

UNIT NAME: LITTLE BEAR UNIT
OPERATOR: MARALO INC.
COUNTY: EDDY COUNTY

DATE	OCD CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL-INDIAN	FEE	SEG CLAUSE	TERM
7/20/92	7/1/92	7/20/92	638.72	638.72	-0-	-0-	Strict	5 Years & So Long As
Case No. 10493								
Order No. R-9689								

OCD: 7/1/92
CPL: 7/20/92
M: N/A

UNIT AREA:

Township 24 South, Range 25 East

Section 18: Lots 1,2,3,4, E/2, E/2N/2

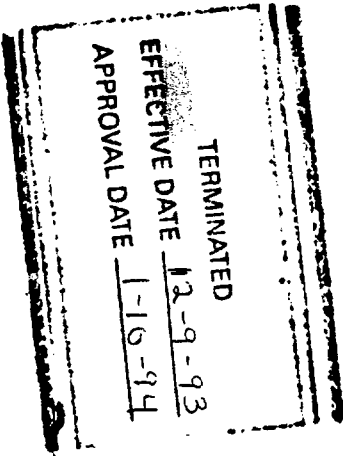
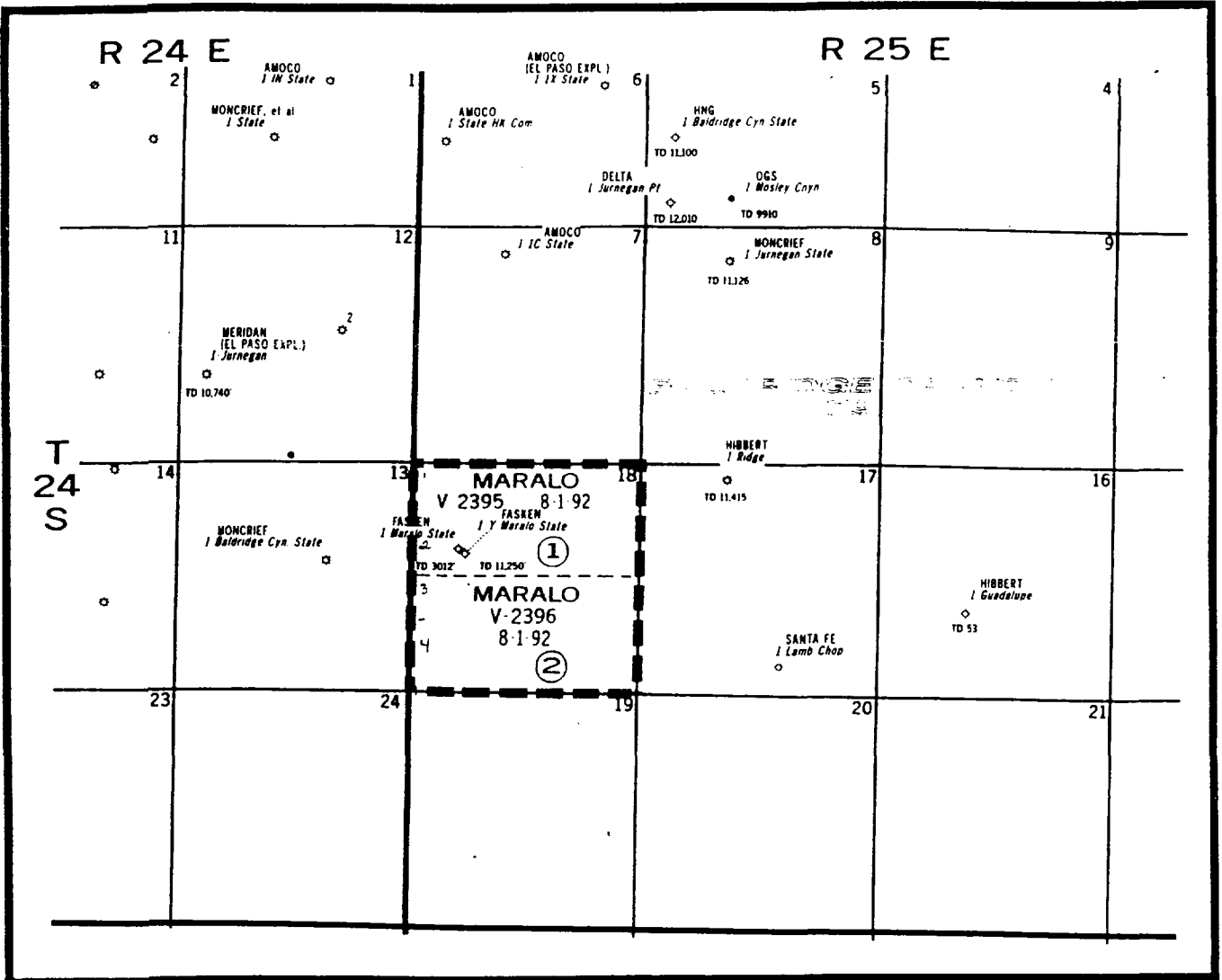


EXHIBIT "A"



MARALO, INC.

