

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



1071

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

January 9, 2002

J. D. Murchison Interests, Inc.
1100 Mira Vista Blvd.
Plano, Texas 75093-4698

Attn: Mr. Michael S. Daugherty

Re: 2002 Plan of Development
Jackson Unit
Lea County, New Mexico

Dear Mr. Daugherty:

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

A handwritten signature in cursive script, appearing to read "Jami Bailey".

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

RP/JB/cpm
xc: Reader File

OCD



#7097

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

May 6, 1998

Murchison Interests, Inc.
1445 Ross Avenue
Suite 5300, LB 152
Dallas, Texas 75202-2883

Attn: Mr. Michael S. Daugherty

Re: 1998 Plan of Development
Jackson Unit
Lea County, New Mexico

Dear Mr. Daugherty:

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
pc: Reader File

OCD

BLM

7097



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5793

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

**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

January 28, 1998

Murchison Interests, Inc.
1445 Ross Avenue
Suite 5300, LB 152
Dallas, Texas 75202-2883

Attention: Mr. Michael S. Daugherty

Re: 1998 Plan of Development
Jackson Unit
Lea County, New Mexico

Dear Mr. Daugherty:

Your 1998 Plan of Development was received on December 8, 1997. We regret to inform you that your 1998 plan of development can not be approved as submitted.

Please submit the following additional information:

- NMOCD records reflect that the Jackson Unit well No. 4-B (Sec. 15-24S-33E) is dually completed in the Johnson Ranch; Wolfcamp (Gas) and Johnson Ranch; Atoka North (Gas) Pools. According to OCD records the Wolfcamp zone is abandoned. OCD's records also reflect that the Atoka zone produced 30 days in September 1997 and 31 days in October 1997. Why is OCD showing that the Wolfcamp zone is abandoned? What is the status of the Atoka zone?
- Your approved 1997 plan states that a Wolfcamp well would be drilled in the N/2 of Section 21 to test the Wolfcamp Formation. In your 1998 plan you also state that Murchison Oil and Gas, Inc. will drill or cause to be drilled the Jackson Unit Well No. 6 in Section 21-24S-33E to the Wolfcamp Formation in the third quarter of 1998. We would like further justification from you as to why additional unit development in the Pennsylvanian, or to be more specific, the Atoka is not under consideration for Section 21-24S-33E.

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/pm

xc: Reader File OCD-Attention: Mr. David Catanach, Ben Stone

7097



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

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)-827-5715

PLANNING
(505)-827-5752

November 18, 1997

J.D. Murchison Interests, Inc.
1445 Ross Avenue
Suite 5300, LB 152
Dallas, Texas 77202-4752

Attn: Mr. Michael S. Daugherty

Re: 1997 Plan of Development
Jackson Unit
Lea County, New Mexico

Dear Mr. Daugherty:

According to our records, you are the unit operator for the above-referenced unit. If you are no longer operating this unit, please contact our office at (505) 827-5791.

We are in the process of reviewing all oil and gas units that contain New Mexico Trust Lands. It has come to our attention that in some of our units, we are not receiving required unit information including plans of development. Because many 1997 plans of development are due to the Oil Conservation Division, the Bureau of Land Management, and this office, in the near future, we would like to take this opportunity to remind you to submit them on a timely basis. Please refer to your unit agreement regarding the due dates for submittal of plans of development for each unit

Your unit agreement may state that plans of development (also called plans of operation or drilling program) are to be filed from "time to time" or whenever a change in the current plan of development is necessary. If your unit falls under this category, please submit a current plan of development to this office.

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
cc: Reader File

(OCD)



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

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

November 22, 1996

J.D. Murchison Interests, Inc.
1445 Ross Avenue
Suite 5300, LB 152
Dallas, Texas 77202-2883

Attn: Mr. Michael S. Daugherty

Re: 1996 & 1997 Plan of Development
Jackson Unit
Lea County, New Mexico

Dear Mr. Daugherty:

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

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

RP/LK/cpm
cc: Reader File
OCD



7097

OIL CONSERVATION DIVISION
RECEIVED

'95 JUN 7 AM 8 52

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

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

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

June 5, 1995

J.D. Murchison Interests, Inc.
1445 Ross Avenue
Suite 5300
LB 152
Dallas, Texas 75202-2883

Attention: Mr. Michael S. Daugherty

Re: 1995 Plan of Development
Jackson Unit
Lea County, New Mexico

Dear Mr. Daugherty:

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:
JAMI BAILEY, Deputy Director
Oil/Gas and Minerals Division
(505) 827-5745

RP/JB/cpm
cc: Reader File
OCD-Roy Johnson



CONSERVATION DIVISION
RECEIVED
'96 MAR 5 AM 8 52

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

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

SANTA FE, NEW MEXICO 87504-1148

March 4, 1996

Enron Oil & Gas Company
Post Office Box 2267
Midland, Texas 79702

Attn: Mr. Patrick Tower

Re: Designation of Sub-Operator
Jackson Unit--Well No. 4, N2, Section 15-24S-33E
Lea County, New Mexico

Dear Mr. Tower:

We have received a designation of sub-operator application, wherein J. D. Murchison Interests, Inc., has designated Enron Oil & Gas Company as sub-operator of the Jackson Unit, Well No. 4 located in the NW4NE of Section 15-24S-33E.

