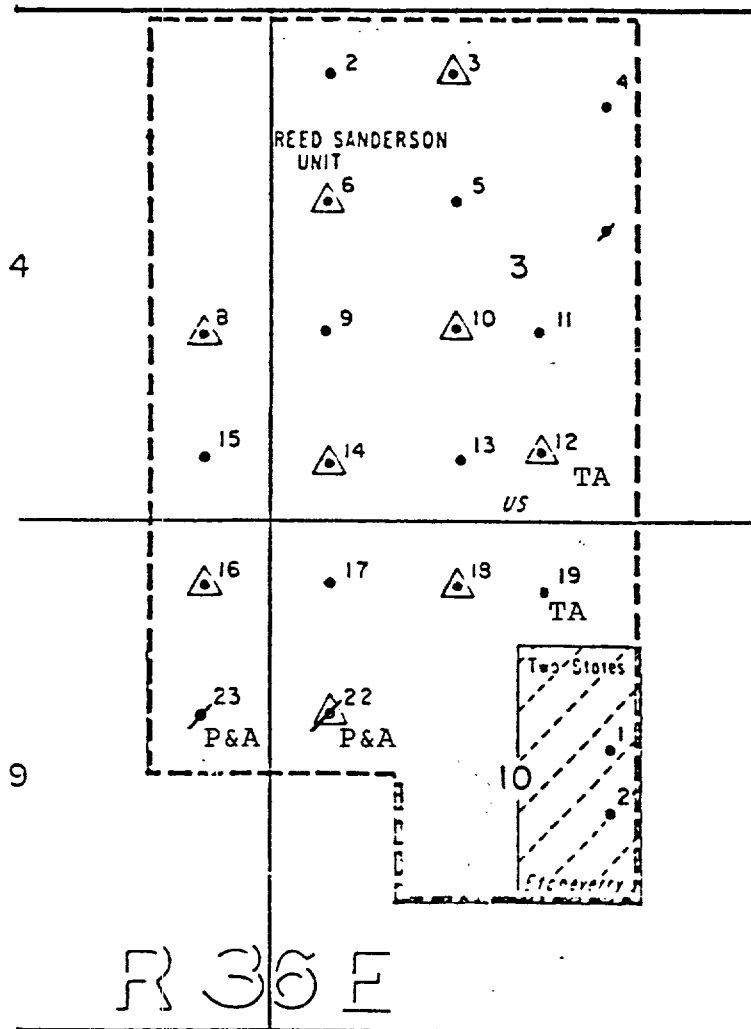
NOV 30 2001

Robert L. [Signature]

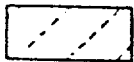
AUTHORIZED OFFICER, NEVADA
BUREAU OF LAND MANAGEMENT



T
20
S



△ INJECTION WELL



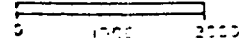
ACREAGE NOT COMMITTED

REED SANDERSON UNIT

LEA COUNTY, NEW MEXICO

LYNX PETROLEUM CONSULTANTS, INC.

SCALE



• F •

Report Type: ORIGINAL Agreement Number: 8910088220
 Production: 102001 MMS Oper#: C3023 Oper Name: LYNX PETROLEUM CONSULTANTS INC
 Operator Lease/Agreement Name: REED SANDERSON UNIT Operator Lease/Agreement Num:

GOR-A - Well Production

| Action | API | Producing | Operator | Well | Days | -----Production Volumes----- | | | Injection |
|--------|--------------|-----------|-------------------|--------|----------|------------------------------|-----|-------|-----------|
| Code | Well No. | Interval | Well NO. | Status | Produced | Oil | Gas | Water | Volume |
| A | 300250417200 | S01 | 2 REED SANDERSON | 08 | 31 | 157 | 160 | 276 | 0 |
| A | 300250417800 | S01 | 3 REED SANDERSON | 04 | 0 | 0 | 0 | 0 | 0 |
| A | 300250417900 | S01 | 5 REED SANDERSON | 08 | 31 | 358 | 468 | 1,712 | 0 |
| A | 300250418000 | S01 | 6 REED SANDERSON | 04 | 31 | 0 | 0 | 0 | 1,380 |
| A | 300250418100 | S01 | 10 REED SANDERSON | 04 | 31 | 0 | 0 | 0 | 1,381 |
| A | 300250418200 | S01 | 9 REED SANDERSON | 08 | 31 | 156 | 114 | 939 | 0 |
| A | 300250418300 | S01 | 13 REED SANDERSON | 08 | 31 | 178 | 171 | 1,491 | 0 |
| A | 300250418400 | S01 | 14 REED SANDERSON | 04 | 31 | 0 | 0 | 0 | 1,381 |
| A | 300250418500 | S01 | 12 REED SANDERSON | 14 | 0 | 0 | 0 | 0 | 0 |

MMS-4054 - Oil and Gas Operations Report

Report Type: ORIGINAL Agreement Number: 8910088220
 Production: 102001 MMS Oper#: C3023 Oper Name: LYNX PETROLEUM CONSULTANTS INC
 Operator Lease/Agreement Name: REED SANDERSON UNIT Operator Lease/Agreement Num:

OGOR-A - Well Production-Continued

| Action | API | Producing | Operator | Well | Days | -----Production Volumes----- | | | Injection |
|--------|--------------|-----------|-------------------|--------|----------|------------------------------|-----|-------|-----------|
| Code | Well No. | Interval | Well NO. | Status | Produced | Oil | Gas | Water | Volume |
| A | 300250418600 | S01 | 11 REED SANDERSON | 04 | 31 | 34 | 11 | 166 | 0 |
| A | 300250418700 | S01 | 4 REED SANDERSON | 08 | 31 | 67 | 103 | 276 | 0 |
| A | 300250418900 | S01 | 8 REED SANDERSON | 04 | 31 | 0 | 0 | 0 | 1,381 |
| A | 300250419100 | S01 | 15 REED SANDERSON | 08 | 31 | 101 | 57 | 331 | 0 |
| A | 300250419600 | S01 | 16 REED SANDERSON | 04 | 0 | 0 | 0 | 0 | 0 |
| A | 300250420100 | S01 | 22 REED SANDERSON | 15 | 0 | 0 | 0 | 0 | 0 |
| A | 300250420200 | S01 | 17 REED SANDERSON | 08 | 31 | 67 | 57 | 332 | 0 |
| A | 300250420300 | S01 | 19 REED SANDERSON | 14 | 0 | 0 | 0 | 0 | 0 |
| A | 300250420700 | S01 | 18 REED SANDERSON | 04 | 0 | 0 | 0 | 0 | 0 |

OGOR-B - Product Disposition

| Action | Disposition | Metering | Gas | API | ---Disposition Volumes--- | | | |
|--------|-------------|-----------|-----------|---------|---------------------------|-------|-------|-------|
| Code | Code | Point No. | Plant No. | Gravity | BTU | Oil | Gas | Water |
| A | 01 | | | | 1285 | | 1,141 | |
| A | 14 | | | | | | | 5,523 |
| A | 10 | | | | | 1,118 | | |