**LITTLE BEAR UNIT
EDDY COUNTY, NEW MEXICO**

638.72 ACRES OF STATE OF NEW MEXICO LANDS

638.72 ACRES TOTAL

TERMINATED
EFFECTIVE DATE <u>12-9-93</u>
APPROVAL DATE <u>1-10-94</u>

EXHIBIT "B". SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the LITTLE BEAR UNIT
EDDY COUNTY, NEW MEXICO

TRACT NUMBER OF LANDS	DESCRIPTION	ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	BENEFICIARY
✓ 1.	T-24-S, R-25-E Section 18: Lots 1, 2, E/2 NW/4, NE/4 Eddy County, New Mexico	✓ 319.68	✓ V-2395 8-01-92	1/6 7/4/92	✓ Maralo Inc. 100%	NONE	✓	Maralo Inc. 100% UNIT
✓ 2.	T-24-S, R-25-E Section 18: Lots 3, 4, E/2 SW/4, SE/4 Eddy County, New Mexico	✓ 319.04	✓ V-2396 8-01-92	1/6 7/4/92	✓ Maralo Inc. 100%	NONE	✓	Maralo Inc. 100% UNIT
RECAPITULATION								
✓	638.72	Acres of State of New Mexico Lands -		100	%			
✓	638.72	Acres of Fee Lands			%			
Total				100	%			
TERMINATED								
EFFECTIVE DATE 12-9-93								
APPROVAL DATE 1-10-94								

TERMINATED

EFFECTIVE DATE 12-9-93

APPROVAL DATE 1-10-94

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT

JACK M. CAMPBELL
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SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE (505) 988-4421
TELECOPIER (505) 983-6043

June 26, 1992

HAND-DELIVERED

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED

JUN 26 1992

OIL CONSERVATION DIVISION

Re: Case 10493:
Application of Maralo Inc. for Approval of a Unit Agreement, Eddy County,
New Mexico

Dear Mr. Catanach:

At the June 25, 1992 Examiner hearing in the above-referenced case, questions were raised concerning what vertical interval is included within the unitized area for the proposed Little Bear Unit. Although Maralo's initial test well on the unit is projected to the Delaware, the new State Form Unit Agreement declares that any and all formations in the unitized lands are unitized.

At your suggestion, representatives of Maralo discussed this matter with Pete Martinez at the New Mexico State Land Office. Mr. Martinez has advised that it is the intention of the Land Office that all formations from surface to basement be unitized regardless of the proposed depth of the initial test well. Mr. Martinez will confirm this interpretation for you if you desire to contact him.

Although Maralo intends to drill the initial unit well to the Delaware formation, it may at a later date desire to test deeper formations and, therefore, supports the Land Office's interpretation of the Agreement.

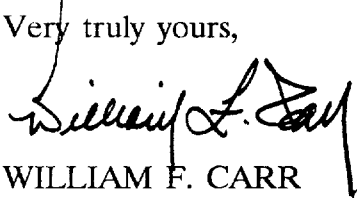
Accordingly, Maralo requests that the Oil Conservation Division's approval of this Unit Agreement recognizes that it unitizes all formations. To do otherwise would result in confusion about what formations the Agreement actually covers and could cause problems with future unit operations.

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
June 26, 1992
Page 2

Since Maralo is faced with a lease expiration on August 1, 1992, we would appreciate an expedited decision from the Division in this case.

Your attention to this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM F. CARR

WFC:mlh

cc: Mr. Mark Wheeler
Maralo Inc.
223 West Wall, 9th Floor
Midland, Texas 79701



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

JIM BACA
COMMISSIONER

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

July 20, 1992

Maralo Inc.
P. O. Box 832
Midland, Texas 79701

Attn: Mr. Mark Wheeler

Re: Final Approval
Little Bear Unit
Sec. 18-24S-25E
Eddy County, New Mexico

Dear Mr. Wheeler:

This office is in receipt of your letter of July 13, 1992 requesting final approval of the Little Bear Unit, Eddy County, New Mexico. It is our understanding that all tracts are committed to the unit agreement.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Little Bear Unit Agreement Eddy County, New Mexico and is effective July 20, 1992.

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

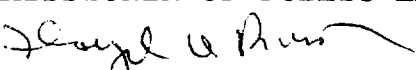
Enclosed are Five (5) Certificates of Approval.

