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W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER
STUART D. SHANOR

LAW OFFICES
HINKLE, BONDURANT & CHRISTY
521 MIDLAND TOWER
MIDLAND, TEXAS 79701

ROSWELL, NEW MEXICO OFFICE
600 HINKLE BUILDING
(505) 822-6510
OF COUNSEL: HIRAM M. DOW
ONLY MESSRS. COFFIELD & WALLER
LICENSED IN TEXAS
TELEPHONE (915) MU 3-4691

January 20, 1968

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Case 3128

Re: Grayburg-Jackson, West
Cooperative Unit Agreement
Eddy County, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Under your Order R-3127, the captioned Unit was approved by the Commission.

It is now planned to expand the Unit Area to include some additional 400 acres in Section 16, Township 17 South, Range 29 East, and in connection therewith, we hand you:

- (1) Triplicate counterparts of Application of Tenneco Oil Company for expansion of the Unit Area.
- (2) Duplicate counterparts of the proposed Amendment to effectuate the above expansion; this instrument is now being circulated for execution, and when completed, we will furnish you an executed counterpart.

We would thank you in advance to set the matter down for hearing, and advise.

Respectfully,

HINKLE, BONDURANT & CHRISTY

By *S. B. Christy IV*
S. B. Christy IV

SBC:bb
Encls.
cc: Mr. F. J. McDonald
cc: Mr. J. D. Moon
cc: Mr. James Carnes
cc: Commissioner of Public Lands

DOCKET MAILED

Date *2-15-68*

BEFORE THE COMMISSIONER OF PUBLIC LANDS

STATE OF NEW MEXICO

Case 3728

APPLICATION FOR EXPANSION OF UNIT AREA

Comes now TENNECO OIL COMPANY, the Operator of the Grayburg-Jackson, West Cooperative Unit, Eddy County, New Mexico and hereby makes application to the Commissioner of Public Lands for expansion of the Unit Area to include:

Township 17 South, Range 29 East, N.M.P.M.

Section 16: $N\frac{1}{2}$, $N\frac{1}{2}SW\frac{1}{4}$

containing 400 acres, more or less, and for grounds thereof states:

(a) Such expansion will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in the Unit Area, as expanded.

(b) That under the proposed expansion, the State of New Mexico will receive its fair share of recoverable oil or gas in place under its lands in the Unit Area, as expanded.

(c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the Unit Area, as expanded.

(d) That such expansion is in other respects for the best interests of the State of New Mexico, with respect to State lands.

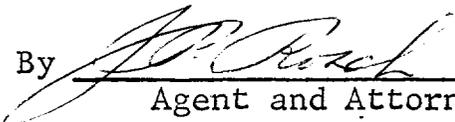
Duplicate counterparts of an instrument entitled "Amendment to Grayburg-Jackson, West Cooperative Unit Agreement, Eddy County, New Mexico" to accomplish the above expansion is attached hereto.

The undersigned does hereby request the Commissioner to consent to and approve said instrument, and to provide that all leases embracing lands of the State of New Mexico within the Unit Area, as expanded, shall be and the same are to be amended to conform with the terms of the Unit Agreement, and the attached instrument, and that such leases shall remain in full force and effect according to the terms and conditions of the Unit Agreement and the attached instruments.

Respectfully submitted,

TENNECO OIL COMPANY

By

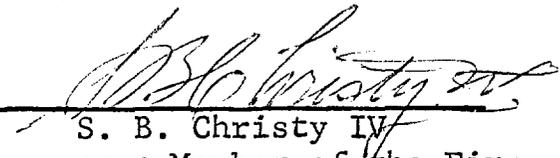

Agent and Attorney-in-Fact

Address:

Ninth Floor Wilco Building
Midland, Texas 79701

HINKLE, BONDURANT & CHRISTY

By


S. B. Christy IV

as a Member of the Firm

P. O. Box 10

Roswell, New Mexico 88201

BEFORE THE COMMISSIONER OF PUBLIC LANDS

STATE OF NEW MEXICO

Case 3728

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(d) That such expansion is in other respects for the best interests of the State of New Mexico, with respect to State lands.

