

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

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

CASE NO. 10193  
Order No. R-9454

APPLICATION OF BEACH EXPLORATION  
INC. FOR STATUTORY UNITIZATION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 10, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12<sup>th</sup> day of March, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Division Case Nos. 10192 and 10193 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Beach Exploration Inc., seeks the statutory unitization, pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, of all mineral interests in the Penrose Sand member of the Queen formation underlying 1182.17 acres, more or less, being a portion of the East Red Lake-Queen-Grayburg Pool, Eddy County, New Mexico, said portion to be known as the Red Lake Unit; the applicant further seeks approval of the Unit Agreement and the Unit Operating Agreement which were submitted in evidence as applicant's Exhibit Nos. B and C, respectively, in this case.

(4) The proposed unit area should be designated the Red Lake Unit Area; the horizontal limits of said unit area should be comprised of the following described Federal, State and Fee lands in Eddy County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 24: S/2 SE/4 and NE/4 SE/4  
Section 25: E/2, E/2 W/2, and SW/4 SW/4  
Section 35: NE/4 NE/4  
Section 36: N/2 and W/2 SE/4

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 19: Lots 2 and 3  
Section 30: Lots 2 and 3

(5) At the hearing the applicant requested that Lots 2 and 3, Section 19, Township 16 South, Range 29 East, NMPM, be deleted from the proposed Red Lake Unit. This request is reasonable and should be granted.

(6) Said unit has been approved by the Bureau of Land Management and the Commissioner of Public Lands of the State of New Mexico, subject to the approval of the statutory unitization by the Division.

(7) The proposed Red Lake Unit Area has reasonably been defined by development.

(8) According to applicant's testimony and information obtained from Division records, virtually all production within the East Red Lake-Queen-Grayburg Pool originates from the Penrose Sand member of the Queen formation.

(9) The vertical limits of the Red Lake Unit Area should comprise that portion of the Queen formation commonly known as the Penrose Sand extending from an upper limit described as 1,982 feet above mean sea level to a lower limit described as 1,892 feet above mean sea level, both upper and lower markers having been previously found to occur at 1,630 feet and 1,720 feet, respectively, in the Welex Radioactivity Log run on March 17, 1980, from a Kelly Bushing elevation of 3,612 feet, on the Beach Exploration, Inc. New Mexico "36" State Well No. 4 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico.

(10) The unit area contains 11 separate tracts owned by 19 different working interest owners.

(11) The applicant has made a good faith effort to secure voluntary unitization within the Unit Area and at the time of the hearing over 95 percent of the working interest owners and over 77 percent of the royalty interest owners were effectively committed to the unit.

(12) The applicant proposes to institute a waterflood project for the secondary recovery of oil and associated gas, condensate, and all associated liquefiable hydrocarbons within and to be produced from the proposed unit area (being the subject of Division Case No. 10192).

(13) All interested parties who have not agreed to unitization were notified of the hearing by the applicant, but no person entered an appearance or opposed the application at the hearing.

(14) The proposed secondary recovery operations should result in the additional recovery of approximately 565,800 barrels of oil.

(15) The unitized management, operation and further development of the Red Lake Unit Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil and gas from the unitized portion of the pool.

(16) The proposed unitized method of operation as applied to the Red Lake Unit Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil and gas from the unitized portion of the pool than would otherwise be recovered without unitization.

(17) The estimated additional costs of such operations will not exceed the estimated value of the additional oil so recovered plus a reasonable profit.

(18) Such unitization and adoption of applicant's proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Red Lake Unit Area.

(19) The granting of the application in this case should have no adverse effect upon the East Red Lake-Queen-Grayburg Pool and/or the Penrose Sand member of the Queen formation located outside of the proposed Red Lake Unit boundary.

(20) The applicant's Exhibit Nos. B and C in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(21) The Red Lake Unit Agreement and the Red Lake Unit Operating Agreement provide for unitization and unit operation of the Red Lake Unit Area upon terms and conditions that are fair, reasonable and equitable, and include:

- (a) an allocation to the separately owned tracts of the unit area of all oil and gas that is produced from the unit area and which is saved, being the production that is not used in the conduct of unit operations or not unavoidably lost;
- (b) a provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment contributed to the unit operators;
- (c) a provision governing how the costs of unit operations including capital investments shall be determined and charged to the separately-owned tracts and how said costs shall be paid, including a provision providing when, how and by whom such costs shall be charged to such owner, or the interest of such owner, and how his interest may be sold and the proceeds applied to the payment of his costs;
- (d) a provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production, upon terms and conditions which are just and reasonable, and which allow an appropriate charge for interest for such service payable out of production, upon such terms and conditions determined by the Division to be just and reasonable;

- (e) a provision designating the Unit Operator and providing for supervision and conduct of the unit operations, including the selection, removal and substitution of an operator from among the working interest owners to conduct the unit operations;
- (f) a provision for a voting procedure for decisions on matters to be decided by the working interest owners in respect to which each working interest owner shall have a voting interest equal to his unit participation; and
- (g) the time when the unit operation shall commence and the manner in which, and the circumstances under which, the operations shall terminate and for the settlement of accounts upon such termination.

(21) The applicant requested that a 200 percent penalty be assessed against those working interest owners who do not voluntarily agree to join the proposed unit.

(22) Section 70-7-7.F. NMSA of said "Statutory Unitization Act" provides that the unit plan of operation shall include a provision for carrying any working interest owner subject to limitations set forth in the statute, and any non-consenting working interest owner so carried shall be deemed to have relinquished to the unit operator all of his operating rights and working interest in and to the unit until his share of the costs has been repaid plus an amount not to exceed 200 percent thereof as a non-consent penalty.

(23) Applicant's Exhibit No. C, Unit Operating Agreement, contains a provision whereby any working interest owner who elects not to pay his share of unit expense shall be liable for his share of such unit expense plus an additional 400 percent thereof as a non-consent penalty, and, that such costs and non-consent penalty may be recovered from each non-consenting working interest owner's share of unit production.

(24) A non-consent penalty of 200 percent should be adopted in this case. The applicant should be authorized to recover from unit production each non-consenting working interest owner's share of unit expense plus 200 percent thereof.

(25) The statutory unitization of the Red Lake Unit Area is in conformity with the above findings, and will prevent waste and protect correlative rights of all interest owners within the proposed unit area, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Beach Exploration Inc. for the Red Lake Unit Agreement, covering 1131.24 acres, more or less, of Federal, State and Fee lands in the East Red Lake-Queen-Grayburg Pool, Eddy County, New Mexico, is hereby approved for statutory unitization pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978).

(2) The lands covered by said Red Lake Unit Agreement shall be designated the Red Lake Unit Area and shall comprise the following described acreage in Eddy County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 24: S/2 SE/4 and NE/4 SE/4  
Section 25: E/2, E/2 W/2, and SW/4 SW/4  
Section 35: NE/4 NE/4  
Section 36: N/2 and W/2 SE/4

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 30: Lots 2 and 3

(3) The vertical limits of the Red Lake Unit Area shall comprise that portion of the Queen formation commonly known as the Penrose Sand extending from an upper limit described as 1,982 feet above mean sea level to a lower limit described as 1,892 feet above mean sea level, both upper and lower markers having been previously found to occur at 1,630 feet and 1,720 feet, respectively, in the Welex Radioactivity Log run on March 17, 1980, from a Kelly Bushing elevation of 3,612 feet, on the Beach Exploration, Inc. New Mexico "36" State Well No. 4 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 36, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico.

(4) The applicant shall institute a waterflood project for the secondary recovery of oil and associated gas, condensate and all associated liquefiable hydrocarbons within and produced from the unit area, said waterflood project being the subject of Division Case No. 10192.

(5) The Red Lake Unit Agreement and the Red Lake Unit Operating Agreement, being applicant's Exhibit Nos. B and C in this case, respectively, are hereby incorporated by reference into this order.

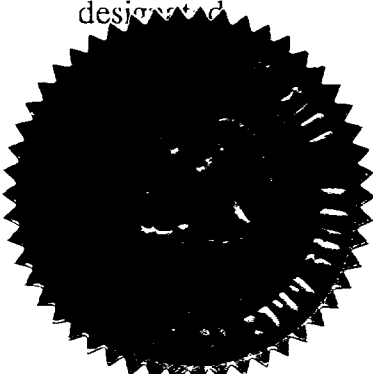
(6) The Red Lake Unit Agreement and the Red Lake Unit Operating Agreement provide for unitization and unit operation of the East Red Lake-Queen Grayburg Pool upon terms and conditions that are fair, reasonable and equitable.

(7) Since the persons owning the required statutory minimum percentage of interest in the unit area have approved or ratified the Unit Agreement and the Unit Operating Agreement, the interests of all persons within the unit area are hereby unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement in writing.

(8) The applicant as Unit Operator shall notify in writing the Division Director of any removal or substitution of said Unit Operator by any other working interest owner within the unit area.

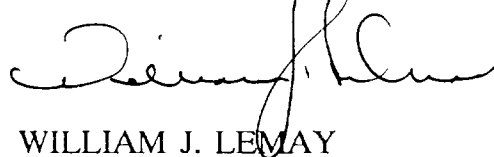
(9) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

**BEFORE THE OIL CONSERVATION DIVISION OF  
THE DEPARTMENT OF ENERGY AND MINERALS**

**APPLICATION OF BEACH EXPLORATION,  
INC. FOR WATER INJECTION FOR  
SECONDARY RECOVERY WITH RED LAKE  
UNIT, EDDY COUNTY, NEW MEXICO**

**AMENDED APPLICATION**

**BEACH EXPLORATION, INC.**, hereby makes application for approval of injection of water for secondary recovery project in Eddy County, New Mexico and states:

1. Area affected by the order sought is sometimes known as the proposed "Red Lake Unit" Area, all of which is located in Eddy County, New Mexico and the same is described as shown in the attached Exhibits "A" and "B", containing 1,131.24 acres, more or less.

2. Applicant seeks to inject produced water and fresh water from the City of Carlsbad system into injection wells which are to be located in the legal subdivisions set forth as shown on the attached Exhibit "A".

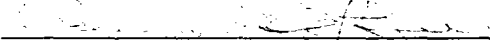
3. Applicant seeks to inject produced water and fresh water from the City of Carlsbad system into the above described wells as an essential part of a waterflood project for the Red Lake Unit Area in sufficient quantities and under sufficient pressure to stimulate production of oil from other wells in the area inasmuch as said other wells have reached an advance state of depletion and are regarded as what is commonly referred to as "stripper" wells.

4. Approval of the waterflood project sought hereby will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

Wherefor, Applicant respectfully requests the setting of this matter for a hearing before the Oil Conservation Division at the earliest available date.

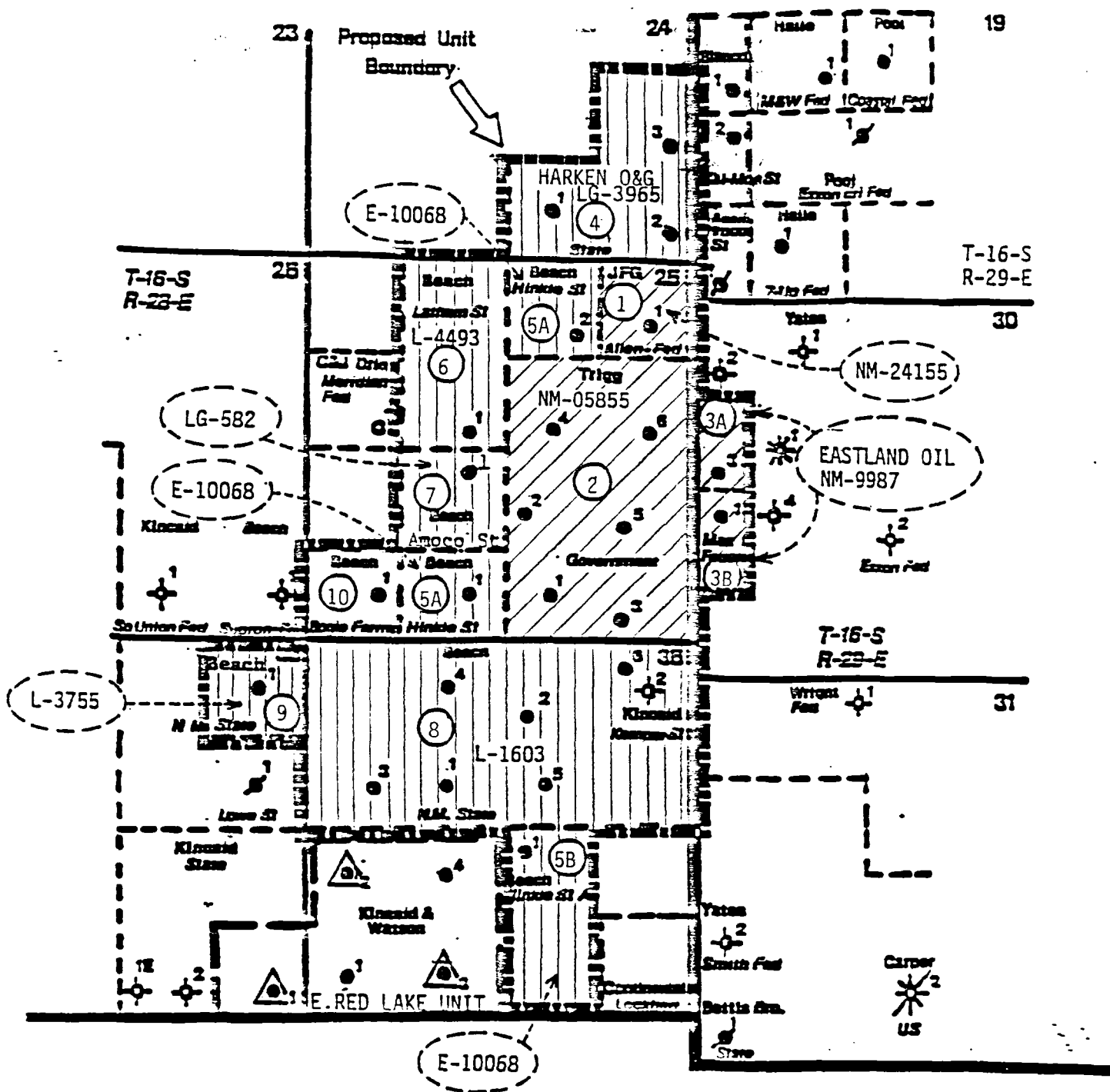
Dated this 5th day of December, 1990.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By:   
Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702

Attorneys for Beach  
Exploration, Inc.