Your filing fee in the amount of Thirty (\$30.00) Dollars has been received.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.

cc: Reader File
OCD



#10493

UNIT NAME: LITTLE BEAR UNIT
OPERATOR: MARALO INC.
COUNTY: EDDY COUNTY

OCD

DATE APPROVED	OCD CASE NO. ORDER NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL- INDIAN	FEE	SEG CLAUSE	TERM
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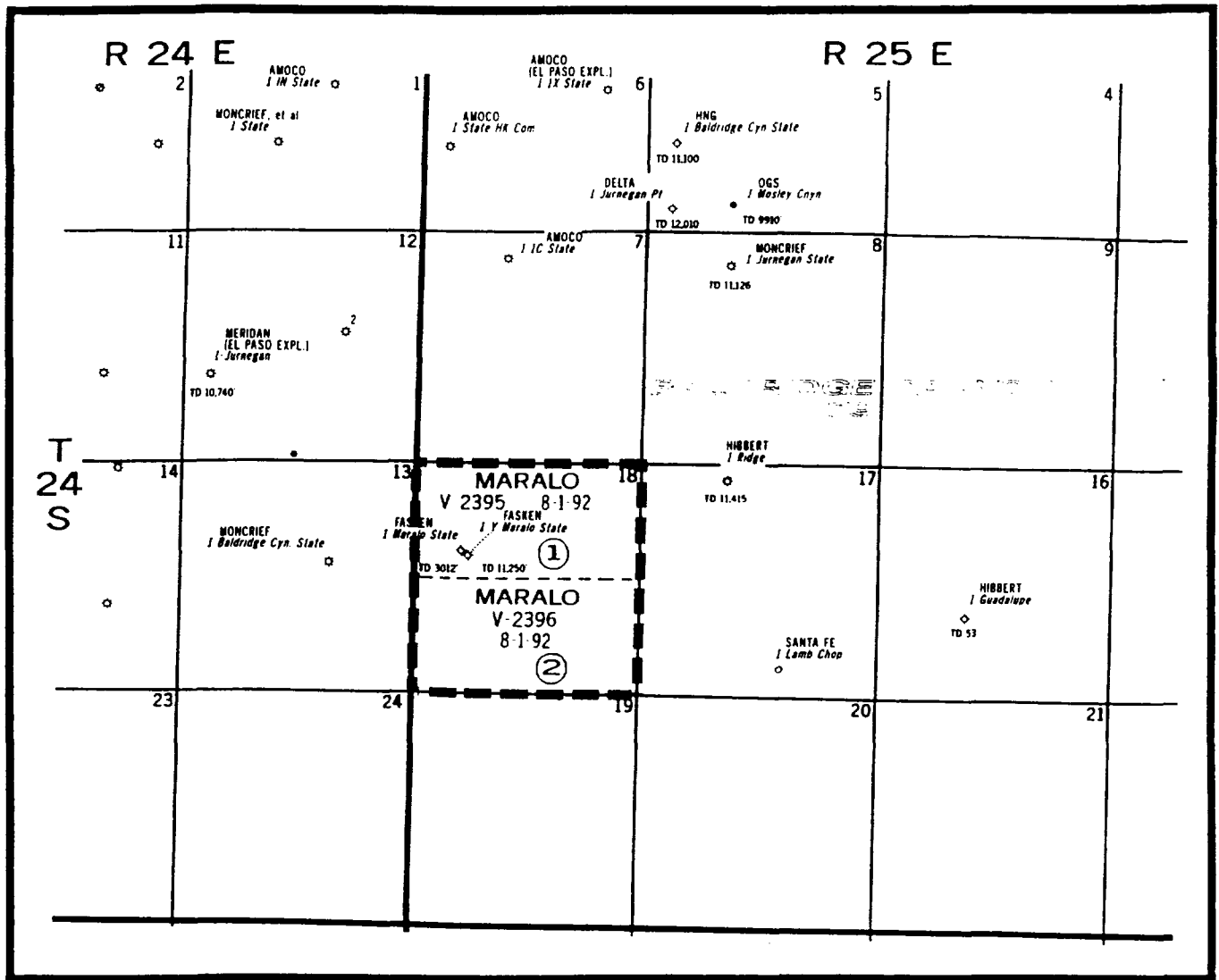
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CPL: 7/20/92
BLM: N/A

UNIT AREA:

Township 24 South, Range 25 East

Section 18: lots 1,2,3,4, E/2, E/2W/2

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LITTLE BEAR UNIT
EDDY COUNTY, NEW MEXICO

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 638.72 ACRES TOTAL

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Within the LITTLE BEAR COUNTY, NEW MEXICO
EDDY