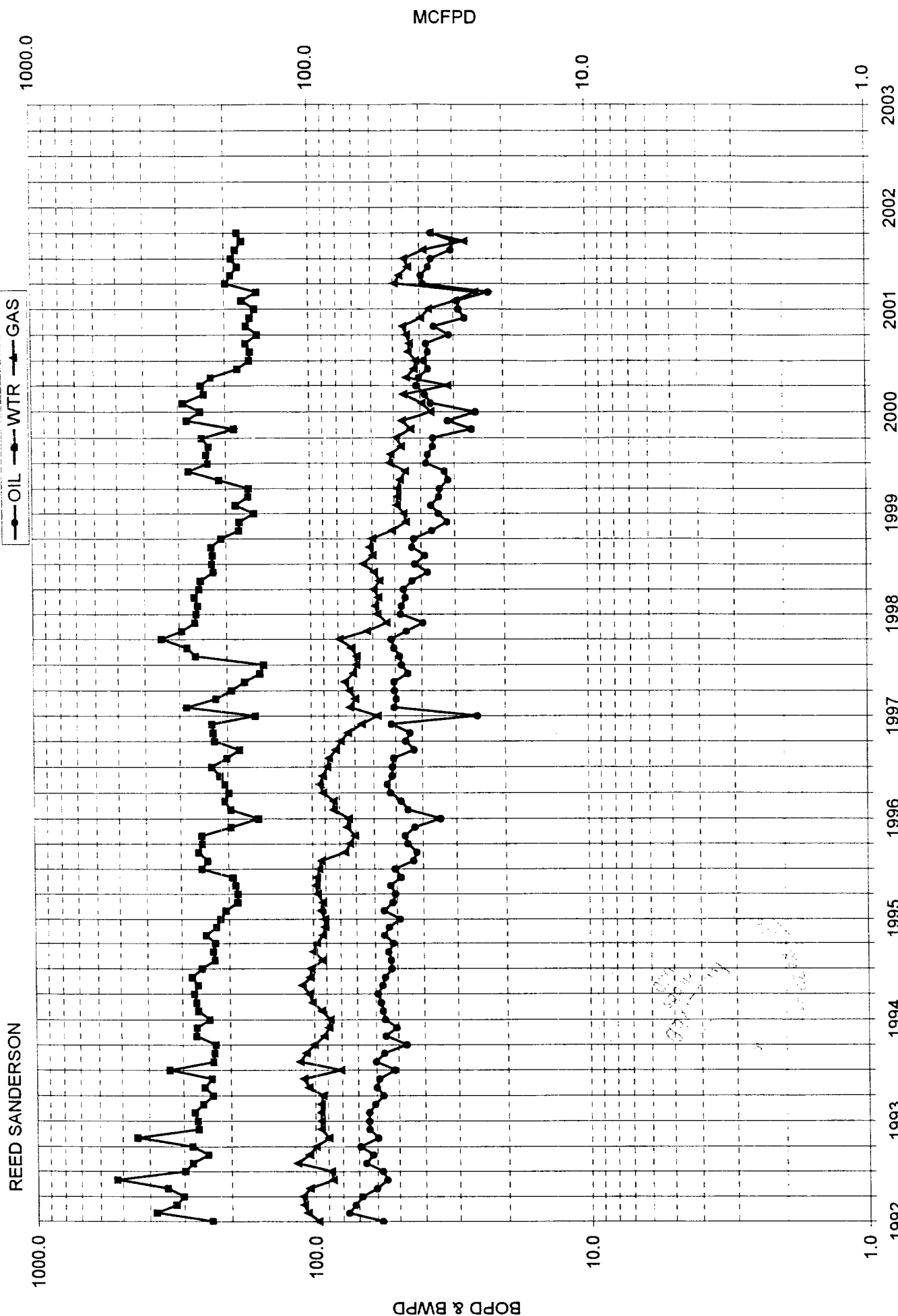
OGOR-C - Product Inventory

| Action | Product | Inv Stor | Metering | API | Beginning | Adjustments | | Ending |
|--------|---------|----------|----------|---------|-----------|-------------|------------|---------------|
| Code | Code | Point# | Point# | Gravity | Inventory | Production | Sales Code | Vol Inventory |
| A | 01 | | | 36.0 | 427 | 1,118 | 1,076 | 0 469 |

#Lines: 22 Contact: Marc Wise Phone: 5053926950 Authorization Date: 11/28/2001

OGOR-A-11-28-2001

LYNX PETROLEUM



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



3463



February 5, 1992

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Mike Johnson
Land Department
Conoco Inc.
10 Desta Drive West
Midland, Texas 79705-4514

Re: Amendment of Unit Agreement
Reed Sanderson Unit
Lea County, New Mexico

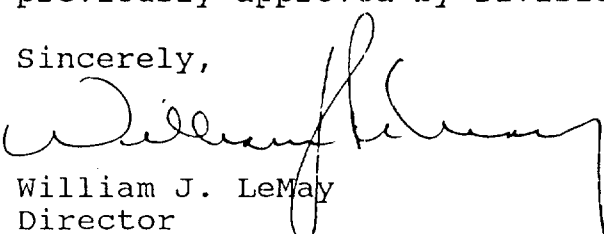
Dear Mr. Johnson:

Reference is made to Conoco Inc.'s request dated January 13, 1992 submitted by W. Thomas Kellahin, local attorney for Conoco Inc., to obtain Division approval of the January 1, 1967 amendment of the definition of unitized substances set forth in the Unit Agreement for the Reed Sanderson Unit which changes paragraph (g) of Section 1 to read as follows:

"(g) "Unitized Substances" means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formations; save and except any part of any of the enumerated substances which are committed to a gas proration unit approved prior to November 1, 1967, the well for which is located outside of the Unit Area."

The Division Director, effective January 1, 1967, hereby approves the change in definition of unitized substances as set forth above for the referenced Reed Sanderson, said unit being previously approved by Division Order R-3126.

Sincerely,


William J. LeMay
Director

cc: Oil Conservation Division - Hobbs
W. Thomas Kellahin - Santa Fe
NMSLO - Santa Fe ✓
U.S. BLM - Roswell

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W THOMAS KELLAHIN*
KAREN AUBREY*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

*ALSO ADMITTED IN ARIZONA

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN (RETIRED 1991)

January 22, 1991

Mr. Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

HAND DELIVERED

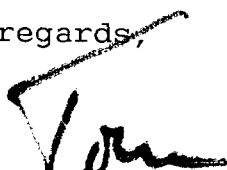
Re: Conoco Inc.
Reed-Sanderson Unit

Dear Mike:

Please find enclosed a proposed draft approval letter for entry by the Division approving the change in definition of the unitized substances. Our floppy disk with this document on it is also enclosed.

I have also reconfirmed that the dedication of acreage in the various spacing units is in accordance with Division established pool rules. The oil production is properly dedicated to 40-acre spacing units in the Monument Oil Pool with the two 240-acre gas spacing units dedicated to the Eumont Gas Pool. Unlike the Jalmat Gas Pool, I do not find any restriction in the Eumont Gas Pool Rules which precludes this simultaneous dedication of portions of the same acreage to both gas and oil production.

Best regards,



W. Thomas Kellahin

WTK/jcl
Enclosures
xc: w/enclosure
Mike Johnson-Conoco, Inc

1trt122.089

January 22, 1992

DRAFT LETTER OF APPROVAL

Mr. Mike Johnson
Land Department
Conoco Inc.
10 Desta Drive West
Midland, Texas 79705-4514

Re: Amendment of Unit Agreement
Reed Sanderson Unit
Lea County, New Mexico

Dear Mr. Johnson:

Reference is made to Conoco Inc.'s request dated January 13, 1992 submitted by W. Thomas Kellahin, local attorney for Conoco Inc., to obtain Division approval of the January 1, 1967 amendment of the definition of unitized substances set forth in the Unit Agreement for the Reed Sanderson Unit which changes paragraph (g) of Section 1 to read as follows:

"(g) "Unitized Substances" means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formations; save and except any part of any of the enumerated substances which are committed to a gas proration unit approved prior to November 1, 1967, the well for which is located outside of the Unit Area."

The Division Director, effective January 1, 1967, hereby approves the change in definition of unitized substances as set forth above for the referenced Reed

Sanderson, said unit being previously approved by
Division Order R-3126.

Sincerely,

DRAFT

William J. LeMay
Director

cc: Oil Conservation Division - Hobbs
W. Thomas Kellahin

Received 1/13/92

m.s.

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

TELEPHONE (505) 982-4255
TELEFAX (505) 982-2047

JASON KELLAHIN
OF COUNSEL

January 13, 1992

David R. Catanach
Oil Conservation Division
310 Old Santa Fe Trail
State Land Office Building
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Conoco Inc.
Reed Sanderson Unit Agreement
Lea County, New Mexico

Dear Mr. Catanach:

In accordance with our past discussion, I am now submitting to you my written request on behalf of Conoco Inc. for concurrence by the Oil Conservation Division that acknowledges the change in definition of unitized substances for the previously approved Reed-Sanderson waterflood project.

In support of my request, I submit:

(1) Original Unit Approval:

On September 28, 1966, the Oil Conservation Division held a hearing on the application of Conoco Inc, then Continental Oil Company, for approval of the Reed-Sanderson Unit consisting of fee and federal acreage. See Enclosure One (1).

On October 4, 1966 the Division entered Order R-3126 which approved the unit--Enclosure Two (2).

(2) Subsequent Amendment of Definition:

Prior to the unit and at all time since, there were two gas wells outside of the unit but which had spacing units overlapping into the unit. Although the vertical limits of the unit included the gas interval,

David R. Catanach
January 13, 1992
Page 2

the gas was never intended to be unitized. However, despite that intent, the definition of unitized substances in the unit agreement failed to delete the gas. By January, 1968, the working interest owners in the unit discovered that they had inadvertently created a discrepancy between the unit definition of "unitized substances" and the actual practice in the field which was to segregate the gas ownership.