	760.00 ACRES OF STATE OF NEW MEXICO LANDS-	67.18%
	331.24 ACRES OF FEDERAL LANDS-	29.28%
	40.00 ACRES OF FEE LANDS-	3.54%
	1131.24 ACRES TOTAL	100.00%

## BEACH EXPLORATION, INC.

RED LAKE UNIT  
EDDY COUNTY, NEW MEXICO

EXHIBIT "A"

PROPOSED UNIT OUTLINE

TRACT NUMBER

SCALE: 1" = 2000' 11-28-90

NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
		NO. OF ACRES	OF LEASE	OWNER & %				
1	NE/4 NE/4 SECT. 25 T-16-S,R-28-E	40.00	NM-24155 HBP	U.S.	0.1250	JFB ENTERPRISES	100 %	ALLEN, G.W. & JUANITA G. 0.03000000 BELLAH, CARROLL W. FLETCHER, LOY G. 0.05000000 GUY, JAMES E. 0.31666700 JACKSON, J.T. 0.31666600
2	SE/4, S/2 NE/4 SECT. 25 T-16-S,R-28-E NMPM	240.00	NM-05855 HBP	U.S.	0.1250	J.H. TRIGB	100 %	YATES EXPLORATION CO. 0.02500000 BEACH EXPLORATION, INC. TRIGB OIL & MINING CO. 0.55000000 0.45000000
3A	LOT 2 SECT. 30 T-16-S,R-29-E NMPM	25.62	NM-9987 HBP	U.S.	0.1250	EXXON	100 %	EXXON 0.09500000 POOL TRUST, F.F. & P.J. 1.00000000
3B	LOT 3 SECT. 30 T-16-S,R-29-E NMPM	25.62	NM-9987 HBP	U.S.	0.1250	EXXON	100 %	EXXON 0.09500000 POOL TRUST, F.F. & P.J. 0.05000000 EZZELL JR., T. CALDER 0.11000000 PENIA PRODUCTION CO. 0.84000000
TOTAL FEDERAL ACREAGE		331.24						

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSOR OF RECORD	ORRI %	M.I. OWNERS & %			
			OF LEASE		OWNER & %							
4	5/2 SE/4, NE/4 SE/4 SECT. 24 T-16-S, R-28-E NMPM	120.00	16-3965	HBP	STATE	0.1250	EXXON	100 %	EXXON CHILDERS, MICHAEL R. VOZAR, MARK S.	0.12500000 0.00250000 0.00250000	SPECTRUM 7 1984-1985 POP SPECTRUM 7 1985 DP SPECTRUM 7 1DP	0.45000000 0.45000000 0.12000000
5A	NW/4 NE/4, SE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPM	80.00	E-10068	HBP	STATE	0.1250	HINKLE INV.	100 %	FRANKLIN, ROBERT O, JR HANNACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B	0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00375000 0.04166667 0.03750000
5B	W/2 SE/4 SECT. 36 T-16-S, R-28-E NMPM	80.00	E-10068	HBP	STATE	0.1250	HINKLE INV.	100 %	FRANKLIN, ROBERT O, JR HANNACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B	0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00375000 0.04166667 0.03750000

PAGE 2 OF 5

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %		LESSEE OF RECORD	GRI %	M.I. OWNERS & %		
6	E/2 NW/4 SECT. 25 T-16-S, R-28-E NMPH	80.00 L-4493 HBP			0.1250	E.L. LATHAM	100 %	CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAM CO., E L MUMFORD ESTATE, CHARLES E MC PHERON, W G	0.00937500 0.00937500 0.00937500 0.01562500 0.00937500 0.00937500	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
7	NE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPH	40.00 L-6-582 HBP			0.1250	AMOCO	100 %	AMOCO PRODUCTION	0.06250000	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000

[illegible]

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %		LESSEE OF RECORD		GRI 1 %	M.I. OWNERS & %	
10	SW/4 SW/4 SECT. 25	40.00			BOGLE FARMS	0.0625	M.N. BEACH	100 %		BALDWIN, J.H.	0.06250000
	TOTAL FEE ACREAGE	40.00								BEACH, CARL C	0.03125000
										BEACH, WILLIAM N	0.1750000
										BROWN ROYALTIES IP	0.01000000
										HOLLAND, DAVID L	0.03125000
										JOHNSON, DELORE J, IP	0.01000000
										MCDONALD COMPANY	0.03125000
										MCDONALD, S K	0.03125000
										NARRELL, DON	0.06250000
										NORTON, SHERMAN H., JR	0.21250000
										ROSE, J P	0.03750000
										SITTON ENTERPRISES	0.08333333
										SITTON, P & E CORP.	0.09375000
										SITTON, RONALD	0.04166667
										WEST, CHARLES L	0.09375000
	GRAND TOTAL ACREAGE	1131.24									
RECAPITULATION											
	760.00 ACRES OF STATE OF N.M. LANDS										0.6718
	331.24 ACRES OF FEDERAL LANDS										0.2928
	40.00 ACRES OF FEE LANDS										0.0354
	1131.24										1.0000

**BEFORE THE OIL CONSERVATION DIVISION OF  
THE DEPARTMENT OF ENERGY AND MINERALS**

**APPLICATION OF BEACH EXPLORATION,  
INC. FOR WATER INJECTION FOR  
SECONDARY RECOVERY WITH RED LAKE  
UNIT, EDDY COUNTY, NEW MEXICO**

**AMENDED APPLICATION**

**BEACH EXPLORATION, INC.**, hereby makes application for approval of injection of water for secondary recovery project in Eddy County, New Mexico and states:

1. Area affected by the order sought is sometimes known as the proposed "Red Lake Unit" Area, all of which is located in Eddy County, New Mexico and the same is described as shown in the attached Exhibits "A" and "B", containing 1,131.24 acres, more or less.

2. Applicant seeks to inject produced water and fresh water from the City of Carlsbad system into injection wells which are to be located in the legal subdivisions set forth as shown on the attached Exhibit "A".

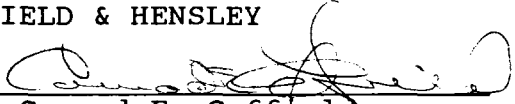
3. Applicant seeks to inject produced water and fresh water from the City of Carlsbad system into the above described wells as an essential part of a waterflood project for the Red Lake Unit Area in sufficient quantities and under sufficient pressure to stimulate production of oil from other wells in the area inasmuch as said other wells have reached an advance state of depletion and are regarded as what is commonly referred to as "stripper" wells.

4. Approval of the waterflood project sought hereby will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

Wherefor, Applicant respectfully requests the setting of this matter for a hearing before the Oil Conservation Division at the earliest available date.

Dated this 5th day of December, 1990.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By:   
Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702

Attorneys for Beach  
Exploration, Inc.

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EXHIBIT "g"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
			OF LEASE		OWNER & %				
1	NE/4 NE/4 SECT. 25 T-16-S, R-28-E	40.00	NM-24155	U.S.	0.1250	JFG ENTERPRISES	100 %	ALLEN, G.W. & JUANITA G.	0.03000000 0.05000000 0.31666700 0.31666700 0.31666500
			HBP						BELLAH, CARROLL W. FLETCHER, LOY G. GUY, JAMES E. JACKSON, J.T.
2	SE/4, S/2 NE/4 SECT. 25 T-16-S, R-28-E NMPM	240.00	NM-05855	U.S.	0.1250	J.H. TRIGG	100 %	YATES EXPLORATION CO.	0.02500000 0.55000000 0.45000000
			HBP						BEACH EXPLORATION, INC. TRIGG OIL & MINING CO.
3A	LOT 2 SECT. 30 T-16-S, R-29-E NMPM	25.62	NM-9987	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000 1.00000000
			HBP						POOL TRUST, F.F. & P.J.
3B	LOT 3 SECT. 30 T-16-S, R-29-E NMPM	25.62	NM-9987	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000 0.05000000 0.11000000 0.84000000
			HBP						POOL TRUST, F.F. & P.J. EZZELL JR., T. CALDER PENITA PRODUCTION CO.
TOTAL FEDERAL ACREAGE		331.24							

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE	BASIC ROYALTY OWNER & %	LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
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4	S/2 SE/4, NE/4 SE/4 SECT. 24 T-16-S, R-28-E NMPM	120.00	LG-3965 HBP	STATE	EXXON	100 %	EXXON CHILDERS, MICHAEL R. VOZAR, MARK S. 0.12500000 0.20250000 0.00250000 SPECTRUM 7 1984-1985 POP SPECTRUM 7 1985 DP SPECTRUM 7 1DP 0.45000000 0.45000000 0.10000000
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5A	NW/4 NE/4, SE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPM	80.00	E-10068 HBP	STATE	HINKLE INV.	100 %	FRANKLIN, ROBERT D, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B 0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750 BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L 0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00375000 0.04166667 0.00375000
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5B	W/2 SE/4 SECT. 36 T-16-S, R-28-E NMPM	80.00	E-10068 HBP	STATE	HINKLE INV.	100 %	FRANKLIN, ROBERT D, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B 0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750 BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L 0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00375000 0.04166667 0.00375000
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EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
6	E/2 NW/4 SECT. 25 T-16-S, R-28-E NMPH	80.00 L-4493 HBP			0.1250		E.L. LATHAM	100 %	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L
					0.00937500 0.00937500 0.00937500 0.01562500 0.00937500 0.00937500 0.00937500 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.09333333 0.08375000 0.04166667 0.09375000			0.06250000 0.03125000 0.17750000 0.01000000 0.01000000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.09333333 0.08375000 0.04166667 0.09375000	
7	NE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPH	40.00 L-6582 HBP			0.1250		AMOCO	100 %	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L
					0.06250000		AMOCO PRODUCTION		0.06250000 0.03125000 0.17750000 0.01000000 0.01000000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.09333333 0.08375000 0.04166667 0.09375000

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY OWNER & %		LESSEE OF RECORD	DRI %	M.I. OWNERS & %			
			OF LEASE			%				%		
9	NE/4 NE/4 SECT. 35 T-16-S, R-28-E NMPH	40.00	L-3755		STATE	0.1250	MARALD INC.	100 %	LOWE, ERMA MARALD INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DELRORE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.26250000 0.03125000 0.17500000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
8	N/2 SECT. 36 T-16-S, R-28-E NMPH	320.00	L-1603		STATE	0.1250	MARALD INC.	100 %	LOWE, ERMA MARALD INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DELRORE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.26250000 0.03125000 0.17500000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
TOTAL STATE ACREAGE												
		760.00										

PAGE 4 OF 5

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %		LESSEE OF RECORD		GRI %	M.I. OWNERS & %
10	SW/4 SW/4 SECT. 25	40.00			BOGLE FARMS	0.0625	M.N. BEACH	100 %	BOGLE FARMS, INC.	BALDWIN, J.H.
	TOTAL FEE ACREAGE	40.00							DARTMOUTH COLLEGE ENDOWME	BEACH, CARL C
									MIDWEST INVESTMENT CO	BEACH, WILLIAM N
	GRAND TOTAL ACREAGE	1131.24							0.00000000	BROWN ROYALTIES IP
									0.06250000	HOLLAND, DAVID L
									0.01000000	JOHNSON, DEIRDRE J, IP
									0.02125000	MCDONALD COMPANY
									0.03125000	MCDONALD, G K
									0.06250000	NARBELL, DON
									0.21250000	NORTON, SHERMAN H., JR
									0.03750000	ROSE, J P
									0.08333333	SITTON ENTERPRISES
									0.08375000	SITTON, P & E CORP.
									0.04166667	SITTON, RONALD
									0.29375000	WEST, CHARLES L

RECAPITULATION

760.00 ACRES OF STATE OF N.M. LANDS	0.6718
331.24 ACRES OF FEDERAL LANDS	0.2928
40.00 ACRES OF FEE LANDS	0.0354
1131.24	1.0000

BEFORE THE OIL CONSERVATION DIVISION OF  
THE DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF BEACH EXPLORATION,  
INC. FOR WATER INJECTION FOR  
SECONDARY RECOVERY WITH RED LAKE  
UNIT, EDDY COUNTY, NEW MEXICO

AMENDED APPLICATION

BEACH EXPLORATION, INC., hereby makes application for approval of injection of water for secondary recovery project in Eddy County, New Mexico and states:

1. Area affected by the order sought is sometimes known as the proposed "Red Lake Unit" Area, all of which is located in Eddy County, New Mexico and the same is described as shown in the attached Exhibits "A" and "B", containing 1,131.24 acres, more or less.

