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 <u>12th</u> 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.

CASE NO. 10193 Order No. R-9454 Page -2-

(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 interst 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.

CASE NO. 10193 Order No. R-9454 Page -6-

(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

desjourned S E A L

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

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.

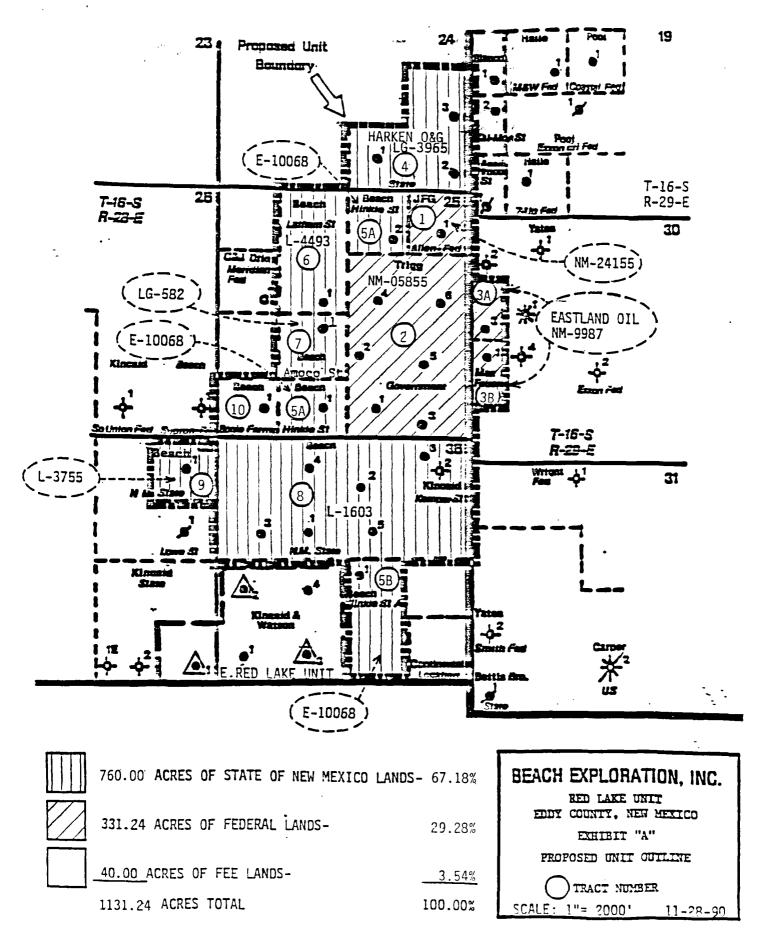
HINKLE, COX, EATON, COFFIELD & HENSLEY

By:

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

Attorneys for Beach Exploration, Inc.

cec\6\6.1



NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

| | 38 | 3 A | м | pun | TRACT NO. |
|-----------------------|--|--|--|---|--|
| TOTAL FEDERAL ACREAGE | LOT 3 SECT. 38 T-16-5,R-29-E NMPM | LOT 2 SECT. 38 T-16-S,R-29-E NMPM | SE/4,5/2 NE/4 SECT. 25 T-16-S,R-28-E NMPH | ! NE/4 NE/4 SECT. 25 ! T-16-5,R-28-E | DESCRIPTION |
| 331.24 | 25.62 NM-9987 HBP | 25.62 NM-9987 HBP | 240.00 NM-05855 HBP | 40.00 NM-24155 HBP | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE |
| | U.S. | u.s. | U.S. | U.S. | E DATE |
| | 0.125 <i>0</i> | 8.1258 | 8. 125 0 | 0. 1250 | BASIC ROYALTY OWNER & 7 |
| | EXXON | EXXON | J.H. TRIGG | JFG ENTERPRISES | LESSEE OF RECORD |
| | 180 % | 188 % | 180 % | 180 % | |
| • | EXXON | EXXON | YATES EXPLORATION CO. | ALLEN,G.W. & JUANITA 6. | ORRI Z |
| | 8.49508808 | 8.89586688 | 8.82508888 | 8.83888888 | |
| \ | POOL TRUST, F.F. & P.J. EZZELL JR., T. CALDER PENTA PRODUCTION CO. | POOL TRUST,F.F. & P.J. | BEACH EXPLORATION, INC. TRIGG OIL & MINING CO. | BELLAH, CARROLL M. FLETCHER, LOY G. GUY, JAMES E. JACKSON, J.T. | W. I. OWNERS & Z |
| PAGE 1 OF 5 | 0.05000000 0.11000300 0.84000000 | 1.00000000 | 0.55002000 0.45000000 | 8.95098828 8.31666788 8.31666788 8.31666688 | |

| & | ر. عد | TRACT NO. |
|--|---|--|
| W/2 SE/4 SECT. 36 T-16-5,R-28-E NMPM | S/2 SE/4,NE/4 SE/4 SECT. 24 1-16-S,R-28-E NMPM NW/4 NE/4, SE/4 SW/4 SECT. 25 1-16-S,R-28-E NMPM | DESCRIPTION |
| 88,98 E-19868 | 120.00 LG-3965 HBP 80.00 E-10068 HBP | SERIAL NO. & EXPIRATION DATE OF ACRES OF LEASE |
| STATE | 3191S | |
| 8.1 258 | 8. 1258 8. 1258 | BASIC ROYALTY OWNER & % |
| HINKLE INV. | EXXON HINKLE INV. | LESSEE OF RECORD |
| 108 % | | |
| FRANKLIN, ROBERT G, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERI B | EXXON CHILDERS, MICHAEL R. VOZAR, MARK S. FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B | ORRI Z |
| 8.08437588 8.08437588 8.08437588 8.0758088 8.88218758 8.68218758 | 0.12500000 0.30250000 0.20250000 0.00437500 0.00437500 0.00218750 0.00218750 | |
| BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DEIRDRE J, IP HODONALD, GK NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | SPECTRUM 7 1984-1985 PDP SPECTRUM 7 1985 DP SPECTRUM 7 1985 DP SPECTRUM 7 1DP BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BRGWN 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 | W. I. OWNERS & Z |
| 0.06250228 0.03125020 0.17750000 0.177500000 0.010000000 0.03125000 0.03125000 0.031250000 0.031250000 0.031250000 0.03750000 0.08133333 0.383750000 0.08136667 0.09375000 | 8.45000000 8.45000000 8.1250000 8.64250000 8.63125000 8.11750000 8.11750000 8.011800000 8.03125000 8.03125000 8.03125000 8.03125000 8.03750000 8.03750000 8.03750000 | |

| 7 | 6 | TRACT NO. |
|--|--|--|
| T-16-5,R-28-E NMPM | E/2 NW/4 SECT. 25 T-16-5,R-28-E NNPM | DESCRIPTION |
| 40.00 L6-582 STATE HBP | 80.88 L-4493 STATE HBP | SERIAL NO. 1 EXPIRATION DATE NO. OF ACRES OF LEASE |
| 0. 1258 | 0.1258 | BASIC ROYALTY OWNER & Z |
| AMOCO | E.L. LATHAM | LESSEE OF RECORD |
| 7. 881 | 180 % | |
| ANDED PRODUCTION | CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAN CO., E L MUMFORD ESTATE, CHARLES E MCPHERON, W G | ORRI Z |
| 8. 8625ชยอย | 8.08937508 8.08937508 8.09937508 0.01562508 8.08937508 | |
| BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY NCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD MEST, CHARLES L | W. I. OWNERS & Z |
| 8.06250000 8.03125000 8.01000000 8.01000000 8.03125000 8.03125000 8.03125000 8.03125000 8.031250000 8.03150000 8.04250000 8.03750000 8.08375000 8.08375000 8.08375000 | 8.06250000 0.03125000 0.17750000 0.01250000 0.03125000 0.03125000 0.03125000 0.031250000 0.03750000 0.0333333 0.083750000 0.083750000 | |

| ; TOTA | | 8 N/2 | · | · | 9 17 NE | TRACT NO. |
|---|---|---|--|--|---|--|
| TOTAL STATE ACREAGE | | N/2 SECT. 36 T-16-5,R-28-E NMPM | • | | NE/4 NE/4 SECT. 35 T-16-S,R-28-E NMPM | DESCRIPTION |
| 768.88 | | 320.80 L-1683 HBP | | | 48.00 L-3755 HBP | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE |
| | · · | STATE | · | | STATE | NO. & ON DATE |
| | | 8. 1258 | | | 8. 1258 | BASIC ROYALTY OWNER & % |
| | | MARALO INC. | | | MARALO INC. | LESSEE OF RECORD |
| | | 100 Z | ٠ | | 168 x | |
| | SCHWEINFURIH, MAKK | LOWE, ERMA MARALO INC FRUDE, RANDALL | | | LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK | grp1 ۲ |
| | | | | | | |
| | 6. 662 778 868 868 | 8. 81562588 8. 84687588 8. 61888888 | 1 | | 8.01562588 8.04687588 8.01000008 8.0825888 | |
| SITTON, ROHALD WEST, CHARLES L | HOUNN HOYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, 6 K MARKELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON P & E CORP. | BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N | SITTON, P & E CORP. SITTON, ROWALD WEST, CHARLES L | MCDONALD CORPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P | | W.I. DWNERS & Z |
| 8.04166667 8.89375288 FAGE 4 OF 5 | 8.83125808 8.83125808 8.83125808 8.83125808 9.84258888 9.24258888 9.21258888 9.21258888 | 0.85250000 0.03125800 0.17750200 | 8.88375888 8.88375888 8.84166667 8.89375888 | 8.83125828 8.83125828 8.86250888 8.21258883 | 8.2525088 8.83125008 8.17750088 8.81830888 8.83125368 8.81883688 | |