On January 25, 1968, Conoco sought the approval of the USGS to change the definition of the unitized substances to delete the gas and correct the discrepancy--Enclosure Three (3).

The USGS issued its approval on December 31, 1968 and the certificate of amendment, indicating the USGS approval, was recorded in Lea County on January, 10, 1969--Enclosure Four (4).

(3) Prior concurrence of OCD in amendment:

A review of the OCD files and the Conoco files fails to reflect any concurrence by the OCD in the change in definition.

(4) Requested OCD Action:

We hereby request appropriate Division action to provide written confirmation that the change in definition made effective January 1, 1967 has been approved by the Division.

I have enclosed a suggested draft of a certificate for issuance by the Division evidencing its concurrence.

In the event the Division concludes that it is necessary to place this matter of the Division hearing docket, we would request you do so for the next available hearing on February 6, 1992. Please consider

David R. Catanach
January 13, 1992
Page 3

this letter our application for that purpose which we
understand must be filed by noon tomorrow.

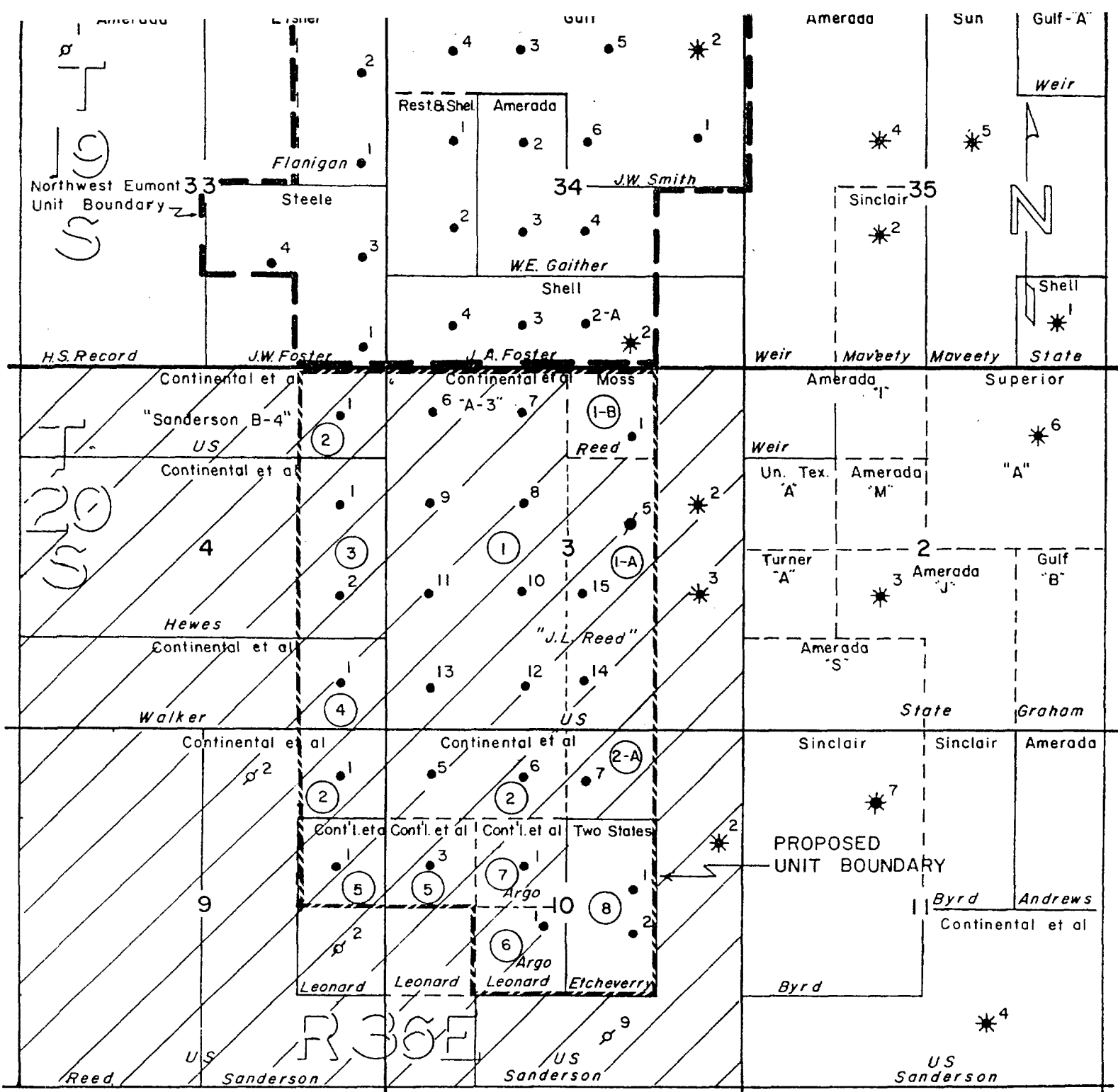
Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', with a stylized, cursive script.

W. Thomas Kellahin

WTK/jcl
Enclosure
cc: Mike Johnson (Conoco-Midland)

ltrt113.089



CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT
HOBBS DISTRICT

REED-SANDERSON UNIT

Lea County, New Mexico

UNIT AREA

TRACT NUMBERS

SCALE
0' 1000' 2000'

EXHIBIT A

Encl 1

REED-SANDERSON UNIT
Lea County, New Mexico

Order No. R-3126, Approving the Reed-Sanderson Unit Agreement, Lea County, New Mexico, October 4, 1966.

Application of Continental Oil Company for Approval of the Reed-Sanderson Unit Agreement, Lea County, New Mexico.

CASE NO. 3463
Order No. R-3126

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on September 28, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of October, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks approval of the Reed-Sanderson Unit Agreement covering 1040.83 acres, more or less, of Federal and Fee lands described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 3: W/2 and W/2 E/2
Section 4: E/2 E/2
Section 9: E/2 NE/4
Section 10: NW/4, W/2 NE/4, NE/4 SW/4, and NW/4 SE/4

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Reed-Sanderson Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

LOVINGTON PADDOCK UNIT
Lea County, New Mexico

Order No. R-3122, Approving the Lovington Paddock Unit Agreement, Lea County, New Mexico, September 30, 1966.

Application of Skelly Oil Company for Approval of the Lovington Paddock Unit Agreement, Lea County, New Mexico.

CASE NO. 3466
Order No. R-3122

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on September 28, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 30th day of September, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

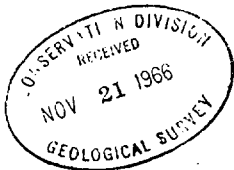
(2) That the applicant, Skelly Oil Company, seeks approval of the Lovington Paddock Unit Agreement covering 3324.63 acres, more or less, of State, Federal, and Fee lands described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 25: SE/4 and S/2 SW/4
Section 35: E/2 E/2 and SW/4
Section 36: All

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 30: SE/4 SW/4 and Lots 3 and 4
Section 31: W/2 NE/4, SE/4, E/2 W/2, and Lots 1, 2, 3, and 4

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 1: S/2, S/2 N/2, and Lots 1, 2, 3, and 4
Section 2: E/2 SE/4 and Lot 1
Section 12: NE/4 and E/2 NW/4

Ench 2



52321

CERTIFICATION-DETERMINATION

14-08-0001 8822

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. 2368 of October 8, 1947, I do hereby:

A. Approve the attached agreement for the development and operation of the Reed Sanderson 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 NOV 23 1966

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

Encl 2-A

Misc BOOK 259 PAGE 663



CONTINENTAL OIL COMPANY

P. O. Box 460

HOBBS, NEW MEXICO 88240

January 25, 1968

PRODUCTION DEPARTMENT

Hobbs Division

L. P. THOMPSON

Division Manager

G. C. JAMIESON

Assistant Division Manager

Mr. John A. Anderson (3)
Regional Oil and Gas Supervisor
U. S. G. S.
Drawer 1857
Roswell, New Mexico

| RECEIVED LAND SECTION | |
|--------------------------|-------|
| JAN 29 1968 | |
| Please Note | |
| H.M.N. | |
| G.R.P. | |
| W.R.H. | |
| B.R.M. | |
| D.D.C. | |
| J.H.A. | |
| G.G.B. | |
| C.R.H. | |
| File | Noted |

1001 NORTH TURNER
TELEPHONE 393-4141

Re: Proposed Amendment to Reed
Sanderson Unit Agreement -
Lea County, New Mexico

Contract 16397

Dear Mr. Anderson:

Continental Oil Company, as operator of the Reed Sanderson Unit, hereby requests preliminary approval of an amendment to the Unit Agreement for the Reed Sanderson Unit. This unit became effective January 1, 1967. The unit was formed for the purpose of conducting waterflood operations in the oil bearing intervals of the Queen formation. The unit area lies on the west flank of the Monument anticline and is a part of the oil rim surrounding the Eumont Gas Pool which occurs in the Yates Seven Rivers and Queen formations overlying the Monument oil pool. As the beds dip to the west, each productive interval changes its producing characteristics from gas to oil and finally to water at the lower elevations.

Prior to unitization, Continental Oil Company, on behalf of the New Mexico Federal Unit, operated the Reed A-3 Lease (L.C. 030143a) consisting of all of Section 3, and the Sanderson B-1 Lease (L.C. 031622b) consisting of the N/2 N/2, S/2 S/2, SE/4 NE/4 and NE/4 SE/4, a horseshoe shaped tract in Section 10. Reed A-3 Nos. 2 and 3 are located high enough on the structure that they were oil productive in the Monument Pool and gas productive in the Eumont Pool. These wells were dually completed and assigned acreage which was considered to be gas productive as shown on the attached plat.

3-5-68 Requested royalty ownership from R. L. Benedict.

Ench 3

Likewise, Sanderson B-1 No. 2 was so completed and assigned a gas unit consisting of E/2 E/2 Section 10. This unit was enlarged, effective October 4, 1967, to that shown on the plat. The allocation of this acreage for gas proration purposes has not interfered with the oil allowables of the Eu-mont oil wells located on the same acreage because the Oil Conservation Commission has recognized the changing conditions which result from structural changes.

During negotiation of the unit, it was never contemplated that the gas units would be affected by the Reed Sanderson Unit. In order to include the producing interval for the lowest structural wells, it was necessary to include in the "unitized formation" a part of the intervals which were gas productive in the structurally higher gas wells. The gas wells are completed in the Queen and Seven Rivers formations. The "unitized formation" is defined as the Queen formation.

The working interest owners discovered a conflict between the interval allocated for gas proration purposes and the "unitized formation" and attempted to resolve this by approving a letter ballot stating that gas dedicated to the gas well would not be considered "unitized substances." These parties overlooked the fact that that part of the leases inside the Reed Sanderson Unit would be segregated from those parts lying outside the unit area. It has become apparent that in order to preserve the gas proration units, which were formed or contemplated to be formed upon the effective date of the unit, it will be necessary to communitize the segregated leases. Although the Sanderson B-1 gas unit on the effective date consisted of the E/2 E/2 Section 10, all parties had been notified of operator's intent to enlarge this gas proration unit to include the NW/4 NE/4 and NE/4 NW/4. This enlargement was approved by the NMOCC on October 4, 1967, by Order R-3323.

In order to clarify the intent of the parties and preserve the gas proration units which were formed or contemplated prior to the effective date of the unit, it is proposed to amend Paragraph (g) of Section 2 of the Unit Agreement for the Development and Operation of the Reed Sanderson Unit to read as follows:

(g) "Unitized Substances" means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation;

save and except any part of any of the enumerated substances which are committed to a gas proration unit approved prior to November 1, 1967, the well for which is located outside of the unit area.

The language proposed to be added (shown by underlining) is consistent with language used in comparable situations in other units except for the date. It was necessary to insert the date limitation because the enlarged Sanderson B-1 No. 2 gas unit did not become effective until October 4, 1967, after the effective date of the Reed Sanderson Unit.

The amendment will have the effect of preserving the gas units as a separate entity from the waterflood operation as has been contemplated at all times. Without the amendment it will be necessary to distribute gas revenue from the federal acreage gas wells to non-federal acreage owners in the Reed Sanderson Unit.

It is proposed to make this amendment effective January 1, 1967, coincident with the effective date of the Unit Agreement. It is respectfully requested that you give preliminary approval to the proposed amendment for the reasons described above.

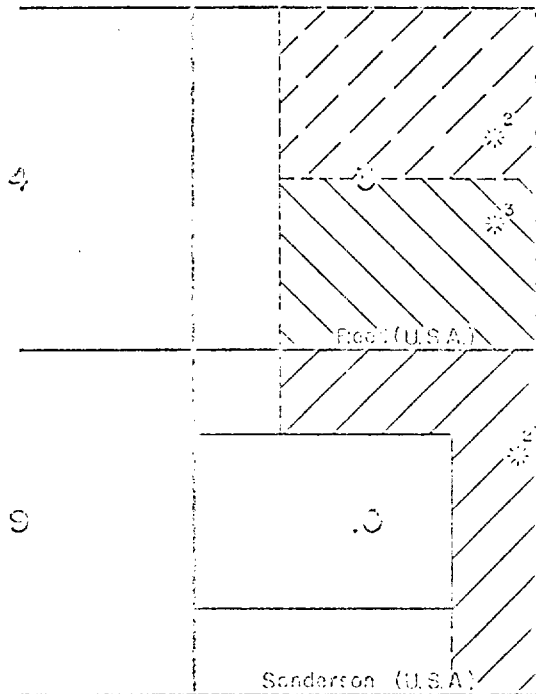
Yours very truly,

SIGNED: L. P. THOMPSON

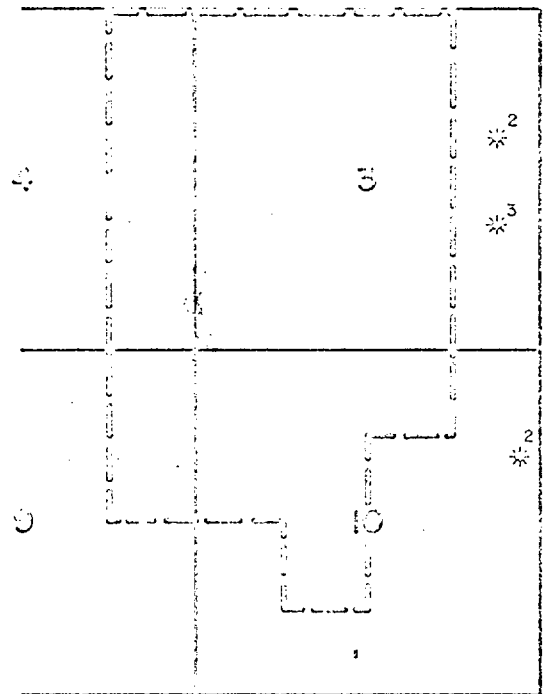
LPT-JS

Blind copies to: RLA HMN

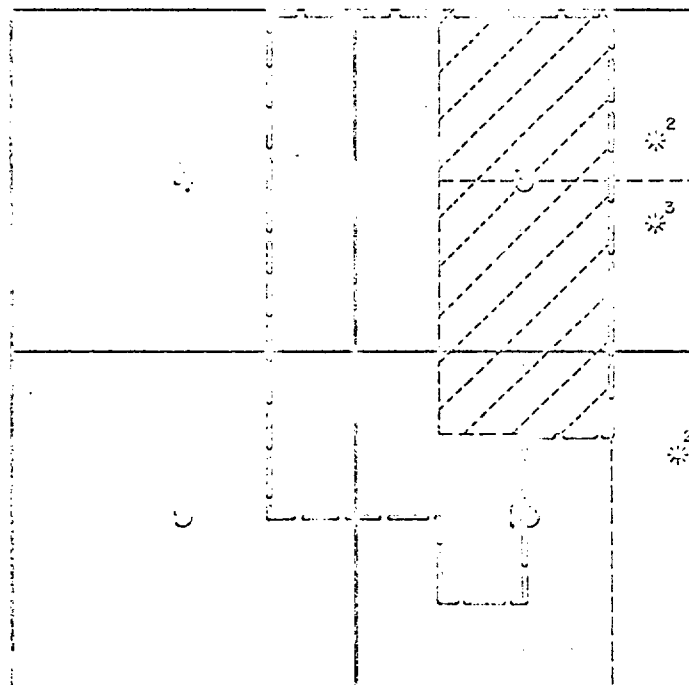
Lea County, New Mexico



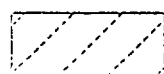
Gas Units and leases before Unit



Unit Boundary



Present relationship of Unit and Gas Units



Unit Acreage
included in Gas Unit

24313

AMENDMENT TO UNIT AGREEMENT FOR
REED SANDERSON UNIT
LEA COUNTY, NEW MEXICO

It is hereby agreed that the Unit Agreement for the Development and Operation of the Reed Sanderson Unit, Lea County, New Mexico, shall be amended by changing paragraph (g) of Section 2 to read as follows:

"(g) "Unitized Substances" means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation; save and except any part of any of the enumerated substances which are committed to a gas proration unit approved prior to November 1, 1967, the well for which is located outside of the Unit Area."

It is understood that the words that have been underlined above have been added to the paragraph as it originally appeared in the Unit Agreement initially approved and which became effective January 1, 1967, that no words have been deleted and that the Unit Agreement shall remain unchanged hereby except as specifically shown above.

The effective date of this amendment shall be January 1, 1967.

CONTINENTAL OIL COMPANY

By: *[Signature]*

Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 5th day of December, 1968, by V. C. Eissler, Attorney in-Fact for Continental Oil Company, a Delaware corporation. (a corporation, on behalf of said corporation)

My Commission Expires:

June 1, 1969

[Signature]
Notary Public, in and for

HARRIS County, TEXAS

Approved DEC 31 1968

Effective JAN 1 1967

[Signature]
Regional Oil and Gas Supervisor
U.S. GEOLOGICAL SURVEY

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JAN 10 1969

at 1:20 o'clock P M
and Recorded in Book 226
Page 266
EFFIE HEDDMAN, County Clerk
By *[Signature]* Deputy

ELLIOTT & WALDRON
ABSTRACT CO., INC.
LOVINGTON, N. M.

ENCH 4

24313

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF CONOCO INC
FOR APPROVAL OF THE REED-
SANDERSON UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.

CERTIFICATE OF CONCURRENCE
IN
AMENDMENT OF UNIT DEFINITION

The Oil Conservation Division of the Energy, Minerals and Natural Resources Department, State of New Mexico, hereby certifies its approval of the Amendment to the definition of "Unitized Substances" for the Reed-Sanderson Unit, Lea County, New Mexico, previously approved by Division Order R-3126, as set forth on Exhibit "A" attached hereto and incorporated by reference herein. This approval is effective January 1, 1967.

IN WITNESS WHEREOF, THIS CERTIFICATE IS EXECUTED THIS
_____ DAY OF JANUARY, 1992.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

The foregoing Certificate of Concurrence in
Amendment to Unit Definition was acknowledged before me
this _____ day of January, 1992, by William J. LeMay,
Director of the New Mexico Oil Conservation Division,
on behalf of said Division.

Notary Public

My Commission Expires:

1trt112.089

24313

AMENDMENT TO UNIT AGREEMENT FOR
 REED SANDERSON UNIT
 LEA COUNTY, NEW MEXICO

It is hereby agreed that the Unit Agreement for the Development and Operation of the Reed Sanderson Unit, Lea County, New Mexico, shall be amended by changing paragraph (g) of Section 2 to read as follows:

"(g) "Unitized Substances" means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation; save and except any part of any of the enumerated substances which are committed to a gas proration unit approved prior to November 1, 1967, the well for which is located outside of the Unit Area."

It is understood that the words that have been underlined above have been added to the paragraph as it originally appeared in the Unit Agreement initially approved and which became effective January 1, 1967, that no words have been deleted and that the Unit Agreement shall remain unchanged hereby except as specifically shown above.

The effective date of this amendment shall be January 1, 1967.

CONTINENTAL OIL COMPANY

By: *[Signature]*

Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 5th day of December, 1968, by V. C. Eissler, Attorney in-Fact for Continental Oil Company, a Delaware corporation.
(a corporation, on behalf of said corporation)

My Commission Expires:

June 1, 1969

[Signature]
 Notary Public, in and for

HARRIS County, TEXAS

Approved DEC 31 1968

Effective JAN 1 1967

[Signature]
 Regional Oil and Gas Supervisor
 U.S. GEOLOGICAL SURVEY

STATE OF NEW MEXICO
 COUNTY OF LEA
 FILED

JAN 10 1969

at 1:20 o'clock P.M.
 and Recorded in Book 226
 Page 266
 ETHEL HILDEMAN, County Clerk
 By [Signature] Deputy

ELLIOTT & WALDRON
 ABSTRACT CO., INC.
 LOVINGTON, N.M.

24313

3463

CONTINENTAL OIL COMPANY

P. O. Box 460

HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT
HOBBS DIVISION

L. P. THOMPSON
Division Manager

G. C. JAMIESON
Assistant Division Manager

January 17, 1968

1001 NORTH TURNER
TELEPHONE 393-4141

Regional Oil and Gas Supervisor
United States Geological Survey
P. O. Box 1857
Roswell, New Mexico 88201

MAIL OFFICE
'68 JAN 19 AM 8 51

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

Re: Reed Sanderson Unit
Lea County, New Mexico

Gentlemen:

Forwarded herewith is a corrected Page 2 of the Appendix to Exhibit "B" for the Unit Agreement for the Reed Sanderson Unit. This revised copy corrects an error in Column B of Note 2.

Please substitute this page for the one previously furnished you.

Yours very truly,



LPT-JS

NOTE 2 (Continued)

| | | |
|------------------------------------|-----------------|----------------|
| G. E. Nislar | 0.09766 | 0.06510 |
| Hallie Carlton Posey | 0.34766 | 0.23177 |
| Robin Oil Company | 0.72700 | 0.48466 |
| Sabine Royalty Corporation | 0.43750 | 0.29167 |
| Sunshine Royalty Co. | 0.18750 | 0.12500 |
| Hattie Cone Williams | 0.37500 | 0.25000 |
| J. H. Williams | 0.16016 | 0.10677 |
| W. A. Yeager and J. M. Armstrong | 0.17708 | 0.11806 |
| Atlantic Richfield Company | 1.25000 | 0.00000 |
| Chevron Oil Company | 1.25000 | 0.00000 |
| Continental Oil Company | 1.25000 | 0.00000 |
| Pan American Petroleum Corporation | 1.25000 | 0.00000 |
| | <u>12.50000</u> | <u>5.00000</u> |

NOTE NO. 3 - BASIC ROYALTY UNDER TRACT NO. 3

| | |
|---|------------------|
| Alfred E. Cooper | 0.03906 |
| G. H. Vaughn, Jr. and J. C. Vaughn, Trustees U/W of G. H. Vaughn | 0.97656 |
| June D. Speight | 1.36719 |
| Lou Salter Cooper Allan | 0.03906 |
| G. H. Vaughn, Jr. | 0.48828 |
| Jack C. Vaughn | 0.48828 |
| Margaret K. Hunker | 0.19531 |
| Estate of Frank Hewes | 0.19631 |
| Jim Hewes Estate | 1.75781 |
| Charles B. Read | 0.39063 |
| Lee Carter | 1.56250 |
| John H. Ware | 0.19531 |
| Mabel E. Hooper, Ind. and as extrx. ULW & T of Guy H. Hooper, deceased | 0.39063 |
| Mildred A. Wright | 0.46875 |
| Laura Kaempf | 0.11719 |
| Hazel Bruggman, Wilbur Enfield and Jessie Faye LaCosta | 0.01953 |
| Bertha M. Rightmire | 0.03906 |
| Kenneth H. Wise | 0.01953 |
| Cecil F. Rooks and Ruby B. Rooks | 0.03906 |
| Howard V. Kratz and Bernice L. Kratz | 0.01953 |
| Edward H. Swasand | 0.03906 |
| Joseph W. McBride and Agnes J. McBride | 0.07813 |
| Lawrence C. Brua | 0.01953 |
| Andrew Berkedal | 0.01953 |
| Myrtle V. Madson | 0.05860 |
| Albert Esten | 0.19531 |
| Edward F. Hindman | 0.15625 |
| Ethel Hard Wring | 0.13199 |
| Frances Hard Kincer | 0.13199 |
| George Hard | 0.13199 |
| Jimmie Sue Hoge | 0.13199 |
| Margaret Hard Clement | 0.13199 |
| Ruby Hard Estate, Frances Hard Kincer, Adm. | 2.18277 |
| Marian Hard | 0.15030 |
| Mary Belle Hard | 0.13199 |
| | <u>12.50000%</u> |