2. Applicant seeks to inject produced water and fresh water from the City of Carlsbad system into injection wells which are to be located in the legal subdivisions set forth as shown on the attached Exhibit "A".

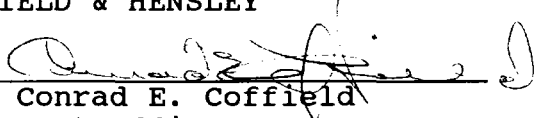
3. Applicant seeks to inject produced water and fresh water from the City of Carlsbad system into the above described wells as an essential part of a waterflood project for the Red Lake Unit Area in sufficient quantities and under sufficient pressure to stimulate production of oil from other wells in the area inasmuch as said other wells have reached an advance state of depletion and are regarded as what is commonly referred to as "stripper" wells.

4. Approval of the waterflood project sought hereby will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

Wherefor, Applicant respectfully requests the setting of this matter for a hearing before the Oil Conservation Division at the earliest available date.

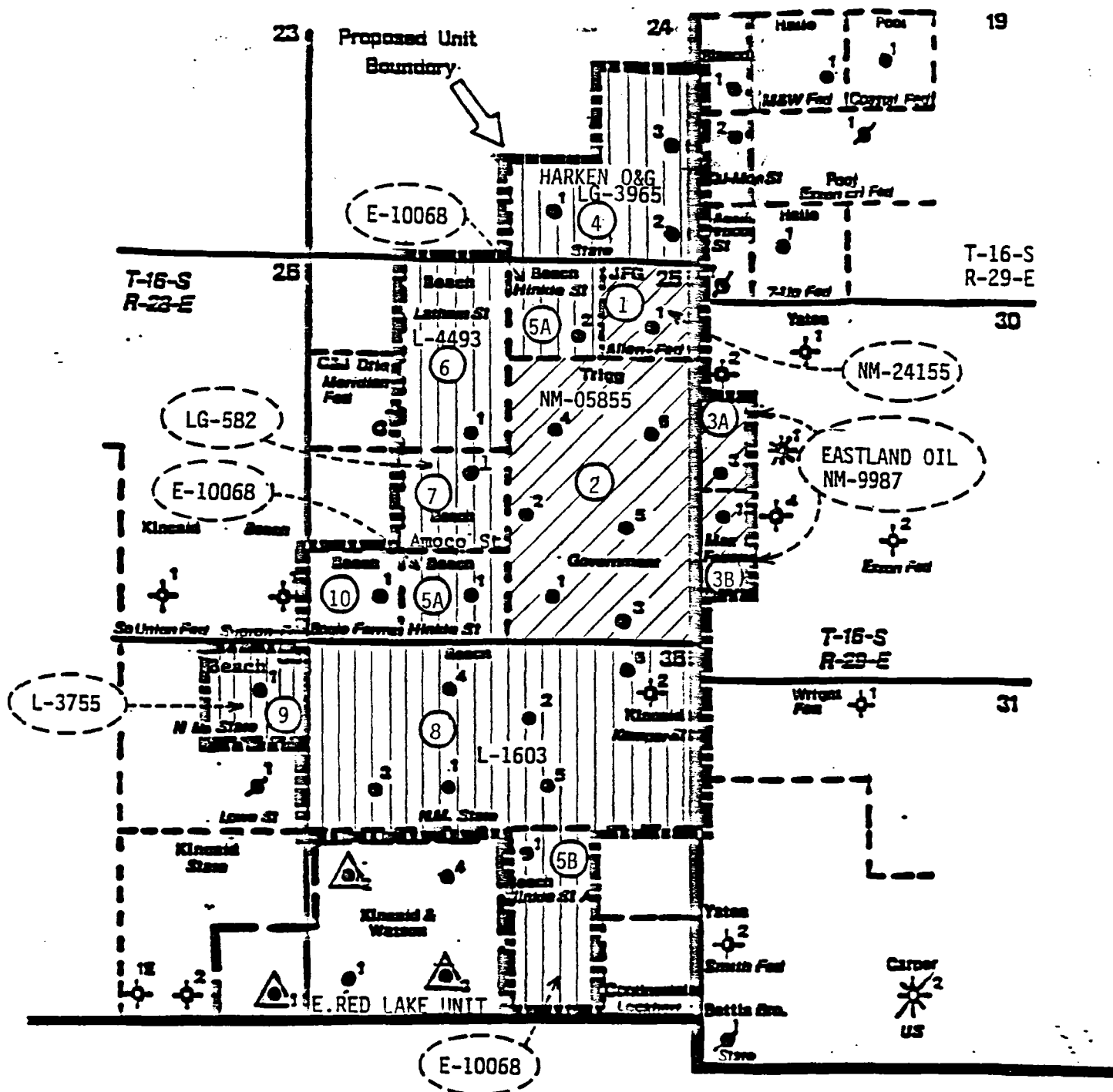
Dated this 5th day of December, 1990.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By:   
Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702

Attorneys for Beach  
Exploration, Inc.

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	760.00 ACRES OF STATE OF NEW MEXICO LANDS-	67.18%
	331.24 ACRES OF FEDERAL LANDS-	29.28%
	40.00 ACRES OF FEE LANDS-	3.54%
	1131.24 ACRES TOTAL	100.00%

# BEACH EXPLORATION, INC.

RED LAKE UNIT  
EDDY COUNTY, NEW MEXICO  
EXHIBIT "A"  
PROPOSED UNIT OUTLINE

TRACT NUMBER

SCALE: 1"= 2000' 11-28-90

NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %		
			OF LEASE		OWNER & %						
1	NE/4 NE/4 SECT. 25 T-16-S, R-28-E	40.00	NM-24155	U.S.	0.1250	JFG ENTERPRISES	100 %	ALLEN, G.W. & JUANITA G.	0.03000000	BELLAH, CARROLL M. FLETCHER, LOY G. GUY, JAMES E. JACKSON, J.T.	0.05000000 0.31666700 0.31666700 0.31666600
2	SE/4, S/2 NE/4 SECT. 25 T-16-S, R-28-E NMPM	240.00	NM-05855	U.S.	0.1250	J.H. TRIGB	100 %	YATES EXPLORATION CO.	0.02500000	BEACH EXPLORATION, INC. TRIGB OIL & MINING CO.	0.55000000 0.45000000
3A	LOT 2 SECT. 30 T-16-S, R-29-E NMPM	25.62	NM-9987	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J.	1.00000000
3B	LOT 3 SECT. 30 T-16-S, R-29-E NMPM	25.62	NM-9987	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J. EZZELL JR., T. CALDER PENITA PRODUCTION CO.	0.05200000 0.11000000 0.84000000
TOTAL FEDERAL ACREAGE		351.24									

PAGE 1 OF 5



EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSOR OF RECORD	ORRI %	W.I. OWNERS & %			
			OF LEASE		OWNER & %							
4	5/2 SE/4, NE/4 SE/4 SECT. 24 T-16-S, R-28-E NMPM	120.00	LG-3965	HBP	STATE	0.1250	EXXON	100 %	EXXON CHILDERS, MICHAEL R. VOZAR, MARK S.	0.12500000 0.00250000 0.00250000	SPECTRUM 7 1984-1985 POP SPECTRUM 7 1985 DP SPECTRUM 7 1DP	0.45000000 0.45000000 0.12000000
5A	NW/4 NE/4, SE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPM	80.00	E-10068	HBP	STATE	0.1250	HINKLE INV.	100 %	FRANKLIN, ROBERT D, JR HANNACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B	0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00375000 0.04166667 0.09375000
5B	W/2 SE/4 SECT. 36 T-16-S, R-28-E NMPM	80.00	E-10068	HBP	STATE	0.1250	HINKLE INV.	100 %	FRANKLIN, ROBERT D, JR HANNACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B	0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00375000 0.04166667 0.09375000

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %	LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
6	E/2 NW/4 SECT. 25 T-16-S, R-28-E NMPH	80.00	L-4493	HBP	STATE	0.1250	E.L. LATHAM	100 %
							CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAM CO., E L MUMFORD ESTATE, CHARLES E MC PHERON, W G	0.00937500 0.00937500 0.00937500 0.01562500 0.00937500 0.00937500
							BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17500000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
7	NE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPH	40.00	L-6-582	HBP	STATE	0.1250	AMOCO	100 %
							AMOCO PRODUCTION	0.06250000
							BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17500000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE	BASIC ROYALTY OWNER & %	LESSEE OF RECORD	ORRI %	W.I. OWNERS & %
9	N/4 NE/4 SECT. 35 T-16-S, R-28-E NMPH	48.00 L-3755 HBP		0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK 0.01562500 0.04687500 0.01000000 0.00250000
8	N/2 SECT. 36 T-16-S, R-28-E NMPH	320.00 L-1603 HBP		0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK 0.01562500 0.04687500 0.01000000 0.00250000
							BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L 0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.06375000 0.04166667 0.09375000
TOTAL STATE ACREAGE		760.00					

PAGE 4 OF 5

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
18	SW/4 SW/4 SECT. 25	40.00			BOGLE FARMS	0.0625	M.N. BEACH	100 %	
	TOTAL FEE ACREAGE	40.00							
					BOGLE FARMS, INC.	0.00000000	BALDWIN, J.H.	0.06250000	
					DARTMOUTH COLLEGE ENDOWME	0.06250000	BEACH, CARL C	0.03125000	
					MIDWEST INVESTMENT CO	0.12500000	BEACH, WILLIAM N	0.17500000	
	GRAND TOTAL ACREAGE	1131.24					BROWN ROYALTIES IP	0.01000000	
					HOLLAND, DAVID L	0.03125000		0.03125000	
					JOHNSON, DEIRDRE J, IP	0.01000000		0.01000000	
					MCDONALD COMPANY	0.03125000		0.03125000	
					MCDONALD, G K	0.03125000		0.03125000	
					NARRELL, DON	0.06250000		0.06250000	
					NORTON, SHERMAN H., JR	0.21250000		0.21250000	
					ROSE, J P	0.03750000		0.03750000	
					SITTON ENTERPRISES	0.08333333		0.08333333	
					SITTON, P & E CORP.	0.09375000		0.09375000	
					SITTON, RONALD	0.04166667		0.04166667	
					WEST, CHARLES L	0.09375000		0.09375000	

RECAPITULATION

760.00 ACRES OF STATE OF N.M. LANDS	0.6718
331.24 ACRES OF FEDERAL LANDS	0.2928
40.00 ACRES OF FEE LANDS	0.0354
1131.24	1.0000

**BEFORE THE OIL CONSERVATION DIVISION OF  
THE DEPARTMENT OF ENERGY AND MINERALS**

**APPLICATION OF BEACH EXPLORATION,  
INC. FOR APPROVAL OF STATUTORY  
UNITIZATION, EDDY COUNTY, NEW MEXICO**

**AMENDED APPLICATION**

**BEACH EXPLORATION, INC.**, hereby makes application for an order for the unit operation of the Red Lake Unit in Eddy County, New Mexico and states:

1. The proposed Unit Area consists of lands located in Eddy County, New Mexico, as described on the attached Exhibit "A" from the Unit Agreement, containing 1,131.24 acres, more or less.

2. The vertical limits to be included in said Unit as to the above described lands are to be inclusive of the Penrose Sand member of the Queen formation with said interval having heretofore been found to occur in the Beach Exploration - New Mexico State 36 No. 4 Well located 1,980 feet from the west line and 660 feet from the north line, Section 36, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, at an indicated depth from 1,630 feet to 1,720 feet as recorded on the Welex Radioactivity Log dated March 17, 1980 with said log being measured from 1,746 feet to 1,300 feet.

3. The reservoir or portion thereof involved in this application has been reasonably defined by development.

4. The type of operations contemplated for the Unit Area shall consist of what is commonly known as the secondary recovery operations by water flooding.

5. A copy of the proposed plan of unitization, which applicant considers fair, reasonable and equitable is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

6. A copy of the proposed operating plan for said Unit, covering the manner in which the Unit will be supervised and managed and costs allocated and paid is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

7. In accordance with the requirements of the Statutory Unitization Act, applicant does hereby allege the following facts:

(a) The Unitized Management Operation and further development of the oil or gas pool involved herein, or portion thereof, is reasonably necessary in order to effectively carry on secondary recovery operations to

substantially increase the ultimate recovery of oil and gas from the pool or unitized portion thereof;

(b) Said secondary recovery operations as applied to such pool or a portion thereof is feasible, it will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the pool or unitized portion thereof than would otherwise be recovered;

(c) Estimated additional costs, if any, of conducting the operations sought hereunder will not exceed the estimated value of the additional oil and gas recovery plus reasonable profit.