| | | | | | | | | | | | | | | | | į | | TARCT NO. | TDACT NO |
|---------|--|----------------|---|-----------------|----------------|---------------------|--------------------|------------|------------------------|--------------|---------------|------------------|--|------------------------|-----------------------|--------------------------|--------------------|---|---------------------------------------|
| | | | | | | | | | | | | | | : GRAND TOTAL ACREAGE. | | | SW/4 SW/4 SECT. 25 | | DESTRIPTION |
| | | | | | | | | | | | | | 17 10 10 10 11 11 11 11 11 11 | 1131.24 | | 48.88 | 40.60 | , | NO. OF ACRES |
| 113 | 76 33 | | | | | | | | | | | | | | | | BOGLE FARMS | | SERIAL NO. & EXPIRATION DATE OF LEASE |
| 1131.24 | 768.88 ACRES OF STATE OF N.M. LANDS 331.24 ACRES OF FEDERAL LANDS 48.88 ACRES OF FEE LANDS | RECAPITULATION | | | | | | | | | | | | - | | | FARMS . 8.0625 | | BASIC ROYALTY |
| 1.0000 | F N.M. LANDS 8.6718 LANDS 8.2928 8.8354 | | | | | | | | | • | | | | | | | W.N. BEACH | * | LESSEE OF RECORD |
| ii — | | | | | | | - | | • | • | | | | | | _ | 188 7 | 1 | |
| | | | | | | | | | | | | - | | | DIGHTON THAT SHEET SE | MIDENDI TECHNICAL FORCES | BOGLE FARMS, INC. | | ORRI Z |
| | | · | | | ı | | | | | ٠ | | | | | | A. 125BARRA | 8.86758888 | | |
| | | | • | NEST, CHARLES L | SITTON, RONALD | SITTON, P & E CORP. | SITTON ENTERPRISES | ROSE. J P | NORTON, SHERMAN H., JR | NARRELL, DON | McDONALD, 6 K | McDONALD COMPANY | JOHNSON, DEIRDRE J. IP | HOLLAND, DAVID L | BROWN ROYALTIES IP | REACH WILLIAM N | BEACH, CARL C | DAI BUTH T L | W. I. OWNERS & Z |
| | | · | | 8. 89375888 | B. 04166667 | 8, 88375080 | B. 08333333 | 0.03752200 | 8.2125BBBB | 8.85258688 | 0.03125000 | 8,80125388 | 8.01080008 | a.e3125@6a | 0.818888CB | B. 17756080 | 8.03125038 | ESSESSION OF | |

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.

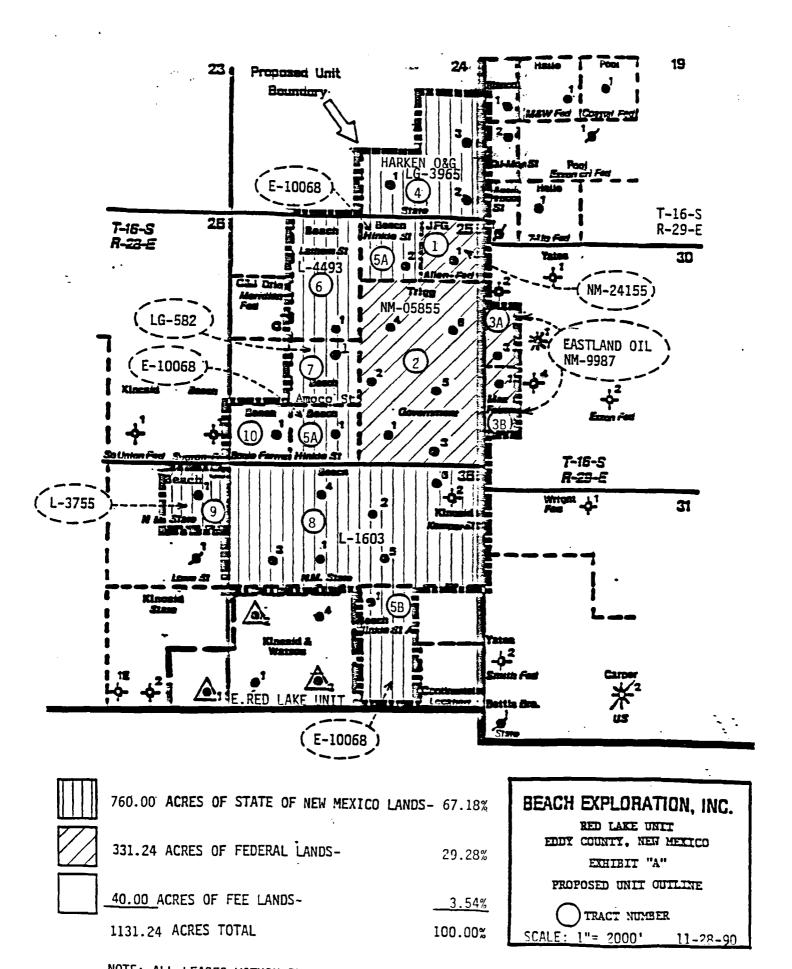
HINKLE, COX, EATON, COFFIELD & HENSLEY

ву: (

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

Attorneys for Beach Exploration, Inc.

cec\6\6.1



NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

PAGE 1 OF 5

! TOTAL FEDERAL ACREAGE

331.24

| S | 55 | co | TRACT NO. |
|--|---|--|--|
| W/2 SE/4 SECT. 36 T-16-S,R-28-E NHPM . | NN/4 NE/4, SE/4 SW/4 SECT. 25 T-16-5,R-28-E NMPH | S/2 SE/4.NE/4 SE/4 SECT. 24 T-16-S,R-28-E NMPM | DESCRIPTION |
| 88.88 E-18868 | 5 80.00 E-10868 | 120.00 LG-3965 HBP | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE |
| STATE | TATE | STATE | ATE |
| 8. 1258 | 0. 1258 | 8.1250 | BASIC ROYALTY OWNER & % |
| HINKLE INV. | HINKLE INV. | EXXON | LESSEE OF RECORD |
| 100 % | 180 7 | 188 Z | i i i i i i |
| FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERI B | FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B | EXXON CHILDERS, MICHAEL R. VOZAR, MARK S. | OFRI Z |
| 8.08437508 8.08437508 8.0750000 8.07500000 8.00218758 8.00218750 | 8.88437588 8.88437588 8.88437588 8.97588888 8.69218758 8.08218758 | 0.12500000 0.30250030 0.30250030 | |
| BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP KCDONALD COMPANY MCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON, P & E CORP. STITON BONALD | BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRORE J, IP MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, RONALD SITTON, RONALD WEST, CHARLES L | SPECTRUM 7 1984-1985 PDP SPECTRUM 7 1985 DP SPECTRUM 7 1DP | W.I. OWNERS & Z |
| 0.04250200 0.17750000 0.17750000 0.01000000 0.01000000 0.01125000 0.03125000 0.04156667 0.04166667 | 0.06250000 0.03125000 0.17750000 0.01000000 0.01020000 0.0125000 0.06250000 0.06250000 0.063750000 0.083750000 0.083750000 0.083750000 0.083750000 | 0.45022200 6.45020200 6.1202022 | |

0.09375000 PAGE 2 OF 5

| | o- | TRACT NO. |
|--|--|--|
| NE/4 SW/4 SECT.25 | E/2 NW/4 SECT. 25 T-16-5,R-28-E NMPM | DESCRIPTION |
| | | NO. |
| 48.00 LG-582 HBP | 80.20 L-4493 HBP | SERIAL NO. % EXPIRATION DATE OF ACRES OF LEASE |
| STATE | STATE | ATE |
| 8.1258 | 8. 125 8 | BASIC ROYALTY OWNER & % |
| AMOCO | E.L. LATHAM | LESSEE OF RECORD |
| 188 % | | F 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 |
| AMOCO PRODUCTION | CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAM CD., E L MUMFORD ESTATE, CHARLES E MCPHERON, W 6 | ORRI Z |
| 8. 26250288 | 8.88937588 8.88937588 8.88937588 8.81562588 8.88937588 | |
| BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD, G K NCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | W. I. OWNERS & 7 |
| 8.86250000 8.03125000 8.17750000 8.01000000 8.01000000 8.01125000 9.03125000 9.04250000 9.3750000 9.8375000 9.8375000 9.8416667 8.89375000 | 8.06250000 8.33125000 8.17750000 8.03125000 8.03125000 8.03125000 8.03125000 8.05252000 8.05252000 8.05252000 8.05252000 8.05333333 8.06375000 8.09375000 8.09375000 | |

