

88% of WI have notified
 95% of ~~the~~ has notified.
 (good tentative agreement)

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO. <u>2</u>	
CASE NO. <u>3683-3684</u>	

UNIT AGREEMENT

STUART LANGLIE-MATTIX UNIT

LEA COUNTY, NEW MEXICO

I N D E X

<u>SECTION</u>	<u>PAGE</u>
1	Enabling Act and Regulations 2
2	Unit Area and Definitions 2
3	Exhibits 4
4	Expansion 4
5	Unitized Land and Unitized Substances 5
6	Unit Operator 5
7	Resignation or Removal of Unit Operator 5
8	Successor Unit Operator 6
9	Accounting Provisions and Unit Operating Agreement 6
10	Rights and Obligations of Unit Operator 7
11	Plan of Operations 7
12	Easements or Use of Surface 8
13	Tract Participation 8
14	Tracts Qualified for Unit Participation 9
15	Allocation of Unitized Substances 10
16	Royalty Settlement 12
17	Rental Settlement 13
18	Conservation 13
19	Drainage 13
20	Leases and Contracts Conformed and Extended 13
21	Mathematical Errors 15
22	Covenants Run with Land 15
23	Effective Date and Term 15
24	Rate of Prospecting, Development and Production 16
25	Nondiscrimination 17
26	Appearances 17
27	Notices 17
28	No Waiver of Certain Rights 17
29	Unavoidable Dealy 17
30	Loss of Title 18
31	Nonjoinder and Subsequent Joinder 18
32	Counterparts 19
33	Taxes 20
34	Conflict of Supervision 20
35	No Partnership 20
36	Production as of the Effective Date 20
37	Border Agreement 21

EXHIBIT "A" (Map of Unit Area)

EXHIBIT "B" (Schedule of Ownership)

61
FEDERAL BUREAU OF INVESTIGATION
EXHIBIT NO. _____
CASE NO. _____

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
STUART LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO
NO. _____

THIS AGREEMENT, entered into as of the _____ day of _____, 196___, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "Parties hereto",

W I T N E S S E T H :

WHEREAS, the parties hereto are the owners of working, royalty or other oil or gas interests in the Unit Area subject to this Agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943 as amended by Sec. 1 of Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 39, N.M.S. 1963 anno) to consent to or approve this Agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws of 1943, as amended by Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, N.M.S. 1953 anno) to amend with the approval of the lessee, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such unitized development and operation of State lands; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by law (Chap. 72, Laws of 1935, as amended by Chap. 193, Laws of 1937, Chap. 166, Laws of 1941, and Chap. 168, Laws of 1949) to approve this Agreement, and the conservation provisions hereof; and

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

WHEREAS, the parties hereto hold sufficient interests in the Stuart Langlie-Mattix Unit Area, covering the land hereinafter described

to give reasonably effective control of operation therein; and

WHEREAS, it is the purpose of the parties hereto to enable institution and consummation of secondary recovery operations, conserve natural resources, to prevent waste and secure the other benefits obtainable through development and operation of the area subject to this Agreement under the terms, conditions and limitations herein set forth.

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this Agreement their respective interests in the below defined Unit Area, and agree severally among themselves as follows:

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

SECTION 2. UNIT AREA AND DEFINITIONS. For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

(a) The area described by tracts in Exhibit "B" and depicted on Exhibit "A" attached hereto is hereby designated and recognized as constituting the Unit Area, and is described as follows:

LEA COUNTY, NEW MEXICO

T. 25 S., R. 37 E.

Section 2: Lot 4, S/2 NW/4 and SW/4

Section 3: E/2 E/2

Section 10: N/2 and N/2 S/2

Section 11: NW/4 NE/4 and NW/4

containing 1,120.36 acres, more or less.

(b) "Land Commissioner" is defined as the Commissioner of Public Land of the State of New Mexico.

(c) "Commission" is defined as the Oil Conservation Commission of the State of New Mexico.

(d) "Director" is defined as the Director of the United States Geological Survey.

(e) "Secretary" is defined as the Secretary of the Interior of the United States of America or any other person duly authorized to exercise the powers vested in that office.

(f) "Department" is defined as the Department of the Interior of the United States of America.

(g) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey for the region in which the Unit Area is situated.

(h) "Unitized Formation" means that interval underlying the Unit Area which is productive of Unitized Substances and the vertical limits of which extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore

found to occur in Gulf Oil Corporation's J. A. Stuart No. 9 well (located 330' FNL and FEL Section 10, Township 25 South, Range 37 East, Lea County, New Mexico) at an indicated depth of from 3104 feet to 3518 feet, as recorded on the Schlumberger Gamma Ray-Sonic log taken January 1, 1964, said log being measured from a Kelly bushing elevation of 3137 feet above sea level.

(i) "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.

(j) "Unit Participation" of a Working Interest Owner as used herein shall mean the sum of the Tract Participations of such Working Interest Owner, either Primary Phase or Secondary Phase, whichever is pertinent, as shown by Tracts for each such Working Interest Owner in Exhibit "B" to this Agreement.

(k) "Working Interest" is defined as the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership of mineral fee simple title, under an oil and gas lease, or otherwise held.

(l) "Working Interest Owner" is defined as and shall mean any party hereto owning a Working Interest, including a carried Working Interest Owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise, which interest is chargeable with and obligated to pay or bear, either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing and producing the Unitized Substances and operations hereunder.

(m) "Royalty Interest" or "Royalty" is defined as an interest other than a Working Interest in or right to receive a portion of the Unitized Substances or the proceeds thereof and includes the royalty interest reserved by the lessor by an oil and gas lease and any overriding royalty interest, oil payment interest, net profit contracts, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(n) "Royalty Owner" is defined as and shall mean the owner of a Royalty Interest.

(o) "Unit Operating Agreement" is defined as and shall mean any agreement or agreements (whether one or more entered into separately or collectively) by and between the Unit Operator and the Working Interest Owners as provided in Section 9, infra, and shall be styled "Unit Operating Agreement, Stuart Langlie-Mattix Unit, Lea County, New Mexico".

(p) "Unit Manager" is defined as the person or corporation appointed by the Unit Working Interest Owners to perform the duties of the Unit Operator until the selection and qualification of a successor Unit Operator as provided for in Section 8 hereof.

(q) "Paying Quantities" is defined as production of Unitized Substances in quantities sufficient to pay for the cost of producing same from wells on the unitized land.

(r) "Primary Phase of Operations" is defined as the status of operations during the period that Unitized Substances are produced from the Unit Area from the effective date of this Agreement until 7:00 o'clock a.m. the first day of the calendar month next following the month in which 170,000 barrels of oil minus the gross oil production from September 1, 1965 to the effective date of this Agreement have been produced from the Unitized Formation. The Primary Phase, being predicated upon 100% commitment of the Unit Area, shall be subject to correction to coincide with the Primary Phase of the unitized portion of the reservoir in event of the non-commitment of any tract. For the purposes of this definition the Operator's Monthly Reports, Form C-115, filed with the New Mexico Oil Conservation Commission shall be deemed the controlling evidence of the production of 170,000 barrels of oil after September 1, 1965.

(s) "Secondary Phase of Operations" is defined as the status of operations for the remainder of the term of this Agreement after the Primary Phase has been completed.

(t) "Tract" is defined as each parcel of land described as such and given a tract number in Exhibit "B".

SECTION 3. EXHIBITS. Exhibit "A" attached hereto is a map showing the Unit Area and the boundaries and identity of tracts and leases in said Unit Area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing, to the extent known to the Unit Operator, the acreage comprising each tract, percentage ownership of each Working Interest Owner in each tract, and the percentage of participation each tract has during Phases I and II in the Unit Area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes render such revision necessary or when requested by the Supervisor or the Commissioner, and at least two copies of such revision shall be filed with the Land Commissioner and not less than four copies thereof shall be filed with the Supervisor as required.

SECTION 4. EXPANSION. The Unit Area may when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this Agreement. Such expansion shall be effected in the following manner:

(a) The Working Interest Owner or Owners of a tract or tracts desiring to bring such tract or tracts into this Unit, shall file an application therefor with Unit Operator requesting such admission.

(b) Unit Operator shall circulate a notice to each Working Interest Owner of the proposed expansion, setting out the basis for admission, the unit participation to be assigned to such tract or tracts, and other pertinent data. After negotiation (at Working Interest Owners' meeting or otherwise) if at least three Working Interest Owners having in the aggregate eighty percent (80%) Secondary Phase Participation have agreed to such tract or tracts being brought into the Unit, then Unit Operator shall:

(1) After preliminary concurrence by the Director and the Land Commissioner prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefor, the basis for admission of the additional tract or tracts, the Primary and Secondary Phase Participations to be assigned thereto and the proposed effective date thereof; and

(2) Deliver copies of said notice to the Land Commissioner, the Supervisor, each Working Interest Owner and to the lessee and lessor whose interests are affected, advising such parties that thirty (30) days will be allowed for submission to the Unit Operator of any objection to such proposed expansion; and

(3) File, upon the expiration of said thirty (30) day period as set out in (2) immediately above with the Land Commissioner and Supervisor the following: (a) Evidence of mailing or delivering copies of said notice of expansion; (b) An application for such expansion; (c) An instrument containing the appropriate joinders reflecting the qualifications of the new tract in the same manner required for the qualification of tracts under

Section 14, hereof; and (d) Copies of any objections received.

The expansion shall, after due consideration of all pertinent information and approval by the Land Commissioner, the Commission, and the Director, become effective as of the date prescribed in the notice thereof, preferably the first day of a month subsequent to the date of notice or on such other date as set by the Land Commissioner, the Commission, and the Director in the order or instrument approving such expansion. In any approved expansion of the Unit Area, the revised Tract Participations of those Tracts which were committed prior to each such expansion shall remain in the same ratio one to another.

SECTION 5. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this Agreement shall constitute land referred to herein as "Unitized Land" or "Land subject to this Agreement". All oil and gas in the Unitized Land produced from the Unitized Formations are called "Unitized Substances". Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any formation other than the Unitized Formation as above described.

SECTION 6. UNIT OPERATOR. Gulf Oil Corporation is hereby designated the Unit Operator, and by signing this instrument as Unit Operator it agrees and consents to accept the duties and obligations of Unit Operator for the operation, development and production of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, and the term "Working Interest Owner" when used herein shall include or refer to the Unit Operator as the owner of a Working Interest when such an interest is owned by it.

SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Land Commissioner and the Director, and until all unit wells are placed in a condition satisfactory to the Supervisor and the Commissioner for suspension, abandonment, or operations, whichever is intended by the unit manager, unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

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

The Unit Operator shall, upon default or failure in the performance of its duties or obligations hereunder, or for any other cause, be subject to removal by two or more of the committed Working Interest Owners having in the aggregate eighty percent (80%) or more Unit Participation for the Secondary Phase of Operations exclusive of the Working Interest Owner who

is the Unit Operator. Such removal shall be effective upon notice thereof to the Land Commissioner and the Director.

In all such instances of effective resignation or removal, until a successor to Unit Operator is selected and approved as hereinafter provided, the Working Interest Owners shall be jointly responsible for the performance of the duties of the Unit Operator and shall, not later than thirty (30) days before such resignation or removal becomes effective, appoint a Unit Manager to represent them in any action to be taken hereunder.

The resignation or removal of Unit Operator under this Agreement shall not terminate its rights, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, books, and records, materials, appurtenances and any other assets, used in connection with the Unit operations and owned by the Working Interest Owners to the new duly qualified successor Unit Operator or to the Unit Manager if no such new Unit Operator is elected, to be used for the purpose of conducting Unit operations hereunder. Nothing herein shall be construed as authorizing the removal of any material, equipment or appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator who resigns or is removed hereunder for any liability or duties accruing or performable by it prior to the effective date of such resignation or removal.

SECTION 8. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator as herein provided. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Land Commissioner and filed with the Supervisor. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the Land Commissioner and the Director, at their election, may declare this Agreement terminated.

In selecting a successor Unit Operator the affirmative vote of three or more Working Interest Owners having a total of sixty percent (60%) or more of the total Voting Interest in the Unit shall prevail, provided that if any one Working Interest Owner has a voting interest of more than forty percent (40%), its negative vote or failure to vote shall not be regarded as sufficient unless supported by the vote of one or more other Working Interest Owners having a combined voting interest of at least five percent (5%). If the Unit Operator who is removed votes only to succeed itself or fails to vote, the successor Unit Operator may be selected by the affirmative vote of at least fifty-one percent (51%) of the voting interest remaining after excluding the voting interest of Unit Operator so removed. In voting under this Section 8 each Working Interest Owner shall have a Voting Interest equal to its Secondary Phase Participation.

SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT.

Costs and expenses incurred by Unit Operator in conducting unit

operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement. Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other independent contracts and such other rights and obligations as between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Agreement, and in case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement, this Unit Agreement shall prevail. Two true copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Land Commissioner and three true copies thereof shall be filed with the Supervisor prior to approval of this Agreement.

SECTION 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Upon request acceptable evidence of title to said rights shall be deposited with said Unit Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. PLAN OF OPERATIONS. It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances in paying quantities and that the object and purpose of this Agreement is to formulate and to put into effect a secondary recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve natural resources. The parties hereto agree that the Unit Operator may, subject to the consent and approval of a plan of operation by the Working Interest Owners, the Supervisor, the Land Commissioner and the Commission, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil and any one or more other substances or combination of substances whether produced from the Unitized Formation or not, and that the location of input wells and the rates of injection therein and the rate of production shall be governed by standards of good geologic and petroleum engineering practices and conservation methods. After commencement of secondary operations, Unit Operator shall furnish the Commissioner and the

Supervisor monthly injection and production reports for each well in the Unit. The Working Interest Owners, the Commissioner and the Supervisor shall be furnished periodic reports on the progress of the plan of operation and any revisions or changes thereto necessary to meet changed conditions or to protect the interests of all parties to this agreement, which revisions and changes shall be subject to approval by the Commission, the Commissioner and the Supervisor. Subject to like approval the Plan of Operation may be revised as conditions may warrant.

The initial plan of operation shall be filed for approval with the Supervisor, the Land Commissioner and the Commission concurrently with the filing of this Unit Agreement for final approval. Said initial plan of operation and all revisions thereof shall be as complete and adequate as the Supervisor, the Land Commissioner and the Commission may determine to be necessary for timely operation consistent herewith. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of operation. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for like approval a plan for an additional specified period of operation.

SECTION 12. EASEMENTS OR USE OF SURFACE. The parties hereto, to the extent of their rights and interest, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may reasonably be necessary for unit operations, including the free use of water from the Unit Area for unit operations, insofar as such rights are granted by the oil and gas leases.

SECTION 13. TRACT PARTICIPATION. In Exhibit "B" attached hereto, there are listed and numbered the various tracts within the Unit Area and set forth opposite each tract are figures calculated and determined in accordance with the factors set forth in this section which represent the percentage of participation allocated to each tract in the Unit Area during the Primary and Secondary Phases of Operations, respectively, as those terms are defined herein.

Beginning at 7:00 a.m. on the effective date hereof and until 7:00 a.m. on the first day of the month next following the date when cumulative oil production from all of the tracts described in Exhibit "B" from the Unitized Formation, subsequent to September 1, 1965 equals 170,000 barrels, the participation of each tract shall be equal to one hundred percent (100%) of the ratio of the total income inclusive of gas production from each such tract to the total income inclusive of gas production from all such tracts during the period from July 1, 1964 to January 1, 1965 as approved by the Working Interest Owners and as stipulated under the Primary Phase Participation of Exhibit "B". For purposes of determining when the 170,000 barrels of oil has been produced in reference to this provision the Operators' Monthly Production Report, Form C-115, on file with the New Mexico Oil Conservation Commission shall be deemed the controlling evidence.

Beginning at 7:00 a.m. on the first day of the month following the date when the 170,000 barrels referred to immediately above shall have been

produced, the participation of each tract shall be based ninety percent (90%) on the ratio which the total cumulative oil production from each such tract as of January 1, 1965 bears to the cumulative oil production from all such tracts as of January 1, 1965, and ten percent (10%) on the ratio which the total number of surface acres contained in each such tract bears to the number of surface acres contained in all such tracts.

In the event less than all tracts are qualified for participation on the effective date hereof, the Primary and Secondary Phase Participations shall be calculated on the basis of all qualified tracts rather than all tracts in the Unit Area as proposed herein, and the 170,000 barrels required to be produced subsequent to September 1, 1965 before Secondary Phase of Operations becomes effective shall likewise be reduced by multiplying the 170,000 barrels by the sum of the qualified tract Primary Phase Participations expressed as a decimal.

SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the effective date hereof the tracts within the Unit Area which shall be entitled to participate in the production of Unitized Substances therefrom shall be those tracts more particularly described in Exhibit "B" that corner or have a common boundary (tracts separated only by a public highway or a railroad right of way shall be considered to have a common boundary), and that otherwise qualify as follows:

(a) Each tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest therein have become parties to this Agreement and as to which Royalty Owners owning seventy-five percent (75%) or more of the Royalty Interest therein have become parties to this Agreement.

(b) Each tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest therein have become parties to this Agreement, and as to which Royalty Owners owning less than seventy-five percent (75%) of the Royalty Interest therein have become parties to this Agreement, and as to which (1) all working interest owners in such tract have joined in a request for the inclusion of such tract to this agreement, and as to which (2) seventy-five percent (75%) of the combined Secondary Phase voting interests of Working Interest Owners in all tracts that meet the requirements of Section 14 (a) above have voted in favor of the inclusion of such tract. For the purpose of this Section 14 (b), the voting interest of a Working Interest Owner shall be equal to the ratio that its Secondary Phase Participation attributable to tracts which qualify under Section 14 (a) bears to the total Secondary Phase Participation of all Working Interest Owners attributable to all tracts which qualify under Section 14 (a).

(c) Each tract as to which Working Interest Owners owning less than one hundred percent (100%) of the working interest therein have become parties to this agreement, regardless of the percentage of Royalty Interest therein that is committed hereto, and as to which (1) the Working Interest Owner who operates the tract and all other Working Interest Owners in such tract who have become parties to this agreement have joined in a request for inclusion of such tract, and have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other Working Interest Owners in the Unit Area, their successors and assigns, against all claims and demands that may be made by the owners of working interests in such tract who are not parties to this Agreement, and which arise out of the inclusion of the tract; and as to which (2) seventy-five percent (75%) of the combined voting interest of the Working Interest Owners in all tracts that meet the requirements of Section 14 (a) and 14 (b) have voted in

favor of the inclusion of such tract and to accept the indemnity agreement. For the purpose of this Section 14 (c), the voting interest of each Working Interest Owner shall be equal to the ratio that its Secondary Phase Participation attributable to tracts that qualify under Sections 14 (a) and 14 (b) bears to the total Secondary Phase Participation of all other Working Interest Owners attributable to all tracts that qualify under Sections 14 (a) and 14 (b). Upon the qualification of such a tract, the Tract Participations under either the Primary or Secondary Phase of operations which would have been attributed to the non-subscribing owners of the working interest in such tract, had they become parties to this Agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such tract who have become parties to such agreements in proportion to their respective working interests in the tract.

As the objective of this Unit Agreement is to have lands in the Unit Area operated and entitled to participation under the terms hereof, it is agreed that, notwithstanding anything else herein, no joinder shall be considered a commitment to this Unit Agreement unless the tract involved is qualified under Section 14 hereof, Tracts Qualified for Participation. The record interest shall supplant the royalty interest with respect to federal lands for the purposes of this section.

If on the effective date of this Agreement there is any tract or tracts which have not been committed as above provided, then such tract or tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this Agreement for final approval by the Land Commissioner and the Director, file therewith a schedule of those tracts which have been committed and made subject to this Agreement and are entitled to participate in the production from the Unit Area hereunder. Said schedule shall set forth opposite each such committed tract the lease number or assignment number, the owner of record of the lease, and the percentage participation of such tract which shall be computed according to the participation formula set out in Section 13 (Tract Participation) above. This schedule of participation shall be a part of Exhibit "B" of this Agreement and shall govern the allocation of production of Unitized Substances until a new schedule is approved by the Land Commissioner and the Supervisor.

SECTION 15. ALLOCATION OF UNITIZED SUBSTANCES. All United Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices as concerns the unitized formation on unitized land for drilling, operating, camp, and other production or development purposes and for pressure maintenance or unavoidable loss) shall be apportioned among and allocated to the committed tracts within the Unit Area in accordance with the respective tract participation effective hereunder during the respective periods such Unitized Substances were produced, as set forth in the schedule of participation in Exhibit "B". The amount of Unitized Substances so allocated to each tract, and only that amount, (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any on such tract) shall, for all intents, uses and purposes, be deemed to have been produced from such tract.

The Unitized Substances allocated to each tract shall be distributed among, or accounted for, to the parties executing, consenting to or ratifying this Agreement entitled to share in the production from such tract in the same manner, in the same proportions, and upon the same conditions, as they would have participated and shared in the production from such tracts, or in the proceeds thereof, had this Agreement not been entered into; and with the same legal force and effect.

No tract committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances, and nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the joinder of any tract.

If the Working Interest or Royalty Interest in any tract, on or after the effective date hereof, is divided with respect to separate parcels or portions of such tract and owned severally by different persons, the percentage participation assigned to such tract shall, in the absence of a recordable instrument executed by all owners and furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

The Unitized Substances allocated to each tract shall be delivered in kind to the respective Working Interest Owners and parties entitled thereto by virtue of the ownership of oil and gas rights therein or by purchase from such owners. Each Working Interest Owner and the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose on unitized land, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Subject to Section 16, Royalty Settlement, hereof, any extra expenditure incurred by Unit Operator by reason the delivery in kind of any portion of the Unitized Substances shall be borne by the party receiving the same in kind. In the event any party hereto shall fail to take or otherwise adequately dispose of its proportionate share of the Unitized Substances currently as and when produced, then so long as such conditions continue, Unit Operator, for the account and at the expense of such party and in order to avoid curtailing the operation of the Unit Area, may sell or otherwise dispose of such production to itself or others on a day-to-day basis at not less than the prevailing market price in the area for like production, and the account of such party shall be charged therewith as having received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any other party's share of gas production without first giving such other party sixty (60) days' notice of such intended sale.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator,

shall be responsible for the payment of all Royalty on the lease or leases and tracts contributed by it and received into the Unit, and each such party shall hold each other party hereto harmless against all claims, demands and causes of action for such Royalty on the lease or leases and tracts contributed by it to the Unit Area.

If, after the effective date of this Agreement, there is any tract or tracts that are subsequently committed hereto, as provided in Section 4 (Expansion) hereof, or any tract or tracts within the Unit Area not committed hereto as of the effective date hereof but which are subsequently committed hereto under the provisions of Section 31 (Nonjoinder and Subsequent Joinder), or if any tract is excluded from the Unit Area as provided for in Section 30 (Loss of Title), the schedule of participation as shown in Exhibit "B", subject to Section 13 (Tract Participation) or Section 31 (Nonjoinder and Subsequent Joinder), whichever is appropriate, shall be revised by the Unit Operator and distributed to the Working Interest Owners, the Land Commissioner, and the Supervisor to show the new percentage participation of all the then effectively committed tracts; and the revised Exhibit "B", upon approval by the Land Commissioner and the Supervisor, shall govern all the allocation of production from and after the effective date thereof until a new schedule is filed and approved by the Land Commissioner and the Supervisor.

SECTION 16. ROYALTY SETTLEMENT. The State of New Mexico and the United States of America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the substances produced from any tract unitized hereunder, shall continue to be entitled to such right to take in kind their share of the Unitized Substances allocated to such tract, and Unit Operator shall make deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for Royalty Interest not taken in kind shall be made by Working Interest Owners responsible therefor under existing contracts, laws and regulations, on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any Royalty due under their leases, except that such Royalty shall be computed in accordance with the terms of this Unit Agreement.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all Unitized Substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rate specified in the respective Federal leases or at such lower rate or rates as may be authorized by law or regulation; provided, that for leases on which the royalty rate depends on the daily average production per well, such average production shall be determined in accordance with the operating regulations as though the unitized lands were a single consolidated lease.

If the amount of production or the proceeds thereof accruing to any Royalty Owner (except the United States of America) in a tract depends

upon the average production per well or the average pipeline run per well from such tract during any period of time, then such production shall be determined from and after the effective date hereof by dividing the quantity of Unitized Substances allocated hereunder to such tract during such period of time by the number of wells located thereon capable of producing as of the effective date hereof.

All Royalty due the State of New Mexico and the United States of America and the other Royalty Owners hereunder shall be computed and paid on the basis of all Unitized Substances allocated to the respective tract or tracts committed hereto, in lieu of actual production from such tract or tracts.

Each Royalty Owner (other than the State of New Mexico and the United States of America) that ratifies this Agreement represents and warrants that he is the owner of a Royalty Interest in a tract or tracts within the Unit Area as his interest appears in Exhibit "B" attached hereto. If any Royalty Interest in a tract or tracts should be lost by title failure or otherwise in whole or in part, during the term of this Agreement, then the Royalty Interest of the party representing himself to be the owner thereof shall be reduced proportionately and the interest of all parties shall be adjusted accordingly.

SECTION 17. RENTAL SETTLEMENT. Rentals or minimum royalties due on leases committed hereto shall be paid by Working Interest Owners responsible therefor under existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof, due under their leases. Rental for lands of the State of New Mexico subject to this Agreement shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or minimum royalty for lands of the United States of America subject to this Agreement shall be paid at the rate specified in the respective leases from the United States of America, unless rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 18. CONSERVATION. Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to Federal and State laws and regulations.

SECTION 19. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from unitized land by wells on land not subject to this Agreement.

SECTION 20. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this Agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Land Commissioner, respectively, shall and by their approval hereof, or by the approval hereof

by their duly authorized representatives, do hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this Agreement.

Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

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

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

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

(d) Each lease, sublease, or contract relating to the exploration, drilling, development or operation for oil and gas which by its terms might expire prior to the termination of this Agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the term of this Agreement.

(e) Termination of this Agreement shall not affect any lease which, pursuant to the terms thereof or any applicable laws, shall continue in force and effect thereafter.

(f) Any lease which is made subject to this Agreement, shall continue in force beyond the term provided therein as to the lands committed hereto as long as such lands remain subject hereto.

(g) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto, shall be segregated as to the portion committed and that portion not committed, and the terms of such lease shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this Agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease (whether within or without the Unit Area), (i) if, and for so long as oil or gas is capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this Agreement; or (ii) if, and for so long as some part of the lands embraced in such State lease are allocated Unitized Substances, or (iii) if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein and for so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all the lands embraced therein, as provided in (i) and (ii) above.

(h) The segregation of any Federal lease committed to this Agreement is governed by the following provision in the fourth paragraph of Section 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2,

1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization; Provided, however, that any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

SECTION 21. MATHEMATICAL ERRORS. It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical or clerical errors which might exist in the pertinent exhibits to this Agreement upon approval by the Land Commissioner and the Supervisor.

SECTION 22. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

SECTION 23. EFFECTIVE DATE AND TERM. This Agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of 7:00 o'clock a.m. of the first day of the calendar month next following:

(a) The execution or ratification of this Agreement and the Unit Operating Agreement by Working Interest Owners owning a combined Secondary Phase Unit Participation of at least eighty-five percent (85%), and the execution or ratification of the Agreement by Royalty Owners owning a combined interest of at least sixty-five percent (65%) of the Royalty Interest, in said Unit Area; and

(b) The approval of this Agreement by the Land Commissioner, the Director or his duly authorized representative, and the Commission; and

(c) The filing of at least one counterpart of this Agreement for record in the office of the County Clerk of Lea County, New Mexico, by the Unit Operator; and provided, further, that if (a), (b) and (c) above are not accomplished on or before January 1, 1968, this Agreement shall ipso facto expire on said date (hereinafter called "expiration date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Secondary Phase Unit Participation of at least eighty percent (80%), and the Working Interest Owners owning a combined Secondary Phase Unit Participation of at least sixty-five percent (65%) committed to this Agreement have decided to extend said expiration date for a period not to exceed six (6) months (hereinafter called "extended expiration date"). If said expiration

date is so extended and (a), (b) and (c) are not accomplished on or before said extended expiration date, this Agreement shall ipso facto expire on said extended expiration date and thereafter be of no further force and effect.

Unit Operator shall, within thirty (30) days after the effective date of this Agreement, file for record in the office where a counterpart of this Agreement is recorded, a certificate to the effect that this Agreement has become effective according to its terms and stating further the effective date.

The term of this Agreement shall be for and during the time that Unitized Substances are or can be produced in paying quantities from the Unit Area and so long thereafter as drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, and so long thereafter as such unitized substances can be produced as aforesaid. Termination under this paragraph shall be effective as of the first day of the month after the Unit Operator determines, on confirmatory data satisfactory to Director, that the unit is no longer paying.

This Agreement may be terminated at any time with the approval of the Land Commissioner and the Director by Working Interest Owners owning at least seventy-five percent (75%) Secondary Phase Unit Participation whenever such Working Interest Owners determine that Unit Operations are no longer feasible or in the interest of conservation. Notice of any such termination shall be given by Unit Operator to all parties hereto.

Upon termination of this Agreement, the further development and operation of the Unit Area as a Unit shall be abandoned, Unit Operations shall cease, and thereafter the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate tracts.

If not otherwise covered by the leases unitized under this Agreement, Royalty Owners hereby grant Working Interest Owners a period of six months after termination of this Agreement in which to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit Operations.

SECTION 24. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development to alter or modify the quantity and rate of production under this Agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Land Commissioner and as to any lands of the

State of New Mexico or privately-owned lands subject to this Agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

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

SECTION 25. NONDISCRIMINATION. In connection with the performance of work under this Agreement, the Unit Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246, (30 F.R. 12319), which are hereby incorporated by reference in this Agreement.

SECTION 26. APPEARANCES. Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Land Commissioner, the Department, and the Commission, and to appeal from any order issued under the rules and regulations of the Land Commissioner, the Department, or the Commission, or to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Land Commissioner, the Department, or the Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceeding.

SECTION 27. NOTICES. All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or sent by postpaid certified mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party or parties may have furnished in writing to the party sending the notice, demand or statement.

SECTION 28. NO WAIVER OF CERTAIN RIGHTS. Nothing in this Agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any Federal or State law or rule or regulation issued thereunder in any way affecting such party, or as a waiver by any such party or any right beyond his or its authority to waive.

SECTION 29. UNAVOIDABLE DELAY. All obligations under this Agreement requiring the Unit Operator to commence or continue secondary recovery operations or to operate on or produce Unitized Substances from any of the lands covered by this Agreement shall be suspended while, but only so long as the Unit Operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agency, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable

control of the Unit Operator whether similar to matters herein enumerated or not.

SECTION 30. LOSS OF TITLE. In the event title to any tract of unitized land shall fail so as to render the tract inoperable under this Agreement and the true owner cannot be induced to join this Unit Agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. If a tract is removed from the Unit Area because of the failure of title, Unit Operator, subject to Section 13 hereof, shall recompute the Tract Participation of each of the tracts remaining in the Unit Area and shall revise Exhibits "A" and "B" accordingly. The revised exhibits shall be effective as of the first day of the calendar month in which such failure of title is finally determined.

If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure of title shall be governed by the Unit Operating Agreement. If title to a Royalty Interest fails, but the tract to which it relates remains qualified, the parties whose title failed shall not be entitled to share hereunder with respect to such interest. In the event of a dispute as to title as to any Royalty, Working Interest or other interest subject thereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to State or Federal land or leases, no payments of funds due the State of New Mexico or the United States of America shall be withheld, but such funds shall be deposited as directed by the Land Commissioner or the Supervisor (as the case may be), to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

SECTION 31. NONJOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the Unit Area fails or refuses to subscribe or consent to this Agreement, the owner of the working interest in that tract may withdraw said tract from this Agreement by written notice to the Director and the Unit Operator prior to the approval of this Agreement by the Director. Any oil or gas interests in lands within the Unit Area not committed hereto prior to submission to this Agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this Agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the Unit Operating Agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the Unit Operating Agreement. After final approval hereof joinder by a non-working interest owner must be consented to

in writing by the Working Interest Owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any Royalty Owner, at any time, must be accompanied by appropriate joinder of the corresponding Working Interest Owner in order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to the Unit Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for such interest to be regarded as effectively committed to this Unit Agreement.

Any oil or gas interest in the Unitized Formations not committed hereto prior to the effective date of this Agreement may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for Unit Participation) hereof, at any time during a period of six months after the effective date of the Unit Agreement on the same basis of participation as provided in said Section 14, by the owner or owners thereof subscribing, ratifying, or consenting in writing to this Agreement and, if the interest is a Working Interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that after such six months the right of subsequent joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by Working Interest Owners owning in the aggregate at least eighty percent (80%) Secondary Phase Participation. Provided that the tract participation of each previously qualified tract shall remain in the same ratio one to the other. Such joinder by a proposed Working Interest Owner must be evidenced by his execution or ratification of this Agreement and the Unit Operating Agreement. Such joinder by a Royalty Owner must be evidenced by his execution or ratification of this Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective at 7:00 o'clock a.m. as of the first day of the month following the filing with the Land Commissioner and the Supervisor of duly executed counterparts of any and all documents necessary to establish effective commitment of any tract or interest to this Agreement, unless objection to such joinder by the Land Commissioner or the Director is duly made within sixty (60) days after such filing; provided, however, that as to State lands such subsequent joinder must be approved by the Land Commissioner.

SECTION 32. COUNTERPARTS. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with

the same force and effect as if all parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the land within the above described Unit Area.

SECTION 33. TAXES. Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to the United States or to the State of New Mexico, nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 34. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the Working Interest Owners, nor any of them, shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provisions thereof to the extent that the said Unit Operator or the Working Interest Owners, or any of them, are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority which by any provisions of this Agreement are vested in the Commission shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

SECTION 35. NO PARTNERSHIP. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This Agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

SECTION 36. PRODUCTION AS OF THE EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease and other tanks within the Unit Area pertaining to the formation to be unitized in order to ascertain the amount of merchantable oil above the pipeline connection in such tanks as of 7:00 o'clock a.m. on the effective date hereof. All such

oil which has then been produced legally shall be and remain the property of the working interest owner entitled thereto, the same as if the Unit had not been formed; and such parties shall promptly remove said oil from the Unit Area. Any such oil not so removed shall be sold by Unit Operator for the account of such parties, subject to the payment of all royalty to royalty owners under the terms and provisions of the Unit Agreement and any lease or leases and other contracts. The oil that is in excess of the prior allowable of the wells from which it was produced shall be deemed to be Unitized Substances produced after the effective date hereof.

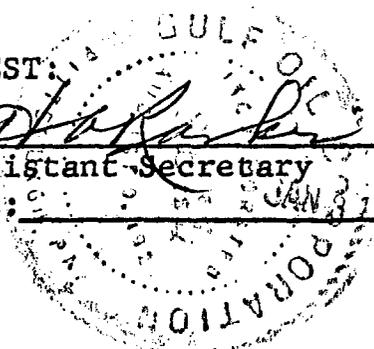
If on the effective date hereof any tract is overproduced with respect to the allowable of the wells on that tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be deemed to be a part of the Unitized Substances produced after the effective date hereof and shall be charged to such tract as having been delivered to the parties entitled to Unitized Substances allocated to such tract.

SECTION 37. BORDER AGREEMENTS. Unit Operator, with concurrence of Working Interest Owners having a combined Secondary Phase Unit Participation of seventy-five percent (75%) or more, may, subject to approval of the Supervisor, enter into a border-protection agreement or agreements with the Working Interest Owners of adjacent lands along the exterior boundary of the Unit Area with respect to the operations in the border area for the maximum ultimate recovery, conservation purposes and proper protection of the parties and interests.

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

Law	<i>WOK</i>
Secy	<i>Har</i>
Exec	
Pres	

GULF OIL CORPORATION

ATTEST: 
[Signature]
 Assistant Secretary
 Date: _____

By *W B Hopkins*
 Attorney-in-Fact

UNIT OPERATOR

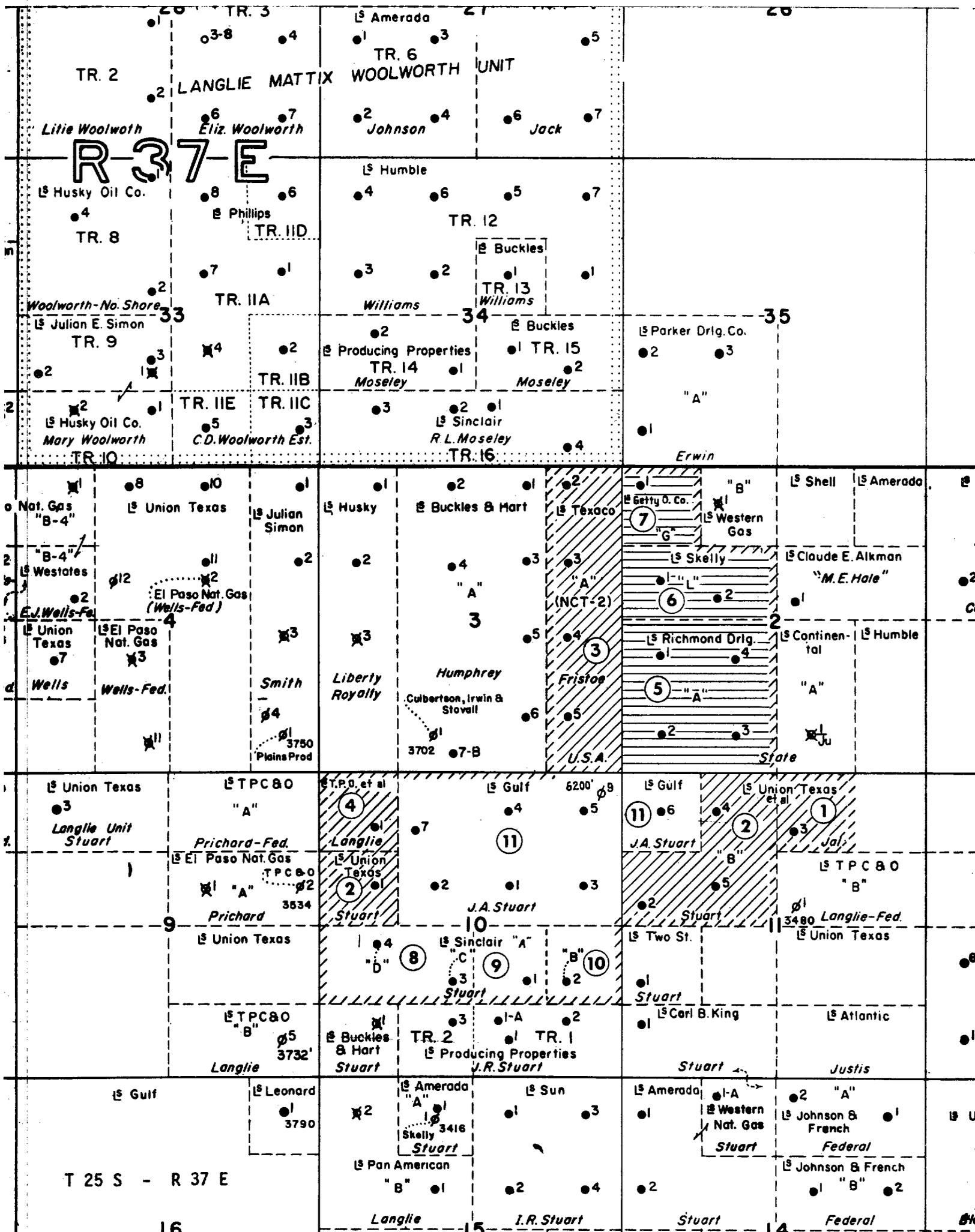
NON-OPERATORS

STATE OF NEW MEXICO X
 COUNTY OF CHAVES X

The foregoing instrument was acknowledged before me this 31st day of January, 1967, by W. B. HOPKINS, Attorney-in-Fact for GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires: _____
 My Commission Expires August 15, 1970

[Signature]
 Notary Public



Federal and State
Lease Designation

Tract No.	Serial
1	LC 032511 (d)
2	LC 032511 (f)
3	LC 032592 (a)
4	LC 057180
5	B 158-3
6	B 1328
7	B 1566-2

- LEGEND -
-  Federal
 -  State
 -  Fee
 -  Unit Area Boundary
 -  ② Tract Number

EXHIBIT "g"
UNIT AGREEMENT
STUART LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICO

10/21/1997

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND LEASE DATE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PER CENT PARTICIPATION OF TRACT IN UNIT	
								PRIMARY PHASE	SECONDARY PHASE
1.	NW/4 NE/4 Sec.11-25S-37E	40.00	LC-032511(d) July 1, 1962 Oil rights only. 5-year term producing	USA-12-1/2% to 33-1/3% on oil; 12-1/2% to 16-2/3% on casinghead gas (Sliding Scale)	Allied Chemical Corporation; & Joseph E. Seagram & Sons, Inc.	Selma L. Wilkinson 1.56250%	Joseph E. Seagram & Sons, Inc. 58.33334% Allied Chemical Corporation 41.66666%	0.2444%	0.7582%
2.	SW/4 NW/4 Sec.10; NE/4 NW/4, S/2 NW/4 Sec.11-25S-37E	160.00	LC-032511(f) July 1, 1962 Oil rights only 5-year term producing	USA-12-1/2% to 33-1/3% on oil; 12-1/2% to 16-2/3% on casinghead gas (Sliding Scale)	Allied Chemical Corporation; and Joseph E. Seagram & Sons, Inc.	Selma L. Wilkinson 1.56250%	Joseph E. Seagram & Sons, Inc. 16.66666% Allied Chemical Corporation 83.33334%	0.9348%	1.8853%
3.	Lot 1, SE/4 NE/4, E/2 SE/4 160.19 Sec.3-25S-37E	160.19	LC-032592(a) March 1, 1958 Renewal	USA-12-1/2% to 25% on oil; 12-1/2% to 16-2/3% on casinghead gas (Sliding Scale) Schedule "C"	Texaco Inc.	D. B. Bubar, Trustee 1.75782% D. B. Bubar, Tr., and Claude Stephenson 0.11718% Ruth Carrow 1.87500% Frank Elliott 0.93750% Mrs. O. R. Hall, Jr. 0.93750% Della White 0.93750% William J. White 0.93750% Undetermined 7.50000%	<i>Bubar</i> Texaco Inc. 100.00000%	3.2307%	10.6775%
4.	NW/4 NW/4 Sec.10-25S-37E	40.00	LC-057180 Apr. 1, 1956 Oil rights only 5-year term producing H. B. P.	USA-12-1/2% to 33-1/3% on oil; 12-1/2% to 16-2/3% on casinghead gas (Sliding Scale) Schedule "D"	Joseph E. Seagram & Sons, Inc.	Margaret Aurand 0.39063% Miriam Lamphere 0.39063% Pan American Petroleum Corp. 4.68750% Alice Robertson 0.39063% Ruth B. Thomas 0.39063%	Joseph E. Seagram & Sons, Inc. 100.00000%	11.0471%	5.7181%

4 Federal Tracts - 400.19 Acres - consisting of 35.7198% of Unit Area

EXHIBIT "B"
UNIT AGREEMENT
STUART LANGLEI MATTHEX UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND LEASE DATE	BASIC OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PER CENT PARTICIPATION OF TRACT IN UNIT	
								PRIMARY PHASE	SECONDARY PHASE
5.	SW/4 Sec.2-25S-37E	160.00	B-158-3 Aug. 14, 1931	State of New Mexico - All 12.5%	Richmond Drilling Company	Texaco Inc., 12.5% on daily average per well 50 bbls. or less, 18.75% on daily average per well more than 50 bbls. & 25% on daily average per well more than 100 bbls. & 18.75% of 8/8 on gas prod.	Edward E. Reigle, Tr. 50.00000% Mrs. Iva C. Richmond 25.00000% Ocid Virginia McDonald 12.50000% Mark W. Whitted, Admin. of Est. of Janice F. Fleming, decd. 2.50000%	11.6242%	4.7524%
6.	S/2 NW/4 Sec.2-25S-37E	80.00	B-1328 Nov. 16, 1932	State of New Mexico - All 12.5%	Skelly Oil Company		Skelly Oil Company 100.00000%	5.1887%	4.4926%
7.	Lot 4 of Sec.2-25S-37E	40.17	B-1566-2 Dec. 29, 1932	State of New Mexico - All 12.5%	Getty Oil Company		Getty Oil Company 100.00000%	2.0268%	2.2236%
3 State Tracts - 280.17 Acres - consisting of 25.0071% of Unit Area									
8.	N/2 SW/4 Sec.10-25S-37E	80.00	Fee Lease May 7, 1926	Amerada Petro- Sincclair Leum Corporation 3.12500%	Sincclair Oil & Gas Company	None	Sincclair Oil & Gas Co. 100.00000%	5.1001%	9.6121%
				Mary Helen Seeton 0.78125% Glenn O. Briscoe 0.78125% Chas. T. Bates, Jr. 0.06944% James Ray Bates 0.06944% Kenneth C. Bates 0.06945% Lucille Chism Bates 0.04883% Theodocia G. Bates 0.24306% Warren J. Bates 0.06944% Ether Chism 0.32552%					

Handwritten notes:
100-2-1-1
W.P. 10/1/31

Handwritten circled notes:
2.9060%
23.2483%
1.1881%
9.5048%

EXHIBIT "g"
UNIT AGREEMENT

STUART LANGLETT MATTIX UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND LEASE DATE	BASIC ROYALTY		OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PER CENT PARTICIPATION OF TRACT IN UNIT	
				OWNER AND PERCENTAGE	LESSEE OF RECORD			PRIMARY PHASE	SECONDARY PHASE
11.	NE/4, E/2 NW/4 Sec.10; and NW/4 NW/4 Sec.11-25S-37E	280.00	Fee Leases May 10, 1926 Dec. 28, 1935	Amerada Petro-Gulf Oil Corp. Leum Corp. 1.3393%		None	Gulf Oil Corporation 100.000000%	30.6712%	34.8385%
				Mary Helen Seeton 0.6696%					
				Ione Bearly Atkins 0.0205%					
				The Atlantic Refining Co. 0.6449% #					
				Bank of South-west Natl. Assn. Tr.#1381					
				Bank of South-west Natl. Assn. Tr.#1608					
				0.7493%					
				Charles T. Bates, Jr. 0.0298%					
				James Ray Bates 0.0298%					
				Kenneth C. Bates 0.0298%					
				Lucille Chism Bates 0.0209%					
				Theodocia C. Bates 0.1041%					
				Warren J. Bates 0.0298%					
				James Henry Bearly 0.0204%					
				Glenm D. Biscoe 0.3348%					
				Ether Chism 0.1395%					
				Odella N. Clark 0.1042%					
				Elizabeth Bearly Dudley 0.0204%					
				Catherine L. Dumraese 0.2232%					
				Julie Ann Erickson 0.0155%					
				Thomas J. Galbraith 0.6696%					
				Marion McNair Heard 0.0155%					
				Wilma Chism Lain 0.0210%					
				San Angelo Natl. Bank, Tr. U/W Ralph W. Leftwich, Decd. 0.7494%					

EXHIBIT "g"
UNIT AGREEMENT
STUART LANGLE MATIX UNIT
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND LEASE DATE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PER CENT PARTICIPATION OF TRACT IN UNIT	
								PRIMARY PHASE	SECONDARY PHASE
11.	NE/4, E/2 NW/4 Sec. 10; and (Cont'd) NW/4 NW/4 Sec. 11-25S-37E			San Angelo Natl. Bank, Anc. Ex. 0.7493% Josephine Welch Lundy 0.8929% Norma Chism McCarthy 0.0209% Margaret B. Moore 0.0205% Mary Louise Nommensen 0.0209% Midwest Oil Corp. 1.0045% L.C. Ritts 0.6449% Jean Robertson 0.2232% Sabine Royalty Corp. 0.5740% Robert C. Sharp 0.6448% Elinor C. Shaughnessy 0.0155% O.W. Skirvin 0.1860%	Gulf Oil Corp.	None	Gulf Oil Corporation		
				Elinor Underwood Shaughnessy & Irvin Hood, Ex. Est. of Marion Taylor Underwood 0.1395% F. Walter Voss 0.2232% Thomas G. Voss 0.2232% Wachovia Bank and Trust Co., Tr. 0.1860%					

4 Fee Tracts - 440.00 Acres - Consisting of 39.2731% of Unit Area

Production payment of 95% on royalty interest in Tract 11 to Chase Manhattan Bank, A/C Argo production payment.

RECAPITULATION OF NUMBER OF ACRES:

Federal Lands	400.19 Acres	-	35.7198% of Unit Area
State Lands	280.17 Acres	-	25.0071% of Unit Area
Fee Lands	440.00 Acres	-	39.2731% of Unit Area
	1,120.36 Acres	-	100.0000% of Unit Area

UNIT OPERATING AGREEMENT
STUART LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>3</u>
CASE NO. <u>3683-3684</u>

I N D E X

<u>ARTICLE</u>		<u>PAGE</u>
1	CONFIRMATION OF UNIT AGREEMENT	1
1.1	Confirmation of Unit Agreement	1
2	EXHIBITS	1
2.1	Exhibits	1
2.1.1	Exhibits A and B	1
2.1.2	Exhibit C	1
2.1.3	Exhibit D	1
2.1.4	Exhibit E	1
2.2	Revision of Exhibits	1
3	SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS	1
3.1	Overall Supervision	1
3.2	Specific Authorities and Duties	2
3.2.1	Method of Operation	2
3.2.2	Drilling of Wells	2
3.2.3	Well Recompletions and Change of Status	2
3.2.4	Expenditures	2
3.2.5	Disposition of Unit Equipment	2
3.2.6	Appearance Before a Court or Regulatory Agency	2
3.2.7	Audits	2
3.2.8	Inventories	2
3.2.9	Technical Services	2
3.2.10	Assignments to Committees	2
3.2.11	Removal of Unit Operator	2
3.2.12	Expansion of Unit Area	2
3.2.13	Adjustment and Readjustment of Investments	3
3.2.14	Termination of Unit Agreement	3
4	MANNER OF EXERCISING SUPERVISION	3
4.1	Designation of Representatives	3
4.2	Meetings	3
4.3	Voting Procedure	3
4.3.1	Voting Interest	3
4.3.2	Vote Required - Generally	3
4.3.3	Vote at Meeting by Nonattending Working Interest Owner	3
4.3.4	Poll Votes	3
5	INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS	3
5.1	Reservation of Rights	3
5.2	Specific Rights	4
5.2.1	Access to Unit Area	4
5.2.2	Reports	4
6	UNIT OPERATOR	4
7	AUTHORITIES AND DUTIES OF UNIT OPERATOR	4
7.1	Exclusive Right to Operate Unit	4
7.2	Workmanlike Conduct	4
7.3	Liens and Encumbrances	4
7.4	Employees	4
7.5	Records	4
7.6	Reports to Working Interest Owners	4
7.7	Reports to Governmental Authorities	4
7.8	Engineering and Geological Information	4
7.9	Expenditures	4
7.10	Wells Drilled by Unit Operator	4
7.11	Border Agreements	5
8	TAXES	5
8.1	Ad Valorem Taxes	5
8.2	Other Taxes	5
9	INSURANCE	5
9.1	Insurance	5

<u>ARTICLE</u>		<u>PAGE</u>
10	ADJUSTMENT OF INVESTMENTS	5
	10.1 Personal Property Taken Over	5
	10.1.1 Wells and Casing	5
	10.1.2 Well and Lease Equipment	5
	10.1.3 Records	5
	10.2 Inventory and Evaluation of Personal Property	5
	10.3 Investment Adjustment	6
	10.4 General Facilities	6
	10.5 Ownership of Personal Property and Facilities	6
11	UNIT EXPENSE	6
	11.1 Basis of Charge to Working Interest Owners	6
	11.2 Budgets	6
	11.3 Advance Billings	6
	11.4 Commingling of Funds	7
	11.5 Lien of Unit Operator	7
	11.6 Uncommitted Royalty	7
	11.6.1 Burden of 1/8th Royalty	7
	11.6.2 Burden of Excess Royalty and Other Interests	7
	11.7 Rentals	8
12	NON-UNITIZED FORMATIONS	8
	12.1 Right to Operate	8
	12.2 Multiple Completions	8
13	TITLES	8
	13.1 Warranty and Indemnity	8
	13.2 Failure Because of Unit Operations	8
14	LIABILITY, CLAIMS AND SUITS	9
	14.1 Individual Liability	9
	14.2 Settlements	9
15	INTERNAL REVENUE PROVISION	9
	15.1 Internal Revenue Provision	9
16	NOTICES	9
	16.1 Notices	9
17	ASSIGNMENTS, TRANSFERS AND SURRENDERS	9
	17.1 Assignments and Transfers	9
	17.2 Surrender, Release or Withdrawal	10
18	ABANDONMENT OF WELLS	10
	18.1 Rights of Former Owners	10
	18.2 Plugging	11
19	EFFECTIVE DATE AND TERM	11
	19.1 Effective Date	11
	19.2 Term	11
20	ABANDONMENT OF OPERATIONS	11
	20.1 Termination	11
	20.1.1 Oil and Gas Rights	11
	20.1.2 Right to Operate	11
	20.1.3 Salvaging Wells	11
	20.1.4 Cost of Salvaging	11
21	EXECUTION	11
	21.1 Original Counterpart, or Other Instrument	11
22	SUCCESSORS AND ASSIGNS	12
	22.1 Successors and Assigns	12

Exhibit "C" (Schedule of Unit Participation)
Exhibit "D" (Accounting Procedure)
Exhibit "E" (Insurance Provisions)

UNIT OPERATING AGREEMENT
STUART LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 196____, by and between the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

W I T N E S S E T H :

WHEREAS, the parties hereto as Working Interest Owners have executed, as of the date hereof, an agreement entitled, "Unit Agreement, Stuart Langlie-Mattix Unit, Lea County, New Mexico," herein referred to as "Unit Agreement", which, among other things, provides for a separate agreement to be entered into by Working Interest Owners to provide for the development and operation of the Unit Area as therein defined;

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

ARTICLE 1

CONFIRMATION OF UNIT AGREEMENT

1.1 Confirmation of Unit Agreement. The Unit Agreement is hereby confirmed and by reference made a part of this Agreement. The definitions in the Unit Agreement are adopted for all purposes of this Agreement. If there is any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall govern.

ARTICLE 2

EXHIBITS

2.1 Exhibits. The following exhibits are incorporated herein:

2.1.1 Exhibits A and B of the Unit Agreement, by reference;

2.1.2 Exhibit C, attached hereto, which is a schedule showing the total participation of each Working Interest Owner for both the Primary and Secondary Phases of Operations. Exhibit C, or a revision thereof, shall not be conclusive as to the information therein, except it may be used as showing the Unit Participations of the Working Interest Owners for purposes of this Agreement until shown to be in error or is revised as herein authorized.

2.1.3 Exhibit D, attached hereto, which is the Accounting Procedure applicable to Unit Operations. If there is any conflict between this Agreement and Exhibit D, this Agreement shall govern.

2.1.4 Exhibit E, attached hereto, which contains insurance provisions applicable to Unit Operations.

2.2 Revisions of Exhibits. Whenever Exhibits A and B are revised, Exhibit C shall be revised accordingly and be effective as of the same date. Unit Operator shall also revise Exhibit C from time to time as required to conform to changes in ownership of which Unit Operator has been notified as provided in the Unit Agreement.

ARTICLE 3

SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

3.1 Overall Supervision. Working Interest Owners shall exercise overall supervision and control of all matters pertaining to Unit Operations pursuant to this Agreement and the Unit Agreement. In the exercise of such authority, each Working

Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

3.2 Specific Authorities and Duties. The matters with respect to which the Working Interest Owners shall decide and take action shall include, but not be limited to, the following:

3.2.1 Method of Operation. The method of operation, including any type of pressure maintenance, secondary recovery, or other recovery program to be employed.

3.2.2 Drilling of Wells. The drilling of any well whether for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.3. Well Recompletions and Change of Status. The recompletion, abandonment, or change of status of any well, or the use of any well for injection or other purposes.

3.2.4 Expenditures. The making of a single expenditure in excess of Fifteen Thousand Dollars (\$15,000.00); provided that, approval by Working Interest Owners of the drilling, reworking, deepening, or plugging back of any well shall include approval of all necessary expenditures required therefor, and for completing, testing, and equipping the same, including necessary flow lines, separators, and lease tankage.

3.2.5 Disposition of Unit Equipment. The selling or otherwise disposing of any major item of surplus Unit Equipment, if the current list price of new equipment similar thereto is Thirty-Five Hundred Dollars (\$3,500.00) or more.

3.2.6 Appearance Before a Court or Regulatory Agency. The designating of a representative to appear before any court or regulatory agency in matters pertaining to Unit Operations; provided that, such designation shall not prevent any Working Interest Owner at its own expense from appearing in person or from designating another representative in its own behalf.

3.2.7 Audits. The auditing of the accounts of Unit Operator pertaining to Unit Operations hereunder; provided that the audits shall

- (a) not be conducted more than once each year except upon the resignation or removal of Unit Operator,
- (b) be made at the expense of all Working Interest Owners other than the Working Interest Owner designated as Unit Operator, and
- (c) be made upon not less than thirty (30) days' written notice to Unit Operator.

3.2.8 Inventories. The taking of periodic inventories under the terms of Exhibit D.

3.2.9 Technical Services. The authorizing of charges to the joint account for services by consultants or Unit Operator's technical personnel not covered by the overhead charges provided by Exhibit D.

3.2.10 Assignments to Committees. The appointment of committees to study any problems in connection with Unit Operations.

3.2.11 The removal of Unit Operator and the selection of a successor.

3.2.12 The expansion of the Unit Area.

3.2.13 The adjustment and readjustment of investments.

3.2.14 The termination of the Unit Agreement.

ARTICLE 4

MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall in writing inform Unit Operator of the names and addresses of its employee representative and alternate who are authorized to represent and bind such Working Interest Owner with respect to Unit Operations. The representative or alternate may be changed from time to time by written notice to Unit Operator.

4.2 Meetings. All meetings of Working Interest Owners shall be called by Unit Operator upon its own motion or at the request of two (2) or more Working Interest Owners having a total Secondary Phase Participation of not less than ten percent (10%). No meeting shall be called on less than fourteen (14) days' advance written notice, with agenda for the meeting attached. Working Interest Owners who attend the meeting shall not be prevented from amending items included in the agenda or from deciding the amended item or other items presented at the meeting. The representative of Unit Operator shall be chairman of each meeting.

4.3 Voting Procedure. Working Interest Owners shall decide all matters coming before them as follows:

4.3.1 Voting Interest. Each Working Interest Owner will have a Voting Interest equal to its Secondary Phase Participation.

4.3.2 Vote Required Generally. Unless otherwise provided herein all matters shall be decided by an affirmative vote of three or more Working Interest Owners owning at least seventy-five percent (75%) of the Voting Interest; provided that, should any one Working Interest Owner own more than twenty-five percent (25%) Voting Interest, its negative vote or failure to vote shall not defeat any matter if approved by a majority of the Voting Interest unless supported by the negative vote or failure to vote of two or more Working Interest Owners.

4.3.3 Vote at Meeting by Nonattending Working Interest Owner. Any Working Interest Owner who is not represented at a meeting may vote either by written proxy or by letter or telegram addressed to the representative of the Unit Operator, provided such letter or telegram is received prior to the submission of such item to vote. If the vote is by letter or telegram such vote shall not be counted with respect to any item on the agenda which has been materially changed at the meeting.

4.3.4 Poll Votes. Working Interest Owners may vote and decide, by letter or telegram, any matter submitted in writing to Working Interest Owners, if no meeting is requested, as provided in Section 4.2, within fourteen (14) days after the proposal is sent to Working Interest Owners, Unit Operator will give prompt notice of the results of the voting to all Working Interest Owners.

ARTICLE 5

INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS

5.1 Reservation of Rights. Working Interest Owners severally reserve to themselves all their rights, except as otherwise provided in this Agreement and the

5.2 Specific Rights. Each Working Interest Owner shall have, among others, the following specific rights:

5.2.1 Access to Unit Area. Access to the Unit Area at all reasonable times to inspect Unit Operations, all wells, and the records and data pertaining thereto.

5.2.2 Reports. The right to receive from Unit Operator, upon written request, copies of all reports to any governmental agency, reports of crude oil runs and stocks, inventory reports, and all other information pertaining to Unit Operations. The cost of gathering and furnishing information not ordinarily furnished by Unit Operator to all Working Interest Owners shall be charged to the Working Interest Owner who requests the information.

ARTICLE 6
UNIT OPERATOR

Gulf Oil Corporation is hereby designated as Unit Operator.

ARTICLE 7

AUTHORITIES AND DUTIES OF UNIT OPERATOR

7.1 Exclusive Right to Operate Unit. Subject to the provisions of this Agreement and to instructions from Working Interest Owners, Unit Operator shall have the exclusive right and be obligated to conduct Unit Operations.

7.2 Workmanlike Conduct. Unit Operator shall conduct Unit Operations in a good and workmanlike manner as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them informed of all matters which Unit Operator, in the exercise of its best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages, unless such damages result from its gross negligence or willful misconduct.

7.3 Liens and Encumbrances. Unit Operator shall endeavor to keep the lands and leases in the Unit Area free from all liens and encumbrances occasioned by Unit Operations, except the lien of Unit Operator granted hereunder.

7.4 Employees. The number of employees used by Unit Operator in conducting Unit Operations, their selection, hours of labor, and compensation shall be determined by Unit Operator. Such employees shall be the employees of Unit Operator.

7.5 Records. Unit Operator shall keep correct books, accounts and records of Unit Operations.

7.6 Reports to Working Interest Owners. Unit Operator shall furnish to Working Interest Owners periodic reports of Unit Operations.

7.7 Reports to Governmental Authorities. Unit Operator shall make all reports to governmental authorities that it has the duty to make as Unit Operator.

7.8 Engineering and Geological Information. Unit Operator shall furnish to a Working Interest Owner, upon written request, a copy of the log and other engineering and geological data pertaining to wells drilled for Unit Operations; provided, however, that Unit Operator may when reasonable charge the cost of gathering and furnishing such data to the Working Interest Owner requesting such information.

7.9 Expenditures. Unit Operator is authorized to make single expenditures not in excess of Fifteen Thousand Dollars (\$15,000.00) without prior approval of Working Interest Owners. If an emergency occurs, Unit Operator may immediately make or incur such expenditures as in its opinion are required to deal with the emergency. Unit Operator shall report to Working Interest Owners, as promptly as possible, the nature of the emergency and the action taken.

7.10 Wells Drilled by Unit Operator. All wells drilled by Unit Operator shall be at the usual rates prevailing in the area. Unit Operator may employ its own tools and equipment under terms and conditions approved by the Working Interest Owners.

7.11 Border Agreements: Subject to the approval of the appropriate governmental authority or authorities, Unit Operator with the approval of Working Interest Owners voting in accordance with the provisions of Article 4.3.2 hereof may enter into a border protection agreement or agreements with the operator or owners of the working interest in adjacent lands along the boundary of the Unit Area, with respect to the operations in the border area for the maximum ultimate recovery, conservation purposes and proper protection of the parties and interest.

ARTICLE 8

TAXES

8.1 Ad Valorem Taxes. Unit Operator beginning the first of the next calendar year after the effective date hereof shall make and file all necessary ad valorem tax renditions and returns with the proper taxing authorities covering all real and personal property of each Working Interest Owner used or held by Unit Operator in Unit Operations. Unit Operator shall settle assessments arising therefrom. All such ad valorem taxes shall be paid by Unit Operator and charged to the joint account in the same manner as other operating expense. Any Working Interest Owner dissatisfied with any proposed rendition or assessment of its interest in real or personal property shall have the right, at its own expense, to protest.

8.2 Other Taxes. Each Working Interest Owner shall pay or cause to be paid all school, ad valorem, severance or other tax imposed upon or in respect of the production or handling of its share of Unitized Substances.

ARTICLE 9

INSURANCE

9.1 Insurance. Unit Operator, with respect to Unit Operations, shall carry such insurance as set forth in Exhibit E

ARTICLE 10

ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon the effective date hereof, Working Interest Owners shall deliver to Unit Operator the following:

10.1.1 Wells and Casing. All wells completed in the Unitized Formation, together with the casing therein.

10.1.2 Well and Lease Equipment. The tubing in each such well, the wellhead connections thereon, and all other lease and operating equipment that is used in the operation of such wells which Working Interest Owners determine is necessary or desirable for conducting Unit Operations.

10.1.3 Records. A copy of all production and well records that pertain to such wells.

10.2 Inventory and Evaluation of Personal Property. Working Interest Owners shall inventory and evaluate, under the supervision of Unit Operator and at Unit expense, all personal property so taken over. Such inventory shall be limited, however, to those items of equipment normally considered controllable by operators of oil and gas properties as indicated in the "Materials Classification Manual", dated 1960, prepared by the Petroleum Accountants Society of Oklahoma, subject to any exceptions for specific items as agreed to by Working Interest Owners. Noncontrollable items, although excluded from the inventory, shall nevertheless be taken over by Unit Operator as provided in Article 10.1 hereof. The personal property listed on the inventories shall

be evaluated on the price basis described in Exhibit D except that no value shall be given to the casing in any well.

10.3 Investment Adjustment. Upon approval by Working Interest Owners of the inventory and evaluation, each Working Interest Owner shall be credited with the value of its interest in all personal property taken over under Article 10.1.2, and shall be charged with an amount equal to that obtained by multiplying the total value of all personal property taken over under Article 10.1.2 by such Working Interest Owner's Secondary Phase Participation as shown in Exhibit C. If the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be an item of unit expense chargeable against such Working Interest Owner. If the credit to any Working Interest Owner is greater than the amount charged against such Working Interest Owner, the resulting net credit shall be paid to such Working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above.

10.4 General Facilities. The acquisition of warehouses, warehouse stocks, lease houses, camps, facility systems, and office buildings necessary for Unit Operations shall be by negotiation by the owners thereof and Unit Operator, subject to the approval of Working Interest Owners.

10.5 Ownership of Personal Property and Facilities. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest, equal to its Secondary Phase Participation, in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this Agreement.

ARTICLE 11

UNIT EXPENSE

11.1 Basis of Charge to Working Interest Owners. Unit Operator initially shall pay and discharge all costs and expenses incurred in the development, operation and supervision of the Unit Area. Working Interest Owners shall reimburse Unit Operator for all such costs and expenses, in proportion to their respective participation shown on Exhibit C in effect at the time said costs and expenses were incurred, except that all charges, including installation costs, for equipment, additions and enlargements of existing facilities, other than normal replacements, shall be based on the Secondary Phase Participation as shown in Exhibit C. It is specifically agreed that all charges relating to conversion of wells for injection purposes, enlargement of lift equipment and construction of plant and plant facilities shall be based on Secondary Phase Participation as specified in Exhibit C. All charges, credits and accounting for costs and expenses shall be in accordance with Exhibit D.

11.2 Budgets. Before or as soon as practical after the effective date hereof, Unit Operator shall prepare a budget of estimated unit expense for the remainder of the calendar year, and, on or before the first day of each October thereafter, shall prepare such a budget for the ensuing calendar year. A budget shall set forth the estimated unit expense by quarterly periods. Budgets shall be estimates only, and shall be adjusted or corrected by Working Interest Owners and Unit Operator whenever an adjustment or correction is proper. A copy of each budget and adjusted budget shall promptly be furnished to each Working Interest Owner.

11.3 Advance Billings. Unit Operator shall have the right to require Working Interest Owners to advance their respective shares of estimated unit expense by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized

estimate thereof for the succeeding month, with a request for payment in advance. Within fifteen (15) days thereafter, each Working Interest Owner shall pay to Unit Operator its share of such estimate. Adjustments between estimated and actual unit expense shall be made by Unit Operator at the close of each calendar month, and the accounts of Working Interest Owners shall be adjusted accordingly.

11.4 Commingling of Funds. No funds received by Unit Operator under this Agreement need be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.5 Lien of Unit Operator. Each Working Interest Owner grants to Unit Operator a lien upon its oil and gas rights in each tract, its share of Unitized Substances when produced, and its interest in all Unit Equipment, as security for payment of its share of unit expense, together with interest thereon at the rate of eight percent (8%) per annum. Unit Operator shall have the right to bring suit to enforce collection of such indebtedness with or without seeking foreclosure of the lien. In addition, upon default by any Working Interest Owner in the payment of its share of unit expense, Unit Operator shall have the right to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed by such Working Interest Owner, plus interest as aforesaid, has been paid. Each purchaser shall be entitled to rely upon Unit Operator's written statement concerning the amount of any default.

If any Working Interest Owner fails to pay its share of unit expense within sixty (60) days after rendition of a statement therefor by Unit Operator, each Working Interest Owner agrees, upon request by Unit Operator, to pay its proportionate part of the unpaid share of unit expense of the defaulting Working Interest Owner. The Working Interest Owners that pay the share of unit expense of a defaulting Working Interest Owner shall be reimbursed by the Unit Operator for the amount so paid, plus any interest collected thereon, upon receipt by Unit Operator of any past due amount collected from the defaulting Working Interest Owner. Any Working Interest Owner so paying a defaulting Working Interest Owner's share of unit expenses shall be subrogated to the lien and rights herein granted Unit Operator.

11.6 Uncommitted Royalty. Should an owner of a Royalty Interest in any tract fail to become a part to the Unit Agreement, and, as a result thereof, the actual Royalty Interest payment with respect to such tract are more or less than the Royalty Interest payments computed on the basis of the Unitized Substances that are allocated to such tract under the Unit Agreement to the extent provided below, the difference shall be borne by or inure to the benefit of Working Interest Owners, in proportion to their respective participations in effect at the time such Unitized Substances were produced.

11.6.1 Burden of 1/8th Royalty. The difference to be borne by or inure to the benefit of Working Interest Owners shall not exceed an amount computed on the basis of one eighth (1/8th) of the difference between the Unitized Substances allocated to the tract and the Unitized Substances produced from the tract. Such adjustments shall be made by charges and credits to the joint account.

11.6.2 Burden of Excess Royalty and Other Interests. Any uncommitted royalty interest in excess of one eighth (1/8th) shall be borne solely by the Working Interest Owner contributing such interest.

11.7 Rentals. The Working Interest Owner in each tract shall, at its own expense, pay any and all rentals required to continue its lease in force as to such tract and upon request of Unit Operator, each such Working Interest Owner shall furnish Unit Operator satisfactory evidence as to the payment of each such rental not less than thirty (30) days prior to the rental payment date. Unit Operator shall have the right, but shall be under no obligation whatever, to pay any and all such rentals on behalf of each such Working Interest Owner and any and all rentals so paid by Unit Operator shall be charged solely to the account of such Working Interest Owner. In the event the Working Interest Owner in any tract fails to pay any rental required to continue its lease in force as to such tract, the termination of said lease as to such tract shall be considered for all purposes of this Agreement and the Unit Agreement to be a failure of title to said lease for reasons other than Unit Operations.

ARTICLE 12

NON-UNITIZED FORMATIONS

12.1 Right to Operate. Any Working Interest Owner that now has or hereafter acquires the right to drill for and produce oil, gas or other minerals, from other than the Unitized Formation, shall have the right to do so notwithstanding this Agreement or the Unit Agreement. In exercising the right, however, the Working Interest Owner shall exercise reasonable precaution to prevent unreasonable interference with Unit Operations. No Working Interest Owner shall produce Unitized Substances through any well drilled or operated by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be protected in a manner satisfactory to Working Interest Owners so that the production of Unitized Substances will not adversely be affected.

12.2 Multiple Completions. No well shall be multiply completed in the Unitized Formation and in any other formation or formations without the approval of Working Interest Owners.

ARTICLE 13

TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective Working Interests set forth opposite its name in Exhibit B, and hereby agrees to indemnify and hold harmless the other Working Interest Owners from any loss due to failure, in whole or in part, of its title to any such interest, except failure of title arising out of Unit Operations; provided that, such indemnity shall be limited to an amount equal to the net value that has been received from the sale or receipt of Unitized Substances attributed to the interest as to which title failed. Each failure of title will be deemed to be effective, insofar as this Agreement is concerned, as of the first day of the calendar month in which such failure is finally determined, and there shall be no retroactive adjustment of unit expense, or retroactive allocation of Unitized Substances or the proceeds therefrom, as a result of title failure.

13.2 Failure Because of Unit Operations. The failure of title to any Working Interest in any tract by reason of Unit Operations, including non-production from such tract, shall not change the participation of the Working Interest Owner whose title failed in relation to the participations of the other Working Interest Owners in effect at the time of the title failure.

ARTICLE 14

LIABILITY, CLAIMS AND SUITS

14.1 Individual Liability. The duties, obligations and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein contained shall ever be construed as creating a partnership of any kind, joint venture, association, or trust among Working Interest Owners.

14.2 Settlements. Unit Operator may settle any single damage claim or suit involving Unit Operations but not involving an expenditure in excess of Five Thousand Dollars (\$5,000.00) provided the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above specified amount, Working Interest Owners shall assume and take over the further handling of the claim or suit unless such authority is expressly delegated to Unit Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be an item of unit expense. If a claim is made against any Working Interest Owner or if any Working Interest Owner is sued on account of any matter arising from Unit Operations and over which such Working Interest Owner individually has no control because of the rights given Working Interest Owners and Unit Operator by this Agreement and the Unit Agreement, the Working Interest Owner shall immediately notify the Unit Operator, and the claim or suit shall be treated as any other claim or suit involving Unit Operations.

ARTICLE 15

INTERNAL REVENUE PROVISION

15.1 Internal Revenue Provision Each Working Interest Owner hereby elects that it and the operations covered by this Agreement be excluded from the application of Subchapter K of Chapter i of Sub-title A of the Internal Revenue Code of 1954, or such portion thereof as the Secretary of the Treasury of the United States or his delegate shall permit by election to be excluded therefrom. Unit Operator is hereby authorized and directed to execute on behalf of each Working Interest Owner such addition or further evidence of the election as may be required by regulations issued under said Subchapter K. Should the regulations require each party to execute such further evidence, each Working Interest Owner agrees to execute or join in the execution thereof. The election hereby made and the other provisions of this paragraph shall apply in like manner to applicable state laws, regulations, and rulings now in effect or hereafter enacted that have an effect similar to the federal provisions referred to herein.

ARTICLE 16

NOTICES

16.1 Notices. All notices required hereunder shall be in writing and shall be deemed to have been properly served when sent by mail or telegram to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Article 4.

ARTICLE 17

ASSIGNMENTS, TRANSFERS AND SURRENDERS

17.1 Assignments and Transfers. Each Working Interest Owner shall have the right, subject to the provisions of this Article 17, to sell, assign, convey or otherwise transfer all or any part of its interest in the Unitized Formation; provided, however, that no Working Interest in the Unitized Formation shall be transferred without a transfer at the same time of a corresponding interest in unit operated wells and unit facilities.

In the event any Working Interest Owner shall, after executing this Agreement,

create any overriding royalty, production payment, net profits, carried interest, or any other interest out of its Working Interest then subject to this Agreement, such carved-out interest shall be subject to the terms and provisions of this Agreement specifically including, but without limitation, Section 11.5 hereof entitled "Lien of Unit Operator". In the event the Working Interest Owner creating such carved-out interest (a) fails to pay any costs or expenses chargeable to such Working Interest Owner under this Agreement and the production of Unitized Substances accruing to the credit of such Working Interest Owner is insufficient for that purpose or (b) withdraws from this Agreement under the terms and provisions of Article 17 hereof, the carved-out interest shall be chargeable with a pro rata portion of all costs and expenses incurred hereunder the same as though such carved-out interest were a Working Interest and Unit Operator shall have the right to enforce against such carved-out interest the lien and all other rights granted in said Section 11.5 for the purpose of collecting the costs and expenses chargeable to said carved-out interest.

17.2 Surrender, Release or Withdrawal. No Working Interest Owner shall release or surrender any interest subject hereto. If any Working Interest Owner so desires, it may withdraw from this Agreement by conveying, assigning and transferring, without warranty of title (either expressed or implied) to the other Working Interest Owners who do not desire to withdraw herefrom, all of the former's rights, title and interest in and to its lease or leases, or other operating rights in the Unit Area, insofar as said lease, leases or rights pertain to the Unitized Formation, together with the withdrawing Working Interest Owner's interest in all wells, pipelines, casing, injection equipment facilities and other personal property used in conjunction with the development and operation of the Unit Area; provided, that such transfer, assignment or conveyance shall not relieve said Working Interest Owner from any obligation or liability incurred prior to the date of the execution and delivery thereof. The interest so transferred, assigned and conveyed shall be taken and owned by the other Working Interest Owners in proportion to their respective Unit Participations, and the Unit Operator shall recompute the percentage of participation to include this change and furnish the remaining Working Interest Owners with a corrected interest sheet. After the execution and delivery of such transfer, assignment or conveyance, the withdrawing Working Interest Owner shall be relieved from all further obligations and liability hereunder and under said Unit Agreement; and the right of such Working Interest Owner to any benefits subsequently accruing hereunder and under said Unit Agreement shall cease; provided, that upon delivery of said transfer, assignment or conveyance, the assignees, in the ratio of the respective interests so acquired, shall pay to the assignor for its interest in all jointly-owned equipment, casing and other personal property, the net salvage value thereof, as estimated and fixed by the remaining Working Interest Owners.

ARTICLE 18

ABANDONMENT OF WELLS

18.1 Rights of Former Owners. If Working Interest Owners decide to abandon permanently any well within the Unit Area prior to termination of the Unit Agreement, Unit Operator shall give written notice thereof to the Working Interest Owners of the tract on which the well is located, and they shall have the option for a period of ninety (90) days after the sending of such notice to notify Unit Operator in writing of their election to take over and own the well. Within ten (10) days after the Working Interest Owners of the tract have notified Unit Operator of their election to take over the well, they shall pay

Unit Operator, for credit to the joint account, the amount estimated by Working Interest Owners to be the net salvage value of the casing and equipment in and on the well. The Working Interest Owners of the tract, by taking over the well, agree to seal off effectively and protect the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations.

18.2 Plugging. If the Working Interest Owners of a tract do not elect to take over a well located thereon which is proposed for abandonment, Unit Operator shall plug and abandon the well in compliance with applicable laws and regulations.

ARTICLE 19

EFFECTIVE DATE AND TERM

19.1 Effective Date. This Agreement shall become effective on the date and at the time that the Unit Agreement becomes effective.

19.2 Term. This Agreement shall continue in effect so long as the Unit Agreement remains in effect, and thereafter until (a) all unit wells have been abandoned and plugged or turned over to Working Interest Owners in accordance with Article 20, (b) all Unit Equipment and real property acquired for the joint account have been disposed of by Unit Operator in accordance with instructions of Working Interest Owners, and (c) there has been a final accounting.

ARTICLE 20

ABANDONMENT OF OPERATIONS

20.1 Termination. Upon termination of the Unit Agreement, the following will occur:

20.1.1 Oil and Gas Rights. Oil and Gas Rights in and to each separate tract shall no longer be affected by this Agreement, and thereafter the parties shall be governed by the terms and provisions of the leases, contracts, and other instruments affecting the separate tracts.

20.1.2 Right to Operate. Working Interest Owners of any tract that desire to take over and continue to operate wells located thereon may do so by paying Unit Operator, for credit to the joint account, the net salvage value of the casing and equipment in and on the wells taken over, as estimated by Working Interest Owners, and by agreeing to plug each well at such time as it is abandoned.

20.1.3 Salvaging Wells. Unit Operator shall salvage as much of the casing and equipment in or on wells not taken over by Working Interest Owners of separate tracts as can economically and reasonably be salvaged, and shall cause the wells to be plugged and abandoned properly.

20.1.4 Cost of Salvaging. Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operation in proportion to their respective Secondary Phase Participations.

ARTICLE 21

EXECUTION

21.1 Original Counterpart, or Other Instrument. A party may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument.

ARTICLE 22

SUCCESSORS AND ASSIGNS

22.1 Successors and Assigns. The provisions hereof shall be covenants running with the lands, leases, and interests covered hereby, and shall be binding upon and inure to the benefit of the respective heirs, devisees, legal representatives, successors, and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates opposite their respective signatures.

[Handwritten signature]
[Handwritten signature]

GULF OIL CORPORATION

ATTEST:

[Handwritten signature]
Assistant Secretary
Date: JAN 30 1967

By *[Handwritten signature]*
Attorney in Fact

THE STATE OF NEW MEXICO

COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 31st day of January, 1967, by W. B. HOPKINS, Attorney in Fact for GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires:
My Commission Expires August 15, 1970

[Handwritten signature]
Notary Public

EXHIBIT "C"
 TO UNIT OPERATING AGREEMENT
 STUART LANGLIE MATTIX UNIT
 LEA COUNTY, NEW MEXICO
 SUMMARY OF UNIT PARTICIPATION
 BY WORKING INTEREST OWNERS

	<u>PRIMARY PHASE PARTICIPATION</u>	<u>SECONDARY PHASE PARTICIPATION</u>
MARK W. WHITTED, ADMINISTRATOR OF ESTATE OF JANICE F. FLEMING, DECEASED	2.9060%	1.1881%
GETTY OIL COMPANY	2.0268%	2.2236%
GULF OIL CORPORATION	30.6712%	34.8385%
OCIE VIRGINIA McDONALD	2.9060%	1.1881%
EDWARD E. REIGLE, TRUSTEE	11.6242%	4.7524%
MRS. IVA C. RICHMOND	5.8121%	2.3762%
JOSEPH E. SEAGRAM & SONS, INC.	12.2263%	8.3616%
SINCLAIR OIL & GAS COMPANY	18.5592%	19.9331%
SKELLY OIL COMPANY	5.1887%	4.4926%
TEXACO INC.	3.2307%	10.6775%
ALLIED CHEMICAL CORPORATION	4.8488%	9.9683%
TOTAL	<u>100.0000%</u>	<u>100.0000%</u>

EXHIBIT " D "

Attached to and made a part of Unit Operating Agreement covering
the Stuart Langlie-Matrix Unit, Lea County, New Mexico.

ACCOUNTING PROCEDURE (JOINT OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this "Accounting Procedure" is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the nonoperating parties, whether one or more.

"Joint Account" shall mean the account showing the charges and credits accruing because of the Joint Operations and which are to be shared by the Parties.

"Parties" shall mean Operator and Non-Operators.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Conflict with Agreement

In the event of a conflict between the provisions of this Accounting Procedure and the provisions of the agreement to which this Accounting Procedure is attached, the provisions of the agreement shall control.

3. Collective Action by Non-Operators

Where an agreement or other action of Non-Operators is expressly required under this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the agreement or action of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

4. Statements and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of costs and expenses, for the preceding month. Such bills will be accompanied by statements reflecting the total charges and credits as set forth under Subparagraph C below:

A. Statement in detail of all charges and credits to the Joint Account.

B. Statement of all charges and credits to the Joint Account, summarized by appropriate classifications indicative of the nature thereof.

C. Statement of all charges and credits to the Joint Account summarized by appropriate classifications indicative of the nature thereof, except that items of Controllable Material and unusual charges and credits shall be detailed.

5. Payment and Advances by Non-Operators

Each Non-Operator shall pay its proportion of all such bills within fifteen (15) days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at the rate of eight percent per annum until paid.

6. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operators to protest or question the correctness thereof; provided however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of the Joint Property as provided for in Section VII.

7. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided however, the making of an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Paragraph 6 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

II. DIRECT CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Delay or other rentals and royalties when such rentals and royalties are paid by Operator for the Joint Account of the Parties.

2. Labor

A. Salaries and wages of Operator's employees directly engaged on the Joint Property in the conduct of the Joint Operations, and salaries or wages of technical employees who are temporarily assigned to and directly employed on the Joint Property.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to the employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III; except that in the case of those employees only a pro rata portion of whose salaries and wages are chargeable to the Joint Account under Paragraph 1 of Section III, not more than the same pro rata portion of the benefits and allowances herein provided for shall be charged to the Joint Account. Cost under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.

D. Reasonable personal expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and for which expenses the employees are reimbursed under Operator's usual practice.

3. Employee Benefits

Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost; provided however, the total of such charges shall not exceed ten percent (10%) of Operator's labor costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.

4. Material

Material purchased or furnished by Operator for use on the Joint Property. So far as it is reasonably practical and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store or railway receiving point where like material is available, except by agreement with Non-Operators.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store or railway receiving point, except by agreement with Non-Operators. No charge shall be made to Joint Account for moving Material to other properties belonging to Operator, except by agreement with Non-Operators.
- C. In the application of subparagraphs A and B above, there shall be no equalization of actual gross trucking costs of \$100 or less.

6. Services

- A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 8 of this Section II and Paragraph 2 of Section III.
- B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV.

7. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, except to the extent that the damage or loss could have been avoided through the exercise of reasonable diligence on the part of Operator. Operator shall furnish Non-Operators written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

8. Legal Expense

All costs and expenses of handling, investigating and settling litigation or claims arising by reason of the Joint Operations or necessary to protect or recover the Joint Property, including, but not limited to, attorneys' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims; provided, (a) no charge shall be made for the services of Operator's legal staff or other regularly employed personnel (such services being considered to be Administrative Overhead under Section III), except by agreement with Non-Operators, and (b) no charge shall be made for the fees and expenses of outside attorneys unless the employment of such attorneys is agreed to by Operator and Non-Operators.

9. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

10. Insurance Premiums

Premiums paid for insurance required to be carried on the Joint Property for the protection of the Parties.

11. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator for the necessary and proper conduct of the Joint Operations.

III. INDIRECT CHARGES

Operator may charge the Joint Account for indirect costs either by use of an allocation of district expense items plus a fixed rate for administrative overhead, and plus the warehousing charges, all as provided for in Paragraphs 1, 2, and 3 of this Section III OR by combining all three of said items under the fixed rate provided for in Paragraph 4 of this Section III, as indicated next below:

OPERATOR SHALL CHARGE THE JOINT ACCOUNT UNDER THE TERMS OF:

- Paragraphs 1, 2 and 3. (Allocation of district expense plus fixed rate for administrative overhead plus warehousing.)
- Paragraph 4. (Combined fixed rate)

~~1. District Expense~~

~~Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of Operator's production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro-rata portion of the cost of maintaining and operating a production office known as Operator's office located at or near (for a comparable office if location changed), and necessary sub-offices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees, if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.~~

2. Administrative Overhead

Operator shall charge administrative overhead to the Joint Account at the following rates, which charge shall be in lieu of the cost and expense of all offices of the Operator not covered by Paragraph 1 of this Section III, including salaries, wages and expenses of personnel assigned to such offices. Such charges shall be in addition to the salaries, wages and expenses of employees of Operator authorized to be charged as direct charges as provided in Paragraphs 2 and 8 of Section II.

~~WELL BASIS (RATE PER WELL PER MONTH)~~

Well Depth	DRILLING WELL RATE (Use Total Depth)		PRODUCING WELL RATE (Use Current Producing Depth)	
	Each Well	First Five	Nant Five	All Wells Over Ten
.....
.....
.....

The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting, or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in this Paragraph 2 of Section III, unless such cost and expense are agreed upon between Operator and Non-Operators as a direct charge to the Joint Account.

3. Operator's Fully-Owned Warehouse Operating and Maintenance Expenses
(Describe fully the agreed procedure to be followed by the Operator.)

4. Combined Fixed Rates

Operator shall charge the Joint Account for the services covered by Paragraph 1, 2 and 3 of this Section III, the following fixed per well rates:

Well Depth	WELL BASIS (RATE PER WELL PER MONTH)			
	DRILLING WELL RATE (Use Total Depth)	PRODUCING WELL RATE (Use Current Producing Status)		
	Each Well	First Five	Next Five	All Wells Over Ten
All Depths	650.00	85.00	85.00	85.00

Said fixed rate (shall) ~~shall~~ include salaries and expenses of production foremen.

5. Application of Administrative Overhead or Combined Fixed Rates

The following limitations, instructions and charges shall apply in the application of the per well rates as provided under either Paragraph 2 or Paragraph 4 of this Section III:

- A. Charges for drilling wells shall begin on the date each well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.
 - B. The status of wells shall be as follows:
 - (1) Producing gas wells, injection wells for recovery operations, water supply wells utilized for water flooding operations and salt water disposal wells shall be considered the same as producing wells.
 - (2) Wells permanently shut down but on which plugging operations are deferred shall be dropped from the well schedule at the time the shutdown is effected. When such a well is plugged a charge shall be made at the producing well rates.
 - (3) Wells being plugged back, drilled deeper, converted to a source or input well, or which are undergoing any type of workover that requires the use of a drilling or workover rig shall be considered the same as drilling wells.
 - (4) Temporarily shut-down wells, which are not produced or worked upon for a period of a full calendar month, shall not be included in the well schedule, provided however, wells shut in by governmental regulatory body shall be included in the well schedule only in the event the allowable production is transferred to some other well or wells on the Joint Property. In the event of a unit allowable, all wells capable of producing will be counted in determining the charge.
 - (5) Gas wells shall be included in the well schedule if directly connected to a permanent sales outlet even though temporarily shut in due to overproduction or failure of purchaser to take the allowed production.
 - (6) Wells completed in multiple horizons, in which the production is not commingled down hole, shall be considered as a producing well for each separately producing horizon.
 - C. The well rates shall apply to the total number of wells being drilled or operated under the agreement to which this Accounting Procedure is attached, irrespective of individual leases.
 - D. The well rates shall be adjusted on the first day of April of each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the preceding calendar year as shown by "The Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers" as published by the United States Department of Labor, Bureau of Labor Statistics. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.
- 6. For the construction of compressor plants, water stations, secondary recovery systems, salt water disposal facilities, and other such projects, as distinguished from the more usual drilling and producing operations, Operator in addition to the Administrative Overhead or Combined Fixed Rates provided for in Paragraph 2 and 4 of this Section III, shall charge the Joint Account with an additional overhead charge as follows:**
- A. Total cost less than \$25,000, no charge.
 - B. Total cost more than \$25,000 but less than \$100,000, 3 % of total cost.
 - C. Total cost of \$100,000 or more, 3 % of the first \$100,000 plus 2 % of all over \$100,000 of total cost.
- Total cost shall mean the total gross cost of any one project. For the purpose of this Paragraph the component parts of a single project shall not be treated separately and the cost of drilling wells shall be excluded.
- 7. The specific rates provided for in this Section III may be amended from time to time by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.**

IV. BASIS OF CHARGES TO JOINT ACCOUNT

Subject to the further provisions of this Section IV, Operator will procure all Material and services for the Joint Property. At the Operator's option, Non-Operator may supply Material or services for the Joint Property.

1. Purchases

Material purchased and service procured shall be charged at the price paid by Operator after deduction of all discounts actually received.

2. Material furnished from Operator's Warehouse or Other Properties

A. New Material (Condition "A")

- (1) Tubular goods, two inch (2") and over, shall be priced on Eastern Mill base (i. e. Youngstown, Ohio; Lorain, Ohio; and Indiana Harbor, Indiana) on a minimum carload basis effective at date of movement and f. o. b. railway receiving point nearest the Joint Property, regardless of quantity. In equalized hauling charges, Operator is permitted to include ten cents (10c) per hundred-weight on all tubular goods furnished from his stocks in lieu of loading and unloading costs sustained.
- (2) Other Material shall be priced at the current replacement cost of the same kind of Material, effective at date of movement and f. o. b. the supply store or railway receiving point nearest the Joint Property where Material of the same kind is available.
- (3) The Joint Account shall not be credited with cash discounts applicable to prices provided for in this Paragraph 2 of Section IV.

B. Used Material (Condition "B" and "C")

- (1) Material in sound and serviceable condition and suitable for reuse without reconditioning, shall be classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new Material.
- (2) Material which cannot be classified as Condition "B" but which,
 - (a) After reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"), or
 - (b) Is serviceable for original function but substantially not suitable for reconditioning, shall be classified as Condition "C" and priced at fifty per cent (50%) of current new price.
- (3) Obsolete Material or Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use. Material no longer suitable for its original purpose but usable for

some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose.

(4) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at prices specified in Paragraphs 1 and 2 of this Section IV because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in procuring such Material, in making it suitable for use, and in moving it to the Joint Property, provided, that notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within 10 days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

5. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. Rates for automotive equipment shall generally be in line with the schedule of rates adopted by the Petroleum Motor Transport Association, or some other recognized organization, as recommended uniform charges against Joint Property operations. Rates for laboratory services shall not exceed those currently prevailing if performed by outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of operator.

B. Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge.

C. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

V. DISPOSAL OF MATERIAL

The Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus Condition "A" or "B" Material. The disposition of surplus Controllable Material, not purchased by Operator, shall be subject to agreement between Operator and Non-Operators, provided Operator shall dispose of normal accumulations of junk and scrap Material either by transfer or sale from the Joint Property.

1. Material Purchased by the Operator or Non-Operators

Material purchased by either the Operator or Non-Operators shall be credited by the Operator to the Joint Account for the month in which the Material is removed by the purchaser.

2. Division in Kind

Division of Material in kind, if made between Operator and Non-Operators, shall be in proportion to the respective interests in such Material. The Parties will thereupon be charged individually with the value of the Material received or receivable. Proper credits shall be made by the Operator in the monthly statement of operations.

3. Sales to Outsiders

Sales to outsiders of Material from the Joint Property shall be credited by Operator to the Joint Account at the net amount collected by Operator from vendee. Any claim by vendee related to such sale shall be charged back to the Joint Account if and when paid by Operator.

VI. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operators or divided in kind, unless otherwise agreed to between Operator and Non-Operators shall be priced on the following basis:

1. New Price Defined

New price as used in this Section VI shall be the price specified for New Material in Section IV.

2. New Material

New Material (Condition "A"), being new Material procured for the Joint Property but never used, at one hundred per cent (100%) of current new price (plus sales tax if any).

3. Good Used Material

Good used Material (Condition "B"), being used Material in sound and serviceable condition, suitable for reuse without reconditioning:

A. At seventy-five per cent (75%) of current new price if Material was charged to Joint Account as new, or

B. At sixty-five per cent (65%) of current new price if Material was originally charged to the Joint Account as secondhand at seventy-five percent (75%) of new price.

4. Other Used Material

Used Material (Condition "C"), at fifty per cent (50%) of current new price, being used Material which:

A. Is not in sound and serviceable condition but suitable for reuse after reconditioning, or

B. Is serviceable for original function but not suitable for reconditioning.

5. Bad-Order Material

Material (Condition "D"), no longer suitable for its original purpose without excessive repair cost but usable for some other purpose at a price comparable with that of items normally used for such other purpose.

6. Junk Material

Junk Material (Condition "E"), being obsolete and scrap Material, at prevailing prices.

7. Temporarily Used Material

When the use of Material is temporary and its service to the Joint Property does not justify the reduction in price as provided for in Paragraph 3 B of this Section VI, such Material shall be priced on a basis that will leave a net charge to the Joint Account consistent with the value of the service rendered.

VII. INVENTORIES

The Operator shall maintain detailed records of Material generally considered controllable by the Industry.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Material, which shall include all such Material as is ordinarily considered controllable. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator, who shall in that event furnish Non-Operators with a copy thereof.

2. Reconciliation and Adjustment of Inventories

Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be jointly determined by Operator and Non-Operators. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable to Non-Operator only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

EXHIBIT " E "

Attached to and made a part of Unit Operating Agreement covering
the Stuart Langlie-Mattix Unit, Lea County, New Mexico.

INSURANCE

In the development and operation of the subject properties, Operator shall carry the following insurance:

- (A) Workmen's Compensation Insurance in accordance with the Laws of the State of New Mexico, and Employer's Liability Insurance in a minimum amount of \$100,000.00.
- (B) Comprehensive General Public Liability Insurance: In minimum amounts of \$150,000.00 for injuries to each person and \$300,000.00 for each accident, and Property Damage Insurance in the minimum amounts of \$100,000.00 for each accident with the exception of the first \$5,000.00 of loss, which is self-insured by the parties hereto, and \$200,000.00 in the aggregate.
- (C) Automobile Liability Insurance in minimum amounts of \$150,000.00 for each person and \$300,000.00 for each accident, and Property Damage in the minimum amount of \$100,000.00 for each accident.

Unit Operator shall require its contractors and subcontractors performing work in and on the Unit Area to carry insurance of the types specified above and in such amounts as the Unit Operator deems necessary.

Each of Operator's aforesaid policies are written to automatically include all Non-Operators, under properties operated by Operator, as additional insured, whether or not such Non-Operators are specifically named.

The self-insured property damage loss incident to each accident shall be charged to the joint account.

No other insurance shall be carried by the Operator for the benefit of the joint account.

3683
COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

November 4, 1997

Betwell Oil & Gas Company
P.O. Box 2577
Hialeah, Florida 33012

Attn: Mr. Lowell S. Dunn II

Re: 1997 Plan of Development
Stuart Langlie Mattix Unit
Lea County, New Mexico

Dear Mr. Dunn:

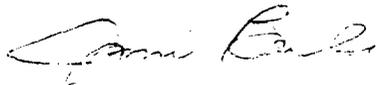
The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

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

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:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
xc: Reader File

OCD

BLM



State of New Mexico
Commissioner of Public Lands

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

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

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

October 24, 1996

Betwell Oil & Gas Company
P.O. Box 2577
Hialeah, Florida 33012

Attn: Mr. Lowell S. Dunn II

Re: 1996 Plan of Development
Stuart Langlie Mattix Unit
Lea County, New Mexico

Dear Mr. Dunn:

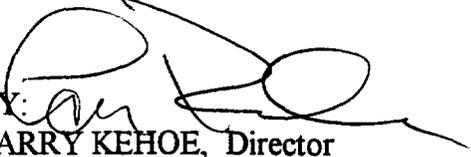
The Commissioner of Public Lands has this date approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

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

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: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

cc: Reader File

OCD

TRD

BLM

NMOCD

BETWELL OIL & GAS COMPANY

8300 N.W. 103RD STREET
P.O. BOX 2577
HIALEAH, FLORIDA 33012
TELEPHONE (305) 821-8300
FAX (305) 556-4852

May 1, 1996

United States Department of the Interior
Bureau of Land Management
Roswell District Office
1717 West Second Street
Roswell, New Mexico 88201-2019
Attention: Mr. Tony Ferguson, Assistant District Manager

Re: Stuart Langlie Mattix Unit

Mr. Ferguson,

Attached for your review are three copies of the 1995 Report of Operations and 1996 Plan of Development for the subject Betwell Oil & Gas Company operated Unit. As requested you will also find a map of the Unit boundary, production decline curve and the most current exhibit "B".

If you have any questions, please contact either myself or Ms. Kathy Rangel at (305) 821-8300.

Sincerely,



Lowell S. Dunn II
Vice President

Cc: All Working Interest Owners, file

LMWU POD96

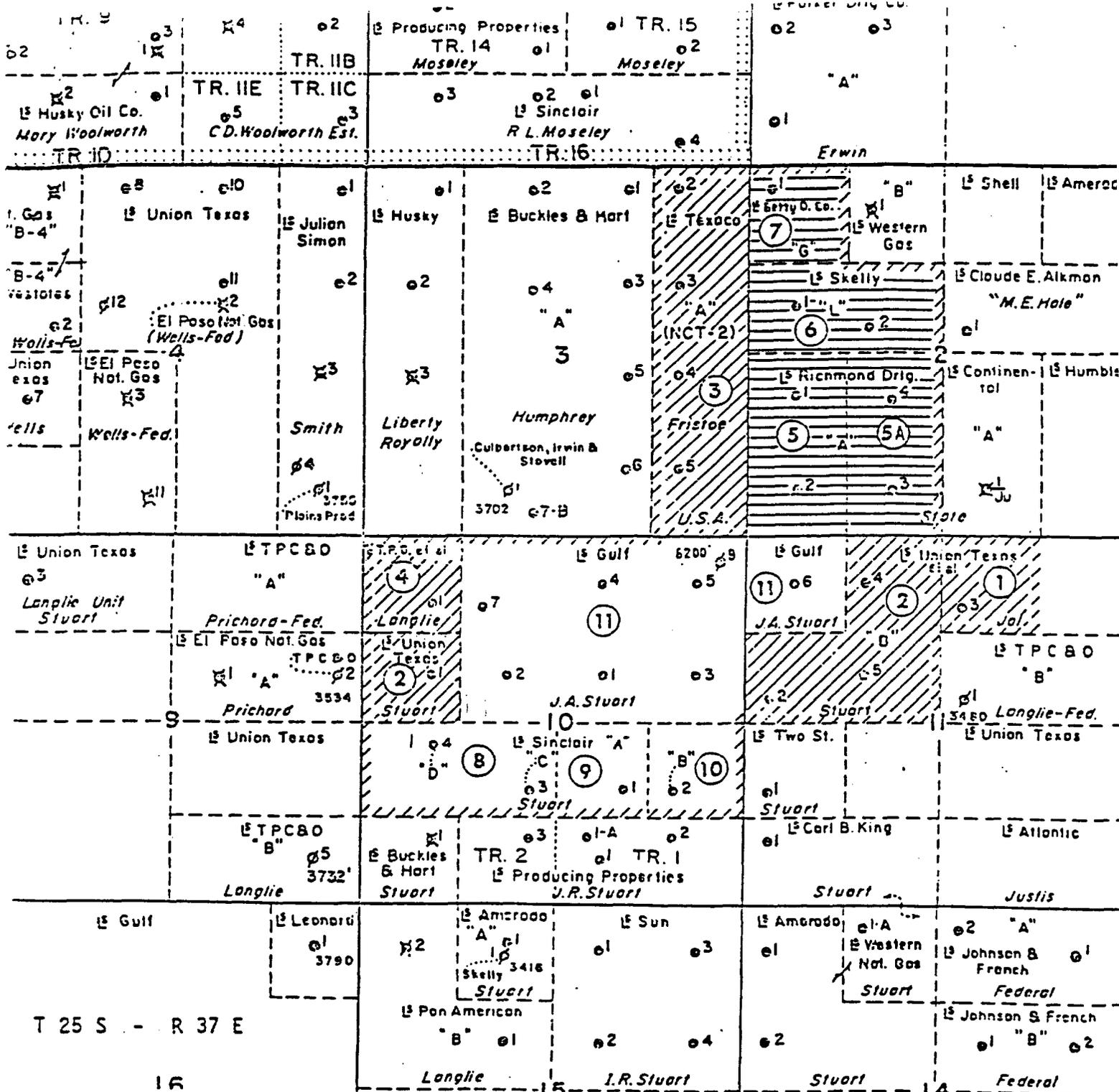
LDII/jlj

APPROVED

AUG 26 1996



AUTHORIZED OFFICER, MINERALS
BUREAU OF LAND MANAGEMENT



T 25 S - R 37 E
16

EXHIBIT "A"

STUART LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICO

- LEGEND -

-  Federal
-  State
-  Fee
-  Unit Area Boundary
-  Tract Number

Tract No.	Serial
1	LC 032511 (d)
2	LC 032511 (f)
* 3	LC 032592 (a)
4	LC 057180
5	B-158-1
5A	B-158-2
6	B-1328
7	B-1566-2

* Tract 3 not committed on Effective Date.

**Stuart Langlie Mattix Unit
1995 Report of Operations**

The Stuart Langlie Mattix Unit consists of 11 producing wells and 4 active injection wells. In 1995 the Unit produced 23,453 BO, 5,188 MCF and 151,261 BSW.

	1995 Daily	1995 Total	Cumulative
Oil Production	64	23,453	4,561,734
Gas Production	14	5,188	5,918,754
Water Production	414	151,261	4,624,265

During 1995, there was no drilling activity and no wells converted to injection. Betwell worked on enhancing oil recovery through maximizing downhole pump efficiency, limiting downtime on wells, and at the same time tried to minimize the expenses.

1996 Plan of Development

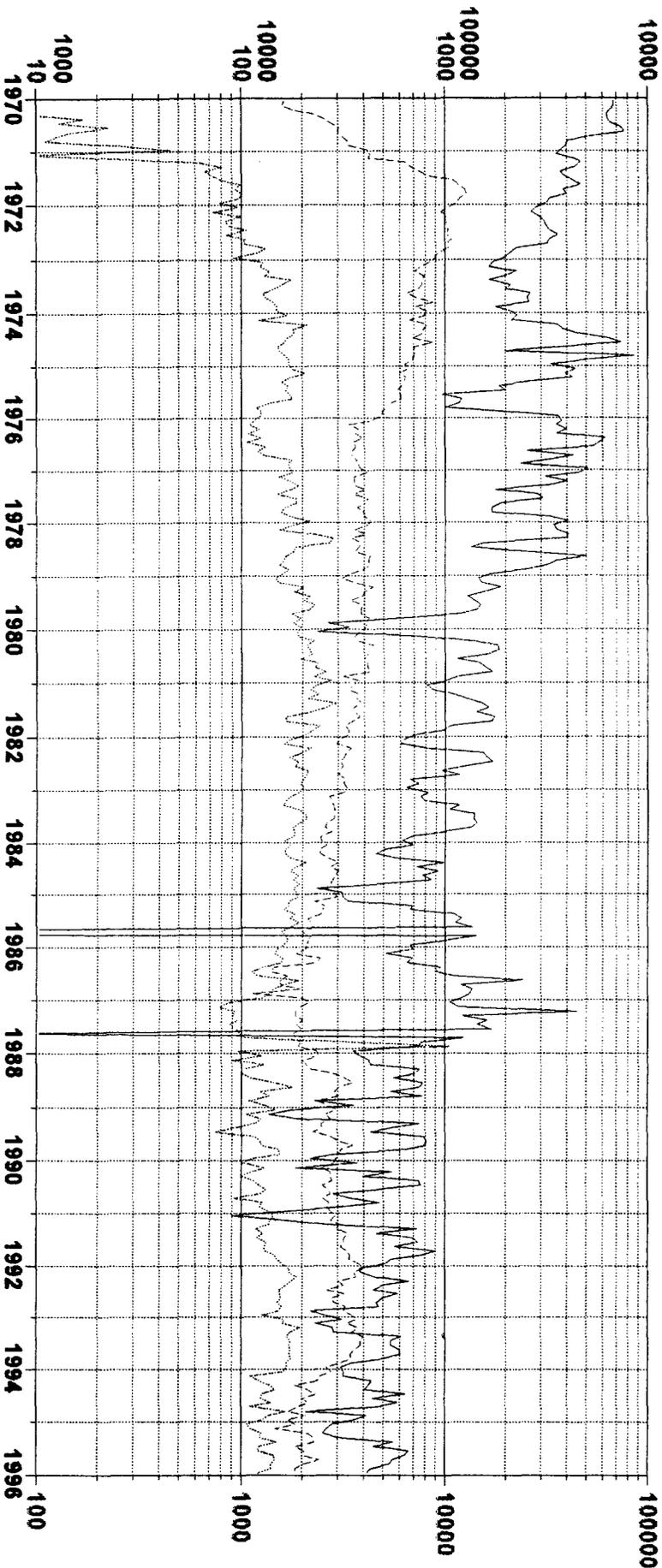
Betwell Oil & Gas Company has no proposed drilling activity for 1996, although an engineering study to determine possible infill drilling locations will be performed. In addition a study on how we might be able to improve the sweep efficiency will be done. We are currently in the process of evaluating the possibility of working over several wells. With stronger oil, prices expected during 1996 we anticipate reactivating wells that are currently shut-in due to mechanical problems.

STUART LANGLIE MATTIX UNIT

Well #	Status	A.P.I. Number
101	P	30-025-11403
102	I	30-025-11415
103	I	30-025-11416
104	I	30-025-11412
105	P	30-025-11409
106	P	30-025-11410
107	S	30-025-11411
108	I	30-025-11534
109	S	30-025-11535
110	P	30-025-11538
111	T	30-025-11526
112	S	30-025-11525
113	P	30-025-11527
114	P	30-025-11528
115	T	30-025-11516
116	P	30-025-11523
117	T	30-025-09731
118	P	30-025-11524
119	I	30-025-11533
120	I	30-025-11536
121	P	30-025-11531
122	P	30-025-11530
123	T	30-025-11532
124	P	30-025-11519
125	T	30-025-11345
126	T	30-025-22772
128	T	30-025-22773

WELL/LEASE CUMULATIVE PRODUCTION
19-Jul-1996

FIELD (RESERVOIR)	RESERVOIR NAME	LEASE NAME	WELL	GAS CUM	LIQUID CUM	UPPER PERF	LOWER PERF	1ST PROD DATE	LAST PROD DATE	STATUS
LANGLIE MATTIX (SEVE	SEVEN RVR QN G	STUART LANGLIE MATTIX	UNIT000101	77691	105031	0	0	0	9512	ACT
			UNIT000102	373965	91078	0	0	0	0	INA
			UNIT000103	378532	64424	0	0	0	0	INA
			UNIT000104	284013	69998	0	0	0	0	INA
			UNIT000105	165826	172516	0	0	0	9512	ACT
			UNIT000106	446648	239499	0	0	0	9512	ACT
			UNIT000107	165792	73156	0	0	0	0	INA
			UNIT000108	124157	38245	0	0	0	0	INA
			UNIT000109	32046	109109	0	0	0	9006	INA
			UNIT000110	155269	224096	0	0	0	9512	ACT
			UNIT000111	181501	184201	0	0	0	8709	INA
			UNIT000112	288175	283234	0	0	0	9410	INA
			UNIT000113	390158	597266	0	0	0	9512	ACT
			UNIT000114	245361	333500	0	0	0	9512	ACT
			UNIT000115	31185	160308	0	0	0	0	INA
			UNIT000116	192263	311411	0	0	0	9512	ACT
			UNIT000117	287489	214619	0	0	0	0	INA
			UNIT000118	215540	235113	0	0	0	9512	ACT
			UNIT000119	0	95773	0	0	0	0	INA
			UNIT000120	67546	74740	0	0	0	0	INA
			UNIT000121	1230671	151599	0	0	0	9512	ACT
			UNIT000122	517810	271661	0	0	0	9512	ACT
			UNIT000123	20425	211577	0	0	0	0	INA
			UNIT000124	46691	249580	0	0	0	9512	ACT
SEVEN RVR QN G				5918754	4561734					
LANGLIE MATTIX (SEVE				5918754	4561734					
TOTAL				5918754	4561734					



County: LEA	State: NM	F.P. Date: 0000	Date: 07/19/96
Field: LANGLE MATTIX (SEVEN)	Oil Cum: 4.561 mbbl		
Reservoir: SEVEN RVR QN GRBG	Gas Cum: 5918 mmcf	Water (bbl/mo)
Operator: BETWELL OIL & GAS CO	Location: 25S 37E	Gas (mcf/mo)	-----
		Oil (bbl/mo)	-----

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AID LEASE DATE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PERCENT PARTICIPATION OF TRACT IN UNIT	
								PRIMARY PHASE	SECONDARY PHASE
1	NW/4 NE/4 Sec. 11-255-37E	40.00	LC-032511(d) July 1, 1962 Oil rights only. 5-year term production (Sliding Scale)	USA-12-1/2% to 33-1/3% on oil; 12-1/2% to 16-2/3% on gas (Sliding Scale) Schedule "D"	Allied Chemical Corporation; & Joseph E. Seagram & Sons, Inc.	Selma L. Wilkinson 1.56250%	Joseph E. Seagram & Sons, Inc. 58.33334% Allied Chemical Corporation 41.66666%	0.2525%	0.611
2	SW/4 NW/4 Sec. 10; NE/4 NW/4, S/2 NW/4 Sec. 11-255-37E	160.00	LC-032511(f) July 1, 1962 Oil rights only. 5-year term production (Sliding Scale) Schedule "D"	USA-12-1/2% to 33-1/3% on oil; 12-1/2% to 16-2/3% on gas (Sliding Scale) Schedule "D"	Allied Chemical Corporation; & Joseph E. Seagram & Sons, Inc.	Selma L. Wilkinson 1.56250%	Joseph E. Seagram & Sons, Inc. 16.66666% Allied Chemical Corporation 83.33334%	0.9660%	2.113
3	Lot 1, SE/4 NE/4, E/2 SE/4 Sec. 3-255-37E	160.19	LC-032592(a) Mar. 1, 1958 Renewal	USA-12-1/2% to 25% on oil; 12-1/2% to 16-2/3% on gas (Sliding Scale) Schedule "C"	Texaco Inc.	D. B. Bubar, Trustee 1.75782% D. B. Bubar, Jr., and Claude Stephenson 0.11718% Ruth Carrow 1.87500% Frank Elliott 0.93750% Mrs. O. R. Hall, Jr. 0.93750% Della White 0.93750% William J. White 0.93750%	Texaco Inc. 100.00000%	0.0000%	0.000
4	NW/4 NW/4 Sec. 10-255-37E	40.00	LC-057180 Apr. 1, 1956 Oil rights only. 5-year term production. H. B. P. Schedule "D"	USA-12-1/2% to 33-1/3% on oil; 12-1/2% to 16-2/3% on gas (Sliding Scale) Schedule "D"	Joseph E. Seagram & Sons, Inc.	Margaret Aurand 0.39063% Hiriam Lamphere 0.39063% Pan American Petroleum Corp. 4.68750% Alice Robert 3.9863% Ruth B. Thomas	Joseph E. Seagram & Sons, Inc. 100.00000%	11.4159%	3916

(Not Committed on Un-Effective Date)

TRACT NO. DESCRIPTION OF LAND ACRES SERIAL NO. AND LEASE DATE BASIC ROYALTY OWNER AND PERCENTAGE LESSEE OF RECORD OVERRIDING ROYALTY OWNER & PERCENTAGE WORKING INTEREST OWNER AND PERCENTAGE PERCENT PARTICIPATION OF TRACT IN UNIT PRIORITY PHASE SECONDARY PHASE

4 FEDERAL TRACTS 400.19 ACRES CONSISTING OF 35.7198% OF UNIT AREA, WITH TRACT 3 NOT COMMITTED ON EFFECTIVE DATE

5 N/2 SW/4 Sec.2-25S-37E 80.00 B-158-1 Aug. 14, 1931 H.B.P. State of New Mexico - All 12.5% Richmond Drilling Co. Texaco Inc.-12.5% on daily average per well 50 Bbls. or less, 18.75% on daily average per well more than 50 Bbls. & 25% on daily average per well more than 100 Bbls; Fleming, Decd. 12.50% & 18.75% of 8/8 on gas production. Edward E. Reigle, Tr. 50.00% Mrs. Iva C. Richmond 25.00% Ocle Virginia McDonald 12.50% Mark H. Whitted, Admin. of Est. of Janice F. Fleming, Decd. 12.50%

5-A E/2 SW/4 Sec.2-25S-37E 80.00 B-158-2 Aug. 14, 1931 H.B.P. State of New Mexico - All 12.5% Richmond Drilling Co. Texaco Inc.-12.5% on daily average per well 50 Bbls. or less, 18.75% on daily average per well more than 50 Bbls. & 25% on daily average per well more than 100 Bbls; Fleming, Decd. 12.50% & 18.75% of 8/8 on gas production. Edward E. Reigle, Tr. 50.00% Mrs. Iva C. Richmond 25.00% Ocle Virginia McDonald 12.50% Mark H. Whitted, Admin. of Est. of Janice F. Fleming, Decd. 12.50%

6 S/2 NW/4 Sec.2-25S-37E 80.00 B-1328 Nov. 16, 1932 H.B.P. State of New Mexico - All Skelly Oil Co. None Skelly Oil Company 100.00%

7 Lot 4 of Sec.2-25S-37E 40.17 B-1566-2 Dec. 29, 1932 H.B.P. State of New Mexico - All Getty Oil Company None Getty Oil Company 100.00%

4 STATE TRACTS 280.17 ACRES CONSISTING OF 25.0071% OF UNIT AREA

8 N/2 SW/4 Sec.10-25S-37E 80.00 Fee Lease May 7, 1926 Amerada Petro- leum Corp. Company Sinclair Oil & Gas Co. 100.00%

7.3129% 3.6565% 1.8282% 1.1748% 9.3987% 0.7497% 0.5333% 4.6731% 2.3350% 1.1575% 0.3933% 5.5375%

5.3619% 2.0945% 2.4570% 5.2704% 10.7502%

5.0444% 2.9330% 1.4995% 0.7497%

4.6994% 2.3497% 1.1748%

7.3129% 3.6565% 1.8282%

1.8282% 14.6258%

TRACT NO. 8 (Contd)

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND LEASE DATE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	OF TRACT IN UNIT PRIMARY PHASE	SECONDARY PHASE	
9	NW/4 SE/4 Sec. 10-25S-37E	40.00	Fee Lease May 7, 1926	Nary Helen Seaton	Amerada Petro- Sinclair Oil & Gas Leum Corp. Company	None	Sinclair Oil & Gas Co.	100.00%	3.8144%	7.4355%
				0.78125%						
				Glenn O. Briscoe						
				0.78125%						
				Chas. T. Bates, Jr.						
				0.06944%						
				James Ray Bates						
				0.06944%						
				Kenneth C. Bates						
				0.06945%						
				Lucille Chism Bates						
				0.04883%						
				Theodocia G. Bates						
				0.24306%						
				Warren J. Bates						
0.06944%										
Ether Chism										
0.32552%										
Hugh Corrigan III										
1.17187%										
J. Patrick Corrigan										
1.17188%										
Catherine L. Dumraese										
0.52083%										
Thomas J. Galbraith										
0.78125%										
Wilma Chism Lain										
0.04883%										
Norma Chism McCarthy										
0.04883%										
Midwest Oil Corp.										
2.34375%										
Nary Louise Hommansen										
0.04883%										
C.F. Walter Voss										
0.78125%										

9 NW/4 SE/4 Sec. 10-25S-37E 40.00 Fee Lease May 7, 1926 Amerada Petro- Sinclair Oil & Gas Leum Corp. Company None Sinclair Oil & Gas Co. 100.00% 3.8144% 7.4355%

NO.	DESCRIPTION OF LAND	NO. OF ACRES	AND LEASE DATE	OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PRIMARY PHASE	SECONDARY PHASE
-----	---------------------	--------------	----------------	----------------------	------------------	---------------------------------------	---------------------------------------	---------------	-----------------

10	(Cont'd)			San Angelo Natl. Bank, Suc. Tr. U/M of Ralph Leftwich, Decd. 1.47414%					
				San Angelo Natl. Bank, Ex. of Estate of Lorraine B. Leftwich, Decd. 1.47415%					
				Bank of Southwest Natl. Assn., Houston, Texas, Tr. #1608 1.47414%					
				Bank of Southwest Natl. Assn., Houston, Texas, Tr. U/M of Hubert E. Clift, Decd. 1.47415%					
11	NE/4, E/2 NW/4 Sec. 10; & NW/4 NW/4 Sec. 11-255-37E	280.00	Fee Leases May 10, 1926 Dec. 28, 1935	Amerada Petro-Gulf Oil Corp. Leum Corp. 1.3393%	None		Gulf Oil Corporation 100.00%	31.6952%	38.9590%
				Mary Helen Seaton 0.6696%					
				Ione Bearily Atkins 0.0205%					
				✓ Atlantic Richfield Co. 0.6449%					
				Bank of Southwest Natl. Assn., Tr. #1381 0.7494%					
				Bank of Southwest Natl. Assn., Tr. #1608 0.7493%					
				Charles T. Bates, Jr. 0.0298%					
				James Ray Bates 0.0298%					
				Kenneth C. Bates 0.0298%					
				Lucille Chism. Bates 0.0209%					
				Theodocia G. Bates					

TRACT NO. 11 (Contd)

DESCRIPTION OF LAND

NO. OF ACRES

SERIAL NO. AND LEASE DATE

BASIC ROYALTY OWNER AND PERCENTAGE

LESSEE OF RECORD

OVERRIDING ROYALTY OWNER & PERCENTAGE

WORKING INTEREST OWNER AND PERCENTAGE

OF TRACT IN UNIT PRIMARY PHASE

SECTION 7 PHASE

Warren J. Bates
0.0290%

James Henry Bearty
0.0204%

Glenn O. Briscoe
0.3348%

Ether Chism
0.1395%

Odella N. Clark
0.1042%

Elizabeth Bearty Dudley
0.0204%

Catherine L. Dumraese
0.2232%

Julie Ann Erickson
0.0155%

Thomas J. Galbraith
0.6696%

Marion Michler Heard
0.0155%

Nilma Chism Lain
0.0210%

San Angelo Natl. Bank, Tr.
U/W Ralph W. Leftwich, Decd.
0.7494%

San Angelo Natl. Bank, Anc.
Ex. 0.7493%

Josephine Helch Lundy
0.8929%

Norma Chism McCarthy
0.0209%

Margaret B. Moore
0.0205%

Mary Louise Nommensen
0.0209%

Midwest Oil Corp.
1.0045%

L.C. Ritts
0.6449%

Jean Robertson

WELL NO.	DESCRIPTION OF LAND	NO. OF ACRES	AND LEASE DATE	OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER & PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PRIORITY PHASE	SECONDARY PHASE
11									
(Cont'd)									
					Sabine Royalty Corp.				
				0.5740%					
				Robert C. Sharp					
				0.6448%					
				Elmor C. Shaughnessy					
				0.0155%					
				O.M. Skirvin					
				0.1860%					
				Elmor Underwood Shaughnessy & Irvin Hood, Ex. of Est. of Marlon Taylor Underwood					
				0.1395%					
				F. Walter Voss					
				0.2232%					
				Thomas G. Voss					
				0.2232%					
				Hachovia Bank and Trust Co., Tr.					
				0.1860%					

4 FEE TRACTS 440.00 ACRES CONSISTING OF 39.2731% OF UNIT AREA

Production Payment of 95% on royalty interest in Tract 11 to Chase Manhattan Bank, A/C Argo Production Payment.

	COMMITTED	UNCOMMITTED	RECAPITULATION
FEDERAL LANDS	240.00 ACRES	160.19 ACRES	21.4217% OF UNIT AREA
STATE LANDS	280.17 ACRES	35.7198%	14.2981% OF UNIT AREA
FEE LANDS	440.00 ACRES	39.2731%	35.7198% OF UNIT AREA
TOTAL	1,120.36 ACRES	100.0000%	25.0071% OF UNIT AREA



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

3683

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

CERTIFIED - RETURNED RECEIPT REQUESTED

April 27, 1993

Betwell Oil & Gas Company
P.O. Box 2577
Hialeah, Florida 33012

Attention: Mr. Lowell Dunn, Jr.

Re: Designation of Successor Unit Operator
Stuart Langlie-Mattix Unit
Lea County, New Mexico

Dear Mr. Dunn:

Mr. James Baca of Chevron, USA, Inc. has advised this office that Betwell Oil & Gas Company has been designated as the successor unit operator of the Stuart Langlie-Mattix Unit, Lea County, New Mexico.

Our records reflect that Chevron USA, Inc. is still the operator of record for this unit. Pursuant to the terms of the Stuart Langlie-Mattix Unit Agreement, any change in unit operators must also be approved by the Commissioner of Public Lands and the Bureau of Land Management.

In view of the above, please submit a resignation/designation of successor unit operator to this office for approval. If the change of operator is not filed with and approved by this office, you are operating the Stuart Langlie-Mattix Unit without authority.

Also, enclosed is an Instruction Sheet for filing a Surface Improvement Damage Bond. Our records reflect that Betwell Oil & Gas Company does not have a \$20,000 Multiple Surface Improvement Damage Bone on file. This change of unit operators will not be approved until the required bond has been filed with this office.

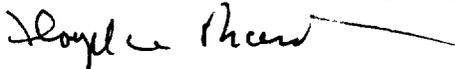
Betwell Oil & Gas Company
April 27, 1993
Page 2

Please submit the appropriate documents for designation of successor operator of the Stuart Langlie-Mattix Unit within thirty (30) days from receipt of this letter. Failure to timely submit the requested documents may jeopardize this unit and the state leases committed to this unit agreement.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.

cc: Reader File
Chevron USA, Inc.



RAY B. POWELL
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

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

August 10, 1993

Betwell Oil & Gas Company
P.O. Box 2577
Hialeah, Florida 33012

Attention: Mr. Lowell S. Dunn II

Re: Resignation/Designation of Successor Unit Operator
Stuart Langlie Mattix Unit
Lea County, New Mexico

Dear Mr. Dunn:

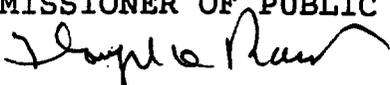
This office is in receipt of a designation of successor unit operator, wherein Chevron USA Production Company has resigned as unit operator of the Stuart Langlie Mattix Unit and designated Betwell Oil & Gas Company as the successor unit operator.

The Commissioner of Public Lands has this date approved the resignation of Chevron USA Production Company and the designation of Betwell Oil & Gas Company as the successor unit operator of this unit. This change in operators is effective December 1, 1992. In accordance with this approval, Betwell Oil & Gas Company 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 B. POWELL
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RBP/FOP/pm
encls.

cc: Reader File
BLM - Roswell
Chevron USA Production Company
OCD
TRD

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

May 22, 1989

3683

Chevron U.S.A. Inc.
P.O. Box 670
Hobbs, New Mexico 88240

ATTN: R.C. Anderson
Division Manager, Production Department

RE: 1989 Plan of Development
Stuart Langlie-Mattix Unit
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 an approved 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

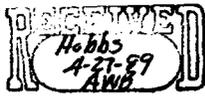
BY:

Floyd O. Prando

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

cc: OCD - Santa Fe, New Mexico
BLM
Unit Correspondence File

WRH/FOP/SMH



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240



April 13, 1989

R. C. Anderson
Division Manager
Production Department
Hobbs Division

3683

1988 REPORT OF OPERATIONS AND
1989 PLAN OF DEVELOPMENT FOR
BOGLE FLATS, EUNICE MONUMENT
SOUTH, NORTH HACKBERRY YATES,
✓STUART LANGLIE-MATTIX,
HACKBERRY HILLS, MALJAMAR
GRAYBURG AND WEST DOLLARHIDE
DEVONIAN UNIT (S)

United States Department of the Interior
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

Attention: Mr. Joe G. Lara
Assistant District Manager, Minerals

Gentlemen:

Attached for your viewing are three copies of the 1988 Report of Operations and 1989 Plan of Development for each of the subject Chevron U.S.A. operated Units as requested in your letter of February 1, 1989. Please note that you graciously granted us and extension to April 15, 1989 to submit these reports.

If you have any questions, please contact Mr. J. T. Dunlavey or Mr. A. W. Bohling at Chevron U.S.A. Inc., P. O. Box 670, Hobbs, New Mexico 88240; Phone (505) 393-4121.

Yours very truly,

R. C. ANDERSON

AWB/jay 04139/02

Attachments

cc: M. J. Allison w/o attachments
J. A. Awwad w/o attachments
J. T. Dunlavey w/o attachments
D. H. Messer Houston - w/attachments
D. H. Wilson Houston - w/attachments
Hobbs Division Central Files - Unit files w/attachment

RE: 1989 Plan of Development and 1988 Report of Operations,
Stuart Langlie Mattix Unit, Lea County, New Mexico.

The Stuart Langlie Mattix Unit comprises 13 producing wells, 1 active San Andres water supply well and 13 active water injection wells. The unit is currently producing 85 BOPD + 399 BWPD + 13 MCFGPD (daily avg. production 4th quarter 1988). All unit wells were drilled and completed prior to January, 1985. Cumulative injection and production was 20.7 MMBW and 1.0 MMBO, respectively through December, 1988.

In 1988 15 wells were cleaned out and acidized. This work was performed on 5 production wells and 10 injection wells. This work resulted in the increased production shown on the attached plot.

Chevron is presently evaluating the results of last years' work in an effort to determine the feasibility of continued work in the unit.

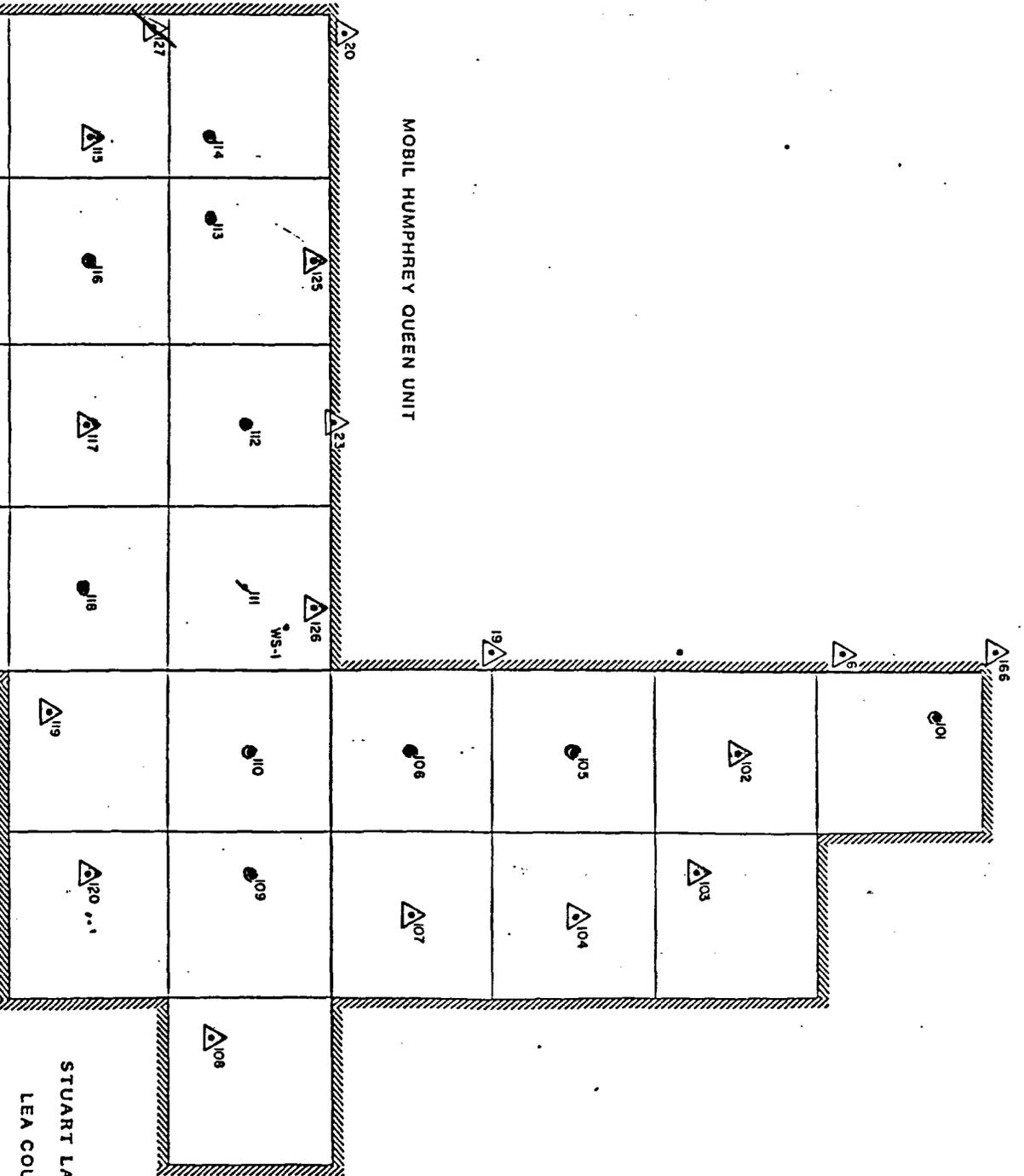
LMW/jc 04119/02

Plan of Development
APPROVED

APR 26 1989

Yac. L. Lara
DISTRICT MANAGER
BUREAU OF LAND MANAGEMENT

AMERADA LANGLEIE MATTIX WOOLWORTH UNIT



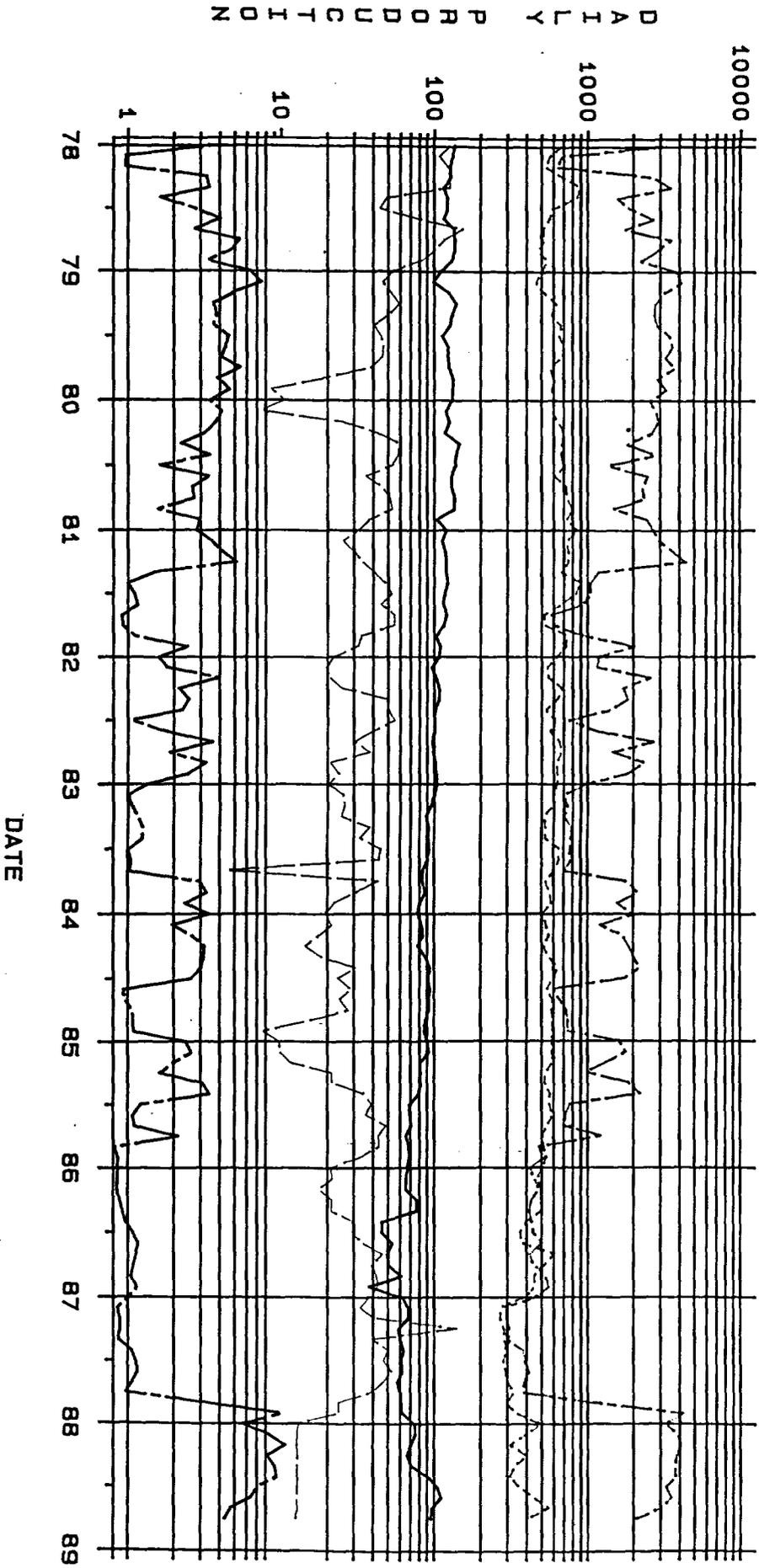
UNIT OUTLINE
 WATER SUPPLY WELL
 WATER INJECTOR WELL
 Active Producers

STUART LANGLEIE MATTIX UNIT
 LEA COUNTY, NEW MEXICO
 SCALE : 8" : 1 MILE

ENGINEERING : MICKEY WARLICK
 DRAFTING : R. A. CRAWFORD

STUART LANGLIE MATTX UNIT

QUARTERLY WATERFLOOD REPORT



SOLID BLACK LINE = BOPD
SHORT DASH BLUE LINE = BWPD
LONG DASH GREEN LINE = GAS
ALTERNATING RED LINE = INJ VOL
LONG ALTERNATING BLACK LINE = FIFO

DAILY PRODUCTION

DATE

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs
 Supervisor: C.L. Morrill
 January 1988

Foreman :

Field	Lease/Property	Well No.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	31	303	9,406	9,406	680	20	A
		103	31	343	10,621	10,621	410	0	A
		104	31	326	10,092	10,092	345	75	A
		107	31	236	7,324	7,324	255	35	A
		108	31	433	13,417	13,417	-415	100	A
		115	31	291	9,021	9,021	580	0	A
		117	31	282	8,728	8,728	450	0	A
		119	31	336	10,421	10,421	120	0	A
		120	31	318	9,857	9,857	650	0	A
		123	31	201	6,240	6,240	665	400	A
		125	31	211	6,527	6,527	650	15	A
		126	31	293	9,082	9,082	370	125	A
128	31	364	11,294	11,294	70	400	A		
					122,030	122,030			
					122,030	122,030			
					122,030	122,030			

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 02/08/88

PROPERTY NAME : STUART LANGLIE MATTIX UNIT
 FIELD_NAME : : LANGLIE MATTIX
 RESERVOIR : : SEVEN RIVERS QUEEN
 BUSINESS MONTH: JANUARY 1988

WELL NUM (LR)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	31	61	381	31	2	6	1	510	01/18/88
105	PRO	OIL	PR	31	225	1524	31	7	54	1	146	01/04/88
106	PRO	OIL	PR	31	202	1492	31	6	53	1	170	01/05/88
109	PRO	OIL	PR	31	15	686	31	1	5	1	1020	01/17/88
110	PRO	OIL	PR	28	192	305	28	7	7	1	146	01/15/88
112	PRO	OIL	PR	31	61	719	31	2	19	1	510	01/16/88
113	PRO	OIL	PR	31	938	3534	31	31	127	1	33	01/03/88
114	PRO	OIL	PR	27	58	997	27	2	42	1	510	01/06/88
116	PRO	OIL	PR	31	331	1480	31	11	54	1	93	01/02/88
118	PRO	OIL	PR	31	74	240	31	2	4	1	510	01/14/88
121	PRO	OIL	PR	31	49	267	31	2	3	1	510	01/13/88
122	PRO	OIL	PR	31	48	424	31	1	3	1	1020	01/19/88
124	PRO	OIL	PR	31	82	324	31	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					2336	12373	396					

AVERAGE DAILY OIL PRODUCTION: 75
 AVERAGE DAILY WATER PRODUCTION: 399
 AVERAGE DAILY GAS PRODUCTION: 13

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs Supervisor: C.L. Morrill
 February 1988

Foreman :

Field	Lease/Property	Well No.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	29	293	8,511	17,917	689	20	A
		103	29	372	10,777	21,398	450	0	A
		104	29	328	9,518	19,610	350	75	A
		107	29	306	8,883	16,207	295	35	A
		108	29	378	10,966	24,383	415	100	A
		115	29	252	7,300	16,321	595	0	A
		117	29	284	8,242	16,970	450	0	A
		119	29	353	10,241	20,662	25	0	A
		120	29	320	9,282	19,139	652	0	A
		123	29	222	6,424	12,664	703	400	A
		125	29	229	6,648	13,175	692	15	A
		126	29	299	8,665	17,747	580	125	A
		128	29	350	10,147	21,441	75	400	A
				115,604	237,634	237,634			
				115,604	237,634	237,634			

Foreman : J.T. Ray

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs
 Supervisor: C.L. Morrill
 March 1988

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	31	332	10,287	28,204	740	20	A
		103	31	357	11,064	32,462	510	0	A
		104	31	292	9,049	28,659	370	75	A
		107	31	296	9,178	25,385	310	30	A
		108	31	343	10,631	35,014	405	75	A
		115	31	187	5,787	22,108	575	0	A
		117	31	283	8,759	25,729	450	0	A
		119	31	359	11,142	31,804	40	0	A
		120	31	233	7,236	26,375	660	0	A
		123	31	221	6,852	19,516	500	400	A
		125	31	226	7,000	20,175	710	15	A
		126	31	306	9,479	27,226	600	125	A
128	31	369	11,432	32,873	100	400	A		
				3,803	117,896	355,530			

AVERAGE DAILY WATER INJECTION: 3,803
 AVERAGE TUBING PRESSURE : 459
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

*TOTAL STUART LANGLIE MATTIX UNIT

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 04/29/88

PROPERTY NAME : STUART LANGLIE MATIIX UNIT
 FIELD NAME : : LANGLIE MATIIX

RESERVOIR : : SEVEN RIVERS QUEEN
 BUSINESS MONTH: MARCH 1988

WELL NUM (L8)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	31	54	196	31	2	6	1	510	01/18/88
105	PRO	OIL	PR	31	188	1768	31	7	54	1	146	01/04/88
106	PRO	OIL	PR	31	161	1735	31	6	53	1	170	01/05/88
109	PRO	OIL	PR	31	27	164	31	1	5	1	1020	01/17/88
110	PRO	OIL	PR	30	182	222	30	7	7	1	146	01/15/88
112	PRO	OIL	PR	31	54	622	31	2	19	1	510	01/16/88
113	PRO	OIL	PR	31	833	4157	31	31	127	1	33	01/03/88
114	PRO	OIL	PR	31	54	1375	31	2	42	1	510	01/06/88
116	PRO	OIL	PR	31	296	1768	31	11	54	1	93	01/02/88
118	PRO	OIL	PR	31	54	131	31	2	4	1	510	01/14/88
121	PRO	OIL	PR	30	52	95	30	2	3	1	510	01/13/88
122	PRO	OIL	PR	31	27	98	31	1	3	1	1020	01/19/88
124	PRO	OIL	PR	31	54	229	31	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					2036	12560	401					

AVERAGE DAILY OIL PRODUCTION: 66
 AVERAGE DAILY WATER PRODUCTION: 405
 AVERAGE DAILY GAS PRODUCTION: 13

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Foreman : J.T. Ray

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs Supervisor: C.L. Morrill
 April 11 1988

PCB

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	30	337	10,119	38,323	745	20	A
		103	30	398	11,942	44,404	540	0	A
		104	30	269	8,080	36,739	365	70	A
		107	30	243	7,277	32,662	290	30	A
		108	30	348	10,453	45,467	420	75	A
		115	30	250	7,501	29,609	574	0	A
		117	30	345	10,350	36,079	18	0	A
		119	30	352	10,552	36,079	50	0	A
		120	30	220	6,608	42,356	669	0	A
		123	30	183	5,479	32,983	465	400	A
		125	30	238	7,141	24,995	725	10	A
		126	30	240	7,194	27,316	586	100	A
128	30	314	9,412	34,420	94	375	A		
				3,737	112,108	467,638			

*TOTAL STUART LANGLIE MATTIX UNIT

AVERAGE DAILY WATER INJECTION: 3,737
 AVERAGE TUBING PRESSURE : 426
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

PROPERTY NAME : STUART LANGLIE MATTIX
 FIELD_NAME : : LANGLIE MATTIX

RESERVOIR : : SEVEN RIVERS QUEEN
 BUSINESS MONTH: APRIL 1988

RUN DATE: 05/10/88
 PAGE 23

WELL NUM (L8)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	30	58	161	30	2	6	1	510	01/18/88
105	PRO	OIL	PR	30	203	1451	30	7	54	1	146	01/04/88
106	PRO	OIL	PR	30	174	1424	30	6	53	1	170	01/05/88
109	PRO	OIL	PR	30	29	134	30	1	5	1	1020	01/17/88
110	PRO	OIL	PR	30	203	188	30	7	7	1	146	01/15/88
112	PRO	OIL	PR	30	58	511	30	2	19	1	510	01/16/88
113	PRO	OIL	PR	28	839	3186	28	31	127	1	33	01/03/88
114	PRO	OIL	PR	30	58	1129	30	2	42	1	510	01/06/88
116	PRO	OIL	PR	30	319	1451	30	11	54	1	93	01/02/88
118	PRO	OIL	PR	30	58	108	30	2	4	1	510	01/14/88
121	PRO	OIL	PR	30	58	81	30	2	3	1	510	01/13/88
122	PRO	OIL	PR	30	29	81	30	1	3	1	1020	01/19/88
124	PRO	OIL	PR	30	58	188	30	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					2144	10093	388					

AVERAGE DAILY OIL PRODUCTION: 71
 AVERAGE DAILY WATER PRODUCTION: 336
 AVERAGE DAILY GAS PRODUCTION: 13

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

CD

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs
 Supervisor: C.L. Morrill
 May 1988

Foreman : J.T. Ray

Bob

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	31	325	10,085	48,408	770	20	A
		103	31	336	10,428	54,832	530	0	A
		104	31	218	6,773	43,512	350	70	A
		107	31	171	5,311	37,973	-280	30	A
		108	31	353	10,951	56,418	435	75	A
		115	31	95	2,945	32,554	480	0	A
		117	31	353	10,943	47,022	50	0	A
		119	31	379	11,747	54,103	85	0	A
		120	31	206	6,400	39,383	690	0	A
		123	31	125	3,884	28,879	440	400	A
		125	31	184	5,700	33,016	720	10	A
		126	31	385	11,937	46,357	675	100	A
128	31	340	10,529	52,814	115	375	A		
				3,472	107,633	575,271			

AVERAGE DAILY WATER INJECTION: 3,472
 AVERAGE TUBING PRESSURE : 422
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

*TOTAL STUART LANGLIE MATTIX UNIT

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 06/13/88

PROPERTY NAME : STUART LANGLIE MATTIX UNIT
 FIELD_NAME : LANGLEIE MATTIX
 RESERVOIR : SEVEN RIVERS QUEEN
 BUSINESS MONTH: MAY 1988

WELL NUM (LB)	CLASS	FLUID	STATUS	WELL UP	WELL DAYS	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR		31	74	152	31	2	6		510	01/18/88
105	PRO	OIL	PR		31	258	1370	31	7	54		146	01/04/88
106	PRO	OIL	PR		31	221	1345	31	6	53		170	01/05/88
109	PRO	OIL	PR		31	37	127	31	1	5		1020	01/17/88
110	PRO	OIL	PR		31	258	178	31	7	7		146	01/15/88
112	PRO	OIL	PR		31	74	482	31	2	19		510	01/16/88
113	PRO	OIL	PR		31	1143	3222	31	31	127		33	01/03/88
114	PRO	OIL	PR		31	74	1066	31	2	42		510	01/06/88
116	PRO	OIL	PR		31	405	1370	31	11	54		93	01/02/88
118	PRO	OIL	PR		31	74	101	31	2	4		510	01/14/88
121	PRO	OIL	PR		31	74	76	31	2	3		510	01/13/88
122	PRO	OIL	PR		31	37	76	31	1	3		1020	01/19/88
124	PRO	OIL	PR		31	74	178	31	2	7		510	01/12/88
*TOTAL SEVEN RIVERS QUEEN						2803	9743	403					

AVERAGE DAILY OIL PRODUCTION: 90
 AVERAGE DAILY WATER PRODUCTION: 314
 AVERAGE DAILY GAS PRODUCTION: 13
 ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs Supervisor: C.L. Morrill
 June 1988

Foreman : J.T. Ray

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	30	308	9,234	57,642	780	15	A
		103	30	195	5,846	60,678	425	0	A
		104	30	214	6,419	49,931	345	0	A
		107	30	170	5,093	43,066	277	40	A
		108	30	323	9,701	66,119	445	50	A
		115	30	236	7,071	39,625	570	0	A
		117	30	344	10,315	57,337	25	0	A
		119	30	380	11,414	65,517	105	0	A
		120	30	217	6,517	45,900	690	0	A
		123	30	146	4,381	33,260	418	400	A
		125	30	106	3,170	36,186	690	10	A
		126	30	325	9,759	56,116	670	100	A
128	30	290	8,711	61,525	125	350	A		
				3,254	97,631	672,902			

*TOTAL STUART LANGLIE MATTIX UNIT

AVERAGE DAILY WATER INJECTION: 3,254
 AVERAGE TUBING PRESSURE : 428
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 07/18/88

PROPERTY NAME : STUART LANGLIE MATTIX UNIT RESERVOIR : SEVEN RIVERS QUEEN
 FIELD_NAME : LANGLIE MATTIX BUSINESS MONTH: JUNE 1988

WELL NUM (LR)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	30	84	172	30	2	6	1	510	01/18/88
105	PRO	OIL	PR	30	293	1551	30	7	54	1	146	01/04/88
106	PRO	OIL	PR	30	251	1522	30	6	53	1	170	01/05/88
109	PRO	OIL	PR	30	42	144	30	1	5	1	1020	01/17/88
110	PRO	OIL	PR	30	293	201	30	7	7	1	146	01/15/88
112	PRO	OIL	PR	30	84	546	30	2	19	1	510	01/16/88
113	PRO	OIL	PR	29	1256	3526	29	31	127	1	33	01/03/88
114	PRO	OIL	PR	29	81	1166	29	2	42	1	510	01/06/88
116	PRO	OIL	PR	30	461	1551	30	11	54	1	93	01/02/88
118	PRO	OIL	PR	30	84	115	30	2	4	1	510	01/14/88
121	PRO	OIL	PR	30	84	86	30	2	3	1	510	01/13/88
122	PRO	OIL	PR	30	42	86	30	1	3	1	1020	01/19/88
124	PRO	OIL	PR	30	84	201	30	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					3139	10867	388					

AVERAGE DAILY OIL PRODUCTION: 105
 AVERAGE DAILY WATER PRODUCTION: 362
 AVERAGE DAILY GAS PRODUCTION: 13

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Foreman : J.T. Ray

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs Supervisor: C.L. Morrill
 July 1988

DLB

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	31	284	8,809	66,451	760	15	A
		103	31	336	10,424	71,102	550	0	A
		104	31	246	7,618	57,549	375	50	A
		107	31	238	7,372	50,438	290	40	A
		108	31	343	10,640	76,759	450	50	A
		115	31	291	9,015	48,640	660	0	A
		117	31	329	10,201	67,538	50	0	A
		119	31	346	10,715	76,232	135	0	A
		120	31	312	9,662	55,562	740	0	A
		123	31	172	5,328	38,588	520	350	A
		125	31	179	5,564	41,750	710	10	A
		126	31	176	5,461	61,577	650	75	A
		128	31	324	10,037	71,562	145	350	A
				3,576	110,846	783,748			

AVERAGE DAILY WATER INJECTION: 3,576
 AVERAGE TUBING PRESSURE : 464
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

*TOTAL STUART LANGLIE MATTIX UNIT

PROPERTY NAME : STUART LANGLIE MATTIX UNIT
 WELL NAME : LANGLIE MATTIX
 RESERVOIR : SEVEN RIVERS QUEEN
 BUSINESS MONTH : JULY 1988

WELL NUM (L8)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS PRODUCTION	THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	30	89	215	30	30	2	6	1	510	01/18/88
105	PRO	OIL	PR	31	322	1997	31	31	7	54	1	146	01/04/88
106	PRO	OIL	PR	31	276	1960	31	31	6	53	1	170	01/05/88
109	PRO	OIL	PR	29	43	173	29	29	1	5	1	1020	01/17/88
110	PRO	OIL	PR	27	281	226	27	27	7	7	1	146	01/15/88
112	PRO	OIL	PR	31	92	703	31	31	2	19	1	510	01/16/88
113	PRO	OIL	PR	31	1427	4697	31	31	31	127	1	33	01/03/88
114	PRO	OIL	PR	31	92	1553	31	31	2	42	1	510	01/06/88
116	PRO	OIL	PR	31	506	1997	31	31	11	54	1	93	01/02/88
118	PRO	OIL	PR	31	92	148	31	31	2	4	1	510	01/14/88
121	PRO	OIL	PR	31	92	111	31	31	2	3	1	510	01/13/88
122	PRO	OIL	PR	30	45	107	30	30	1	3	1	1020	01/19/88
124	PRO	OIL	PR	31	92	259	31	31	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					3449	14146	395						

AVERAGE DAILY OIL PRODUCTION: 111
 AVERAGE DAILY WATER PRODUCTION: 456
 AVERAGE DAILY GAS PRODUCTION: 13

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Foreman : J.T. Ray

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs
 Supervisor: C.L. Morrill
 August 1988

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing pressure	Casing pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	24	364	8,737	75,188	330	0	A
		103	24	541	12,995	84,097	314	0	A
		104	24	251	6,030	63,579	250	75	A
		107	24	264	6,330	56,768	250	25	A
		108	24	296	7,108	83,867	430	40	A
		115	31	223	6,921	55,561	600	0	A
		117	31	199	6,177	73,715	10	0	A
		119	24	243	5,842	82,074	45	0	A
		120	24	286	5,323	62,415	685	0	A
		123	31	172	5,323	43,911	450	300	A
		125	31	243	7,538	49,288	720	0	A
		126	31	209	6,476	68,053	560	50	A
		128	31	271	8,398	79,960	120	300	A
*TOTAL STUART LANGLIE MATTIX UNIT				3,563	94,728	878,476			

AVERAGE DAILY WATER INJECTION: 3,563
 AVERAGE TUBING PRESSURE : 366
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

WELL NUM (LB)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	31	78	272	31	2	6	1	510	01/18/88
105	PRO	OIL	PR	31	273	2446	31	7	54	1	146	01/04/88
106	PRO	OIL	PR	31	234	2401	31	6	53	1	170	01/05/88
109	PRO	OIL	PR	31	39	227	31	1	5	1	1020	01/17/88
110	PRO	OIL	PR	31	273	317	31	7	7	1	146	01/15/88
112	PRO	OIL	PR	31	78	861	31	2	19	1	510	01/16/88
113	PRO	OIL	PR	31	1209	5753	31	31	127	1	33	01/03/88
114	PRO	OIL	PR	31	78	1903	31	2	42	1	510	01/06/88
116	PRO	OIL	PR	31	429	2446	31	11	54	1	93	01/02/88
118	PRO	OIL	PR	31	78	181	31	2	4	1	510	01/14/88
121	PRO	OIL	PR	31	78	136	31	2	3	1	510	01/13/88
122	PRO	OIL	PR	31	39	136	31	1	3	1	1020	01/19/88
124	PRO	OIL	PR	31	78	317	31	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					2964	17396	403					

AVERAGE DAILY OIL PRODUCTION: 96
 AVERAGE DAILY WATER PRODUCTION: 561
 AVERAGE DAILY GAS PRODUCTION: 13
 ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Foreman : J.T. Ray

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs
 Supervisor: C.L. Morrill
 September 1988

72B

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	VTD Injection Volume	Tubing Pressure	Casing Pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	22	273	6,008	81,196	330	15	A
		103	22	290	6,390	90,487	314	0	A
		104	22	242	5,331	68,910	355	75	A
		107	22	233	5,132	61,900	295	40	A
		108	22	257	5,652	89,519	416	50	A
		115	22	176	3,867	59,428	430	0	A
		117	22	187	4,103	77,818	10	0	A
		119	22	181	3,977	86,051	30	0	A
		120	22	258	5,676	68,091	740	0	A
		123	22	126	2,774	46,685	330	400	A
		125	22	195	4,279	53,567	730	0	A
		126	22	177	3,895	71,948	512	0	A
128	22	279	6,144	86,104	115	350	A		
				2,874	63,228	941,704			

AVERAGE DAILY WATER INJECTION: 2,874
 AVERAGE TUBING PRESSURE : 354
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

*TOTAL STUART LANGLIE MATTIX UNIT

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs Supervisor: C.L. Morrill
 September 1988

Foreman : J.T. Ray

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	22	273	6,008	81,196	330	15	A
		103	22	290	6,390	90,487	314	0	A
		104	22	242	5,331	68,910	355	75	A
		107	22	233	5,132	61,900	295	40	A
		108	22	257	5,652	89,519	416	50	A
		115	22	176	3,867	59,428	430	0	A
		117	22	187	4,103	77,818	10	0	A
		119	22	181	3,977	86,051	30	0	A
		120	22	258	5,676	68,091	740	0	A
		123	22	126	2,774	46,685	330	400	A
		125	22	195	4,279	53,567	730	0	A
		126	22	177	3,895	71,948	512	0	A
128	22	279	6,144	86,104	115	350	A		
				2,874	63,228	941,704			

*TOTAL STUART LANGLIE MATTIX UNIT

AVERAGE DAILY WATER INJECTION: 2,874
 AVERAGE TUBING PRESSURE : 354
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

RCB

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 10/13/88

PROPERTY NAME : STUART LANGLIE MATTIX UNIT RESERVOIR ... : SEVEN RIVERS QUEEN
 FIELD_NAME ... : LANGLIE MATTIX BUSINESS MONTH: SEPTEMBER 1988

WELL NUM (L8)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	29	91	320	29	4	18	1	255	09/20/88
105	PRO	OIL	PR	28	228	1108	28	7	25	1	146	09/12/88
106	PRO	OIL	PR	28	294	1325	28	12	34	1	85	09/17/88
109	PRO	OIL	PR	29	15	732	29	0	38	1	0	09/14/88
110	PRO	OIL	PR	29	237	204	29	7	6	1	146	09/15/88
112	PRO	OIL	PR	29	51	554	29	1	16	1	1020	09/16/88
113	PRO	OIL	PR	29	1174	3693	29	40	103	1	26	09/18/88
114	PRO	OIL	PR	29	127	2046	29	5	81	1	204	09/13/88
116	PRO	OIL	PR	28	359	1537	28	11	45	1	93	09/19/88
118	PRO	OIL	PR	29	68	126	29	2	4	1	510	01/14/88
121	PRO	OIL	PR	29	68	95	29	2	3	1	510	01/13/88
122	PRO	OIL	PR	29	34	95	29	1	3	1	1020	01/19/88
124	PRO	OIL	PR	30	68	221	29	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					2814	12056	374					

AVERAGE DAILY OIL PRODUCTION: 94
 AVERAGE DAILY WATER PRODUCTION: 402
 AVERAGE DAILY GAS PRODUCTION: 12

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs Supervisor: C.L. Morrill
 October 1988

Foreman : J.T. Ray

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	ITD Injection Volume	Tubing Pressure	Casing Pressure	Status A/I
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	26	248	6,446	87,642	15	15	A
		103	26	263	6,827	97,314	55	0	A
		104	23	174	4,005	72,915	100	75	A
		107	29	154	4,466	66,366	220	40	A
		108	25	179	4,480	93,999	372	0	A
		115	25	165	4,132	63,560	372	0	A
		117	29	172	4,982	82,800	10	0	A
		119	22	159	3,508	89,559	5	0	A
		120	22	202	4,445	72,536	350	0	A
		123	22	196	4,312	50,997	244	400	A
		125	23	181	4,157	57,724	605	0	A
		126	16	237	3,796	75,744	273	0	A
		128	26	237	6,152	92,256	58	350	A
				2,567	61,708	1,003,412			

*TOTAL STUART LANGLIE MATTIX UNIT

AVERAGE DAILY WATER INJECTION: 2,567
 AVERAGE TUBING PRESSURE: 207
 TOTAL ACTIVE WELLS: 13
 TOTAL INACTIVE WELLS: 0

RCB

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 11/08/88

PROPERTY NAME : STUART LANGLIE MATTIX UNIT
 FIELD_NAME : LANGLIE MATTIX
 RESERVOIR : SEVEN RIVERS QUEEN
 BUSINESS MONTH: OCTOBER 1988

WELL NUM (L8)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	31	126	629	31	4	18	1	255	09/20/88
105	PRO	OIL	PR	31	220	874	31	7	25	1	146	09/12/88
106	PRO	OIL	PR	31	377	1189	31	12	34	1	85	09/17/88
109	PRO	OIL	PR	31	0	1329	31	0	38	1	0	09/14/88
110	PRO	OIL	PR	29	206	196	29	7	6	1	146	09/15/88
112	PRO	OIL	PR	29	29	523	29	1	16	1	1020	09/16/88
113	PRO	OIL	PR	31	1256	3601	31	40	103	1	26	09/18/88
114	PRO	OIL	PR	31	157	2832	31	5	81	1	204	09/13/88
116	PRO	OIL	PR	31	345	1573	31	11	45	1	93	09/19/88
118	PRO	OIL	PR	31	63	140	31	2	4	1	510	01/14/88
121	PRO	OIL	PR	31	63	105	31	2	3	1	510	01/13/88
122	PRO	OIL	PR	31	31	105	31	1	3	1	1020	01/19/88
124	PRO	OIL	PR	31	63	245	31	2	7	1	510	01/12/88
*TOTAL SEVEN RIVERS QUEEN					2936	13341	399					

AVERAGE DAILY OIL PRODUCTION: 95
 AVERAGE DAILY WATER PRODUCTION: 430
 AVERAGE DAILY GAS PRODUCTION: 13

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Foreman : J.T. Ray

Southern Region COS Report No. 5
 Water Injection Report
 COS Nomad 13-Month Well Transaction Database
 Division: Hobbs
 Supervisor: C.L. Morrill
 November 1988

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing pressure	Status A/I	
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	30	319	9,571	97,213	200	0	A	
		103	30	277	8,312	105,626	230	0	A	
		104	30	315	9,439	82,354	145	0	A	
		107	30	215	6,439	72,805	260	0	A	
		108	30	229	6,874	100,873	340	0	A	
		115	30	197	5,909	69,469	465	0	A	
		117	30	305	9,139	91,939	91,939	10	0	A
		119	30	288	8,626	98,185	5	0	A	
		120	30	331	9,933	82,469	350	0	A	
		123	30	144	4,312	55,309	275	0	A	
		125	30	157	4,700	62,424	275	0	A	
		126	30	171	5,124	80,868	135	0	A	
128	30	335	10,060	102,316	72	0	A			
*TOTAL STUART LANGLIE MATTIX UNIT				3,281	98,438	1,101,850				

AVERAGE DAILY WATER INJECTION: 3,281
 AVERAGE TUBING PRESSURE : 212
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 12/09/88

PROPERTY NAME : STUART LANGLIE MATTIX UNIT RESERVOIR : SEVEN RIVERS QUEEN
 FIELD_NAME : : LANGLIE MATTIX BUSINESS MONTH: NOVEMBER 1988

WELL NUM (LB)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	21	70	122	21	4	4	1	255	11/04/88
105	PRO	OIL	PR	30	194	961	30	8	36	1	128	11/09/88
106	PRO	OIL	PR	30	230	1110	30	8	40	1	128	11/10/88
109	PRO	OIL	PR	30	0	846	30	0	24	1	0	11/12/88
110	PRO	OIL	PR	30	175	194	30	7	7	1	146	11/11/88
112	PRO	OIL	PR	30	40	535	30	2	20	1	510	11/13/88
113	PRO	OIL	PR	30	953	2487	30	38	85	1	27	11/02/88
114	PRO	OIL	PR	30	144	1485	30	6	42	1	170	11/08/88
116	PRO	OIL	PR	30	299	2094	30	12	74	1	85	11/03/88
118	PRO	OIL	PR	30	78	149	30	4	6	1	255	11/14/88
121	PRO	OIL	PR	30	23	227	30	4	12	1	0	11/15/88
122	PRO	OIL	PR	30	38	218	30	2	12	1	510	11/16/88
124	PRO	OIL	PR	30	73	217	30	4	8	1	255	11/17/88
*TOTAL SEVEN RIVERS QUEEN					2317	10645	381					

AVERAGE DAILY OIL PRODUCTION: 77
 AVERAGE DAILY WATER PRODUCTION: 355
 AVERAGE DAILY GAS PRODUCTION: 13

ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0

Foreman : J.T. Ray

Field	LEASE/PROPERTY	WELL NO.	Days On	Daily Avg. Injection Rate	Monthly Injection Volume	YTD Injection Volume	Tubing Pressure	Casing Pressure	Status	
LANGLIE MATTIX	STUART LANGLIE MATTIX UNIT	102	31	312	9,669	106,882	200	15	A	
		103	31	226	7,021	112,647	250	0	A	
		104	31	294	9,115	91,469	150	75	A	
		107	31	200	6,206	79,011	275	0	A	
		108	31	186	5,776	106,649	315	0	A	
		115	31	110	3,401	72,870	330	0	A	
		117	31	264	8,189	100,128	15	0	A	
		119	31	320	9,908	108,093	5	0	A	
		120	31	216	6,699	89,168	350	0	A	
		123	31	127	3,938	59,247	255	400	0	A
		125	31	149	4,605	67,029	630	0	0	A
		126	31	198	6,132	87,000	320	0	0	A
		128	31	359	11,124	113,440	80	0	0	A
*TOTAL STUART LANGLIE MATTIX UNIT				2,961	91,783	1,193,633				

AVERAGE DAILY WATER INJECTION: 2,961
 AVERAGE TUBING PRESSURE : 244
 TOTAL ACTIVE WELLS : 13
 TOTAL INACTIVE WELLS : 0

MONTHLY ALLOCATED PRODUCTION AND WELL TEST REPORT

RUN DATE: 01/12/89

PROPERTY NAME : STUART LANGLEIE MATTIX UNIT
 FIELD_NAME : LANGLEIE MATTIX

RESERVOIR : SEVEN RIVERS QUEEN
 BUSINESS MONTH: DECEMBER 1988

WELL NUM (L8)	CLASS	FLUID	WELL STATUS	WELL DAYS UP	MONTHLY OIL PRODUCTION	MONTHLY WATER PRODUCTION	MONTHLY GAS THEORETICAL	OIL TEST	WATER TEST	GAS TEST	GOR	TEST DATE
101	PRO	OIL	PR	31	112	199	31	4	7	1	255	12/11/88
105	PRO	OIL	PR	31	224	1379	31	8	45	1	128	12/12/88
106	PRO	OIL	PR	27	211	1303	27	9	48	1	113	12/13/88
109	PRO	OIL	PR	31	0	868	31	0	28	1	0	12/14/88
110	PRO	OIL	PR	31	181	248	31	6	8	1	170	12/16/88
112	PRO	OIL	PR	31	56	692	31	2	22	1	510	12/17/88
113	PRO	OIL	PR	31	1050	2879	31	37	90	1	28	12/18/88
114	PRO	OIL	PR	31	157	1373	31	5	41	1	204	12/20/88
116	PRO	OIL	PR	31	326	2406	31	11	71	1	93	12/21/88
118	PRO	OIL	PR	31	103	219	31	3	8	1	340	12/22/88
121	PRO	OIL	PR	31	8	473	31	1	20	1	1020	12/23/88
122	PRO	OIL	PR	31	51	444	31	1	21	1	1020	12/27/88
124	PRO	OIL	PR	31	112	268	31	4	9	1	255	12/28/88
*TOTAL SEVEN RIVERS QUEEN					2591	12751	399					

AVERAGE DAILY OIL PRODUCTION: 84
 AVERAGE DAILY WATER PRODUCTION: 411
 AVERAGE DAILY GAS PRODUCTION: 13
 ACTIVE PRODUCER - OIL: 13
 INACTIVE PRODUCER - OIL: 0
 ACTIVE PRODUCER - GAS: 0
 INACTIVE PRODUCER - GAS: 0
 OTHER PRODUCER - ? : 0



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

SLO REF NO OG-807
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

June 6, 1988

Chevron U.S.A. Inc.
Attn: Mr. R. C. Anderson
P. O. Box 670
Hobbs, New Mexico 88240

Re: 1988 Plan of Development
Stuart Langlie-Mattix 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.

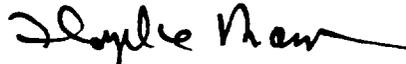
Enclosed is an approved copy for your files.

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, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD
BLM

RECEIVED
3-27-88
HUB

RE: 1988 Plan of Development and 1987 Report of Operations, Stuart Langlie Mattix Unit, Lea County, New Mexico.

The Stuart Langlie Mattix Unit comprises 13 producing wells, 1 active San Andres water supply well and 13 active water injection wells. The unit is currently producing 78 BOPD + 404 BWPD +13 MCFGPD (daily avg. production January, 1988). All unit wells were drilled and completed prior to January, 1985.

In 1987, one workover was performed to convert the SLMU #111 to a water supply well in the San Andres. This well went on line in October of 1987, supplying an average of 3700 BBL/day of injection make-up water to the Unit.

At present Chevron is evaluating well performance in an effort to determine remedial work necessary to improve productivity. No definite plan of action has been developed at this time.

Chevron has no plans to drill any additional wells in the unit in 1988.

Please refer to the attached table, map and production plot for additional information regarding the unit.

Plan of Development
APPROVED

MAR 21 1988

Joe J. Lara
A-S DISTRICT MANAGER
BUREAU OF LAND MANAGEMENT

RE: 1988 Plan of Development and 1987 Report of Operations, Stuart Langlie Mattix Unit, Lea County, New Mexico.

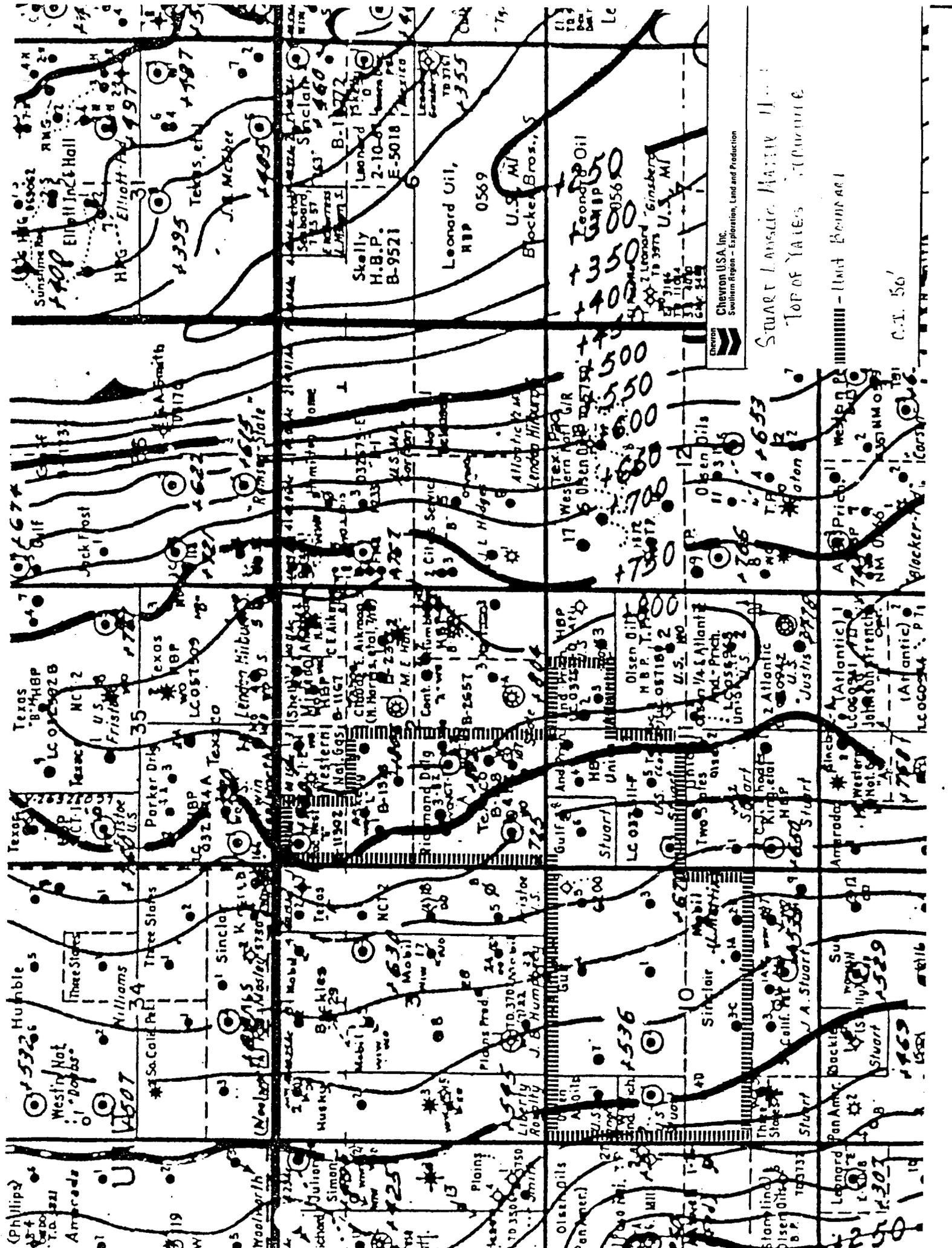
The Stuart Langlie Mattix Unit comprises 13 producing wells, 1 active San Andres water supply well and 13 active water injection wells. The unit is currently producing 78 BOPD + 404 BWPD +13 MCFGPD (daily avg. production January, 1988). All unit wells were drilled and completed prior to January, 1985.

In 1987, one workover was performed to convert the SLMU #111 to a water supply well in the San Andres. This well went on line in October of 1987, supplying an average of 3700 BBL/day of injection make-up water to the Unit.

At present Chevron is evaluating well performance in an effort to determine remedial work necessary to improve productivity. No definite plan of action has been developed at this time.

Chevron has no plans to drill any additional wells in the unit in 1988.

Please refer to the attached table, map and production plot for additional information regarding the unit.



Chevron
Chevron USA Inc.
Swilham Region - Exploration, Land and Production

STUART LANGRISH MATTHEW H...
TOP OF TAYLOR FORMATION

UNIT BOUNDARY

C.T. 50'

Phillips
Amrad

Humble
Williams
Three States

Westin Nat
12507

So. Calif. Pet
19

Sinclair
20

Mobil
21

Plains Prod
22

Olsen Oils
23

Pan Amer
24

Stuart
25

Pan Amer
26

Leonard
27

Texas
B-MHP
LC 0325028

Texas
Parker Dirks
11

Texas
Frisco
12

Texas
Western
13

Texas
Richmond Dig
14

Texas
Gulf & And
15

Texas
Stuart
16

Texas
Olsen Oil
17

Texas
Two S
18

Texas
King
19

Texas
Amrad
20

Texas
Leonard
21

Texas
B-MHP
LC 0325028

Texas
Frisco
22

Texas
Western
23

Texas
Richmond Dig
24

Texas
Gulf & And
25

Texas
Stuart
26

Texas
Olsen Oil
27

Texas
Two S
28

Texas
King
29

Texas
Amrad
30

Texas
Leonard
31

Texas
Blacker
32

Jack Post
33

Remington State
34

Remington State
35

Remington State
36

Remington State
37

Remington State
38

Remington State
39

Remington State
40

Remington State
41

Remington State
42

Remington State
43

Remington State
44

Sunshine
45

Elliptical Hall
46

Elliptical Hall
47

Elliptical Hall
48

Elliptical Hall
49

Elliptical Hall
50

Elliptical Hall
51

Elliptical Hall
52

Elliptical Hall
53

Elliptical Hall
54

Elliptical Hall
55

Elliptical Hall
56

Phillips
57

Amrad
58

Leonard
59

Blacker
60

Blacker
61

Blacker
62

Blacker
63

Blacker
64

Blacker
65

Blacker
66

Blacker
67

Blacker
68

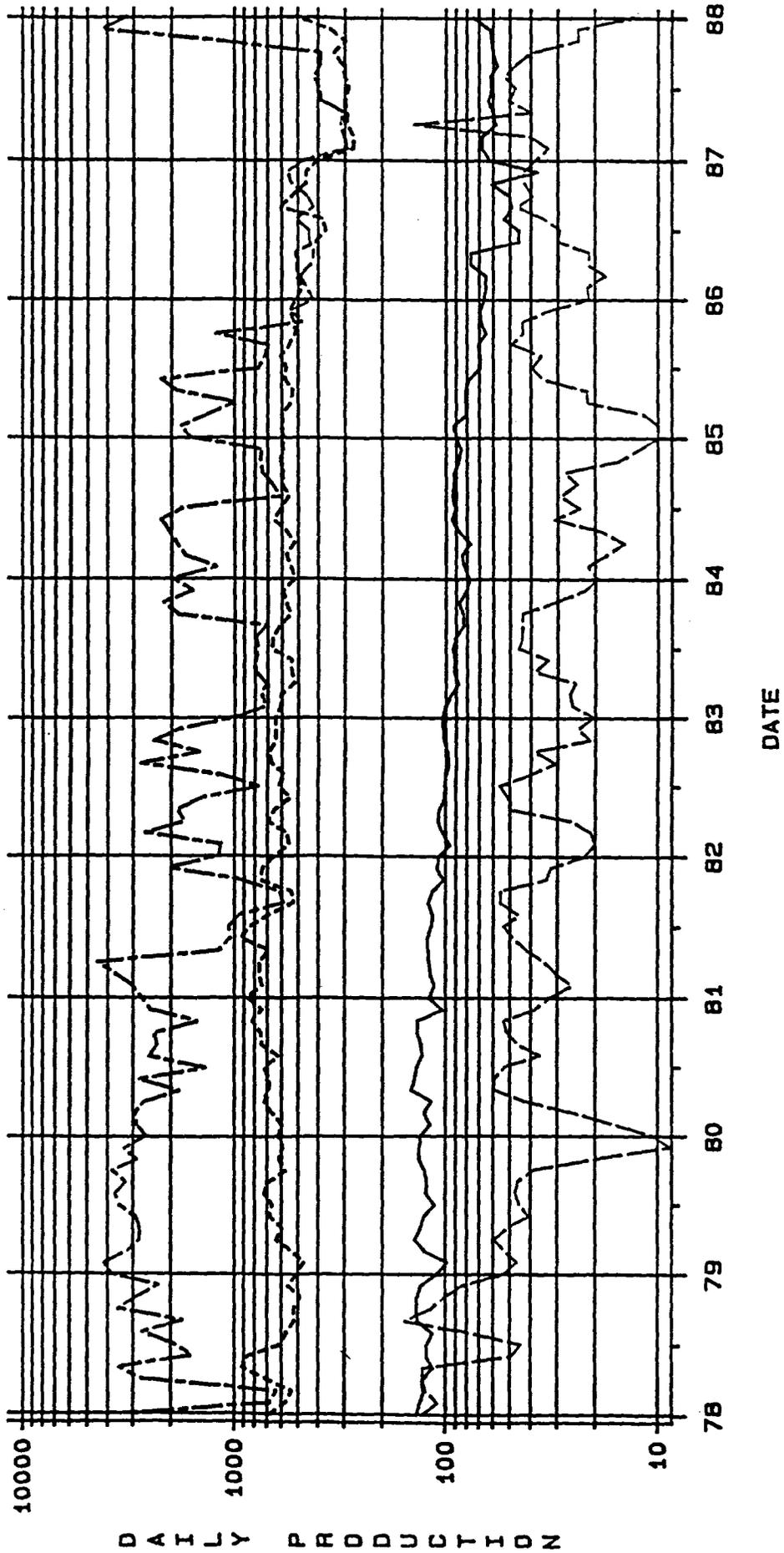
STATUS OF WELLS

STUART LANGLIE MATTIX UNIT

WELL	STATUS	LATEST WELL TEST (O/W/G)	DATE
101	Producing	2 BO / 6 BW / 1 MCF	1/18/88
102	WIW		
103	WIW		
104	WIW		
105	Producing	7 BO / 54 BW / 1 MCF	1/04/88
106	Producing	6 BO / 53 BW / 1 MCF	1/05/88
107	WIW		
108	WIW		
109	Producing	1 BO / 5 BW / 1 MCF	1/17/88
110	Producing	7 BO / 7 BW / 1 MCF	1/15/88
111	Converted to WSW		
112	Producing	2 BO / 19 BW / 1 MCF	1/16/88
113	Producing	31 BO / 127 BW / 1 MCF	1/03/88
114	Producing	2 BO / 42 BW / 1 MCF	1/06/88
115	WIW		
116	Producing	11 BO / 54 BW / 1 MCF	1/02/88
117	WIW		
118	Producing	4 BO / 24 BW / 1 MCF	1/13/88
119	WIW		
120	WIW		
121	Producing	2 BO / 3 BW / 1 MCF	1/13/88
122	Producing	1 BO / 3 BW / 1 MCF	1/19/88
123	WIW		
124	Producing	2 BO / 7 BW / 1 MCF	1/12/88
125	WIW		
126	WIW		
127	P&A		
128	WIW		

STUART LANGLIE MATTIX UNIT

QUARTERLY WATERFLOOD REPORT



SOLID BLACK LINE =BOPD
SHORT DASH BLUE LINE =BWPD
LONG DASH GREEN LINE =GAS
ALTERNATING RED LINE =INJ VOL

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
MIDLAND DISTRICT

W. B. Hopkins
DISTRICT MANAGER
J. A. Hord
DISTRICT EXPLORATION
MANAGER
J. L. Pike
DISTRICT PRODUCTION
MANAGER
H. E. Braunig, Jr.
DISTRICT PRODUCTION
MANAGER
M. B. Moseley
DISTRICT SERVICES MANAGER

October 19, 1971

P. O. Drawer 1150
Midland, Texas 79701

RECEIVED

OCT 21 1971
OIL CONSERVATION COMM.
SANTA FE

3680

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

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

Gentlemen:

Re Stuart Langlie Mattix Unit
Lea County, New Mexico

This is notice that Secondary Phase operation of the
subject unit became effective October 1, 1971. All interested
parties will be advised.

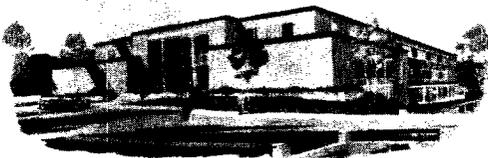
Yours very truly,
ORIGINAL SIGNED BY
H. E. BRAUNIG, JR.
H. E. BRAUNIG, JR.

RH: jb

bcc: C. D. Borland - Hobbs
H. L. Skeans - Houston



State of New Mexico



3683

Commissioner of Public Lands

GUYTON B. HAYS
COMMISSIONER



December 7, 1967

P. O. BOX 1148
SANTA FE, NEW MEXICO

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

MAIN OFFICE

'67 Dec 11 AM 8 18

Re: Stuart Langlie-Mattix
Waterflood Unit
Lea County, New Mexico

ATTENTION: Mr. William V. Kastler

Gentlemen:

The Commissioner of Public Lands, this date gives final approval to the captioned unit agreement, subject to like approval by the United States Geological Survey, and compliance with the provisions set forth below.

1. That the proper instruments of probate regarding Tract 5 and 5-A, showing the Lessees of record who have ratified this agreement to be the legal heirs and successors of Richmond Drilling Company, a Co-partnership composed of C. S. Richmond and H. M. Raigle, the Lessees of Record of the State of New Mexico Oil & Gas Lease B-158-1 and 2.
2. That the ratification containing the original signature of Joseph H. Seagram & Sons, Inc. for Tracts No. 1 and 2, as shown on Exhibit "B" of this agreement, be submitted to the Commissioner of Public Lands.
3. That the filing of the instruments described above be accomplished on or before January 1, 1968, or the approval of this agreement will become null and void.



Commissioner of Public Lands



December 1, 1938

GUYTON B. HAYS
COMMISSIONER

MAIL ROOM, NEW MEXICO
STATE HOUSE, SANTA FE, N.M.

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

DEC 11 AM 8 30

Re: Stuart Langille-Martin
Waterflood Unit
Las County, New Mexico

ATTENTION: Mr. William V. Kastler

General:

The Commissioner of Public Lands, this date gives final approval to the captioned unit agreement, subject to like approval by the United States Geological Survey, and compliance with the provisions set forth below.

1. That the proper instruments of protest regarding Tract 5 and 5-A, showing the lessees of record who have retained this agreement to be the legal heirs and successors of Richmond Drilling Company, a partnership composed of C. S. Richmond and H. M. Reagle, the lessees of record of the State of New Mexico Oil & Gas Lease B-158-1 and 2.
2. That the ratification containing the original signature of Joseph E. Beegun & Sons, Inc. for Tracts No. 1 and 2, as shown on Exhibit "H" of this agreement, be submitted to the Commissioner of Public Lands.
3. That the filing of the instruments described above be accomplished on or before January 1, 1939, or the approval of this agreement will become null and void.

**Gulf Oil Corporation
Stuart Langlie-Mattix Unit
December 7, 1967**

Very truly yours,

**GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS**

**BY:
Ted Bilberry, Director
Oil and Gas Department**

**GBH/TE/EL/s
cc: USGS-Roswell, New Mexico
OCC-Santa Fe, New Mexico**

1950-1951
and 1952-1953
1951-1952

Very truly yours,

GLYNN B. SMITH
COMMISSIONER OF REVENUE

BY:
For the Secretary,
Department of Revenue

cc: Mr. [Name],
Mr. [Name],
Mr. [Name]



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

3683

Drawer 1857
Roswell, New Mexico 88201

January 10, 1968

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

Gentlemen:

Your initial plan of operation for the Stuart Langlie Mattix unit, Lea County, New Mexico, has been approved on this date, subject to like approval by the appropriate State officials.

One approved copy of the plan is enclosed.

Sincerely yours,

(ORIG. SGD.) CARL C. TRAYWICK

CARL C. TRAYWICK
Acting Oil & Gas Supervisor

MAIN OFFICE

*68 JAN 12 AM 9 25

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



January 1937
Mexico, New Mexico

...

...

...

...

...

...

JAN 15 1937

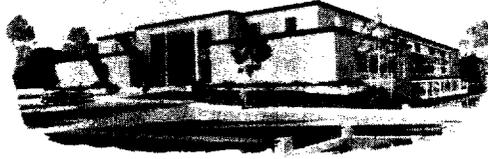
(ORIGINAL FILED)

...

...

...

State of New Mexico



3680

Commissioner of Public Lands

GUYTON B. HAYS
COMMISSIONER



P. O. BOX 1148
SANTA FE, NEW MEXICO

December 8, 1967

MAIN OFFICE

'67 DEC 11 AM 8 18

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

Re: Stuart Langlie-Mattix
Waterflood Unit, Initial
Plan of Operation
Lea County, New Mexico

ATTENTION: Mr. William V. Kastler

Gentlemen:

The Commissioner of Public Lands has this date approved your Initial Plan of Operation for the captioned unit.

The Unit Agreement was given final approval December 7, 1967, please furnish us a copy of the United States Certificate of Determination so that we may process this unit.

We are enclosing one copy of the Initial Plan of Operation executed by the Commissioner, also Official Receipt No. H 38158 in the amount of Twenty (\$20.00) Dollars which covers the filing fee for the Unit Agreement.

Very truly yours,

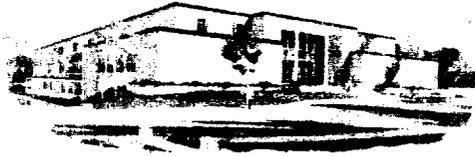
GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Eddie Lopez, Supervisor
Unit Division

GBH/TR/EL/s
encl.

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

State of New Mexico



Commissioner of Public Lands



December 8, 1967

GUYTON B. HAYS
COMMISSIONER

P.O. BOX 1174
SANTA FE, NEW MEXICO

RECEIVED
DEC 11 AM 8 10

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

Re: Stuart Landier-Phillix
Waterflood Unit, Initial
Plan of Operation
Las County, New Mexico

ATTENTION: Mr. William V. Kastler

Gentlemen:

The Commissioner of Public Lands has this date approved
your Initial Plan of Operation for the captioned unit.

The Unit Agreement was given final approval December 7,
1967, please furnish us a copy of the United States Certificate
of Determination so that we may process this unit.

We are enclosing one copy of the Initial Plan of Operation
executed by the Commissioner, also Official Receipt No. N 88138
in the amount of Twenty (\$20.00) Dollars which covers the filing
fee for the Unit Agreement.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Eddie Lopez, Supervisor
Unit Division

GBH/TF/EJA
encl.

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

2683

Gulf Oil Corporation

LAW DEPARTMENT

Booth Kellough
DIVISIONAL ATTORNEY
MIDLAND, TEXAS

ATTORNEY, ROSWELL

William V. Kastler

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

October 24, 1966

The Director
United States Geological Survey
Department of the Interior
Washington, D. C. 20240

via

Mr. John A. Anderson
Regional Oil & Gas Supervisor
United States Geological Survey
P. O. Box 1857
Roswell, New Mexico 88201

1966 OCT 25 11 50 AM

Re: Proposed Stuart-Langlie Mattix Unit
Lea County, New Mexico.

Gentlemen:

Gulf Oil Corporation as proposed Unit Operator herewith makes application for the designation of a unit area to be known as the Stuart-Langlie Mattix Unit consisting of 1,120.36 acres, more or less in Sections 2, 3, 10 and 11, all in Township 25 South, Range 37 East, Lea County, New Mexico. The purpose of this unit is to waterflood the Queen formation as the same is defined in the enclosed Unit Agreement. The proposed unit consists of approximately 36% federal lands, 25% State of New Mexico lands and 39% privately owned lands.

For the purpose of obtaining your preliminary approval we are also enclosing herewith three copies of the proposed Unit Agreement which has been patterned after a Gulf operated unit previously approved by the Survey. Also enclosed herewith are three copies of Gulf's Engineering Brief and Feasibility Study containing comprehensive information concerning the costs, estimated return, proposed flood pattern, the formula agreed upon among the working interest owners and other pertinent technical information.

As you know, this unit was previously proposed and discussed with you on March 28, 1966 and on several subsequent occasions. The outgrowth of these conferences was your letter requesting Gulf and the other operators to consider reducing the remaining primary reserve figure of 170,000 barrels. After meetings and considerations among these operators they were unable to agree upon the reduction of this figure for reasons which were most fully explained in our Production Manager's, Mr. M. I. Taylor,



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
1964

THE UNITED STATES OF AMERICA, Plaintiff,
vs.
JAMES EARL RAY, Defendant.

That the Defendant, JAMES EARL RAY, is a male white citizen of the United States, born on May 19, 1928, at Jackson, Tennessee, and is now residing at 1000 North Dearborn Street, Chicago, Illinois.

[Handwritten signature]
Special Agent in Charge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
1964



Re: Proposed Stuart-Langlie Mattix Unit
Lea County, New Mexico
October 24, 1966
Page 2

letter to Mr. John A. Anderson dated September 20, 1966; primarily because the 170,000 barrel figure was agreed upon only after months of negotiations and the parties whose rights would be most impaired by the reduction of this figure simply refused to go along with the proposal.

Under all the circumstances we respectfully request that the proposal submitted here be approved subject to execution of papers and that the 1,120.36 acres be designated as logical unit area.

Very truly yours,



William V. Kastler

WVK:ej1

Enclosures

cc: The Commissioner of Public Lands
for the State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico
Attn: Mrs. Marian M. Rhea

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico
Attn: Mr. Dan Nutter

... ..
... ..
... ..

... ..
... ..
... ..

... ..
... ..
... ..

... ..

... ..

... ..
... ..
... ..

... ..
... ..
... ..

Gulf Oil Corporation

LAW DEPARTMENT

3683

Edwin S. Hurst
DIVISIONAL ATTORNEY
MIDLAND, TEXAS

ATTORNEY, ROSWELL.

William V. Kastler

December 6, 1967

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

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

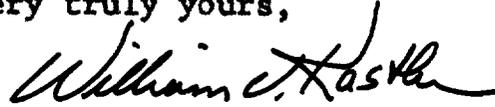
Attention: Mr. Eddie Lopez, Supervisor
Unit Division

Re: Stuart Langlie Mattix Unit -
Changed Well Designation.

Gentlemen:

Pursuant to your request by telephone conversation on December 6, 1967, I am attaching hereto Gulf's Well Designation which renumbers all wells in the Stuart Langlie Mattix Unit. Original copies of this enclosure are being furnished to the Hobbs District Office of the New Mexico Oil Conservation Commission on Form C-104, and at the time that this is furnished to that office you will probably receive a duplicate copy thereof as well. I trust this redesignation schedule is sufficiently self-explanatory but if you have any further questions please do not hesitate to ask.

Very truly yours,



William V. Kastler

WVK:ejl

Enclosure

MAIN OFFICE 010

cc: New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501
Attn: Mr. J. E. Kapteina

'67 DEC 8 AM 8 15



THE HISTORY OF THE UNITED STATES

BY CHARLES C. SMITH

NEW YORK: THE CENTURY CO. 1900

The history of the United States is a story of growth and development. It begins with the first settlers who came to the continent in search of a better life. They found a land of vast resources and a people who were determined to build a new nation. The story is one of struggle and triumph, of challenges and achievements. It is a story that has shaped the course of human history and continues to inspire us today.

THE EARLY YEARS

The early years of the United States were a time of exploration and discovery. The first settlers, the Pilgrims, came to the continent in 1620. They found a land of vast resources and a people who were determined to build a new nation. The story is one of struggle and triumph, of challenges and achievements. It is a story that has shaped the course of human history and continues to inspire us today.



The early years of the United States were a time of exploration and discovery. The first settlers, the Pilgrims, came to the continent in 1620. They found a land of vast resources and a people who were determined to build a new nation. The story is one of struggle and triumph, of challenges and achievements. It is a story that has shaped the course of human history and continues to inspire us today.

STUART LANGELIE MATTIX UNIT
LANGELIE MATTIX FIELD
IEA COUNTY, NEW MEXICO

Old Lease Name	Old Operator	Well No.	Well Location	New Unit Name	New Operator	Unit Tract No.	New Well No.
G. O. State "G"	Getty Oil Co.	1	Unit D Sec. 2, T-25S, R-37E	Stuart Langelie Mattix	Gulf Oil Corp.	7	101
State "L"	Skelly Oil Co.	1	Unit E " " " "	" " " "	" " " "	6	102
State "L"	Skelly Oil Co.	2	Unit F " " " "	" " " "	" " " "	6	103
State "A"	Richmond Drilg.	4	Unit K " " " "	" " " "	" " " "	5-A	104
State "A"	Richmond Drilg.	1	Unit L " " " "	" " " "	" " " "	5	105
State "A"	Richmond Drilg.	2	Unit M " " " "	" " " "	" " " "	5	106
State "A"	Richmond Drilg.	3	Unit N " " " "	" " " "	" " " "	5-A	107
Jal	Union Texas	3	Unit B Sec. 11, T-25S, R-37E	" " " "	" " " "	1	108
Stuart (Sec. 11)	Union Texas	4	Unit C " " " "	" " " "	" " " "	2	109
J. A. Stuart	Gulf Oil Corp.	6	Unit D " " " "	" " " "	" " " "	11	110
J. A. Stuart	Gulf Oil Corp.	5	Unit A Sec. 10 " " " "	" " " "	" " " "	11	111
J. A. Stuart	Gulf Oil Corp.	4	Unit B " " " "	" " " "	" " " "	11	112
J. A. Stuart	Gulf Oil Corp.	7	Unit C " " " "	" " " "	" " " "	11	113
Langlie "A"	Texas Pacific Oil Co.	1	Unit D " " " "	" " " "	" " " "	4	114
Stuart (Sec. 10)	Union Texas	1	Unit E " " " "	" " " "	" " " "	2	115
J. A. Stuart	Gulf Oil Corp.	2	Unit F " " " "	" " " "	" " " "	11	116
J. A. Stuart	Gulf Oil Corp.	1	Unit G " " " "	" " " "	" " " "	11	117
J. A. Stuart	Gulf Oil Corp.	3	Unit H " " " "	" " " "	" " " "	11	118
Stuart (Sec. 11)	Union Texas	2	Unit E Sec. 11 " " " "	" " " "	" " " "	2	119
Stuart (Sec. 11)	Union Texas	5	Unit F " " " "	" " " "	" " " "	2	120
F. Stuart "B"	Sinclair Oil & Gas	2	Unit I Sec. 10 " " " "	" " " "	" " " "	10	121
F. Stuart "A"	Sinclair Oil & Gas	1	Unit J " " " "	" " " "	" " " "	9	122
F. Stuart "C"	Sinclair Oil & Gas	3	Unit K " " " "	" " " "	" " " "	8	123
F. Stuart "D"	Sinclair Oil & Gas	4	Unit L " " " "	" " " "	" " " "	8	124

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

November 15, 1967

Mr. Bill Kastler
Gulf Oil Corporation
Post Office Box 1938
Roswell, New Mexico 88210

Re: Case No. 3682
Order No. 3683
R-3343 & R-3344
Applicant:
GULF OIL CORPORATION

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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other R-3344 to Unit Division - State Land Office

George L. Buckles Company

OIL PRODUCTION
CONSULTANTS - OPERATORS

Monahans, Texas 79756

October 31, 1967

P. O. BOX 56

PHONE 943-2755

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

Re: Case Numbers 3683
and 3684

Gentlemen:

It is our understanding that the Commission is holding a hearing on November 8, 1967 to consider Gulf Oil Corporation's application to conduct a waterflood development on their Stuart Unit in the Langlie-Mattix Field of Lea County, New Mexico.

As an offset operator, we have no objection to Gulf's application. We plan to cooperate with Gulf in this development and will request a hearing for our own waterflood application as soon as current engineering studies are completed.

Yours very truly,

George L. Buckles

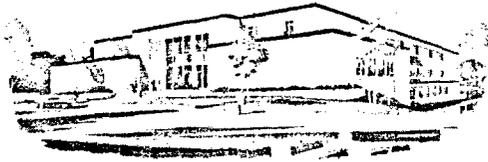
GLB/b

cc - Gulf Oil Corporation
Roswell, New Mexico
Attention: Mr. Lonnie Smith

11/1/67

Nov 1 1967

State of New Mexico



Commissioner of Public Lands



November 13, 1967

GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

Re: Proposed Stuart Langlie-
Mattix Waterflood Unit
Lea County, New Mexico

ATTENTION: Mr. William V. Kastler

Gentlemen:

We wish to advise you that after carefully reviewing your Proposed Stuart Langlie-Mattix Waterflood Unit, Lea County, New Mexico, the Commissioner of Public Lands finds it acceptable and approves it as to form and content as of this date.

The United States Geological Survey approved it by their letter of designation dated December 16, 1966.

As per your request, we are handing Mr. Daniel S. Nutter a copy of this letter of approval.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY: *Ted Bilberry*
Ted Bilberry, Director
Oil and Gas Department

GBH/TB/EL/s
cc: USGS-Roswell, New Mexico

Mr. Daniel S. Nutter ✓
New Mexico Oil Conservation
Commission
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

3683

September 25, 1968

Gulf Oil Corporation - U. S.
P. O. Box 1938
Roswell, New Mexico 88201

Attention: Mr. William V. Kastler

Re: Revised Initial Plan
of Operation - Stuart
Langlie Mattix Unit,
Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Revised Initial Plan of Operation for the Stuart Langlie Mattix 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 is returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JER/eg

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

C
O
P
Y

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 25, 1968

Gulf Oil Corporation - U. S.
P. O. Drawer 1938
Roswell, New Mexico 88201

Attention: Mr. William V. Kastler

Re: Revised Initial Plan
of Operation - Stuart
Langlie Mattix Unit,
Les County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation
Commission has this date approved the Revised Initial
Plan of Operation for the Stuart Langlie Mattix Unit,
Les 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 is returned herewith.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/og
cc: United States Geological Survey - Roswell
Commissioner of Public Lands - Santa Fe



IN REPLY REFER TO:

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

September 13, 1968

Gulf Oil Corporation
P. O. Box 1838
Roswell, New Mexico 88201

Gentlemen:

Your revised initial plan of operation, dated September 11, 1968, for the Stuart Langlois Mottin unit area, Lea County, New Mexico, has been approved on this date subject to like approval by the appropriate State officials.

The approved copies of this plan are enclosed.

Sincerely yours,

(SIGNATURE OF J. A. ANDERSON)

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

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

60 SEP 15 1968



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
BUREAU OF LANDS
Alamosa, New Mexico 88201

Approved 12, 1978

Chief of Operations
B. O. Brown 1978
Alamosa, New Mexico 88201

Enclosure:

Your revised initial plan of operations, Bureau of Land Management, for the proposed land use study, has been approved on this date subject to the approval of the appropriate State officials.

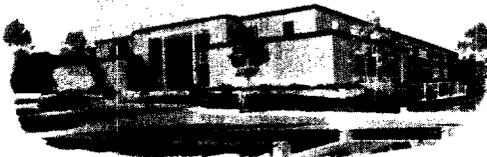
Two approved copies of the plan are enclosed.

Sincerely yours,

JOHN A. ANDERSON
Regional Director and General Manager

- Washington (w/cy of plan)
- Alamosa (w/cy of plan)
- Office of Pub. Lands, Santa Fe (for info)
- BLM, Santa Fe (for info)

State of New Mexico



Commissioner of Public Lands

GUYTON B. HAYS
COMMISSIONER



P. O. BOX 1148
SANTA FE, NEW MEXICO

September 18, 1968

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

Re: Stuart Langlie Mattix Unit
Revised Initial Plan of
Operation
Lea County, New Mexico

ATTENTION: Mr. William V. Kastler

Gentlemen:

The Commissioner of Public Lands has this date approved your Revised Initial Plan of Operation for the Stuart Langlie Mattix Unit, Lea County, New Mexico. This approval is subject to like approval by the United States Geological Survey.

We are retaining both copies for our files and enclosing a Xerox copy of the approval.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/TA/s
encl.

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

68 SEP 19 11 11 AM '68

State of New Mexico



Commissioner of Public Lands



September 18, 1938

S. O. BOX 1198
SANTA FE, NEW MEXICO

GUYTON B. HAYS
COMMISSIONER

Gulf Oil Corporation
P. O. Drawer 1938
Roswell, New Mexico 88201

Re: Stuart Landis Mattix Unit
Revised Initial Plan of
Operation
Las County, New Mexico

ATTENTION: Mr. William V. Kessler

Gentlemen:

The Commissioner of Public Lands has this date approved your Revised Initial Plan of Operation for the Stuart Landis Mattix Unit, Las County, New Mexico. This approval is subject to like approval by the United States Geological Survey.

We are retaining both copies for our files and enclosing a Xerox copy of the approval.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Ripberry, Director
Oil and Gas Department

GBH/TB/a
enc.

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

Gulf Oil Company - U.S.

LAW DEPARTMENT

September 11, 1968

Edwin S. Hurst
DIVISIONAL ATTORNEY
MIDLAND, TEXAS

ATTORNEY, ROSWELL
William V. Kastler

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

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

Attention: Mr. James E. Kapteina

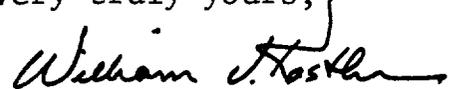
Gentlemen:

Please find attached two copies of Gulf's Revised Initial Plan of Operation for the Stuart Langlie Mattix Unit which became effective January 1, 1968. The revision was made primarily to protect the unitized interests as a result of Mr. George Buckles' location of his line injection wells within 100 feet of the unit boundary in Section 3, Township 25 South, Range 37 East.

The New Mexico Oil Conservation Commission has approved the amendment to the project in its Order No. R-3345-C dated September 9, 1968.

If you find the Revised Initial Plan of Operation in order for approval, I would appreciate your having one copy returned to us duly executed to evidence your approval.

Very truly yours,



William V. Kastler

WVK:ejj

Enclosures



Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

T. W. Kidd
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

September 11, 1968

P. O. Drawer 1938
Roswell, New Mexico 88201

The Oil and Gas Supervisor
United States Geological Survey
Post Office Box 1857
Roswell, New Mexico 88201

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

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Revised Initial Plan of Operation
Stuart Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

This revision of the Initial Plan of Operation is submitted in accordance with Section 11 of the Stuart Langlie Mattix Unit Agreement.

The Initial Plan of Operation originally submitted December 1, 1967 will change as outlined in the attached Application for Amendment to Order No. R-3345, which was approved by O.C.C. Order No. R-3345-C (also attached) on September 9, 1968. This revision adds four new line injection wells and adjusts the previously approved waterflood injection pattern to incorporate these new wells.

The Unit waterflood injection pattern will remain essentially an 80-acre five-spot pattern as shown in Figure III. The number of Unit wells will be increased to 28 with 14 wells utilized for injection purposes.

Figure VII is a "typical" completion detail as proposed for the four new injection wells.



United States Geological Survey
Commissioner of Public Lands
Oil Conservation Commission

- 2 -

September 11, 1968

The proposed changes in Plan of Operation are designed to prevent an unbalanced "push" of oil across the Unit boundaries and at the same time attain maximum "sweep" within the Unit Area.

Respectfully submitted,

GULF OIL COMPANY - U.S.
A DIVISION OF GULF OIL CORPORATION
UNIT OPERATOR

Date _____

By 
District Manager

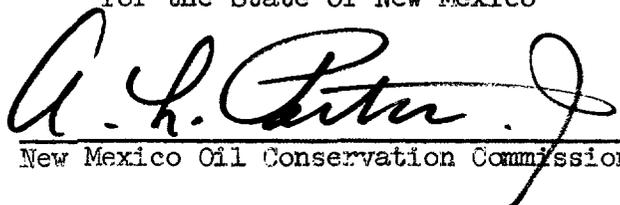
APPROVED IN COUNTERPART:

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

Date _____

Commissioner of Public Lands
for the State of New Mexico

Date _____


New Mexico Oil Conservation Commission

Date Sept 25, 1968

Attachments
LCS:ers

Gulf Oil Corporation

EXPLORATION AND PRODUCTION DEPARTMENT—U. S. OPERATIONS
ROSWELL DISTRICT

T. W. Kidd
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

June 18, 1968

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

Re: Application of Gulf Oil Company-U.S. for an
Amendment to Order No. R-3345, for the
Stuart Langlie Mattix Unit Waterflood Project,
Lea County, New Mexico

Dear Sir:

Gulf Oil Company-U.S., a Division of Gulf Oil Corporation, Operator of the Stuart Langlie Mattix Unit in Township 25 South, Range 37 East, Lea County, New Mexico, desires to drill and complete four line Injection Wells along the Unit border and adjust the waterflood injection pattern as previously approved. Gulf requests that Order No. R-3345, as corrected by R-3345-A and amended by R-3345-B, be further amended for the aforementioned purpose and in support of this application states the following:

- (1) Four new wells will be drilled and completed for the injection of water into the Queen and Lower 100 feet of the Seven Rivers formations. The proposed locations of these wells, all in Section 10, T-25-S, R-37-E, are shown on the attached plat.
 - (a) Well No. 125, 100' FWL & 1650' FWL, Unit C
 - (b) Well No. 126, 100' FWL & 660' FWL, Unit A
 - (c) Well No. 127, 100' FWL & 1315' FWL, Unit D
 - (d) Well No. 128, 100' FWL & 1420' FWL, Unit I
- (2) The addition of these four new wells will increase the total number of Unit wells from 24 to 28.
- (3) Five of the twelve injection wells originally approved for this waterflood project will be used as producing wells. These wells are:

<u>Operator - Lease</u>	<u>Well No.</u>	<u>Location</u>	<u>Unit Well No.</u>
Gulf J. A. Stuart	5	Unit A, Section 10	111
Gulf J. A. Stuart	7	Unit C, Section 10	113
Richmond Drilling State "A"	2	Unit M, Section 2	106
Sinclair O&G F. Stuart "B"	2	Unit I, Section 10	121
Union Texas Stuart "B"	4	Unit C, Section 11	109



June 18, 1968

- (4) Three of the twelve producing wells originally approved will be converted to injection wells. These wells are:

<u>Operator - Lease</u>	<u>Well No.</u>	<u>Location</u>	<u>Unit Well No.</u>
Richmond Drilling State "A"	3	Unit N, Section 2	107
Skelly Oil State "L"	2	Unit F, Section 2	103
Union Texas Stuart "B"	5	Unit F, Section 11	120

- (5) These revisions will provide the Unit with 14 injection wells and 14 producing wells.
- (6) Applicant plans to inject up to 500 BHPD into the Seven Rivers (Lower 100') and Queen formations in the approximate interval 3,100' to 3,500'.
- (7) Injection water will be saline water from the San Andres formation found in the Unit Area at approximately 4,500 feet.
- (8) A Line Well Agreement has been tentatively agreed to by the offset operator and Gulf anticipates no other changes in the planned operation of this waterflood project.
- (9) The following items are enclosed with this Application:
- (a) A Stuart Langlie Mattix Plat showing the revised injection pattern, the four new line injection wells and the proposed line injection wells of the offset operator (Figure III, Revised Exhibit No. 1-D, Revised May, 1968).
 - (b) A Diagrammatic Sketch (Figure VII) typical of the four proposed new line injection wells (Nos. 125, 126, 127 & 128) drilling, completion and casing program.
 - (c) Diagrammatic Sketches (Figures VIII, IX & X) of the three new injection wells (Nos. 103, 107 & 120) showing the completion intervals and casing programs.
- (10) A copy of the well log from the only Unit well that has been logged (Unit Well No. 122) was submitted with the original application for this waterflood project.

Yours very truly,

GULF OIL COMPANY-U.S.
A DIVISION OF GULF OIL CORPORATION

M. I. Taylor
M. I. Taylor

Enclosures
LCS:ers

cc: New Mexico Oil Conservation Commission
Post Office Box 1980
Hobbs, New Mexico 88240

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

U. S. Department of the Interior
Geological Survey
Post Office Box 1857
Roswell, New Mexico

George L. Buckles Company
Post Office Box 56
Monahans, Texas 79756

FIGURE VII

DIAGRAMATIC SKETCH

Typical Proposed Injection Well
To Be Drilled in Section 10-258-37E

Stuart Langlie Six Unit
Lea County, New Mexico

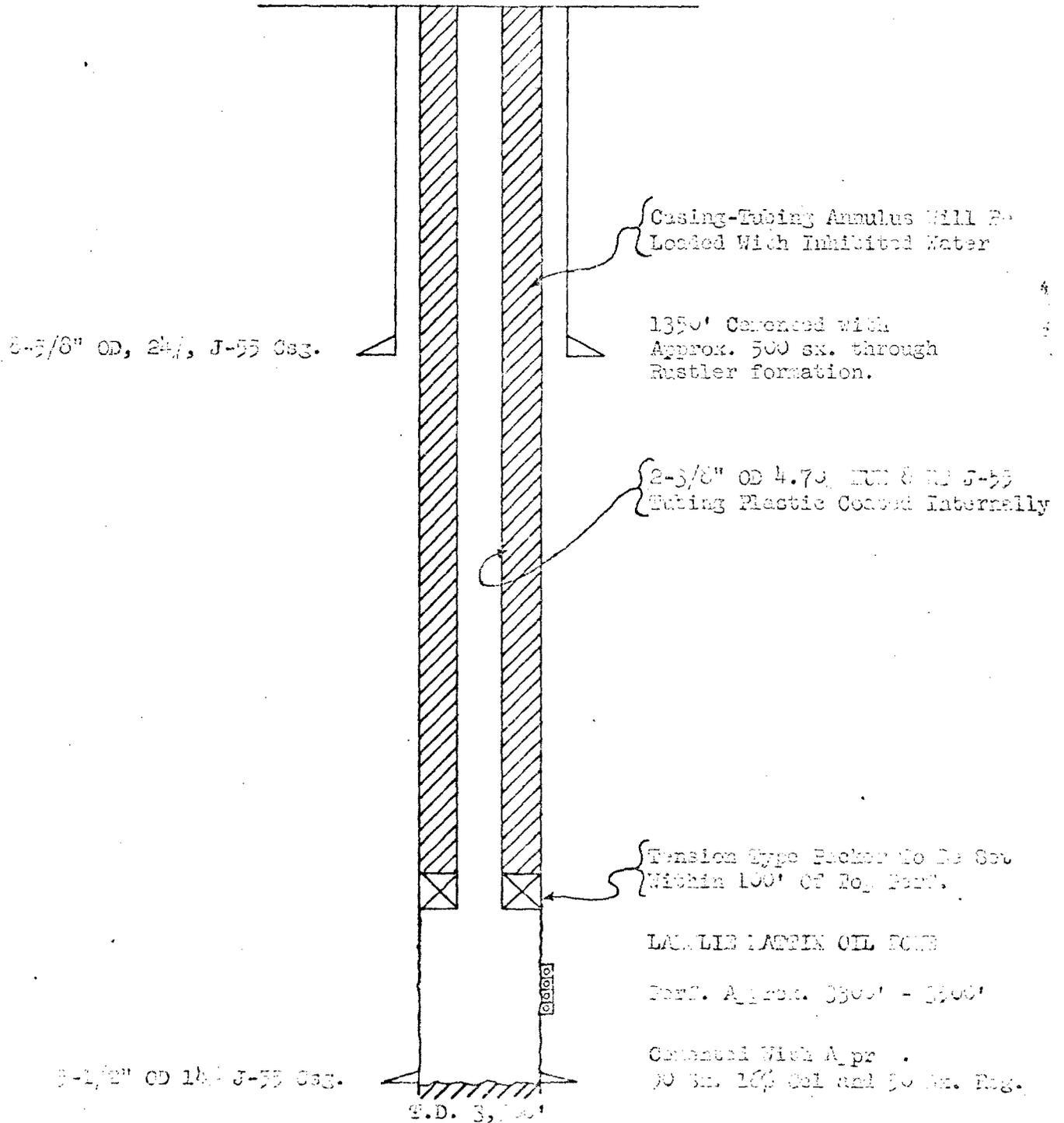


FIGURE VIII
DIAGRAMMATIC SKETCH
PROPOSED INJECTION WELL NO. 107

STUART LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICO

RICHMOND DRILLING COMPANY
STATE "A" WELL NO. 3

LOCATED UNIT N, SEC. 2-25S-37E

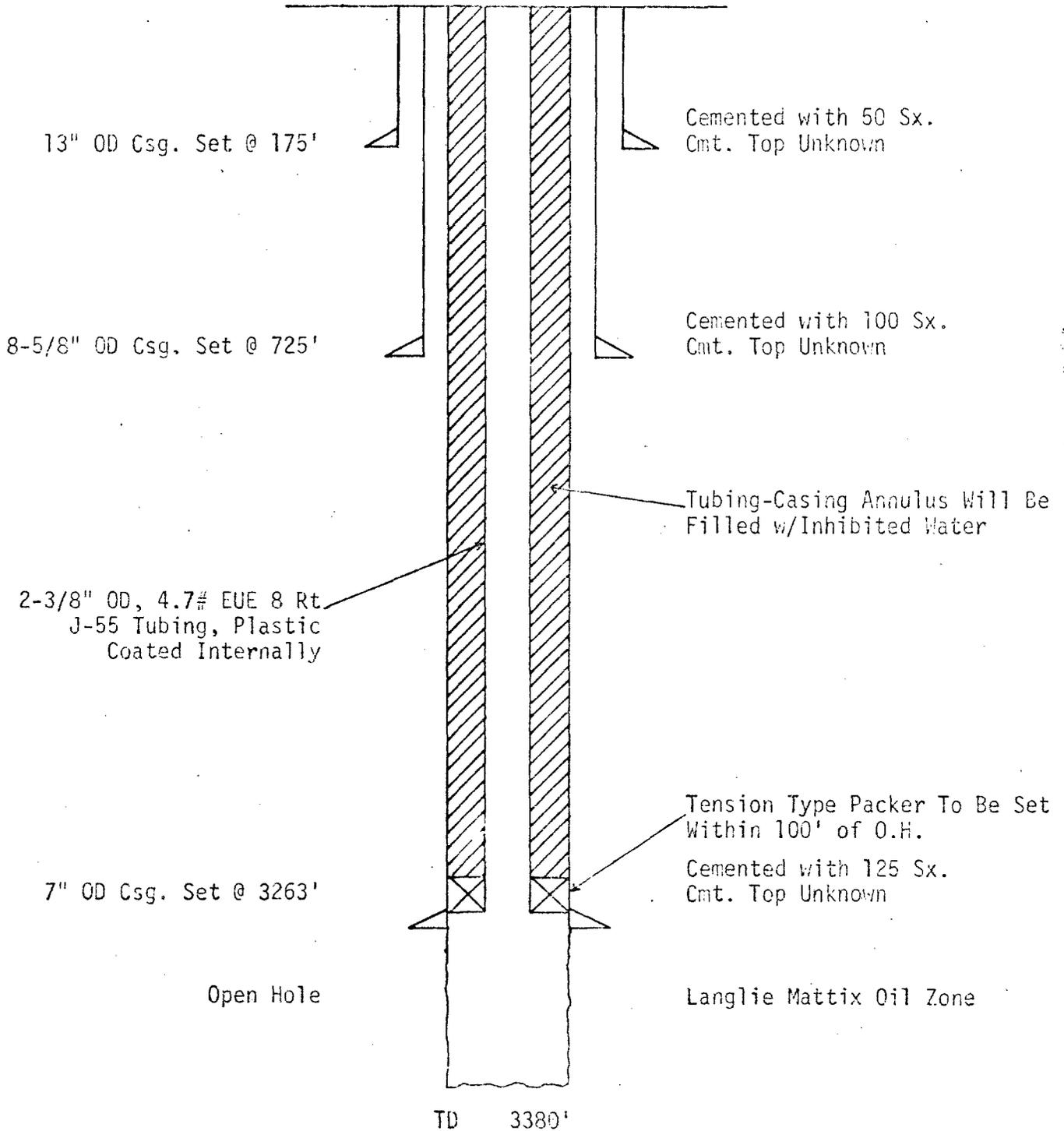


FIGURE IX
DIAGRAMMATIC SKETCH
PROPOSED INJECTION WELL NO. 103

STUART LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICO

SKELLY OIL COMPANY
STATE "L" WELL NO. 2

LOCATED UNIT F, SEC. 2-25S-37E

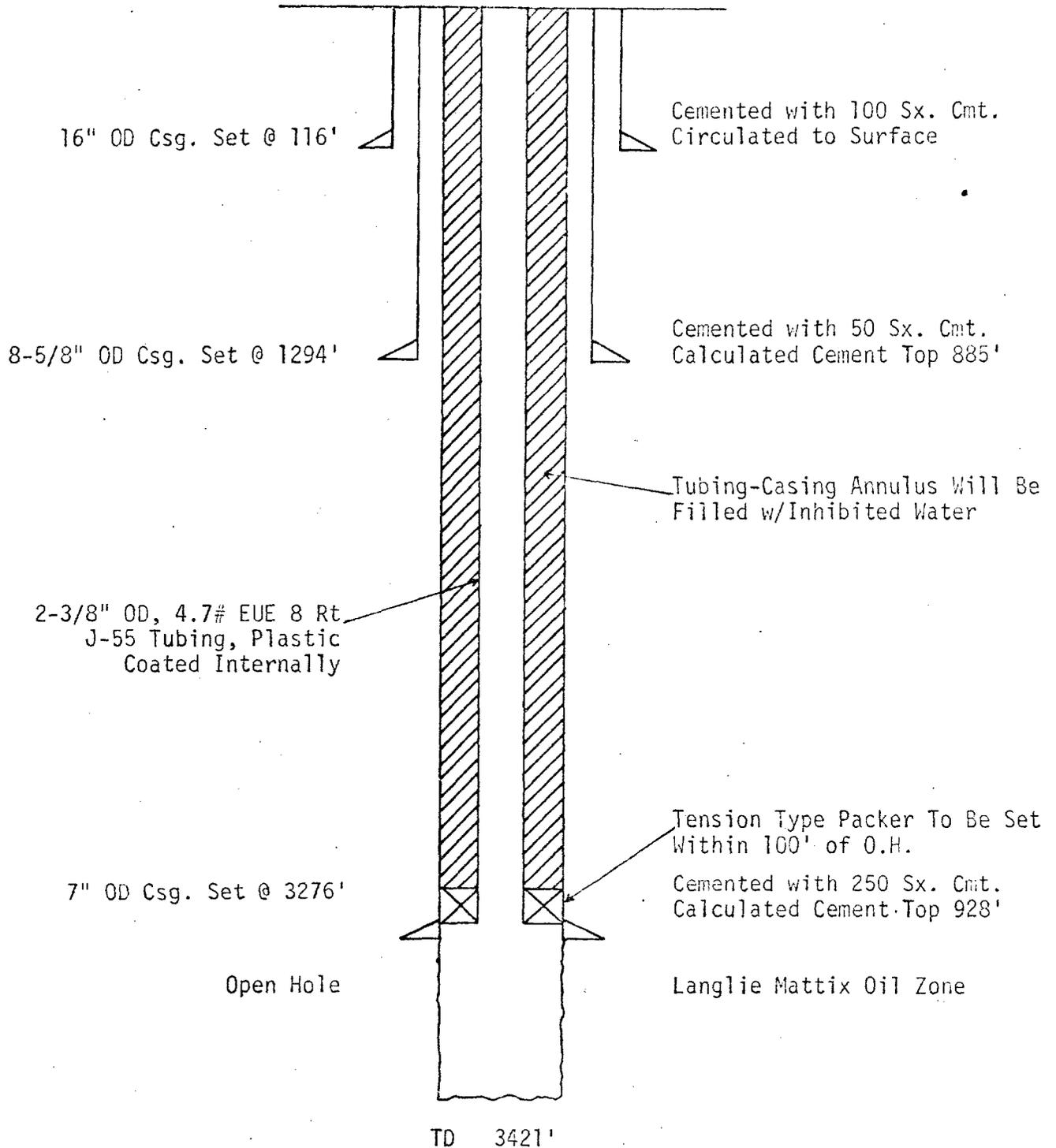
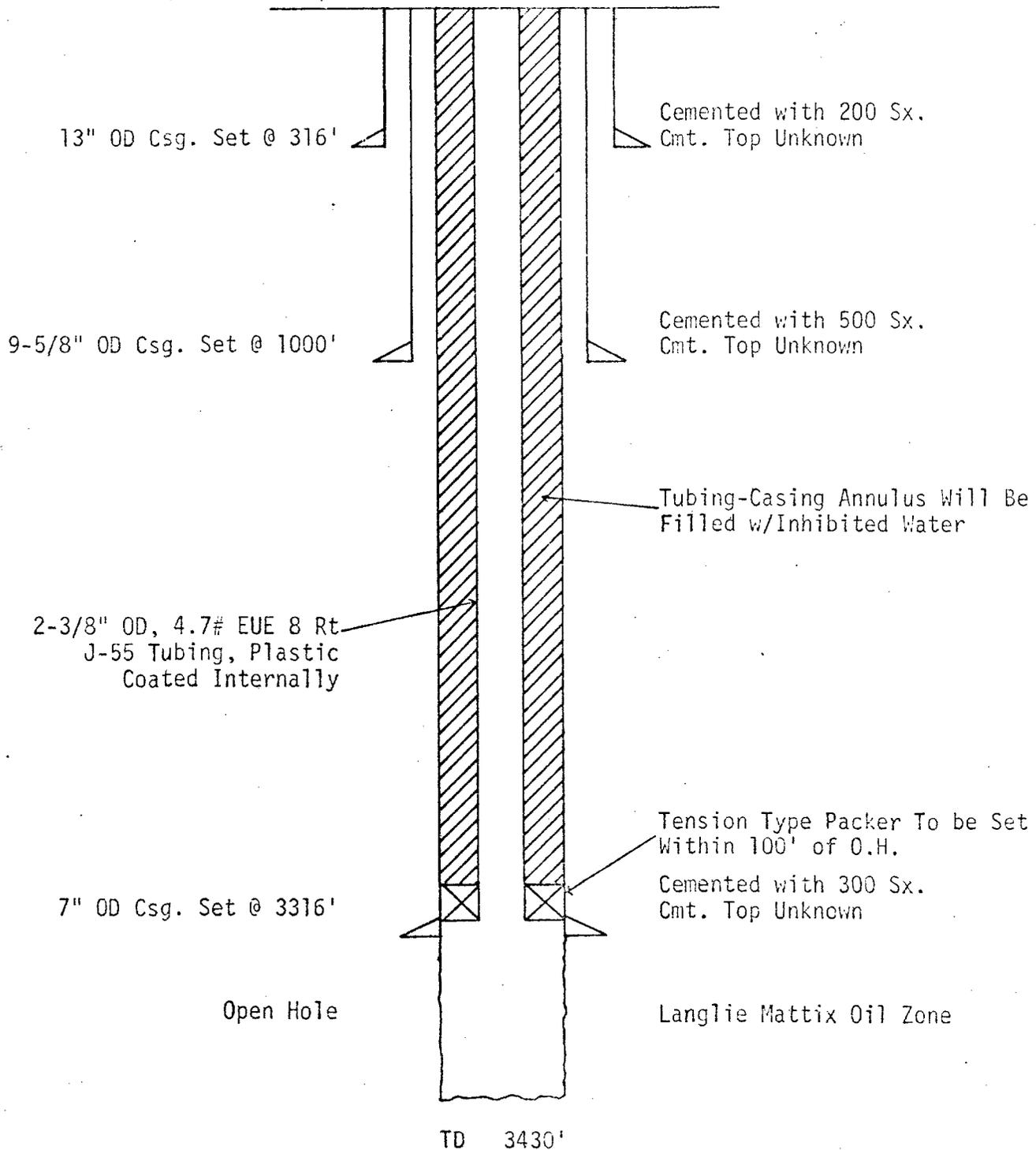


FIGURE X
DIAGRAMMATIC SKETCH
PROPOSED INJECTION WELL NO. 120

STUART LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICO

UNION TEXAS PETROLEUM
STUART WELL NO. 5

LOCATED UNIT F, SEC. 11-25S-37E



GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
GUYTON B. HAYS
MEMBER



P. O. BOX 2033
SANTA FE

September 9, 1968



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

Mr. Bill Kastler
Gulf Oil Corporation
Post Office Box 1938
Roswell, New Mexico 88201

Re: Case No. 3803
Order No. R-3345-C
Applicant:
Gulf Oil Corporation

Dear Sir:

Enclosed herewith is a copy of the above-referenced Commission order recently entered in the subject case. Letter pertaining to conditions of approval and maximum allowable to follow.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC _____
State Engineer x

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3803
Order No. R-3345-C

APPLICATION OF GULF OIL CORPORATION
FOR AN AMENDMENT TO ORDER NO. R-3345,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 7, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of September, 1968, 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 Order No. R-3345, as corrected by No. R-3345-A and
amended by No. R-3345-B, authorized the applicant, Gulf Oil Corpo-
ration, to institute the Gulf Stuart Langlie Mattix Waterflood
Project in the Stuart Langlie Mattix Unit Area, Langlie-Mattix
Pool, by the injection of water into the Seven Rivers and Queen
formations, Lea County, New Mexico.

(3) That the applicant, Gulf Oil Corporation, now seeks
amendment of Order No. R-3345, as corrected by No. R-3345-A and
amended by No. R-3345-B, to delete the following-described water
injection wells in Township 25 South, Range 37 East, NMPM, Lea
County, New Mexico, previously authorized therein:

CASE No. 3803

Order No. R-3345-C

<u>LEASE</u>	<u>WELL NO.</u>	<u>UNIT</u>	<u>SECTION</u>
Richmond State "A"	2	M	2
Gulf Stuart	5	A	10
Gulf Stuart	7	C	10
Sinclair Stuart "B"	2	I	10
Union Texas Stuart "B"	4	C	11

and to authorize for water injection four new wells to be drilled at the following unorthodox locations in Section 10, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico:

A well 100 feet from the North line and 1650 feet from the West line;

A well 100 feet from the North line and 660 feet from the East line;

A well 1315 feet from the North line and 100 feet from the West line; and

A well 1420 feet from the South line and 100 feet from the East line;

and the conversion to water injection of three additional wells located in said Township and Range as follows:

Richmond Drilling State "A" Well No. 3, located in Unit N of Section 2;

Skelly Oil State "L" Well No. 2, located in Unit F of Section 2; and

Union Texas Stuart "B" Well No. 5, located in Unit F of Section 11.

(4) That approval of the subject application will not violate correlative rights and should increase the efficiency of the Gulf Stuart Langlie Mattix Waterflood Project and result in greater ultimate recovery of oil, thereby preventing waste.

IT IS THEREFORE ORDERED:

(1) That Order No. R-3345, as corrected by No. R-3345-A and amended by No. R-3345-B, is hereby amended by deleting from the

water injection wells authorized therein the following-described wells in Township 25 South, Range 37 East, NMPM, Lea County, New Mexico:

<u>LEASE</u>	<u>WELL NO.</u>	<u>UNIT</u>	<u>SECTION</u>
Richmond State "A"	2	M	2
Gulf Stuart	5	A	10
Gulf Stuart	7	C	10
Sinclair Stuart "B"	2	I	10
Union Texas Stuart "B"	4	C	11

and substituting in lieu thereof as water injection wells the following-described wells to be drilled at unorthodox locations in said Township and Range:

A well 100 feet from the North line and 1650 feet from the West line;

A well 100 feet from the North line and 660 feet from the East line;

A well 1315 feet from the North line and 100 feet from the West line; and

A well 1420 feet from the South line and 100 feet from the East line;

and the addition of the following three wells to be converted to water injection located in said Township and Range:

Richmond Drilling State "A" Well No. 3, located in Unit N of Section 2;

Skelly Oil State "L" Well No. 2, located in Unit F of Section 2; and

Union Texas Stuart "B" Well No. 5, located in Unit F of Section 11.

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

-4-

CASE No. 3803

Order No. R-3345-C

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/