NOTE NO. 4 - OVERRIDING ROYALTY UNDER TRACT NO. 3

| | |
|---|------------------|
| Mabel S. Hooper, Ind. and as extrx. ULW&T of Guy H. Hooper, deceased | 0.195313 |
| Ethel Hard Wring | 0.065994 |
| Frances Hard Kincer | 0.065994 |
| George Hard | 0.065994 |
| Jimmie Sue Hoge | 0.065994 |
| Margaret Hard Clement | 0.065994 |
| Ruby Hard Estate, Frances Hard Kincer, Adm. | 1.091385 |
| Marian Hard | 0.075150 |
| G. H. Vaughn, Jr. and J. C. Vaughn, Tr. U/W G. H. Vaughn | 0.488281 |
| Mary Belle Hard | 0.065994 |
| G. H. Vaughn, Jr. | 0.244141 |
| Jack C. Vaughn | 0.244141 |
| | <u>2.734375%</u> |

NOTE 2 (Continued)

| | | |
|------------------------------------|-----------------|----------------|
| C. L. Nislar | 0.09766 | 0.06510 |
| Hallie Carlton Posey | 0.34766 | 0.23177 |
| Robin Oil Company | 0.72700 | 0.48466 |
| Sabine Royalty Corporation | 0.43750 | 0.29167 |
| Sunshine Royalty Co. | 0.18750 | 0.12500 |
| Hattie Cone Williams | 0.37500 | 0.25000 |
| J. H. Williams | 0.16016 | 0.10677 |
| W. A. Yeager and J. M. Armstrong | 0.17708 | 0.11806 |
| Atlantic Richfield Company | 1.25000 | 0.00000 |
| Chevron Oil Company | 1.25000 | 0.00000 |
| Continental Oil Company | 1.25000 | 0.00000 |
| Pan American Petroleum Corporation | 1.25000 | 0.00000 |
| | <u>12.50000</u> | <u>5.00000</u> |

NOTE NO. 3 - BASIC ROYALTY UNDER TRACT NO. 3

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| Alfred E. Cooper | 0.03906 |
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| June D. Speight | 1.36719 |
| Lou Salter Cooper Allan | 0.03906 |
| G. H. Vaughn, Jr. | 0.48828 |
| Jack C. Vaughn | 0.48828 |
| Margaret K. Hunker | 0.19531 |
| Estate of Frank Hewes | 0.19631 |
| Jim Hewes Estate | 1.75781 |
| Charles B. Read | 0.39063 |
| Lee Carter | 1.56250 |
| John H. Ware | 0.19531 |
| Mabel E. Hooper, Ind. and as extrx. ULW & T of Guy H. Hooper, deceased | 0.39063 |
| Mildred A. Wright | 0.46875 |
| Laura Kaempf | 0.11719 |
| Hazel Bruggman, Wilbur Enfield and Jessie Faye LaCosta | 0.01953 |
| Bertha M. Rightmire | 0.03906 |
| Kenneth H. Wise | 0.01953 |
| Cecil F. Rooks and Ruby B. Rooks | 0.03906 |
| Howard V. Kratz and Bernice L. Kratz | 0.01953 |
| Edward H. Swasand | 0.03906 |
| Joseph W. McBride and Agnes J. McBride | 0.07813 |
| Lawrence C. Brua | 0.01953 |
| Andrew Berkedal | 0.01953 |
| Myrtle V. Madson | 0.05860 |
| Albert Esten | 0.19531 |
| Edward F. Hindman | 0.15625 |
| Ethel Hard Wring | 0.13199 |
| Frances Hard Kincer | 0.13199 |
| George Hard | 0.13199 |
| Jimmie Sue Hoge | 0.13199 |
| Margaret Hard Clement | 0.13199 |
| Ruby Hard Estate, Frances Hard Kincer, Adm. | 2.18277 |
| Marian Hard | 0.15030 |
| Mary Belle Hard | 0.13199 |
| | <u>12.50000%</u> |

NOTE NO. 4 - OVERRIDING ROYALTY UNDER TRACT NO. 3

| | |
|---|------------------|
| Mabel S. Hooper, Ind. and as extrx. ULW&T of Guy H. Hooper, deceased | 0.195313 |
| Ethel Hard Wring | 0.065994 |
| Frances Hard Kincer | 0.065994 |
| George Hard | 0.065994 |
| Jimmie Sue Hoge | 0.065994 |
| Margaret Hard Clement | 0.065994 |
| Ruby Hard Estate, Frances Hard Kincer, Adm. | 1.091385 |
| Marian Hard | 0.075150 |
| G. H. Vaughn, Jr. and J. C. Vaughn, Tr. U/W G. H. Vaughn | 0.488281 |
| Mary Belle Hard | 0.065994 |
| G. H. Vaughn, Jr. | 0.244141 |
| Jack C. Vaughn | 0.244141 |
| | <u>2.734375%</u> |

3402

CONTINENTAL OIL COMPANY

P. O. BOX 460
HOBBS, NEW MEXICO

PRODUCTION DEPARTMENT
HOBBS DISTRICT

L. P. THOMPSON
DISTRICT MANAGER
G. C. JAMIESON
ASSISTANT DISTRICT MANAGER

1001 NORTH TURNER
TELEPHONE: EX 3-4141

January 27, 1967

Mr. John A. Anderson
U. S. Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Re: Reed-Sanderson Unit
Lea County, New Mexico

Gentlemen:

Forwarded herewith for your information and files are six copies of the Certificate of Unitization (1 original, 5 Xerox copies of recorded instrument), revised Exhibits "A" and "B" and index for the Unit Agreement.

Yours very truly,



LPT-JS
Attach

cc: NMOCC-Santa Fe
Attach - 1 each

351
 CERTIFICATE OF UNITIZATION
 REED-SANDERSON UNIT
 LEA COUNTY, NEW MEXICO
EFFECTIVE DATE - JANUARY 1, 1967

WHEREAS, that certain Unit Agreement for the Development and Operation of the Reed-Sanderson Unit, Lea County, New Mexico, and the Unit Operating Agreement, companion thereto, each dated July 7, 1966, has been executed or ratified by Working Interest Owners sufficiently to commit under Section 14 (Tracts Qualified for Unit Participation) of said Unit Agreement eighty-five percent (85%) (measured by surface area) of the lands comprising the Unit Area; and

WHEREAS, the Director of the United States Geological Survey has approved the said Unit Agreement by executing Certification-Determination No. 14-08-00018822 dated November 23, 1966; and

WHEREAS, the approval of the Oil Conservation Commission of the State of New Mexico has been obtained, as evidenced by its Order No. R-3126 (Case No. 3463) dated October 4, 1966; and

WHEREAS, a fully executed counterpart of said Unit Agreement was on December 5, 1966, filed for record and is recorded in Book 259 at Page 663 of the Miscellaneous Records of Lea County, New Mexico, such recording having been made as expeditiously as possible after its approval and return by the requisite parties; and

WHEREAS, each and every prerequisite to the Unit's effectiveness has now been made, as provided in Section 24 of said Reed-Sanderson Unit Agreement;

NOW, THEREFORE, CONTINENTAL OIL COMPANY, as Unit Operator, does hereby declare and certify to all of the foregoing and that said Unit shall be and is hereby effective as to Tracts 1 through 7, inclusive, described in Exhibit A of said Unit Agreement as of

7 o'clock a.m. on the First Day of January, 1967.

IN WITNESS WHEREOF, this certificate is executed this
6th day of January, 1967, by the undersigned as Unit
Operator, pursuant to Section 24 of said Unit Agreement.

CONTINENTAL OIL COMPANY

By *Albert Hrubetz*
ATTORNEY IN FACT

STATE OF Texas X
COUNTY OF Tarrant X

The foregoing instrument was acknowledged before me this
6th day of January, 1967, by ALBERT HRUBETZ,
ATTORNEY IN FACT of CONTINENTAL OIL COMPANY, a Delaware
corporation, on behalf of said corporation.