| | ′œ | , | 9 | TRACT NO. |
|---|--|--|---|--|
| TOTAL STATE ACREASE | N/2 SECT. 36 T-16-5,R-28-E NMPM | • | NE/4 NE/4 SECT. 35 T-16-S,R-28-E NMPM | DESCRIPTION |
| 760.08 | 328.88 L-1683 HBP | | 48.88 L-3755 HBP | SERIAL NO. & EXPIRATION DATE OF ACRES OF LEASE |
| • | STATE | · . | STATE | . & DATE |
| | 8.1258 | | 8.1250 | BASIC ROYALTY OWNER & % |
| · . | MARALD INC. | | MARALO INC. | LESSEE OF RECORD |
| | 188 % | | 188 % | T T T T T T T T T T T T T T T T T T T |
| | LOWE, ERMA MARALO INC FRUDE, RANDALL SCHWEINFURTH, MARK | | LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK | ORRI Z |
| | 0.01562500 0.04687500 0.01000000 0.00250000 | 1 | 8.81562588 8.84687588 8.81888888 8.88258888 | |
| HULLHAD, PHYID C JOHNSON, DEIRDRE J, IP McDONALD, 6 K NARRELL, DON NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, ROWALD WEST, CHARLES L | BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP | COMPANY DON SHERMAN H., P NTERPRISES P & E CORP. ROTALD ARLES L | BALIWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J. IP | W. I. OWNERS & Z |
| 0.01125020 0.03125020 0.03125020 0.03125020 0.21250200 0.21250200 0.09333333 0.09335000 0.09375000 0.09375000 | 0.86258200 8.83125800 8.17759203 8.81080808 | 8.83125008 8.84250088 8.2125008 8.2125008 8.83750088 8.88375008 8.88375008 8.88755088 | 0.2625020 0.03125030 0.1750000 0.01000000 0.03125000 | |

TO UNIT AGREEMENT EXHIBIT "B"

SERIAL NO. &
EXPIRATION DATE EDDY CO., N.M.

BASIC ROYALTY OWNER & Z

TRACT NO.

DESCRIPTION

NO. OF ACRES

OF LEASE

BUGLE FARMS

· 8.0625

W.N. BEACH

180 %

BOGLE FARMS, INC.

8.80888888 8.86258888 8.12500000

BEACH, WILLIAM N

BROWN ROYALTIES IP

8.03125000 8.17756000 8.81006008 8.83125060

BEACH, CARL C

BALDWIN, J.H.

8.86258888

ORRI Z

DARTMOUTH COLLEGE ENDOWNE NIDWEST. INVESTMENT CO

LESSEE OF RECORD

18 : SW/4 SW/4 SECT. 25 : TOTAL FEE ACREAGE

GRAND TOTAL ACREAGE

1131.24 -----48.00 40.68

760.88 ACRES OF STATE OF N.M.LANDS 8.6718
331.24 ACRES OF FEDERAL LANDS 8.8354
48.88 ACRES OF FEE LANDS 8.8354 RECAPITULATION

> SITTON, P & E CORP.
> SITTON, RONALD NARRELL, DON MCDONALD, 6 K **NEST, CHARLES L** ROSE, J P NORTON, SHERMAN H., JR HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP KCDONALD COMPANY 0.04166667 0.09375000 8.01125300 8.03125000 8.03125000 0.05250000 8.21250000 8.21250000 8.03750000 8.0833333

W. I. GWNERS & Z

PAGE 유 5 ## ## ## ## ## ## ## ## ##

1131.24 -----

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.

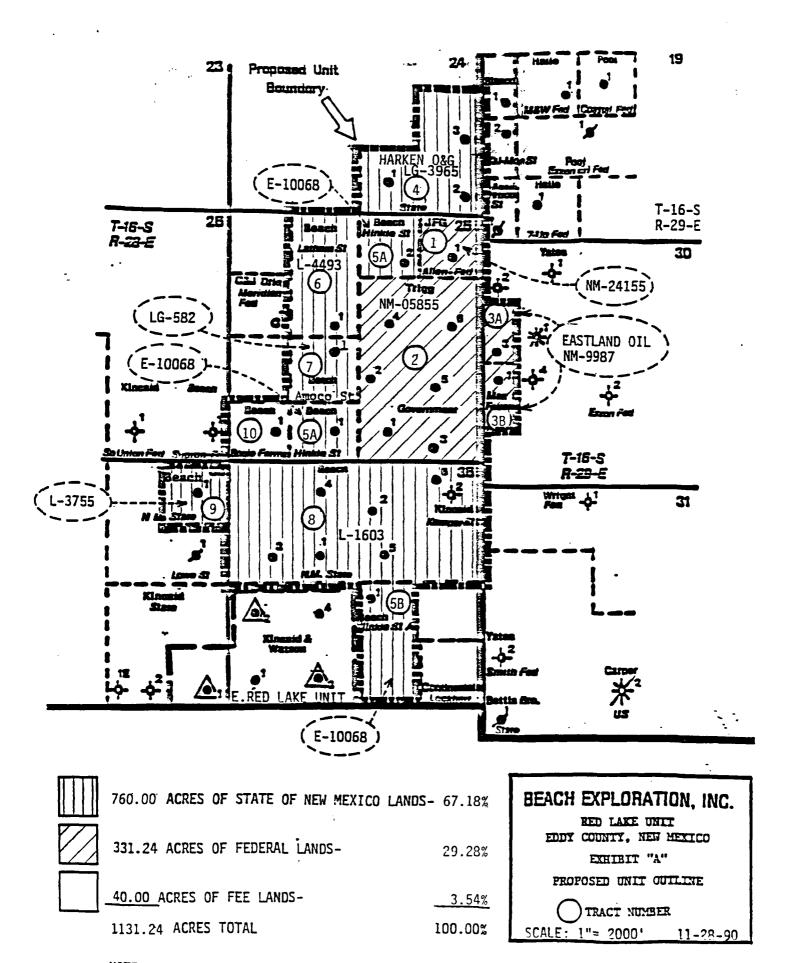
HINKLE, COX, EATON, COFFIELD & HENSLEY

ву: 🤇 🖳

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

Attorneys for Beach Exploration, Inc.

cec\6\6.1



NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

| TRACT NO. DESCRIFTION NO. OF ACRES OF LEASE OF RECORD | | | | | | | | | * * * * * * * * * * * * * * * * * * * | | |
|---|------|---|------------|---------------------------|-------|------------------|-------------------------|-------|---------------------------------------|--|------------|
| NE/4 NE/4 SECT. 25 | P.J. | POOL TRUST,F.F. & EZZELL JR.,T. CALD PENTA PRODUCTION C | 8.89588888 | EXXON | 198 % | EXXON | 0.1250 | U.S. | 25.62 NM-9987 'HBP | 1 LOT 3 SECT. 30 1 T-16-5,R-29-E NMPM | 3 B |
| DESCRIPTION NO. OF ACRES OF LEASE OWNER & Z LESSEE OF RECORD ORRI Z I NE/4 NE/4 SECT. 25 40.00 NM-24155 U.S. 0.1250 JFG ENTERPRISES 100 Z ALLEN,G.W. & JUANITA G. 0.0300000000000000000000000000000000 | ÷ | POOL TRUST,F.F. & F | 6.89506088 | EXXON | 198 % | EXXON | 8.1258 | u.s. | 25.62 NM-9987 HBP | 1 T-16-5,R-29-E NMPM | 3A |
| SERIAL NU. K EXPIRATION DATE BASIC ROYALTY DESCRIFTION NO. OF ACRES OF LEASE OWNER & 7 LESSEE OF RECORD ORRI % NE/4 NE/4 SECT. 25 40.00 NM-24155 U.S. 0.1250 JFG ENTERPRISES 100 7 ALLEN,G.W. & JUANITA 6. 0.03000000 BELLA FLETC GUY,J JACKS | 8 A | BEACH EXPLORATION, INC. TRIGG OIL & MINING CO. | 0.82508808 | YATES EXPLORATION CO. | 188 % | | 8. 1258 | บ. ร. | 240.00 NM-85855 HBP | SE/4,5/2 NE/4 SECT. 25 | ю |
| SERIAL NO. & EXPIRATION DATE BASIC ROYALTY DESCRIFTION NO. OF ACRES OF LEASE OWNER & 7. LESSEE OF RECORD ORRI % | | BELLAH, CARROLL W. FLETCHER, LOY G. GUY, JAMES E. JACKSON, J.T. | 8.83900008 | ALLEN, G. W. & JUANITA G. | 188 7 | m | 8.1250 | u.s. | 40.80 NM-24155 HBP | : NE/4 NE/4 SECT. 25 : T-16-S,R-28-E | · |
| | 74 | W. J. OWNERS & | | ORR1 % | | LESSEE OF RECORD | BASIC ROYALTY OWNER & 7 | DATE | 1 | DESCRIFTION | TRACT NO. |