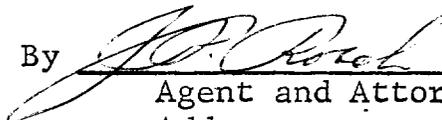
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The undersigned does hereby request the Commissioner to consent to and approve said instrument, and to provide that all leases embracing lands of the State of New Mexico within the Unit Area, as expanded, shall be and the same are to be amended to conform with the terms of the Unit Agreement, and the attached instrument, and that such leases shall remain in full force and effect according to the terms and conditions of the Unit Agreement and the attached instruments.

Respectfully submitted,

TENNECO OIL COMPANY

By



Agent and Attorney-in-Fact
Address:
Ninth Floor Wilco Building
Midland, Texas 79701

HINKLE, BONDURANT & CHRISTY

By



S. B. Christy IV
as a Member of the Firm
P. O. Box 10
Roswell, New Mexico 88201

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FIRST AMENDMENT
TO
GRAYBURG-JACKSON, WEST
COOPERATIVE UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

See 3728

THIS FIRST AMENDMENT to the Grayburg-Jackson, West Cooperative Unit Agreement, Eddy County, New Mexico, made and entered into as of the 1st day of March, 1968, by and between Tenneco Oil Company, a Delaware corporation, whose address is Ninth Floor, Wilco Building, Midland, Texas 79701, hereinafter sometimes referred to as "Operator", and the other parties who have signed the original of this instrument, a counterpart thereof or other instruments agreeing to be bound by the provisions hereof:

W I T N E S S E T H, that:

WHEREAS, the Grayburg-Jackson, West Cooperative Unit Agreement, Eddy County, New Mexico, hereinafter sometimes referred to as the "Unit Agreement" was made and entered into as of the 23rd day of June, 1966, was approved by the New Mexico Oil Conservation Commission (hereinafter sometimes referred to as the "Commission") on October 4, 1966, in Case No. 3468, Order No. R-3127, was approved by the Commissioner of Public Lands of the State of New Mexico (hereinafter sometimes referred to as the "Commissioner") on September 28, 1966, and was recorded in the Office of the Eddy County Clerk, New Mexico in Book 170 at page 109, to all of which reference is hereby made and the Unit Agreement is incorporated herein by reference; and,

WHEREAS, the parties hereto desire to expand "the Unit Area" (defined in the Unit Agreement) to cover and embrace certain additional lands located in Eddy County, New Mexico, and as so amended to ratify and confirm the Unit Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages of this Agreement, and for valuable consideration paid, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. Unit Area: The Unit Area covered and embraced in the Unit Agreement, effective as of the date first hereinabove written, shall be and is:

Township 17 South, Range 29 East, N.M.P.M.

- Section 15: $W\frac{1}{2}SW\frac{1}{4}$
- Section 16: All
- Section 21: All
- Section 22: $W\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}NW\frac{1}{4}$, $NE\frac{1}{4}SW\frac{1}{4}$, $NW\frac{1}{4}NE\frac{1}{4}$
- Section 27: $W\frac{1}{2}SW\frac{1}{4}$
- Section 28: All

containing 2,400 acres, more or less.

2. Tract 2 of Exhibit "A" to the Unit Agreement is amended to cover and embrace the following described lands:

Township 17 South, Range 29 East, N.M.P.M.

Section 15: SW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 16: NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 28: SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

containing 440 acres, more or less.

3. Tract 8 of Exhibit "A" to the Unit Agreement is amended to cover and embrace the following described lands:

Township 17 South, Range 29 East, N.M.P.M.

Section 15: NW $\frac{1}{4}$ SW $\frac{1}{4}$
Section 16: NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$,
W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 27: W $\frac{1}{2}$ SW $\frac{1}{4}$

containing 480 acres, more or less.