Your designation of sub-operator is hereby approved. Enron Oil & Gas Company has full authority to act on behalf of J. D. Murchison Interests, Inc., as an agent with respect to drilling, testing, completing, operating and producing from the Morrow Formation unitized substances for the above-mentioned well.

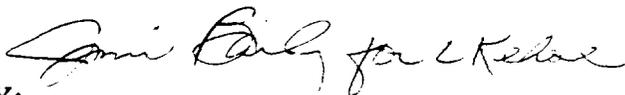
This designation of sub-operator does not relieve the Unit Operator of the responsibility for compliance with the terms of the unit agreement and applicable state regulations.

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

Enclosure

cc: Reader File OCD TRD J. D. Murchison Interests Inc. Commissioner's File



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

7097

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

SLO REF NO. OG-1309

May 24, 1993

J. D. Murchison Interests Inc.
1445 Ross Avenue
Suite 5300
LB 152
Dallas, Texas 75202-4752

Attn: Mr. Michael S. Daugherty

Re: 1993 Plan of Development
Jackson Unit
Lea County, New Mexico

Gentlemen:

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 will 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 B. POWELL, JR.
COMMISSIONER OF PUBLIC LANDS

BY: *Ami Bailey for F.O.P.*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

RBP/FOP/pm
cc: OCD ✓
BLM



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

#7097

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

SLO REF NO. OG-1217

November 4, 1992

Murchison Oil & Gas, Inc.
1445 Ross Avenue
Suite 5300
Lock Box 152
Dallas, Texas 75202-2733

Attn: Michael S. Daugherty

Re: 1992 Plan of Development
Jackson Unit
Lea County, New Mexico

Gentlemen:

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 will 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,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

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

JB/FOP/pm
cc: OCD
BLM



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

November 4, 1992

J.D. Murchison Interests, Inc.
1445 Ross Avenue
Suite 5300
LB 152
Dallas, Texas 75202-4752

Attention: Mr. Michael S. Daugherty

Re: Resignation /Designation of
Successor Unit Operator
Jackson Unit
Lea County, New Mexico

Dear Mr. Daugherty:

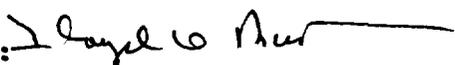
This office is in receipt of your letter of October 23, 1992, advising this office that Mesa Limited Partnership, has resigned as Unit Operator of the Jackson Unit and Murchison Oil & Gas, Inc., has been selected as the successor Unit Operator of said Unit.

The Commissioner of Public Lands has this date approved the resignation of Mesa Limited Partnership and the Designation of Murchison Oil & Gas, Inc. as the successor Unit Operator of this unit. This change in operators is effective October 1, 1989.

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

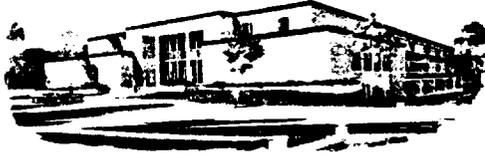
Very truly yours,

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

State of New Mexico

#7097



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

October 4, 1990

Mr. Michael Dangherty
Murchison Oil & Gas Inc.,
First Interstate Bank Tower
Suite 5300, Lock Box 152
1445 Ross Avenue
Dallas, TX 75202-2733

Re: Jackson Unit
Lea County, New Mexico
1990 Plan of Development

Dear Mr. Dangherty:

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

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

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

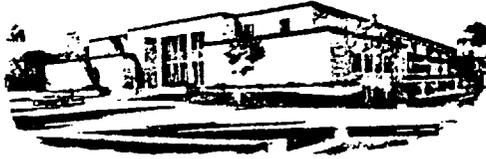
Sincerely,

W. R. HUMPHRIES

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

cc: OCD
Unit Corresp.
Unit POD

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

SLO REF NO. OG-1062

March 27, 1989

#7097

Mesa Limited Partnership
Attn: Larry M. Hemingway
P.O. Box 2009
Amarillo, Texas 79189-2009

Re: 1989 Plan of Development
Jackson Unit
Lea County, New Mexico

Gentlemen:

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.

Enclosed is an approved copy for your files.

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

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

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

cc: OCD
BLM

7097

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

SLO REF NO. OG-669

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

February 4, 1988

Mesa Limited Partnership
ATTENTION: Mr. Larry M. Hemingway
P. O. Box 2009
Amarillo, Texas 79189-2009

Re: 1987 - 1988 Plan of Development
Jackson Unit
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1988 Plan of Development for the Jackson Unit Area, Lea County, New Mexico. Such plan calls for the drilling of no wells.

Our approval is subject to like approval by the New Mexico Oil Conservation Division

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,

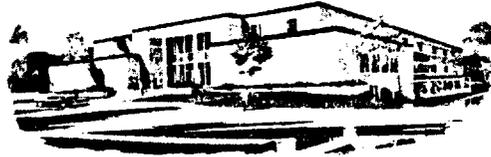
W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

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

WRH/FOP/pm
encls.
cc: OCD-Santa Fe, New Mexico

State of New Mexico

#7097



JIM BACA
COMMISSIONER

Commissioner of Public Lands

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

July 23, 1986

Mesa Petroleum Company
ATTENTION: Mr. Richard. W. Petrie
P. O. Box 2009
Amarillo, Texas 79189-2009

Re: 1986 Plan of Development
and Operation
Jackson Unit
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1986 Plan of Development for the Jackson Unit Area, Lea County, New Mexico. Such plan calls for the drilling of no wells. In future plans of developments, please also submit a current map showing the location and producing status of all unit wells, together with the last years production history by month, for each well.

Our approval is subject to like approval by the New Mexico Oil Conservation Division.

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,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

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

JB/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

October 17, 1986

Mesa Limited Partnership
ATTENTION: Mr. Mark W. Seale
P. O. Box 2009
Amarillo, Texas 79189-2009

Re: Jackson Unit Agreement
T24S-R33E Sec. 15, 16, and 22
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your First Amended 1986 Plan of Development for the Jackson Unit Area, Lea County, New Mexico. Such plan calls for the drilling of no wells. This plan will supersede your previous plan dated July 10, 1986. In future plans of developments, please also submit a current map showing the location and producing status of all unit wells, together with the last years production history by month, for each well.

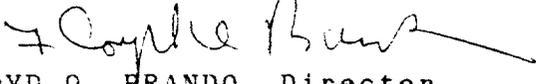
Our approval is subject to like approval by the New Mexico Oil Conservation Division.

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,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

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

JB/FOP/pm
encls.
cc: OCD-Santa Fe, New Mexico



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

October 3, 1986

Mesa Limited Partnership
ATTENTION: Mr. Mark W. Seale
P. O. Box 2009
Amarillo, Texas 79189-2009

Re: Your Delaware Prospect
OP-05-NM-0785
Jackson Unit
T24S-R33E Sections 15, 16, 21 & 22
Lea County, New Mexico

This office is in receipt of your letter of October 3, 1986 together with an instrument entitled Designation of Agent, wherein Mesa Operating Limited Partnership, as Unit Operator of the Jackson Unit Area, has appointed Southland Royalty Company as its agent in order that Southland may operate the Jackson Unit Well No. 2.

The Commissioner of Public Lands has this date approved the designation of Southland Royalty Company as its agent in order to conduct unit operations in regards to the Unit Well No. 2, located 990' FSL and 1930' FEL of Section 22, Township 24 South, Range 33 East.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

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

JB/FCP/pm
Encls.

cc: OCD-Santa Fe, New Mexico. Attn: Mr. Roy Johnson

DESIGNATION OF AGENT

This indenture dated as of the 6th day of August, 1986, by and between Mesa Operating Limited Partnership, whose address is P. O. Box 2009, Amarillo TX 79189-2009 and Southland Royalty Company whose address is 21 Desta Drive, Midland TX 79705.

W I T N E S S E T H:

WHEREAS, under the provisions of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Dec. 1, of Chapter 162, Laws of 1951, (Chap. 19, Art. 10, Sec. 45, N. M. Statutes 1978 Annot.), the Commissioner of Public Lands on the 28th day of January, 1981 approved the Unit Agreement for the Development and Operation of the Jackson Unit Area dated November 15, 1980, and the New Mexico Oil Conservation Division on January 14, 1981 approved said Unit Agreement by authority of Act of the Legislature (Laws of 1951, Chap. 19, Art. 10, Sec. 47, N. M. Statutes 1978 Annot.), wherein Mesa Petroleum Co. was designated as Unit Operator; and

WHEREAS, Mesa Operating Limited Partnership, as successor in interest to Mesa Petroleum Co., now desires to appoint Southland Royalty Company as Agent, and Southland Royalty Company now desires to accept and assume the duties of Agent, as set forth below.

Now therefore, it is mutually agreed as follows:

I. Mesa Operating Limited Partnership as Unit Operator of the Jackson Unit Agreement, hereby designates Southland Royalty Company as Agent to drill, test, complete, operate and/or plug and abandon a Wolfcamp formation well in the following described portion of the Unit area:

Township 24 South, Range 33 East N.M.P.M.

Section: 22: S/2

containing 320 acres, more or less

2. Southland Royalty hereby covenants and agrees to comply or secure compliances with all obligations of the Unit Agreement with respect to the above described portion of the Unit area and to file all applications required or necessitated by the terms of such Agreement.

3. It is specifically understood that this Designation of Agent does not relieve Mesa Operating Limited Partnership of its responsibilities as Unit Operator of the Jackson Unit area.

4. It is further understood and agreed that Mesa Operating Limited Partnership, as Unit Operator of the Jackson Unit Area, may, at its option, revoke this Designation of Agent by giving written notice of such revocation to the Designated Agent, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Division.

IN WITNESS WHEREOF, this instrument is executed by the parties hereto as of the date hereinabove set forth.

MESA OPERATING LIMITED PARTNERSHIP
By Pickens Operating Co.,
General Partner

10/21/86
Date

By: G. Shell Boudreaux
G. Shell Boudreaux
Attorney-In-Fact ms
RWP

Approved October 17, 1986
Jim Baca
COMMISSIONER OF PUBLIC LANDS

State of New Mexico

#7097



Commissioner of Public Lands

September 27, 1985

JIM BACA
COMMISSIONER

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Used
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Mesa Petroleum Company
Vaughn Building, Suite 1000
Midland, Texas 79701-4493

Re: Plan of Development and Operation
Jackson Unit
NMSLO Certification January 28, 1981
Sections 15,16,21 and 22 T-24S-R33E
Lea County, New Mexico
Mesa OP 05-NM-0785-3

ATTENTION: Mr. Richard W. Petrie

Gentlemen:

Your Amended 1985 Plan of Development was approved in our letter of August 22, 1985. This is to further clarify our approval and subsequent correspondence on this Unit.

Any unit well drilled to test any gas producing formation(s) below a depth of 10,000 feet will be adequate to comply with your plan of development, provided said well is timely commenced to normally be completed by December 31, 1985. If such well is drilled in a diligent manner and is not completed by December 31, 1985, an extension will be granted for any reasonable time to complete said well and perpetuate the unit. The drilling program outlined in your letter of September 16, 1985, is hereby approved.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico

State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

August 22, 1985

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

Express Mail Delivery Use:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Mesa Petroleum Company
Vaughn Building, Suite 1000
Midland, Texas 79701-4493

Re: Amended 1985 Plan of Development
Jackson Unit
Lea County, New Mexico

ATTENTION: Mr. K. R. Dement

Gentlemen:

The Commissioner of Public Lands has this date approved your Amended 1985 Plan of Development dated August 15, 1985, for the Jackson Unit Area, Lea County, New Mexico. Such plan advises that the Unit Well No. 1 has been recompleted from the Morrow to the Wolfcamp formations with encouraging results. Your Plan also calls for the drilling of an Atoka test well to be completed by December 31, 1985. Please also be advised that your request of August 12, 1985 has been approved. In the event that Mesa or a third party in good faith commences drilling in sufficient time to complete a well in the Atoka formation prior to December 31, 1985 and such operations are prosecuted diligently and in a workmanlike manner, the unit will be extended even if, due to unforeseen circumstances the well is not completed until after December 31, 1985. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

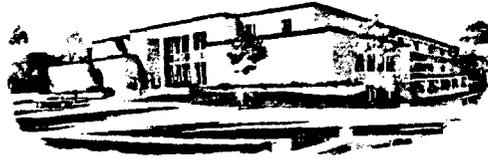
BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico

State of New Mexico

7097



JIM BACA
COMMISSIONER

Commissioner of Public Lands

January 21, 1985

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Use:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Mesa Petroleum Company
Vaughn Building, Suite 1000
Midland, Texas 79701-4493

Re: 1984-1985 Plan of Development
Jackson Unit
Lea County, New Mexico

ATTENTION: Mr. Mark Hannifin

Gentlemen:

The Commissioner of Public Lands has this date approved your 1984-1985 Plan of Development and Operation for the Jackson Unit Area, Lea County, New Mexico, covering the period of August 17, 1984 to August 17, 1985. Such plan proposes to review the production and decline curve of the Jackson Unit Well No. 1. Your plan also advises that a second well is not anticipated to be commenced on the Jackson Unit until a more favorable gas market is available, which is currently anticipated in early 1985.

Your next Plan of Development for the period August 17, 1985 to August 17, 1986, should provide for the drilling of the Jackson Unit Well No. 2, which should be drilled and completed by December 31, 1985. Failure to comply with our request for reasonable development will subject this unit to be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units as per Article 9 of said unit.