PAGE 1 OF 5

! TOTAL FEDERAL ACREAGE

331.24

TRACT NO. 5B : W/2 SE/4 SECT. 36 5A ! NW/4 NE/4, SE/4 SW/4 SECT. 25 4 : 5/2 SE/4,NE/4 SE/4 SECT. 24 T-16-5,R-28-E NMFM 1-16-5, R-28-E NMFH 1-16-5,R-28-E NMPM DESCRIPTION NO. OF ACRES 120.00 L6-3965 80.00 E-10068 80.00 E-10868 뚕 쁑 EXPIRATION DATE SERIAL NO. & OF LEASE STATE STATE BASIC ROYALTY DWNER & % 0.1250 0.1250 0.1250 HINKLE INV. NOXX3 HINKLE INV. LESSEE OF RECORD 100 7 100 % 188 % MORRIS, ALEXANDRA C HINKLE INVESTMENT COMPANY HAMMACK, ELIZABETH S MORRIS, ALEXANDRA C MORRIS, ROBERT B HINKLE INVESTMENT COMPANY FRANKLIN, ROBERT O, JR MORRIS, ROBERI B HILBURN, SAM E FRANKLIN, ROBERT O, JR HILBURN, SAM E HAMMACK, ELIZABETH S VOZAR, MARK S. CHILDERS, MICHAEL R. 0.07500008 0.0021875 B. 97588868 0.00437500 0.00216750 8.88218758 0.00437500 0.00437500 0.00437508 8.00218756 0. 20437588 0.0043750E 8.00258000 6. 36250030 **0.** 12500000 SITTON ENTERPRISES SITTON ENTERPRISES NORTON, SHERMAN H., JR HOLLAND, DAVID L NORTON, SHERMAN H., JR JOHNSON, DEIRORE J, IP BEACH, WILLIAM N SPECTRUM 7 IDP SPECTRUM 7 1985 DP SPECTRUM 7 1984-1985 PDP WEST, CHARLES L SITTON, P & E CORP. ROSE, J P NARRELL, DON BROWN ROYALTIES IP BEACH, WILLIAM N BEACH, CARL C BALDWIN, J.H. SITTON, RONALD SITTON, P & E CORP. ROSE, J P NARRELL, DON BROWN ROYALTIES IP BEACH, CARL C BALDWIN, J.H. SITTON, RONALD McDONALD, 6 K JOHNSON, DEIRDRE J, IP MCDONALD, 6 K HOLLAND, DAVID L COUNTED COMPANY MEST, CHARLES L HCDONALD COMPANY W. I. OWNERS & Z 8. 86250020 8. 177502080 8. 177502080 8. 01000000 8. 03125020 8. 01020000 8. 03125020 9. 03125020 9. 06250000 9. 062500000 . 0425028 . 03125020 . 1775020 . 0100000 0. 03125020 1. 03125020 1. 03125020 1. 03125020 1. 03125020 .03750000 .0333333 .08375000 .04166667 .03750000 .0033333 .00375000 . 89375808

PA6E

| 7 | 5~ | TRACT NO. |
|--|--|--|
| NE/4 SW/4 SECT.25 | E/2 NW/4 SECT. 25 T-16-5,R-28-E NHPM | DESCRIPTION |
| 40.08 L6-582 STATE HBP | 88.28 L-4493 STATE HBP | SERIAL NO. & EXPIRATION DATE OF ACRES OF LEASE |
| 8.1258 | 8.1258 | BASIC ROYALTY OWNER & Z |
| АМОСО | E.L. LATHAM | LESSEE OF RECORD |
| 188 % | 180 % | 1 1 1 1 1 1 1 |
| AMOCO PRODUCTION | CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAN CO., E L KUMFORD ESTATE, CHARLES E MCPHERON, W G | ORRI Z |
| e. 86250988 | 8.8937588 8.8937588 8.8937588 8.81562588 8.86937588 | |
| 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 | BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IF MCDONALD COMPANY MCDONALD, G K NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, ROWALD WEST, CHARLES L | W. I. OWNERS & % |
| 8.84250000 8.03125000 8.17750000 8.81000000 8.810000000 8.810000000 8.8125000 8.03125000 8.02550000 8.02550000 8.02550000 8.02550000 8.02550000 | 8.84156667 8.83125808 8.83125808 8.83125808 8.83125808 8.83125808 8.83125808 8.83758888 8.83758888 | |

| | ′•• | | | 9 | TRACT NO. |
|---|---|---|--|--|--|
| TOTAL STATE ACREAGE | ! ! N/2 SECT. 36 ! T-16-5,R-28-E NMPM | | | NE/4 NE/4 SECT, 35 T-16-S,R-28-E NMPM | DESCRIPTION |
| 760.00 | 320.88 L-1683 ST | • • | | 40.00 L-3755 ST HBP | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE |
| | STATE 8.1250 | | | STATE 8.1250 | BASIC ROYALTY OWNER & Z |
| | MARALD INC. | | | MARALO INC. | LESSEE OF RECORD |
| | 160 % | | | 7 891 | |
| SCHWEINFURTH, MARK | LOWE, ERMA MARALO INC FRUDE, RANDALL | | | LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK | ORR1 % |
| 0. 0825888 | 8.81562588 8.84687588 | · · · y | | 8.01562500 8.04687500 8.01880080 8.08250008 | |
| BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE 3, IP McDONALD COMPANY MCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD MEST, CHARLES L | BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N | ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, ROTALD | DAVID L DEIRDRE COMPANY COMPAN | BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP | W.I. OWNERS & Z |
| 8.81080888 8.23125828 8.21008288 8.83125828 8.83125828 8.83258288 9.21258288 9.21258288 8.8375888 8.8333333 8.8375888 8.84166667 8.89375288 | 0.84258208 8.83125800 8.17758268 | 8.83750000 8.8833333 8.88375000 8.04166667 | 8.03125300 8.03125000 8.03125000 8.03125000 8.06250000 | 8.83125038 8.83125038 8.17750088 8.81080888 | |

SERIAL NO. & EXPIRATION DATE

TRACT NO.

DESCRIPTION

NO. OF ACRES

OF LEASE

10 : SW/4 SW/4 SECT. 25 1 TOTAL FEE ACREAGE

GRAND TOTAL ACREAGE.

1131.24

48.08 40.68

BOGLE FARMS

. **8.** 8625

W.N. BEACH

100 %

BOGLE FARMS, INC. DARTMOUTH COLLEGE ENDOWNE NIDWEST. INVESTMENT CO

> 0.06256888 8.0002000

BASIC ROYALTY
OWNER & Z

LESSEE OF RECORD

ORRI %

BALDWIN, J.H.

W. I. OWNERS & Z

B. 12500000 SITTON ENTERPRISES
SITTON, P & E CORP.
SITTON, RONALD
NEST, CHARLES L NARRELL, DON McDONALD, 6 K MCDONALD COMPANY HOLLAND, DAVID L BEACH, WILLIAM N ROSE, J P NORTON, SHERMAN H.,JR JOHNSON, DEIRDRE J, IP BROWN ROYALTIES IP BEACH, CARL C 8.8625020 8.03125030 8.11756023 8.81125000 8.61125000 8.63125000 8.63125000 8.86250000 8.86250000 8.863750000 8.68333333 8.683333333 8.683335000

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

##

PAGE

5 OF 5

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

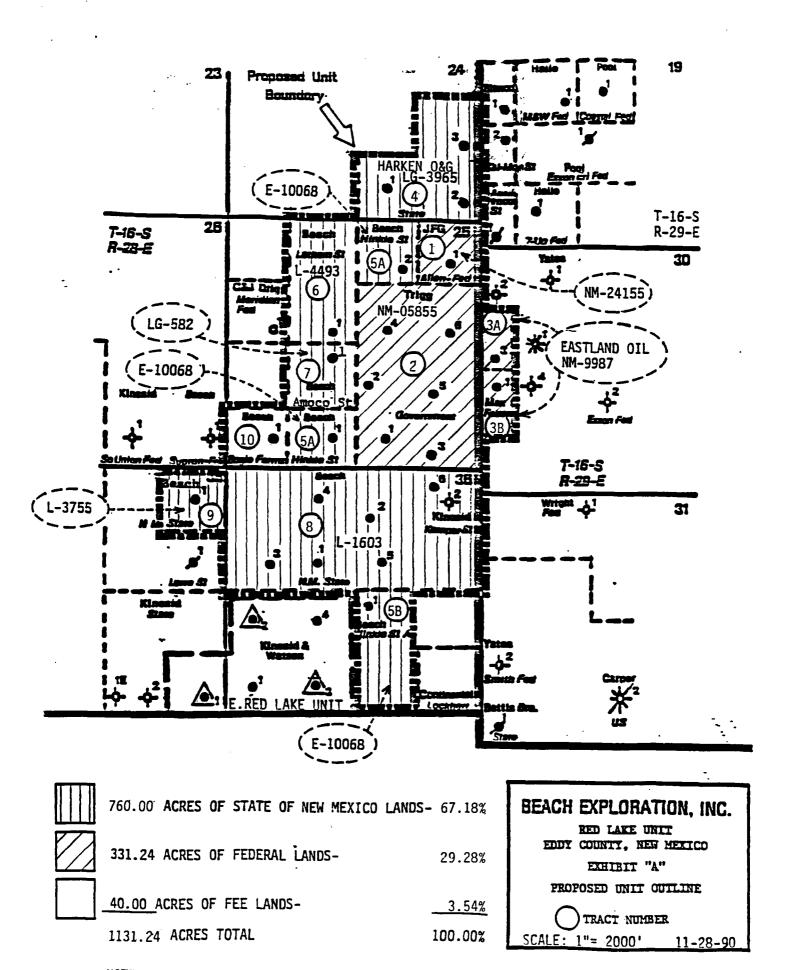
By:

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

ILLOSO KA

Attorneys for Beach Exploration, Inc.