4. There is added to Exhibit "A" to the Unit Agreement the following tracts:

Tract No. 9:

Tenneco Lease No. 30466

Lease Date: December 17, 1963

Lessor: The State of New Mexico

Original Lessee: Leonard Oil Company

Present Lessee
of Record and
Working Interest

Owner: Tenneco Oil Company -- 100%

State of New
Mexico Lease No.: K-3790

O.R.R.I. and
Percentage: Robert J. Leonard ***

Description of
Lands Committed: Section 16: SE $\frac{1}{4}$ NW $\frac{1}{4}$

No. of Acres: 40

***--3/32 of 8/8 of all oil, gas, casinghead gas and other minerals which may be produced, saved and marketed from the Unit Area , and other lands, until the primary sum of Three Million Dollars (\$3,000,000.00) has been paid, as more particularly described in an Assignment, dated October 1, 1965, from Leonard Oil Company to Tenneco Oil Company, recorded in Book 160 at page 67 of the Records of the Eddy County Clerk, New Mexico. Said production payment was conveyed by Leonard Oil Company to Robert J. Leonard, Patrick J. Leonard and Timothy T. Leonard by an Assignment and Conveyance dated January 7, 1966, recorded in Book 163 at page 149 of said Records. Section 3 of said Assignment provides in part: "Tenneco shall have the right, and is hereby authorized by Leonard to unitize all or any tract of land described in Exhibit B (the land covered by Tract No. 9) with adjacent lands, leasehold or other interests when, in the reasonable judgment of Tenneco, it is necessary or advisable to do so in order to facilitate the orderly development of the properties affected thereby, whether as an incident to primary production, secondary production or additional production, pressure maintenance, waterflooding or otherwise. Any such Unit so formed shall be in such size and area as shall, in the reasonable judgment of Tenneco, be deemed expedient or advisable under the circumstances, and the production produced from such Unit so formed shall be allocated among the separate owned tracts or interests comprising the Unit in the proportion provided for by such Unit Agreement. Any Unit so formed may relate to one or more zones or horizons, and any Unit formed for a particular zone or horizon need not conform in area to any other Unit relating to a different zone or horizon, and a Unit formed for the production of oil need not conform in area with any Unit for the production of gas . . .".

Tract No. 10:

Tenneco Lease No. 30798
Lease Date: July 10, 1933
Lessor: The State of New Mexico
Original Lessee: Snowden & McSweeney Co.

Case 3728

Present Lessee of Record: Sinclair Oil & Gas Company

Working Interest Owner: Tenneco Oil Company -- 100% **
down to 3100' subsurface

State of New Mexico Lease No.: B-2023

O.R.R.I. and Percentage: Sinclair Oil & Gas Company -- 1/16 of 8/8

Description of Lands Committed: Section 16: NE $\frac{1}{4}$ SW $\frac{1}{4}$

No. of Acres: 40

As hereby amended, the Unit Agreement is in all respects ratified and confirmed in accordance with the terms and provisions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first above written, effective as hereinabove provided.

TENNECO OIL COMPANY

By _____
Agent and Attorney-in-Fact

ATTEST:

MIDWEST INVESTMENT COMPANY

Secretary

By _____
President

EL PASO NATURAL GAS COMPANY

By _____
Attorney-in-Fact

ATTEST:

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO,
CHICAGO, ILLINOIS

Cashier

By _____
Vice-President

Robert W. Garver, Trustee

ATTEST:

EDUCATIONAL FOUNDATION, INC.

Secretary

By _____
President

SINCLAIR OIL & GAS COMPANY

By _____

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, Agent and Attorney-in-Fact of Tenneco Oil Company, a Delaware corporation, on behalf of said corporation.

Notary Public

My Commission Expires
June 1, 1969.

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, President of Midwest Investment Company, a New Mexico corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, Attorney-in-Fact of El Paso Natural Gas Company, a Delaware corporation, on behalf of said corporation.

Notary Public

My Commission Expires
June 1, 1969.

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, Vice President of Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, a National banking institution, on behalf of said institution.