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VNW 1. T-24-S, R-25-E							
Section 18: Lots 1, 2, 3, 4	319.68	V-2395	1/6	Maralo Inc. 100%	NONE	Maralo Inc. 100%	UNIT
E/2 NW/4, NE/4		8-01-92	7/4/92				
VNW 2. T-24-S, R-25-E							
Section 18: Lots 3, 4	319.04	V-2396	1/6	Maralo Inc. 100%	NONE	Maralo Inc. 100%	UNIT
E/2 SW/4, SE/4		8-01-92	7/4/92				
Total							
638.72	Acres of State of New Mexico Lands	100					
638.72	Acres of Fee Lands	%					
		100%					

RECAPITULATION

UNIT NAME: LITTLE BEAR UNIT
OPERATOR: MARALO INC.
COUNTY: EDDY COUNTY

DATE	OCD CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL-INDIAN	FEE	SEG CLAUSE	TERM
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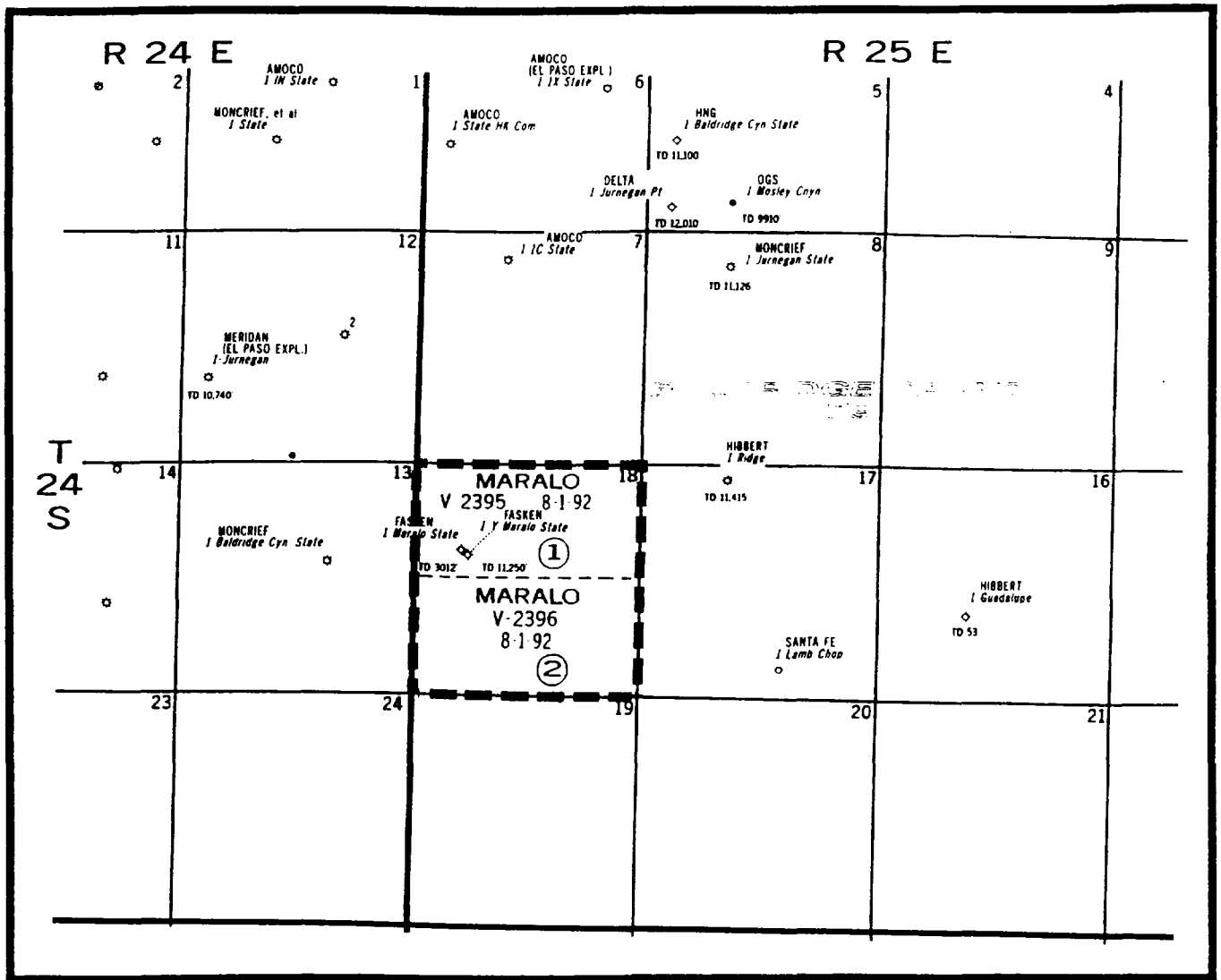
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RECAPITULATION

✓ 638.72	Acres of State of New Mexico Lands -	100	%
✓ 638.72	Acres of Fee Lands	-	%
Total			100 %