Enclosed is an approved copy of your plan for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico

7097

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

October 3, 1983

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

Mesa Petroleum Company
Vaughn Building, Suite 1000
Midland, Texas 79701-4493

Re: 1983 Plan of Development
Jackson Unit
Lea County, New Mexico

ATTENTION: Mr. Mark Hannifin

Gentlemen:

The Commissioner of Public Lands has this date approved your 1983 Plan of Development for the Jackson Unit, Lea County, New Mexico. Such plan proposes to review the production and decline curve of the Jackson Unit Well No. 1. Your plan of development is approved for the period of August 17, 1983 to August 17, 1984. Please submit your 1984 Plan of Development within thirty days after the expiration of this twelve month period.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico

State of New Mexico

Case # 7097



Commissioner of Public Lands

October 25, 1982

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501
87504-1148

Mesa Petroleum Company
Vaughn Building, Suite 1000
Midland, Texas 79701

Re: 1982 Plan of Development
Jackson Unit
Lea County, New Mexico

ATTENTION: Mr. Mark Hannifin

Gentlemen:

The Commissioner of Public Lands has this date approved your 1982 Plan of Development. Such plan proposes that it will take six to eight months from the anticipated pipeline connection on November 1, 1982 to adequately review the production and decline curve of this well to determine the most prospective offset locations in this unit. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed is an approved copy for your files.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
Administration

391

Unit Name JACKSON UNIT- EXPLORATORY
 Operator MESA PETROLEUM COMPANY
 County LEA COUNTY

DATE APPROVED NO. 7097 OCC CASE NO. R-6545 EFFECTIVE DATE 1-28-81 TOTAL ACREAGE 2,560.00 STATE 2,560.00 FEDERAL -0- INDIAN-FEE -0- SEGREGATION CLAUSE Yes TERM 2yrs

Commissioner Commission
1-28-81 1-14-81

UNIT AREA

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Sections 15 and 16: All
 Sections 21 and 22: All

Unit Name JACKSON UNIT-EXPLORATORY
 Operator MESA PETROLEUM COMPANY
 County LEA COUNTY

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	DATE	ACREAGE		LESSEE
								RATIFIED	NOT RATIFIED	
1	L-5167	C.S.	16	24S	33E ✓	E/2, S/2NW/4, S/2SW/4	1-26-81	480.00		Aminoil, USA, Inc.
2	L-5168-2	C.S.	22	24S	33E ✓	N/2NW/4, SW/4NW/4, NE/4SW/4, S/2SE/4	1-13-81	240.00		MTS Lmtd. Partnership
3	L-5268-2	C.S.	21	24S	33E ✓	NE/4, N/2SW/4	1-13-81	240.00		MTS Lmtd. Partnership
4	LG-3176	C.S.	15	24S	33E ✓	N/2	1-13-18	320.00		MTS Lmtd. Partnership
5	LG-4136	C.S.	16	24S	33E ✓	N/2NW/4, N/2SW/4	NOT COMMITTED	160.00		Cal-Mon Oil Company
6	LG-4137	C.S.	21	24S	33E ✓	NW/4, SE/4, S/2SW/4	1-26-81	400.00		HNG Oil Company
7	LG4138	C.S.	22	24S	33E ✓	NE/4, SE/4NW/4, NW/4SW/4, S/2SW/4, N/2SE/4	1-13-81	400.00		MTS Lmtd. Partnership
8	LG-6337	C.S.	15	24S	33E ✓	S/2	1-26-81	320.00		HNG Oil Company

State of New Mexico



Commissioner of Public Lands

January 28, 1981

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Mr. Randolph M. Richardson, III
P. O. Box 819
Roswell, New Mexico 88201

Re: Jackson Unit
Lea County, New Mexico

Dear Mr. Richardson:

The Commissioner of Public Lands has this date approved the Jackson Unit, which you have submitted on behalf of Mesa Petroleum Company. The effective date is the same date of approval.

Our approval is given with the understanding that Tract 5 has not been committed to the unit.

Enclosed are Five (5) Certificates of approval.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:

FLOYD O. PRANDO, Assistant
Director- Oil and Gas Division

AJA/FOP/s
encls.
cc:

OCD-Santa Fe, New Mexico/

RANDOLPH M. RICHARDSON

OIL AND GAS LAND AND UNIT CONSULTANT

FEDERAL - STATE - FEE

P. O. BOX 819

ROSWELL, NEW MEXICO 88201

January 29, 1981

OFFICE 505 622-8801

HOME 505 622-7985

In Re: Jackson Unit Area
Lea County, New Mexico
Case No. 7097
Order No. R-6545

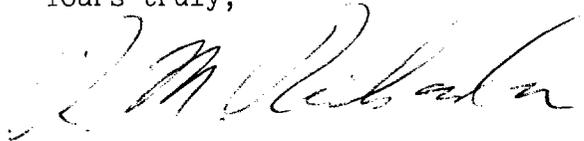
Oil Conservation Division
Department of Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Pursuant to the captioned Order No. R-6545, I am enclosing Xerox copy of the Unit Agreement containing Commissioner of Public Lands Approval, together with all of the necessary signatures by the working interest owners.

Please advise if you need anything additional at this time.