A. Decker
Notary Public
County, _____

My Commission expires:

Notary Public in and for the State of Texas
My Commission Expires 1-1-67

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JAN 12 1967

at 1:10 o'clock P. M.
and to 240

By *Jane Rice* Deputy
County clerk

EXHIBIT "B" TO UNIT AGREEMENT
 REED-SANDERSON UNIT, LEA COUNTY, N.M.

| Tract No. | Description of Land | No. of Acres | Serial No. & Exp. Date | Basic Royalty | Record Lessee | Overriding Royalty Owner & Percentage | Working Interest Owner and Percentage | Tract Partition (Percent) |
|--|--|--------------|------------------------|----------------------|--------------------------|---------------------------------------|---|---------------------------|
| (T208-4362) | | | | | | | | |
| 1 | Section 3, Lots 1, 2, 3, 4, 5/2 NW/4, SW/4 | 320.40 | LC 030143(a) HBP | USA 12.5% | J. L. Reed | (See Append. Note #1) | Atl. Richfield 25.0 Chevron Oil Co. 25.0 Continental Oil 25.0 Pan Am. Petro. 25.0 | 62.32538 |
| 1-A | Section 3 SW/4 NE/4 W/2 SE/4 | 120.00 | LC 030143(a) HBP | USA Schedule C | J. L. Reed | ditto | Atl. Richfield 25.0 Chevron Oil Co. 25.0 Continental Oil 25.0 Pan Am. Petro. 25.0 | 9.27388 |
| 1-B | Section 3, Lot 2 | 40.27 | LC 030143(a) HBP | USA Schedule C | J. L. Reed | (See Append. Note #2) | H. S. Moss 100.0 | 9.15632 |
| 2 | Section 4, Lot 1, Section 9, NE/4 NE/4, Section 10, N/2 NW/4 | 160.16 | LC 031622(b) HBP | USA 12.5% | Helen Thompson Sanderson | None | Atl. Richfield 25.0 Chevron Oil Co. 25.0 Continental Oil 25.0 Pan Am. Petro. 25.0 | 8.45343 |
| 2-A | Section 10, NW/4 NE/4 | 40.00 | LC 031622(b) HBP | USA Schedule D | Helen Thompson Sanderson | None | Atl. Richfield 25.0 Chevron Oil Co. 25.0 Continental Oil 25.0 Pan Am. Petro. 25.0 | 2.76396 |
| Five Federal tracts, containing 680.83 acres or 65.41% of the Unit Area | | | | | | | | |
| Five Federal tracts committed containing 680.83 acres or 70.86% of the committed Unit Area | | | | | | | | |
| 3 | Section 4, NE/4 NE/4, NE/4 SE/4 | 80.00 | HBP | (See Append. Note 3) | Atl. Richfield | (See Append. Note #4) | Apco Oil Co. 14.062500 Atl. Richfield 21.484375 Chevron Oil 21.484375 Continental 21.484375 Pan Am. 21.484375 | 2.28076 |

| Tract No. | Description of Land | No. of Acres | Serial No. & Exp. Date | Basic Royalty | Record Lessee | Overriding Royalty Owner & Percentage | Working Int. Owner and Percentage | Tract Partition (Percent) |
|-----------|---|--------------|------------------------|--|---|---|---|--|
| 4 | Section 4, SE/4 SE/4 | 40.00 | HBP | (See Append. Note #5) | Atlantic Richfield Chevron Oil Co. Continental Oil Pan Am. Petroleum | None | Atl. Richfield Chevron Oil Continental Oil Pan Am. Petro. | 1.96218 25.0 25.0 25.0 25.0 |
| 5 | Section 9, SE/4 NE/4 Section 10, SW/4 NW/4 | 80.00 | HBP | (See Append. Note #6) | Atlantic Richfield Chevron Oil Co. Continental Oil Pan Am. Petroleum | Apco 1.17187 J.H.Moore 0.39063 | (See Append. Note #7) | 0.50844 |
| 6 | Section 10, NE/4 SW/4 | 40.00 | HBP | (See Append. Note #8) | Atlantic Richfield Chevron Oil Co. Continental Oil Pan Am. Petroleum | Apco 0.58594 J.H.Moore 0.19531 | (See Append. Note #9) | 0.32388 |
| 7 | Section 10, SE/4 NW/4 | 40.00 | HBP | Bradley Prod. 3.12500% Atlantic Richfield 0.62500% Chase Manhattan Bank 11.87500% Ashland Oil & Refining 3.12500% | Atlantic Richfield Chevron Oil Co. Continental Oil Co. Pan Am. Petroleum | None | Amerada Atl. Richfield Chevron Oil Co. Continental Oil Pan American | 25.0 18.75 18.75 18.75 18.75 2.95127 |
| 8 | Section 10, SW/4 NE/4 NW/4 SE/4 | 80.00 | HBP | Josefa Etcheverry 4.16667% Mary Black 8.333% | F. E. Vosburg | Gulf Oil 6.250 | Two States Oil Key States Oil Herman Crile | (Not Committed) 50.00 37.50 12.50 0.0000 |

Six Patented tracts containing 360.00 acres or 34.59% of the Unit Area
Five Patented tracts committed containing 280.00 acres or 29.14% of the committed Unit Area.
Unit Area contains 1040.83 acres
Committed tracts contain 960.83 acres

APPENDIX TO EXHIBIT "B"

NOTE 1 - OVERRIDING ROYALTY OWNERSHIP UNDER TRACTS NO. 1 AND 1-A

Column A provides for an overriding royalty of 7-1/2% during the period or periods when the average production per well per day is more than 15 barrels on the entire leasehold or any part of the area thereof or any zone segregated for computation of royalties.

Column B provides for an overriding royalty of 5% during the period when the average production per well per day is 15 barrels or less on the entire leasehold or any part of the area or any zone segregated for computation of royalties.

| <u>O.R.R. Owner</u> | <u>Col. A (%)</u> | <u>Col. B (%)</u> |
|--|-------------------|-------------------|
| Roy G. Barton | 0.06250 | 0.04167 |
| Continental Corporation | 0.27300 | 0.18200 |
| Hugh Corrigan | 0.12500 | 0.08333 |
| Rose Eaves Estate, Bess Yearwood, Trustee | 1.00000 | 0.66667 |
| Elizabeth Hannifin | 0.37500 | 0.25000 |
| Donald L. Jones | 0.25390 | 0.16927 |
| Marjorie Cone Kastman, Guardian of the Estate of S. E. Cone | 0.39062 | 0.26042 |
| Harry Leonard Estate | 0.09375 | 0.06250 |
| Mabel F. Leonard Estate | 0.09375 | 0.06250 |
| Mabee Royalties, Inc. | 0.28125 | 0.18750 |
| J. M. Mouser | 0.04167 | 0.02778 |
| Mary Ruth McCrory | 1.00000 | 0.66667 |
| W. T. Reed | 1.00000 | 0.66666 |
| O. L. Nislar | 0.09766 | 0.06510 |
| Hallie Carlton Posey | 0.34766 | 0.23177 |
| Robin Oil Company | 0.72700 | 0.48466 |
| Sabine Royalty Corporation | 0.43750 | 0.29167 |
| Sunshine Royalty Co. | 0.18750 | 0.12500 |
| Hattie Cone Williams | 0.37500 | 0.25000 |
| J. H. Williams | 0.16016 | 0.10677 |
| W. A. Yeager & J. M. Armstrong | 0.17708 | 0.11806 |
| Total | 7.50000 | 5.00000 |

NOTE 2 - OVERRIDING ROYALTY OWNERSHIP UNDER TRACT NO. 1-B

Column A provides for an overriding royalty of 7-1/2% during the period or periods when the average production per well per day is more than 15 barrels on the entire leasehold or any part of the area thereof or any zone segregated for computation of royalties.