cec\6\6.4



NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

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

| TRACT NO. DESCRIPTION NO. OF ACRES OF LEASE DAVID NOTE OWNER & Z. LESSEE OF RECORD ORRI Z. M.I. OWNERS & Z. LESSEE OF RECORD ORRI Z. M.I. OWNERS & Z. LESSEE OF RECORD ORRI Z. M.I. OWNERS & Z. LESSEE OF RECORD ORRI Z. M.I. OWNERS & Z. LESSEE OF RECORD ORRI Z. M.I. OWNERS & Z. LENGEN, L. W. JUANITA B. 8.83808080 BELLHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELLHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELLHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. FLETCHER, LOT B. GUY, JAMES E. JUANITA B. 8.83808080 BELCHH, CARROLL M. JUANITA B. LOT B. GUY, JUANITA B. 8.83808080 BELCHH, CARROLL M. JUANITA B. LOT B. GUY, JUANITA B. 8.83808080 BELCHH, CARROLL M. JUANITA B. LOT B. GUY, JUANITA B. LOT B. GUY, JUANITA B. JUANITA | | | | | | | | | * | | |
|--|-----|---|------------|---------------------------|-------|------------------|-------------------------|------|---|--------------------------------|-------------------------------|
| NE/4 NE/4 SECT. 25 | | POOL TRUST, F.F. & F EZZELL JR., T. CALDE PENTA PRODUCTION CO | 8.09500000 | EXXON | 188 % | NOXXA | Ø.1250 | U.S. | 25.62 NM-9987 HBP | ECT. 38 ?-29-E NMPM | 38 LOT 3 SI T-16-S, |
| DESCRIPTION NO. OF ACRES OF LEASE DWNER & 7 LESSEE OF RECORD ORD 1 NE/4 NE/4 SECT. 25 240.00 NM-05055 1 NE/4 NE/5 NE/5 NE/6 SECT. 25 240.00 NM-05055 1 NE/6 NE/6 NE/6 NE/6 NE/6 NE/6 NE/6 NE/6 | .0 | POOL TRUST,F.F. & F | 8.89588888 | EXXON | 100 % | EXXON | 8.1258 | U.S. | 25.62 NM-9987 HBP | ECT. 38 ?-29-E NMPM | |
| EXPIRATION DATE BASIC ROYALTY OESCRIPTION NO. OF ACRES OF LEASE DWHER & 7 LESSEE OF RECORD ORRI 7 I NE/4 NE/4 SECT. 25 40.00 NM-24155 U.S. BASIC ROYALTY DWHER & 7 LESSEE OF RECORD OWNER & 7 LESSEE OF RECORD OWNER & 7 LESSEE OF RECORD ORRI 7 FLETC GUY,J JACKS JACKS | _ = | BEACH EXPLORATION, I TRIGG OIL & MINING | 6. 8258888 | VATES EXPLORATION CO. | 190 % | J.H. TR166 | 0. 1250 | U.S. | 248.00 NM-05855 HBP | 2 NE/4 SECT. 25 R-2B-E NMPM | 2 SE/4,S/ T-16-S, |
| EXPIRATION DATE BASIC ROYALTY DESCRIPTION NO. OF ACRES OF LEASE DWNER & 7. LESSEE OF RECORD GRRI % | | BELLAH, CARROLL W. FLETCHER, LOY 6. GUY, JAMES E. JACKSON, J.T. | 8.03000088 | ALLEN, G. W. & JUANITA G. | 180 % | m | 8. 1250 | U.S. | 40.00 NM-24155 HBP | :/4 SECT. 25 R-28-E | 1 ! NE/4 NE ! T-16-S; ! |
| | | W.I. OWNERS & | | ORR1 % | | LESSEE OF RECORD | BASIC ROYALTY DWNER & % | DATE | 1 | | TRACT NO. |

PAGE 1 OF 5

; TOTAL FEDERAL ACREAGE

331.24

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

| 汇 | 55 SA | TRACT NO. |
|---|---|---|
| W/2 SE/4 SECT. 36 T-16-S,R-28-E NMPM | T-16-5,R-28-E NMPM NW/4 NE/4, SE/4 SW/4 SECT. 25 T-16-5,R-28-E NMPM | DESCRIPTION 1 5/2 SE/4,NE/4 SE/4 SECT. 24 |
| 88.88 E-18868 | HBP 80.00 E-10068 HBP | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE 120.08 L6-3965 |
| STATE | STATE | STATE |
| 8. 1258 | 0. 1250 | BASIC ROYALTY OWNER & % 0.1250 |
| HINKLE INV. | HINKLE INV. | LESSEE OF RECORD |
| 100 17 | 180 27 | 7. 6881 |
| FRANKLIN, ROBERT O, JR HAMMACK, ELIIABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERI B | CHILDERS, MICHAEL R. VOZAR, MARK S. FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ROBERT B | ORRI Z |
| 8.80437588 8.80437588 8.80437588 8.80218758 8.80218758 | 8.00258208 8.00258208 8.00437508 8.00437508 8.07508080 8.00218750 8.00218750 | 0.12500000 |
| BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | SPECTRUM 7 1985 OP SPECTRUM 7 1DP BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRORE J, IP MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, RONALD WEST, CHARLES L | 7 |
| 0.04258028 0.03125028 0.17750008 0.17750008 0.01000008 0.03125000 0.03125000 0.03125000 0.04156667 0.09375000 0.09375000 | 8.4588888 8.86258888 8.86258888 8.817758888 8.81898888 8.8189888 8.8125888 8.83125888 8.83125888 8.83758888 8.83758888 8.83758888 | 8.45000000 |

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

| | | TRACT NO. |
|---|---|---------------------------------------|
| 7 ! NE/4 SW ! T-16-5, | 6 E/2 NB T-16-S | NO. |
| NE/4 SW/4 SECT.25 T-16-5,R-28-E NMPM | E/2 NW/4 SECT. 25 T-16-5,R-28-E NHPM | DESCRIPTION |
| 40.00 L6-582 H8P | 80.00 L-4493 HBP | SERIA EXPIRA NO. OF ACRES OF |
| STATE | STATE | SERIAL NO. & EXPIRATION DATE OF LEASE |
| 8. 1258 | 8. 125g | BASIC ROYALTY OWNER & Z |
| AMOCO | E.L. LATHAM | LESSEE OF RECORD |
| 199 % | ≈. 60 74 | ÷ |
| ANDCO PRODUCTION | CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAN CO., E L MUMFORD ESTATE, CHARLES E MCPHERON, W G | ORRI Z |
| 8.06250888 | 8.8937588 8.8937588 8.8937588 8.8937588 8.8937588 | |
| BALDWIN.J.N. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY NCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY NCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD SITTON, RONALD | W. I. OWNERS & 7 |
| 8.86250000 8.03125000 8.17750000 8.03125000 8.03125000 8.03125000 8.03125000 8.03750000 8.083750000 8.083750000 8.083750000 | 8.06250000 8.031250000 8.031250000 8.031250000 8.031250000 8.031250000 8.031250000 8.03750000 8.083750000 8.083750000 | |

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

| ′œ | | TRACT NO. |
|--|--|--|
| I T-16-S,R-28-E NMPM | NE/4 NE/4 SECT. 35 T-16-S,R-28-E NMPM | DESCRIPTION |
| 320.86 L-1683 HBP 760.88 | 40.00 L-3755 HBP | EXPIRATION DATE NO. OF ACRES OF LEASE |
| STATE | STATE | DATE |
| 8.1258 | 8.1250 | BASIC ROYALTY OWNER & % |
| MARALD INC. | MARALO INC. | LESSEE OF RECORD |
| 168 Z | 168 2 | 5 |
| LOWE, ERMA MARALD INC PRUDE, RANDALL SCHWEINFURTH, MARK | LOWE, ERMA MARALD INC PRUDE, RANDALL SCHWEINFURTH, MARK | ORRI % |
| 8.81562588 8.84687588 8.81888888 8.88258888 | 8.01562588 8.01687588 8.01008888 8.08258888 | 3 |
| BALDWIN, J.H. BEACH, WILLIAM N BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDDNALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, ROHALD WEST, CHARLES L | 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, ROWALD WEST, CHARLES L | W.I. OWNERS & 7 |
| 0.84258000 0.031258000 0.177502223 0.0108000000 0.031250000 0.031250000 0.042590000 0.042590000 0.033750000 0.033750000 0.033750000 0.033750000 0.033750000 0.033750000 0.033750000 0.033750000 0.033750000 0.033750000 | 8.36256068 8.931250069 8.117750069 8.01125069 8.01125069 8.03125069 8.03125069 8.031550669 8.0333333 8.083750669 8.084166667 | |

B. LIBIHKE

TO UNIT AGREEMENT

RED LAKE UNIT

EDDY CO.,N.M.

SERIAL NO. &

TRACT NO.