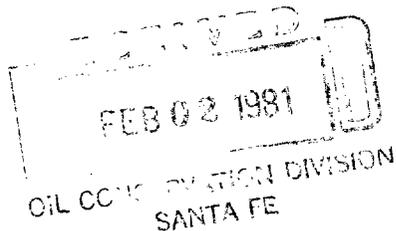
Yours truly,



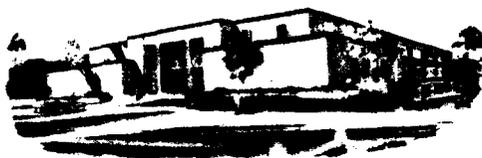
R. M. Richardson

RMR/sr

xc: Mesa Petroleum



State of New Mexico



Commissioner of Public Lands

January 28, 1981

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Mr. Randolph M. Richardson, III
P. O. Box 819
Roswell, New Mexico 88201

Re: Jackson Unit
Lea County, New Mexico

Dear Mr. Richardson:

The Commissioner of Public Lands has this date approved the Jackson Unit, which you have submitted on behalf of Mesa Petroleum Company. The effective date is the same date of approval.

Our approval is given with the understanding that Tract 5 has not been committed to the unit.

Enclosed are Five (5) Certificates of approval.

Very truly yours,

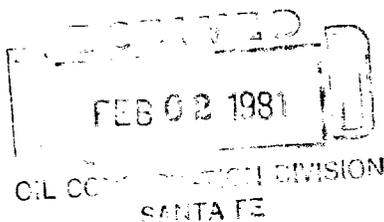
ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Assistant
Director- Oil and Gas Division

AJA/FOP/s
encls.
cc:

OCD-Santa Fe, New Mexico





NEW MEXICO STATE LAND OFFICE

RECEIVED
FEB 02 1981

CLERK OF PUBLIC LANDS
SANTA FE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO
JACKSON UNIT
LEA COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated November 15, 1980, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (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 area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 28th. day of January, 19 81.

Alex J. Armistead
COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

Jackson UNIT AREA
Lea COUNTY, NEW MEXICO
NO. _____

THIS AGREEMENT, entered into as of the 15th day of November
19 80 by and between the parties subscribing, ratifying or consenting hereto, and
herein referred to as the "parties hereto";

WITNESSETH:

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 Dec. 1 of Chapter 162, Laws of 1951, (Chap. 19, Art. 10, Sec. 45, N. M. Statutes
1978 Annot.), to consent to and approve the development or operation of State Lands
under agreements made by lessees of State Land jointly or severally with other lessees
where such agreements provide for the unit operation or development of part of or all
of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is
authorized by and Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap.
19, Art. 10, Sec. 47, N. M. Statutes 1978 Annotated) to amend with the approval of
lessee, evidenced by the lessee's execution of such agreement or otherwise, 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 agreements for the unit operation and development of
part or all of any oil or gas pool, field, or area; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Depart-
ment of the State of New Mexico (hereinafter referred to as the "Division"), is
authorized by an Act of the Legislature (Chap. 72, Laws 1935, as amended, being
Section 70-2-1 et seq. New Mexico Statutes Annotated, 1978 Compilation) to approve
this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the _____
Jackson Unit Area covering the land hereinafter described to give reasonably
effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure 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:

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

Township 24-S, Range 33-E N.M.P.M.

Sections: 15, 16, 21, 22; All

containing 2560 acres, more or less,

Lea County, New Mexico

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said 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, percentage and kind of ownership of oil and gas interests in all lands 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 on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: Mesa Petroleum Co., whose address is 79701 Suite 1000, Vaughn Bldg., Midland, Tex. is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit E, and agrees and consents to accept the duties and obligations of unit operator for the discovery, 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 unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner and the Division.

The resignation or removal of the unit operator under this agreement shall not terminate his right, 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, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof 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 removal of any material, equipment and appurtenances needed for the preservation of wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new operator. 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 Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS: The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such 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 unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. 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. 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.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to attain the top of the Mississippian / ^(Chester) formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 16,000 feet. Until

a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:

Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units, but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such

lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by (Sec. 19-10-20 N. M. Statutes 1978 Annotated,) of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by (Sec. 19-10-23 N.M. Statutes 1978 Annotated) and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tracts of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make delivery of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA:

The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to

make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not effect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

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 as to the portion not committed and the terms of such leases 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, if oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease, or 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 shall remain in full force and effect so long as such operations are being diligently prosecuted, and they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them, are being produced in paying quantities from any portion of said lands.

14. 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 State laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests 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 to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof, may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by the Commission, and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby, before the Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Division; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceeding.

20. NOTICES: All notices, demands, or statements required hereunder to be given or rendered to the parties hereto, shall be deemed fully given, if given in writing and sent by postpaid registered 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 may have furnished in writing to party sending the notice, demand, or statement.

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continue drilling 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, war, act of God, Federal, State, or municipal law or agencies, unavoidable accidents, 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.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINER: Any oil or gas interest in lands within the unit area not committed hereto, prior to the submission of the agreement for final approval

by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit expenses incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or 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 such 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 lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR AND WORKING INTEREST OWNER

MESA PETROLEUM CO.

