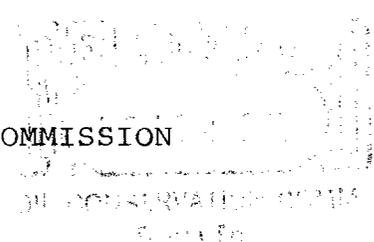


Exhibits
3 & 4
attached



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF BURK ROYALTY CO. FOR STATUTORY)
UNITIZATION OF THE DOUBLE L QUEEN)
UNIT, CHAVES COUNTY, NEW MEXICO.)

Case No. 5596

APPLICATION

COMES NOW Applicant Burk Royalty Co., Unit Operator for the Double L Queen Unit, and requests the Oil Conservation Commission of the State of New Mexico for an order unitizing the lands and interests for production from the Double L Queen Pool and approving the Unit Agreement and Unit Operating Agreement as provided for by the Statutory Unitization Act, Section 65-14-1, N.M.S.A. 1953, and states:

1. Attached hereto and made a part hereof, marked Exhibit 1, is a true copy of the proposed Unit Agreement together with exhibits, which include a descriptive list of the tracts composing the unit area, the percentage of participation of each tract therein and a map or plat on which the tracts composing the unit area are shown, which proposed unit area lying and being situate in Chaves County, New Mexico, is described as follows:

Township 14 South, Range 29 East, N.M.P.M.

- Section 23: E $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 24: W $\frac{1}{2}$ SW $\frac{1}{4}$
- Section 25: NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$
- Section 36: NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Township 14 South, Range 30 East, N.M.P.M.

- Section 31: W $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Township 15 South, Range 29 East, N.M.P.M.

- Section 1: E $\frac{1}{2}$ E $\frac{1}{2}$
- Section 12: NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 13: NE $\frac{1}{4}$ NE $\frac{1}{4}$

Also attached hereto and made a part hereof, marked Exhibit 2, is the proposed Unit Operating Agreement covering the manner in which the unit will be supervised and managed and the costs allocated and paid. The proposed plan of unitization is fair, reasonable and equitable.

2. Underlying the unit area, as hereinabove described, is a common source of supply known as the Double L Queen Pool, which has been reasonably defined by development. By Order No. R-5004 dated May 6, 1975, this Commission approved the Unit Agreement, a copy of which is Exhibit 1 attached hereto. The Unit Agreement has also been approved by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; copies of these letters of approval are attached hereto and made a part hereof, marked Exhibits 3 and 4.

3. Applicant has heretofore been granted authority to institute a waterflood project within the unit area by this Commission's Order No. R-5007 dated May 6, 1975. The unitized management, operation and further development of the Double L Queen Pool is reasonably necessary in order to effectively carry on secondary recovery operations and to increase the ultimate recovery from the unit. Such unitized methods of operations, as applied to this pool, are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more hydrocarbons from the pool than would otherwise be recovered. The estimated additional costs of conducting such secondary recovery operations will not exceed the estimated value of the additional recovery, plus a reasonable profit.

4. The unitization sought hereby, and the adoption of the unitized methods of operation, will benefit the

working interest owners and royalty owners within the pool. Applicant has, as operator, made a good faith effort to secure voluntary unitization within the pool and has obtained approval and ratification of the plan for unit operations by more than 75% of the owners of the proceeds from production free of costs of the unit operations and by the owners of working interests which will be required to pay more than 75% of the costs of the unit operations from and after the date the plan for unit operations has been approved by this Commission. The owners of working interests who have not ratified and joined in the Unit Agreement and Unit Operating Agreement are as follows:

Abby Corporation
P. O. Box 2143
Roswell, New Mexico 88201

Robert L. Graham
c/o McClellan Oil Corporation
P. O. Box 848
Roswell, New Mexico 88201

L. C. Harris
P. O. Box 1714
Roswell, New Mexico 88201

W. W. LaForce, Jr.
P. O. Box 353
Midland, Texas 79701

McClellan Oil Corporation
P. O. Box 848
Roswell, New Mexico 88201

Robert M. Patterson
c/o McClellan Oil Corporation
P. O. Box 848
Roswell, New Mexico 88201

Tom Schneider
Route 2, Box 562
Eagle Pass, Texas 78852

J. Penrod Toles
c/o McClellan Oil Corporation
P. O. Box 848
Roswell, New Mexico

5. The participation formulas contained in the Unit Agreement and Unit Operating Agreement allocate the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis; the correlative rights of all interested parties would be protected thereby.

WHEREFORE, Applicant prays that this matter be set for hearing, that notice thereof be given as provided for by law and that the Commission enter its order, pursuant to Section 65-14-7, N.M.S.A. 1953, providing for compulsory unitization and unit operation of the pool and approving the plan for unit operations, all as provided for in the Unit Agreement and Unit Operating Agreement filed herewith.