DESCRIPTION

18 : SW/4 SW/4 SECT. 25

TOTAL FEE ACREAGE

GRAND TOTAL ACREAGE

NO. OF ACRES 1131.24 40.68 40.00 EXPIRATION DATE OF LEASE BOGLE FARMS 760.00 ACRES OF STATE OF N.M. LANDS 8.6718
331.24 ACRES OF FEDERAL LANDS 8.2928 40.00 ACRES OF FEE LANDS RECAPITULATION BASIC ROYALTY DWNER & Z . B.0625 W.N. BEACH LESSEE OF RECORD 0.0354

SITTON ENTERPRISES
SITTON, P & E CORP.
SITTON, RONALD

WEST, CHARLES L

ROSE, J P

NARRELL, DON NORTON, SHERMAN H.,JR

MCDONALD, 6 K

8.03125000 8.03125000 8.1175000 8.01000000 8.01000000 8.01125000 8.03125000 8.03125000 8.031250000 8.03750000 8.03750000

JOHNSON, DEIRDRE J, IP McDONALD COMPANY

ORRI Z

BOGLE FARMS, INC. DARTHOUTH COLLEGE ENDOWNE MIDWEST. INVESTMENT CO

8.12588888 6.86258888 0.00860509

BEACH, CARL C BEACH, WILLIAM N

BALDWIN, J.H.

BROWN ROYALTIES IP HOLLAND, DAVID L

W.I. OWNERS & Z

PAGE 무 5 1.0000

1131.24

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

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

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 O
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

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.

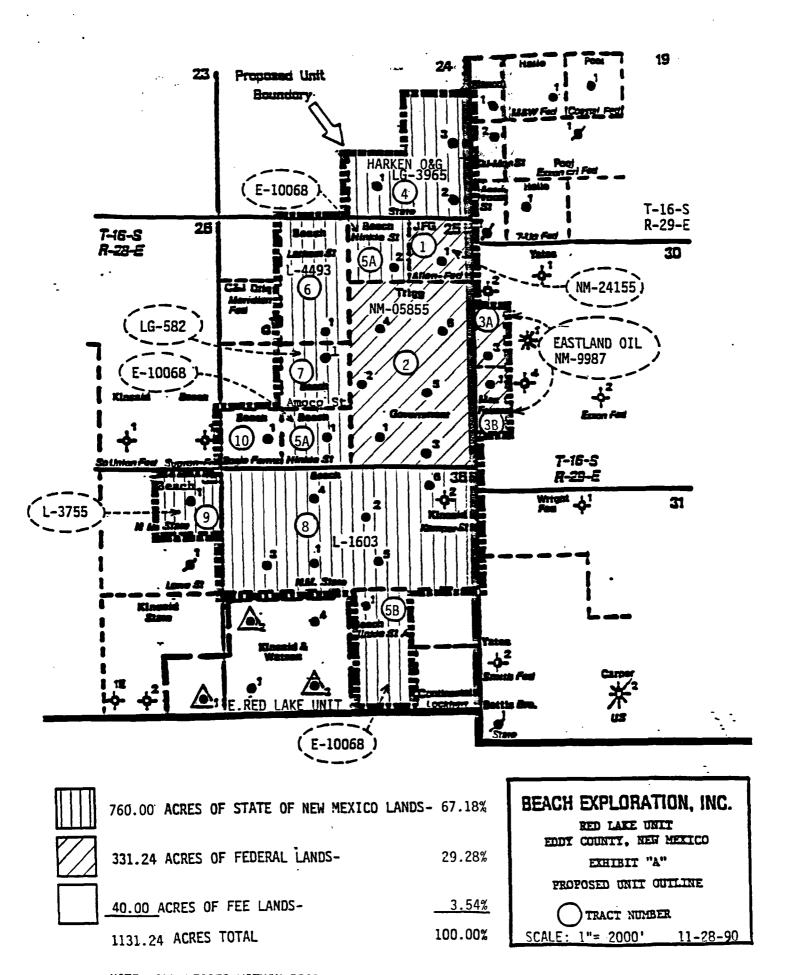
HINKLE, COX, EATON, COFFIELD & HENSLEY

By:

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

Attorneys for Beach Exploration, Inc.

cec\6\6.4



NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

| TRACT NO. DESCRIPTION | 1 : NE/4 NE/4 SECT. 25 ! T-16-S,R-28-E | 2 SE/4,S/2 NE/4 SECT. 25 T-16-S,R-28-E NMPM | 3A LOT 2 SECT. 3B T-16-5,R-29-E NMPH | 38 |
|--|---|--|---|--|
| SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE | 40.00 NM-24155 U.S. HBP | 240.00 NM-05855 U.S. HBP | 25.62 NM-9987 U.S. HBP | 25.62 NM-9987 U.S. ' HBP |
| BASIC ROYALTY OWNER & % | 8. 1250 | 8. 1250 | 8.125B | Ø.125Ø |
| LESSEE OF RECORD | JFG ENTERPRISES | J.H. TRIGG | EXXON | EXXON |
| | 199 7 | 190 % | 180 % | 188 % |
| ORRI Z | ALLEN, G. W. & JUANITA G. | YATES EXPLORATION CO. | EXXON | EXXON |
| | 9. 8388888 | 8. 82508888 | 6.8958888 | 8.89500006 |
| W.I. OWNERS & Z | BELLAH, CARROLL W. FLETCHER, LOY 6. GUY, JAMES E. JACKSON, J.T. | BEACH EXPLORATION, INC. TRIGG OIL & MINING CO. | POOL TRUST,F.F. & P.J. | POOL TRUST, F.F. & P.J. EZZELL JR., T. CALDER PENTA PRODUCTION CO. |
| | 8.31666700 8.31666700 8.31666700 | 8.55888888 | 1.88998888 | 0.05200000 0.11000000 0.84000000 |
| | | | | |

TOTAL FEDERAL ACREAGE

331.24

| & | ران م م | TRACT NO. |
|--|--|--|
| W/2 SE/4 SECT. 36 T-16-5,R-28-E NMPM | 5/2 SE/4,NE/4 SE/4 SECT. 24 T-16-S,R-28-E NMPM NW/4 NE/4, SE/4 SW/4 SECT. 25 T-16-S,R-28-E NMPM | DESCRIPTION |
| 88.88 E-18868 HBP | 120.00 L6-3965 HBP B0.00 E-10068 | SERIAL NO. % EXPIRATION DATE NO. OF ACRES OF LEASE |
| STATE | STATE | DATE |
| 8.125B | 0.1258 0.1258 | BASIC ROYALTY OWNER & Z |
| HINKLE INV. | EXXON HINKLE INV. | LESSEE OF RECORD |
| 12 69 74 | 188 188 7 | |
| FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERI B | EXXON CHILDERS, MICHAEL R. VOZAR, MARK S. FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B | ORRI Z |
| 8.08437588 8.08437588 8.0758688 8.08218758 | 0.12500000 0.00250000 0.00250000 0.00437500 0.00437500 0.00218750 0.00218750 | |
| BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JDHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | SPECTRUM 7 1984-1985 PDP SPECTRUM 7 1985 DP SPECTRUM 7 19P BALDWIN,J.H. BEACH, WILLIAN N B | W. 1. OWNERS & 7 |
| 9.86250000 9.03125000 9.17750000 9.010000000 9.03125000 9.03125000 9.03125000 9.03125000 9.03750000 9.03750000 9.0416667 9.09375000 | 9. 45826008 9. 45826008 9. 45826008 9. 64526008 9. 64526008 9. 63125828 9. 6117750209 9. 6117750209 9. 6117750209 9. 611750209 9. 611750209 9. 611750209 9. 611750209 9. 611750209 9. 611750209 9. 611750209 9. 611750209 9. 611750209 9. 611750209 | |

| 7 | 0 | TRACT NO. |
|--|--|--|
| NE/4 SW/4 SECT.25 T-16-5,R-28-E NMPM | E/2 NW/4 SECT. 25 T-16-S,R-28-E NNPM | DESCRIPTION |
| 40.00 L6-582 STATE HBP | 80.30 L-4493 STATE HBP | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE |
| 0.125B | 8. 1258 | BASIC ROYALTY OHNER & Z |
| AMOCO | E.L. LATHAM | LESSEE OF RECORD |
| 100 % | 180 Z | |
| AMOCO PRODUCTION | CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAN CO., E L MUMFORD ESTATE, CHARLES E MCPHERON, W 6 | OKRI Z |
| 8.06250300 | 8.08937588 8.88937588 8.88937588 8.08937588 8.08937588 | |
| BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY NCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | 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 MEST, CHARLES L | W.I. OWNERS & 7 |
| 8.86250008 8.03125008 8.17750000 8.03125000 8.03125000 8.03125000 8.03125000 8.03750000 9.06250000 9.06250000 9.063750000 9.06375000 | 3. 86.258888 8. 83125888 8. 81125888 8. 81125888 8. 83125888 8. 83125888 8. 83125888 8. 84125888 8. 84125888 8. 84166667 8. 89375888 | |

| ′œ | -0 | TRACT NO. |
|--|--|--|
| I N/2 SECT. 36 I T-16-5,R-28-E NMPH I TOTAL STATE ACREAGE | NE/4 NE/4 SECT. 35 T-16-S;R-28-E NMPM | DESCRIPTION |
| 328.88 L-1683 ST | 40.00 L-3755 \$1 HBP | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE |
| STATE 8.1258 | STATE 8. 1250 | BASIC ROYALTY OWNER & % |
| MARALO INC. | MARALO INC. | LESSEE OF RECORD |
| 100 % LOWE, ERMA MARALO INC FRUDE, RANDALL SCHWEINFURTH, MARK | 100 Z LOWE, ERMA MARALO INC PRUDE, RANDALL SCHWEINFURTH, MARK | ORR! % |
| 8.81562500 BALDWIN,J.H. 8.84687500 BEACH, CARL C 8.01000000 BEACH, WILLIAM N 8.00258000 BEACH, WILLIAM N 9.00258000 BEACH, WILLIAM N 10HNSON, DEIRDRE J, IP NCDONALD, B K NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | 8.81562508 BALDWIN,J.H. 8.8164697508 BEACH, CARL C 8.81808080 BEACH, WILLIAM N 8.80258080 BEACH, WILLIAM N 8.802580 BEACH, WILLIAM N 8.80258080 BEACH, WILLIAM N 8.802580 BEACH, WILLIAM N 8.80258080 BEACH, WILLIAM N 8.802580 BEACH, WIL | W.I. OWNERS & 7. |
| 8.84258000 8.03125000 8.03125000 8.03125000 8.03125000 8.03125000 8.03125000 8.04258000 8.21250000 8.21250000 8.21250000 8.03750000 8.033750000 8.043750000 8.043750000 | 8.04256888 8.01758088 8.17758088 8.01800888 9.03125888 9.03125888 9.03125888 9.04250888 9.04250888 9.043533333 9.08375888 | |

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

NO. OF ACRES 1131.24 40.08 48.68 SERIAL NO. & EXPIRATION DATE BOGLE FARMS BASIC ROYALTY OWNER & % . 0.0625 W.N. BEACH LESSEE OF RECORD

BOGLE FARMS, INC.