Operator

By: *Marion E. Causey*
MARION E. CAUSEY, Attorney in fact

DATE: _____
ATTEST _____
BY _____

STATE OF TEXAS)
COUNTY OF MIDLAND) SS.

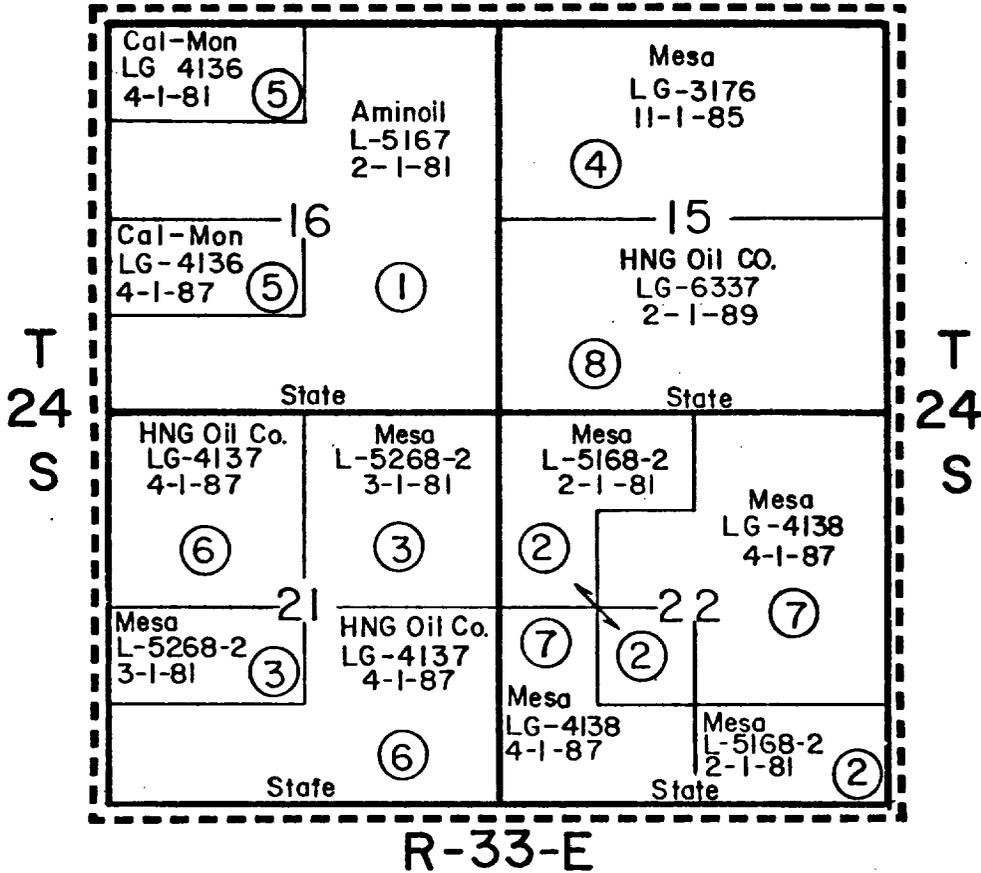
The foregoing instrument was acknowledged before me this 13th day of January, 1981, by Marion E. Causey, who is Attorney in fact of MESA PETROLEUM CO., a Delaware corporation on behalf of said corporation.

My Commission Expires:

October of 1983
COUNTY OF MIDLAND, TEXAS

Louella G. Porter
Notary Public

R-33-E



----- Unit Outline

○ Tract Number

□ State of New Mexico Lands
2,560.00 Acres - 100% of
Unit Area

EXHIBIT "A"
JACKSON UNIT AREA
Lea County, New Mexico

EXHIBIT "g"
 Schedule Showing all Lands and Leases
 Within the Jackson Unit Area
 Lea County, New Mexico

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. AND EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
<u>ALL LANDS - State of New Mexico</u>							
<u>All lands are in T-24-S, R-33-E, NMPM</u>							
1.	Sec. 16: E $\frac{1}{2}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$	480.00	L-5167 2-1-81	State 12.5	Aminoil, USA, Inc. (Signal Oil & Gas)	None	Aminoil, USA, INC. All
2.	Sec. 22: N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$	240.00	L-5168-2 2-1-81	State 12.5	Mesa Petroleum Co.	Betty A. Davis Glen D. Aaron Midland Nat'l Bank Agent	2.00 Mesa Pet. Co. 1.25 1.25
3.	Sec. 21: NE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$	240.00	L-5268-2 3-1-81	State 12.5	Mesa Petroleum Co.	Glen D. Aaron Midland Nat'l Bank Agent	1.25 Mesa Pet. Co. 1.25
4.	Sec. 15: N $\frac{1}{2}$	320.00	LG-3176 11-1-85	State 12.5	Mesa Petroleum Co.	None	Mesa Pet. Co. All
5.	Sec. 16: N $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$	160.00	LG-4136 4-1-87	State 12.5	Cal-Mon Oil Co.	None	Cal-Mon Oil Co. All

6.	Sec. 21: NW $\frac{1}{4}$, SE $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$	400.00	LG-4137 4-1-86	State 12.5	HNG Oil Co.	All	None	HNG Oil Co.	All
7.	Sec. 22: NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ N $\frac{1}{2}$ SE $\frac{1}{4}$	400.00	LG-4138 4-1-87	State 12.5	Mesa Petroleum Co.	All	None	Mesa Pet. Co.	All
8.	Sec. 15: S $\frac{1}{2}$	320.00	LG-6337 2-1-89	State 12.5	HNG Oil Co.	All	None	HNG Oil Co.	All

Total: 2,560.00 Acres, State of New Mexico Land, 100% of Unit Area

CONSENT AND RATIFICATION

UNIT AGREEMENT

FOR THE JACKSON UNIT AREA

LEA COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement in connection with the development and operation of the Jackson Unit Area embracing lands situated in Lea County, New Mexico, which said Agreement is dated the 15th day of November, 1980, and acknowledges that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold or overriding royalty interests being committed to said Unit Agreement do hereby consent to said Unit Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

AMINOIL USA, INC.

Bill W. Johnson
BILL W. JOHNSON, CONTRACT AGENT

INDIVIDUAL

STATE OF _____
COUNTY OF _____
SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 198__, by _____.

My Commission Expires:

Notary Public

CORPORATE

STATE OF TEXAS
COUNTY OF MIDLAND
SS.

The foregoing instrument was acknowledged before me this 26th day of January, 1981, by Bill W. Johnson, Contract Agent of Aminoil USA, Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

7-13-81

Judith B Brown
Notary Public

in and for Midland County, Texas
Judith G. Brown

CONSENT AND RATIFICATION

UNIT AGREEMENT

FOR THE JACKSON UNIT AREA

LEA COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement in connection with the development and operation of the Jackson Unit Area embracing lands situated in Lea County, New Mexico, which said Agreement is dated the 15th day of November, 1980, and acknowledges that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold or overriding royalty interests being committed to said Unit Agreement do hereby consent to said Unit Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ATTEST:

Judy Walters
Judy Walters, Asst. Secretary

HNG OIL COMPANY

J. Stewart Martin *uwl*
J. Stewart Martin, Vice President

INDIVIDUAL

STATE OF _____
COUNTY OF _____
SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 198__, by _____.

My Commission Expires:

Notary Public

CORPORATE

STATE OF TEXAS
COUNTY OF MIDLAND
SS.

The foregoing instrument was acknowledged before me this 26th day of January, 1981, by J. STEWART MARTIN, Vice President of HNG OIL COMPANY, a Delaware corporation, on behalf of said corporation.

My Commission Expires:

2-15-84

Sherry L. Waller
Notary Public

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7097
Order No. R-6545

APPLICATION OF MESA PETROLEUM CO.
FOR APPROVAL OF THE JACKSON UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Mesa Petroleum Co., seeks approval of the Jackson Unit Agreement covering 2,560 acres, more or less, of State lands described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Sections 15 and 16: All
Sections 21 and 22: All

- (3) That all plans of development and operation and creations, expansions, or contractions of participating areas or expansions or contractions of the unit area, should be submitted to the Director of the Division for approval.
- (4) That approval of the proposed unit agreement should promote the prevention of waste and the protection of relative rights within the unit area.

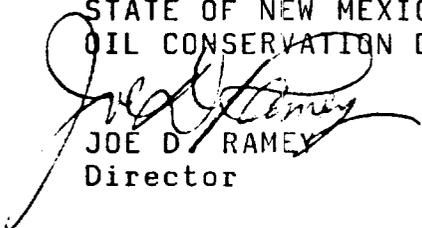
-2-
Case No. 7097
Order No. R-6545

IT IS THEREFORE ORDERED:

- (1) That the Jackson Unit Agreement is hereby approved.
- (2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.
- (3) That the unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Division within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.
- (4) That all plans of development and operation, all unit participating areas and expansions and contractions thereof, and all expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.
- (5) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Division immediately in writing of such termination.
- (6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L
fd/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

January 16, 1981

Mr. Randolph M. Richardson, III
Attorney at Law
P. O. Box 819
Roswell, New Mexico 88201

Re: CASE NO. 7097
ORDER NO. R-6545

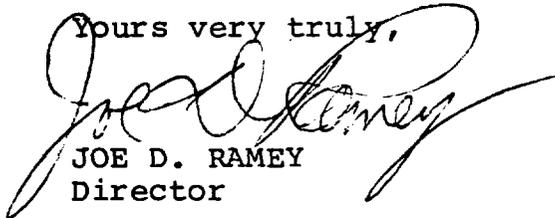
Applicant:

~~Mesa Petroleum Co.~~

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD _____*
Artesia OCD _____*
Aztec OCD _____

Other _____