Column B provides for an overriding royalty of 5% during the period when the average production per well per day is 15 barrels or less on the entire leasehold or any part of the area or any zone segregated for computation of royalties.

| <u>O.R.R. Owner</u> | <u>Col. A (%)</u> | <u>Col. B (%)</u> |
|--|-------------------|-------------------|
| Roy G. Barton | 0.06250 | 0.04167 |
| Continental Corporation | 0.27300 | 0.18200 |
| Hugh Corrigan | 0.12500 | 0.08333 |
| Rose Eaves Estate, Bess Yearwood, Trustee | 1.00000 | 0.66667 |
| Elizabeth Hannifin | 0.37500 | 0.25000 |
| Donald L. Jones | 0.25390 | 0.16927 |
| Marjorie Cone Kastman, Guardian of the Estate of S. E. Cone | 0.39062 | 0.26042 |
| Harry Leonard Estate | 0.09375 | 0.06250 |
| Mabel F. Leonard Estate | 0.09375 | 0.06250 |
| Mabee Royalties, Inc. | 0.28125 | 0.18750 |
| J. M. Mouser | 0.04167 | 0.02778 |
| Mary Ruth McCrory | 1.00000 | 0.66667 |
| W. T. Reed | 1.00000 | 0.66666 |

NOTE 2 (Continued)

| | | |
|----------------------------------|---------|---------|
| O. L. Nislar | 0.09766 | 0.06510 |
| Hallie Carlton Posey | 0.34766 | 0.23177 |
| Robin Oil Company | 0.72700 | 0.48466 |
| Sabine Royalty Corporation | 0.43750 | 0.29167 |
| Sunshine Royalty Co. | 0.18750 | 0.12500 |
| Hattie Cone Williams | 0.37500 | 0.25000 |
| J. H. Williams | 0.16016 | 0.10677 |
| W. A. Yeager and J. M. Armstrong | 0.17708 | 0.11806 |
| Atlantic Richfield Company | 1.25000 | 1.25000 |
| Chevron Oil Company | 1.25000 | 1.25000 |
| Continental Oil Company | 1.25000 | 1.25000 |
| Pan American Petroleum Corp. | 1.25000 | 1.25000 |

NOTE NO. 3 - BASIC ROYALTY UNDER TRACT NO. 3

| | |
|--|---------|
| Alfred E. Cooper | 0.03906 |
| G. H. Vaughn, Jr., and J. C. Vaughn, Trustees U/W of G. H. Vaughn | 0.97656 |
| June D. Speight | 1.36719 |
| Lou Salter Cooper Allan | 0.03906 |
| G. H. Vaughn, Jr. | 0.48828 |
| Jack C. Vaughn | 0.48828 |
| Margaret K. Hunker | 0.19531 |
| Estate of Frank Hewes | 0.19631 |
| Jim Hewes Estate | 1.75781 |
| Charles B. Read | 0.39063 |
| Lee Carter | 1.56250 |
| John H. Ware | 0.19531 |
| Mabel E. Hooper, Ind. and as extrx. ULW &T of Guy H. Hooper, deceased | 0.39063 |
| Mildred A. Wright | 0.46875 |
| Laura Kaempf | 0.11719 |
| Hazel Bruggman, Wilbur Enfield and Jessie Faye LaCosta | 0.01953 |
| Bertha M. Rightmire | 0.03906 |
| Kenneth H. Wise | 0.01953 |
| Cecil F. Rooks and Ruby B. Rooks | 0.03906 |
| Howard V. Kratz and Bernice L. Kratz | 0.01953 |
| Edward H. Swasand | 0.03906 |
| Joseph W. McBride and Agnes J. McBride | 0.07813 |
| Lawrence C. Brua | 0.01953 |
| Andrew Berkedal | 0.01953 |
| Myrtle V. Madson | 0.05860 |
| Albert Esten | 0.19531 |
| Edward F. Hindman | 0.15625 |
| Ethel Hard Wring | 0.13199 |
| Frances Hard Kincer | 0.13199 |
| George Hard | 0.13199 |
| Jimmie Sue Hoge | 0.13199 |
| Margaret Hard Clement | 0.13199 |
| Ruby Hard Estate, Francis Hard Kincer, Adm. | 2.18277 |
| Marian Hard | 0.15030 |
| Mary Belle Hard | 0.13199 |

12.50000%

NOTE NO. 4 - OVERRIDING ROYALTY UNDER TRACT NO. 3

| | |
|---|----------|
| Mabel S. Hooper, Ind. and as extrx. ULW&T of Guy H. Hooper, deceased | 0.195313 |
| Ethel Hard Wring | 0.065994 |
| Frances Hard Kincer | 0.065994 |
| George Hard | 0.065994 |
| Jimmie Sue Hoge | 0.065994 |
| Margaret Hard Clement | 0.065994 |
| Ruby Hard Estate, Frances Hard Kincer, Adm. | 1.091385 |
| Marian Hard | 0.075150 |
| G. H. Vaughn, Jr. and J. C. Vaughn, Tr. U/W G. H. Vaughn | 0.488281 |
| Mary Belle Hard | 0.065994 |
| G. H. Vaughn, Jr. | 0.244141 |
| Jack C. Vaughn | 0.244141 |

2.734375%

NOTE NO. 5 - BASIC ROYALTY UNDER TRACT NO. 4

| | |
|-----------------------------|-------------------|
| Main Street Holding Company | 6.250000 |
| J. Hiram Moore | 1.562500 |
| Charles B. Read | 0.390625 |
| H. Dillard Schenck | 0.390625 |
| J. E. Simmons | 0.781250 |
| June D. Speight | 3.125000 |
| | <u>12.500000%</u> |

NOTE NO. 6 - ROYALTY INTEREST UNDER TRACT NO. 5

| | |
|-----------------------|------------------|
| Tenneco Oil Company | 6.25000 |
| Sunshine Royalty Co. | 6.25000 |
| T. J. Jefferies | 2.34376 |
| Elizabeth Woolworth | 1.30208 |
| May Woolworth | 1.62760 |
| W. M. Beauchamp | 3.12500 |
| Martha Watkins Harris | 0.32552 |
| Myrtle Dean Watkins | 0.32552 |
| Mrs. Clyde W. Miller | 0.32552 |
| | <u>21.87500%</u> |

NOTE NO. 7 - WORKING INTEREST OWNERSHIP UNDER TRACT NO. 5

| | |
|------------------------------------|-------------------|
| Apco Oil Company | 34.37500 |
| Atlantic Richfield Company | 15.62500 |
| Chevron Oil Company | 15.62500 |
| Continental Oil Company | 15.62500 |
| J. H. Moore | 3.12500 |
| Pan American Petroleum Corporation | 15.62500 |
| | <u>100.00000%</u> |

NOTE NO. 8 - BASIC ROYALTY UNDER TRACT NO. 6

| | |
|--------------------------------|------------------|
| Ashland Oil & Refining Company | 1.56250 |
| Bradley Production Corporation | 1.56250 |
| T.J. Jefferies | 1.17188 |
| Tenneco Oil Company | 3.12500 |
| H. L. Lowe | 1.56250 |
| Sunshine Royalty Company | 3.12500 |
| Atlantic Richfield Company | 0.31250 |
| The Chase Manhattan Bank | 5.93750 |
| Martha Watkins Harris | 0.16276 |
| Myrtis Dean Watkins | 0.16276 |
| Mrs. Clyde W. Miller | 0.16276 |
| Elizabeth Woolworth | 0.65104 |
| May Woolworth | 0.81380 |
| | <u>20.31250%</u> |

NOTE NO. 9 - WORKING INTEREST UNDER TRACT NO. 6

| | |
|------------------------------------|-------------------|
| Amerada Oil Corporation | 12.50000 |
| Apco Oil Corporation | 4.68750 |
| Atlantic Richfield Company | 17.18750 |
| Chevron Oil Company | 17.18750 |
| Continental Oil Company | 17.18750 |
| H. L. Lowe | 12.50000 |
| J. H. Moore | 1.56250 |
| Pan American Petroleum Corporation | 17.18750 |
| | <u>100.00000%</u> |

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

October 4, 1966

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 3463
Order No. 3461
Applicant: R-3126 & R-3130
Continental and Cities Ser.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,


A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER Mrs. Rhea



CONTINENTAL OIL COMPANY

P. O. BOX 460
HOBBS, NEW MEXICO

PRODUCTION DEPARTMENT
HOBBS DISTRICT
L. P. THOMPSON
DISTRICT MANAGER
G. C. JAMIESON
ASSISTANT DISTRICT MANAGER

August 26, 1966

1001 NORTH TURNER
TELEPHONE: EX 3-4141

Case 3463

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

Attention of Mr. A. L. Porter, Jr., Secretary-Director

Re: Application for Approval of
Reed-Sanderson Unit and
Waterflood

Gentlemen:

Attached herewith are three copies of Continental Oil Company's application for approval of the Reed-Sanderson Unit Agreement and for authority to install a waterflood. We are attaching the unit agreement to only one copy of the application in order to avoid excessive bulk. Additional copies of this agreement will be available at the hearing.

Please set this matter for hearing at the earliest Examiner Hearing date.

Yours very truly,

V. T. Lyon
V. T. LYON

VTL-JS
Attach
cc: State Engineer
Capitol Building
Santa Fe, New Mexico

RGP GW JWK
Attach

DOCKET MAILED

Date 9-15-66