ORRI Z

W. I. OWNERS & Z

DARTHOUTH COLLEGE ENDOWNE

TRACT NO.

DESCRIPTION

18 : SW/4 SW/4 SECT, 25

TOTAL FEE ACREAGE

GRAND TOTAL ACREAGE

##

760.00 ACRES OF STATE OF N.M.LANDS 8.6718
331.24 ACRES OF FEDERAL LANDS 8.0354
48.00 ACRES OF FEE LANDS 8.0354 MIDWEST, INVESTMENT CO

> 0.12500000 8.86258888 8.00000000 SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L JOHNSON, DEIRDRE J, IP McDONALD COMPANY McDONALD, 6 K BEACH, CARL C BEACH, WILLIAM N SITTON ENTERPRISES ROSE, J P NARRELL, DON NORTON, SHERMAN H.,JR HOLLAND, DAVID L BROWN ROYALTIES IP BALDWIN, J.H. 8.04166667 8.09375000 8.03125000 8.17750000 8.117500000 8.03125000 8.03125000 8.03125000 9.03125000 9.03125000 9.03550000 8.03750000 8.03750000

PASE 유 5 1.0000

1131.24

RECAPITULATION

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

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

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 O 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

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

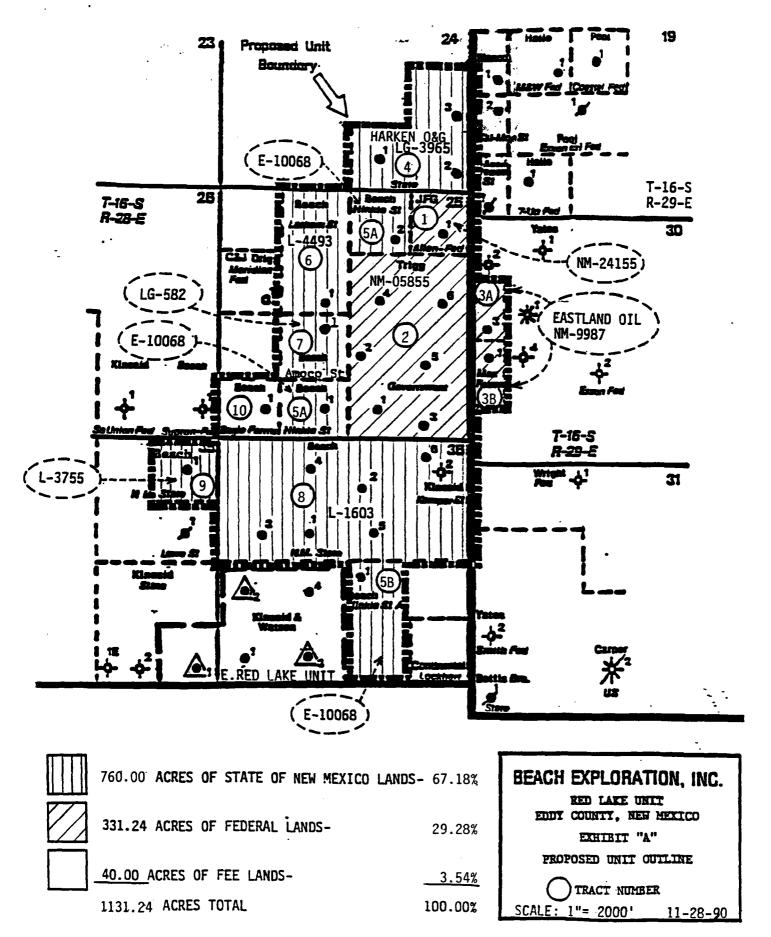
APPLICATION OF BEACH EXPLORATION, INC. FOR APPROVAL OF STATUTORY UNITIZATION, EDDY COUNTY, NEW MEXICO

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; 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. 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. 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. 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 Conrad E. Coffield Post Office Box 3580 Midland, Texas 79702 Attorneys for Beach Exploration, Inc. cec\6\6.4 - 2 -



NOTE: ALL LEASES WITHIN PROPOSED UNIT ARE HBP.

| TRACT NO. DESCRIPTION | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE | E BASIC ROYALTY | LESSEE OF RECORD | | ORRI Z | | W. I. OWNERS & % | |
|--|--|-----------------|------------------|-------|---------------------------|-------------|--|---|
| 1 : NE/4 NE/4 SECT. 25 : T-16-5,R-28-E | 40.00 NM-24155 HBP | U.S. 8.1250 | JFG ENTERPRISES | 190 % | ALLEN, G. W. & JUANITA G. | 0.0300000 | BELLAH, CARROLL W. FLETCHER, LOY 6. GUY, JAMES E. JACKSON, J.T. | 8.8500000 8.31666700 8.31666700 8.31666600 |
| 2 SE/4,5/2 NE/4 SECT. 25 T-16-5,R-28-E NMPM | 240.00 NM-05855 HBP | U.S. 8.1250 | J.H. TRIGG | 180 % | YATES EXPLORATION CO. | 8. 82506886 | BEACH EXPLORATION, INC. TRIGG OIL & MINING CO. | 8.558 8.458 |
| 3A ; LOT 2 SECT. 30 ; T-16-S,R-29-E NMPM | 25.62 NM-9987 HBP | U.S. 8.1258 | EXXON | 188 % | EXXON | 8.89586688 | POOL TRUST,F.F. & P.J. | 1.000 |
| 38 LOT 3 SECT. 38 T-16-5,R-29-E NMPM | 25.62 NM-9987 ' HBP | U.S. 0.1250 | EXXON | 188 | EXXON | 6.89588888 | POOL TRUST,F.F. & P.J. EZZELL JR.,T. CALDER PENTA PRODUCTION CO. | 0.858 0.110 0.840 |
| | | | | | | | | BARE 1 05 |

E 1 9F 5

I TOTAL FEDERAL ACREAGE

331.24

| | | מבסיאו אוס | • | | בטטז כט. א.ח. | | | | | |
|-----------|---|---|-------|----------------------------|------------------|----------------|---|--|--|--|
| TRACT NO. | . DESCRIPTION | SEXIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE | DATE | BASIC ROYALTY OWNER & % | LESSEE OF RECORD | | ORRI Z | | W.I. OWNERS & Z | |
| .eb-s | 1 5/2 SE/4,NE/4 SE/4 SECT. 24 1 T-16-S,R-28-E NMPM | 120.00 L6-3945 HBP | STATE | 0. 1250 | EXXON | 190 % | EXXON CHILDERS,MICHAEL R. VOZAR,MARK S. | 8. 2538888 8. 26258888 | SPECTRUM 7 1984-1985 PDP SPECTRUM 7 1985 DP SPECTRUM 7 IDP | e. 45900000 e. 45900000 |
| 5Ą | NW/4 NE/4, SE/4 SW/4 SECT. 25 | 80.00 E-10068 | STATE | 8. 1258 | HINKLE INV. | 99 89 11 | FRANKLIN, ROBERT O, JR HAMMACK, ÉLIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERT B | 8.80437588 6.80437588 6.80437588 8.87588968 8.89218758 8.80218758 | BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAN N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD, GMPANY MCDONALD, B K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON ENTERPRISES | 0.06250000 0.031250000 0.031250000 0.031250000 0.03125000 0.03125000 0.03250000 0.03250000 0.03250000 |
| ය | W/2 SE/4 SECT. 36 T-16-S,R-28-E NMPM | 80.08 E-10068 HBP | STATE | 8. 1258 | HINKLE INV. | 12 69 71 | FRANKLIN, ROBERT O, JR HAMMACK, ELIZABETH S HILBURN, SAM E HINKLE INVESTMENT COMPANY MORRIS, ALEXANDRA C MORRIS, ROBERI B | a.89437589 8.89437589 8.88437589 8.87589988 8.88218758 9.88218758 | BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY MCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES | 9.06250000 0.03125000 0.17750000 0.17750000 0.011000000 0.011000000 0.03125000 0.031250000 0.031250000 0.03750000 |