(d) Said unitization and the adoption of the secondary recovery operations sought hereunder will benefit the working interest owners and royalty owners of the oil and gas rights within the pool or portion thereof affected by the order sought herein.

(e) Applicant has made a good faith effort to secure voluntary unitization within the pool or portion thereof as described in this application. The owners Applicant wished to have covered under this statutory unitization application include those listed on Exhibit "B" attached hereto.

(f) The participation formula contained in the Unitization Agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis.

8. Approval of the statutory unitization sought hereunder will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

Wherefor, Applicant respectfully requests the setting of this matter for a hearing before the Oil Conservation Division at the earliest available date.

Dated this 5th day of December, 1990.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702

Attorneys for Beach  
Exploration, Inc.

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TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %		
			OF LEASE		OWNER & %						
1	NE/4 NE/4 SECT. 25 T-16-S, R-28-E	40.00	NM-24155	U.S.	0.1250	JFG ENTERPRISES	100 %	ALLEN, G.W. & JUANITA G.	0.03000000	BELLM, CARROLL M. FLETCHER, LOY G. GUY, JAMES E. JACKSON, J.T.	0.05000000 0.31666700 0.31666700 0.31666600
2	SE/4, S/2 NE/4 SECT. 25 T-16-S, R-28-E NMPH	240.00	NM-05855	U.S.	0.1250	J.H. TRI66	100 %	VATES EXPLORATION CO.	0.02500000	BEACH EXPLORATION, INC. TRI66 OIL & MINING CO.	0.55000000 0.45000000
3A	LOT 2 SECT. 30 T-16-S, R-29-E NMPH	25.62	NM-9987	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J.	1.00000000
3B	LOT 3 SECT. 30 T-16-S, R-29-E NMPH	25.62	NM-9987	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J. EZZELL JR., T. CALDER PENTA PRODUCTION CO.	0.05200000 0.11000000 0.84000000



TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE	BASIC ROYALTY OWNER & %	LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
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4	S/2 SE/4, NE/4 SE/4 SECT. 24 T-16-S, R-28-E NMPM	120.00	L6-3965 HBP	STATE	0.1250 EXXON	100 %	EXXON CHILDERS, MICHAEL R. VOZAR, MARK S. 0.12500000 0.00250000 0.00250000 SPECTRUM 7 1984-1985 PDP SPECTRUM 7 1985 DP SPECTRUM 7 1DP 0.45000000 0.45000000 0.10000000
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5A	NW/4 NE/4, SE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPM	80.00	E-10068 HBP	STATE	0.1250 HINKLE INV.	100 %	FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B 0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750 BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, S K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SIITON ENTERPRISES SIITON, P & E CORP. SIITON, RONALD WEST, CHARLES L 0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
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5B	W/2 SE/4 SECT. 36 T-16-S, R-28-E NMPM	80.00	E-10068 HBP	STATE	0.1250 HINKLE INV.	100 %	FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B 0.00437500 0.00437500 0.00437500 0.07500000 0.00218750 0.00218750 BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, S K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SIITON ENTERPRISES SIITON, P & E CORP. SIITON, RONALD WEST, CHARLES L 0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
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TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
			OF LEASE	DATE	OWNER & %				
6	E/2 NW/4 SECT. 25 T-16-S, R-28-E NMPH	80.00	L-4493		STATE	0.1250	E.L. LATHAM	100 %	CALLAWAY, V J CBF COMPANY ERICKSON, M R & WANDA FAE LATHAM CO., E L MUMFORD ESTATE, CHARLES E MC PHERON, M G 0.00937500 0.00937500 0.00937500 0.01562500 0.00937500 0.00937500
7	NE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPH	40.00	L-6-582		STATE	0.1250	AMOCO	100 %	AMOCO PRODUCTION 0.06250000
									BALDWIN, J. H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L 0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00375000 0.04166667 0.09375000

TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %	LESSEE OF RECORD	DRI %	M.I. OWNERS & %				
9	NE/4 NE/4 SECT. 35 T-16-S, R-28-E NMPM	40.00	L-3755	HBP	STATE	0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J. H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
8	N/2 SECT. 36 T-16-S, R-28-E NMPM	320.00	L-1683	HBP	STATE	0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J. H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
TOTAL STATE ACREAGE		760.00										

PAGE 4 OF 5

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE OF LEASE		BASIC ROYALTY OWNER & %	LESSEE OF RECORD	ORRI %	W.I. OWNERS & %
10	SW/4 SW/4 SECT. 25	40.00			BOGLE FARMS	0.0625	M.N. BEACH	100 %
	TOTAL FEE ACREAGE	40.00						BOGLE FARMS, INC.
								DARTMOUTH COLLEGE ENDOWME
								MIDWEST INVESTMENT CO
	GRAND TOTAL ACREAGE	1131.24						0.00000000
								0.06250000
								0.03125000
								0.17500000
								0.01000000
								0.03125000
								0.01000000
								0.03125000
								0.03125000
								0.06250000
								0.21250000
								0.03750000
								0.08333333
								0.08333333
								0.04166667
								0.09375000

RECAPITULATION

760.00 ACRES OF STATE OF N.M. LANDS	0.6718
331.24 ACRES OF FEDERAL LANDS	0.2928
40.00 ACRES OF FEE LANDS	0.0354
1131.24	1.0000

**EXHIBIT "B"**

G. W. Allen & Juanita G. Allen  
Post Office Box 402  
Mesquite, Texas 75149

J. H. Baldwin  
Box 422  
Lamesa, Texas 79331

Beach Exploration, Inc.  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Carroll W. Bellah  
208 S 7th Street  
Lovington, New Mexico 88260

Brown Royalties IP  
Post Office Box 2690  
San Angelo, Texas 76902

CBF Company  
Post Office Box 5614  
Hobbs, New Mexico 88241-5614

Bernard D. Cleve  
c/o Elk Cattle Co.  
Hope, New Mexico 88250

W. R. Erickson & Wanda Faye  
Erickson  
Box 1100  
Hobbs, New Mexico 88241-1100

T. Calder Ezzell, Jr.  
Post Office Box 10  
Roswell, New Mexico 88202-0010

Robert O. Franklin, Jr.  
Post Office Box 820848  
Dallas, Texas 75382-0848

James E. Guy  
1902 Briscoe  
Artesia, New Mexico 88210

Sam E. Hilburn  
401 West Texas, Suite 407  
Midland, Texas 79701

Amoco Production Company  
Post Office Box 841521  
Dallas, Texas 75284-1521

Carl C. Beach  
3511 Meadowridge  
Midland, Texas 79707

William N. Beach  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Bogle Farms, Inc.  
Post Office Box 358  
Dexter, New Mexico 88230-0358

V. J. Callaway  
Box 2424  
Hobbs, New Mexico 88241-2424

Michael R. Childers  
Post Office Box 1412  
Bedford, Texas 76095-1412

Dartmouth College Endowment  
c/o Deborah Lord-Nolet  
Post Office Box 107  
Col-Hall  
Hanover, NH 03755

Exxon Corporation  
Post Office Box 1547  
Houston, TX 77251-1547

Loy G. Fletcher  
Post Office Box 852  
Artesia, New Mexico 88210

W. L. (Dub) Gray  
Post Office Box 258  
Artesia, New Mexico 88210

Elizabeth S. Hammack  
1150 One Energy Square  
Dallas, Texas 75206

Hinkle Investment Company  
Post Office Box 2002  
Roswell, New Mexico 88201

**EXHIBIT "B"**

David L. Holland  
1801 Huntington  
Midland, Texas 79705

Deirde J. Johnson IP  
Post Office Box 2690  
San Angelo, TX 76902-0128

Erma Lowe  
Post Office Box 2923  
Houston, Texas 77252

Marshall & Winston, Inc.  
Post Office Box 50880  
Midland, Texas 79710-0880

G. K. McDonald  
Post Office Box 736  
Lamesa, Texas 79331-736

Midwest Investment Co.  
Post Office Box 597  
Roswell, New Mexico 88202

Alexandra C. Morris  
Post Office Box 4881  
Midland, Texas 79704

Charles E. Mumford Estate  
Jean E. Mumford, Executrix  
Post Office Box 144  
Hobbs, New Mexico 88241-0144

State of New Mexico  
Commissioner of Public Lands  
Post Office Box 1148  
Santa Fe, New Mexico 87504

Sherman H. Norton, Jr.  
916 Main, Suite 606  
Lubbock, Texas 79401

Pool Trust  
Fred F. & Penta J. Pool  
#5 Summer Wild Place  
Roswell, New Mexico 88201

Arvil Reynolds  
c/o Ima Dale  
325 S. 13th  
Artesia, New Mexico 88210

Martha Ryan  
1509 Dawson Ter  
Carona Del Mar, CA 92625-1733

J. T. Jackson  
711 W. Texas  
Artesia, New Mexico 88210

E. L. Latham Co.  
Post Office Box 1392  
Hobbs, New Mexico 88240

Maralo, Inc.  
Post Office Box 2923  
Houston, Texas 77252-2923

McDonald Company  
Post Office Box 736  
Lamesa, Texas 79331-736

W. G. McPheron  
Post Office Box 1907  
Hobbs, New Mexico 88241-1907

MMS  
Post Office Box 5760 TA  
Denver Fed Cntr Bldg 85 RM A212  
Denver, Colorado 80217

Robert B. Morris  
401 West Texas, Suite 407  
Midland, Texas 79701

Don Narrell  
2311 Maxwell Drive  
Midland, Texas 79705-4911

Gail L. Norton  
4603 29th Street  
Lubbock, Texas 79410-1717

Penta Production Co.  
Post Office Box 1393  
Roswell, New Mexico 88201

Randall Prude  
3100 N. A Bldg B, Suite 200  
Midland, Texas 79705

J. P. Rose  
916 Main, Suite 606  
Lubbock, Texas 79401

Mark Schweinfurth  
Post Office Box 2585  
Midland, Texas 79702

**EXHIBIT "B"**

Sitton Enterprises  
916 Main, Suite 503  
Lubbock, Texas 79401-3422

P&E Sitton Corporation  
916 Main, Suite 503  
Lubbock, Texas 79401-3422

Spectrum 7 Energy  
Revenue Funds  
Post Office Box 612007  
Dallas, Texas 75261

Trigg Oil & Mining Co.  
John H. & Pauline Trigg  
Post Office Box 520  
Roswell, New Mexico 88201

Mark S. Vozar  
3705 Wheaton Drive  
Bedford, Texas 76021

Charles L. West  
3103 Auburn  
Midland, Texas 79705

Paul White  
Post Office Box 1025  
Artesia, New Mexico 88210

Yates Exploration Co.  
Post Office Box 0  
Albuquerque, New Mexico 87103

Bettis Brothers, Inc.  
Post Office Box 1240  
Graham, Texas 76046

Continental-Emsco Company  
Post Office Box 755  
Hobbs, New Mexico 88241

DEPCO, Inc.  
1000 Petroleum Building  
110 - 16th Street  
Denver, Colorado 80202

Haile Petroleum Ltd.  
813 South Roselawn  
Artesia, New Mexico 88210

Kincaid & Watson Drilling Company  
Post Office Box 498  
Artesia, New Mexico 88211-0498

McClellan Oil Corporation  
Post Office Drawer 730  
Roswell, New Mexico 88202

Mewbourne Oil Company  
Post Office Box 7698  
Tyler, Texas 75711

Santa Fe Energy Company  
1616 Voss Road  
Houston, Texas 77057

Southland Royalty Company  
801 Cherry Street, Suite 700  
Fort Worth, Texas 76102

**BEFORE THE OIL CONSERVATION DIVISION OF  
THE DEPARTMENT OF ENERGY AND MINERALS**

**APPLICATION OF BEACH EXPLORATION,  
INC. FOR APPROVAL OF STATUTORY  
UNITIZATION, EDDY COUNTY, NEW MEXICO**

**AMENDED APPLICATION**

**BEACH EXPLORATION, INC.**, hereby makes application for an order for the unit operation of the Red Lake Unit in Eddy County, New Mexico and states:

1. The proposed Unit Area consists of lands located in Eddy County, New Mexico, as described on the attached Exhibit "A" from the Unit Agreement, containing 1,131.24 acres, more or less.

2. The vertical limits to be included in said Unit as to the above described lands are to be inclusive of the Penrose Sand member of the Queen formation with said interval having heretofore been found to occur in the Beach Exploration - New Mexico State 36 No. 4 Well located 1,980 feet from the west line and 660 feet from the north line, Section 36, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, at an indicated depth from 1,630 feet to 1,720 feet as recorded on the Welex Radioactivity Log dated March 17, 1980 with said log being measured from 1,746 feet to 1,300 feet.

3. The reservoir or portion thereof involved in this application has been reasonably defined by development.

4. The type of operations contemplated for the Unit Area shall consist of what is commonly known as the secondary recovery operations by water flooding.