Respectfully submitted,

ATWOOD, MALONE, MANN & COOPER



BY

P. O. Drawer 700
Roswell, New Mexico 88201

Attorneys for Applicant,
Burk Royalty Co.

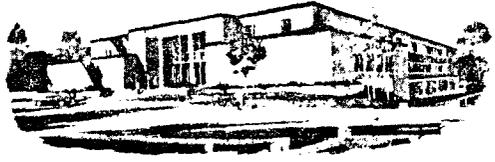
DOCKET MAILED

Date _____

Case 5596

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

January 15, 1975

JAN 16 1975
JENNINGS, CHRISTY & COPPLE
P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

PHIL R. LUCERO
COMMISSIONER

Jennings, Christy & Copple
1012 Security National Bank Building
P. O. Box 1180
Roswell, New Mexico 88201

Re: Amendment to proposed Double L
Queen Field Unit,
Chaves County, New Mexico

ATTENTION: Mr. S. B. Christy IV

Gentlemen:

This will acknowledge receipt of your letter dated January 10, 1975, whereby you submitted, on behalf of Burk Royalty Co., amended Unit Agreement reflecting the changes suggested in our letter of October 10, 1974, and the deletion of the NE/4NE/4 of Section 1, Township 15 South, Range 29 East.

The Commissioner of Public Lands accepts the amendment and gives approval as to form and content and designation of unit area.

In your letter to the USGS you mention that Tract 19 (which shows "HBP") is what was deleted. Your first Exhibit "B" shows it as Tract 17 instead of 19. You might want to correct this.

Very truly yours,

PHILL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division

PRL/RDG/s

Exhibit 3

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
<i>Burk</i>	EXHIBIT NO. <u>3</u>
CASE NO.	<u>5596</u>
Submitted by	_____
Hearing Date	_____



United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

OCT 01 1974

Jennings, Christy & Copple
Attention: Mr. S. B. Christy IV
P.O. Box 1180
Roswell, New Mexico 88201

Gentlemen:

Your application filed August 5, 1974, on behalf of Burk Royalty Company, requests the designation of the Double L Queen unit area embracing 2,669.31 acres, Chaves County, New Mexico, as logically subject to operation under the unitization provisions of the Mineral Leasing Act, as amended. Our records indicate the unit area to be 2,670.09 acres embracing 1,231.44 acres (46.12 percent) of Federal land, 1,120.01 acres (41.95 percent) of New Mexico State land and 318.64 acres (11.93 percent) of fee land. Please recheck your acreage computation and, if appropriate, correct these figures prior to submitting the unit agreement for final approval.

Unitization is for the purpose of conducting secondary recovery operations by waterflooding and will be limited to the Queen formation as defined by Section 2(h) of the proposed unit agreement. The proposed unit area has been developed by 55 wells completed in the formation to be unitized and you estimate that secondary recovery operations will result in the recovery of 1,865,000 barrels of additional oil.

The land requested, as outlined on your plat marked "Exhibit A, Double L Queen unit, Chaves County, New Mexico," is hereby designated as a logical unit area. Your proposed form of unit agreement will be acceptable if modified as indicated. One copy of the form marked with the modifications is returned herewith and one copy is being sent to the Oil and Gas Supervisor, Roswell, New Mexico. We hereby concur in the Supervisor's recommendation that the proposed basis for allocating unitized production be accepted. Exhibits A, B, and C should include the latest status of all acreage when the agreement is submitted for final approval.

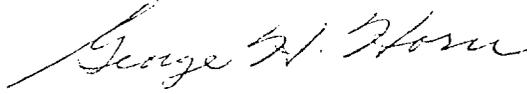
In the absence of any objection not now apparent, a duly executed agreement conformed to the returned copy and approved by the appropriate officials of the State of New Mexico will be approved if submitted in approvable status within a reasonable period of time. However, the right is reserved to deny approval of any executed agreement that, in our opinion, does not have full commitment of sufficient lands to afford effective control of operations in the unit area.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
<i>Thull</i>	EXHIBIT NO. <u>4</u>
CASE NO.	<u>5596</u>
Submitted by	_____
Hearing Date	_____

Exhibit 4

As the unit area contains New Mexico State lands, we are sending a copy of this letter to the Commissioner of Public Lands of the State of New Mexico in Santa Fe. Please contact the State before soliciting joinders, regardless of prior contacts or clearances from the State.

Sincerely yours,

A handwritten signature in cursive script, reading "George W. Horn".

Conservation Manager, Central Region
For the Director