0.09375000 Page 2 of 5

| | | TRACT NO. |
|--|--|--|
| 7 : NE/4 SW T-16-5, | 6 E/2 NW/ T-16-S, | NO. |
| NE/4 SW/4 SECT.25 T-16-5,R-28-E NMPH | E/2 NW/4 SECT. 25 T-16-5,R-28-E NMPM | DESCRIPTION |
| 40.00 LG-582 HBP | ස ප ද ද | NO. OF ACRES |
| L6-582 HBP | 88.88 L-4493 HBP | SERIAL NO. & EXPIRATION DATE OF LEASE |
| STATE | STATE | DATE |
| 8. 1258 | 8. 125 0 | BASIC ROYALTY |
| AMOCO | E.L. LATHAM | TO UNIT AGREEMENT RED LAKE UNIT EDDY CO.,N.M. LESSEE OF RECORD |
| 11 180 7 | 54 69 57 | : |
| AMOCO PRODUCTION | CALLAWAY, V J CBF COMPANY ERICKSON, W R & WANDA FAE LATHAM CO., E L MUMFORD ESTATE, CHARLES E MCPHERDN, W G | GRRI Z |
| 8.86250888 | 8.00937500 8.00937500 8.00937500 8.01562500 8.00937500 | |
| BALDWIN, J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY NCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD COMPANY NCDONALD, 6 K NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P SITTON ENTERPRISES SITTON, P& E CORP. SITTON, RONALD SITTON, RONALD SITTON, CHARLES L | W. I. OWNERS & Z |
| 8.06250000 8.03125000 8.03125000 8.03125000 8.03125000 8.03125000 8.03125000 8.031250000 8.03750000 8.083750000 8.083750000 8.083750000 | 8.04250000 8.031250000 8.010000000 8.031250000 8.031250000 8.031250000 8.03750000 8.083750000 8.083750000 8.093750000 | |

| | · ·- ·- ·- ·- ·- ·- ·- ·- · | | 40 | TRACT NO. |
|--|---|---|--------------------------------|--|
| TOTAL STATE ACREAGE | N/2 SECT. 36 T-16-S,R-28-E NMPM | | NE/4 NE/4 SECT. 35 | DESCRIPTION |
| 76B.88 | 320.00 L-1603 STATE HBP | | 40.00 L-3755 STATE | SERIAL NO. & EXPIRATION DATE NO. OF ACRES OF LEASE |
| | 8. 1258 | | 8. 1258 | BASIC ROYALTY OWNER & % |
| | MARALO INC. | | MARALO INC. | LESSEE OF RECORD |
| | 100 % | | 180 % | |
| | LOWE, ERMA MARALD INC PRUDE, RANDALL SCHWEINFURTH, MARK | PRUDE, RANDALL SCHWEINFURTH, MARK | LOWE, ERMA MARALO INC | ORR1 % |
| | 8.81562588 8.84687588 8.81888888 8.88258888 | 8.08250888 | 8.01562598 8.04687598 | |
| McDONALD, 6 K NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L | BALDWIN,J.H. BEACH, CARL C BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP | BEACH, WILLIAM N BROWN ROYALTIES IP HOLLAND, DAVID L JOHNSON, DEIRDRE J, IP MCDONALD, G K MCDONALD, G K NARRELL, DON NORTON, SHERMAN H., JR ROSE, J P SITTON ENTERPRISES SITTON, P & E CORP. SITTON, ROWALD SITTON, CHARLES L | BALDWIN, J.H. BEACH, CARL C | W. I. OWNERS & 7 |
| 0.03125000 0.04250000 0.21250000 0.03750000 0.0833333 0.083375000 0.04166667 0.0375000 | 0.06250000 0.03125000 0.17750000 0.01000000 0.03125000 0.03125000 | 8.17759098 8.01080080 9.03125000 0.01080000 0.03125000 0.031250000 0.021250000 0.21250000 0.21250000 0.03750000 0.03750000 | 0.06250000 0.03125000 | |

TO UNIT AGREEMENT EXHIBIT "B"

ORRI Z

8.12588888 8.86258888 8.00000000

BEACH, WILLIAM N BEACH, CARL C

BROWN ROYALTIES IP

BALDWIN, J.H.

W.I. OWNERS & Z

HOLLAND, DAVID L

JOHNSON, DEIRDRE J, IP

RED LAKE UNIT

TRACT NO.

DESCRIPTION

10 | SW/4 SW/4 SECT. 25

TOTAL FEE ACREAGE

GRAND TOTAL ACREAGE

NO. OF ACRES 1131,24 48.00 40.68 SERIAL NO. & EXPIRATION DATE OF LEASE BOGLE FARMS 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 RECAPITULATION BASIC ROYALTY DWNER & Z . 8.0625 W.N. BEACH LESSEE OF RECORD 8.0354 100 % BOGLE FARMS, INC. DARTMOUTH COLLEGE ENDOWNE MIDWEST. INVESTMENT CO

NARRELL, DON NORTON, SHERMAN H.,JR ROSE, J P

McDONALD COMPANY McDONALD, & K

8. 86258000 8. 83125000 8. 17750000 8. 81860000 8. 811900000 8. 811900000 8. 81250000 8. 82550000 8. 82550000 8. 83750000 8. 883750000

SITTON, P & E CORP. SITTON, RONALD WEST, CHARLES L

SITTON ENTERPRISES

PAGE

1.0000

1131.24

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

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

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 O 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 2 . 1990

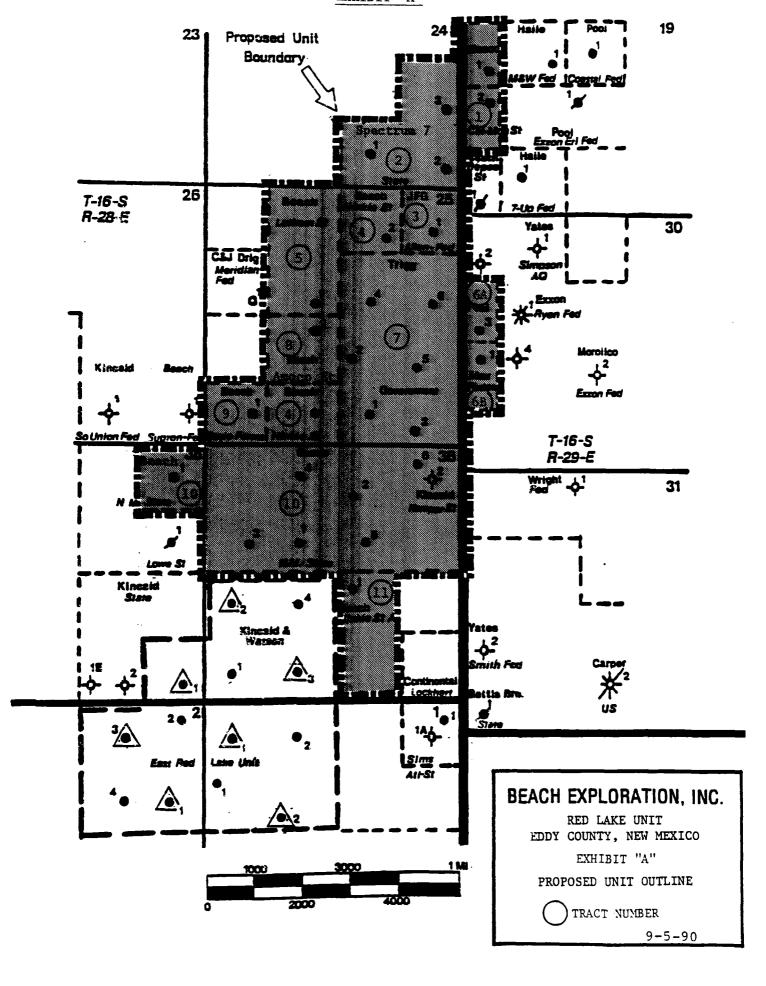
APPLICATION

QIL 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;

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; 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. Applicant has made a good faith effort to secure (e) 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. 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. 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 Conrad E. Coffield Post Office Box 3580 Midland, Texas 79702 Attorneys for Beach Exploration, Inc. cec\6\6.2 - 2 -



RED LAKE UNIT --- EDDY COUNTY, NEW MEXICO

| TRACT | DESCRIPTION | LEASE NAME | PERCENT OF UNIT | STATE/FEDERAL LEASE NO. | TOTAL ACRES IN TRACT |
|-----------|--|--------------------------------|--------------------|----------------------------|-------------------------|
| н | Lot 2, Lot 3, Section 19, T-16-S, R-29-E, NMPM | Cal-Mon State | 2.9865% | NM-4079 | 51.03 |
| 7 | S/2 SE/4, NE/4 SE/4 Section 24, T-16-S, R-28-E, NMPM | State 24 | 6.74278 | LG-3965 | 120.00 |
| m | 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 |
| ιΛ | 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 |
| 6В | 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 |
| œ | NE/4 SW/4 Section 25, T-16-S, R-28-E, NMPM | Amoco State | 1.3012% | LG-582 | 40.00 |
| o, | 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" | 0.94768 | E-10068 | 80.00 |

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

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

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 WIid 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

Charles L. West 3103 Auburn Midland, Texas 79705

Yates Exploration Co. Post Office Box O Albuquerque, New Mexico 87103 Paul White Post Office Box 1025 Artesia, New Mexico 88210

cec\6\6.2ex