5. A copy of the proposed plan of unitization, which applicant considers fair, reasonable and equitable is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

6. A copy of the proposed operating plan for said Unit, covering the manner in which the Unit will be supervised and managed and costs allocated and paid is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

7. In accordance with the requirements of the Statutory Unitization Act, applicant does hereby allege the following facts:

(a) The Unitized Management Operation and further development of the oil or gas pool involved herein, or portion thereof, is reasonably necessary in order to effectively carry on secondary recovery operations to



substantially increase the ultimate recovery of oil and gas from the pool or unitized portion thereof;

(b) Said secondary recovery operations as applied to such pool or a portion thereof is feasible, it will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the pool or unitized portion thereof than would otherwise be recovered;

(c) Estimated additional costs, if any, of conducting the operations sought hereunder will not exceed the estimated value of the additional oil and gas recovery plus reasonable profit.

(d) Said unitization and the adoption of the secondary recovery operations sought hereunder will benefit the working interest owners and royalty owners of the oil and gas rights within the pool or portion thereof affected by the order sought herein.

(e) Applicant has made a good faith effort to secure voluntary unitization within the pool or portion thereof as described in this application. The owners Applicant wished to have covered under this statutory unitization application include those listed on Exhibit "B" attached hereto.

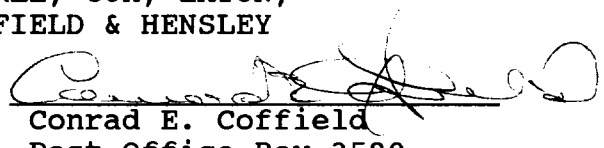
(f) The participation formula contained in the Unitization Agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis.

8. Approval of the statutory unitization sought hereunder will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

Wherefor, Applicant respectfully requests the setting of this matter for a hearing before the Oil Conservation Division at the earliest available date.

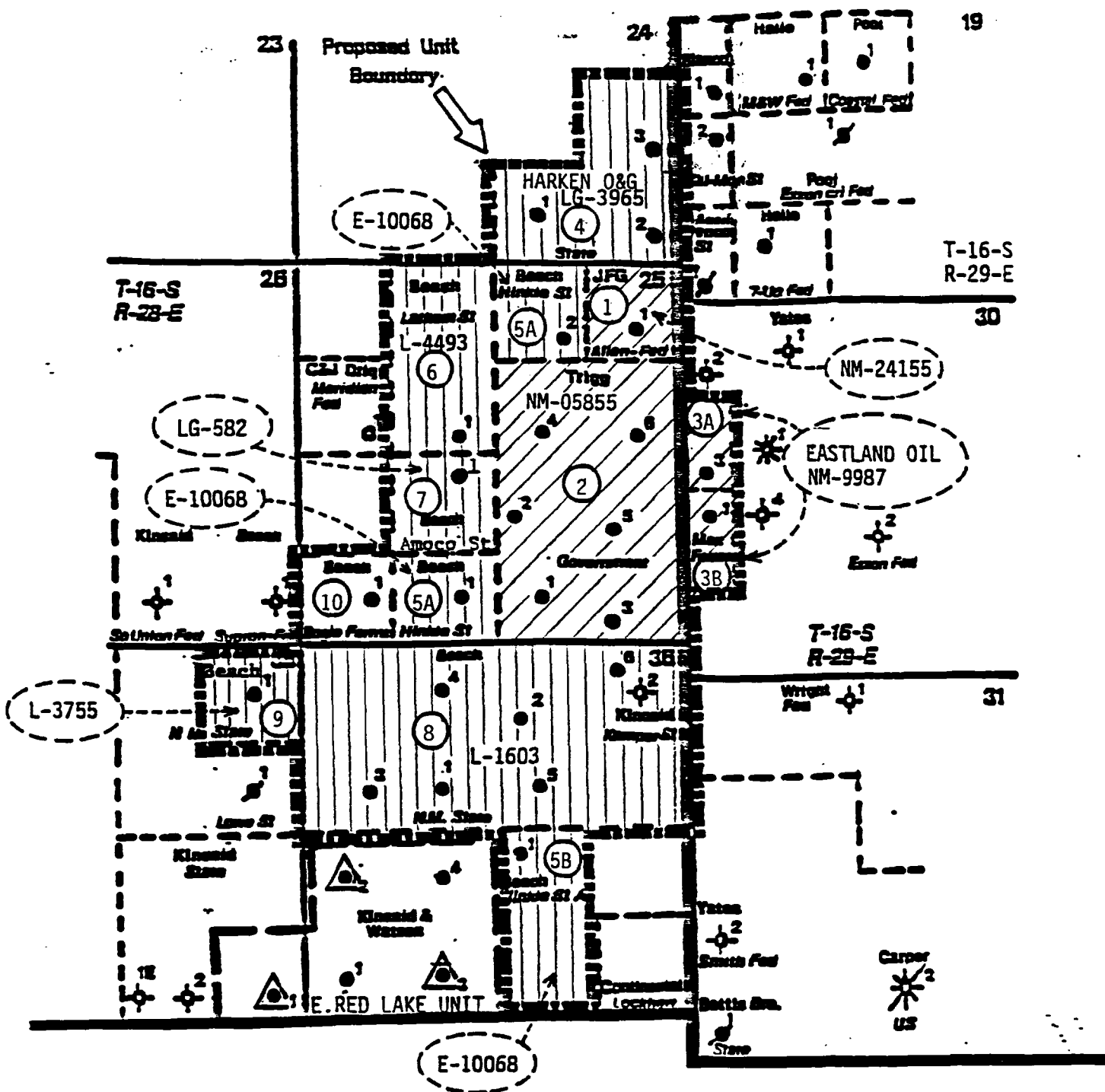
Dated this 5th day of December, 1990.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By:   
Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702

Attorneys for Beach  
Exploration, Inc.

cec\6\6.4



760.00 ACRES OF STATE OF NEW MEXICO LANDS- 67.18%



331.24 ACRES OF FEDERAL LANDS- 29.28%



40.00 ACRES OF FEE LANDS- 3.54%

1131.24 ACRES TOTAL 100.00%

# BEACH EXPLORATION, INC.

RED LAKE UNIT  
EDDY COUNTY, NEW MEXICO

EXHIBIT "A"  
PROPOSED UNIT OUTLINE

○ TRACT NUMBER

SCALE: 1"= 2000' 11-28-90

NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

SERIAL NO. & EXPIRATION DATE										
TRACT NO.	DESCRIPTION	NO. OF ACRES	OF LEASE	BASIC ROYALTY OWNER & %	LESSEE OF RECORD	ORRI %	M.I. OWNERS & %			
1	NE/4 NE/4 SECT. 25 T-16-S,R-28-E	40.00	NM-24155 HBP	U.S. 0.1250	JFG ENTERPRISES	100 %	ALLEN, G.W. & JUANITA G.	0.03000000	BELLM, CARROLL W. FLETCHER, LOY G. GUY, JAMES E. JACKSON, J.T.	0.05000000 0.31666700 0.31666700 0.31666600
2	SE/4,S/2 NE/4 SECT. 25 T-16-S,R-28-E NMPM	240.00	NM-05855 HBP	U.S. 0.1250	J.H. TRIGGS	100 %	VATES EXPLORATION CO.	0.02500000	BEACH EXPLORATION, INC. TRIGGS OIL & MINING CO.	0.55000000 0.45000000
3A	LOT 2 SECT. 30 T-16-S,R-29-E NMPM	25.62	NM-9987 HBP	U.S. 0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J.	1.00000000
3B	LOT 3 SECT. 30 T-16-S,R-29-E NMPM	25.62	NM-9987 HBP	U.S. 0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J. EZZELL JR., T. CALDER PENTA PRODUCTION CO.	0.05000000 0.11000000 0.84000000
TOTAL FEDERAL ACREAGE		331.24								

PAGE 1 OF 5

TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

SERIAL NO. &  
EXPIRATION DATE  
BASIC ROYALTY  
OWNER & %  
LESSEE OF RECORD

ORRI %

M.I. OWNERS & %

TRACT NO.

DESCRIPTION

NO. OF ACRES

OF LEASE

STATE

100 %

0.1250000

SPECTRUM 7 1984-1985 POP

0.4500000

4 1/2 SE/4, NE/4 SE/4 SECT. 24

120.00 LG-3965

STATE

0.1250

EXXON

100 %

0.0025000

SPECTRUM 7 1985 DP

0.4500000

T-16-S, R-28-E NMPM

HBP

STATE

0.1250

EXXON

100 %

0.0025000

SPECTRUM 7 1DP

0.1000000

5A NW/4 NE/4, SE/4 SW/4 SECT. 25

80.00 E-10068

STATE

0.1250

HINKLE INV.

100 %

0.00437500

BALDWIN, J.H.

0.0625000

T-16-S, R-28-E NMPM

HBP

STATE

0.1250

HINKLE INV.

100 %

0.00437500

BEACH, CARL C

0.0312500

FRANKLIN, ROBERT O, JR  
HAMMACK, ELIZABETH S  
HILBURN, SAM E  
HINKLE INVESTMENT COMPANY  
MORRIS, ALEXANDRA C  
MORRIS, ROBERT B

BEACH, WILLIAM N  
BROWN ROYALTIES IP  
HOLLAND, DAVID L  
JOHNSON, DEIRDRE J, IP  
MCDONALD COMPANY  
MCDONALD, G K  
MARRELL, DON  
NORTON, SHERMAN H., JR  
ROSE, J P  
SITTON ENTERPRISES  
SITTON, P & E CORP.  
SITTON, RONALD  
WEST, CHARLES L

0.1750000  
0.0100000  
0.0312500  
0.0100000  
0.0312500  
0.0312500  
0.0625000  
0.2125000  
0.0375000  
0.0833333  
0.0837500  
0.0416667  
0.0937500

5B W/2 SE/4 SECT. 36

80.00 E-10068

STATE

0.1250

HINKLE INV.

100 %

0.00437500

BALDWIN, J.H.

0.0625000

T-16-S, R-28-E NMPM

HBP

STATE

0.1250

HINKLE INV.

100 %

0.00437500

BEACH, CARL C

0.0312500

FRANKLIN, ROBERT O, JR  
HAMMACK, ELIZABETH S  
HILBURN, SAM E  
HINKLE INVESTMENT COMPANY  
MORRIS, ALEXANDRA C  
MORRIS, ROBERT B

BEACH, WILLIAM N  
BROWN ROYALTIES IP  
HOLLAND, DAVID L  
JOHNSON, DEIRDRE J, IP  
MCDONALD COMPANY  
MCDONALD, G K  
MARRELL, DON  
NORTON, SHERMAN H., JR  
ROSE, J P  
SITTON ENTERPRISES  
SITTON, P & E CORP.  
SITTON, RONALD  
WEST, CHARLES L

0.1750000  
0.0100000  
0.0312500  
0.0100000  
0.0312500  
0.0312500  
0.0625000  
0.2125000  
0.0375000  
0.0833333  
0.0837500  
0.0416667  
0.0937500

TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY OWNER & %		LESSEE OF RECORD		ORRI %		M.I. OWNERS & %	
			OF LEASE									
6	E/2 NW/4 SECT. 25 T-16-S, R-28-E NMPM	80.00	L-4493		STATE	0.1250	E.L. LATHAM	100 %	CALLAWAY, V J CBF COMPANY ERICKSON, W R & MANDA FAE LATHAM CO., E L MUMFORD ESTATE, CHARLES E MCPHERON, W G	0.00937500 0.00937500 0.00937500 0.01562500 0.00937500 0.00937500	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00333333 0.00333333 0.04166667 0.09375000
7	NE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPM	40.00	L-6-582		STATE	0.1250	AMOCO	100 %	AMOCO PRODUCTION	0.06250000	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.00333333 0.00333333 0.00333333 0.04166667 0.09375000

TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

SERIAL NO. &  
EXPIRATION DATE  
NO. OF ACRES  
DESCRIPTION  
TRACT NO.

LESSOR OF RECORD  
LESSOR %  
M.I. OWNERS %

9	NE/4 NE/4 SECT. 35 T-16-S, R-28-E NMPM	40.00 L-3755 HBP	STATE	0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J. H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SIITON ENTERPRISES SIITON, P & E CORP. SIITON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17500000 0.01000000 0.03125000 0.01000000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000	
8	N/2 SECT. 36 T-16-S, R-28-E NMPM	320.00 L-1683 HBP	STATE	0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J. H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SIITON ENTERPRISES SIITON, P & E CORP. SIITON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17500000 0.01000000 0.03125000 0.01000000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000	
TOTAL STATE ACREAGE		760.00									

PAGE 4 OF 5

EXHIBIT "B"  
TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	CRR1 %	M.I. OWNERS & %
			OF LEASE		OWNER & %				

10	SW/4 SW/4 SECT. 25	40.00			BOBLE FARMS	0.0625	M.N. BEACH	100 %	BOBLE FARMS, INC.	0.00000000	BALDWIN, J.H.	0.06250000
	TOTAL FEE ACREAGE	40.00							DARTMOUTH COLLEGE ENDOWME	0.06250000	BEACH, CARL C	0.03125000
	GRAND TOTAL ACREAGE	1131.24							MIDWEST INVESTMENT CO	0.12500000	BEACH, WILLIAM N	0.17500000
											BROWN ROYALTIES IP	0.01000000
											HOLLAND, DAVID L	0.03125000
											JOHNSON, DEIRDRE J, IP	0.01000000
											MCDONALD COMPANY	0.03125000
											MCDONALD, S K	0.03125000
											NARRELL, DON	0.06250000
											NORTON, SHERMAN H., JR	0.21250000
											ROSE, J P	0.03750000
											SITTON ENTERPRISES	0.08333333
											SITTON, P & E CORP.	0.08335000
											SITTON, RONALD	0.04166667
											WEST, CHARLES L	0.09375000

RECAPITULATION

760.00 ACRES OF STATE OF N.M. LANDS	0.6718
331.24 ACRES OF FEDERAL LANDS	0.2928
40.00 ACRES OF FEE LANDS	0.0354
1131.24	1.0000

**EXHIBIT "B"**

G. W. Allen & Juanita G. Allen  
Post Office Box 402  
Mesquite, Texas 75149

J. H. Baldwin  
Box 422  
Lamesa, Texas 79331

Beach Exploration, Inc.  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Carroll W. Bellah  
208 S 7th Street  
Lovington, New Mexico 88260

Brown Royalties IP  
Post Office Box 2690  
San Angelo, Texas 76902

CBF Company  
Post Office Box 5614  
Hobbs, New Mexico 88241-5614

Bernard D. Cleve  
c/o Elk Cattle Co.  
Hope, New Mexico 88250

W. R. Erickson & Wanda Faye  
Erickson  
Box 1100  
Hobbs, New Mexico 88241-1100

T. Calder Ezzell, Jr.  
Post Office Box 10  
Roswell, New Mexico 88202-0010

Robert O. Franklin, Jr.  
Post Office Box 820848  
Dallas, Texas 75382-0848

James E. Guy  
1902 Briscoe  
Artesia, New Mexico 88210

Sam E. Hilburn  
401 West Texas, Suite 407  
Midland, Texas 79701

Amoco Production Company  
Post Office Box 841521  
Dallas, Texas 75284-1521

Carl C. Beach  
3511 Meadowridge  
Midland, Texas 79707

William N. Beach  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Bogle Farms, Inc.  
Post Office Box 358  
Dexter, New Mexico 88230-0358

V. J. Callaway  
Box 2424  
Hobbs, New Mexico 88241-2424

Michael R. Childers  
Post Office Box 1412  
Bedford, Texas 76095-1412

Dartmouth College Endowment  
c/o Deborah Lord-Nolet  
Post Office Box 107  
Col-Hall  
Hanover, NH 03755

Exxon Corporation  
Post Office Box 1547  
Houston, TX 77251-1547

Loy G. Fletcher  
Post Office Box 852  
Artesia, New Mexico 88210

W. L. (Dub) Gray  
Post Office Box 258  
Artesia, New Mexico 88210

Elizabeth S. Hammack  
1150 One Energy Square  
Dallas, Texas 75206

Hinkle Investment Company  
Post Office Box 2002  
Roswell, New Mexico 88201



**EXHIBIT "B"**

David L. Holland  
1801 Huntington  
Midland, Texas 79705

Deirde J. Johnson IP  
Post Office Box 2690  
San Angelo, TX 76902-0128

Erma Lowe  
Post Office Box 2923  
Houston, Texas 77252

Marshall & Winston, Inc.  
Post Office Box 50880  
Midland, Texas 79710-0880

G. K. McDonald  
Post Office Box 736  
Lamesa, Texas 79331-736

Midwest Investment Co.  
Post Office Box 597  
Roswell, New Mexico 88202

Alexandra C. Morris  
Post Office Box 4881  
Midland, Texas 79704

Charles E. Mumford Estate  
Jean E. Mumford, Executrix  
Post Office Box 144  
Hobbs, New Mexico 88241-0144

State of New Mexico  
Commissioner of Public Lands  
Post Office Box 1148  
Santa Fe, New Mexico 87504

Sherman H. Norton, Jr.  
916 Main, Suite 606  
Lubbock, Texas 79401

Pool Trust  
Fred F. & Penta J. Pool  
#5 Summer Wild Place  
Roswell, New Mexico 88201

Arvil Reynolds  
c/o Ima Dale  
325 S. 13th  
Artesia, New Mexico 88210

Martha Ryan  
1509 Dawson Ter  
Carona Del Mar, CA 92625-1733

J. T. Jackson  
711 W. Texas  
Artesia, New Mexico 88210

E. L. Latham Co.  
Post Office Box 1392  
Hobbs, New Mexico 88240

Maralo, Inc.  
Post Office Box 2923  
Houston, Texas 77252-2923

McDonald Company  
Post Office Box 736  
Lamesa, Texas 79331-736

W. G. McPheron  
Post Office Box 1907  
Hobbs, New Mexico 88241-1907

MMS  
Post Office Box 5760 TA  
Denver Fed Cntr Bldg 85 RM A212  
Denver, Colorado 80217

Robert B. Morris  
401 West Texas, Suite 407  
Midland, Texas 79701

Don Narrell  
2311 Maxwell Drive  
Midland, Texas 79705-4911

Gail L. Norton  
4603 29th Street  
Lubbock, Texas 79410-1717

Penta Production Co.  
Post Office Box 1393  
Roswell, New Mexico 88201

Randall Prude  
3100 N. A Bldg B, Suite 200  
Midland, Texas 79705

J. P. Rose  
916 Main, Suite 606  
Lubbock, Texas 79401

Mark Schweinfurth  
Post Office Box 2585  
Midland, Texas 79702

**EXHIBIT "B"**

Sitton Enterprises  
916 Main, Suite 503  
Lubbock, Texas 79401-3422

P&E Sitton Corporation  
916 Main, Suite 503  
Lubbock, Texas 79401-3422

Spectrum 7 Energy  
Revenue Funds  
Post Office Box 612007  
Dallas, Texas 75261

Trigg Oil & Mining Co.  
John H. & Pauline Trigg  
Post Office Box 520  
Roswell, New Mexico 88201

Mark S. Vozar  
3705 Wheaton Drive  
Bedford, Texas 76021

Charles L. West  
3103 Auburn  
Midland, Texas 79705

Paul White  
Post Office Box 1025  
Artesia, New Mexico 88210

Yates Exploration Co.  
Post Office Box 0  
Albuquerque, New Mexico 87103

Bettis Brothers, Inc.  
Post Office Box 1240  
Graham, Texas 76046

Continental-Emsco Company  
Post Office Box 755  
Hobbs, New Mexico 88241

DEPCO, Inc.  
1000 Petroleum Building  
110 - 16th Street  
Denver, Colorado 80202

Haile Petroleum Ltd.  
813 South Roselawn  
Artesia, New Mexico 88210

Kincaid & Watson Drilling Company  
Post Office Box 498  
Artesia, New Mexico 88211-0498

McClellan Oil Corporation  
Post Office Drawer 730  
Roswell, New Mexico 88202

Mewbourne Oil Company  
Post Office Box 7698  
Tyler, Texas 75711

Santa Fe Energy Company  
1616 Voss Road  
Houston, Texas 77057

Southland Royalty Company  
801 Cherry Street, Suite 700  
Fort Worth, Texas 76102

**BEFORE THE OIL CONSERVATION DIVISION OF  
THE DEPARTMENT OF ENERGY AND MINERALS**

**APPLICATION OF BEACH EXPLORATION,  
INC. FOR APPROVAL OF STATUTORY  
UNITIZATION, EDDY COUNTY, NEW MEXICO**

**AMENDED APPLICATION**

**BEACH EXPLORATION, INC.**, hereby makes application for an order for the unit operation of the Red Lake Unit in Eddy County, New Mexico and states:

1. The proposed Unit Area consists of lands located in Eddy County, New Mexico, as described on the attached Exhibit "A" from the Unit Agreement, containing 1,131.24 acres, more or less.

2. The vertical limits to be included in said Unit as to the above described lands are to be inclusive of the Penrose Sand member of the Queen formation with said interval having heretofore been found to occur in the Beach Exploration - New Mexico State 36 No. 4 Well located 1,980 feet from the west line and 660 feet from the north line, Section 36, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, at an indicated depth from 1,630 feet to 1,720 feet as recorded on the Welex Radioactivity Log dated March 17, 1980 with said log being measured from 1,746 feet to 1,300 feet.

3. The reservoir or portion thereof involved in this application has been reasonably defined by development.

4. The type of operations contemplated for the Unit Area shall consist of what is commonly known as the secondary recovery operations by water flooding.

5. A copy of the proposed plan of unitization, which applicant considers fair, reasonable and equitable is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

6. A copy of the proposed operating plan for said Unit, covering the manner in which the Unit will be supervised and managed and costs allocated and paid is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

7. In accordance with the requirements of the Statutory Unitization Act, applicant does hereby allege the following facts:

(a) The Unitized Management Operation and further development of the oil or gas pool involved herein, or portion thereof, is reasonably necessary in order to effectively carry on secondary recovery operations to

substantially increase the ultimate recovery of oil and gas from the pool or unitized portion thereof;

(b) Said secondary recovery operations as applied to such pool or a portion thereof is feasible, it will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the pool or unitized portion thereof than would otherwise be recovered;

(c) Estimated additional costs, if any, of conducting the operations sought hereunder will not exceed the estimated value of the additional oil and gas recovery plus reasonable profit.

(d) Said unitization and the adoption of the secondary recovery operations sought hereunder will benefit the working interest owners and royalty owners of the oil and gas rights within the pool or portion thereof affected by the order sought herein.

(e) Applicant has made a good faith effort to secure voluntary unitization within the pool or portion thereof as described in this application. The owners Applicant wished to have covered under this statutory unitization application include those listed on Exhibit "B" attached hereto.

(f) The participation formula contained in the Unitization Agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis.

8. Approval of the statutory unitization sought hereunder will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

Wherefor, Applicant respectfully requests the setting of this matter for a hearing before the Oil Conservation Division at the earliest available date.

Dated this 5th day of December, 1990.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702

Attorneys for Beach  
Exploration, Inc.

cec\6\6.4



TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	ORRI %	M.I. OWNERS & %	
			OF LEASE	DATE	OWNER & %					
1	NE/4 NE/4 SECT. 25 T-16-S, R-28-E	40.00	NM-24155 HBP	U.S.	0.1250	JFG ENTERPRISES	100 %	ALLEN, G.W. & JUANITA G.	0.03000000	BELLAH, CARROLL W. FLETCHER, LOY G. GUY, JAMES E. JACKSON, J.T. 0.05000000 0.31666700 0.31666700 0.31666600
2	SE/4, S/2 NE/4 SECT. 25 T-16-S, R-28-E NMPH	240.00	NM-05055 HBP	U.S.	0.1250	J.H. TRIGG	100 %	YATES EXPLORATION CO.	0.02500000	BEACH EXPLORATION, INC. TRIGG OIL & MINING CO. 0.55000000 0.45000000
3A	LOT 2 SECT. 30 T-16-S, R-29-E NMPH	25.62	NM-9987 HBP	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J. 0.00000000
3B	LOT 3 SECT. 30 T-16-S, R-29-E NMPH	25.62	NM-9987 HBP	U.S.	0.1250	EXXON	100 %	EXXON	0.09500000	POOL TRUST, F.F. & P.J. EZZELL JR., T. CALDER PENTA PRODUCTION CO. 0.05000000 0.11000000 0.84000000

TOTAL FEDERAL ACREAGE

331.24

TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

SERIAL NO. &  
EXPIRATION DATE  
BASIC ROYALTY  
OWNER & %  
LESSEE OF RECORD  
ORRI %  
W.I. OWNERS & %

4	5/2 SE/4, NE/4 SE/4 SECT. 24	120.00	LG-3965	STATE	0.1250	EXXON	100 %	EXXON		0.12500000	SPECTRUM 7 1984-1985 PDP	0.45000000
	T-16-S, R-28-E NMPN		HBP			CHILDERS, MICHAEL R.		0.00250000	SPECTRUM 7 1985 DP	0.45000000		
						VOZAR, MARK S.		0.00250000	SPECTRUM 7 1DP	0.10000000		
5A	NW/4 NE/4, SE/4 SW/4 SECT. 25	80.00	E-10068	STATE	0.1250	HINKLE INV.	100 %	FRANKLIN, ROBERT O, JR		0.00437500		0.06250000
	T-16-S, R-28-E NMPN		HBP			HAMMACK, ELIZABETH S		0.00437500	BEACH, CARL C	0.03125000		0.03125000
						HILBURN, SAM E		0.00437500	BEACH, WILLIAM N	0.17750000		0.17750000
						HINKLE INVESTMENT COMPANY		0.07500000	BROWN ROYALTIES IP	0.01000000		0.01000000
						MORRIS, ALEXANDRA C		0.00218750	HOLLAND, DAVID L	0.03125000		0.03125000
						MORRIS, ROBERT B		0.00218750	JOHNSON, DEIRDRE J, IP	0.01000000		0.01000000
									McDONALD COMPANY	0.03125000		0.03125000
									McDONALD, B K	0.03125000		0.03125000
									NARRELL, DON	0.06250000		0.06250000
									NORTON, SHERMAN H., JR	0.21250000		0.21250000
									ROSE, J P	0.03750000		0.03750000
									SITTON ENTERPRISES	0.08333333		0.08333333
									SITTON, P & E CORP.	0.08375000		0.08375000
									SITTON, RONALD	0.04166667		0.04166667
									WEST, CHARLES L	0.09375000		0.09375000
5B	W/2 SE/4 SECT. 36	80.00	E-10068	STATE	0.1250	HINKLE INV.	100 %	FRANKLIN, ROBERT O, JR		0.00437500		0.06250000
	T-16-S, R-28-E NMPN		HBP			HAMMACK, ELIZABETH S		0.00437500	BEACH, CARL C	0.03125000		0.03125000
						HILBURN, SAM E		0.00437500	BEACH, WILLIAM N	0.17750000		0.17750000
						HINKLE INVESTMENT COMPANY		0.07500000	BROWN ROYALTIES IP	0.01000000		0.01000000
						MORRIS, ALEXANDRA C		0.00218750	HOLLAND, DAVID L	0.03125000		0.03125000
						MORRIS, ROBERT B		0.00218750	JOHNSON, DEIRDRE J, IP	0.01000000		0.01000000
									McDONALD COMPANY	0.03125000		0.03125000
									McDONALD, B K	0.03125000		0.03125000
									NARRELL, DON	0.06250000		0.06250000
									NORTON, SHERMAN H., JR	0.21250000		0.21250000
									ROSE, J P	0.03750000		0.03750000
									SITTON ENTERPRISES	0.08333333		0.08333333
									SITTON, P & E CORP.	0.08375000		0.08375000
									SITTON, RONALD	0.04166667		0.04166667
									WEST, CHARLES L	0.09375000		0.09375000

TO UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY OWNER & %	LESSEE OF RECORD	ORRI %	M.I. OWNERS & %
			OF LEASE					
6	E/2 NW/4 SECT. 25 T-16-S, R-28-E NMPH	80.00	L-4493	HBP	STATE	0.1250	E.L. LATHAM	100 %
							CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAM CO., E L MUMFORD ESTATE, CHARLES E MCPHERON, W G	0.00937500 0.00937500 0.00937500 0.01562500 0.00937500 0.00937500
							BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
7	NE/4 SW/4 SECT. 25 T-16-S, R-28-E NMPH	40.00	L6-582	HBP	STATE	0.1250	AMOCO	100 %
							AMOCO PRODUCTION	0.06250000
							BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000

PAGE 3 OF 5



7D UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.M.

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE		BASIC ROYALTY		LESSEE OF RECORD	DRRI %	N.I. OWNERS & %		
			OF LEASE		OWNER & %						
9	N/4 NE/4 SECT. 35 T-16-S, R-28-E NMPM	40.00	L-3755 HBP	STATE	0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
8	N/2 SECT. 36 T-16-S, R-28-E NMPM	320.00	L-1603 HBP	STATE	0.1250	MARALO INC.	100 %	LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK	0.01562500 0.04687500 0.01000000 0.00250000	BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, G K MARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L	0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.01000000 0.03125000 0.03125000 0.06250000 0.21250000 0.03750000 0.08333333 0.08375000 0.04166667 0.09375000
TOTAL STATE ACREAGE		760.00									

PAGE 4 OF 5

UNIT AGREEMENT  
RED LAKE UNIT  
EDDY CO., N.H.

W. I. OWNERS & %	
BALDWIN, J. H.	0.06250000
BEACH, CARL C	0.03125000
BEACH, WILLIAM N	0.17750000
BROWN ROYALTIES IP	0.01000000
HOLLAND, DAVID L	0.03125000
JOHNSON, DELMORE J, IP	0.01000000
MCDONALD COMPANY	0.03125000
MCDONALD, G K	0.03125000
NARBELL, DON	0.06250000
NORTON, SHERMAN H., JR	0.21250000
ROSE, J P	0.03750000
SITTON ENTERPRISES	0.08333333
SITTON, P & E CORP.	0.08333300
SITTON, RONALD	0.04166667
WEST, CHARLES L	0.09375000

**EXHIBIT "B"**

G. W. Allen & Juanita G. Allen  
Post Office Box 402  
Mesquite, Texas 75149

J. H. Baldwin  
Box 422  
Lamesa, Texas 79331

Beach Exploration, Inc.  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Carroll W. Bellah  
208 S 7th Street  
Lovington, New Mexico 88260

Brown Royalties IP  
Post Office Box 2690  
San Angelo, Texas 76902

CBF Company  
Post Office Box 5614  
Hobbs, New Mexico 88241-5614

Bernard D. Cleve  
c/o Elk Cattle Co.  
Hope, New Mexico 88250

W. R. Erickson & Wanda Faye  
Erickson  
Box 1100  
Hobbs, New Mexico 88241-1100

T. Calder Ezzell, Jr.  
Post Office Box 10  
Roswell, New Mexico 88202-0010

Robert O. Franklin, Jr.  
Post Office Box 820848  
Dallas, Texas 75382-0848

James E. Guy  
1902 Briscoe  
Artesia, New Mexico 88210

Sam E. Hilburn  
401 West Texas, Suite 407  
Midland, Texas 79701

Amoco Production Company  
Post Office Box 841521  
Dallas, Texas 75284-1521

Carl C. Beach  
3511 Meadowridge  
Midland, Texas 79707

William N. Beach  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Bogle Farms, Inc.  
Post Office Box 358  
Dexter, New Mexico 88230-0358

V. J. Callaway  
Box 2424  
Hobbs, New Mexico 88241-2424

Michael R. Childers  
Post Office Box 1412  
Bedford, Texas 76095-1412

Dartmouth College Endowment  
c/o Deborah Lord-Nolet  
Post Office Box 107  
Col-Hall  
Hanover, NH 03755

Exxon Corporation  
Post Office Box 1547  
Houston, TX 77251-1547

Loy G. Fletcher  
Post Office Box 852  
Artesia, New Mexico 88210

W. L. (Dub) Gray  
Post Office Box 258  
Artesia, New Mexico 88210

Elizabeth S. Hammack  
1150 One Energy Square  
Dallas, Texas 75206

Hinkle Investment Company  
Post Office Box 2002  
Roswell, New Mexico 88201

**EXHIBIT "B"**

David L. Holland  
1801 Huntington  
Midland, Texas 79705

Deirde J. Johnson IP  
Post Office Box 2690  
San Angelo, TX 76902-0128

Erma Lowe  
Post Office Box 2923  
Houston, Texas 77252

Marshall & Winston, Inc.  
Post Office Box 50880  
Midland, Texas 79710-0880

G. K. McDonald  
Post Office Box 736  
Lamesa, Texas 79331-736

Midwest Investment Co.  
Post Office Box 597  
Roswell, New Mexico 88202

Alexandra C. Morris  
Post Office Box 4881  
Midland, Texas 79704

Charles E. Mumford Estate  
Jean E. Mumford, Executrix  
Post Office Box 144  
Hobbs, New Mexico 88241-0144

State of New Mexico  
Commissioner of Public Lands  
Post Office Box 1148  
Santa Fe, New Mexico 87504

Sherman H. Norton, Jr.  
916 Main, Suite 606  
Lubbock, Texas 79401

Pool Trust  
Fred F. & Penta J. Pool  
#5 Summer Wild Place  
Roswell, New Mexico 88201

Arvil Reynolds  
c/o Ima Dale  
325 S. 13th  
Artesia, New Mexico 88210

Martha Ryan  
1509 Dawson Ter  
Carona Del Mar, CA 92625-1733

J. T. Jackson  
711 W. Texas  
Artesia, New Mexico 88210

E. L. Latham Co.  
Post Office Box 1392  
Hobbs, New Mexico 88240

Maralo, Inc.  
Post Office Box 2923  
Houston, Texas 77252-2923

McDonald Company  
Post Office Box 736  
Lamesa, Texas 79331-736

W. G. McPheron  
Post Office Box 1907  
Hobbs, New Mexico 88241-1907

MMS  
Post Office Box 5760 TA  
Denver Fed Cntr Bldg 85 RM A212  
Denver, Colorado 80217

Robert B. Morris  
401 West Texas, Suite 407  
Midland, Texas 79701

Don Narrell  
2311 Maxwell Drive  
Midland, Texas 79705-4911

Gail L. Norton  
4603 29th Street  
Lubbock, Texas 79410-1717

Penta Production Co.  
Post Office Box 1393  
Roswell, New Mexico 88201

Randall Prude  
3100 N. A Bldg B, Suite 200  
Midland, Texas 79705

J. P. Rose  
916 Main, Suite 606  
Lubbock, Texas 79401

Mark Schweinfurth  
Post Office Box 2585  
Midland, Texas 79702

**EXHIBIT "B"**

Sitton Enterprises  
916 Main, Suite 503  
Lubbock, Texas 79401-3422

Spectrum 7 Energy  
Revenue Funds  
Post Office Box 612007  
Dallas, Texas 75261

Mark S. Vozar  
3705 Wheaton Drive  
Bedford, Texas 76021

Paul White  
Post Office Box 1025  
Artesia, New Mexico 88210

Bettis Brothers, Inc.  
Post Office Box 1240  
Graham, Texas 76046

DEPCO, Inc.  
1000 Petroleum Building  
110 - 16th Street  
Denver, Colorado 80202

Kincaid & Watson Drilling Company  
Post Office Box 498  
Artesia, New Mexico 88211-0498

Mewbourne Oil Company  
Post Office Box 7698  
Tyler, Texas 75711

Southland Royalty Company  
801 Cherry Street, Suite 700  
Fort Worth, Texas 76102

P&E Sitton Corporation  
916 Main, Suite 503  
Lubbock, Texas 79401-3422

Trigg Oil & Mining Co.  
John H. & Pauline Trigg  
Post Office Box 520  
Roswell, New Mexico 88201

Charles L. West  
3103 Auburn  
Midland, Texas 79705

Yates Exploration Co.  
Post Office Box 0  
Albuquerque, New Mexico 87103

Continental-Emsco Company  
Post Office Box 755  
Hobbs, New Mexico 88241

Haile Petroleum Ltd.  
813 South Roselawn  
Artesia, New Mexico 88210

McClellan Oil Corporation  
Post Office Drawer 730  
Roswell, New Mexico 88202

Santa Fe Energy Company  
1616 Voss Road  
Houston, Texas 77057

Eastland Oil Company  
Box 3488  
Midland, Texas 79702

BEFORE THE OIL CONSERVATION DIVISION OF  
THE DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

Case 10193

APPLICATION OF BEACH EXPLORATION,  
INC. FOR APPROVAL OF STATUTORY  
UNITIZATION, EDDY COUNTY, NEW MEXICO

NOV 21 1990

APPLICATION

OIL CONSERVATION DIVISION

BEACH EXPLORATION, INC., hereby makes application for an order for the unit operation of the Red Lake Unit in Eddy County, New Mexico and states:

1. The proposed Unit Area consists of lands located in Eddy County, New Mexico, as described on the attached Exhibit "A" from the Unit Agreement, containing 1,182.17 acres, more or less.

2. The vertical limits to be included in said Unit as to the above described lands are to be inclusive of the Penrose Sand member of the Queen formation with said interval having heretofore been found to occur in the Beach Exploration - New Mexico State 36 No. 4 Well located 1,980 feet from the west line and 660 feet from the north line, Section 36, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, at an indicated depth from 1,630 feet to 1,720 feet as recorded on the Welex Radioactivity Log dated March 17, 1980 with said log being measured from 1,746 feet to 1,300 feet.

3. The reservoir or portion thereof involved in this application has been reasonably defined by development.

4. The type of operations contemplated for the Unit Area shall consist of what is commonly known as the secondary recovery operations by water flooding.

5. A copy of the proposed plan of unitization, which applicant considers fair, reasonable and equitable is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

6. A copy of the proposed operating plan for said Unit, covering the manner in which the Unit will be supervised and managed and costs allocated and paid is submitted herewith and the same is hereby incorporated herein by reference for all purposes.

7. In accordance with the requirements of the Statutory Unitization Act, applicant does hereby allege the following facts:

(a) The Unitized Management Operation and further development of the oil or gas pool involved herein, or portion thereof, is reasonably necessary in order to effectively carry on secondary recovery operations to substantially increase the ultimate recovery of oil and gas from the pool or unitized portion thereof;

(b) Said secondary recovery operations as applied to such pool or a portion thereof is feasible, it will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the pool or unitized portion thereof than would otherwise be recovered;

(c) Estimated additional costs, if any, of conducting the operations sought hereunder will not exceed the estimated value of the additional oil and gas recovery plus reasonable profit.

(d) Said unitization and the adoption of the secondary recovery operations sought hereunder will benefit the working interest owners and royalty owners of the oil and gas rights within the pool or portion thereof affected by the order sought herein.

(e) Applicant has made a good faith effort to secure voluntary unitization within the pool or portion thereof as described in this application. The owners Applicant wishes to have covered under this statutory unitization application include those listed on Exhibit "B" attached hereto.

(f) The participation formula contained in the Unitization Agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis.

8. Approval of the statutory unitization sought hereunder will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

Wherefor, applicant respectfully requests the setting of this matter for a hearing before the Oil Conservation Division at the earliest available date.

Dated this 27th day of November, 1990.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

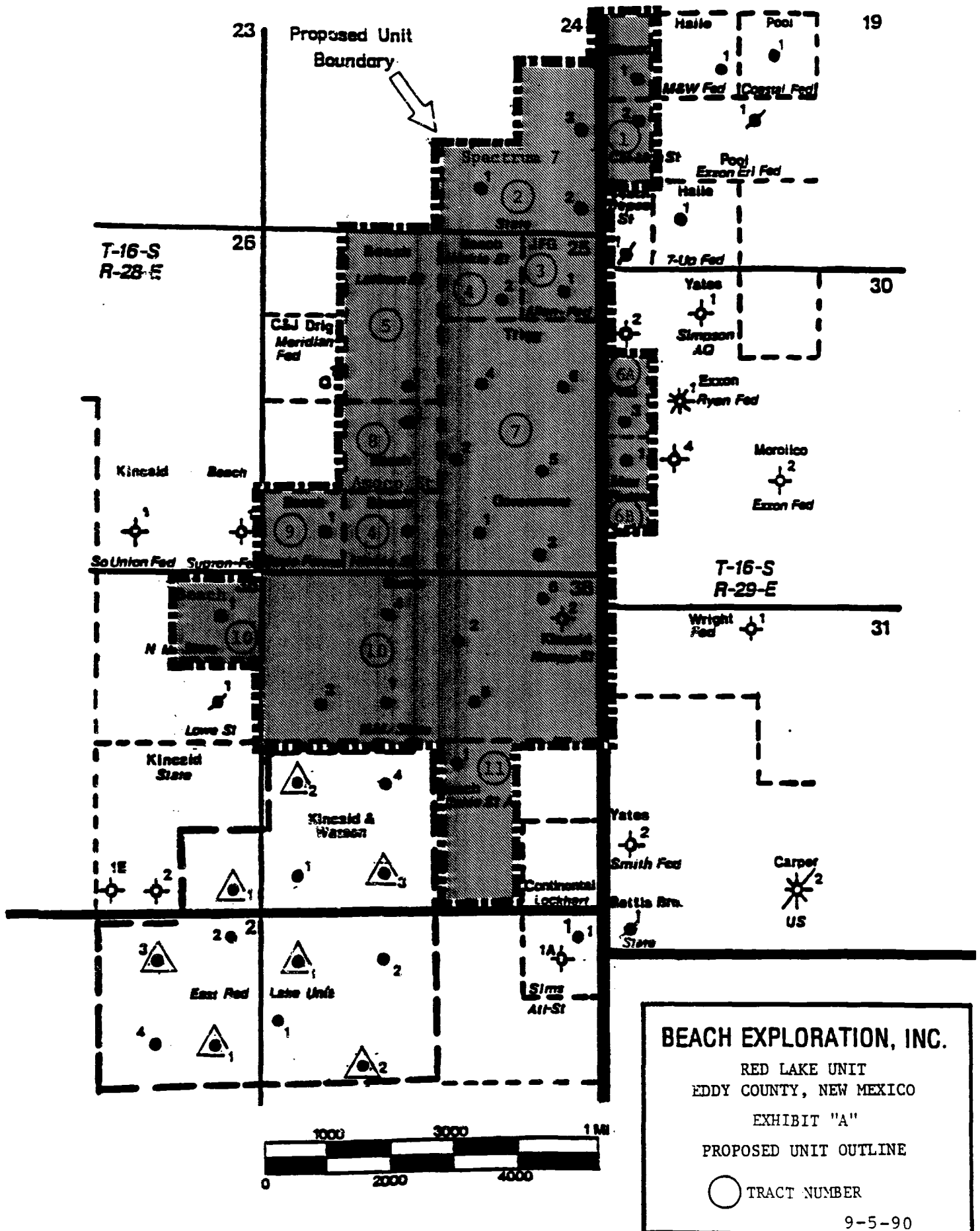
By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702

Attorneys for Beach  
Exploration, Inc.

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EXHIBIT "A"





RED LAKE UNIT --- EDDY COUNTY, NEW MEXICO

TRACT	DESCRIPTION	LEASE NAME	PERCENT OF UNIT	STATE/FEDERAL LEASE NO.	TOTAL ACRES IN TRACT
1	Lot 2, Lot 3, Section 19, T-16-S, R-29-E, NMPM	Cal-Mon State	2.9865%	NM-4079	51.03
2	S/2 SE/4, NE/4 SE/4 Section 24, T-16-S, R-28-E, NMPM	State 24	6.7427%	LG-3965	120.00
3	NE/4 NE/4 Section 25 T-16-S, R-28-E, NMPM	Allen Federal	1.1636%	NM-24155	40.00
4	NW/4 NE/4, SE/4 SW/4 Section 25, T-16-S, R-28-E, NMPM	Hinkle State	16.6858%	E-10068	80.00
5	E/2 NW/4 Section 25, T-16-S, R-28-E, NMPM	Latham State	2.8091%	L-4493	80.00
6A	Lot 2, Section 30 T-16-S, R-29-E, NMPM	Max Federal #3	0.3137%	NM-9987	25.62
6B	Lot 3, Section 30 T-16-S, R-29-E, NMPM	Max Federal #1	3.3663%	"	25.62
7	SE/4, S/2 NE/4 Section 25, T-16-S, R-28-E, NMPM	Government	42.5095%	05855	240.00
8	NE/4 SW/4 Section 25, T-16-S, R-28-E, NMPM	Amoco State	1.3012%	LG-582	40.00
9	SW/4 SW/4 Section 25, T-16-S, R-28-E, NMPM	Bogle Farms	1.9869%	Fee Leases	40.00
10	N/2 Section 36, NE/4 NE/4 Section 35, T-16-S, R-28-E, NMPM	NM State 35 and NM State 36	19.1871%	L-1603 L-3755	360.00
11	W/2 SE/4 Section 36, T-16-S, R-28-E, NMPM	Hinkle State "A"	0.9476%	E-10068	80.00

**EXHIBIT "B"**

G. W. Allen & Juanita G. Allen  
Post Office Box 402  
Mesquite, Texas 75149

Ernest Angelo, Jr.  
410 N. Main  
Midland, Texas 79701

Carl C. Beach  
3511 Meadowridge  
Midland, Texas 79707

William N. Beach  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Bogle Farms, Inc.  
Post Office Box 358  
Dexter, New Mexico 88230-0358

Garon D. Cagle  
2202 Ave Q  
Lubbock, Texas 79400

V. J. Callaway  
Box 2424  
Hobbs, New Mexico 88241-2424

Michael R. Childers  
Post Office Box 1412  
Bedford, Texas 76095-1412

DCM Oil & Gas Corp.  
Marshall S. McCrea, President  
Post Office Box 1715  
Midland, Texas 79702

James S. DuBose  
Post Office Box 2990  
Fort Worth, Texas 76103

Forrest D. Dunlap III  
7267 Stefoni  
Dallas, Texas 75225

Estoril Producing Corp.  
400 W. Illinois, Suite 1600  
Midland, Texas 79701

Amoco Production Company  
Post Office Box 841521  
Dallas, Texas 75284-1521

J. H. Baldwin  
Box 422  
Lamesa, Texas 79331

Beach Exploration, Inc.  
800 N. Marienfeld, Suite 200  
Midland, Texas 79701

Carroll W. Bellah  
208 S 7th Street  
Lovington, New Mexico 88260

Brown Royalties IP  
Post Office Box 2690  
San Angelo, Texas 76902

Cal-Mon Oil Company  
Robert L. Mongahan, President  
Post Office Box 2066  
Midland, Texas 79702

CBF Company  
Post Office Box 5614  
Hobbs, New Mexico 88241-5614

Bernard D. Cleve  
c/o Elk Cattle Co.  
Hope, New Mexico 88250

Dartmouth College Endowment  
c/o Deborah Lord-Nolet  
Post Office Box 107  
Col-Hall  
Hanover, NH 03755

Dorothy D. Dunlap  
7267 Stefoni  
Dallas, Texas 75225

W. R. Erickson & Wanda Faye  
Erickson  
Box 1100  
Hobbs, New Mexico 88241-1100

Exxon Corporation  
Post Office Box 1547  
Houston, TX 77251-1547

**EXHIBIT "B"**

T. Calder Ezzell, Jr.  
Post Office Box 10  
Roswell, New Mexico 88202-0010

Robert O. Franklin, Jr.  
Post Office Box 820848  
Dallas, Texas 75382-0848

James E. Guy  
1902 Briscoe  
Artesia, New Mexico 88210

Joe Henderson  
Post Office Box 2477  
Midland, Texas 79702

Sam E. Hilburn  
401 West Texas, Suite 407  
Midland, Texas 79701

David L. Holland  
1801 Huntington  
Midland, Texas 79705

J. T. Jackson  
711 W. Texas  
Artesia, New Mexico 88210

Deirde J. Johnson IP  
Post Office Box 2690  
San Angeloe, TX 76902-0128

Erma Lowe  
Post Office Box 2923  
Houston, Texas 77252

Jack Markham  
1500 Broadway, Suite 1212  
Lubbock, Texas 79401

Jack O. McCall  
Post Office Box 931  
Midland, Texas 79702

G. K. McDonald  
Post Office Box 736  
Lamesa, Texas 79331-736

Midwest Investment Co.  
Post Office Box 597  
Roswell, New Mexico 88202

Robert L. Monaghan  
Post Office Box 2066  
Midland, Texas 79702

Loy G. Fletcher  
Post Office Box 852  
Artesia, New Mexico 88210

W. L. (Dub) Gray  
Post Office Box 258  
Artesia, New Mexico 88210

Elizabeth S. Hammack  
1150 One Energy Square  
Dallas, Texas 75206

John H. Hendrix  
223 W. Wall, Suite 525  
Midland, Texas 79701

Hinkle Investment Company  
Post Office Box 2002  
Roswell, New Mexico 88201

Horseshoe Oil & Gas Corp.  
George McCrea, President  
Post Office Box 870  
San Angelo, TX 76902

Jan Oil Company  
J. W. Levin, Vice President  
Post Office Box 76499  
Oklahoma City, OK 73147

E. L. Latham Co.  
Post Office Box 1392  
Hobbs, New Mexico 88240

Maralo, Inc.  
Post Office Box 2923  
Houston, Texas 77252-2923

Marshall & Winston, Inc.  
Post Office Box 50880  
Midland, TExas 79710-0880

McDonald Company  
Post Office Box 736  
Lamesa, Texas 79331-736

W. G. McPheron  
Post Office Box 1907  
Hobbs, New Mexico 88241-1907

MMS  
Post Office Box 5760 TA  
Denver Fed Cntr Bldg 85 RM A212  
Denver, Colorado 80217

Alexandra C. Morris  
Post Office Box 4881  
Midland, Texas 79704

**EXHIBIT "B"**

Charles E. Mumford Estate  
Jean E. Mumford, Executrix  
Post Office Box 144  
Hobbs, New Mexico 88241-0144

State of New Mexico  
Commissioner of Public Lands  
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Santa Fe, New Mexico 87504

Sherman H. Norton, Jr.  
916 Main, Suite 606  
Lubbock, Texas 79401

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Fred F. & Penta J. Pool  
#5 Summer Wild Place  
Roswell, New Mexico 88201

Arvil Reynolds  
c/o Ima Dale  
325 S. 13th  
Artesia, New Mexico 88210

Martha Ryan  
1509 Dawson Ter  
Carona Del Mar, CA 92625-1733

Sitton Enterprises  
916 Main, Suite 503  
Lubbock, Texas 79401-3422

Ronald Sitton  
916 Main, Suite 503  
Lubbock, TEXas 79401-3496

Spectrum 7 Energy  
Revenue Funds  
Post Office Box 612007  
Dallas, Texas 75261

William Tack Thomas  
3204 Westminster  
Dallas, Texas 75205

Trigg Oil & Mining Co.  
John H. & Pauline Trigg  
Post Office Box 520  
Roswell, New Mexico 88201

Tom C. Wanty  
1042 Lakeside Dr SE  
Grand Rapids, MI 49506

Don Narrell  
2311 Maxwell Drive  
Midland, Texas 79705-4911

Gail L. Norton  
4603 29th Street  
Lubbock, Texas 79410-1717

Penta Production Co.  
Post Office Box 1393  
Roswell, New Mexico 88201

Randall Prude  
3100 N. A Bldg B, Suite 200  
Midland, Texas 79705

J. P. Rose  
916 Main, Suite 606  
Lubbock, Texas 79401

Mark Schweinfurth  
Post Office Box 2585  
Midland, Texas 79702

P&E Sitton Corporation  
916 Main, Suite 503  
Lubbock, TEXas 79401-3422

Don Sparks  
800 North Marienfeld, Suite 100  
Midland, Texas 79701

George A. Thomas  
5 Weeping Willow Lane  
Midland, Texas 79705

Tocor Investments, Inc.  
A. T. Carleton  
Post Office Box 293  
Midland, Texas 79702

Mark S. Vozar  
3705 Wheaton Drive  
Bedford, Texas 76021

J. M. Welborn  
1500 Broadway, Suite 1212  
Lubbock, Texas 79401

**EXHIBIT "B"**

Charles L. West  
3103 Auburn  
Midland, Texas 79705

Yates Exploration Co.  
Post Office Box 0  
Albuquerque, New Mexico 87103

Paul White  
Post Office Box 1025  
Artesia, New Mexico 88210

cec\6\6.2ex