Notary Public

My Commission Expires:

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Case 3728

FIRST AMENDMENT
TO
GRAYBURG-JACKSON, WEST
COOPERATIVE UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

THIS FIRST AMENDMENT to the Grayburg-Jackson, West Cooperative Unit Agreement, Eddy County, New Mexico, made and entered into as of the 1st day of March, 1968, by and between Tenneco Oil Company, a Delaware corporation, whose address is Ninth Floor, Wilco Building, Midland, Texas 79701, hereinafter sometimes referred to as "Operator", and the other parties who have signed the original of this instrument, a counterpart thereof or other instruments agreeing to be bound by the provisions hereof:

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Section 28: SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

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W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 27: W $\frac{1}{2}$ SW $\frac{1}{4}$

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Lease Date: December 17, 1963

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Original Lessee: Leonard Oil Company

Present Lessee
of Record and
Working Interest

Owner: Tenneco Oil Company -- 100%

State of New
Mexico Lease No.: K-3790

O.R.R.I. and
Percentage: Robert J. Leonard ***

Description of
Lands Committed: Section 16: SE $\frac{1}{4}$ NW $\frac{1}{4}$

No. of Acres: 40

***--3/32 of 8/8 of all oil, gas, casinghead gas and other minerals which may be produced, saved and marketed from the Unit Area , and other lands, until the primary sum of Three Million Dollars (\$3,000,000.00) has been paid, as more particularly described in an Assignment, dated October 1, 1965, from Leonard Oil Company to Tenneco Oil Company, recorded in Book 160 at page 67 of the Records of the Eddy County Clerk, New Mexico. Said production payment was conveyed by Leonard Oil Company to Robert J. Leonard, Patrick J. Leonard and Timothy T. Leonard by an Assignment and Conveyance dated January 7, 1966, recorded in Book 163 at page 149 of said Records. Section 3 of said Assignment provides in part: "Tenneco shall have the right, and is hereby authorized by Leonard to unitize all or any tract of land described in Exhibit B (the land covered by Tract No. 9) with adjacent lands, leasehold or other interests when, in the reasonable judgment of Tenneco, it is necessary or advisable to do so in order to facilitate the orderly development of the properties affected thereby, whether as an incident to primary production, secondary production or additional production, pressure maintenance, waterflooding or otherwise. Any such Unit so formed shall be in such size and area as shall, in the reasonable judgment of Tenneco, be deemed expedient or advisable under the circumstances, and the production produced from such Unit so formed shall be allocated among the separate owned tracts or interests comprising the Unit in the proportion provided for by such Unit Agreement. Any Unit so formed may relate to one or more zones or horizons, and any Unit formed for a particular zone or horizon need not conform in area to any other Unit relating to a different zone or horizon, and a Unit formed for the production of oil need not conform in area with any Unit for the production of gas . . .".

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Lease Date: July 10, 1933
Lessor: The State of New Mexico
Original Lessee: Snowden & McSweeney Co.

Present Lessee of Record: Sinclair Oil & Gas Company

Working Interest Owner: Tenneco Oil Company -- 100% **
down to 3100' subsurface

State of New Mexico Lease No.: B-2023

O.R.R.I. and Percentage: Sinclair Oil & Gas Company -- 1/16 of 8/8

Description of Lands Committed: Section 16: NE $\frac{1}{4}$ SW $\frac{1}{4}$

No. of Acres: 40

As hereby amended, the Unit Agreement is in all respects ratified and confirmed in accordance with the terms, and provisions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first above written, effective as hereinabove provided.

TENNECO OIL COMPANY

By _____
Agent and Attorney-in-Fact

ATTEST:

MIDWEST INVESTMENT COMPANY

Secretary

By _____
President

EL PASO NATURAL GAS COMPANY

By _____
Attorney-in-Fact

ATTEST:

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, CHICAGO, ILLINOIS

Cashier

By _____
Vice-President

Robert W. Garver, Trustee

ATTEST:

EDUCATIONAL FOUNDATION, INC.

Secretary

By _____
President

SINCLAIR OIL & GAS COMPANY

By _____

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, Agent and Attorney-in-Fact of Tenneco Oil Company, a Delaware corporation, on behalf of said corporation.

Notary Public

My Commission Expires
June 1, 1969.

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, President of Midwest Investment Company, a New Mexico corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, Attorney-in-Fact of El Paso Natural Gas Company, a Delaware corporation, on behalf of said corporation.

Notary Public

My Commission Expires
June 1, 1969.

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this _____ day of January, 1968 by _____, Vice President of Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, a National banking institution, on behalf of said institution.

Notary Public

My Commission Expires:
