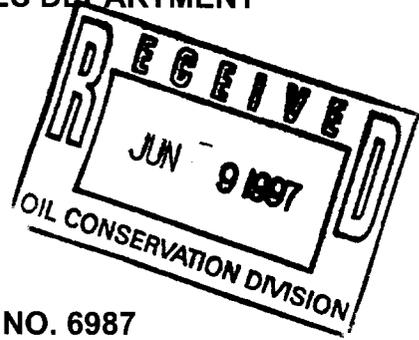


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**



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

**CASE NO. 6987
CASE NO. 11792**

**AMENDED APPLICATION OF DOYLE HARTMAN
TO GIVE FULL FORCE AND EFFECT TO
COMMISSION ORDER R-6447, TO REVOKE
OR MODIFY ORDER 4-4680-A, TO
ALTERNATIVELY TERMINATE THE
MYERS LANGLIE-MATTIX UNIT,
LEA COUNTY, NEW MEXICO**

**HARTMAN'S RESPONSE IN OPPOSITION
TO OXY'S MOTION TO DISMISS**

Applicant Doyle Hartman, Oil Operator ("Hartman") hereby files this Response in Opposition to the Motion to Dismiss filed by Oxy USA, Inc. ("Oxy"). As Hartman will demonstrate, there is no factual or legal basis for Oxy's Motion.

I.

INTRODUCTION

Hartman filed an Application in this matter on April 28, 1997. An Amended Application was subsequently filed May 8, 1997. By this proceeding, Hartman seeks entry of an Order (a) enforcing the New Mexico Oil Conservation Commission ("NMOCC") Order R-6447,¹ (b) recognizing that the operation of the Myers

¹ The misrepresentations in Oxy's Motion to Dismiss begin with a gross mischaracterization of Hartman's position. Hartman does not "complain about Order R-6447." Motion to Dismiss, p. 1. Instead, Hartman seeks enforcement of the Order and all of its terms against Oxy.

Langlie-Mattix Unit (“MLMU”) is controlled by the New Mexico Statutory Unitization Act and Order R-6447, (c) revoking, withdrawing or modifying Order R-4680-A based upon various procedural inadequacies which attended the entry of that Order, (d) holding that the MLMU is no longer authorized as a secondary recovery unit and terminating the MLMU as an approved waterflood unit, (e) requiring Oxy USA, Inc. (“Oxy”) as the present operator of the MLMU to plug and abandon all unit wells at its sole cost and expense, (f) requiring Oxy as the MLMU operator to return various constituent leases to their respective lessee operators, and (g) revoking the 1,800 psi surface injection pressure authorization contained in Order R-4680-A and requiring Oxy to abate water out of zone problems caused by MLMU operations.

Oxy’s Motion blatantly misrepresents the nature of the proceeding in NMOCC Case No. 6987 and the express terms of Order R-6447, ignores the procedural and due process inadequacies which attended the entry of Order R-4680-A, and seeks to prevent the NMOCC and the New Mexico Oil Conservation Division (“NMOCD”) from exercising its continuing jurisdiction over the operation of the MLMU and its jurisdiction pursuant to NMSA 1978, § 70-7-3 “to make and enforce such orders and do such things as may be necessary or proper to carry out and effectuate the purposes of the Statutory Unitization Act.”

It is understandable that Oxy seeks to avoid addressing the merits. Oxy personnel either were ignorant of the Statutory Unitization Act and Order R-6447 or have intentionally ignored them. Oxy has failed to apprise the NMOCD of problems with water out of zone as a result of MLMU operations, and has failed and refused to abate such problems. Indeed, Oxy’s one chance in this case is to convince the

NMOCD and the NMOCC not to consider the merits, to ignore the facts and law, and dismiss the application based upon meritless challenges to Hartman's standing. Hartman is confident that the NMOCD and the NMOCC will see through such tactics once the facts become a matter of record.

This Response contains a Statement of Undisputed Facts ("Statement"). The Statement is required because of the numerous misstatements, half-truths and misrepresentations which Oxy offers in support of its Motion to Dismiss. Specific citations to Oxy's Motion are included, and the misrepresentations are therein documented in footnotes. Numerous documents are attached in order to demonstrate the factual basis for this Response and to reveal Oxy's misrepresentations.

II.

STATEMENT OF UNDISPUTED FACTS

Hartman offers the following Statement in support of this Application and in opposition to Oxy's Motion to Dismiss:

1. In September, 1973, Skelly Oil Company ("Skelly") filed two applications with the NMOCC pertaining to the MLMU. The first, assigned Case No. 5086, sought approval of a Unit Agreement for the MLMU. A copy of the Application is attached hereto as Exhibit A. The other, assigned Case No. 5087, sought approval for secondary recovery by water injection in the MLMU and for rules governing operation of the unit. A copy of Skelly's Application in Case No. 5087 is attached hereto as Exhibit B.

2. Both Applications were heard by the NMOCC, which entered Order R-4660, approving the MLMU Unit Agreement, and approving the plan for development

and operation of the MLMU contained in the Unit Agreement, on November 16, 1973. The NMOCC retained jurisdiction “for the entry of such further orders as the Commission may deem necessary.” A copy of Order R-4660 is attached as Exhibit A to the Hartman Application and Amended Application.

3. On November 20, 1973, the NMOCC entered Order No. R-4680 granting Skelly authority to institute the MLMU waterflood project. Order R-4680 expressly required the operator to “take all steps necessary to insure that the injection water enters only the proposed injection interval and is not permitted to escape to other formations . . . “. The NMOCC expressly retained jurisdiction “for the entry of such further orders as the Commission may deem necessary.” A copy of Order R-4680 is attached as Exhibit B to the Hartman Application and Amended Application.

4. In 1975, the New Mexico Legislature adopted the New Mexico Statutory Unitization Act. Section 7 of that Act provides that “the order providing for unitization and unit operation of a pool or part of a pool shall be upon terms and conditions that are fair, reasonable and equitable and shall approve or prescribe a plan or unit agreement for unit operations which shall include . . . a provision for carrying any working interest owner on a limited, carried, or net-profits basis, payable out of production. . . “. (Emphasis added). The statute as originally adopted did not contain a provision authorizing a non-consent penalty. A copy of the Statutory Unitization Act as originally adopted is attached hereto as Exhibit C.

5. In 1977, Getty Oil Company (“Getty”) assumed operatorship of the MLMU in place of Skelly. By letter dated November 1, 1978, Getty wrote to the United States Geological Survey, the New Mexico Commissioner of Public Lands, and the

NMOCC confirming that centralized production facilities installation was completed in 1977. The letter goes on to recognize that “Tracts with unsigned interests will be segregated until sign up is complete.” The holdouts required Getty to maintain separate production facilities for the thirteen tracts affected,² and prevented Getty from entering into lease-line agreements with off-set lease operators, thus prohibiting the conversion of certain producing wells to injection wells. A copy of Getty’s November 1, 1978 letter is attached hereto as Exhibit D.

6. By letter dated February 5, 1980 to MLMU working interest owners, Getty announced its intention to apply for statutory unitization of the MLMU. Getty requested the assistance of all the working interest owners in order to prepare for statutory unitization. Getty requested that each of the working interest owners provide Getty with a “current division order” showing all royalty interests in their tracts and indicating which royalty interest owners had not ratified the Unit Agreement. Getty indicated that “your prompt attention and cooperation will help us expedite implementation of this proposal and hearing.”³ A copy of Getty’s February 5, 1980 letter is attached hereto as Exhibit E.

7. On June 21, 1980, Getty filed an Application with the NMOCC pursuant to the New Mexico Statutory Unitization Act requesting approval of the MLMU

² The thirteen tracts affected by the failure to ratify by the royalty interests included Tracts 43, 45, 50, 52, 53, 54, 55, 56, 61, 64, 65, 66 and 81.

³ Oxy argues in support of its Motion to Dismiss that the fact that none of the working interest owners was provided with notice of hearing for Case No. 6907 demonstrates “no intention to affect the working interest owners by statutory unitization.” Motion to Dismiss, p. 4, fn. 6. This statement is clearly contradicted by Getty’s February 5 correspondence, and is even contradicted by Oxy on the very next page of the Motion itself where Oxy states “The owners of the working interest now owned by Hartman were notified of and had the opportunity to appear in both [1973 and 1980] unitization hearings . . .”. Motion to Dismiss, p. 5.

under the Act providing for unitized management, operation and further development of the Project Area, consisting of 9,360⁴ acres, more or less, and depicted on the plat attached as Exhibit B to the Application. A copy of William F. Carr's transmittal letter to Joe D. Ramey dated June 19, 1980 is attached hereto as Exhibit G. A copy of Getty's Application, which was assigned Case No. 6987, including the exhibits, is attached hereto as Exhibit H. Exhibits C and D to the Application do not appear in the NMOCD/NMOCC file for Case No. 6987, and will be sought by subpoena from the records of Mr. Carr, who represented Getty and all other MLMU working interest owners in connection with the 1980 Application for approval for statutory unitization for the MLMU.

8. Mr. Carr's transmittal letter refers to "certain small royalty interests" as the subject of the unitization proceeding. This is the only document cited by Oxy and found by Hartman's counsel in all the files that supports the theory of Oxy's Motion to Dismiss that Getty, in Case No. 6987, sought an order unitizing only "certain small royalty interests. . ." Motion to Dismiss, p. 3, fn. 2.⁵

⁴ Oxy's statement that the Application "did not change the boundary of the Unit" is very misleading, because it is offered to support Oxy's erroneous contention that Order R-6447 did nothing more than unitize certain small royalty interests. While the boundaries of the MLMU may not have changed, the acreage of the unit certainly did change. The MLMU unit area for which unitization was sought in 1980 contained 9,360 acres more or less, substantially less than the acreage, 9,923.68 more or less, that was the subject of the original unit. MLMU Tracts 34, 5, 9, 67, 78 and 92 were eliminated by statutory unitization. A table depicting the Tracts eliminated from the MLMU by statutory unitization is attached as Exhibit F.

⁵ Oxy's Motion to Dismiss is based upon the notion that the 1980 Getty Application sought a sort of hybrid waterflood unit which compulsorily unitized and applied to only the holdout royalty interests citing, not to the Application or Order R-6447, but to Mr. Carr's transmittal letter which is attached hereto as Exhibit G. The letter, which does not expressly exclude any MLMU Tracts or acreage from the scope of the Application, is inconsistent with the Application and testimony offered at the hearings. Hartman does not dispute that the desire to bring the holdout royalty interests into the MLMU was a motivating factor behind the Application, and does not dispute that Order R-6447 unitized, inter alia, the holdout royalty interests. That is not all the Order unitized.

9. Getty's Application did not seek an order unitizing only "certain small royalty interests" which had not previously voluntarily agreed to unitization of the MLMU. Instead, as provided by the Statutory Unitization Act, Getty sought statutory unitization for the entire MLMU:

a. Getty represented in the Application that "The Proposed Unit Area for which this application is made consists of 9,360 acres, more or less." This area, as described on Exhibit B to the Application, includes the entire MLMU Unit area, including the tracts in which Hartman owns an interest. The acreage associated with those tracts for which Getty did not have ratification from the holdout royalty owners which are identified in Footnote 1, supra, involved approximately 1,317.64 acres, more or less, substantially less than the 9,360 acres, more or less, for which unitization was requested, and are identified designated on Exhibit B to Getty's 1980 Application.

b. The plat of the Project Area for which the Application was made, reflected in Exhibit B to the Application, includes the entire MLMU unit area as it exists today.

c. Getty represented in its Application that "unitization and adoption of unitized methods of operation will benefit the working interest owners and the royalty owners of the oil and gas rights within the portion of the pool directly affected."

d. Getty represented in its Application that "approval of the statutory unitization of the Myers Langlie-Mattix Unit sought hereunder is in the interest of conservation, the prevention of waste and the protection of correlative rights." (Emphasis added).

See Exhibit H.

10. The NMOCC's advertisement for Case No. 6987 stated that Getty sought an order unitizing "all mineral interests" in the MLMU, encompassing 9,360 acres, more or less. The advertisement also noted that, among the matters to be considered at the hearing, was the "time of commencement" of unit operations. A copy of the advertisement is attached as Exhibit I.

11. During the hearing on Getty's Application held before the NMOCC on August 5, 1980, Getty representatives testified as follows:

a. "With this application, Getty Oil Company is seeking to statutorily unitize for the purpose of continued secondary recovery operations those mineral interests which underlie the Myers Langlie-Mattix Unit of which Getty Oil Company is the operator." No working interests or royalty interests within the boundaries of the MLMU were discussed as being excluded.

b. Unitization "will benefit all working interest owners, all royalty interest owners, and all overriding royalty interest owners, as well."

See a complete copy of the transcript of the August 5, 1980 hearing attached hereto as Exhibit J, pp. 5-6.

12. At no time during the hearing in Case No. 6987 did Getty ever indicate that it sought to exclude any working interest owner or royalty interest owner who had voluntarily agreed to unitization from coverage under the order approving statutory unitization for the MLMU. The hearing examiner, Dan Nutter, commented during the course of the hearing that any tract included within the proposed unit area would be covered by an order statutorily unitizing the MLMU unit area. Exhibit J, pp. 32-33. During the hearing, Getty's counsel, Mr. Carr, agreed with Mr. Nutter's statement, and agreed to revise Exhibit "B" to the Unit Agreement to exclude certain "window" tracts which were not to be included. Exhibit J, pp. 33-34.

13. Mr. Carr, counsel for Getty, recognized the need during the hearing to explicitly exclude any tracts that were not intended to be covered by an order of statutory unitization for the MLMU:

MR. CARR: Well, these tracts have been treated as if they were outside of the unit. There are also some other tracts to the north and east that are -- are the same. They're carried in here as unqualified tracts that were

within the original proposed area, but they are treated through out as if they are not within the unit area at all and not, therefor, windows.

MR. NUTTER: Shouldn't the Exhibit B be revised to eliminate those tracts?

MR. CARR: Well, perhaps it should be. It would be consistent with the ad. It would be consistent with the legal -- with the application and all in this case to do that, too, take those out and perhaps an additional revision of Unit B would be necessary to avoid this confusion on this.

See Exhibit J, p. 34.

14. Following the hearing, Getty revised Exhibit B to confirm the exclusion of Tracts 4, 5, 9, 67, 78 and 82 (597.12 acres). Mr. Carr hand-delivered a revised Exhibit B to the NMOCC by letter dated August 5, 1980, a copy of which is attached as Exhibit K.

15. The NMOCC entered Order R-6447 on August 27, 1980, approving statutory unitization for "the Myers Langlie-Mattix Unit area, comprising 9,360 acres, more or less." The Order does not refer in any form or manner to statutory unitization for only the 1,317.64 acres representing the tract acreage for the holdout royalty interest owners. The Order does not exclude any working or royalty interest within the unit area, and expressly describes those tracts in which Hartman ultimately purchased his working interest in 1984 and 1986. The order contains the following findings:

- a. Getty seeks "the statutory unitization, pursuant to the 'Statutory Unitization Act,' . . . of 9,360 acres, more or less . . . being known as the Myers Langlie-Mattix Unit area"
- b. Getty seeks "statutory unitization of this voluntary unit to enable it to institute more effective and efficient operating practices"
- c. The Commission found that "the unitized management, operation and further development of the Myers Langlie-Mattix Unit area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations"

d. In Finding No. 21(d), the Commission prescribed “[A] provision for carrying any working interest owner on a limited, carried or net-profit basis, payable out of production . . .” for the MLMU Unit Agreement and Unit Operating Agreement. (Emphasis added).

e. The Commission also found that “the statutory unitization of the Myers Langlie-Mattix Unit Area is in conformity with the above findings, and will prevent waste and protect the correlative rights of all owners of interests within the proposed unit area, and should be approved.” (Emphasis added).

A copy of Order R-6447 is attached hereto as Exhibit L.

16. The NMOCC in the dispositive provisions of Order R-6447 provided as follows:

(5) That the Myers Langlie-Mattix Unit Agreement as revised and the Myers Langlie-Mattix Unit Operating Agreement as revised are approved and adopted and incorporated by referenced into this order.

(6) That when, pursuant to the terms of Section 70-7-9 NMSA 1978, the persons owning the required 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 unitized whether or not such persons have approved the Unit Agreement of the Unit Operating Agreement in writing. (Emphasis added).

17. Order R-6447 does not exclude any working interest owner or royalty interest owner, or any qualified tract within the MLMU Unit Area, from the force and effect of its approval of statutory unitization of the MLMU. See Exhibit L.

18. By Order R-6447, the Commission retained jurisdiction for the entry of such further orders as the Commission may deem necessary. See Exhibit L.

19. Following the issuance of Order R-6447, and pursuant to the provisions of the Statutory Unitization Act, § 70-7-8, Getty was required to secure

approval of the plan of unit operations approved by the statutory unitization process from the working interest and royalty interest owners in the MLMU. By letter dated September 15, 1980, Getty wrote to all royalty interest owners and all working interest owners, recognizing that Order R-6447 approved “statutory unitization of the Myers Langlie-Mattix Unit.” (Emphasis added). Getty circulated with the September 15 letter a document entitled “Ratification and Approval of the Plan for Unit Operations as Stated in the Unit Agreement and Unit Operating Agreement of the Myers Langlie-Mattix Unit, Lea County, New Mexico (“Ratification and Approval”) for signature by all working interest and all royalty interest owners. A copy of Getty’s September 15, 1980 letter to royalty interest owners is attached hereto as Exhibit M.

20. On September 23, 1980, Hartman’s predecessor in interest, Sun Oil Co., executed as a working interest owner the Ratification and Approval prepared and submitted by Getty. The Ratification and Approval recognizes that Order R-6447, entered August 27, 1980, approved “statutory unitization of the Myers Langlie-Mattix Unit . . . “. The Ratification and Approval cites expressly to Order R-6447 and acknowledges receipt of a copy of the Order:

The undersigned hereby acknowledges receipt of copies of said New Mexico Oil Conservation Commission Order No. R-6447 and Unit Agreement and further acknowledges that the plan for unit operations prescribed in said documents has been ratified and approved and unconditionally delivered on the date set out herein below. (Emphasis added).

A copy of Sun’s Ratification and Approval, along with the transmittal letter to Getty, is attached as Exhibit N.⁶

⁶ Oxy’s Motion to Dismiss cites only to the ratifications executed by various working interest owners and royalty interest owners in 1973 when the unit was first created and approved. See Motion to Dismiss, p. 5, fn. 7. Oxy does not try to explain why working interest owners who previously voluntarily agreed to

21. On September 30, 1980, Hartman's predecessor in interest Gloria Bundy executed an identical Ratification and Approval prepared and submitted by Getty. A copy of Bundy's Ratification and Approval is attached as Exhibit O.

22. All of Oxy's predecessors in interest executed an identical Ratification and Approval. On September 29, 1980, Getty, Oxy's predecessor in interest, executed the Ratification and Approval thereby agreeing to the plan for unit operations prescribed in the Unit Agreement and Order R-6447. A copy of Getty's Ratification and Approval is attached as Exhibit P. A notebook including all Ratifications and Approvals executed in connection with the statutory unitization process will be submitted at the hearing.

23. Getty's September 15, 1980 letter, as well as the Ratification and Approval forms that were submitted to the MLMU royalty interest owners and working interest owners, did not indicate in any way that any working interest or royalty interests, or any tracts within the MLMU Unit area, were to be treated differently one from the other or were being excluded from the provisions and effect of Order R-6447.

24. By letter dated December 24, 1980, Raymond W. Blohm of Getty wrote Mr. Carr, attaching a signed and notarized Affidavit stating that Oxy had received in excess of 75% of the royalty and working interest owners' approvals required for statutory unitization. The affidavit, which is attached to the letter, states in pertinent part as follows:

a. "On June 19, 1980, Getty Oil Company filed an application with the New Mexico Oil Conservation Division under the New Mexico Statutory Unitization Act . . . seeking an order providing for statutory unitization of

unitization are required by NMSA 1978 § 70-7-8 to ratify the statutory unitization order if they are not subject to nor affected by statutory unitization or the terms of the Order creating the statutory MLMU.

the Myers Langlie-Mattix Unit in Lea County, New Mexico.” (Emphasis added).

b. The Commission entered Order R-6447 “approving the application of Getty Oil Company for statutory unitization of the Myers Langlie-Mattix Unit.” (Emphasis added).

c. Getty intends to “commence unitized operations of the Myers Langlie-Mattix Unit under Oil Conservation Division Order No. R-6447 on January 1, 1981 at 7:00 a.m.”

A copy of Mr. Blohm’s letter to Mr. Carr, including a copy of the affidavit is attached hereto as Exhibit Q.

25. Following receipt of the affidavit, Mr. Carr submitted same to the Commission by transmittal letter dated December 28, 1980. On January 5, 1981, Joe D. Ramey, the Secretary of the Commission and Division Director, wrote Mr. Carr as follows:

The above percentages of ratification or approval of the plan for unitized operations meet the criteria set forth by Section 70-7-8, NMSA, 1978 Comp., and were also within the time limit prescribed by said Section 70-7-8. It is therefore hereby determined that Commission Order No. R-6447 unitizing all interests in the Myers Langlie-Mattix Unit Area, Lea County, New Mexico, is in full force and effect. (Emphasis added).

A copy of Mr. Ramey’s January 5, 1981 letter to Mr. Carr is attached hereto as Exhibit R.

26. There is no record in the NMOCD file of Case No. 6987 that Mr. Carr ever complained of the all inclusive wording of Order R-6447 or to Mr. Ramey’s letter by indicating that these operative instruments mischaracterized the nature of the statutory unitization process as having unitized “all interests” in the MLMU instead of just the holdout royalty interest owners.

27. Hartman acquired his working interest in the MLMU by virtue of two separate assignments: The first was an assignment in Tract 29 from Gloria Bundy in 1984, and the second involved the assignment from Sun Oil Company ("Sun") dated January 2, 1986 ("Sun Assignment").⁷ Hartman's acquisition of Sun's interest included interests in tracts 19, 20, 21, 22, 23, 24, 25, 26, 29 and 72. By virtue of the Sun Assignment, Hartman acquired 35.546875% of Sun's working interest in the MLMU. During 1993, Hartman expressly informed Oxy of his acquisition of MLMU ownership from Sun and Bundy. A copy of Hartman's December 9, 1993 letter to Oxy is attached hereto as Exhibit S.

28. In 1986, the New Mexico Legislature amended certain provisions of the Statutory Unitization Act. Among the provisions amended was the provision that is now Section 70-7-7(F), the carried interest provision. The 1986 Amendment added language which authorized a non-consent penalty in the event any working interest owner were to exercise his or her right to become a carried interest as follows:

. . . provided that any non-consenting working interest owner being so carried shall be deemed have relinquished to the unit operator all of its operating rights and working interests in and to the unit until his share of the costs are repaid, **plus an amount not to exceed two hundred percent of such costs as a non-consent penalty, with maximum penalty amount in each case to be determined by the Division.**

A copy of the 1986 Amendment is attached hereto as Exhibit T.

⁷ Notwithstanding documentation in Oxy's own files which confirms the identity of the parties from whom Hartman actually received his MLMU assignments, Oxy erroneously states that Hartman obtained his MLMU working interest from (a) Texas Pacific Oil Company, (b) Texas Pacific Oil Company, Schmitz, Scott, et. al., and (c) Gulf Oil Corporation. Motion to Dismiss, p. 4 and fn. 5. This misrepresentation is apparently intended to assist Oxy in its reliance on the 1973 ratifications and its efforts to conceal the 1980 ratifications from the NMOCD and NMOCC.

29. Following the 1986 Amendment to the Statutory Unitization Act, several cases seeking approval for statutory unitization were filed where the operator sought to invoke the non-consent penalty provisions of the amendment, but only as to those working interest owners who had not agreed in writing to participate in the unit prior to the entry of the order approving statutory unitization. Case No. 9210, the Application of Pelto Oil Company for Statutory Unitization for the Twin Lakes-San Andrews Associated Pool in Chavez County, New Mexico is an example. In Order R-8557 approving statutory unitization, the NMOCD approved the application, approved or prescribed a provision for carrying any working interest owner as required by Section 70-7-7(F), and approved a provision whereby only those working interest owners who had not agreed in writing to participate in the unit prior to the date of the order were subject to the 200% non-consent penalty. Those who had voluntarily joined the unit were afforded the right to go non-consent without penalty. A copy of Order No. R-8557, with Pelto's letter to Examiner Stogner on this issue, is attached hereto as Exhibit U.

30. From 1986 through the May, 1994 billing month, Hartman paid all joint interest billings submitted by the MLMU operator. During that same period, Hartman was underproduced as to his share of gas and natural gas liquids produced from the unit, even though there was no gas balancing agreement in place which authorized underproduced status. A copy of Oxy's gas balancing statement dated January, 1995, for production date January 1994 (revised) is attached as Exhibit V.

31. In 1994, Oxy began a redevelopment program which represented a significant modification of the unit plan of development as approved under Orders R-4660 and R-6447, including the drilling of infill wells which were intended to result in

certain quantities of primary recovery ("1994 Redevelopment Program"). At no time did Oxy inform working interest owners of the existence of Order R-6447 or of their right to go non-consent and become a carried interest with respect to unit operations. A copy of Oxy's AFE to working interest owners of over \$5 million is attached hereto as Exhibit W.

32. Hartman immediately voiced his objections to the redevelopment program and on August 19, 1994, ceased paying Oxy's joint interest billings.⁸ Hartman wrote to Oxy on August 23 and on August 24, 1994 unequivocally objecting to the redevelopment program on the grounds that the proposal was financially unsound. Hartman indicated his intention to go non-consent with respect to Oxy's proposed redevelopment program. Hartman also pointed out that Oxy's redevelopment program went beyond the scope of the authorized plan of development for the MLMU, which was not formed or authorized to recover undeveloped primary reserves. Because the secondary oil reserves originally contemplated for recovery by the MLMU had been produced, Hartman gave Oxy notice that he was entitled to develop his own primary reserves under his leases. Hartman also pointed out that the MLMU participation factors did not take into account previously undeveloped primary reserves, and that Oxy had not taken the necessary steps to compute and obtain approval of new participation factors for the redevelopment program. Copies of Hartman's letters are attached as Exhibits D and E to the Application and Amended Application.

⁸ Other working interest owners, including Lamar Hunt and Headington Minerals, believed they had the right to go non-consent with respect to the 1994 Redevelopment Program. See Oxy Memo dated 10/25/94 attached hereto as Exhibit X. Others, including James A. Davidson, approved the project because Oxy never informed them of their right to go non-consent.

33. Oxy recognized Hartman's objection to the redevelopment program and his determination to go non-consent. Oxy's response was to deny Hartman's right to go non-consent. It contended that Hartman's options were to either participate in the redevelopment program, or assign away his interest in the MLMU to Oxy. See letters from Oxy to Hartman dated August 19 and September 13, 1994, attached as Exhibits F and G to Hartman's Application and Amended Application.

34. On November 22, 1994, Oxy filed an application with the NMOCD in Case No. 11168 ("1994 Application"). The 1994 Application did not reference Order R-6447 or otherwise inform the NMOCD of the statutory unitization of the MLMU.⁹

35. NMOCD Order WFX No. 460, issued May 11, 1978, provides that Oxy, as MLMU operator, is required to establish that higher injection pressures will not result in fracturing of the confining strata if it wishes to inject at a surface injection pressure above 900 psi.

36. The 1994 Application and the Proposed Advertisement for the 1994 Application do not contain any reference or citation to Oxy's request for an 1,800 psi surface injection pressure allowance for new injection wells that were to come on line in connection with the 1994 Redevelopment Program which was, in part, the subject of the 1994 Application.¹⁰ Oxy sent two separate mailings to Hartman and, presumably,

⁹ Oxy's Motion to Dismiss does not even address Oxy's violation of NMOCD Order No. R-9708 with respect to the 1994 Application. Order R-9708 provides that applications for Enhanced Oil Recovery Projects shall contain the name of the unit and the date and number of the Division Order approving the unit plan of operation. . . ". Even under Oxy's misguided "dual unitization" theory, Order R-6447 applied to the holdout royalty interest owners and should have been recognized in the 1994 Application.

¹⁰ In fact, as the testimony at the hearing demonstrated, Oxy had already implemented the 1994 Redevelopment Program, and had already completed new down spaced producer wells prior to filing the 1994 Application.

other working interest owners, in connection with the 1994 Application. The first notice contained a cover letter, the application itself, the proposed advertisement, and the form C-108 without attachments. None of these documents referenced the 1,800 psi surface injection pressure request. The second mailing contained the C-108 form and forty-five (45) pages of attachment. Mention of the 1,800 psi surface injection pressure limitation authorization request is buried on pages 44 and 45 of the attachments to the separately mailed C-108 form, not the C-108 mailed with the 1994 Application. A copy of the C-108 with attachments is attached hereto as Exhibit Y.

37. Oxy presented no evidence at the hearing on the 1994 Application to support an authorization for surface injection pressures of 1,800 psi for injection wells in the project area. The attorney for Oxy submitted a proposed order following the hearing which, if adopted, would have provided:

“(5) The injection wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to no more than 0.2 psi/ft. of depth to the uppermost injection perforations. [Approximately 700 psi at the surface.]

38. The NMOCD entered Order No. R-4680-A on March 31, 1995 which authorized an 1,800 psi surface injection pressure on certain specified injection wells yet to be installed (see Exhibit “B” to that order). A copy of Order No. R-4680-A is attached as Exhibit Z.

39. Hartman has discovered, in connection with his attempt to re-enter the Myers “B” Federal No. 30 well in November 1996, that water is and has been escaping from the authorized injection zone within the MLMU causing the flooding of gas reserves in the Yates Formation within the exterior boundaries of the MLMU and

within the project area authorized by Order R-4680-A. See documents attached as Exhibit AA.

40. Order R-4680-A specifically retains jurisdiction for the entry of “such further orders as the Division may deem necessary.”

41. The substantial MLMU 1994 Redevelopment Program is a financial failure. Total revenues for the period June, 1994, when Oxy implemented the Redevelopment Program, until January, 1997, were \$8,158,696. Operating costs alone for the same period (excluding over \$8,000,000 capital costs for the Redevelopment Program) were \$8,053,704. The MLMU thus shows a 32-month income over cost of production of only \$104,992, with no recoupment of the large capital expenditure.¹¹

42. Since Hartman went non-consent on August 19, 1994 with respect to Oxy's 1994 Redevelopment Program, he has maintained all revenues received from the sale of his share of crude oil from the MLMU in a segregated account.¹²

43. Oxy has never notified Hartman or Hartman's oil purchaser that Oxy is entitled to the proceeds from the sale of Hartman's share of crude oil from the MLMU.

44. On March 10, 1997, Oxy filed an action in the Dallas County District Court seeking to recover from Hartman for Oxy's joint interest billings to

¹¹ Oxy does not even address the financial aspects of the 1994 Redevelopment Program except to argue that the NMOCD has no continuing jurisdiction over Order R-4680-A.

¹² Oxy falsely contends that Hartman has “precluded” Oxy from taking Hartman's share of production by selling his own oil. Motion to Dismiss, p. 15. When Oxy denied Hartman's right to go non-consent, it gave Hartman no choice but to sell his oil and hold his proceeds in a segregated account pending resolution of the issues raised in this Application. Hartman contracted to sell his oil because Oxy, prior to 1994, had been improperly controlling Hartman's and selling that oil without Hartman's consent at an artificially low posted price.

Hartman in connection with the 1994 Redevelopment Program. On March 24, 1997, Oxy filed a similar action in Lea County District Court. By agreement of the parties, the Dallas County action has been dismissed, and the parties are litigating all matters at issue in the Lea County action.¹³

45. NMOCD has considered numerous applications for statutory unitization since enactment of the Statutory Unitization Act in 1975. In each of those applications, the Order approving statutory unitization provides that all interests within the designated unit were being statutorily unitized. The Orders uniformly prescribe a plan or unit agreement which contains “a provision for carrying any working interest owner. . . “. In none of those orders is there any indication of statutory unitization of less than all interests within the unit area for the unit at issue. A chart depicting the status of NMOCD statutory unitization cases is attached hereto as Exhibit BB.

III.

ARGUMENT AND AUTHORITIES

Hartman seeks in this proceeding to have Order R-6447 applied and enforced with respect to MLMU unit operations. See Amended Application, pp. 16-21. Oxy has refused to recognize the right of Hartman and other working interests owners in the MLMU to go non-consent with respect to unit operations, including Oxy’s costly, ineffective, and financially disastrous 1994 Redevelopment Program. Oxy’s delusional argument in support of its Motion to Dismiss is advanced because Oxy stands to lose significantly, both in terms of being barred from attempting to collect joint interest

¹³ On May 23, 1997, the day Oxy filed its Motion representing that all issues are the subject of “pending civil litigation in Dallas County, Texas,” Motion to Dismiss, p. 15, Hartman and Oxy agreed to litigate their dispute in the Lea County proceeding.

billings from Hartman, and because of liability it could face to other working interest owners who it improperly coerced into funding the 1994 Redevelopment Program, if the NMOCC gives full force and effect to the express terms of Order R-6447.

Oxy's arguments in support of its Motion to Dismiss can be condensed into three primary points:

- (1) That Hartman is not entitled to the benefits of the provisions of Order R-6447 under Oxy's theory that interest owners who agreed to unit operations of the MLMU were not statutorily unitized by Order R-6447;
- (2) That Hartman's failure to participate in the hearing on the 1994 Application excuses procedural and due process defects which attended the entry of Order R-4680-A, and which would otherwise render that order void or voidable; and
- (3) That the NMOCD and NMOCC have no continuing jurisdiction over the orders they enter, and that Hartman consequently has no right to seek modification or withdrawal of those orders based upon a change in circumstances since the entry of the Orders.

Each of these misguided arguments will be dealt with in turn.

POINT ONE

ALL WORKING INTEREST AND ROYALTY INTEREST OWNERS IN THE MLMU ARE SUBJECT TO AND ENTITLED TO THE BENEFITS OF ORDER R-6447

The legal effect of Order R-6447 must be determined by its express terms and by the provisions of the New Mexico Statutory Unitization Act. Oxy, in contrast, would have it determined by one sentence in a transmittal letter. Oxy's approach is factually unsupported and legally bankrupt.

Getty's 1980 Application requested, and Getty received approval from the NMOCC for statutory unitization of all interests in the MLMU, including those working

interests subsequently assigned to Hartman. Statement, ¶¶ 7-26. The operator and all working interest owners are thus subject to the terms of order R-6447 and entitled to rely on the express provisions of that order, including the provision which grants “any working interest owner” the right to go non-consent and become a carried interest with respect to unit operations.

Oxy’s argument is that the statutory unitization proceedings did not apply to any working interest or royalty interest owner who had previously agreed to voluntarily unitize the MLMU for secondary recovery operations. Motion to Dismiss, pp. 3-6. As one would expect for an argument drawn out of thin air, Oxy offers no authority for this proposition, nor does it cite to any provision whatsoever in the Application, in Order R-6447, or the New Mexico Statutory Unitization Act that supports its motion.

A. The Express Terms of Order R-6447 Apply to All Working and Royalty Interests

Oxy’s theory is refuted by the express terms of its Application and Order R-6447. The Application seeks approval for statutory unitization “of the Myers Langlie-Mattix Unit.” Statement, ¶ 9. The acreage described in the application is the entire acreage of the MLMU. Id. The application does not request the exclusion of any working interest or royalty interest owners from the operation and affect of the order for statutory unitization.¹⁴

The strongest evidence that Getty intended, and the NMOCC ordered statutory unitization of all working interests and royalty interests in the MLMU, including

¹⁴ The facts of this case strongly suggest that Oxy as take-over operator from Texaco was not even aware of Order R-6447 until the filing of this Application because Oxy did not cite to Order R-6447 in its 1994 Application as required by NMOCD Order No. R-9708.

those interests which had previously agreed to voluntary unitization, is found in the express language of the Order itself. The Order approved statutory unitization for the MLMU, including 9,360 acres. Statement, ¶ 15. Had the NMOCC intended to statutorily unitize only those tracts represented by the holdout royalty interests, the Order would have described the acreage as 1,317.64 acres, more or less.

Paragraphs 3 and 4 of the NMOCC's Findings reference the MLMU voluntary agreement and the approval of that agreement by Order R-4680 in Case No. 5087. The NMOCC went on to enter Finding No. 5, which states:

That the applicant [Getty] seeks statutory unitization of this voluntary unit to enable it to institute more effective and efficient operating practices thereby extending the economic life of the unit. (Emphasis added).

Following entry of the Order and completion of the ratification process, Getty commenced "unit operations" for the entire MLMU project as approved by Order R-6447. Statement, ¶ 24.

Order R-6447 found that the MLMU Unit Agreement and the Unit Operating Agreement included various provisions as set forth in Paragraph 21(a) - (g), thereby revising the then-existing Unit Agreement and Unit Operating Agreement. The carried interest requirement of Section 70-7-7F concerns only expense bearing working interest owners. The finding set forth in Paragraph 21(d) of the Order applies to any working interest owner without limitation. If the NMOCC did not intend its order approving statutory unitization for the MLMU to apply to working interest owners who had previously approved voluntary unitization, there would be no reason for the NMOCC to have included such a finding in Order R-6447. Oxy accuses the

Commission of an absurdity by mandating non-consent rights only to non-expense bearing interests, i.e., holdout royalty interests which had not previously agreed to voluntary unitization.

Indeed, the NMOCC would have no authority to approve statutory unitization, or to issue an order approving statutory unitization for the MLMU, unless it “approved[d]” or “prescribe[d]” a plan or Unit Agreement for unit operations which includes a non-consent provision which applies to any working interest owner. Section 70-7-7F. The New Mexico legislature has mandated the inclusion of such a provision in statutory unitization orders, and the NMOCD and NMOCC cannot modify the statute. Continental Oil Co. v. Oil Conservation Commission, 70 N.M. 310, 373 P.2d 809 (1962) (Oil Conservation Commission is a creature of statute limited and empowered by the laws creating it). This mandatory non-consent provision will be read and incorporated into any unit agreement which does not otherwise include such provision. NMSA 1978 § 70-7-18; Romero v. Dairyland Ins. Co., 111 N.M. 154, 803 P.2d 243 (1990) (mandatory statutory provision will be read into contract).

The absurdity of Oxy's position is confirmed in paragraph 6 of the dispositive provisions of the NMOCC's Order, wherein the NMOCC recites that upon the ratification of the Unit Agreement and Unit Operating Agreement under the Statutory Unitization Act, “the interests of all persons within the unit area are unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement in writing.” Clearly, NMOCC Order No. R-6447 statutorily unitized all interests within the MLMU. See generally Statement, ¶¶ 7-26. It does not contain a

single word or phrase which even hints at the exclusion of any working interest or royalty interest from the coverage and affect of the order approving statutory unitization.

It is black letter law that contracts, statutes and administrative orders should not be construed or interpreted so as to render their terms and provisions meaningless. Dairyland Ins. Co. v. Rose, 92 N.M. 527, 591 P.2d 281 (1979). They are to be given effect according to their unambiguous terms. Key v. Chrysler Motors Corp., 121 N.M. 764, 918 P.2d 350 (1996). Secret intuitions and unarticulated wishes do not override the unambiguous language of a document. Southern Union Exploration Co. v. Wynn Exploration Co., 95 N.M. 594, 597, 624 P.2d 536, 539 (Ct. App.), cert. denied, 95 N.M. 593, 624 P.2d 535 (1981). The express terms of Order R-6447 must be given full effect, holding that the Order approved statutory unitization for all interests within the MLMU, including all working interests and royalty interests.

B. The Statutory Unitization Act Does Not Contemplate a Hybrid or Dual Unit

Oxy's notion that an Order approving statutory unitization does not apply to any party who had previously agreed to voluntary unitization is inconsistent with the letter and spirit of the New Mexico Statutory Unitization Act. The Act expressly anticipates that statutory unitization will apply to previously established units. NMSA 1978, § 70-7-10. Had the legislature intended to authorize the exclusion of some interest owners who had previously agreed to voluntary unitization from the effect of orders approving statutory unitization, it could have easily done so. Had the legislature intended to authorize both a voluntary unit and a compulsory unit in one secondary recovery operation, with one set of rules which apply to those who voluntarily agree to

unitize and one set of rules which apply to those who are only unitized statutorily, it could have done so. No such language is found in § 70-7-10, and no such intent is reflected anywhere in the Act. See Skz, Inc. v. Petty, 782 P.2d 939 (Okla. 1989) (where statute does not authorize pooling by wellbore, pooling order pooled entire unit, not just wellbore).

The Act expressly provides that an Order approving statutory unitization will result in “creating the unit . . . “. Section 70-7-6(C) provides that when the Division determines that the necessary conditions exist,

[i]t shall make findings to that affect and make an order creating the unit and providing for the unitization and unitized operation of the pool. . . (Emphasis added).

The unit created was the MLMU, not a unit of holdout royalty interest owners.

The entire ratification process mandated by Section 70-7-8 refutes Oxy’s dual unitization theory. If the terms of the order approving statutory unitization did not apply to those who had previously agreed to voluntary unitization, there would be no reason to require their ratification and approval of the plan of unit operations prescribed by the Division in the order. Working interest owners who will bear the cost of unit operations must approve the new plan of unit operations as established by the Division and ratify the plan of unit operations precisely because they are affected by and subject to the provisions of such orders.

C. Oxy’s Eleventh Hour Construction is Inconsistent with the Understanding and Practice of the NMOCD in Other Statutory Unitization Proceedings

Oxy’s Motion does not cite to the precedent of other statutory unitization proceedings. A review of the files in those cases shows why Oxy is hesitant to call

those cases to the NMOCC's attention: in all cases resulting in orders approving statutory unitization, all working and royalty interests were unitized by virtue of the order. None of those cases involved an order establishing dual unitization of working interest owners depending upon whether they had agreed to voluntary unitization.

The West Square Lake Unit, established by NMOCD Order No. R-7375-A, is instructive. By Order R-7375 entered October 20, 1983, the NMOCD approved the West Square Lake Unit as a secondary recovery project and as a "voluntary unit agreement." Subsequently, J. Cleo Thompson and James Cleo Thompson, Jr., filed an application for statutory unitization. At the time of the application, all working interest owners in the unit had approved the unit agreement. Some of the royalty interest owners had not yet joined. Nevertheless, in the Order approving statutory unitization of the West Square Lake Field Unit, the NMOCD found that the Unit Agreement and Unit Operating Agreement included a provision "for carrying any working interest owner on a limited, carried and net-profit basis, payable out of production . . . ". If Oxy's theory in this case were correct, there would be no need for the inclusion of such a provision in the Order, since all of the working interest owners had already voluntarily agreed to unitization.

In several cases, the transcripts of the hearings on applications for statutory unitization indicate that the NMOCD itself raised the issue of the requirement of a carried interest provision in unit agreements and unit operating agreements during statutory unitization proceedings. One particularly noteworthy example occurred in Case No. 10062, the Application of Oxy USA, Inc. for Statutory Unitization for the Central Corbin Queen Unit. That matter came on for hearing before Michael E. Stogner

on September 5, 1990. Oxy was represented by Mr. Kellahin, its attorney in this case. During the course of the proceedings, the following colloquy occurred between Mr. Robert Stovall, counsel for the Division, Mr. Dickenson, Oxy's representative, and Mr. Kellahin:

BY MR. STOVALL:

Q. Is there a provision in either the Unit Agreement or the Unit Operating Agreement for carrying of nonconsenting parties? I'll preface that by saying that I didn't find one as I skimmed through it?

A No, sir, there isn't. And the only reference I would make to that would be that under the Statutory Unitization Act in 70-7, provision (F) it does say that in the event you have a nonconsenting working interest party, that they could be subject to cost, 100 percent plus 200 percent penalty. The question never came up except one of Santa Fe Exploration's working interest parties asked me would he would be exposed to that, and I said I could not answer that. There was a provision under the Act --

Q. Let me interrupt you here, Mr. Dickenson. I'm reading 70-7-, ". . . and shall approve or prescribe a plan for a Unit Agreement for unit operations which shall include" -- and I'll go to your paragraph (F) -- "a provision for carrying any working interest owner unlimited during a net profits basis," and further down it provides, "carrying plus an amount not to exceed 200 percent."

My interpretation of that statutory provision is that the Unit Agreement or Unit Operating Agreement needs to have that provision for carrying included in it. Would you been willing to amend the Agreement?

MR. KELLAHIN: No, sir. Mr. Stovall, we've made the conscious decision not to seek the nonconsent provisions that apply in the statute and it's been intentionally deleted from the operating agreement.

MR. STOVALL: So, in effect the nonparticipating interest would be carried at no penalty.

MR. KELLAHIN: That's right.

The Order that the NMOCD subsequently entered in the Corbin Queen matter contained a finding that the agreement included a “provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production . . . “. Obviously, in that proceeding, the NMOCD and Oxy recognized that the mandatory provisions of the statute must be included in any order authorizing statutory unitization, and that the statutory unitization order revises any agreement which lacks the carried interest wording. A copy of relevant portions of the transcript of that proceeding are attached hereto as Exhibit CC.

D. Oxy’s Misinterpretation Unfairly Discriminates Against Working Interest Owners Who Agreed to Participate in the MLMU

According to Oxy, those working interest owners who were cooperative and voluntarily agreed to participate in the unit prior to statutory unitization proceedings are not entitled to the benefits of the mandatory provisions of Section 70-7-7F. Instead, working interest owners who agreed to participate in the unit prior to statutory unitization proceedings have two choices: either, they must pay their share of unit operations and capital expenditures whether they believe them to be economically sound or not, or they can forfeit their interest in the unit. Oxy’s cockeyed argument leads to these conclusions: (a) the hold-out interest owners in the MLMU are treated better than the owners who cooperated by signing on; and (b) the non-consent requirement in Order R-6447 applies only to royalty owners who do not have to pay expenses anyway.

Oxy’s misinterpretation penalizes those who voluntarily agreed to unitization and assisted the operator in statutory unitization proceedings. This result

makes absolutely no sense, and is inherently unfair to those working interest owners, including Hartman's predecessors in interest, who voluntarily agreed to unitization and assisted Getty in securing approval for statutory unitization. Those working interest owners who voluntarily agree and assist in securing such approval are those most entitled to the benefits and protections of the mandatory provisions of Section 70-7-7F.

Indeed, the NMOCD in other statutory unitization proceedings has recognized just that principle. In several orders, the NMOCD has recognized, and either approved or prescribed, a provision in the unit agreement which provides that any working interest owner be carried if that working interest owner declines to participate in any unit operation or program. Those who had previously voluntarily agreed to unitization are entitled to an unqualified right to go non-consent, and are not subject to any non-consent penalty. Statement of Facts ¶ 29. Those orders typically contain an additional provision applies the penalty only to those who did not agree to voluntarily unitize:

Any working interest owner who has not agreed in writing to participate in the unit prior to the date of this order should be deemed to have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs have been repaid, plus an addition 200% thereof as a non-consent penalty and Section 70-7-7.F. NMSA 1978.

See Order No. R-8557, attached hereto as Exhibit U. The NMOCD has consistently recognized that all working interest owners are entitled to the benefits of Section 70-7-

7.F, and that any less favored treatment should be directed toward those who did not agree to voluntary unitization, not against those who did participate.¹⁵

E. Oxy's Eleventh Hour Construction is Inconsistent With The Motive Behind Getty's 1980 Application

Getty represented that its application for statutory unitization was sought in order to streamline the administration and operation of the MLMU, to enable Getty to undertake certain agreements for the benefit of the unit, and to implement operating practices which would extend the life of the unit. The problem Getty faced in 1980 as a result of the holdout royalty interests was that it was required to maintain separate facilities for those tracts which had not committed to voluntary unitization. In short, the operation and administration of the MLMU was less economical because of the holdout royalty interests and the need to treat some tracts differently.

Adoption of Oxy's theory of dual unitization would increase administrative inefficiency. If Oxy were correct, which is denied, Oxy would have to maintain separate books and records, and apply three separate sets of rules to the various working interest owners and royalty interest owners in the MLMU, depending upon whether they were under voluntary or statutory unitization.¹⁶ Obviously, the adoption and recognition of a dual unitization theory would only increase the burden on the operator and, consequently, the unit, and would create separate classes of interest owners, some of whom would be entitled to the benefits of mandatory statutory provisions, some of

¹⁵ There is no issue in this proceeding regarding the availability of a non-consent penalty. In 1980, when Getty filed its Application, there was no non-consent penalty provision in the statute. None of the MLMU operators has requested amendment or modification of Order R-6447 since 1986 for non-consent penalty.

¹⁶ There would be the voluntary owners who always have to pay; the involuntary owners who approve AFEs; the involuntary owners who go non-consent.

whom would not. Aside from the fact that this theory circumvents mandatory statutory provisions, it makes absolutely no sense in the administrative practice of the unit.

POINT TWO

**OXY'S LAWSUIT IS A COLLATERAL
ATTACK ON ORDER R-6447**

NMOCC Order No. R-6447 is entitled to preclusive effect. Amoco Production Company v. Heimann, 904 F.2d 1405 (10th Cir. 1990), cert. denied, 498 U.S. 942 (1990). Unitization orders made by the NMOCC must remain inviolate to collateral attack. Id. Oxy has filed suit against Hartman to recover joint interest billings associated with the 1994 Redevelopment Program to which Hartman timely objected and voiced his desire to go non-consent.

The NMOCC expressly retained jurisdiction in Order R-6447 for the entry of such further orders as the NMOCC may deem necessary. The New Mexico Legislature has expressly vested the NMOCD and NMOCC with jurisdiction, power and authority to make and enforce such orders and to do such things as may be necessary or proper to carry out and effectuate the purposes of the Statutory Unitization Act. NMSA 1978, § 70-7-3.

Questions about the operation of the MLMU subject to the Statutory Unitization Act are within the primary jurisdiction of the NMOCC and the NMOCD, who have not just the authority, but a statutory mandate to insure the legal operation of units subject to the Act. Here, the undisputed evidence demonstrates that Oxy has violated Order R-6447 by its ongoing refusal to recognize the right of MLMU working interest owners to go non-consent with respect to unit operations. This body has every right to

review the facts presented by this Application and enter an order confirming for the benefit of Oxy and all working interest owners in the MLMU the nature, effect, and meaning of the express terms of its Order. Amarex v. Baker, 655 P.2d 1040 (Okla. 1973) (petition to Corporation Commission to interpret or construe its own order is not a collateral attack).

POINT THREE

THIS APPLICATION IS PROPER UNDER NMOCC'S AND NMOCD'S CONTINUING JURISDICTION

In Order R-6447 and Order R-4680-A, the NMOCC and NMOCD both retained jurisdiction for the entry of such further orders as may be necessary. As this case demonstrates, changes in circumstance and factual developments often occur after the date of entry of an Order which require subsequent action by an administrative agency after entry of an order. That is the very purpose for including the retained jurisdiction provision in the orders. Oxy's Motion to Dismiss seeks to deprive the NMOCC and the NMOCD of its continuing jurisdiction.

Under the jurisdiction vested by Section 70-7-3 and given the express retention of jurisdiction by Orders R-6447 and R-4680-A, the NMOCC and NMOCD are entitled to consider all matters presented by this Application. Those questions include whether Oxy's operation of the MLMU is inconsistent with the Statutory Unitization Act, whether Oxy has violated Order R-6447 and the Act in its operation of the MLMU, whether changed circumstances in the form of the failed 1994 Redevelopment Program justify termination or substantial modification of the operation of the MLMU, and whether Oxy's operation of the MLMU has caused a water out of zone problem. These

issues involve changed circumstances developed or discovered since the entry of the orders. Changed conditions are sufficient to justify review of a previously issued order, and such review does not constitute a collateral attack on the order. Wood Oil Company v. Corporation Commission, 205 Okla. 534, 239 P.2d 1021 (1950); Railroad Commission of Texas v. Aluminum Co. of America, 380 S.W.2d 599 (1964).

Oxy is the unilateral cause of the problems and conflicts at issue in this Application. In filing its Application in Case No. 11168, Oxy failed to apprise the NMOCD of the existence and effect of Order R-6447. Consequently, the NMOCD considered and granted Oxy's application as if the provisions of the Statutory Unitization Act did not apply, and on the assumption that Oxy did not need to make the necessary showing in support of the application which sought an amendment to the plan of unit operations. NMSA 1978 § 70-7-9. Having unilaterally caused the problem at issue by its failure to recognize the existence of Order R-6447, Oxy cannot be heard to complain that the NMOCC and the NMOCD are without jurisdiction to remedy the problem.

Oxy's complaint about the timing of Hartman's application and his objections to Oxy's conduct is particularly inappropriate. Hartman elected to go non-consent with respect to unit operations in August, 1994, but Oxy has denied that Hartman has that right. Hartman has not paid his share of joint interest billings since that time, and has maintained all revenues from his share of crude oil from the MLMU in a segregated account because Oxy has refused to recognize his right to go non-consent and has refused to take his share of proceeds as provided by Order R-6447. Oxy did not, however, institute its lawsuit against Hartman in violation of Order R-6447

until March, 1997, almost three (3) years after Hartman elected to go non-consent and stopped paying MLMU invoices submitted by Oxy. Under the circumstances, there was no reason for Hartman to file this Application until Oxy demonstrated its intent to collaterally attack Order R-6447 by filing suit against Hartman. Once Oxy determined to undertake such a course of action, Hartman immediately and in a timely manner sought relief in the form of this Application regarding all issues arising from Oxy's failure to recognize and give full force and effect to the terms of Order R-6447, as well as issues relating to whether Oxy's operation of the MLMU has caused waste and failed to protect the correlative rights of working interest owners in the MLMU.

Obviously, Hartman did not have evidence supporting his contention that the 1994 Redevelopment Program was a financial failure until the program was given a sufficient opportunity to play out to demonstrate its ineffectiveness. The facts supporting Hartman's contention will be presented at hearing, at which time Oxy will have ample opportunity to present any evidence it can muster to support the financial integrity of the program. These matters involve changed circumstances since the entry of Order R-4680-A, and which could not have been presented in 1994.

The NMOCD and the NMOCC clearly have continuing jurisdiction to monitor surface injection pressure authorizations for the MLMU. Hartman did not discover evidence demonstrating water out of zone as a result of MLMU operations until November, 1996, when he attempted to rework the Myers "B" Federal No. 30 ("Myers") well in Section 5, T-24-S, R-37-E, which lies within the exterior surface boundaries of the MLMU. During the re-entry of the Myers well, Hartman encountered large quantities of water in the gas productive Yates Formation, where water is not naturally occurring in

this area. This evidence strongly suggests that the operation of the MLMU, including excessive surface injection pressures, has caused a water out of zone problem, which the NMOCD and the NMOCC have the power and duty to investigate.

POINT FOUR

THE NMOCD AND NMOCC HAVE AUTHORITY TO REVIEW AN ORDER IMPROPERLY ENTERED

Hartman's Application and Amended Application have documented numerous procedural and due process problems which attended the entry of Order R-4680-A. Oxy largely ignores these problems, except to argue that Hartman had notice with respect to the 1,800 psi surface injection pressure authorization request that was buried in documents attached to a C-108 form. Oxy does not explain why the request was not set out in the application itself, why no evidence was introduced at the hearing to support the authorization, or how the 1,800 psi surface injection pressure authorization came to be embodied in Order R-4680-A.

Again, Oxy seeks to preclude review by the NMOCC and the NMOCD of the numerous procedural defects that attended the entry of Order R-4680-A. However, Oxy is the cause of the problem. Had Oxy notified the NMOCD and working interest owners in its Application in Case No. 11168 of the existence of Order R-6447, had it provided sufficient notice to the working interest owners of its request for an excessive surface injection pressure, and had it complied with the provisions of Section 70-7-9 in its request for amend unit operations by its 1994 Application, all affected parties would have had sufficient notice of the issues posed by Oxy's Application. Oxy failed to do so. Under the circumstances, Order R-4680-A should be vacated and held to be void

or voidable. Uhden v. New Mexico Oil Conservation Commission, 112 N.M. 528, 817 P.2d 721 (1991).

IV.

CONCLUSION

Based upon the foregoing facts and authorities, Hartman respectfully requests that Oxy's Motion to Dismiss be denied in its entirety, and that Oxy's Application and Amended Application be scheduled for hearing before the full NMOCC at the presently scheduled special hearing set for June 30 - July 2, 1997. Because Oxy's Motion to Stay Discovery is based solely on its Motion to Dismiss, which has been shown to be meritless, that Motion should also be denied.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By 

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CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of Hartman's Response in Opposition to Oxy's Motion to Dismiss to be hand-delivered on this 9th day of June, 1997 to the following counsel of record:

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Michael J. Condon

**EXHIBITS TO HARTMAN'S RESPONSE
IN OPPOSITION TO OXY'S MOTION TO DISMISS**

- Exhibit A September 1973 Skelly Oil Company NMOCC application pertaining to the MLMU Case No. 5086
- Exhibit B September 1973 Skelly Oil Company NMOCC application pertaining to the MLMU Case No. 5087
- Exhibit C Section 7 of adopted the New Mexico Statutory Unitization Act adopted in 1975 by the New Mexico Legislature
- Exhibit D November 1, 1978 letter from Getty Oil Company to the United States Geological Survey
- Exhibit E February 5, 1980 letter from Getty Oil Company to MLMU working interest owners
- Exhibit F Summary of Tracts Eliminated from MLMU Unit Area as a result of Statutory Unitization Order R-6447
- Exhibit G June 19, 1980 letter from William F. Carr to Joe D. Ramey
- Exhibit H Getty Oil Company's Application, Case No. 6987, including exhibits
- Exhibit I NMOCC's advertisement for Case No. 6987
- Exhibit J Hearing transcript of Getty's Application held before the NMOCC on August 5, 1980
- Exhibit K August 5, 1980 letter from Mr. Carr to NMOCC with revised Exhibit B
- Exhibit L August 27, 1980 - NMOCC Order R-6447
- Exhibit M September 15, 1980 letter from Getty to royalty interest owners
- Exhibit N September 23, 1980 - Sun Oil Co.'s Ratification and Approval submitted by Getty
- Exhibit O September 30, 1980 - Gloria Bundy's identical Ratification and Approval submitted by Getty
- Exhibit P September 29, 1980 - Getty's Ratification and Approval
- Exhibit Q December 24, 1980 letter from Raymond W. Blohm of Getty to Mr. Carr with affidavit
- Exhibit R January 5, 1981 letter from Joe D. Ramey to Mr. Carr

- Exhibit S December 9, 1993 letter from Doyle Hartman to Oxy
- Exhibit T 1986 Amendment by NM Legislature to provisions of the Statutory Unitization Act
- Exhibit U NMOCD Order No. R-8557 with Pelto's November 16, 1987 letter to Examiner Stogner
- Exhibit V January 1995 Oxy's gas balancing statement
- Exhibit W Oxy's 1994 AFE to working interest owners of over \$5 million
- Exhibit X October 25, 1994 -Working Interest Owner Accumulated AFE Approval
- Exhibit Y November 21, 1994 - C-108 with attachments
- Exhibit Z March 31, 1995- NMOCD Order No. R-4680-A
- Exhibit AA Various MLMU graphs and documents
- Exhibit BB Chart depicting the status of NMOCD statutory unitization cases
- Exhibit CC Portions of NMOCD September 5, 1990 hearing transcript

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)
SKELLY OIL COMPANY FOR APPROVAL OF A) CASE NO. 5086
UNIT AGREEMENT FOR THE MYERS LANGLIE-)
MATTIX UNIT IN THE LANGLIE-MATTIX) FILED _____
POOL, LEA COUNTY, NEW MEXICO.) HEARING _____

A P P L I C A T I O N

Comes now Skelly Oil Company on behalf of itself and others and respectfully states as follows:

1. That it is an owner and operator of wells in the Myers Langlie-Mattix Unit Area of the Langlie-Mattix Pool, Lea County, New Mexico.

2. That in order to conduct secondary recovery operations and to increase the amount of ultimate recovery and thereby aid in the conservation of oil and gas, and in order to protect the correlative rights of all parties in the Unit Area, it is necessary and advisable that the Myers Langlie-Mattix Unit in the Langlie-Mattix Pool be established and approved.

3. That the area to be included in this Unit is described as follows:

Township 23 South, Range 36 East
N/2 SE/4, E/2 SW/4, SW/4 SW/4, S/2 SE/4, N/2 NW/4, and
SE/4 NW/4 of Section 25;
N/2, SE/4, and E/2 SW/4 of Section 36;

Township 23 South, Range 37 East
All of Section 30;
All of Section 29;
SW/4, and SW/4 NW/4 of Section 28;
All of Section 31;
All of Section 32;
All of Section 33;
W/2 of Section 34;

Township 24 South, Range 36 East
NE/4 NE/4 of Section 1;
S/2 N/2, N/2 S/2, and SE/4 SE/4 of Section 12;

Township 24 South, Range 37 East
E/2, E/2 W/2, and NW/4 NW/4 of Section 6;
All of Section 5;
All of Section 4;
All of Section 3;
W/2, and W/2 NE/4 of Section 2;
All of Section 7;
N/2, N/2 S/2, and SW/4 SW/4 of Section 8;
N/2, and N/2 SW/4 of Section 9;
NW/4, NW/4 NE/4, S/2 NW/4, E/2 SW/4, and W/2 SE/4 of
Section 10; and
SE/4 NW/4 of Section 11,

containing 9,923.68 acres, more or less, of fee, federal and state lands in Lea County, New Mexico.

4. That the formation sought to be unitized is that interval underlying the Unit Area, the vertical limits of which extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore found to occur in Texas Pacific Oil Company's Blinbry "B" No. 3 well (located 2310 feet FWL and 330 feet FNL of Section 34, Township 23 South, Range 37 East, Lea County, New Mexico) at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical Log

Exhibit A

Run No. 1, taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

5. That attached hereto and made a part hereof by reference is a copy of the Unit Agreement for the development and operation of the Myers Langlie-Mattix Unit, and contained in said Agreement as Exhibit "A" is a map showing the Unit Area, and as Exhibit "B" is a schedule of tracts included within the Unit Area.

WHEREFORE, PREMISES CONSIDERED, applicant prays that this Commission, after the giving of notice as required by law, set this application down for hearing, and that at the conclusion of said hearing based on the evidence adduced approve the Unit Agreement for the Myers Langlie-Mattix Unit, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

BY *Chester E. Blodget*
Chester E. Blodget
Attorney

Of Counsel:
L. C. White, Attorney
White, Koch, Kelly & McCarthy
P. O. Box 787
Santa Fe, New Mexico 87501

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)
SKELLY OIL COMPANY FOR AN ORDER)
AUTHORIZING THE INJECTION OF FLUID)
FOR SECONDARY RECOVERY PURPOSES INTO)
THE LANGLEIE-MATTIX POOL ON THE MYERS)
LANGLIE-MATTIX UNIT, LOCATED IN ALL)
OR PORTIONS OF SECTIONS 25 AND 36,)
TOWNSHIP 23 SOUTH, RANGE 36 EAST;)
SECTIONS 28, 29, 30, 31, 32, 33 AND)
34, TOWNSHIP 23 SOUTH, RANGE 37 EAST;)
SECTIONS 1 AND 12, TOWNSHIP 24 SOUTH,)
RANGE 36 EAST; AND SECTIONS 2, 3, 4,)
5, 6, 7, 8, 9, 10 AND 11, TOWNSHIP)
24 SOUTH, RANGE 37 EAST, LEA COUNTY,)
NEW MEXICO, AND FOR THE PROMULGATION)
OF CERTAIN RULES GOVERNING THE OPERA-)
TION OF SAID UNIT.)

CASE NO. 5087
FILED _____
HEARING _____

A P P L I C A T I O N

Comes now Skelly Oil Company and alleges and states:

1. That it is the Operator of the Myers Langlie-Mattix Unit containing 9,923.68 acres, more or less, of fee, federal and state lands, described as follows:

Township 23 South, Range 36 East
N/2 SE/4, E/2 SW/4, SW/4 SW/4, S/2 SE/4, N/2 NW/4, and
SE/4 NW/4 of Section 25;
N/2, SE/4, and E/2 SW/4 of Section 36;

Township 23 South, Range 37 East
All of Section 30;
All of Section 29;
SW/4, and SW/4 NW/4 of Section 28;
All of Section 31;
All of Section 32;
All of Section 33;
W/2 of Section 34;

Township 24 South, Range 36 East
NE/4 NE/4 of Section 1;
S/2 N/2, N/2 S/2, and SE/4 SE/4 of Section 12;

Township 24 South, Range 37 East
E/2, E/2 W/2, and NW/4 NW/4 of Section 6;
All of Section 5;
All of Section 4;
All of Section 3;
W/2, and W/2 NE/4 of Section 2;
All of Section 7;
N/2, N/2 S/2, and SW/4 SW/4 of Section 8;
N/2, and N/2 SW/4 of Section 9;
NW/4, NW/4 NE/4, S/2 NW/4, E/2 SW/4, and W/2 SE/4 of
Section 10; and
SE/4 NW/4 of Section 11,

all in Lea County, New Mexico.

2. That an application for approval of the Unit Agreement has been filed with this Commission.

3. That in order to carry out the secondary recovery operations as contemplated by the Unit Agreement, to prevent waste and to recover oil and associated hydrocarbons which would not otherwise be recovered, applicant desires to inject fluid into certain wells within the Unit Area for injection into the Myers Langlie-Mattix Unit, pursuant to Rule 701 of the Commission.

4. That Applicant proposes to convert the following 84 wells and utilize same for injection purposes:

COMPANY	LEASE	WELL NO.	UNIT	LOCATION		
				SEC.	T	R
Amerada Hess Corp.	O. M. Hodges	1	I	3	24S	37E
"	State LMA Com.	2	I	32	23S	37E
"	State IMT	3	G	36	23S	36E
"	State LMT	5	A	36	23S	36E
"	State LMT	7	C	36	23S	36E
Amoco	Meyers B Fed.	17	E	5	24S	37E
"	Meyers B Fed.	22	C	5	24S	37E
"	Meyers B Fed.	15	A	6	24S	37E
"	Meyers B Fed.	19	G	6	24S	37E
"	Meyers B Fed.	6	E	7	24S	37E
"	Meyers B Fed.	10	G	7	24S	37E
"	Meyers B Fed.	20	A	7	24S	37E
"	Meyers B Fed.	5	K	9	24S	37E
Atlantic Richfield Co.	W. N. Cooper	1	G	12	24S	36E
"	Fowler Hair	2	E	9	24S	37E
"	W. N. Toby	2	I	12	24S	36E
W. K. Byrom	Davis	2	K	33	23S	37E
"	Davis B	1	M	33	23S	37E
"	Sinclair Carter	1	A	9	24S	37E
Continental-Emsco Oil Co.	Fowler Hair	1	C	9	24S	37E
Continental Oil Co.	Cooper	2	K	8	24S	37E
"	Lynn B Fed.	4	O	25	23S	36E
"	Stewart 28	1	M	28	23S	37E
"	Stewart 29	1	O	29	23S	37E
"	Stewart 29	2	I	29	23S	37E
"	Vaughan A 12	1	E	12	24S	36E
Flag Redfern Oil Co.	Lynn B 25	3	K	25	23S	36E
"	Lynn B 25	4	M	25	23S	36E
Albert Gackle	R. M. Cowden	2	I	30	23S	37E
"	R. M. Cowden B	2	M	30	23S	37E
"	R. M. Cowden C	2	E	31	23S	37E
"	R. M. Cowden C	5	G	31	23S	37E
Great Western Drilling Co.	H. Leonard B St.	3	C	32	23S	37E
"	H. Leonard B St.	5	A	32	23S	37E
Gulf Oil Corporation	S. J. Carr	2	E	10	24S	37E
"	S. J. Carr	3	K	10	24S	37E
"	Carter Eaves NCT A	1	C	6	24S	37E
"	J. R. Holt NCT B	1	I	36	23S	36E
"	C. E. LaMunyon	2	E	29	23S	37E
"	C. E. LaMunyon	15	G	29	23S	37E
"	C. E. LaMunyon	18	C	29	23S	37E
N. B. Hunt	Mattix A	2	A	3	24S	37E
"	Mattix A	4	G	3	24S	37E
"	Mattix A	5	I	3	24S	37E
"	Mattix B Fed.	3	O	10	24S	37E
"	Mattix B Fed.	4	G	10	24S	37E
"	Mattix B 10	2	C	10	24S	37E
Johnson & French Oil Co.	Davis	1	O	33	23S	37E
King, Warren & Dye	Toby	2	K	7	24S	37E
Reserve Oil & Gas Co.	L. Carter	1	A	25	23S	36E
Resler & Sheldon	Fanning	1	E	33	23S	37E
"	Fanning	5	C	33	23S	37E
Skelly Oil Company	J. W. Cooper	2	L	12	24S	36E
"	Liberty Royalties	1	O	7	24S	37E
"	Liberty Royalties	3	I	7	24S	37E
"	Mattix A	2	E	2	24S	37E
"	Mattix A	4	K	2	24S	37E
"	Mattix A	5	C	2	24S	37E
"	Mexico D	2	O	36	23S	37E
"	Mexico P	2	G	2	24S	37E
"	Toby	1	M	7	24S	37E

COMPANY	LEASE	WELL NO.	LOCATION			
			UNIT	SEC.	T	R
Texaco Inc.	Blinebry A Fed.	2	I	31	23S	37E
"	Blinebry B Fed.	2	M	31	23S	37E
"	Blinebry B Fed.	3	K	31	23S	37E
"	Blinebry B Fed.	4	O	31	23S	37E
"	E. D. Fanning	4	E	4	24S	37E
"	E. D. Fanning	7	G	5	24S	37E
"	N. M. B State NCT 4	1	M	12	23S	37E
"	J. D. Young	3	O	5	24S	37E
Texas Pacific Oil Co.	Blinebry A Fed.	3	L	29	23S	37E
"	Blinebry A Fed.	4	K	29	23S	37E
"	Blinebry A Fed.	10	C	30	23S	37E
"	Blinebry A Fed.	11	E	30	23S	37E
"	Blinebry B Fed.	4	L	34	23S	37E
"	Blinebry B Fed.	8	D	34	23S	37E
"	Eva Blinebry	1	M	29	23S	37E
"	Hodge	4	G	8	24S	37E
"	Hodge	5	A	8	24S	37E
"	Jack Fed.	1	E	8	24S	37E
"	Jack Fed.	3	C	8	24S	37E
"	C. Meyers	2	M	5	24S	37E
"	C. Meyers	8	K	5	24S	37E
"	C. Meyers	5	O	6	24S	37E
"	C. Meyers	6	I	6	24S	37E

5. That attached hereto and made a part hereof is a map, labeled Exhibit "A", which shows the location of the proposed injection wells and the location of all other wells within a radius of two miles of the proposed injection wells, and the formation from which said wells are producing, and that also indicated on said exhibit are the lessces within said two-mile radius.

6. That attached hereto and made a part hereof is Exhibit "B" which is a sketch of an injection well illustrative of the type of injection wells contemplated, showing the casing string, including diameter and setting depth, quantity used and top of cement, perforated or open hole interval, tubing string, including diameter and setting depth, and type and location of packer.

7. That the formation to be waterflooded and into which injection will be made is the Langlie-Mattix formation underlying the Unit Area, the same being the heretofore established reservoir which has been found to occur between the depths of 3168 feet and 3570 feet in Texas Pacific Oil Company's Blinebry "B" Well No. 3 (located in Section 34, Township 23 South, Range 37 East, Lea County, New Mexico), as recorded on the Schlumberger Electrical Log Run No. 1 taken December 26, 1952, said log being measured from the derrick floor elevation of 3300 feet above sea level.

8. That the fluid sought to be injected is water, and the anticipated volumes to be injected are 27,000 BWPB, that the source of injected fluid is water produced from the Unit Area wells and Skelly's Jal Water System from the Seven Rivers Formation and Capitan Reef.

WHEREFORE, PREMISES CONSIDERED, Applicant prays that this Commission, after the giving of notice as required by law, set this matter down for hearing, and that at the conclusion of said hearing based on the evidence adduced enter its order granting the Applicant permission to conduct a waterflood project on the Myers Langlie-Mattix Unit by utilizing as injection wells the wells above described with said secondary recovery project to be governed by the provisions

of Rule 701, for permission to expand or change the waterflood program by administrative means without the necessity of a separate hearing, for appropriate field rules if necessary, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

By *Chester E. Blodget*
Chester E. Blodget
Attorney

Of Counsel:
L. C. White, Attorney
White, Koch, Kelly & McCarthy
P. O. Box 787
Santa Fe, New Mexico 87501

LAWS OF
NEW
MEXICO

1975

VOLUME II
THIRD REGULAR SESSION
JANUARY 1975 - JUNE 1975
PAGE 1377 - PAGE 2532

ILLEGIBLE

Exhibit C

CHAPTER 293

AN ACT

RELATING TO THE OIL CONSERVATION COMMISSION; PROVIDING FOR UNITIZED OPERATION OF OIL AND GAS POOLS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. PURPOSE OF ACT.--The legislature finds and determines that it is desirable and necessary under the circumstances and for the purposes hereinafter set out, to authorize and provide for the unitized management, operation and further development of the oil and gas properties to which the Statutory Unitization Act is applicable, to the end that greater ultimate recovery may be had therefrom, waste prevented, and correlative rights protected of all owners of mineral interests in each unitized area. It is the intention of the legislature that the Statutory Unitization Act apply to any type of operation that will substantially increase the recovery of oil above the amount that would be recovered by primary recovery alone and not to what the industry understands as exploratory units.

Section 2. SHORT TITLE.--This act may be cited as the "Statutory Unitization Act".

Section 3. ADDITIONAL POWERS AND DUTIES OF THE OIL CONSERVATION COMMISSION.--Subject to the limitations of the Statutory Unitization Act the oil conservation commission of the state of New Mexico, hereinafter referred to as the "commission", is hereby vested with jurisdiction, power and authority and it shall be its duty to make and enforce such orders and do such things as may be necessary or proper to carry out and

SENATE BILL 262
Approved April 10, 1975

effectuate the purposes of the Statutory Unitization Act.

Section 4. DEFINITIONS.--For the purposes of the Statutory Unitization Act, unless the context otherwise requires:

A. "pool" means an underground reservoir containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separate from any other zone in the structure, is covered by the word pool as used herein. Pool is synonymous with "common source of supply" and with "common reservoir";

B. "oil and gas" means crude oil, natural gas, casinghead gas, condensate or any combination thereof;

C. "waste", in addition to its meaning in Section 65-3-3 MMSA 1953, shall include both economic and physical waste resulting, or that could reasonably be expected to result, from the development and operation separately of tracts that can best be developed and operated as a unit;

D. "working interest" means an interest in unitized substances by virtue of a lease, operating agreement, fee title or otherwise, excluding royalty owners, owners of overriding royalties, oil and gas payments, carried interests, mortgages and lien claimants but including a carried interest, the owner of which is primarily obligated to pay, either in cash or out of production or otherwise, a portion of the unit expense; however, oil and gas rights that are free of lease or other instrument creating a working interest shall be regarded as a working interest to the extent of seven-eighths thereof and a royalty interest to

the extent of the re

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Section 5 R.
interest owner may

Unitization Act.

purposes of the Statutory Unitization Act requires:

and reservoir containing a common natural gas or both. Each zone completely separate from any other word pool as used herein. Pool "completely" and with "common reser-

oil, natural gas, casinghead gas or both.

as meaning in Section 65-3-3 MMSA physical waste resulting, or that from the development and operation of a well to be developed and operated as a

an interest in unitized substances, fee title or otherwise, excluding royalties, oil and gas pay- ment claimants but including a claimant primarily obligated to pay, otherwise, a portion of the unit interest shall be free of lease or other interest and shall be regarded as a working interest and a royalty interest to

the extent of the remaining one-eighth thereof;

E. "working interest owner" or "lessee" means a person who owns a working interest;

F. "royalty interest" means a right to or interest in any portion of the unitized substances or proceeds thereof other than a working interest;

G. "royalty owner" means a person who owns a royalty interest;

H. "unit operator" means the working interest owner, designated by working interest owners under the unit operating agreement or the commission to conduct unit operations, acting as operator and not as a working interest owner;

I. "basic royalty" means the royalty reserved in the lease but in no event exceeding one-eighth; and

J. "relative value" means the value of each separately-owned tract for oil and gas purposes and its contributing value to the unit in relation to like values of other tracts in the unit, taking into account acreage, the quantity of oil and gas recoverable therefrom, location on structure, its probable productivity of oil and gas in the absence of unit operations, the burden of operation to which the tract will or is likely to be subjected, or so many of said factors, or such other pertinent engineering, geological, operating or pricing factors, as may be reasonably susceptible of determination.

Section 5 REQUISITES OF APPLICATION FOR UNITIZATION.—Any working interest owner may file an application with the commission requesting an

order for the unit operation of a pool or any part thereof. The application shall contain:

- A. a description of the proposed unit area and the vertical limits to be included therein with a map or plat thereof attached;
- B. a statement that the reservoir or portion thereof involved in the application has been reasonably defined by development;
- C. a statement of the type of operations contemplated for the unit area;
- D. a copy of a proposed plan of unitization which the applicant considers fair, reasonable and equitable;
- E. a copy of a proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid; and
- F. an allegation of the facts required to be found by the commission under Section 6 of the Statutory Unitization Act.

Section 6. MATTERS TO BE FOUND BY THE COMMISSION PRECEDENT TO ISSUANCE OF UNITIZATION ORDER.—

A. After an application for unitization has been filed with the commission and after notice and hearing, all in the form and manner and in accordance with the procedural requirements of the commission, and prior to reaching a decision on the petition, the commission shall determine whether or not each of the following conditions exists:

- (1) that the unitized management, operation and further development of the oil or gas pool or a portion thereof is reasonably necessary in order to effectively carry on pressure maintenance or sec-

ondary or tertiary ultimate recovery thereof;

(2)

operations as applied to prevent waste and to increase recovery of unitized portion there-

(3)

ducting such operations in oil and gas

(4)

such unitized methanogens and royalty portion thereof di-

(5)

secure voluntary unitization affected; and

(6)

unitization agreements with the owners of the hydrocarbons to the satisfaction of the commission and equitable

B. If the formula contained in the unitization agreement for the distribution of hydrocarbons on a

oil or any part thereof. The ap-
 proposed unit area and the vertical
 map or plat thereof attached;
 reservoir or portion thereof involved
 ly defined by development;
 e of operations contemplated for the
 an of unitization which the appli-
 equitable;
 erating plan covering the manner in
 man: and costs allocated and
 cts required to be found by the
 tutory Unitization Act.

BY THE COMMISSION PRECEDENT TO

unitization has been filed with
 aring, all in the form and manner
 requirements of the commission,
 e petition, the commission shall
 ollowing conditions exists:
 anagement, operation and further
 portion thereof is reasonably
 on pressure maintenance or sec-

ondary or tertiary recovery operations, to substantially increase the
 ultimate recovery of oil and gas from the pool or the unitized portion
 thereof;

(2) that one or more of the said unitized methods of
 operations as applied to such pool or portion thereof is feasible, will
 prevent waste and will result with reasonable probability in the in-
 creased recovery of substantially more oil and gas from the pool or uni-
 tized portion thereof than would otherwise be recovered;

(3) that the estimated additional costs, if any, of con-
 ducting such operations will not exceed the estimated value of the addi-
 tional oil and gas so recovered plus a reasonable profit;

(4) that such unitization and adoption of one or more of
 such unitized methods of operation will benefit the working interest
 owners and royalty owners of the oil and gas rights within the pool or
 portion thereof directly affected;

(5) that the operator has made a good faith effort to
 secure voluntary unitization within the pool or portion thereof directly
 affected; and

(6) that the participation formula contained in the uni-
 tization agreement allocates the produced and saved unitized hydro-
 carbons to the separately-owned tracts in the unit area on a fair,
 reasonable and equitable basis.

B. If the commission determines that the participation for-
 mula contained in the unitization agreement does not allocate unitized
 hydrocarbons on a fair, reasonable and equitable basis, the commission

shall determine the relative value, from evidence introduced at the hearing, taking into account the separately-owned tracts in the unit area, exclusive of physical equipment, for development of oil and gas by unit operations, and the production allocated to each tract shall be the proportion that the relative value of each tract so determined bears to the relative value of all tracts in the unit area.

C. When the commission determines that the preceding conditions exist it shall make findings to that effect and make an order creating the unit and providing for the unitization and unitized operation of the pool or portion thereof described in the order, all upon such terms and conditions as may be shown by the evidence to be fair, reasonable, equitable and which are necessary or proper to protect and safeguard the respective rights and obligations of the working interest owners and royalty owners.

Section 7. COMMISSION ORDERS.--The order providing for unitization and unit operation of a pool or part thereof shall be upon terms and conditions that are fair, reasonable and equitable and shall approve or prescribe a plan or unit agreement for unit operation which shall include:

A. a legal description in terms of surface area of the pool or part thereof to be operated as a unit and the vertical limits to be included therein termed "the unit area";

B. a statement of the nature of the operations contemplated;

C. an allocation to the separately-owned tracts in the unit area of all the oil and gas that is produced from the unit area and is

saved, being the prod-
tions on the unit are

D. a provi-
adjustment among the
vestments in wells,
contributed to the u-

E. a prov-
cluding capital inve-
arately-owned tracts
sion providing when,
an owner who does no
charged to such own-
the proceeds applie

F. a pro-
limited, carried or
such terms and cond-
reasonable, and all
service payable out
any nonconsenting
decided to have rel-
rights and working
costs, service cha-

G. a pr-
for the supervisic-
selection, remova-

from evidence introduced at the
 separately-owned tracts in the unit
 t, for development of oil and gas by
 allocated to each tract shall be the
 of each tract so determined bears to
 the unit area.

etermines that the preceding condi-
 that effect and make an order
 the unitization and unitized opera-
 scribed in the order, all upon
 own by the evidence to be fair,
 cess. r proper to protect and
 ligations of the working interest

e order providing for unitization
 ereof shall be upon terms and
 d equitable and shall approve or
 unit operation which shall in-

ns of surface area of the pool
 and the vertical limits to be

f the operations contemplated;
 tely-owned tracts in the unit
 ed from the unit area and is

saved, being the production that is not used in the conduct of opera-
 tions on the unit area or not unavoidably lost;

D. a provision for the credits and charges to be made in the
 adjustment among the owners in the unit area for their respective in-
 vestments in wells, tanks, pumps, machinery, materials and equipment
 contributed to the unit operations;

E. a provision governing how the costs of unit operations in-
 cluding capital investments shall be determined and charged to the sep-
 arately-owned tracts and how said costs shall be paid including a provi-
 sion providing when, how, and by whom the unit production allocated to
 an owner who does not pay the share of the costs of unit operations
 charged to such owner, or the interest of such owner, may be sold and
 the proceeds applied to the payment of such costs;

F. a provision for carrying any working interest owner on a
 limited, carried or net-profits basis, payable out of production, upon
 such terms and conditions determined by the commission to be just and
 reasonable, and allowing an appropriate charge for interest for such
 service payable out of such owner's share of production, provided that
 any nonconsenting working interest owner being so carried shall be
 deemed to have relinquished to the unit operator all of its operating
 rights and working interest in and to the unit until his share of the
 costs, service charge and interest are repaid to the unit operator;

G. a provision designating the unit operator and providing
 for the supervision and conduct of the unit operations, including the
 selection, removal or substitution of an operator from among the working

interest owners to conduct the unit operations;

H. a provision for a voting procedure for the decision of matters to be decided by the working interest owners in respect to which each working interest owner shall have a voting interest equal to its unit participation;

I. 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; and

J. such additional provisions that are found to be appropriate for carrying on the unit operations and for the protection of correlative rights and the prevention of waste.

Section 8. RATIFICATION OR APPROVAL OF PLAN BY OWNERS.--

A. No order of the commission providing for unit operations shall become effective unless and until the plan for unit operations prescribed by the commission has been approved in writing by those persons who, under the commission's order, will be required initially to pay at least seventy-five percent of the costs of the unit operations, and also by the owners of at least seventy-five percent of the production or proceeds thereof that will be credited to interests which are free of cost such as royalties, overriding royalties and production payments, and the commission has made a finding either in the order providing for unit operations or in a supplemental order, that the plan for unit operations has been so approved. Notwithstanding any other provisions of this section, if seventy-five percent or more of the unit area is owned, as to working interest, by one working interest owner,

such working interest interest owner in rat unless such working i of the working intere single owner is one i initially to pay at l percent, of the cost: least one other owne failure to approve,

B. If one but not more than fi that will be credite must be joined by at disapproving, or fai defeat the plan.

C. If the in the unit area do period of six month operations is made, and effect and shal shall extend the ti

D. When est in the unit are interests of all pe persons have appro

t operations;
 ting procedure for the decision of
 ng interest owners in respect to which
 have a voting interest equal to its

it operation shall commence and the
 nces under which, the operations shall
 f accounts upon such termination; and
 sions that are found to be appropri-
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 of waste.

PROV F PLAN BY OWNERS.--

ission providing for unit operations
 until the plan for unit operations
 en approved in writing by those
 order, will be required initially to
 f the costs of the unit operations,
 seventy-five percent of the produc-
 be credited to interests which are
 rding royalties and production
 e a finding either in the order
 a supplemental order, that the plan
 oved. Notwithstanding any other
 y-five percent or more of the unit
 , by one working interest owner,

such working interest owner must be joined by at least one other working
 interest owner in ratifying and approving the plan of unit operations,
 unless such working interest owner is the owner of one hundred percent
 of the working interest in said unit area; provided, however, if a
 single owner is one who, under the commission's order will be required
 initially to pay at least twenty-five percent, but not more than fifty
 percent, of the costs of unit operation, such owner must be joined by at
 least one other owner of the same type interest in disapproving, or
 failure to approve, the plan of unit operations to defeat the plan.

B. If one owner is the owner of at least twenty-five percent,
 but not more than fifty percent, of the production or proceeds thereof
 that will be credited to interests which are free of costs, such owner
 must be joined by at least one other owner of the same type interest in
 disapproving, or failure to approve, the plan of unit operations to
 defeat the plan.

C. If the persons owning the required percentage of interest
 in the unit area do not approve the plan for unit operations within a
 period of six months from the date on which the order providing for unit
 operations is made, such order shall cease to be of further force
 and effect and shall be revoked by the commission, unless the commission
 shall extend the time for ratification for good cause shown.

D. When the persons owning the required percentage of inter-
 est in the unit area have approved the plan for unit operations, the
 interests of all persons in the unit are unitized whether or not such
 persons have approved the plan of unitization in writing.

Section 9. AMENDMENT OF PLAN OF UNITIZATION.--An order providing for unit operations may be amended by an order made by the commission in the same manner and subject to the same conditions as an original order providing for unit operations, provided:

A. if such an amendment affects only the rights and interests of the working interest owners, the approval of the amendment by the royalty owners shall not be required; and

B. no such amendment shall change the percentage for the allocation of oil and gas as established for any separately-owned tract by the original order, except with the consent of all working interest owners and royalty owners in such tract, or change the percentage for the allocation of costs as established for any separately-owned tract by the original order, except with the consent of all working interest owners in such tract.

Section 10. PREVIOUSLY ESTABLISHED UNITS.--The commission, by order, may provide for the unit operation of a pool or parts thereof that embrace a unit area established by a previous order of the commission. Such order, in providing for the allocation of unit production, shall first treat the unit area previously established as a single tract, and the portion of the unit production allocated thereto shall then be allocated among the separately-owned tracts included in such previously established unit area in the same proportions as those specified in the previous order.

Section 11. UNIT OPERATIONS OF LESS THAN AN ENTIRE POOL.--An order may provide for unit operation on less than the whole of a pool where

the unit area is of
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Section 12. O
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Section 14.
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UNITIZATION.--An order providing
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the percentage for the al-
 any separately-owned tract by
 of all working interest
 the percentage for
 any separately-owned tract by
 of all working interest

UNITS.--The commission, by
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 previous order of the com-
 allocation of unit produc-
 ously established as a single
 ion allocated thereto shall
 ed tracts included in such
 me proportions as those spec-

THAN AN ENTIRE POOL.--An order
 on the whole of a pool where

the unit area is of such size and shape as may be reasonably suitable
 for that purpose, and the conduct thereof will have no adverse effect
 upon other portions of the pool.

Section 12. OPERATION--EXPRESSED OR IMPLIED COVENANTS.--All opera-
 tions, including but not limited to, the commencement, drilling or
 operation of a well upon any portion of the unit area shall be deemed
 for all purposes the conduct of such operations upon each separately-
 owned tract in the unit area by the several owners thereof. The por-
 tions of the unit production allocated to a separately-owned tract in a
 unit area shall, when produced, be deemed, for all purposes, to have
 been actually produced from such tract by a well drilled thereon.
 Operations conducted pursuant to an order of the commission providing
 for unit operations shall constitute a fulfillment of all the express or
 implied obligations for each lease or contract covering lands in the
 unit area to the extent that compliance with such obligations cannot be
 had because of the order of the commission.

Section 13. INCOME FROM UNITIZED SUBSTANCES.--The portion of the
 unit production allocated to any tract, and the proceeds from the sale
 thereof, shall be the property and income of the several persons to
 whom, or to whose credit, the same are allocated or payable under the
 order providing for unit operations.

Section 14. LIEN FOR COSTS.--Subject to such reasonable limita-
 tions as may be set out in the plan of unitization, the unit shall have
 a first and pr'or lien upon the leasehold estate and other oil and gas
 rights (exclusive of a one-eighth royalty interest or exclusive of the

interest provided in the unit operating plan which allocates costs, if it is different than one-eighth) in and to each separately-owned tract, the interest of the owners thereof in and to the unit production and all equipment in the possession of the unit, to secure the payment of the amount of the unit expense charged to and assessed against such separately-owned tract.

Section 15. LIABILITY FOR EXPENSES.--The obligation or liability of each working interest owner in the several separately-owned tracts in the unit for the payment of unit expense at all times shall be several and not joint or collective, and a working interest owner shall not be chargeable with, obligated or liable for, directly or indirectly, more than the amount apportioned, assessed or otherwise charged to his interest in the separately-owned tract pursuant to the order of unitization.

Section 16. DIVISION ORDERS.--No division order or other contract relating to the sale or purchase of production from a separately-owned tract shall be terminated by the order providing for unit operations, but shall remain in force and apply to oil and gas allocated to such tract until terminated in accordance with the provisions thereof.

Section 17. PROPERTY RIGHTS.--Except to the extent that the parties affected so agree, no order providing for unit operations shall be construed to result in a transfer of all or any part of the title of any person to the oil and gas rights in any tract in the unit area. All property, whether real or personal, that may be acquired in the conduct of unit operations hereunder shall be acquired for the account of the

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Section 18. EX
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and to the unit production and all
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and assessed against such separately-

S.--The obligation or liability
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at all times shall be several
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pursuant to the order of unitiza-
division order or other contract
duction from a separately-owned
providing for unit operations,
oil and gas allocated to such
with the provisions thereof.

pt to the extent that the pay-
ng for unit operations shall
all or any part of the title of
any tract in the unit area. All
may be acquired in the conduct
quired for the account of the

working interest owners within the unit area, and shall be the property
of such working interest owners in the proportion that the costs of unit
operations are charged.

Section 18. EXISTING RIGHTS, RIGHTS IN UNLEASED LAND, AND ROYAL-
TIES AND LEASE BURDENS.--Property rights, leases, contracts and other
rights or obligations shall be regarded as amended and modified only to
the extent necessary to conform to the provisions and requirements of
the Statutory Unitization Act and to any valid order of the commission
providing for the unit operation of a pool or a part thereof, but other-
wise shall remain in full force and effect. A one-eighth part of the
production allocated to each tract under an order providing for the unit
operation of a pool or a part thereof, shall in all events be and remain
free and clear of any cost or expense of developing or operating the
unit and of any lien therefor as an unencumbered source from which to
pay the royalties or other cost-free obligations due or payable with
respect to the production from such tract. If a lease or other contract
pertaining to a tract or interest stipulates a royalty, overriding
royalty, production payment, or other obligation in excess of one-eighth
of the production or proceeds therefrom, then the working interest owner
subject to such excess payment or other obligation shall bear and pay
the same.

Section 19. AGREEMENTS NOT VIOLATIVE OF LAWS GOVERNING MONOPOLIES
OR RESTRAINT OF TRADE.--No agreement between or among lessees or other
owners of oil and gas rights in oil and gas properties entered into pur-
suant hereto or with a view or for the purpose of bringing about the

unitized development or operation of such properties, shall be held to violate any of the statutes of this state prohibiting monopolies or acts, arrangements, agreements, contracts, combinations or conspiracies in restraint of trade or commerce.

Section 20. EVIDENCE OF UNIT TO BE RECORDED.--A copy of each unit agreement shall be recorded in the office of the county clerk of the county or counties in which the unit is situated.

Section 21. UNLAWFUL OPERATION.--From and after the date designated by the commission that a unit plan shall become effective, the operation of any well producing from the pool within the area subject to said unit plan, by persons other than persons acting under the authority of the unit plan, or except in the manner and to the extent provided in such unit plan, shall be unlawful and is hereby prohibited.

Section 22. SEVERABILITY OF PROVISIONS.--The provisions of the Statutory Unitization Act are declared to be severable, and, if any section, sentence, clause or part thereof shall be held invalid or unconstitutional for any reason, such invalidity or unconstitutionality shall not be construed to affect the validity of the remaining provisions of the Statutory Unitization Act. _____

RELATING TO
45-5-26, 45-
MISA 1953 (B
LAWS 1961, C
SECTIONS 21

BE IT ENACTE

Section
210, Section
"45-5-2

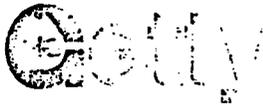
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SENATE BILL
Approved Apr



Getty Oil Company

NOV 18 1978

Central Exploration and Production Division
P. O. Box 730
Hobbs, New Mexico 88240

November 1, 1978

File: Myers Langlie Mattix Unit
Lease No. 07938
Lea County, New Mexico

Director (3)
United States Geological Survey
P. O. Drawer 1857
Roswell, New Mexico 88201

Commissioner of Public Lands (3)
The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

Oil Conservation Commission (3)
of The State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico 87501

All Working Interest Owners

M. 5086
Approved

Gentlemen:

In accordance with Section 12 of Unit Agreement for the Development and Operation of the Myers Langlie Mattix Unit, Lea County, New Mexico. Getty Oil Company respectfully submits for your approval, a report of past operations and a plan of development and operation for the waterflood unit for the year 1979.

PAST OPERATIONS

The Myers Langlie Mattix Unit became effective February 1, 1974. Injection started into 18 wells on August 13, 1975, and 71 wells had been converted by October 1, 1976. Additional wells were converted to injection in 1977 and 1978 bringing the number of injection wells to 81 on September 1, 1978.

A pilot waterflood was in operation on Skelly's Mattix "A" lease prior to unitization. Cumulative injection into the Mattix "A" No. 4 well (Unit No. 157) was 14,228 barrels on February 1, 1974. Cumulative water injection since unitization was 18,672,660 barrels of water on September 1, 1978. The daily average injection rate during August, 1978, was 15,027 barrels at 700 psig.

Cumulative oil production from the Unit area since unitization was 642,624 barrels on September 1, 1978. The average daily producing rate during August, 1978, was 1779 barrels of oil from 95 active producers.

Installation of centralized production facilities and satellite test stations started in September, 1976, was completed in 1977. Tracts with unsigned interests will be segregated until sign-up is complete.

Exhibit D

Page 2
November 1, 1978

In 1977, six (6) injectors and one (1) producer were drilled on undeveloped tracts. In 1978, ten (10) additional producers were drilled. Plans are to drill eight (8) injectors and four (4) producers in the last quarter of 1978.

DEVELOPMENT PLANS FOR 1979

Expansion of the Unit will continue in 1979. In 1979, six (6) injectors and fourteen (14) producers will be drilled. The water injection plant will be enlarged by the addition of three (3) pumps which will boost plant output by 20,000 BWPD.

Workovers to clean out fill, deepen, and run liners will be performed on forty injection wells in 1979. This work is needed to improve injection profiles and open additional pay zones.

Very truly yours,

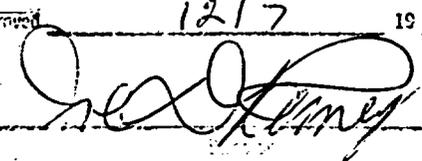
Getty Oil Company



Audra B. Cary, Chairman
Working Interest Owners' Committee

ELB/de

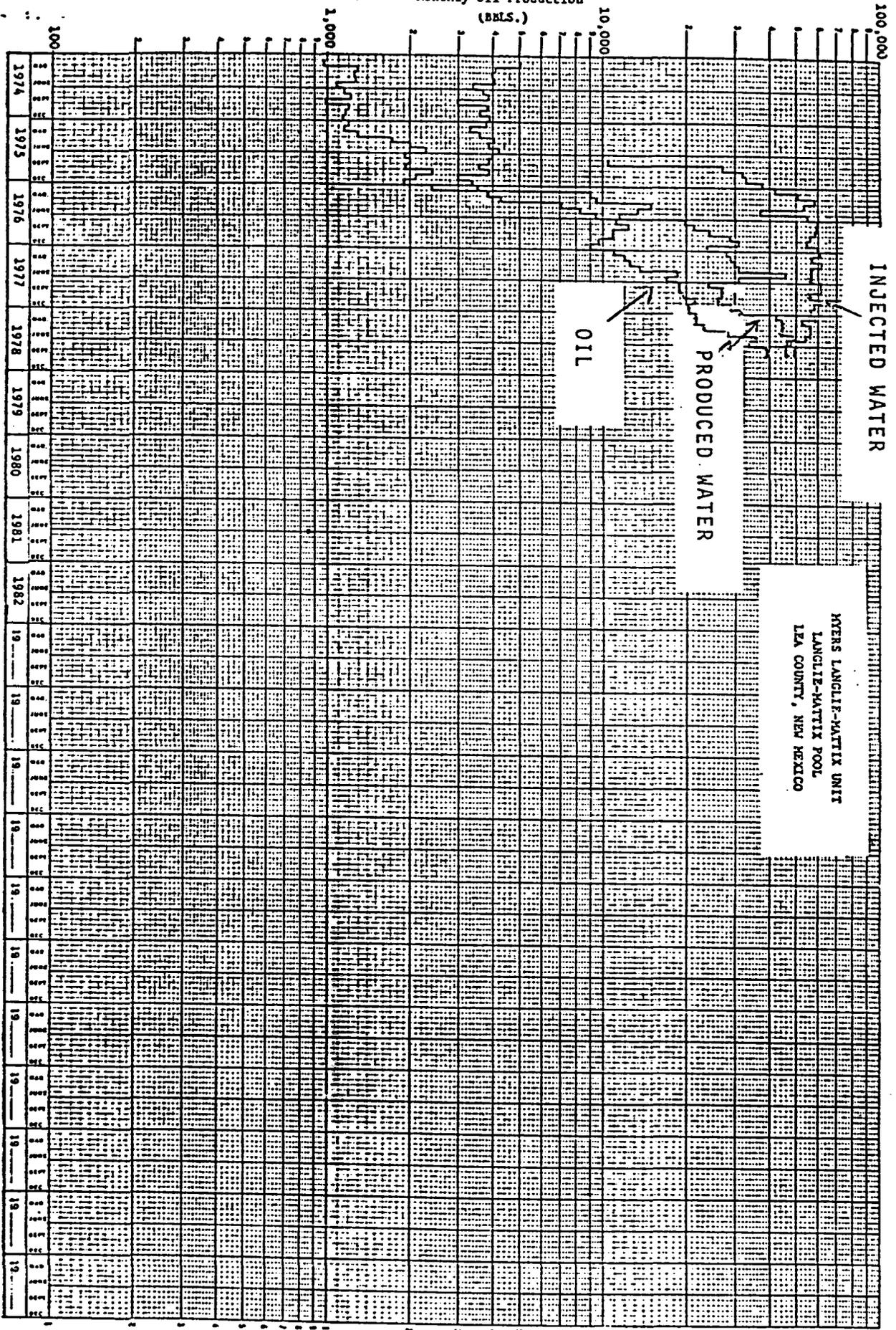
Attachments

Approved 12/7 19 78

J. H. Jones
Oil Conservation Division
Energy and Minerals Department

NO APPROVAL GRANTED BY THE STATE LAND
DEPARTMENT TO THE ABOVE DESCRIBED PRODUCTION
SERVICES AND BY THE COMMISSIONER OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO.

Monthly Water Production (BBLs.)

Monthly Oil Production (BBLs.)



INJECTED WATER

PRODUCED WATER

OIL

MERS LANGLIE-MATTIX UNIT
 LANGLIE-MATTIX POOL
 LEA COUNTY, NEW MEXICO

Monthly Water Injection (BBLs.)

RECEIVED
GETTY OIL CO. INC.

FEB 21 1980

Getty Oil Company

P.O. Box 1231, Midland, Texas 79702 · Telephone (915) 683-6301

Audra B. Cary, District Production Manager
Central Exploration and Production Division

February 5, 1980

PN 4673

File: Myers Langlie Mattix Unit
Langlie Mattix Field
Lea County, New Mexico

Re: Request for Division Orders

MYERS LANGLIE MATTIX UNIT
WORKING INTEREST OWNERS

Gentlemen:

The Myers Langlie Mattix Unit became effective February 1, 1974 with Skelly Oil Company (Getty Oil Company) designated as the Unit Operator. Since unitization numerous attempts have been made to obtain ratification of the Unit from all royalty owners. At the present time there are 14 tracts within the Unit which have been ratified by all working interest owners, but not all royalty interest owners have ratified.

It is estimated that approximately 500,000 Bbls. of oil will not be recovered unless the royalty under these tracts are pooled. The unrecovered reserves will be primarily due to the inability of securing a lease line agreement with the Pearson, Seibert, and Carter Foundation which hinges on the conversion of Well No. 226. This well is the only well on Tract No. 81 which has unsigned royalty interest. Legal implications would disallow our converting this well unless the royalty is forced pooled. Additional unplanned investments in operating cost will be required if these unsigned tracts are not forced pooled. The investment necessary to install new production facilities and modify existing facilities on the 14 tracts will total \$600,000. Additional operating costs to maintain these batteries will be \$90,000 per year.

Exhibit E

Myers Langlie Mattix Unit
Langlie Mattix Field
Lea County, New Mexico

Page 2

In order to eliminate the unnecessary expenditures and increase the recovery from this Unit, Getty Oil Company proposes to apply for statutory unitization for the subject Unit. This application will in no way change the existing boundary of the Unit or the current working interest owners participation in the Unit. The overall effect on the existing ratified royalty interest participation will be insignificant as only a few royalty interest owners on 14 tracts have not signed.

X
In order to prepare for the proposed statutory unitization of this Unit, we are requesting that each working interest owner provide this office with a current division order showing all royalty interest owners and indicating which royalty interest owners have not ratified the Unit Agreement. The Division Orders should include the royalty interest owner's name, current address, unit participation percentage, the tract's in which the royalty owner participates and an indication if the royalty owner has not ratified the Unit Agreement. Your prompt attention and cooperation will help us expedite implementation of this proposal and hearing. Any questions concerning this proposal should be directed to Mr. J. E. Eakin at this office.

Yours very truly,

Audra B. Cary
Audra B. Cary

JEE:slw

JEE
cc: Mr. R. J. Starrak
Mr. J. E. Eakin

**Summary of Tracts Eliminated from MLMU Unit Area
As a Result of
Statutory Unitization Order R-6447
8/27/80**

A. Summary and Description of MLMU Tracts Eliminated:

<u>MLMU Tract No.</u>	<u>Acreage Description</u>	<u>No. of Acres</u>	<u>Federal Lease No.</u>	<u>Tract Operator</u>	<u>Tract Location</u>
4	E/2 NE/4 Sec. 29 T-23-S, R-37-E	80.00	LC-030187	John H. Hendrix, Corp.	Perimeter
5	SW/4 NW/4 Sec. 28 T-23-S, R-37-E	40.00	LC-030187	Tom Brown Drilling Co.	Perimeter
9	NW/4, W/2 SE/4, E/2 SW/4 Sec.3, T-24-S, R-37-E	319.01	LC-032339(A)	Carter Foundation	Interior (Window)
67	N/2 SW/4 Sec. 7 T-24-S, R-37-E	78.11	Fee	King, Warren & Dye	Interior (Window)
78	SW/4 NE/4 Sec. 9 T-24-S, R-37-E	40.00	Fee	Burleson & Huff	Perimeter
82	SE/4 SE/4 Sec. 30 T-23-S, R-37-E	40.00	Fee	ARCO	Interior (Window)
Total		597.12			

B. Number of MLMU Acres Eliminated:

<u>Unitization Method</u>	<u>NMOCD Case No.</u>	<u>Hearing Date</u>	<u>NMOCD Order No.</u>	<u>Order Date</u>	<u>Approved Unit Size (acres)</u>
Voluntary	5086	10/31/73	R-4660	11/16/73	9,923.68 (1)
Statutory	6987	08/05/80	R-6447	08/27/80	9,326.56 (2)
No. of Acres Eliminated with Statutory Unitization Order R-6447 (3)					597.12

(1) Exhibit "B" to Hearing Exhibit No. 1 (Unit Agreement), NMOCD Case No. 5086, 10/31/73.

(2) Hearing Exhibit No. 10-B (Second Revision of Exhibit "B" to Unit Agreement), NMOCD Case No. 6987, 8/5/80.

(3) Please refer to pages 25, 26 and 32 thru 38 of transcript of hearing, NMOCD Case No. 6987, 8/5/80.

Exhibit F

SUMM_TRACTS_ELIMINATED_FROM_MLMU

CAMPBELL AND BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR

*sent to
Aug 5.*

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

June 19, 1980

RECEIVED
RECEIVED
JUN 19 1980
JUN 20 1980
OIL CONSERVATION DIVISION
OIL CONSERVATION DIVISION
SANTA FE

Mr. Joe D. Ramey
Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 6987

Re: Application of Getty Oil Company for Statutory
Unitization of the Myers Langlie-Mattix Unit,
Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Getty Oil Company for statutory unitization of the Myers Langlie-Mattix Unit. As you will note, this application seeks an Order unitizing certain small royalty interests thereby enabling Getty to enter lease line agreements and implement operating practices which will extend the life of this unit. Getty Oil Company requests that this case initially be set before the full Oil Conservation Commission and would request that it be included on the docket for the Commission hearing which we understand has tentatively been set for August 5, 1980.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr

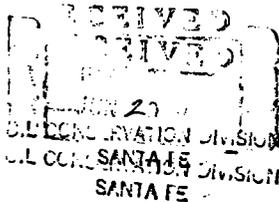
William F. Carr

WFC:lr

Enclosures

cc: Getty Oil Company

Exhibit G



BEFORE THE

OIL CONSERVATION COMMISSION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF GETTY OIL COMPANY
FOR APPROVAL OF STATUTORY UNITIZA-
TION, LEA COUNTY, NEW MEXICO

CASE 6987

APPLICATION

Comes now, GETTY OIL COMPANY, by and through its under-
signed attorneys and pursuant to the provisions of the Statutory
Unitization Act (Sections 70-7-1 through 70-7-21, N.M.S.A., 1978
Comp.) hereby applies to the New Mexico Oil Conservation Commis-
sion for an Order unitizing the Myers Langlie-Mattix Unit, Lea
County, New Mexico, and in support of its application states:

1. Getty Oil Company (Getty) is a Delaware corporation authorized to transact business in the State of New Mexico, and is engaged in the business of, among other things, producing and selling oil and gas.
2. The Proposed Unit Area for which this application is made consists of 9,360 acres, more or less, of Federal, State and Fee land in Lea County, New Mexico, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. Getty proposes to seek an order pursuant to the Statutory Unitization Act providing for unitized management, operation and further development of the Project Area. A plat of the Project Area is attached hereto as Exhibit B and incorporated herein by reference.
3. The vertical limits of the formation to be included within the proposed unit area means that interval which

Exhibit H

extends from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore found to occur in the Texas Pacific Oil Company's Blinbry "B" No. 3 well (located 2310 feet from the west line and 330 feet from the north line of Section 34, Township 23 South, Range 37 East, Lea County, New Mexico) at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

4. The portion of the reservoir involved in this application has been reasonably defined by development.

5. The type of operations being conducted in this unit is secondary recovery by means of water flooding.

6. Attached to this application as Exhibit C and incorporated herein by reference is a copy of the proposed plan of statutory unitization which Getty considers fair, reasonable and equitable.

7. Attached to this application as Exhibit D and incorporated herein by reference is a copy of the proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid.

8. Getty further states:

a. That the unitized management, operation and further development of the portion of the Langlie-Mattix pool which is the subject of this application

is reasonably necessary in order to effectively carry on secondary recovery operations and to substantially increase the ultimate recovery of oil from the unitized portion thereof.

b. That unitized methods of operations applied to the portion of the Langlie-Mattix pool which is the subject of this application are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil from the unitized portion of the pool than would otherwise be recovered.

c. That the estimated additional costs, if any, of conducting such operations will not exceed the estimated value of additional oil so recovered plus reasonable profit.

d. That such unitization and adoption of unitized methods of operation will benefit the working interest owners and the royalty owners of the oil and gas rights within the portion of the pool directly affected.

e. That Getty Oil Company, as operator, has made a good faith effort to secure voluntary unitization within the portion of the pool affected by this application.

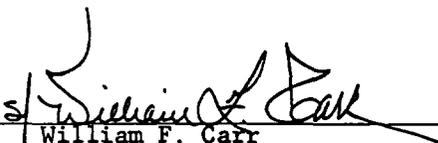
f. That the participation formula contained in the unitization agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis.

9. Approval of the statutory unitization of the Myers Langlie-Mattix unit sought hereunder is in the interest

of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Getty Oil Company respectfully requests that this application be set for hearing before the full Commission at the earliest practicable date and that the Commission enter its order granting this application.

Respectfully submitted,
CAMPBELL AND BLACK, P.A.

By 
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

PROPOSED UNIT AREA
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

TOWNSHIP 23 SOUTH, RANGE 36 EAST, N.M.P.M.
Section 25: N/2 NE/4, SE/4 NE/4, E/2 SW/4,
SW/4 SW/4, and SE/4
Section 36: N/2, SE/4, and E/2 SW/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, N.M.P.M.
Section 28: SW/4
Section 29: W/2, W/2 E/2, and E/2 SE/4
Section 30: N/2, SW/4, N/2 SE/4, and SW/4 SE/4
Section 31 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, N.M.P.M.
Section 1: NE/4 NE/4
Section 12: S/2 N/2, N/2 S/2, and SE/4 SE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, N.M.P.M.
Section 2: W/2 NE/4 and W/2
Section 3: NE/4, E/2 SE/4, and W/2 SW/4
Sections 4 and 5: All
Section 6: E/2, E/2 W/2, and NW/4 NW/4
Section 7: N/2, SE/4, S/2 SW/4
Section 8: N/2, N/2 S/2, and SW/4 SW/4
Section 9: NW/4, N/2 SW/4, N/2 NE/4, SE/4 NE/4
Section 10: NW/4, W/2 NE/4, SE/4 NE/4, E/2
SW/4, and W/2 SE/4
Section 11: SW/4 NW/4

The "Unitized Formation" shall mean that subsurface portion of the Proposed Unit Area known as the Langlie-Mattix Pool in the interval which extends from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore found to occur in the Texas Pacific Oil Company to Blinebry "B" No. 3 well (located 2310 feet from the west line and 330 feet from the north line of Section 34, Township 23 South, Range 37 East, Lea County, New Mexico) at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

EXHIBIT A

LEGEND

- FEDERAL LAND 
- STATE LAND 
- FEE LAND 
- UNSIGNED FEE LAND 
- UNITIZED AREA 
- TRACT NUMBER 

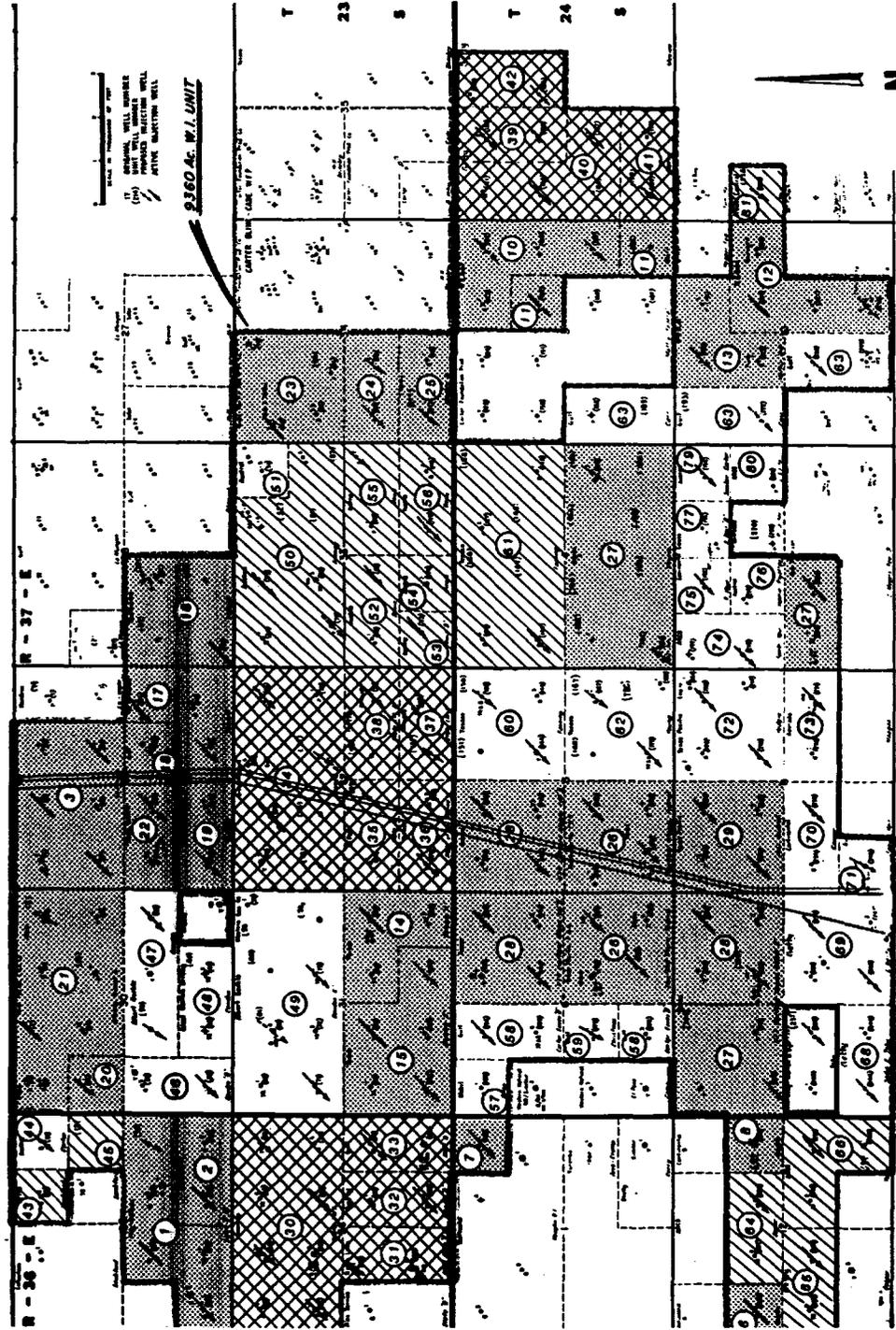


EXHIBIT B

GETTY OIL COMPANY
PLAT OF
MYERS LANGLEI MATTIX UNIT
LEA COUNTY, NEW MEXICO

JUNE, 1980

Dockets Nos. 26-80 and 27-80 are tentatively set for August 20 and September 3, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 5, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6848: (DE NOVO)

Application of Petroleum Development Corporation for pool contraction and creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Querecho Plains-Bone Spring Pool to comprise the Upper Bone Spring formation only, from 8390 feet to 8680 feet on the log of its McKay West Federal Well No. 1 located in Unit F of Section 34, Township 18 South, Range 32 East, and the creation of the Querecho Plains-Lower Bone Spring Pool to comprise said formation from 8680 feet to the base of the Bone Spring underlying the NW/4 of said Section 34.

Upon application of Petroleum Development Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6987:

Application of Getty Oil Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of continued secondary recovery operations, all mineral interests from a point 100 feet above the base of the Seven Rivers formation down to the base of the Queen formation underlying the Myers Langlie Mattix Unit Area, which encompasses 9360 acres, more or less, being all or portions of the following lands in Lea County, New Mexico: Sections 25 and 36, Township 23 South, Range 36 East; Sections 28 thru 34, Township 23 South, Range 37 East; Sections 1 and 12, Township 24 South, Range 36 East; and Sections 2 thru 11, Township 24 South, Range 37 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

Docket No. 25-80

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 6, 1980

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6988: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bennett Petroleum Corporation, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Phelps Dodge Well No. 2 in Unit J of Section 4 and Wells Nos. 3 in Unit P and 3Y in Unit I of Section 9, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, Colfax County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6989: Application of Read & Stevens, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Lancaster Spring Unit Area, comprising 960 acres, more or less, of State, Federal, and fee lands in Township 22 South, Range 26 East.

CASE 6990: Application of Read & Stevens, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Haystack Unit Area, comprising 4800 acres, more or less, of State, Federal, and fee lands in Township 5 South, Range 26 East.

CASE 6991: Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in a 100 foot perforated interval between 4400 feet and 4800 feet in its South Hobbs Unit Well No. 103 in Unit B of Section 15, Township 19 South, Range 38 East, Hobbs Grayburg-San Andres Pool.

Enclosed with this docket is one copy each of recently revised Forms C-132 and C-132-A. You may wish to keep these forms in your files for reproduction and use in filing for NCPA gas well price determinations.

CASE 6992: Application of Amoco Production Company for an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Anderson 3 Com. Well No. 1 in Unit R of Section 3, Township 16 South, Range 32 East.

CASE 6956: (Continued from July 9, 1980, Examiner Hearing)

Application of Amoco Production Company for an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State "GH" Well No. 1 located in Unit F of Section 21, Township 16 South, Range 35 East.

CASE 6957: (Continued from July 9, 1980, Examiner Hearing)

Application of Amoco Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State HK Com Well No. 1 located in Unit L of Section 6, Township 24 South, Range 25 East.

CASE 6993: Application of Tom Bolack for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 1, Township 30 North, Range 12 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6994: Application of Enserch Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Siluro-Devonian formations underlying the N/2 of Section 14, Township 25 South, Range 34 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6995: Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly, Blinebry, and Drinkard production in the wellbore of its L. G. Warlick Well No. 2 located in Unit B of Section 19, Township 21 South, Range 37 East.

CASE 6996: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6982: (Continued from July 23, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Aminoil USA to appear and show cause why its 1980 Plan of Operation/Development for its Willow Lake Unit Area, Eddy County, New Mexico, should not be disapproved.

CASE 6997: Application of Benson-Montin-Greer Drilling Corporation for amendment of pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Order No. R-2565-B, which currently prescribe 320-acre spacing for pool.

Applicant proposes that said rules be amended to provide for 640-acre spacing units with wells to be located within 165 feet of the center of a governmental quarter section.

Applicant further seeks approval for the following non-standard spacing units in Township 24 North, Range 1 East: two 640-acre units being the E/2 of Section 7 and W/2 of 8, and the W/2 of Section 17 and E/2 of 18; and two 480-acre units being the N/2 of Section 19 and NW/4 of 20, and the S/2 of Section 19 and SW/4 of 20; in Township 24 North, Range 1 West: a 320-acre unit being the N/2 of Section 1 and two 640-acre units being the N/2 of Sections 23 and 24, and the S/2 of Sections 23 and 24; also the following eight 640-acre units: the W/2 of Section 29 and E/2 of 30, Township 25 North, Range 1 East; the E/2 of Section 19 and W/2 of 20, Township 26 North, Range 1 East; the E/2 of Sections 5 and 8; the W/2 of Sections 5 and 8; the E/2 of Sections 17 and 20; and the W/2 of Sections 17 and 20, all in Township 26 North, Range 1 West; the W/2 of Sections 1 and 12, and the W/2 of Sections 13 and 24, all in Township 27 North, Range 1 West; also three 600-acre units being the W/2 of Section 25 and all of 26; all of Section 27 and the E/2 of 28; and the W/2 of Section 28 and all of 29, Township 27 North, Range 1 West; and one 400-acre unit in the same township comprising all of Section 30.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
5 August 1980

COMMISSION HEARING

IN THE MATTER OF:)

Application of Getty Oil Company for) CASE
statutory unitization, Lea County,) 6987
New Mexico.)

BEFORE: Commissioner Ramey
Commissioner Arnold

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Commission: Ernest L. Padilla, Esq.
Legal Counsel to the Commission
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: William F. Carr, Esq.
CAMPBELL & BLACK P. A.
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HERMAN W. TERRY

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MR. RAMEY: We'll call next Case 6987.

MR. PADILLA: Application of Getty Oil Company for statutory unitization, Lea County, New Mexico.

MR. CARR: May it please the Commission, I am William F. Carr, Campbell and Black, P. A., Santa Fe, appearing on behalf of the applicant.

I have two witnesses who need to be sworn.

(Witnesses sworn.)

MR. RAMEY: Any other appearances?

HERMAN W. TERRY

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name and place of residence?

A My name is Herman W. Terry. I reside at Hobbs, New Mexico.

Q Mr. Terry, by whom are you employed and in what capacity?

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1 A. I'm employed by Getty Oil Company as Area
2 Engineer in the Hobbs area.

3 Q. Have you previously testified before this
4 Commission or one of its Examiners and had your credentials
5 accepted and made a matter of record?

6 A. Yes, sir, I have.

7 Q. Are you familiar with the application of
8 Getty Oil Company as filed in this case?

9 A. Yes, sir.

10 Q. And are you familiar with the Myers
11 Langlie-Mattix Unit?

12 A. Yes, sir, I am.

13 MR. CARR: Are the witness' qualifications
14 acceptable?

15 MR. RAMEY: Yes, they are.

16 Q. Mr. Terry, will you please explain what
17 Getty Oil Company seeks with this application?

18 A. Yes, sir. With this application Getty
19 Oil Company is seeking to statutorily unitize for the purpose
20 of continued secondary recovery operations those mineral in-
21 terests which underlie the Myers Langlie-Mattix Unit of which
22 Getty Oil Company is the operator,

23 Q. Will you please summarize the events which
24 have led up to this hearing?

25 A. Yes, sir. Case No. 5087 was heard at an

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1 Examiner's Hearing on October 31st, 1973. At this hearing
2 Skelly Oil Company, now Getty Oil Company, sought permission
3 to initiate a secondary recovery project in the Langlie-Mattix
4 Pool in Lea County, New Mexico.

5 Order No. R-4680 was issued by the Com-
6 mission on November 20th, 1973, authorizing the project. The
7 unit was effective on February 1st, 1974, and the unit agree-
8 ment was revised twice thereafter.

9 To date in excess of 99 percent of both
10 the working interest owners and royalty interest owners have
11 ratified the unit agreement, and Getty has made a concentrated
12 effort to obtain 100 percent ratification of the unit agree-
13 ment.

14 MR. NUTTER: What was the percentage again,
15 please?

16 A In excess of 99 percent of both working
17 interest and royalty interest owners.

18 However, there still remain a total of
19 13 tracts for which we do not have 100 percent ratification
20 of the royalty interest owners. On these tracts we are main-
21 taining separate production facilities. Statutory unitization
22 of these unsigned royalty interests will greatly benefit
23 the working interest owners, royalty interest owners, as well
24 as overriding royalty interest owners, of the unit. It will
25 allow Getty as unit operator to enter into lease line agree-

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1 ments with offset operators and more efficiently flood the
2 unit area. It will reduce operating costs, increase oil re-
3 covery, and extend the economic life of the unit.

4 Q Mr. Terry, are you familiar with the
5 New Mexico statutory unitization act?

6 A Yes, sir, I am.

7 Q Have you prepared certain exhibits for
8 introduction in this case today?

9 A Yes, sir, I have.

10 Q Will you please refer to what has been
11 marked for identification as Getty Oil Company Exhibit Number
12 One and explain to the Commission what this is and what it
13 shows?

14 A Exhibit Number One is an index map which
15 shows the location of the Myers Langlie-Mattix Unit in Lea
16 County, New Mexico. This unit is located approximately nine
17 miles north of Jal, New Mexico.

18 Q Will you now refer to Exhibit Number Two
19 and explain this to the Commission?

20 A Exhibit Number Two is an ownership map
21 on which the unitized area of the Myers Langlie-Mattix Unit
22 has been outlined in magenta. The tract numbers have been
23 identified and the Federal, State, and fee land is identified.
24 Those tracts of fee land are further identified to indicate
25 which tracts have less than 100 percent ratification of the

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1 unit agreement.

2 As I previously mentioned, there are a
3 total of 13 unsigned tracts. These tracts being Tracts Nos.
4 50, 52, 53, 54, 55, 56, 61, 64, 65, 66, and Tract 81.

5 Q Mr. Terry, I believe also Tracts 43 and
6 45 are characterized as unsigned, is that correct?

7 A Yes, sir, that is correct.

8 Q And when you say unsigned fee land, it
9 doesn't mean that there are no interests in the tract that
10 are signed, it means that there are just some fractional in-
11 terests that have not committed, is that correct?

12 A Yes, there -- in most cases we have the
13 biggest majority of the interests signed and in most cases
14 it's one royalty interest owner that has not ratified the
15 agreement.

16 Q Now on this plat the area that's out-
17 lined in magenta, that is the existing unit boundary, is that
18 correct?

19 A Yes, sir, that is correct.

20 Q That is also the proposed unit boundary?

21 A Yes, sir, we're not proposing to change
22 the unit boundary in any way.

23 Q Mr. Terry, what formation is being unit-
24 ized?

25 A The Langlie-Mattix Pool.

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1 Q How is the unitized interval being de-
2 fined? That is, what are the vertical limits of this --

3 A The unitized interval is defined as the
4 interval which extends from a point 100 feet above the base
5 of the Seven Rivers formation to the base of the Queen forma-
6 tion, this interval having been heretofore found to occur in
7 the Texas Pacific Oil Company Blinbry B No. 3 Well, which
8 is located 2310 feet from the west line and 330 feet from
9 the north line of Section 34, Township 23 South, Range 37
10 East, Lea County, New Mexico.

11 In this well the unitized interval was
12 present at an indicated depth interval of 3168 feet to 3570
13 feet, as recorded on the Schlumberger electrical log run num-
14 ber one, taken December 26th, 1952, this log having been
15 measured from a derrick floor elevation of 3300 feet above
16 sea level.

17 Q Has the portion of the reservoir that you
18 propose to unitize been reasonably defined by development?

19 A Yes, sir, it has.

20 Q Are there windows within the present
21 unit area?

22 A Yes, sir, there are. Referring back to
23 Exhibit Two, you'll note that there are three windows which
24 are present in the unit. The two smaller windows in the
25 western half of the unit present little, if any, operational

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1 difficulties as far as secondary recovery operations are con-
2 cerned; however, I wish to point out that it's not the pur-
3 pose of this hearing to close either of these two windows
4 in the western half or the larger window in the eastern half
5 of the unit.

6 Q Now, I direct your attention to this
7 larger unit in the eastern portion of the unit area. Will
8 granting of this application facilitate your being able to
9 cooperatively waterflood this area?

10 A Yes, sir, in this statutory unitization
11 we'll facilitate the execution of a cooperative lease line
12 agreement with this large window and our other offset oper-
13 ators in this portion of the field.

14 Q Will you now refer to Getty's Exhibit
15 Number Three and explain this to the Commission?

16 A Exhibit Number Three is a map which shows
17 the status of wells contained in the Myers Langlie-Mattix
18 Unit and proposed wells and conversions.

19 You will note that there are a number
20 of wells which have been converted to injection service but
21 are shut-in because of the delay in executing a lease line
22 cooperative flood agreement with offset operators. The un-
23 signed royalty interests are the primary reason for this
24 delay. For example, Well No. 226 in the southeast corner
25 of the unit is proposed for injection service and is a key

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1 well for any lease line agreement that we might execute; how-
2 ever, Well No. 226 is the only producing well on Tract 81,
3 which is one of the unsigned tracts and cannot be converted
4 to injection service at this time.

5 Q What is the status of the sign-up in that
6 particular tract?

7 A It is less than 100 percent.

8 Q Is all the working interest committed?

9 A Yes, sir, all the working interest is
10 committed.

11 Q But you do have an outstanding royalty
12 interest owner that --

13 A Yes, sir, we do --

14 Q -- has not signed?

15 A -- have an outstanding royalty interest
16 that has not ratified.

17 Q Will you please refer to what has been
18 marked for identification as Getty Exhibit Number Four and
19 explain the data contained on this exhibit to the Commission?

20 A Yes, sir. Exhibit Number Four is a com-
21 parative production schedule which anticipates production
22 with and without statutory unitization.

23 Case number two, the case number two
24 schedule reflects the anticipated benefits of statutory
25 unitization. With the lease line agreement and the drilling

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1 and conversion of wells, as shown on Exhibit Three, it is an-
2 ticipated that 500,000 barrels of additional secondary re-
3 covery of oil will be recovered.

4 Production facilities on these unsigned
5 tracts are old and in any case only temporary. Without
6 statutory unitization investment of \$600,000 will be required
7 in the near future for new production facilities on the un-
8 signed tracts, and operating expenses are estimated to be
9 \$90,000 greater per month than with a statutory unitization.

10 It is further anticipated that the life
11 of the unit will be shortened by two years because of the
12 higher operating expenses without statutory unitization.

13 Q Mr. Terry, will you now refer to Exhibit
14 Number Five and review this for the Commission?

15 A Exhibit Number Five is a listing of esti-
16 mated reserves by well which will be lost if the unsigned
17 tracts are not statutorily unitized. This is a very conser-
18 vative estimate based upon our recovery in other areas of the
19 unit with fully developed waterflood pattern.

20 Q Mr. Terry, is unitized management, oper-
21 ation, and further development of a portion of the Myers
22 Langlie-Mattix Pool covered by this application reasonably
23 necessary to substantially increase the ultimate recovery of
24 oil from the unitized portion thereof?

25 A Yes, sir, they are.

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1 Q And exactly what type of secondary re-
2 covery operations are you employing?

3 A Waterflood.

4 Q Now will you refer to Getty Exhibit Number
5 Six and explain this, what this shows.

6 A Exhibit Number Six is a calculation of
7 the gross value of the 500,000 barrels of secondary oil which
8 can be recovered with statutory unitization. This calculation
9 indicates the gross value of this production to be \$18.24-
10 million. This exhibit also indicates how this additional
11 gross revenue would be divided.

12 Q And what price were you using in computing
13 those figures?

14 A We're using an average -- a first quarter
15 1980 average price of \$36.48 per barrel.

16 Q Are you taking into consideration the
17 windfall profits tax and other taxes?

18 A No, sir, this is strictly a gross calcu-
19 lation. We're not trying to account for windfall profit tax
20 or any taxes at all.

21 Q Now I believe you stated if this applica-
22 tion is granted, additional costs will be incurred in developing
23 the unit. Isn't that correct?

24 A Yes, sir, that's correct. It's antici-
25 pated that an investment of approximately 1.6 million dollars

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1 will be required for new wells and conversion, assuming that
2 as a result of statutory unitization we are able to execute
3 a lease line agreement with offset operators; however, statu-
4 tory unitization will make the anticipated \$600,000 investment
5 for facilities for the unsigned tracts unnecessary, and will
6 result in future -- a lower future operating expense, as well.

7 Q Will the estimated value of the additional
8 oil recovered from unitized management, plus a reasonable
9 profit, exceed the additional cost, if any, of conducting
10 these operations?

11 A Yes, sir, it will. Just briefly looking,
12 with a 1.6 million dollars required, with a saving of \$600,000,
13 we're looking at slightly, probably only approximately \$1-million
14 investment and the gross income that we anticipate is \$18.24-
15 million.

16 Q Mr. Terry, will you now refer to what
17 has been marked Getty Oil Company Exhibit Number Seven and
18 explain this to the Commission?

19 A Exhibit Number Seven is a graph of the
20 monthly oil and water production from the Myers Langlie-Mattix
21 Unit. The producing gas/oil ratio has been calculated and
22 plotted, as well as the monthly water injection volume. These
23 curves graphically point out the excellent response that we've
24 experienced in the Myers Langlie-Mattix Unit.

25 Q Are unitized methods of operation as applic

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1 to the area covered by this application feasible?

2 A Yes, sir, I think from looking at Exhibit
3 Seven that you can definitely see that they are feasible.

4 Q Will you not refer to Exhibit Number Eight
5 and explain what this is and what it shows?

6 A Exhibit Number Eight is a graph of the
7 predicted unit performance with and without statutory unitiza-
8 tion. As previously stated, statutory unitization will result
9 in the recovery of an additional 500,000 barrels of secondary
10 oil and extend the economic life of the unit by two years, and
11 this is graphically presented in this exhibit.

12 Q Mr. Terry, will unitization and adoption
13 of the proposed unitized methods of operation benefit working
14 interest owners and royalty interest owners in the area affected
15 by this application?

16 A Yes, sir, it will benefit all working
17 interest owners, all royalty interest owners, and all over-
18 riding royalty interest owners, as well.

19 Q Have you reviewed this application with
20 the USGS?

21 A Yes, sir, we discussed this application
22 with the USGS in January of this year and it was requested that
23 we keep them informed. We've contacted them since then. We
24 have a meeting scheduled in Albuquerque with the USGS in the
25 morning to discuss the application.

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1 Q Have you reviewed the application with the
2 State Land Office?

3 A Yes, sir, we've -- the State Land Office
4 has been notified and it's been indicated to us that they will
5 approve the unit agreement following the issuance of a statu-
6 tory unitization order.

7 Q And they're going to re-approve the --
8 the unit at that time?

9 A Yes, sir, that's correct.

10 Q Is unitized management operation and fur-
11 ther development of that portion of the Langlie-Mattix Pool,
12 which is the subject of this application, reasonably necessary
13 to effectively carry on secondary recovery operations?

14 A Yes, sir, it is.

15 Q Will unitized methods of operation prevent
16 waste of oil and result with reasonable probability in an in-
17 creased recovery of substantially more oil from the unitized
18 portion of the pool than otherwise would be recovered?

19 A Yes, sir.

20 Q Mr. Terry, is Getty, as unit operator of
21 this unit, do they presently have authority to commit addi-
22 tional wells to injection in the unit area by administrative
23 procedure?

24 A Yes, sir, we do.

25 Q And are you requesting that any order

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1 resulting from this hearing likewise permit conversion of ad-
2 ditional wells to injection by administrative procedure?

3 A Yes, sir, we are.

4 Q In your opinion will granting this appli-
5 cation be in the interest of conservation, the prevention of
6 waste, and the protection of correlative rights?

7 A Yes, sir.

8 Q Were Exhibits One through Eight prepared
9 by you or under your direction and supervision?

10 A Yes, sir, they were.

11 MR. CARR: At this time, may it please
12 the Commission, we would offer into evidence Applicant's Ex-
13 hibits One through Eight.

14 MR. RAMEY: The Exhibits One through
15 Eight will be admitted.

16 MR. CARR: We have nothing further of
17 this witness on direct.

18 MR. RAMEY: Any questions of the witness?
19 Mr. Nutter?

20
21 QUESTIONS BY MR. NUTTER:

22 Q Mr. Terry, you stated that you weren't
23 seeking to close the windows that are in the unit area. In
24 looking at your Exhibit Number Three, first of all, I don't
25 have on my legend an explanation of what the orange circles

1 depict. Should that be colored on the legend?

2 A Yes, sir, that should be shown converted
3 shut-in.

4 Q Okay, that's --

5 A The orange -- the orange circles.

6 Q And then I look up here at the Atlantic
7 tract, which is in Section 30. It's a 40-acre tract, and on
8 Section 3 it would appear that there are two green tracts
9 shown there, or two green circles.

10 A Yes, sir.

11 Q Being injectors, and two tilted squares,
12 being -- indicating they're proposed for injection.

13 A Yes, sir, that's correct.

14 Q And then on that 40-acre tract there's a
15 square around a circle that says proposed producer.

16 Now why aren't you closing the window
17 there? You've got four injection tracts surrounding a 40-acre
18 tract. It looks like you're driving oil off the unit onto
19 that 40-acre tract without any protection for the unit?

20 A We've discussed this with ARCO, bringing
21 this particular window into the unit. It's just we're not
22 seeking to do this at this time, but our -- this is an unde-
23 veloped tract. ARCO has expressed an interest to bring the
24 window into the unit.

25 Q Do you think it's going to be committed

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1 to the unit?

2 A Yes, sir, I feel that in the future it
3 will be committed to the unit.

4 Q What incentive does ARCO have to come into
5 the unit? It's sitting there with a producer surrounded by
6 four injection wells.

7 A Presently there's only two injection
8 wells and I'm sure ARCO's future action will dictate whether
9 or not we convert these other two wells to injection service.
10 This is -- this is simply a proposed pattern of development
11 for the unit at this point.

12 Q Now I can understand down here in the
13 southwest corner of the unit, that company has one proposed
14 injection well and one proposed producing well, so you'd come
15 out even with respect to unit operations there.

16 A Well, this is our proposal here, as far
17 as this injection well, and then we've discussed with these
18 people, as well, the possibility of bringing this window into
19 the unit, or some type of cooperative agreement.

20 Q Uh-huh, and if you had a cooperative
21 agreement, the unit would come out even, wouldn't it, with
22 respect to the 80-acre tract --

23 A Yes, sir, this well --

24 Q -- even if they didn't come in.

25 A Yes, sir, that's correct.

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1 Q And then this Carter Foundation lease over
2 to the east here has a number of injection wells and producing
3 wells. You are working on a line agreement with that company?

4 A Yes, sir, we are. We have discussed a
5 line agreement with the Carter Foundation. They are definitely
6 not interested in entering the unit. They do wish to execute
7 a lease line agreement and the biggest hold-up on that is in
8 this Well 226.

9 Q Well now, you didn't have statutory unit-
10 ization available to you when this unit was originally put
11 together.

12 A No, sir.

13 Q And you couldn't make Carter come in under
14 any kind of a statutory unitization, but it is available to
15 you now. Why haven't you brought these undeveloped -- or these
16 uncommitted tracts in?

17 A We -- we just don't choose to bring in
18 Carter Foundation. We feel that a lease line agreement is --
19 is the way we would prefer to go on it, rather than try to
20 bring in this particular window.

21 Q Uh-huh. Now, why are these converted
22 injection wells shut-in, that being the orange wells? Because
23 you haven't arrived at a lease line agreement?

24 A Yes, sir, because we do not have an
25 agreement.

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1 Q Uh-huh, and when you have an agreement,
2 those wells will be put back on injection?

3 A Yes, sir, that's correct.

4 Q They did inject at one time?

5 A No, they were -- no, sir, they were con-
6 verted and injection tubing was ran and they've been shut-in
7 since then. We haven't injected.

8 Q So you're just ready to go with injection.

9 A We're ready to go with this -- this is,
10 we feel, is the most effective way to flood the unit, and this
11 is the agreement that we're hoping to negotiate with the Carter
12 Foundation.

13 Q Now on your Exhibit Number Six, Mr. Terry,
14 we have all these computations in dollars. The fee royalty
15 unsigned would gain an additional gross revenue of \$7000.
16 That's -- why is this figure so low, because you have such a
17 small amount of unsigned --

18 A Yes.

19 Q -- royalty owners?

20 A Yes.

21 Q At the present time?

22 A Yes, sir, that's correct. If you'll look
23 at the interest there that the fee royalty -- unsigned fee
24 royalty have, that -- that's the reason.

25 Q Uh-huh, now their actual royalty is more

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1 than this. This is just the additional royalty --

2 A This is just the additional, based upon
3 the recovery of an additional 500,000 barrels of oil.

4 MR. NUTTER: I believe that's all.

5 Thank you.

6 MR. RAMEY: Any other questions of the
7 witness?

8

9 CROSS EXAMINATION

10 BY MR. RAMEY:

11 Q Mr. Terry, say if -- if you don't get a
12 line agreement with Carter Foundation, are you prepared to come
13 back and request that they be force pooled into the unit?

14 A I don't think I'm prepared to answer that
15 at this time. I think we would first probably try to arrive
16 at a different or a compromise, less than ideal lease line
17 agreement before we would take that course of action.

18 Q Okay, thank you.

19 MR. RAMEY: Any other questions?

20 MR. NUTTER: One more.

21

22 QUESTIONS BY MR. NUTTER:

23 Q Well, Mr. Terry, I haven't looked at the
24 description of the unit boundaries in the Exhibit Nine that's
25 coming up, but the unit boundaries are defined as excluding

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1 these windows. These are not unit -- these are not windows
2 of uncommitted acreage in the unit. They're lands that are
3 outside of the unit, is that it?

4 A Yes, that's correct. That's the way
5 it's --

6 Q Any statutory unitization order does not
7 affect these because they're not in the unit.

8 A That's correct.

9 Q Okay.

10 A The unit area will remain exactly the
11 same as it is now and these windows are not within the unit.

12 Q Okay.

13 MR. RAMEY: The witness may be excused.

14 Do you want to call your next witness, Mr. Carr?

15 MR. CARR: I call Harvey O. Woods.

16

17 HARVEY O. WOODS

18 being called as a witness and having been duly sworn upon his
19 oath, testified as follows, to-wit:

20

21 DIRECT EXAMINATION

22 BY MR. CARR:

23 Q Will you state your full name and place
24 of residence?

25 A Harvey O. Woods, Midland, Texas.

1 Q Mr. Woods, have you previously testified
2 before this Commission as a landman and had your credentials
3 accepted and made a matter of record?

4 A No, I have not.

5 Q Would you briefly summarize for the Com-
6 mission your educational background and your work experience?

7 A I'm a graduate of Hardin Simmons Univer-
8 sity in business management. I worked for Skelly and Getty
9 Oil Companies for the last twenty-seven years as a roustabout,
10 office manager, assistant operations superintendent, and a
11 landman.

12 Q And by whom are you currently employed?

13 A Getty Oil Company.

14 Q In what capacity?

15 A As a New Mexico area landman.

16 Q Are you familiar with the application of
17 Getty Oil Company in this case?

18 A Yes, I am.

19 Q And are you familiar with the Myers
20 Langlie-Mattix Unit?

21 A Yes, I am.

22 MR. CARR: Are the witness' qualifications
23 acceptable?

24 MR. RAMEY: Yes, they're acceptable.

25 Q Mr. Woods, have you prepared certain ex-

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1 hibits for introduction in this case?

2 A. Yes, I have.

3 Q. Would you please refer to what has been
4 marked as Getty Exhibit Number Nine and identify that for the
5 Commission?

6 A. This is a unit agreement for the develop-
7 ment and operation of the Myers Langlie-Mattix Unit in Lea
8 County, New Mexico.

9 Q. Will you now refer to Applicant's Exhibit
10 Number Ten and explain what this is and what it shows?

11 A. This is the first and second revision of
12 the unit agreement that provides for -- that identifies the
13 character of the land, the waterflooding operation, and the
14 unit area.

15 Q. And is this in a usual form?

16 A. It's in a usual form, yes.

17 Q. And does it set out the basis for partici-
18 pation of each of the parties in the unit?

19 A. Yes, it does.

20 Q. Are the waterflooding operations presently
21 being conducted in this unit?

22 A. Yes, they are.

23 Q. Would you please explain the basis for
24 the participation formula?

25 A. Prior to unitization they had an engineerin

1 study committee that made a study of the recommended reservoir
2 based on past cumulative production, the anticipated secondary
3 recovery, and the acreage contributions of each tract, and
4 they arrived at a formula for tract participation from that
5 study.

6 Q In your opinion, does this formula allo-
7 cate production to the separately owned tracts on a fair,
8 reasonable, and equitable basis?

9 A Yes, it does, and after the unit was
10 created the working interest owners negotiated an equitable
11 formula for the tract participation and it was ratified by the
12 working interest owners.

13 Q And that's the formula we're presenting
14 to the Commission today?

15 A That is true.

16 Q What is the basis for participation in
17 the unit?

18 A 85 percent ultimate recovery, 10 percent
19 cumulative past production, and 5 percent acreage.

20 Q Mr. Woods, would you please refer to what
21 has been marked for identification as Getty Oil Company Exhibit
22 Number Eleven and identify this for the Commission?

23 A Yes. This is the unit operating agreement
24 for the Myers Langlie-Mattix Unit.

25 Q Now I'd ask you to review Exhibit Number

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1 Twelve and explain to the Commission what it is and what it
2 shows.

3 A This is a unit operating agreement, Exhibit
4 D, second revision, July 1, 1976. It outlines the supervision
5 of the unit to be exercised by the now operator. It defines
6 the rights and duties of all parties. It shows how investments
7 and costs are to be shared. It establishes voting procedure
8 for decisions to be made by the working interest owners. This
9 is based on the equal working interest owner participation in
10 the unit; sets forth the accounting procedures, and contains
11 other standard provisions in a unit of this type.

12 Q Okay, so the voting procedures are tied
13 to the ownership of each of the working interest owners?

14 A Yes, based on their participation.

15 Q And the unit operating agreement, as
16 amended, shows how costs will be allocated and paid.

17 A Absolutely.

18 Q Mr. Woods, if statutory unitization is
19 approved pursuant to this application, will the unit continue
20 to be operated under the same unit agreement, unit operating
21 agreement?

22 A There will be no change in either agreement

23 Q Will you now refer to what has been
24 marked for identification as Getty Exhibit Number Thirteen and
25 explain to the Commission what this is?

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1 A. Yes. This is a list of the working interest
2 owners in the Myers Langlie-Mattix Unit, and it shows the unit
3 participation and indicates which interests are not signed, or
4 unsigned.

5 Q. What percentage of the working interest
6 ownership is presently unsigned?

7 A. Less than 1/100ths of one percent.

8 Q. Will you now refer to what has been
9 marked for identification Getty Exhibit Number Fourteen and
10 explain this to the Commission?

11 A. This is an indemnity agreement with the
12 Langlie-Mattix Myers Unit. It covers the unqualified tracts
13 that wish to come into the unit but will indemnify the other
14 working interest owners of any type of -- of bills or costs or
15 any kind of liability against unqualified tracts.

16 Q. Mr. Woods, would you now refer to Getty
17 Exhibit Number Fifteen and explain what this is to the Commis-
18 sion?

19 A. This is a letter dated October the -- I
20 mean February the 5th, 1980, requesting for Division orders
21 and any type of information from all working interest owners
22 to provide us with the information to try to sign unsigned
23 royalty owners in various tracts in the unit.

24 Q. And this letter was mailed to all working
25 interest owners?

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1 A. All unsigned -- oh, the letter was mailed
2 to all working interest owners in the unit, yes.

3 Q. And you were attempting to get the most
4 current address of the royalty interest owners?

5 A. We were trying to get information to lead
6 us to sign the unsigned royalty tracts, yes.

7 Q. Now I'd ask you to explain what Exhibit
8 Number Sixteen is.

9 A. This is a list of the royalty interest
10 owners, including the royalty and overriding royalty interests
11 within the unit. It shows the royalty interest, their parti-
12 cipation in these tracts. It also indicates the unsigned
13 royalty owners.

14 Q. What percentage of the royalty interest
15 ownership is currently unsigned?

16 A. 1/4th of one percent.

17 Q. Now, Mr. Woods, please refer to what has
18 been marked for identification as Getty Exhibit Number Seventeen
19 and explain this to the Commission?

20 A. Okay. This was a letter that was written
21 to only those that were not committed to the unit.

22 Q. This was only to royalty interest owners?

23 A. These are to royalty interest owners,
24 overriding royalty and royalty, and the reason for this was
25 trying to, or attempting to get those people to ratify the unit

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1 on a voluntary basis.

2 Q And what response did you receive to this
3 letter?

4 A About 50 percent of those that were un-
5 signed at that particular time responded to this letter.

6 Q Would you briefly summarize your prior
7 efforts to get royalty interest owners to commit their interest
8 to the unit?

9 A For the past five years we've had anywhere
10 from two to three employees researching records, trying to get
11 available information as to the present whereabouts of all the
12 unsigned royalty owners. We mailed out certified letters for
13 a unit agreement, unit operating agreement, and ratification,
14 and spent numerous telephone calls and even trips to visit
15 with the people that were unsigned to attempt to get those
16 people to voluntarily ratify the unit.

17 Q Do you believe you have done all that you
18 reasonably can do to obtain voluntary commitment?

19 A At this time, yes, I do.

20 Q Has Getty made a good faith effort to
21 secure voluntary unitization of all working interest owners
22 and royalty interest owners in the area affected by this ap-
23 plication?

24 A Yes, sir, they have.

25 Q Will you now refer to what has been marked

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1 Getty Exhibit Number Eighteen and explain to the Commission
2 what this is and what it shows?

3 A. This is a tabulation of the royalty in-
4 terest, showing a total interest -- total Federal interest, a
5 total State interest, and the unsigned fee and the signed fee.
6 And then under the working interest it shows a signed royalty,
7 the signed working interest and the unsigned working interest,
8 and both tabulate over 99 percent, as a round-off area, of
9 more than --

10 Q. What was that? Would you repeat that
11 answer?

12 A. On this right here?

13 Q. Yes.

14 A. There's a total of less than 2 percent --
15 say 2000 to 1 percent does not sign in the royalty and the --
16 and the working interest ownership.

17 Q. And is this total --

18 A. It's not equal to 100, no. Call it a
19 round-off area of -- round-off area is allowed out here of
20 about 2-millionths.

21 Q. Have there been any changes in this
22 tabulation since May of 1980?

23 A. No change.

24 Q. Mr. Woods, were Exhibits Nine through
25 Eighteen either prepared by you or can you testify to their

1 accuracy from your own knowledge?

2 A. Either by me or under my supervision.

3 MR. CARR: At this time we would offer
4 Getty Exhibits Nine through Eighteen.

5 MR. RAMEY: Getty Exhibits Nine through
6 Eighteen will be admitted.

7 MR. CARR: We have nothing further of
8 this witness on direct.

9 MR. RAMEY: Any questions? Mr. Nutter.

10
11 QUESTIONS BY MR. NUTTER:

12 Q Mr. Woods, in response to questions, Mr.
13 Terry stated that the Carter Foundation tract, the Atlantic
14 tract, and this other tract down here in Section 7, were not
15 in the unit area; that the unit area was defined by the magenta
16 line and it excluded those tracts.

17 Then on examination of the unit agreement
18 and Exhibit A, the Carter Foundation tract is shown to be in
19 the unit area in Tract 9.

20 The Atlantic tract is shown in the unit
21 area as Tract 82, and the King, Warren, and Dye tract in Sec-
22 tion 7 is shown to be Tract Number 67.

23 Now I realize that in the participation
24 they're shown as having zero participation but they are in the
25 unit area. Now if we enter an order statutorily unitizing the

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1 unit area, as defined, those tracts are coming in.

2 A It will have to be revised to exclude
3 those tracts, the unit agreement.

4 Q What have we got here to revise it? We
5 don't have any testimony --

6 MR. CARR: The two revisions to the unit
7 agreement, which are Exhibits -- the following exhibits --

8 A Exhibits right there exclude those.

9 MR. CARR: -- exclude that from the unit
10 area.

11 Q All right, Exhibit Number One is the
12 first revision to the operating agreement. Where are those
13 exhibits, Mr. Carr?

14 MR. PADILLA: Isn't that Exhibit Ten?

15 MR. NUTTER: No, that's the --

16 MR. CARR: They should be Exhibit Ten, Mr.
17 Nutter. Let's see Exhibit Ten.

18 MR. TERRY: It's right there.

19 MR. NUTTER: Okay, Exhibit Ten is the new
20 revised Exhibit A to the unit agreement, is that it?

21 MR. CARR: That's correct.

22 MR. NUTTER: And Exhibit C here is a re-
23 vision of the schedule of tract participation. No, it doesn't
24 exclude Tract 9.

25 MR. RAMEY: Where -- where is Tract 9?

1 MR. NUTTER: Or did you renumber the
2 tracts?

3 It calls it an unqualified tract but it's
4 still listed in here as a tract in the unit.

5 MR. CARR: Tract 9, like other tracts up
6 in the -- oh, let's see, Mr. Nutter --

7 MR. NUTTER: Tracts 82 and 67, I believe,
8 are --

9 MR. CARR: Well, these tracts have been
10 treated as if they were outside of the unit. There are also
11 some other tracts to the north and east that are -- are the
12 same. They're carried in here as unqualified tracts that were
13 within the original proposed area, but they are treated through-
14 out as if they are not within the unit area at all and not,
15 therefor, windows.

16 MR. NUTTER: Shouldn't the Exhibit B be
17 revised to eliminate those tracts?

18 MR. CARR: Well, perhaps it should be.
19 It would be consistent with the ad. It would be consistent
20 with the legal -- with the application and all in this case
21 to do that, too, take those out and perhaps an additional re-
22 vision of Unit B would be necessary to avoid this confusion
23 on this.

24 MR. NUTTER: Now I note that originally
25 Tract Number 67 on the original unit agreement and Exhibit C

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1 was shown as being a participating tract, but is now shown as
2 not participating at all. Did that tract at one time partici-
3 pate?

4 MR. CARR: It apparently has never parti-
5 cipated. It was in the area but unqualified.

6 MR. PADILLA: Well, the other, Tract 82
7 and Tract 9 do show zero participation from both, but Tract
8 67 does show a percent participation.

9 MR. NUTTER: We're looking at Exhibit C
10 to the unit agreement, the original unit agreement.

11 MR. CARR: The original?

12 MR. NUTTER: Right. Okay, now you'll note
13 there that Tract 9 shows zero participation for Phase One and
14 zero participation for Phase Two.

15 Then on the next page Tract 67 shows part-
16 icipation on Phase One and Phase Two. Tract 82 shows zero
17 participation for Phase One and Phase Two.

18 So even though that tract didn't qualify,
19 apparently at one time it participated.

20 MR. CARR: Mr. Nutter, there is an error
21 in the Exhibit C attached to the original unit agreement and
22 it is correct -- it is corrected by the revisions to it that
23 were adopted in 1974. If you desire I can call a witness who
24 can testify to that fact.

25 MR. NUTTER: Is it shown on one of the

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1 exhibits?

2 MR. CARR: It's Exhibit Number Twelve. It's actually -
3 or I'm sorry, Exhibit Number Ten. It's actually the third
4 page of that exhibit. Exhibit C lists the schedule of tract
5 participation and Tract 67 has been excluded.

6 MR. NUTTER: Well, all three tracts are
7 excluded on that exhibit.

8 MR. CARR: That's correct.

9 MR. NUTTER: 9 and 67 and 32.

10 MR. CARR: That's right. That's correct.
11 And this is in error because it has never participated in the
12 unit; that is referring to Tract 67.

13 MR. NUTTER: Okay. Well, apparently Ex-
14 hibit A and Exhibit Number Ten is correct, then. This shows
15 the unit outline as amended, as the actual unit area, which
16 excludes the old Tract 9, 67, and 82.

17 MR. CARR: That's correct.

18 MR. NUTTER: And also some tracts up on
19 the north end that --

20 MR. CARR: That is correct.

21 MR. NUTTER: -- you mentioned, and a 40-acre
22 tract down on the south end.

23 MR. CARR: That's right.

24 MR. NUTTER: Yeah, one 40-acre tract in
25 the south end.

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1 MR. CARR: In Section 9.

2 MR. NUTTER: Where Well 220 is.

3 MR. CARR: Yes, sir, in Section 9, that's
4 correct.

5 MR. NUTTER: Okay.

6 MR. CARR: Which is the southwest of the
7 northeast of that section.

8 MR. NUTTER: Okay, so now if you could
9 prepare a new exhibit B to go with this revised Exhibit A, to
10 substitute for the Exhibit B that's in Exhibit Ten.

11 MR. CARR: Right, we can do that.

12 MR. NUTTER: Excluding those tracts com-
13 pletely and not just listing them as unqualified tracts, but
14 excluding them, then the unit area could be defined. Exhibit
15 Ten as amended would stand as the definition of what the unit
16 area is, and it wouldn't affect royalty interests or working
17 interests, either one, in those lands that are outside the
18 unit area.

19 MR. CARR: Getty has the data to do that,
20 and with the Commission's permission, we will supply that data
21 to you immediately with the amended exhibit reflecting that
22 these tracts are not just unqualified but not within the unit
23 area at all.

24 MR. NUTTER: Not in the unit area at all.

25 MR. CARR: Correct.

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MR. NUTTER: Right. That's all the questions I have on that.

MR. RAMEY: Any other questions of Mr. Woods? He may be excused.

MR. CARR: We have nothing further.

MR. RAMEY: Does anyone have anything further in Case 6987?

If not, the Commission will take the case under advisement, and the hearing is adjourned.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

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CAMPBELL AND BLACK, P.A.

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August 5, 1980

Mr. Joe D. Ramey
Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2208
Santa Fe, New Mexico 87501

HAND DELIVERED

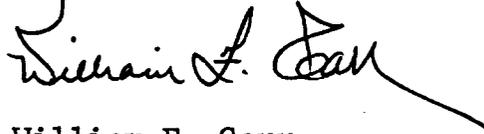
Re: Case No. 6987: Application of Getty Oil Company
for Statutory Unitization of the Myer Langlie-
Mattix Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is a revised Exhibit B which is part of the 1976 Revision to the Myer Langlie-Mattix Unit Agreement. Getty offered this as their Exhibit No. 10 in the above-referenced case. We have deleted from Exhibit B all non-qualified tracts which have been excluded from the unit area.

If you have questions about the enclosed, please advise.

Very truly yours,



William F. Carr

WFC:lr

Enclosure

cc: Mr. James E. Eakin, Jr.

Exhibit K

STATE OF NEW MEXICO
OIL AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6987
Order No. R-6447

APPLICATION OF GETTY OIL COMPANY
FOR STATUTORY UNITIZATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 5, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of August, 1980, the Commission, a quorum being present, having considered the testimony and the record and being otherwise fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Getty Oil Company, seeks the statutory unitization, pursuant to the "Statutory Unitization Act," Sections 70-7-1 through 70-7-21, NMSA 1978, of 9,360 acres, more or less, being a portion of the Langlie Mattix Pool, Lea County, New Mexico, said portion being known as the Myers Langlie-Mattix Unit Area and applicant further seeks approval of the Unit Agreement as revised and the Unit Operating Agreement as revised.
- (3) That the Myers Langlie-Mattix Unit Agreement was approved by the Oil Conservation Commission by Order No. R-4680 entered in Case No. 5087 on October 31, 1973.
- (4) That the Myers Langlie-Mattix Unit became effective on February 1, 1974, and has been operated by Getty Oil Company and its predecessor in interest, Skelly Oil Company, since that date.

Exhibit L

(5) That the applicant seeks statutory unitization of this voluntary unit to enable it to institute more effective and efficient operating practices thereby extending the economic life of the unit.

(6) That the unit area should be designated the Myers Langlie-Mattix Unit Area and the horizontal limits of said unit area should be comprised of the following described lands:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, E/2
SW/4, SW/4 SW/4, and SE/4
Section 36: N/2, SE/4, and E/2 SW/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4
Section 29: W/2, W/2 E/2, and E/2 SE/4
Section 30: N/2, SW/4, N/2 SE/4, and
SW/4 SE/4
Sections 31 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: NE/4 NE/4
Section 12: S/2 N/2, N/2 S/2, and SE/4
SE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 2: W/2 NE/4 and W/2
Section 3: NE/4, E/2 SE/4, and W/2
SW/4
Sections 4 and 5: All
Section 6: E/2, E/2 W/2, and NW/4
NW/4
Section 7: N/2, SE/4, and S/2 SW/4
Section 8: N/2, N/2 S/2, and SW/4
SW/4
Section 9: NW/4, N/2 SW/4, N/2 NE/4,
and SE/4 NE/4
Section 10: NW/4, W/2 NE/4, SE/4 NE/4,
E/2 SW/4, and W/2 SE/4
Section 11: SW/4 NW/4

(7) That the vertical limits of said Myers Langlie-Mattix Unit Area should comprise that interval which extends from a point 100 feet above the base of the Seven Rivers formation to

the base of the Queen formation; said interval having been heretofore found to occur in the Texas Pacific Oil Company's Blinbry "B" Well No. 3 located 330 feet from the North line and 2310 feet from the West line of Section 34, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical Log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

(8) That the portion of the Langlie Mattix Pool proposed to be included in the aforesaid Myers Langlie-Mattix Unit Area has been reasonably defined by development.

(9) That the applicant proposes to continue water flooding for the secondary recovery of oil, gas, gaseous substances, sulfur contained in gas, condensate, distillate and all associated and constituent liquid or liquifiable hydrocarbons within and to be produced from the proposed unit area.

(10) That the continuation of secondary recovery operations as a result of statutory unitization should result in the additional recovery of approximately 500,000 barrels of oil.

(11) That the unitized management, operation and further development of the Myers Langlie-Mattix Unit Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil from the unitized portion of the pool.

(12) That the proposed unitized method of operation as applied to the Myers Langlie-Mattix Unit Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil from the unitized portion of the pool than would otherwise be recovered without unitization.

(13) That the estimated additional investment costs which result from statutory unitization are \$1.6 million from which can be deducted \$600,000, which will be saved by not having to maintain separate production facilities on certain tracts within the unit area for a net additional investment of \$1 million.

(14) That the additional recovery to be derived from the extended secondary recovery operations resulting from statutory unitization will have a gross value to the unit of \$18.24 million.

(15) That the estimated additional costs of the proposed operations (as described in Finding No. (13) above) will not exceed the estimated value of the additional oil (as described in Finding No. (14) above) plus a reasonable profit.

(16) That the applicant, the designated Unit Operator pursuant to the Unit Agreement and the Unit Operation Agreement, has made a good faith effort to secure voluntary unitization within the Myers Langlie-Mattix Unit Area.

(17) That the participation formula contained in the Unit Agreement allocates the produced and saved unitized substances to the separately owned tracts in the unit area on a fair, reasonable, and equitable basis.

(18) That statutory unitization and the adoption of the proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Myers Langlie-Mattix Unit Area.

(19) That the granting of the application in this case will have no adverse effect upon other portions of the Langlie Mattix Pool.

(20) That applicant's Exhibits Nos. 9 and 11 as revised by Exhibits 10 and 12 in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(21) That the Myers Langlie-Mattix Unit Agreement and the Myers Langlie-Mattix Unit Operating Agreement provide for unitization and unit operation of the Myers Langlie-Mattix Unit Area upon terms and conditions that are fair, reasonable, and equitable, and which include:

(a) an allocation to the separately owned tracts in 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 operations;

(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 the unit production allocated to an owner who does not pay his share of the costs of unit operations 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 such 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 Commission to be just and reasonable, and allowing an appropriate charge for interest for such service payable out of such owner's share of production, providing that any nonconsenting working interest owner being so carried shall be deemed to have relinquished to the Unit Operator all of his operating rights and working interests in and to the unit until his share of the costs, service charge, and interest are repaid to the Unit Operator;

(e) a provision designating the Unit Operator and providing for the supervision and conduct of the unit operations, including the selection, removal or substitution of an operator from among the working interest owners to conduct the unit operations;

(f) a provision for voting procedure for the decision of 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.

(22) That applicant seeks establishment of an administrative procedure whereby the conversion of additional wells to injection may be approved without further notice or hearing.

(23) That the statutory unitization of the Myers Langlie-Mattix Unit Area is in conformity with the above findings, and

will prevent waste and protect the correlative rights of all owners of interest within the proposed unit area, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the Myers Langlie-Mattix Unit Area, comprising 9,360 acres, more or less, in the Langlie Mattix Pool, Lea 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) That the lands included within the Myers Langlie-Mattix Unit Area shall be comprised of:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, E/2 SW/4, SW/4 SW/4, and SE/4
Section 36: N/2, SE/4, and E/2 SW/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4
Section 29: W/2, W/2 E/2, and E/2 SE/4
Section 30: N/2, SW/4, N/2 SE/4, and SW/4 SE/4
Sections 31 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: NE/4 NE/4
Section 12: S/2 N/2, N/2 S/2, and SE/4 SE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 2: W/2 NE/4 and W/2
Section 3: NE/4, E/2 SE/4, and W/2 SW/4
Sections 4 and 5: All
Section 6: E/2, E/2 W/2, and NW/4 NW/4
Section 7: N/2, SE/4, and S/2 SW/4
Section 8: N/2, N/2 S/2, and SW/4 SW/4
Section 9: NW/4, N/2 SW/4, N/2 NE/4, and SE/4 NE/4
Section 10: NW/4, W/2 NE/4, SE/4 NE/4, E/2 SW/4, and W/2 SE/4
Section 11: SW/4 NW/4

(3) That the vertical limits of said Myers Langlie-Mattix Unit Area should comprise that interval which extends from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore found to occur in the Texas Pacific Oil Company's Blinebry "B" Well No. 3 located 330 feet from the North line and 2310 feet from the West line of Section 34, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical Log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

(4) That the applicant shall waterflood for the secondary recovery of oil, gas, gaseous substances, sulfur contained in gas, condensate, distillate, and all associated and constituent liquid or liquified hydrocarbons within and produced from the unit area.

(5) That the Myers Langlie-Mattix Unit Agreement as revised and the Myers Langlie-Mattix Unit Operating Agreement as revised are approved and adopted and incorporated by reference into this order.

(6) That when, pursuant to the terms of Sections 70-7-9 NMSA 1978, the persons owning the required 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 unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement in writing.

(7) That 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.

(8) That the applicant is authorized to convert additional wells to injection in accordance with the provisions of Division Rule 701 E 4.

(9) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-8-

Case No. 6987
Order No. R-6447

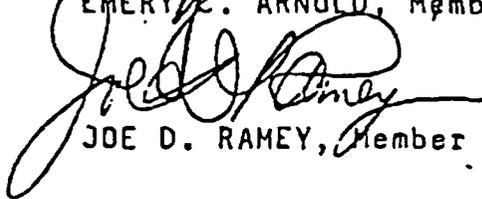
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

ALEX J. ARMIJO; Member



EMERY K. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

fd/

L564

X
BOOK 383 PAGE 220



SEP 22 1980

U.S. GEOLOGICAL SURVEY
ALBUQUERQUE, NEW MEXICO

Getty Oil Company | P.O. Box 1231, Midland, Texas 79702 - Telephone (915) 683-6301

Raymond W. Babin, District Production Manager
Midland Exploration and Production District

447

September 15, 1980

File: Myers Langlie Mattix Unit
Langlie Mattix Field
Lea County, New Mexico

Re: Statutory Unitization

**MYERS LANGLIE MATTIX UNIT
ROYALTY INTEREST OWNERS**

Dear Royalty Interest Owners:

On August 27, 1980, the New Mexico Oil Conservation Division entered its Order No. R-6447 approving statutory unitization of the Myers Langlie-Mattix Unit.

In 1974, the Myers Langlie-Mattix Unit was created by working interest owners and royalty interest owners who voluntarily committed their interests in a portion of the Langlie-Mattix Pool for the purpose of instituting secondary recovery operations by waterflooding. At present, owners of more than 99% of the working interest and 99% of the royalty interest in the unit area have voluntarily joined the unit. Statutory unitization will enable Getty Oil Company as unit operator to bring the remaining interests in the unit area into the unit.

In 1975, New Mexico adopted the Statutory Unitization Act. The purposes of this Act are to promote the formation of oil and gas units for secondary recovery operations and to provide for more efficiently operated units which will, in turn, produce greater volumes of oil and gas.

Statutory unitization of the Myers Langlie-Mattix Unit will benefit every royalty interest owner in the unit by enabling Getty to institute efficient operating practices that presently cannot be employed due to the small uncommitted interests in the unit area. The institution of more efficient operating practices will reduce the costs of unit operations and will enable the unit to produce for a longer period of time. Statutory unitization of the Myers Langlie-Mattix Unit should result in the recovery of an additional 500,000 barrels of oil. At present oil prices, this represents additional gross income to the unit of \$18,740,000. This income will be shared by you and other interest owners in the unit.

MYERS LANGLIE MATTIX UNIT
ROYALTY INTEREST OWNERS

PAGE 2
SEPTEMBER 15, 1980

The Oil Conservation Commission approved statutory unitization of the present unit area only after a public hearing in which Getty Oil Company appeared before the Commission and reviewed all the costs and benefits of unitization. Their order, a copy of which is attached for your review, finds that statutory unitization will benefit the working interest owners and the royalty interest owners in this unit, that the qualified tracts and present unit boundaries will remain the same, and that all tract participations will remain unchanged.

The Commission order provides that statutory unitization of this Unit will become effective upon ratification by the owners of 75% of the working interest and the owners of 75% of the royalty interest within the unit area. It is important, therefore, to obtain these ratifications as soon as possible for statutory unitization to become effective. Enclosed is a form to be used by royalty interest owners in ratifying this order. We request that you execute this Ratification and Approval, have your signature notarized, and return to us as soon as possible.

Copies of the January 1, 1973 Unit Agreement and Unit Operating Agreement and their two revisions dated February 1, 1974 and July 1, 1976 are not enclosed since they were previously provided and remain unchanged.

If you have questions concerning the enclosed Order or Ratification, do not hesitate to contact Mr. J. E. Eakin in this office (915/683-6301).

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

Very truly yours,

R. W. Blohm

R. W. Blohm
District Production Manager

JAN 6 1981

at 11:05 o'clock AM

and recorded in Book _____

Page _____

Deanna Henge County Clerk

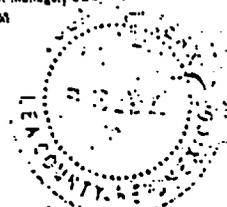
[Signature] Deputy

JEE:ah
Enclosure

- cc: Mr. A. J. Starrak - Midland
- Mr. John Sullivan - Tulsa
- Mr. W. F. Carr - Santa Fe
- Mr. J. E. Eakin - Midland

Approved 5 DEC 1980

[Signature]
Deputy Conservation Manager, O&G
South Central Region



447



SUN PRODUCTION COMPANY CAMPBELL CENTRE II, P.O. BOX 2800, DALLAS, TEXAS 75221

October 17, 1980

Getty Oil Company
P. O. Box 1231
Midland, Texas 79702

RE: MYERS LANGLIE MATTIX UNIT
LANGLIE MATTIX FIELD
LEA COUNTY, NEW MEXICO

Gentlemen:

Per your request we are enclosing Sun's executed ratification for the Myers Langlie Mattix Unit, Lea County, New Mexico.

If we can assist you in any other manner, please advise.

Yours truly,

SUN PRODUCTION COMPANY


J. W. THORNTON
MANAGER OF UNITIZATION

JWT/ght
Encl.

Exhibit N

A DIVISION OF SUN OIL COMPANY (DELAWARE)

mine 382 PAGE 642 RATIFICATION AND APPROVAL
OF THE PLAN FOR UNIT OPERATIONS
AS STATED IN THE UNIT AGREEMENT AND
UNIT OPERATING AGREEMENT OF THE
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

For consideration and the purposes stated in those certain agreements, entitled as above, both being dated January 1, 1973, and to obtain the benefits of unitized management, operation and further development of the oil and gas properties in the Myers Langlie-Mattix Unit pursuant to New Mexico Oil Conservation Commission Order No. R-6447 entered on August 27, 1980, approving statutory unitization of the Myers Langlie-Mattix Unit, the undersigned (whether one or more) represents that it is a Working Interest Owner within the meaning of that term as used in the captioned Unit Agreement and, as such, does hereby consent to ratify and approve the plan for unit operations contained in the captioned Unit Agreement and Unit Operating Agreement, said Agreements being incorporated herein by reference and said plan for unit operations having been approved by the New Mexico Oil Conservation Commission in Order No. R-6447.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification and approval shall extend to the undersigned's Royalty Interest as well as to its Working Interest.

The undersigned hereby acknowledges receipt of copies of said New Mexico Oil Conservation Commission Order No. R-6447, Unit Agreement and Unit Operating Agreement and further acknowledges that the plan for unit operations prescribed in said documents has been ratified and approved and unconditionally delivered on the date set out hereinbelow.

This ratification shall extend to and be binding upon the undersigned, his heirs, legal representatives, successors and assigns.

The undersigned, whether one or more, is referred to in the neuter gender.

IN WITNESS WHEREOF, this instrument is executed this 23rd day of October, 1980.

[Signature] sw
Attorney - in fact for Sun Oil Company (Delaware)
for Sun Texas Company,
a Division of Sun Oil Company (Delaware)

ATTEST:

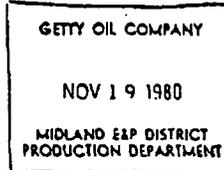
STATE OF Texas)
COUNTY OF Tarrant) ss.

SUBSCRIBED AND SWORN TO before me this 23rd day of October, 1980.

[Signature]
Notary Public

My Commission Expires:

Feb 14, 1984



JAN 6 1981
at 4:05 PM
and record of its Book _____
Page _____
Darius Henke, County Clerk
By [Signature] Deputy

194

This is a true and correct copy of the original
filed in the office of the County Clerk
Elliott & Watson Title & Abstract Co., Inc.
By [Signature]

mine
BOOK 382 PAGE 580

RATIFICATION AND APPROVAL
OF THE PLAN FOR UNIT OPERATIONS
AS STATED IN THE UNIT AGREEMENT AND
UNIT OPERATING AGREEMENT OF THE
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

GETTY OIL COMPANY
OCT - 6 1980
MIDLAND ESP DISTRICT
PRODUCTION DEPARTMENT

KNOW ALL MEN BY THESE PRESENTS, THAT:

For consideration and the purposes stated in those certain agreements, entitled as above, both being dated January 1, 1973, and to obtain the benefits of unitized management, operation and further development of the oil and gas properties in the Myers Langlie-Mattix Unit pursuant to New Mexico Oil Conservation Commission Order No. R-6447 entered on August 27, 1980, approving statutory unitization of the Myers Langlie-Mattix Unit, the undersigned (whether one or more) represents that it is a Working Interest Owner within the meaning of that term as used in the captioned Unit Agreement and, as such, does hereby consent to ratify and approve the plan for unit operations contained in the captioned Unit Agreement and Unit Operating Agreement, said Agreements being incorporated herein by reference and said plan for unit operations having been approved by the New Mexico Oil Conservation Commission in Order No. R-6447.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification and approval shall extend to the undersigned's Royalty Interest as well as to its Working Interest.

The undersigned hereby acknowledges receipt of copies of said New Mexico Oil Conservation Commission Order No. R-6447, Unit Agreement and Unit Operating Agreement and further acknowledges that the plan for unit operations prescribed in said documents has been ratified and approved and unconditionally delivered on the date set out hereinbelow.

This ratification shall extend to and be binding upon the undersigned, his heirs, legal representatives, successors and assigns.

The undersigned, whether one or more, is referred to in the neuter gender.

IN WITNESS WHEREOF, this instrument is executed this 30th day of September, 1980.

X Glenn Bundy

ATTEST:

X Glenn Bundy

STATE OF Florida)
COUNTY OF Stovard) ss.

SUBSCRIBED AND SWORN TO before me this 30th day of September, 1980.



Glenn Bundy
Notary Public For Florida Bundy

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES JAN 23 1982
BONDED THROUGH GENERAL INS. UNDERWRITERS

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JAN 6 1981

at 11:05 a.m. by A.M.
and recorded in Book _____
Page _____
Dorcas Neuge, County Clerk
By [Signature] Deputy



163

This is a true and correct copy of the original filed in the office of the County Clerk
Eileen T. Hagen Title & Abstract Co., Inc.
By [Signature]

RATIFICATION AND APPROVAL
OF THE PLAN FOR UNIT OPERATIONS
AS STATED IN THE UNIT AGREEMENT AND
UNIT OPERATING AGREEMENT OF THE
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

For consideration and the purposes stated in those certain agreements, entitled as above, both being dated January 1, 1973, and to obtain the benefits of unitized management, operation and further development of the oil and gas properties in the Myers Langlie-Mattix Unit pursuant to New Mexico Oil Conservation Commission Order No. R-6447 entered on August 27, 1980, approving statutory unitization of the Myers Langlie-Mattix Unit, the undersigned (whether one or more) represents that it is a Working Interest Owner within the meaning of that term as used in the captioned Unit Agreement and, as such, does hereby consent to ratify and approve the plan for unit operations contained in the captioned Unit Agreement and Unit Operating Agreement, said Agreements being incorporated herein by reference and said plan for unit operations having been approved by the New Mexico Oil Conservation Commission in Order No. R-6447.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification and approval shall extend to the undersigned's Royalty Interest as well as to its Working Interest.

The undersigned hereby acknowledges receipt of copies of said New Mexico Oil Conservation Commission Order No. R-6447, Unit Agreement and Unit Operating Agreement and further acknowledges that the plan for unit operations prescribed in said documents has been ratified and approved and unconditionally delivered on the date set out hereinbelow.

This ratification shall extend to and be binding upon the undersigned, his heirs, legal representatives, successors and assigns.

The undersigned, whether one or more, is referred to in the neuter gender.

IN WITNESS WHEREOF, this instrument is executed this 29th day of September, 1980.

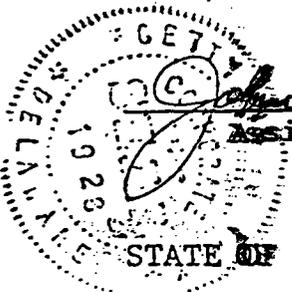
GETTY OIL COMPANY

By

[Signature]
Vice President

ATTEST:

FILE COPY	
APPROVED BY	
Exec. Auth.	
Law	<u>CEB</u>
Fed. Tax	
Expl.	
Lia. Recs.	
Lease	
Prod.	<u>WAF</u>
Gas	
S & T	
Ins.	
Acq.	
Contracts	<u>[Signature]</u>



[Signature]
Assistant Secretary

STATE OF Oklahoma
COUNTY OF Tulsa)

ss.

SUBSCRIBED AND SWORN TO before me this 29th day of September, 1980.



[Signature]
Notary Public

My Commission Expires:
April 1, 1981

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JAN 6 1981

at 11:05 o'clock A. M
and recorded in Book 382
Page 612

Donna Benge, County Clerk
a. [Signature] Deputy



621



Getty Oil Company | P.O. Box 1231, Midland, Texas 79702 • Telephone (915) 683-6301

Raymond W. Blohm, District Production Manager
Midland Exploration and Production District

December 24, 1980

Mr. Bill Carr
Campbell and Black, P.A., Lawyers
P. O. Box 2208
Santa Fe, New Mexico 87501

Re: Affidavit - Myers Langlie
Mattix Unit, Langlie Mattix
Field, Lea County, N. M.

Dear Bill:

Attached is the signed and notarized copy of the Affidavit stating that we have received in excess of 75% of the Royalty and Working Interest Owners' approvals for statutory unitization. Please place this approval in record with the New Mexico Oil Conservation Division for the Statutory Unitization to be effective January 1, 1981.

Sincerely yours,

Raymond W. Blohm

JEE:nh

JEE
Attachments

cc: Mr. R. J. Starrak
Mr. L. R. Hall
Mr. J. E. King
Mr. J. E. Eakin

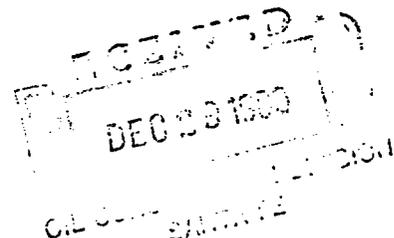


Exhibit Q

AFFIDAVIT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

COMES NOW, Raymond W. Blohm, and upon his oath, deposes and states:

1. That he is the Midland District Production Manager for Getty Oil Company.

2. That as District Production Manager, he is responsible for the development and production of the oil and gas properties of Getty Oil Company in Lea County, New Mexico.

3. That on June 19, 1980, Getty Oil Company filed an application with the New Mexico Oil Conservation Division under the New Mexico Statutory Unitization Act (Section 70-7-1 through 70-7-21, N.M.S.A., 1978 Compilation) seeking an order providing for statutory unitization of the Myers Langlie-Mattix Unit in Lea County, New Mexico.

4. That Section 70-7-8, N.M.S.A., 1978 Compilation provides in part as follows: "No order of the Division providing for unit operations shall become effective unless and until the plan for unit operations described by the Division has been approved in writing by those persons who, under the Division's Order, will be required initially to pay at least seventy-five percent of the cost of unit operations, and also by the owners of at least seventy-five percent of the production proceeds thereof that will be credited to interest which are free of

cost . . . and the Division has made a finding either in the order providing for unit operations or in a supplemental order that the plan for unit operation has been so approved."

5. That the application of Getty Oil Company for statutory unitization of the Myers Langlie-Mattix Unit (Oil Conservation Division Case No. 6987) was heard by the full Oil Conservation Commission on August 5, 1980.

6. That on August 27, 1980, the Oil Conservation Commission entered Order No. R-6447 approving the application of Getty Oil Company for statutory unitization of the Myers Langlie-Mattix Unit.

7. That Oil Conservation Division Order R-6447 " . . . approved and adopted and incorporated by reference . . ." the Myers Langlie-Mattix Unit Agreement and Unit Operating Agreement.

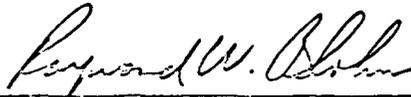
8. That said Order No. R-6447 provided "that when . . . the persons owning the required percentage of interest in the unit area have approved or ratified the Unit Agreement and the Unit Operating Agreement, the interests of all persons within the unit area are unitized, whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement."

9. That following issuance of Order R-6447, Getty Oil Company solicited the written approval of ratification of all interest owners in the unit area.

10. That as of December 15, 1980, Getty Oil Company has received written approval or ratification of the plan for unit operations from more than 75% of those who would be required

initially to pay the costs of unit operations and from more than 75% of the interest owners of production proceeds from the unit that will be credited to interests which are free of costs.

11. That Getty Oil Company intends to commence unitized operations of the Myers Langlie-Mattix Unit under Oil Conservation Division Order No. R-6447 on January 1, 1981 at 7:00 a.m.



Raymond W. Blohm

SUBSCRIBED AND SWORN TO before me this 24th day of December, 1980, by Raymond W. Blohm.



Notary Public

J. B. AYENT Notary Public
Midland County, Texas

My Commission Expires:

6-30-84

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION


BRUCE KING
GOVERNOR
RAY KEHOE
SECRETARY

January 5, 1981

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

Case 6987

Mr. William F. Carr
Campbell and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Re: Myers Langlie-Mattix
Unit, Lea County,
New Mexico

Dear Mr. Carr:

The Oil Conservation Commission is in receipt of the sworn affidavit of Raymond W. Blohm, District Production Manager for the Midland Exploration and Production District of Getty Oil Company, wherein Mr. Blohm swears that Getty Oil Company has received written approval or ratification of the plan for unit operations from more than 75 percent of those who would be required initially to pay the costs of unit operations and from more than 75 percent of the interest owners of production proceeds from the unit that will be credited to interests which are free of costs.

The above percentages of ratification or approval of the plan for unitized operations meet the criteria set forth by Section 70-7-8, NMSA, 1978 Comp., and were also within the time limit prescribed by said Section 70-7-8. It is therefore hereby determined that Commission Order No. R-6447 unitizing all interests in the Myers Langlie-Mattix Unit Area, Lea County, New Mexico, is in full force and effect.

Very truly yours,

JOE D. RAMEY
Division Director and
Secretary, Oil Conservation
Commission

JDR/DSN/fd

Exhibit R

DOYLE HARTMAN

Oil Operator

3811 TURTLE CREEK BLVD., SUITE 730

DALLAS, TEXAS 75219

(214) 520-1800

(214) 520-0811 FAX

December 9, 1993

Oxy U.S.A., Inc.
#6 Desta Drive, Suite 6002
Midland, Texas 79705-5505

Attn: Mr. T. Kent Woolley, CPL
Senior Landman

Re: Purchase/Exchange Offer
Eumont Gas Pool Interval
Oxy U.S.A., Inc.
State "N" Lease (B-1484)
SW/4 Section 2, T-22-S, R-36-E
Lea County, New Mexico
(160 acres)

Gentlemen:

Reference is made to Texaco's letter to us of November 30, 1993 (copy enclosed), wherein Texaco gave notice of a preliminary agreement being reached to transfer to Oxy its 24.32% working interest ownership in the Myers Langlie Mattix Unit.

Reference is also made to our written proposals of June 9, 1993 and July 20, 1993, and, to the various follow-up meetings and conversations, pertaining to the trade to Oxy of our 4.869074% interest in the Myers Langlie Mattix Unit plus our 50% net profits interest corresponding to a .789843% working interest in the Penrose Skelly "B" Waterflood Unit in exchange for Oxy's 100% interest in the 160-acre State "N" Eumont Lease located in the SW/4 Section 2, T-22-S, R-36-E, Lea County, New Mexico.

Being that Oxy is also presently in the process of acquiring Texaco's Myers Langlie Mattix Unit interest, and also since Oxy has indicated to us that it is hopeful of soon closing with us, as to the acquisition of our interest in the Myers Langlie Mattix Unit and the Penrose Skelly "B" Unit, but has stated that it would prefer drafting all of the necessary closing documents, so as to more promptly move along the closing process, please find enclosed

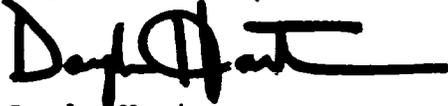
Exhibit S

Oxy U.S.A., Inc.
December 9, 1993
Page 2

the pertinent ownership instruments that establish Doyle Hartman's and Margaret M. Hartman's net ownership in the Myers Langlie Mattix Unit and the Penrose Skelly "B" Unit. We believe these instruments will facilitate Oxy's task of drafting the necessary assignments, from Doyle Hartman and Margaret M. Hartman into Oxy, of the Hartman's interest in the Myers Langlie Mattix Unit and Penrose Skelly "B" Unit.

Very truly yours,

DOYLE HARTMAN, OIL OPERATOR



Doyle Hartman

DNH:pdd
Enclosures

cc: Mr. Donald Romine
Vice President - Western Region
Oxy U.S.A., Inc.
#6 Desta Drive, Suite 6002
Midland, Texas 79705-5505

Mr. Robert Hunt
Operations Manager - Western Region
Oxy U.S.A., Inc.
#6 Desta Drive, Suite 6002
Midland, Texas 79705-5505

Mr. Jon Thoma
Financial Consultant
Oxy U.S.A., Inc.
#6 Desta Drive, Suite 6002
Midland, Texas 79705-5505

Mr. Charles Pollard
Operations Engineering Supervisor
Oxy U.S.A., Inc.
#6 Desta Drive, Suite 6002
Midland, Texas 79705-5505

Mr. Patrick N. McGee
Land Manager
Oxy U.S.A., Inc.
#6 Desta Drive, Suite 6002
Midland, Texas 79705-5505

TABLE OF ENCLOSURES
TO LETTER DATED 12-9-93 FROM
DOYLE HARTMAN, OIL OPERATOR TO OXY U.S.A., INC.

1. Letter dated 11-30-93 from Texaco Exploration and Production Inc. to Working Interest Owners in the Myers Langlie Mattix Unit
2. Accumulation of Current Hartman MLMU Ownership
3. Summary by Tract of Doyle Hartman, Oil Operator's Myers Langlie Mattix Unit Ownership
4. Texaco Interoffice Memorandum dated 4-5-91 summarizing Doyle Hartman, Oil Operator's Myers Langlie Mattix Unit Ownership
5. Summary by Tract of Doyle Hartman, Oil Operator's Penrose Skelly "B" Unit Ownership
6. Myers Langlie Mattix Unit Tract Ownership Effective 1-1-86 to 5-1-89
7. Assignment and Conveyance dated 9-3-84 from The Prudential Insurance Company of America to Doyle Hartman
8. Assignment and Bill of Sale dated 3-20-85 from Gloria Bundy to Doyle Hartman
9. Stipulation of Interest dated 2-2-86
10. Conveyance and Agreement dated 2-2-86 from Sun Operating Limited Partnership to Doyle Hartman, et al
11. Trustee's Mineral Deed dated 4-8-88 from James R. Adelman, Trustee to Doyle Hartman



Texaco Exploration and Production Inc
Midland Producing Division

500 N Loraine
Midland TX 79701

P O Box 3109
Midland TX 79702

November 30, 1993

*Agmt
D.O.*

WORKING INTEREST OWNERS

MYERS LANGLEIE MATTIX UNIT

Lea County, New Mexico

Texaco Exploration and Production Inc. [TEPI] has reached preliminary agreement to transfer its 24.32 percent interest in the Myers Langlie Mattix Unit to OXY USA Inc. TEPI will resign as Operator of the Unit when the agreement is final.

TEPI asks the Working Interest Owners to elect a Successor Operator as stipulated in the Unit Agreement. The Successor will assume operation of the Unit after TEPI submits its resignation and the Successor receives state and federal approval. OXY, acting as majority owner, will send ballots to all Working Interest Owners to elect a Successor Operator.

TEPI will submit its resignation to the Working Interest Owners as soon as the agreement with OXY is complete. TEPI will not tender its resignation as Operator of the Unit if the agreement with OXY is not finalized. Call Jim H. Ohlms at [915] 688-2916 with any questions or comments.

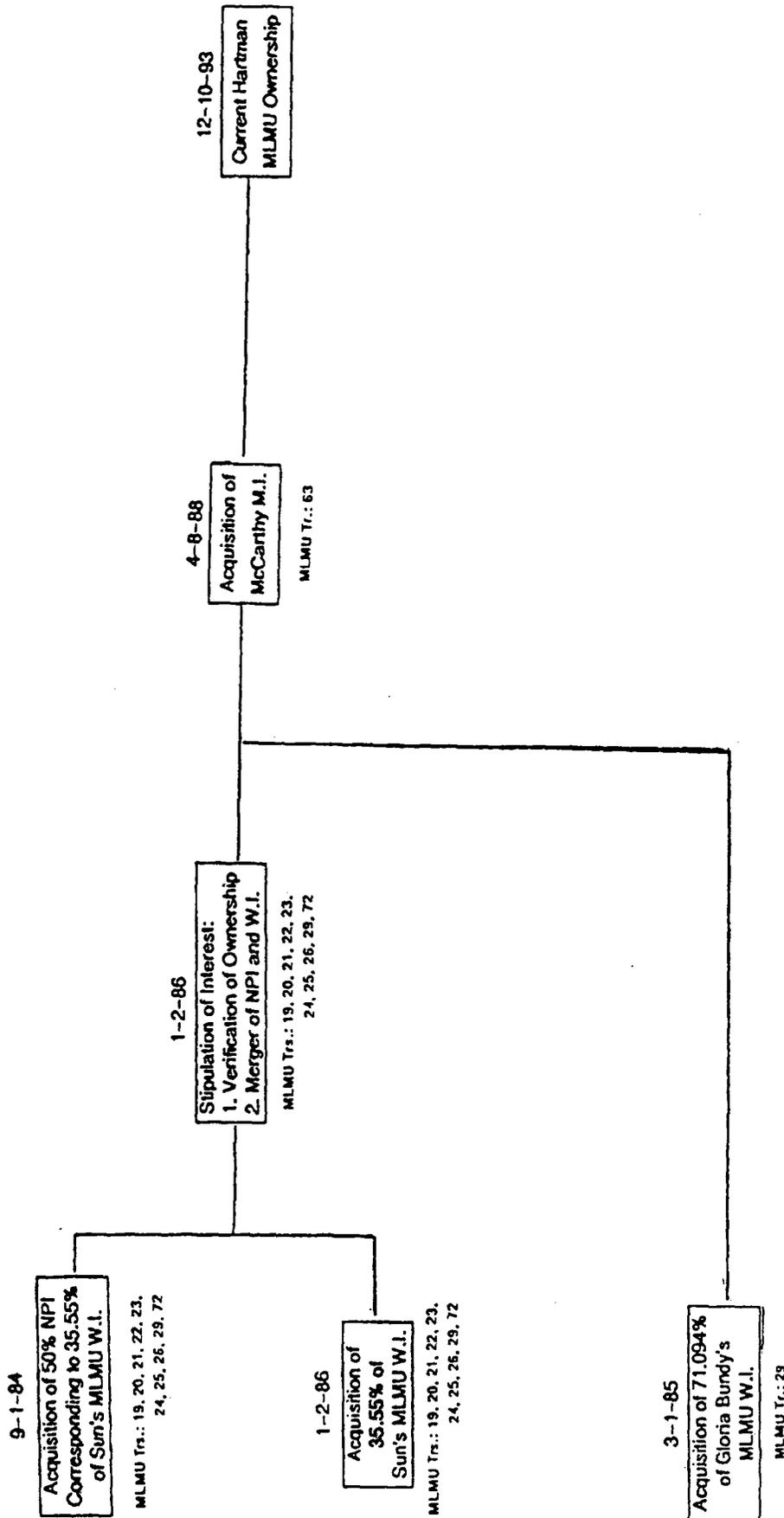
Very truly yours,

R. J. Rowalt
Assistant Division Manager

JHO/srt

DEC 3 1993

Accumulative Current Hartman MLMU Ownership



A SUMMARY BY TRACT
 OF DOYLE HARTMAN, OIL OPERATOR'S
 MYERS LANGLIE MATTIX UNIT OWNERSHIP

MLMU TRACT <u>NO.</u>	<u>HARTMAN MLMU OWNERSHIP FRACTION</u>	
	<u>WI</u>	<u>NRI</u>
19(1)	0.00443515	0.00327092
20	0.00055563	0.00037505
21	0.01095317	0.00739339
22	0.00711833	0.00524977
23	0.00110025	0.00082519
24	0.00108304	0.00081228
25	0.00163009	0.00122257
26	0.01208580	0.01057507
29(2)	0.00313807	0.00258891
<u>72</u>	<u>0.00659121</u>	<u>0.00540685</u>
TOTAL	0.04869074	0.0377200

(1)(2) For additional details pertaining to Hartman's interest corresponding to MLMU Tracts 19 and 29, please refer to Texaco's internal memo dated April 5, 1991 from F. M. Krautsch, Midland, Texas to R. R. O'Dwyer, Denver, Colorado

RIGHTS TO BE ASSIGNED TO OXY CORRESPONDS
 TO ALL THE HARTMAN INTEREST AS TO THE UNITIZED INTERVAL IN
 THE MLMU AND PENROSE SKELLY "B"



Texnet

DATE: April 5, 1991

TO: Mr. F. M. Krautsch (JBW)
Midland, Texas

FROM: R. R. O'Dwyer
Denver, Colorado

SUBJECT: 230830 - Myers Langlie Mattix Unit (TPI)
Lea County, New Mexico
Doyle Hartman Working Interest

Doyle Hartman acquired 35.546875% of Sun's working interest in this unit. The following is a breakdown of this acquisition by tract.

<u>Tract</u>	<u>TPF</u>	<u>Sun WI in Tract</u>	<u>Hartman Unit WI</u>
19	2.49538	50.0	.4435148
20	.15631	100.0	.0555633
21	3.08133	100.0	1.0953165
22	2.00252	100.0	.7118333
23	.30952	100.0	.1100247
24	.30468	100.0	.1083042
25	.91715	50.0	.1630091
26	3.39996	100.0	1.2085795
29	1.02337	30.0	.1091328
72	1.85423	100.0	<u>.6591208</u>
			4.6643990

Sun originally had a 58.33334% working interest in Tract 19. 8.3% was conveyed to Headington Minerals, Inc. and 50% was conveyed to Hartman, et al.

Hartman also owns an additional 20% working interest in Tract 29 acquired from Gloria Bundy (former Herbert J. Schmitz interest) resulting in an additional .204674% unit working interest.

Hartman's total working interest in the unit is 4.8690730% (4.6643990% from Sun and .204674% from Bundy).

Copies of Exhibits "B", "C" and "D" to the Unit Agreement have been enclosed for your use if needed. If you have any questions please call R. W. Lanning at Texnet 621-4244.

RR O'Dwyer / ew

RWL

SUMMARY BY TRACT OF
DOYLE HARTMAN, OIL OPERATOR'S
PENROSE SKELLY "B" UNIT OWNERSHIP

SKELLY PENROSE "B" <u>TRACT NO.</u>	TRACT W.I. <u>(%)</u>	TRACT UNIT PARTICIPATION <u>(%)</u>	UNIT WI <u>(%)</u>
17	22.59864	2.75874	.623438
18	<u>29.81910</u>	<u>0.55805</u>	<u>.166405</u>
TOTAL	-----	-----	.789843

NOTE: DOYLE HARTMAN, OIL OPERATOR OWNS A 50% NET PROFITS INTEREST CORRESPONDING TO A .789743% UNIT WORKING INTEREST IN THE PENROSE SKELLY "B" UNIT.

MYERS LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICO
TRACT OWNERSHIP-OIL ONLY
Effective 1-1-86 to 5-1-89

Tract #	Owner	TR. 19	TR. 20	TR. 21	TR. 22	TR. 23	TR. 24	TR. 25	TR. 26	TR. 29	TR. 72
1784 3927	Boyle Hartman P.O. Box 10426 Midland, TX 79702 414-68-3626	TR. 19 N/2 SW/4 Sec. 30 T23S R37E	TR. 20 Lot 2 Sec. 30 T23S R37E	TR. 21 Lot 1 Sec. 30 T23S R37E	TR. 22 N/2 SW/4 Sec. 34 T23S R37E	TR. 23 NW/4 Sec. 34 T23S R37E	TR. 24 N/2 SW/4 Sec. 34 T23S R37E	TR. 25 S/2 SW/4 Sec. 34 T23S R37E	TR. 26 SW/4 Sec. 5 SE/4 Sec. 6 T24S R37E	TR. 29 NW/4 Sec. 8 T24S R37E	TR. 72 NE/4 Sec. 8 T24S R37E
2806 4782	James A. Davidson P.O. Box 494 Midland, Texas 79702 664-20-0956	0.04609375	0.08437500	0.08437500	0.09218750	0.09375000	0.09375000	0.04687500	0.10937500	0.03093750	0.10233907
6050 3927	LARRY A. HERMYR MC-57 Box 4106 Sydney, MT 59270 501-42-5137	0.00288086	0.09527343	0.00527343	0.00576172	0.00585938	0.00585938	0.00292968	0.00683594	0.00193359	0.00640869
8870 2429	James E. Burr P.O. Box 50233 Midland, TX 79710 465-90-2453	0.00144043	0.00263672	0.00263672	0.00288086	0.00292969	0.00292969	0.00146485	0.00341797	0.00096680	0.00320435
9322 5940	Jack Fletcher 2100 Wadley, Unit 65 Midland, TX 79705 467-34-3333	0.00144043	0.00263672	0.00263672	0.00288086	0.00292969	0.00292969	0.00146485	0.00341797	0.00096680	0.00320435
6830 7884	Ruth Sutton 2826 Moss Midland, TX 79701 449-52-6595	0.00144043	0.00263672	0.00263672	0.00288086	0.00292968	0.00292968	0.00146484	0.00341797	0.00096679	0.00320435
		0.18437500	0.33750000	0.33750000	0.36875000	0.37500000	0.37500000	0.18750000	0.43750000	0.28875000	0.41015630

*Includes Sun interest (.35546875 x .30 x .825 = .08797852) and Bundy interest (1.00000000 x .20 x .825 = .16500000).
Note: Effective 4-8-88 Hartman acquired a .00118 KI in Tract 63 of Unit, above figures reflect NWI only.

MYERS LANGLIE MATTIX UNIT
 LEA COUNTY, NEW MEXICO
 TRACT OWNERSHIP-OIL ONLY
 Effective 5-1-89

Owner # Old/ New	Owner Name/Address	TR. 19 5/2 SW/4 Sec. 29 T23S R37E	TR. 20 Lot 2 Sec. 30 T23S R37E	TR. 21 Lot 1 Sec. 30 T23S R37E	TR. 22 N/2 SW/4 Sec. 29 T23S R37E	TR. 23 NW/4 Sec. 34 T23S R37E	TR. 24 N/2 SW/4 Sec. 34 T23S R37E	TR. 25 S/2 SW/4 Sec. 34 T23S R37E	TR. 26 SW/4 Sec. 5 SE/4 Sec. 6 T24S R37E	TR. 29 NW/4 Sec. 8 T24S R37E	TR. 72 NE/4 Sec. 8 T24S R37E
47784 07978	Boyle Hartman P.O. Box 10426 Midland, TX 79702 414-68-3626	0.13107910	0.23994141	0.23994141	0.26215820	0.26660156	0.26660156	0.13330078	0.31103515	*0.25297852	0.29159549
22806 04782	James A. Davidson P.O. Box 494 Midland, Texas 79702 464-20-0956	0.00000000	0.00000000	0.00000000	0.09375000	0.09375000	0.09375000	0.04687500	0.00000000	0.00000000	0.00000000
76050 13927	Larry A. Nermyr HC-57 Box 4106 Sydney, MT 59270 501-42-3137	0.00288086	0.00527343	0.00527343	0.00576172	0.00585938	0.00585938	0.00292968	0.00683594	0.00193359	0.00640869
08870 02429	James E. Burr P.O. Box 50233 Midland, TX 79710 465-90-2453	0.00000000	0.00000000	0.00000000	0.00000000	0.00292969	0.00292969	0.00146485	0.00000000	0.00000000	0.00000000
29322 05940	Jack Fletcher 2100 Madley, Unit 65 Midland, TX 79705 467-34-3333	0.00000000	0.00000000	0.00000000	0.00000000	0.00292969	0.00292969	0.00146485	0.00000000	0.00000000	0.00000000
86830 17884	Ruth Sutton 2826 Moss Midland, TX 79701 449-52-6595	0.00000000	0.00000000	0.00000000	0.00000000	0.00292968	0.00292968	0.00146484	0.00000000	0.00000000	0.00000000
29734	Meridian Oil Production Inc. 801 Cherry Street Suite 700 Ft. Worth, TX 76102	0.05041504	0.09228516	0.09228516	0.10083008	0.00000000	0.00000000	0.00000000	0.11962891	0.03383789	0.11215212
		0.18437500	0.33375000	0.33375000	0.36875000	0.37500000	0.37500000	0.18750000	0.43750000	0.28875000	0.41015630

*Includes Sum interest (.3556875 x .30 x .825 = .08977852) and Bundy interest (1.00000000 x .20 x .825 = .16500000).
 Note: Effective 4-8-88 Hartman acquired a .00118 RI in Tract 63 of Unit, above figures reflect MWI only.

Hyers Langlie Mattix Unit Ownership
Oil Only
Lea County, New Mexico

Tract Description	Owner	Tract Factor	GW	MVI	Unit Area	Unit Net	To HOP1 5-1-89 GW	To HOP1 5-1-89 MVI
19 S/2 SW/4, Sec 29, T23S, R37E	Doyle Hartman	0.02495380	0.1773437	0.13107910	0.00443515	0.00327092	0.00000000	0.00000000
	James A. Davidson	0.02495380	0.06250000	0.04609375	0.00155961	0.00115021	0.00155961	0.00115021
	Larry A. Hermyr	0.02495380	0.00390625	0.00288086	0.00097678	0.00007190	0.00000000	0.00000000
	James E. Burr	0.02495380	0.00195313	0.00144043	0.00004874	0.00003594	0.00004874	0.00003594
	Jack Fletcher	0.02495380	0.00195313	0.00144043	0.00004874	0.00003594	0.00004874	0.00003594
	Ruth Sutton	0.02495380	0.00195312	0.00144043	0.00004873	0.00003594	0.00004873	0.00003594
20 Lot 2, Sec 30 T23S, R37E	Doyle Hartman	0.00156310	0.35546875	0.23994141	0.00055563	0.00037505	0.00000000	0.00000000
	James A. Davidson	0.00156310	0.12500000	0.08437500	0.00019538	0.00013189	0.00019538	0.00013189
	Larry A. Hermyr	0.00156310	0.00781250	0.00527343	0.0000824	0.00000824	0.00000000	0.00000000
	James E. Burr	0.00156310	0.00390625	0.00263672	0.00000611	0.00000412	0.00000611	0.00000412
	Jack Fletcher	0.00156310	0.00390625	0.00263672	0.00000611	0.00000412	0.00000611	0.00000412
	Ruth Sutton	0.00156310	0.00390625	0.00263672	0.00000611	0.00000412	0.00000611	0.00000412
21 Lot 1, Sec 30 T23S, R37E	Doyle Hartman	0.03081330	0.35546875	0.23994141	0.01095317	0.00739339	0.00000000	0.00000000
	James A. Davidson	0.03081330	0.12500000	0.08437500	0.00385166	0.00259987	0.00385166	0.00259987
	Larry A. Hermyr	0.03081330	0.00781250	0.00527343	0.00024074	0.00016249	0.00000000	0.00000000
	James E. Burr	0.03081330	0.00390625	0.00263672	0.00012036	0.00008125	0.00012036	0.00008125
	Jack Fletcher	0.03081330	0.00390625	0.00263672	0.00012036	0.00008125	0.00012036	0.00008125
	Ruth Sutton	0.03081330	0.00390625	0.00263672	0.00012036	0.00008124	0.00012036	0.00008124
22 N/2 SW/4 Sec 29, T23S, R37E	Doyle Hartman	0.02002520	0.35546875	0.26215820	0.00711833	0.00524977	0.00000000	0.00000000
	James A. Davidson	0.02002520	0.12500000	0.09218750	0.00250315	0.00184607	0.00250315	0.00184607
	Larry A. Hermyr	0.02002520	0.00781250	0.00576172	0.00015645	0.00011538	0.00000000	0.00000000
	James E. Burr	0.02002520	0.00390625	0.00288086	0.00007823	0.00005769	0.00007823	0.00005769
	Jack Fletcher	0.02002520	0.00390625	0.00288086	0.00007822	0.00005769	0.00007822	0.00005769
	Ruth Sutton	0.02002520	0.00390625	0.00288086	0.00007822	0.00005769	0.00007822	0.00005769
			0.50000000	0.33750000	0.01540665	0.01039949	0.00421274	0.00284361
			0.50000000	0.36875000	0.01001260	0.00738429	0.00273782	0.00201914

Myers Langlie Mattix Unit Ownership
Oil Only
Lea County, New Mexico

Tract	Description	Owner	Tract Factor	GMV	MVI	Unit Gross	Unit Net	To HOP1 5-1-89 GMV	To HOP1 5-1-89 MVI
23	NW/4, Sec 34 T23S, R37E	Doyle Hartman James A. Davidson Larry A. Hermyr James E. Burr Jack Fletcher Ruth Sutton	0.00309520	0.35546875	0.26660156	0.00110025	0.00082519	0.00000000	0.00000000
			0.00309520	0.12500000	0.09375000	0.00036690	0.00029018	0.00000000	0.00000000
			0.00309520	0.00781250	0.00585938	0.00002418	0.00001814	0.00000000	0.00000000
			0.00309520	0.00390625	0.00292969	0.00001209	0.00000907	0.00000000	0.00000000
			0.00309520	0.00390625	0.00292969	0.00001209	0.00000906	0.00000000	0.00000000
			0.50000000	0.37500000	0.00154760	0.00116070	0.00000000	0.00000000	
24	W/2 SW/4, Sec 34, T23S, R37E	Doyle Hartman James A. Davidson Larry A. Hermyr James E. Burr Jack Fletcher Ruth Sutton	0.00304680	0.35546875	0.26660156	0.00108304	0.00081228	0.00000000	0.00000000
			0.00304680	0.12500000	0.09375000	0.00036085	0.00028564	0.00000000	0.00000000
			0.00304680	0.00781250	0.00585938	0.00002381	0.00001785	0.00000000	0.00000000
			0.00304680	0.00390625	0.00292969	0.00001190	0.00000893	0.00000000	0.00000000
			0.00304680	0.00390625	0.00292969	0.00001190	0.00000893	0.00000000	0.00000000
			0.50000000	0.37500000	0.00152340	0.00114255	0.00000000	0.00000000	
25	S/2 SW/4, Sec. 34, T23S, R37E	Doyle Hartman James A. Davidson Larry A. Hermyr James E. Burr Jack Fletcher Ruth Sutton	0.00917150	0.17773437	0.13330078	0.00163009	0.00122257	0.00000000	0.00000000
			0.00917150	0.06250000	0.04687500	0.00057322	0.00042992	0.00000000	0.00000000
			0.00917150	0.00390625	0.00292968	0.00003583	0.00002687	0.00000000	0.00000000
			0.00917150	0.00195313	0.00146485	0.00001791	0.00001343	0.00000000	0.00000000
			0.00917150	0.00195313	0.00146485	0.00001791	0.00001343	0.00000000	0.00000000
			0.25000000	0.18750000	0.00229287	0.00171965	0.00000000	0.00000000	
26	SW/4, Sec 5 SE/4, Sec 6 T24S, R37E	Doyle Hartman James A. Davidson Larry A. Hermyr James E. Burr Jack Fletcher Ruth Sutton	0.03399960	0.35546875	0.31103515	0.01208580	0.01057507	0.00000000	0.00000000
			0.03399960	0.12500000	0.10937500	0.00424995	0.00371871	0.00424995	0.00371871
			0.03399960	0.00781250	0.00683594	0.00026562	0.00023242	0.00000000	0.00000000
			0.03399960	0.00390625	0.00341797	0.00013281	0.00011621	0.00013281	0.00011621
			0.03399960	0.00390625	0.00341797	0.00013281	0.00011621	0.00013281	0.00011621
			0.50000000	0.43750000	0.01699980	0.01487483	0.00464838	0.00406734	

Myers Langlie Mattix Unit Ownership
Oil Only
Lea County, New Mexico

Tract	Description	Owner	Tract Factor	GVI	HVI	Unit Gross	Unit Net	To HOP1 5-1-89 GVI	To HOP1 5-1-89 HVI
*29	NW/4, Sec 8 T24S, R37E to 3700'	Doyle Hartman James A. Davidson Larry A. Hermyr James E. Burr Jack Fletcher Ruth Sutton	0.01023370 0.01023370 0.01023370 0.01023370 0.01023370 0.01023370	0.10664063 0.03750000 0.00234375 0.00117188 0.00117187 0.00117187	0.08797852 0.03093750 0.00193359 0.00096680 0.00096680 0.00096679	0.00109133 0.00038376 0.0002399 0.00001199 0.00001199 0.00001199	0.00090035 0.00031661 0.00001979 0.00000989 0.00000989 0.00000989	0.00000000 0.00038376 0.00000000 0.00001199 0.00001199 0.00001199	0.00000000 0.00031661 0.00000000 0.00000989 0.00000989 0.00000989
**29	NW/4, Sec 8 T24S, R37E to 3700'	Doyle Hartman	0.01023370	0.20000000	0.16500000	0.00204674	0.00168856	0.00000000	0.00000000
72	NE/4, Sec 8 T24S, R37E above 4000'	Doyle Hartman James A. Davidson Larry A. Hermyr James E. Burr Jack Fletcher Ruth Sutton	0.01854230 0.01854230 0.01854230 0.01854230 0.01854230 0.01854230	0.35546075 0.12500000 0.00781250 0.00390625 0.00390625 0.00390625	0.29159549 0.10253907 0.00640069 0.00320435 0.00320435 0.00320435	0.00659121 0.00231779 0.00014486 0.00007243 0.00007243 0.00007243	0.00540605 0.00190131 0.00011803 0.00005942 0.00005942 0.00005941	0.00000000 0.00231779 0.00000000 0.00007243 0.00007243 0.00007243	0.00000000 0.00190131 0.00000000 0.00005942 0.00005942 0.00005941
				0.50000000	0.41015630	0.00927115	0.00760524	0.00253508	0.00207956

* Sun-Interest

** Bundy Interest

NOTE: Effective 4-8-88 Hartman acquired a .00118 RI in Tract 63 of Unit, above figures reflect HVI only.

LAWS OF
NEW
MEXICO

1986

VOLUME

CHAPTER 15 CHAPTER 116

YACOBINI & SON

Page 1 Page 1256

ILLEGIBLE

Exhibit T

CHAPTER 55

AN ACT

RELATING TO OIL AND GAS; AMENDING SECTION 70-7-7 NMSA 1978 (BEING LAWS 1975, CHAPTER 293, SECTION 7, AS AMENDED) TO PROVIDE FOR A PERCENTAGE NONCONSENT PENALTY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 70-7-7 NMSA 1978 (being Laws 1975, Chapter 293, Section 7, as amended) is amended to read:

"70-7-7. DIVISION ORDERS.--The order providing for unitization and unit operation of a pool or part of a pool shall be upon terms and conditions that are fair, reasonable and equitable and shall approve or prescribe a plan or unit agreement for unit operation which shall include:

- A. a legal description in terms of surface area of the pool or part of the pool to be operated as a unit and the vertical limits to be included, termed "the unit area";
- B. a statement of the nature of the operations contemplated;
- C. an allocation to the separately owned tracts in the unit area of all the oil and gas that is produced from the unit area and is saved, being the production that is not used in the conduct of operations on the unit area or not unavoidably lost;
- D. 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 equip-

Senate Bill 176, as
Approved March 3, 1986

ment contributed to the unit operations;

E. a provision governing how the costs of unit operations, including capital investments, shall be determined and charged to the separately owned tracts and how the costs shall be paid, including a provision providing when, how and by whom the unit production allocated to an owner who does not pay the share of the costs of unit operations charged to that owner or the interest of that owner may be sold and the proceeds applied to the payment of costs;

F. a provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production, upon such terms and conditions determined by the division to be just and reasonable and allowing an appropriate charge for interest for such service payable out of the owner's share of production; provided that any nonconsenting working interest owner being so carried shall be deemed to have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs are repaid, plus an amount not to exceed two hundred percent of such costs as a non consent penalty, with maximum penalty amount in each case to be determined by the division.

G. a provision designating the unit operator and providing for the supervision and conduct of the unit operations, including the selection, removal or substitution of an operator from among the working interest owners to conduct the unit operations;

H. a provision for a voting procedure for the decision of matters to be decided by the working interest owners in respect to

which each working interest owner shall participate in and to its unit participation;

I. the time when the unit operations shall terminate and the manner in which and the circumstances under which the unit operations shall terminate and for the settlement of a

J. such additional provisions as may be deemed appropriate for carrying on the unit operations and for the protection of the relative rights and the prevention

the costs of unit operations,
 determined and charged to the
 shall be paid, including a
 the unit production allo-
 re of the costs of unit
 interest of that owner may be
 nt of costs;

working interest owner on
 payable out of production,
 by the division to be just
 char for interest for
 are of production; provided
 ner being so carried shall
 operator all of its oper-
 to the unit until his share
 to exceed two hundred
 lity, with maximum penalty
 division.

unit operator and providing
 operations, including the
 erator from among the work-
 ations;
 idure for the decision of
 t owners in respect to

which each working interest owner shall have a voting interest equal
 to its unit participation;

I. 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 termination; and

J. such additional provisions as are found to be appro-
 priate for carrying on the unit operations and for the protection of
 correlative rights and the prevention of waste."

2004

2004

R. W. Byram & Co., - Dec., 1987

SECTION IV

New Mexico Page 613

(NORTHEAST BLINEBRY-TUBB-DRINKARD
OIL AND GAS (NORTHEAST DRINKARD UNIT
WATERFLOOD PROJECT) POOL - Cont'd.)

EXHIBIT "B"
CASE NO. 9232
ORDER NO. R-8541

Operator, Well Name, and Number	Location
Leonard Oil Elliot Federal No. 1	1659 FSL; 330 FWL Section 1, T-21S, R-37E
Stanolind Southland Royalty "C" No. 5	1980 FSL; 660 FEL Section 4, T-21S, R-37E
Conoco Inc. Hawk B-10 Federal No. 3	1980 FNL; 1980 FEL Section 10, T-21S, R-37E
Cities Service States No. 4	3390 FSL; 4520 FEL Section 15, T-21S, R-37E
Tidewater Oil State "S" No. 7	600 FNL; 990 FWL Section 15, T-21S, R-37E
Cities Service State "S" No. 6	2310 FNL; 990 FWL Section 15, T-21S, R-37E
Cities Service State "S" No. 3	3375 FSL; 3225 FEL Section 15, T-21S, R-37E
Gulf Oil Corporation Leonard "E" No. 5	2310 FNL; 330 FEL Section 16, T-21S, R-37E
Mid-Continent Petroleum State "15" No. 5	330 FSL; 330 FEL Section 16, T-21S, R-37E
Sunray Oil Elliott Federal "A" No. 3	980 FNL; 330 FEL Section 21, T-21S, R-37E
Sunray Oil Elliott Federal "A" No. 4	2030 FNL; 330 FEL Section 21, T-21S, R-37E
Gulf Oil Corporation Eubank "C" No. 8	1750 FNL; 2310 FEL Section 22, T-21S, R-37E

EXHIBIT "C"
CASE NO. 9232
ORDER NO. R-8541

Operator, Well Name, and Number	Location
Gulf Oil Corporation Harry Leonard "E" No. 6	1980 FSL; 1980 FEL Section 2, T-21S, R-37E
Shell Western E & P State "2" No. 20	990 FSL; 2300 FWL Section 2, T-21S, R-37E
Shell Western E & P State "2" No. 21	2205 FSL; 988 FWL Section 2, T-21S, R-37E
Shell Western E & P Livingston No. 3	560 FSL; 2030 FEL Section 3, T-21S, R-37E

Shell Western E & P
Livingston No. 5

660 FSL; 330 FWL
Section 3, T-21S, R-37E

Aztec
Dauron No. 3

330 FNL; 990 FEL
Section 10, T-21S, R-37E

Humble
NM State "V" No. 11

2080 FSL; 2080 FWL
Section 10, T-21S, R-37E

Tidewater Oil
State "S" No. 6

760 FNL; 1980 FWL
Section 15, T-21S, R-37E

Conoco Inc.
Lockhart A-27 No. 3

330 FNL; 1650 FWL
Section 27, T-21S, R-37E

TWIN LAKES-SAN ANDRES ASSOCIATED POOL
(Statutory Unitization)
Chaves County, New Mexico

Order No. R-8557, Approving Statutory Unitization of the Twin
Lakes San Andres Unit in the Twin Lakes-San Andres
Associated Pool, Chaves County, New Mexico, December 2, 1987.

The Application of Peltó Oil Company for
Statutory Unitization, Chaves County, New
Mexico.

CASE NO. 9210
Order No. R-8557

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15
a.m. on September 9, 1987, at Santa Fe, New Mexico, before
Examiner Michael E. Stogner.

NOW, on this 2nd day of December, 1987, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and having been 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) At the time of the hearing this case was consolidated with
Division Case No. 9211 for the purpose of testimony.

Exhibit U

614 New Mexico

SECTION IV

R. W. Byram & Co., Dec., 1987

(TWIN LAKES-SAN ANDRES ASSOCIATED
(STATUTORY UNITIZATION) POOL - Cont'd.)

(3) The applicant, Pelto Oil Company, seeks the statutory unitization, pursuant to the "Statutory Unitization Act," Sections 70-7-1 through 70-7-21 NMSA 1978, of 4,863.82 acres, more or less, being a portion of the Twin Lakes - San Andres Associated Pool, Chaves County, New Mexico, said portion to be known as the Twin Lakes - San Andres Unit; applicant further seeks approval of the Unit Agreement and the Unit Operating Agreement which were submitted in evidence as applicant's Exhibits Nos. 3 and 4 presented at the time of the hearing.

(4) The proposed unit area should be designated the Twin Lakes San Andres Unit Area; and the horizontal limits of said unit area should be comprised of the following described State and Fee lands in Chaves County, New Mexico:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM

Section 25: SE/4 NW/4, NE/4 SW/4, S/2 SW/4, and SE/4

Section 26: SE/4 SE/4

Section 35: E/2 E/2

Section 36: All

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 30: Lots 3 and 4, E/2 SW/4, and SW/4 SE/4

Section 31: All

Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

Section 1: Lots 1 through 4, S/2 N/2, SE/4, and E/2 SW/4

Section 2: Lot 1

Section 12: NE/4, E/2 SE/4 and NW/4 SE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM

Section 5: Lots 3 and 4, S/2 NW/4, and SW/4

Sections 6 and 7: All

Section 8: N/2 NW/4 and SW/4 NW/4

Section 18: Lot 1, E/2 NW/4, and W/2 NE/4

(5) The horizontal limits of said unit are within the governing boundaries of the Twin Lakes - San Andres Associated Pool and have been reasonably defined by development.

(6) The vertical limits of said Unit Area should comprise the San Andres formation from a depth 2708 feet (+ 1259 feet sub-sea) to a depth of 2798 feet (+ 1169 feet sub-sea) as recorded on the Dual Laterolog/Compensated Neutron Log dated December 23, 1984, in the applicant's O'Brien "L" Well No. 16 located 2310 feet from the North line and 1675 feet from the East line (Unit G) of Section 6, Township 9 South, Range 29 East, NMPM, Chaves County, New Mexico.

(7) The unit area contains 35 separate tracts owned by 18 different working interests.

(8) The applicant has made a good faith effort to secure voluntary unitization within the Unit Area and at the time of the hearing over 87 percent of the working interest owners and 83.6 percent of the royalty interest owners were effectively committed to the unit.

(9) 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.

(10) The applicant proposes to institute a waterflood project for the secondary recovery of oil and associated gas, condensate, and all associated liquifiable hydrocarbons within and to be produced from the proposed unit area, all as shown in Division Case No. 9211.

(11) The proposed secondary recovery operations should result in the additional recovery of approximately 2.9 million barrels of oil.

(12) The unitized management, operation and further development of the Twin Lakes San Andres 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.

(13) The proposed unitized method of operation as applied to the Twin Lakes San Andres 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.

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

(15) 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 Twin Lakes San Andres Unit Area.

(16) The granting of the application in this case will have no adverse effect upon the Twin Lakes - San Andres Associated Pool and/or the San Andres formation located outside of the proposed Twin Lakes Unit boundary.

(17) Applicant's Exhibits Nos. 3 and 4 in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(18) The Twin Lakes San Andres Unit Agreement and the Twin Lakes San Andres Unit Operating Agreement provide for unitization and unit operation of the Twin Lakes San Andres Unit Area upon terms and conditions that are fair, reasonable and equitable, and which includes:

(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 equipments contributed to the unit operations;

(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 the unit production allocated to an owner who does not pay his share of the cost of the unit operations 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 the 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 the decision 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.

R. W. Byram & Co., Dec., 1987

SECTION IV

New Mexico Page 615

(TWIN LAKES-SAN ANDRES ASSOCIATED (STATUTORY UNITIZATION) POOL - Cont'd.)

(19) Any working interest owner who has not agreed in writing to participate in the unit prior to the date of this order should be deemed to have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs have been repaid, plus an additional 200 percent thereof as a non-consent penalty (Section 70-7-7.F. NMSA 1978.)

(20) The statutory unitization of the Twin Lakes San Andres Unit Area is in the 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 Twin Lakes San Andres Unit Agreement, covering 4,863.82 acres, more or less, of State and Fee lands in the Twin Lakes - San Andres Associated Pool, Chaves 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 Twin Lakes San Andres Unit Agreement shall be designated the Twin Lakes San Andres Unit Area and shall comprise the following described acreage in Chaves County, New Mexico:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM

Section 25: SE/4 NW/4, NE/4 SW/4, S/2 SW/4, and SE/4
 Section 26: SE/4 SE/4
 Section 35: E/2 E/2
 Section 36: All

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 30: Lots 3 and 4, E/2 SW/4, and SW/4 SE/4
 Section 31: All
 Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

Section 1: Lots 1 through 4, S/2 N/2, SE/4, and E/2 SW/4
 Section 2: Lot 1
 Section 12: NE/4, E/2 SE/4, and NW/4 SE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM

Section 5: Lots 3 and 4, S/2 NW/4, and SW/4
 Sections 6 and 7: All
 Section 8: N/2 NW/4 and SW/4 NW/4
 Section 18: Lot 1, E/2 NW/4, and W/2 NE/4

(6) The vertical limits of said Unit Area shall comprise the San Andres formation as found from a depth of 2708 feet (+ 1259 feet sub-sea) to a depth of 2798 feet (+ 1169 feet sub-sea) as recorded on the Dual Laterolog/Compensated Neutron Log dated December 23, 1984, in Peltto Oil Company's O'Brien "L" Well No. 16 located 2310 feet from the North line and 1675 feet from the East line (Unit G) of Section 6, Township 9 South, Range 29 East, NMPM, Chaves County, New Mexico.

(4) The applicant shall institute a waterflood project for the secondary recovery of oil and associated gas, condensate and all associated liquifiable hydrocarbons within and produced from the unit area, and said waterflood project is the subject of Division Case No. 9211.

(5) The Twin Lakes San Andres Unit Agreement and the Twin Lakes San Andres Unit Operating Agreement, being applicant's Exhibit Nos. 3 and 4 in this case, are hereby incorporated by reference into this Order.

(6) The Twin Lakes San Andres Unit Agreement and the Twin Lakes San Andres Unit Operating Agreement provide for unitization and unit operation of the Twin Lakes - San Andres Associated 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 unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement in writing.

(8) Any working interest owner who has not agreed in writing to participate in the unit prior to the date of this order shall be deemed to have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs have been repaid, plus an additional 200 percent thereof as a non-consent penalty (Section 70-7-7.F. NMSA 1978).

(9) 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.

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

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

VACUUM GRAYBURG - SAN ANDRES POOL
 (Phillips Lea State Waterflood Project)
 Lea County, New Mexico

Order No. R-8572, Authorizing Sohio Petroleum Company (Standard Oil Production Company) to institute a Waterflood Project on its Phillips Lea State Lease, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, December 18, 1987.

The Application of Sohio Petroleum Company (Standard Oil Production Company) for a Waterflood Project, Lea County, New Mexico.

CASE NO. 9260
 Order No. R-8572

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on November 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

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ALLEN G. HARVEY
GREGORY J. NIBERT
DAVID T. MARKETTE*
JAMES R. MCADAMS*
JAMES M. HUDSON
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AROLD L. HENSLEY JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
RICHARD E. OLSON
RICHARD A. SIMMS
RICHARD R. WILFONG*
STEVEN D. ARNOLD
JAMES J. WECHSLER
NANCY S. CUSACK
JEFFREY L. FORMACIARI
JEFFREY D. HEWETT*
JAMES BRUCE
JERRY F. SHACKELFORD*
JEFFREY W. HELLBERG*

November 16, 1987

OF COUNSEL
O. M. CALHOUN
MACK EASLEY
JOE W. WOOD
STEPHEN L. ELLIOTT

CLARENCE E. HINKLE 890-8851
W. E. BONOURANT, JR. 883-8731
ROY C. SNOODGRASS, JR. 888-8887

*NOT LICENSED IN NEW MEXICO

Michael E. Stogner
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: OCD Case Nos. 9210 and 9211 (Applications of Pelto Oil Company for Statutory Unitization and Institution of a Water Flood, Twin Lakes Area, Chaves County)

Dear Mike:

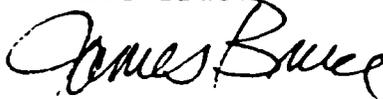
Gerry Murrell of Pelto Oil Company recently discussed these cases with Vic Lyon. Vic indicated that one item the OCD was having a problem with was the penalty provision in the order, since the OCD has never previously written such a provision. We checked around and located the enclosed unitization order of the Oklahoma Corporation Commission, which contains a penalty provision. Also enclosed is the application and initial report of the hearing officer in the matter. We believe this provision could be adapted to your purposes. One difference is that the Oklahoma case provides for penalties throughout the period of unit operations, whereas Pelto Oil Company only requests a penalty with respect to initial unit outlays. Mr. Randall Speck of the Oklahoma Corporation Commission (405-521-4116) would be happy to discuss this with you if you are so inclined. I know you are busy Mike, and I really do hate to bug you about this, but Pelto Oil Company is desperate to obtain an order in this matter. They are at the point where they must order millions of dollars of equipment for the unit and thus would appreciate your attention to this matter.

Please call if I can provide any further materials.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

James Bruce



JCB: jr

MLMATT.
 14DBRDD
 PROPERTY OPERATOR:
 OXY USA INC
 RM 2215 OTOP
 P.O. BOX 300
 TULSA, OKLAHOMA 74102

PROPERTY: MYERS LANGLIE MATTIX
 PROPERTY #: 7-3050700 01
 FIELD: LANGLIE - MATTIX
 COUNTY: LEA
 STATE: NEW MEXICO

PROPERTY: MYERS LANGLIE MATTIX
 PROPERTY #: 7-3050700 01
 FIELD: LANGLIE - MATTIX
 COUNTY: LEA
 STATE: NEW MEXICO

PROPERTY: MYERS LANGLIE MATTIX
 PROPERTY #: 7-3050700 01
 FIELD: LANGLIE - MATTIX
 COUNTY: LEA
 STATE: NEW MEXICO

PRODUCTION DATE: 01/19/95
 JANUARY 1994 (REVISED) GAS ACCOUNTING - BALANCING SECTION
 PREPARED BY: Steele, Mark - (918)561-2458
 CHANGE OF ADDRESS ONLY:
 DPC - 1715 OTOP

PRODUCTION DATE: 01/19/95
 JANUARY 1994 (REVISED) GAS ACCOUNTING - BALANCING SECTION
 PREPARED BY: Steele, Mark - (918)561-2458
 CHANGE OF ADDRESS ONLY:
 DPC - 1715 OTOP

PRODUCER	ENTITLED DECIMAL	SALES VOLUME	ENTITLED VOLUME	CURRENT OVER/(SHORT)	CUM PRIOR OVER/(SHORT)	CUM OVER/(SHORT)
AMERADA HESS CORPORATION	0.0638753	266	257	9	37,515	37,524
HEADINGTON MINERALS INC	0.0020795	9	8	1	(923)	(922)
LARRY A NERMYR	0.0010251	0	4	(4)	(337)	(341)
JAMES E BURR	0.0000838	0	0	0	59	59
RUTH SUTTON	0.0000419	0	0	0	32	32
MICHAEL L KLEIN	0.0000000	0	0	0	967	967
RONNIE H WESTBROOK	0.0000000	0	0	0	39	39
ARLENE S ANTHONY	0.0008528	4	3	1	215	216
ROBERT C SCOTT	0.0017056	7	7	0	(632)	(632)
F DUANE LORTSCHER	0.0008528	0	3	(3)	53	50
MARILYN L TABLTON	0.0008528	4	3	1	112	113
JOHN D LORTSCHER	0.0008528	4	3	1	113	114
CME OIL & GAS INC	0.0001160	0	0	0	(53)	(53)
THE MARGARET COUCH TRUST	0.0069839	17	28	(11)	(3,282)	(3,293)
JAMES C BROWN	0.0016881	1	7	(6)	(763)	(769)
FAO GEORGE R BENTLEY EST	0.0001512	0	1	(1)	(83)	(84)
SUSAN MARIE CLAY	0.0000272	0	0	0	(4)	(4)
JOAN CLAY	0.0000272	0	0	0	(5)	(5)
ANN CLAY BROWN	0.0000072	0	0	0	(4)	(4)
CHARLES H BROWN JR	0.0000071	0	0	0	(4)	(4)
CHRISTEN LEIGH SCHUTTE SANDERS	0.0000071	0	0	0	(4)	(4)
HAKY ELLEN BROWN GILBERT	0.0000071	0	0	0	(4)	(4)
ELIZABETH ANN BROWN	0.0000071	0	0	0	(4)	(4)
NANCY LEE BROWN HARRISON	0.0000071	0	0	0	(4)	(4)
EDYTHE CLAY PRIKRYL	0.0000272	0	0	0	(5)	(5)
JOHN W CLAY III	0.0000272	0	0	0	(5)	(5)
JENNIFER CLAY CATHER	0.0000272	0	0	0	181	181
WESLYNN MCCALLISTER	0.0014294	6	6	0	(381)	(380)
L SUMMERS OIL COMPANY	0.0008649	4	3	1	4,660	4,661
CROSS TIMBERS OIL COMPANY	0.0091263	38	37	1	(3,269)	(3,280)
RUFUS CLAY JR TRUST	0.0069530	17	28	(11)	(3,648)	(3,677)
EVELYN CLAY O'HARA TRUST	0.0070975	0	29	(29)	0	0
ADELE CLOUGH	0.0000065	0	0	0	0	0
MICHAEL CLOUGH	0.0000022	0	0	0	0	0
JAMES A DAVIDSON	0.0013410	6	5	1	610	611
GEODYNE RESOURCES INC	0.0010297	0	4	(4)	(530)	(534)
MARALO INC	0.0059616	24	24	0	1,035	1,035
PC LTD	0.0014039	6	6	0	181	181
KERR-MCGEE CORPORATION	0.0123822	51	50	1	1,332	1,333
NONASSIGNED	0.0000000	0	0	0	286	286
DOYLE HARTMAN	0.0486908	0	196	(196)	(17,287)	(17,483)
LAMAR HUNT	0.0155315	65	63	2	(4,368)	(4,366)
OXY USA INC	0.8068392	3,502	3,252	246	(11,787)	(11,541)

Exhibit V

JAN 23 1995

MLKATT
 14DBMDD
 PROPERTY OPERATOR:
 OXY USA INC
 RM 2215 OTOP
 P.O. BOX 300
 TULSA, OKLAHOMA 74102

PROPERTY #: MYERS LANGLIE HATTIX
 FIELD: LANGLIE - HATTIX
 COUNTY: LEA
 STATE: NEW MEXICO

RUN DATE: 01/19/95 15:33:17
 RPTID: GBSEXTRN
 BTU FACTOR: 0.0000000
 WET/DRY: D
 P.BASE: 15.025
 VOLUME BASIS: MCF

PREPARED DATE: 01/19/95
 PREPARED BY: Steele, Mark - (918)561-2458
 CHANGE OF ADDRESS ONLY:
 DPC - 1715 OTOP

PRODUCTION DATE: (REVISED) GAS ACCOUNTING - BALANCING SECTION
 JANUARY 1994

PRODUCER	ENTITLED DECIMAL	SALES VOLUME	ENTITLED VOLUME	CURRENT OVER/(SHORT)	CUM PRIOR	CUM OVER/(SHORT)
PURCHASER/TRANSPORTER	1.000000	4,031	4,027	0	0	0

This Unit was formerly operated by Texaco.
 Eff. 11/93, OXY acquired Texaco's interest and assumed operation of the Unit.

The imbalances from the last Texaco gas balance statement (11/93) will be transferred to the OXY gas balance statement.
 The non-assigned volume represents two OWI's - D.C.Limited, 141 mcf, and Herman Schmitz, 145 mcf.
 These two OWI's no longer have an interest in the Unit. However Texaco was unsure if their balances transferred with their assignment. This is also the case for:
 Michael Klein- 967 mcf, and Ronnie Westbrook- 39 mcf.
 Union Texas Petr.- 742 mcf, and Amoco Prod.- <926> mcf have been added to OXY's cum. imbalance.

D.C. Limited and Herman Schmitz do not have owner numbers, that is why their volumes are in non-assigned.
 Gaodyne Resources has merged into Samson Resources.

These statements have been prepared with the best information available to us. When information is provided to allocate unidentified sales, a revised statement will be issued. Please verify the volumes on the statement, and contact us immediately if you find any discrepancies. Otherwise, we will assume you agree with these statements as prepared.



cc: 18
4-2-94
cc: [signature]

OXY USA INC.
AUTHORITY FOR EXPENDITURE

Region: Western

AFE NO:

Lease/Plant Name: Myers Langlie Mattix Unit	
Description: Install 40 Acre Five Spot Waterflood Pilot	
Partnership/Funding: Funded	
Location: Lea County, New Mexico	
Field: Langlie Mattix	Region AFE No: 5518
Operator Name: OXY USA INC.	PF/Plant/Loc Code: 1424
Oper. AFE No:	Lease/Plant CC No: 73050700-6
State/County No: 30025	Co./Div No: 327 77
Capital Proj.No: 99999	Sec Rec Proj. No: 040
Budget Appr No: 940700	Offshore Zone:
Remarks:	
<p>It is proposed to install a 40 acre fivespot waterflood pilot project on the Myers Langlie Mattix Unit. The Myers Langlie Mattix Unit is currently producing on an 80 acre fivespot waterflood pattern. Due to poor sweep efficiencies and lateral discontinuity, it is believed that a high amount of mobile oil saturation is recoverable by reducing the 80 acre fivespot waterflood to a 40 acre fivespot waterflood. To help quantify the amount of mobile oil saturation that is recoverable by the 40 acre fivespot waterflood pattern, it is proposed to drill and equip 18 producers, convert 16 wells to water injection, and replace the injection tubing in three current water injection wells.</p> <p>The recovery of 1,606,000 barrels of incremental reserves from the pilot area will result in net cash production of \$9,725,000 which will payout the \$4,094,426 OXY USA Inc. capital expenditure 371% (3FIT). Payout period is 3.0 years.</p>	
Estimated Cost Detail	
	Labor
	Materials Incidentals Total
Gross Cost	1,852,250 3,222,400 5,074,650
Net Cost@ 80.68390% W.I.	1,494,468 2,599,958 4,094,426

CONCURRENCES

Geol.	Geop.	Land	Exploit.	Engr.	Oper. Prod	Oper. G.P.	FP&A	Acctg.
OXY APPROVAL: _____							Date: _____	
PARTNER APPROVAL: _____							Date: _____	
COMPANY: _____								

Prepared By: Scott E. Gengler
Phone #: 915-685-5825

Date: 11-MAR-94

April 28, 1994

Dear Working Interest Owners:

This AFE recommends performing work on our jointly owned property. The estimates shown on this AFE are based on current costs for materials and services and the actual charges may vary from these estimates.

If the work performed meets with your approval, please sign on the "Partner Approval" line and return this AFE to OXY USA INC., Attn: Armando Morales Jr., P.O. BOX 50250, Midland, Texas 79710.

PHONE (915) 685-5716 FAX (915) 685-5754

Exhibit W

APR 29 1994

Detail of Estimated Cost

Reg AFE No:	5518
Asset name	Myers Langlie Mattix Unit
Activity	Install 40 Acre Five Spot Waterflood Pilot

Description	Material	Labor and Inci.	Total
MLMU #72 Convert to Water Injection	12,650	17,000	29,650
MLMU #94 Convert to Water Injection	18,400	18,500	36,900
MLMU #96 Convert to Water Injection	18,500	17,000	35,500
MLMU #97 Replace Injection Tubing	14,100	16,500	30,600
MLMU #98 Convert to Water Injection	18,500	17,000	35,500
MLMU #99 Deepen, Run Liner, and Replace Inj Tbg	44,500	36,500	81,000
MLMU #106 Convert to Water Injection	12,900	17,000	29,900
MLMU #133 Convert to Water Injection	18,650	17,000	35,650
MLMU #134 Reenter and Complete As A Wtr Inj Well	19,000	23,000	42,000
MLMU #135 Convert to Water Injection	12,700	17,000	29,700
MLMU #137 Convert to Water Injection	12,500	17,000	29,500
MLMU #141 Convert to Water Injection	12,450	17,000	29,450
MLMU #143 Convert to Water Injection	12,250	17,000	29,250
MLMU #170 Convert to Water Injection	12,250	17,000	29,250
MLMU #176 Convert to Water Injection	12,750	17,000	29,750
MLMU #177 Replace Injection Tubing	14,100	16,500	30,600
MLMU #178 Convert to Water Injection	12,350	17,000	29,350
MLMU #251 Convert to Water Injection	18,600	17,000	35,600
MLMU #252 Convert to Water Injection	18,800	17,000	35,800
MLMU #258 Drill and Equip Producer	78,700	137,700	216,400
MLMU #259 Drill and Equip Producer	78,700	137,700	216,400
MLMU #260 Drill and Equip Producer	78,700	137,700	216,400
MLMU #261 Drill and Equip Producer	78,700	137,700	216,400
MLMU #262 Drill and Equip Producer	79,150	138,150	217,300
MLMU #263 Drill and Equip Producer	79,150	138,150	217,300
MLMU #264 Drill and Equip Producer	79,150	138,150	217,300
MLMU #265 Drill and Equip Producer	78,700	137,700	216,400
MLMU #266 Drill and Equip Producer	79,150	138,150	217,300
MLMU #267 Drill and Equip Producer	44,000	138,600	182,600
MLMU #268 Drill and Equip Producer	44,000	138,600	182,600
MLMU #269 Drill and Equip Producer	78,700	137,700	216,400
MLMU #270 Drill and Equip Producer	44,000	138,600	182,600
Gross Expense Cost			
Net Expense Cost			

Working Interest	0.806839
------------------	----------

Prepared by	Scott E. Gengler
Phone	915-685-5825

Date	Mar-11-94
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WORKING INTEREST OWNER ACCUMULATED API APPROVAL

Lease/Facility: MYERS LANGLE MATTIX

Proposed Work: CONVERT, D.I.E, INSTALL W/F PILOT

Required Approval: 65/3

OXY USA Inc.'s Interest: 8068392

Add: 3 808264

6 8082805

7 8096844

8 8096915

9 8096986

10 8117781

12 8805652

From: Tim Keys 10/25/94 2:32PM
 To: Jim Maury, Mike Gooding
 Subject: MYERS LANGLE MATTIX UNIT

----- Message Contents -----

TO DATE, THIRTEEN WIO'S FOR A TOTAL OF .8805652 HAVE APPROVED THE INSTALLATION OF THE 40 ACRE FIVE SPOT WATERFLOOD PILOT FOR THE SUBJECT UNIT:

WIO	INTEREST
OXY USA INC.	.8068390
LOWE PARTNERS	. ?
SAMPSON RESOURCES	.0010287
AMERADA HESS	.0638753
MARALO INC.	.0059616
JAMES A. DAVIDSON	.0013410
JAMES E. BURR	.0000838
MICHAEL CLOUGH	.0000022
CHARLES H. BROWN JR.	.0000071
ANN CLAY BROWN	.0000072
P.C. LIMITED	.0014839
NANCY HARRISON	.0000071
MARY ELLEN GILBERT	.0000071

LAMAR HUNT	ELECTED NON-CONSENT*
HEADINGTON MINERALS	ELECTED NON-CONSENT *

* THERE IS NO NON-CONSENT PROVISION FOR THIS UNIT.

APPLICATION FOR AUTHORIZATION TO INJECT

Handwritten notes:
2041
11-28-94

I. Purpose: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? yes no

Operator: OXY USA Inc.

Address: P. O. Box 50250, Midland, TX 79710

Contact party: Scott E. Gengler Phone: (915) 685-5825

III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? yes no
If yes, give the Division order number authorizing the project R-4680

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)

XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Scott E. Gengler Title Engineering Advisor

Signature: *Scott E. Gengler* Date: November 21, 1994

If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal. R-4680, original application

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate Division district office.

Exhibit Y

Service List

Government Agencies

Bureau of Land Management
attn: Vince Baldarez
P.O. Box 1157
Hobbs, NM 88240

State of New Mexico Land Office
3830 N. Grimes, Ste C
Hobbs, NM 88240

Offset Operators

Amerada Hess Corp
Drawer D
Monument, NM 88265

Amoco Production Company
P.O. Box 3092
Houston, TX 77253

Arco Oil & Gas Company
P.O. Box 1610
Midland, TX 79701

Lewis B. Burleson Inc.
P.O. Box 2479
Midland, TX 79702

Conoco, Inc.
10 Desta Dr., Ste 100W
Midland, TX 79705

Great Western Drilling
P.O. Box 1659
Midland, TX 79702

Doyle Hartman
500 N. Main
Midland, TX 79701

Lanexco Inc.
P.O. Box 2730
Midland, TX 79702

Meridian Oil, Inc.
21 Desta Dr.
Midland, TX 79705

O'Neill Properties, Ltd.
P.O. Box 2840
Midland, TX 79702

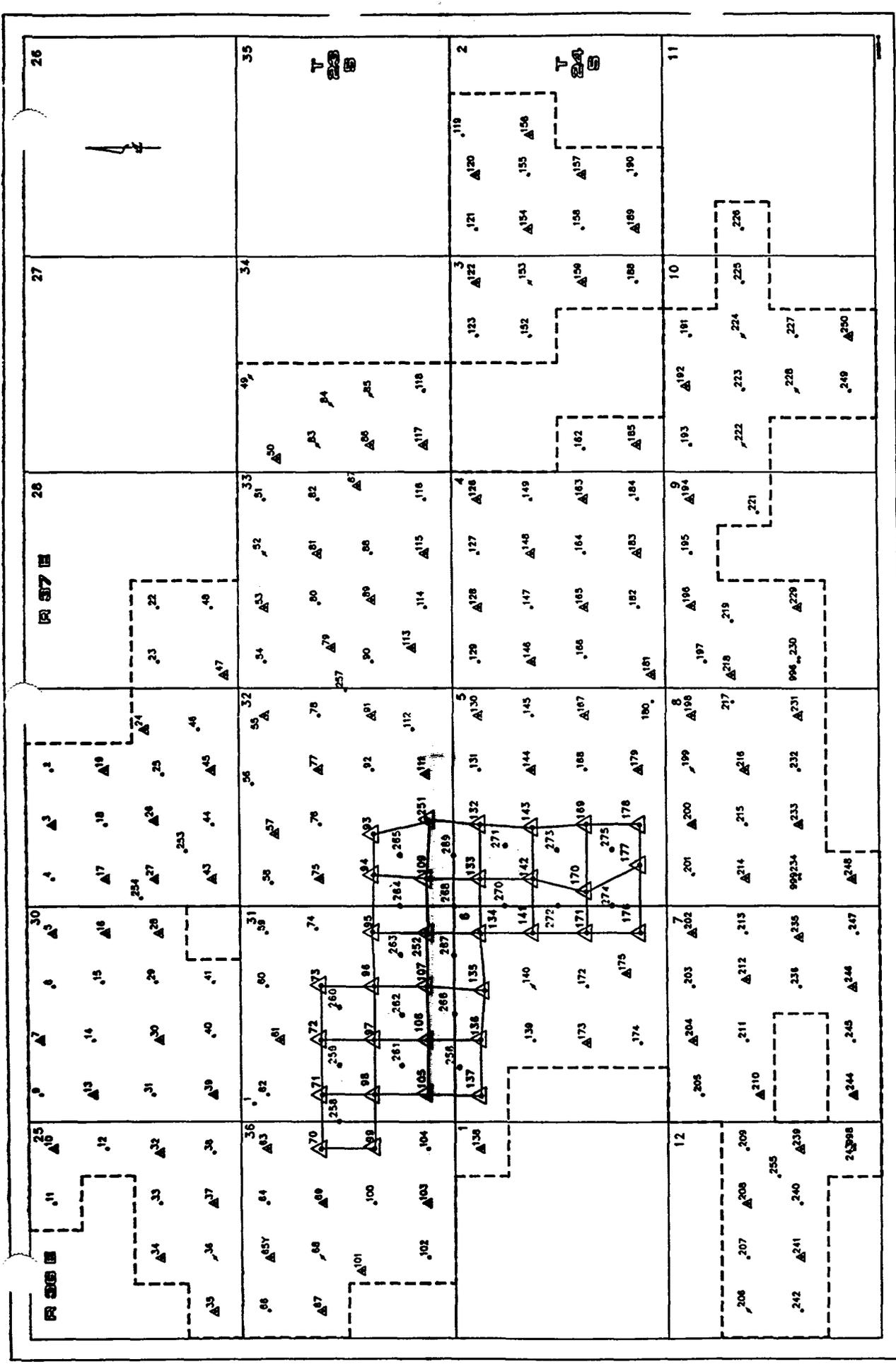
Texaco Exploration & Producing Inc.
P.O. Box 730
Hobbs, NM 88241

Surface Owners

Christie Gas Corp.
901 MOPAC Expressway Ste 515
Austin, TX 78746

Jimmy Doom
Star Route
Jal, NM 88252

Deep Wells Ranch
Star Route 1, Box 244
Jal, NM 88252



CITY USA INC. - OPERATOR
MYERS LANGLIE MATTIX QUEEN UNIT
 Lee County, New Mexico
 1984 DEVELOPMENT PLANS

△ CONVERT TO INJECTION
 ● DRILL & EQUIP. PRODUCER
 □ PROJECT AREA

● PRODUCER
 △ WATER INJECTOR
 ▣ PLUGGED & ABANDONED

Scale: 1" = 100'
 Date: 7/8/84

INJECTION WELL DATA SHEET

OXY USA Inc.

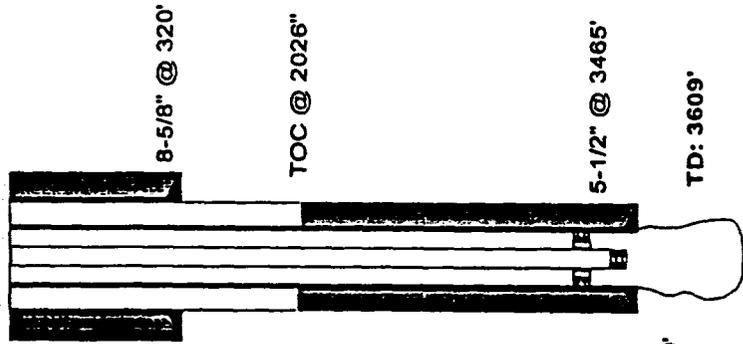
Myers Langlie Mattix Unit # 70

1980' FNL & 660' FEL, Sec 36, T-23-S, R-36-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	11"	320'	200 sx	Surface	Circulated
Production	5 1/2"	7 3/4"	3465'	500 sx	2026'	Temperature Svy



Gulberson G-6
Pkr @ 3480'

OH: 3465' to 3609'

Well Data

Injection Perfs - 3465' - 3609' (Open Hole)

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Gulberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No
Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Mattix Unit # 72

1980' FNL & 1980' FWL, Sec 31, T-23-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	Unknown	1185'	500 sx	Surface	Circulated
Production	5 1/2"	Unknown	3480'	500 sx	Surface	Circulated
Liner	4 1/2"	4 7/8"	3698'	70 sx	3428'	Calculated



Well Data

Injection Perfs - 3570' - 3670'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Gulberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Gulberson G-6
 Pkr @ 3500'

Perfs: 3570' to 3670'

5-1/2" @ 3480'

4-1/2" Liner @ Top: 3428'
 Bottom: 3698'

TD: 3698'

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

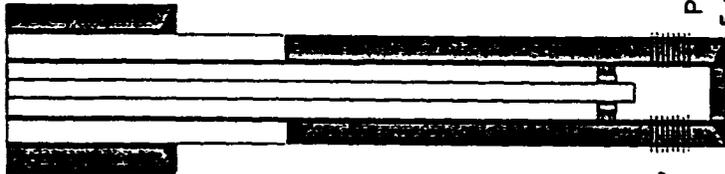
Myers Langlie Mattix Unit # 94

1980' FSL & 760' FWL, Sec 31, T-23-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	497'	350 sx	Surface	Circulated
Production	5 1/2"	7 7/8"	3750'	1140 sx	750'	Temperature Svy



Well Data

Injection Perfs - 3440' - 3677'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Guiberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No

Give the depths to and name any underlying or overlying oil or gas zones -

Guiberson G-6
PKr @ 3350'

Perfs: 3440' to 3677'

TD: 3750'

8-5/8" @ 497'

TOC @ 750'

PBTD: 3694'

5-1/2" @ 3750'

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

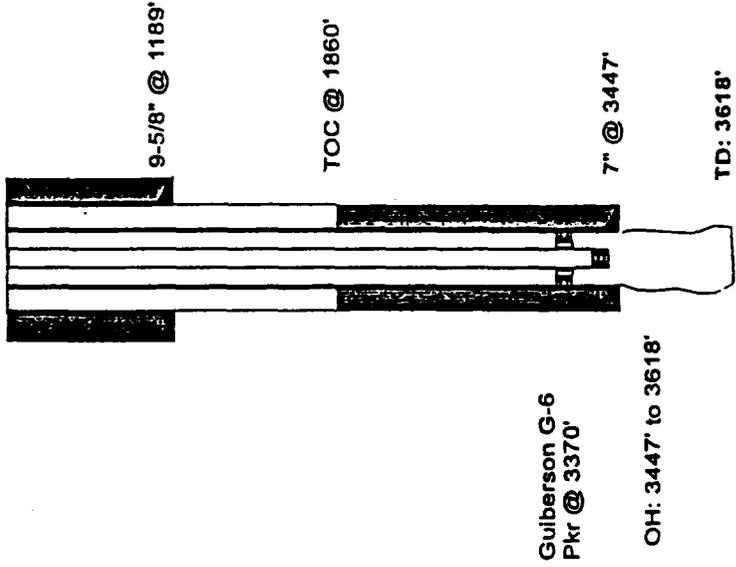
Myers Langlie Mattix Unit # 96

1979' FSL & 1980' FEL, Sec 31, T-23-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	9 5/8"	12 1/4"	1189'	700 sx	Surface	Circulated
Production	7"	8 3/4"	3447'	525 sx	1860'	Temperature Svy



Well Data

Injection Perfs - 3447' - 3618' (Open Hole)

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Guiberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No

Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

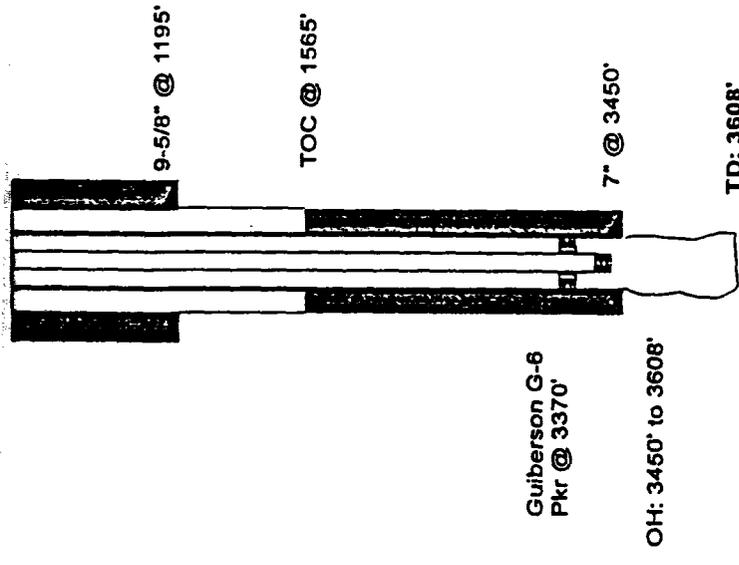
Myers Langlie Mattix Unit # 98

1980' FSL & 660' FWL, Sec 31, T-23-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	9 5/8"	12 1/4"	1195'	770 sx	Surface	Circulated
Production	7"	8 3/4"	3450'	525 sx	1565'	Temperature Svy



Guiberson G-6
Pkr @ 3370'

OH: 3450' to 3608'

Well Data

Injection Perfs - 3450' - 3608' (Open Hole)
 Injection Tubing - 2 3/8" Fiberglass Lined
 Injection Packer - Guiberson G-6
 Injection Formation - Queen - Penrose
 Field - Langlie Mattix Seven Rivers Queen Grayburg
 New Well drilled for Injection - No
 If not new well, for what purpose was the well originally drilled - Producer
 Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

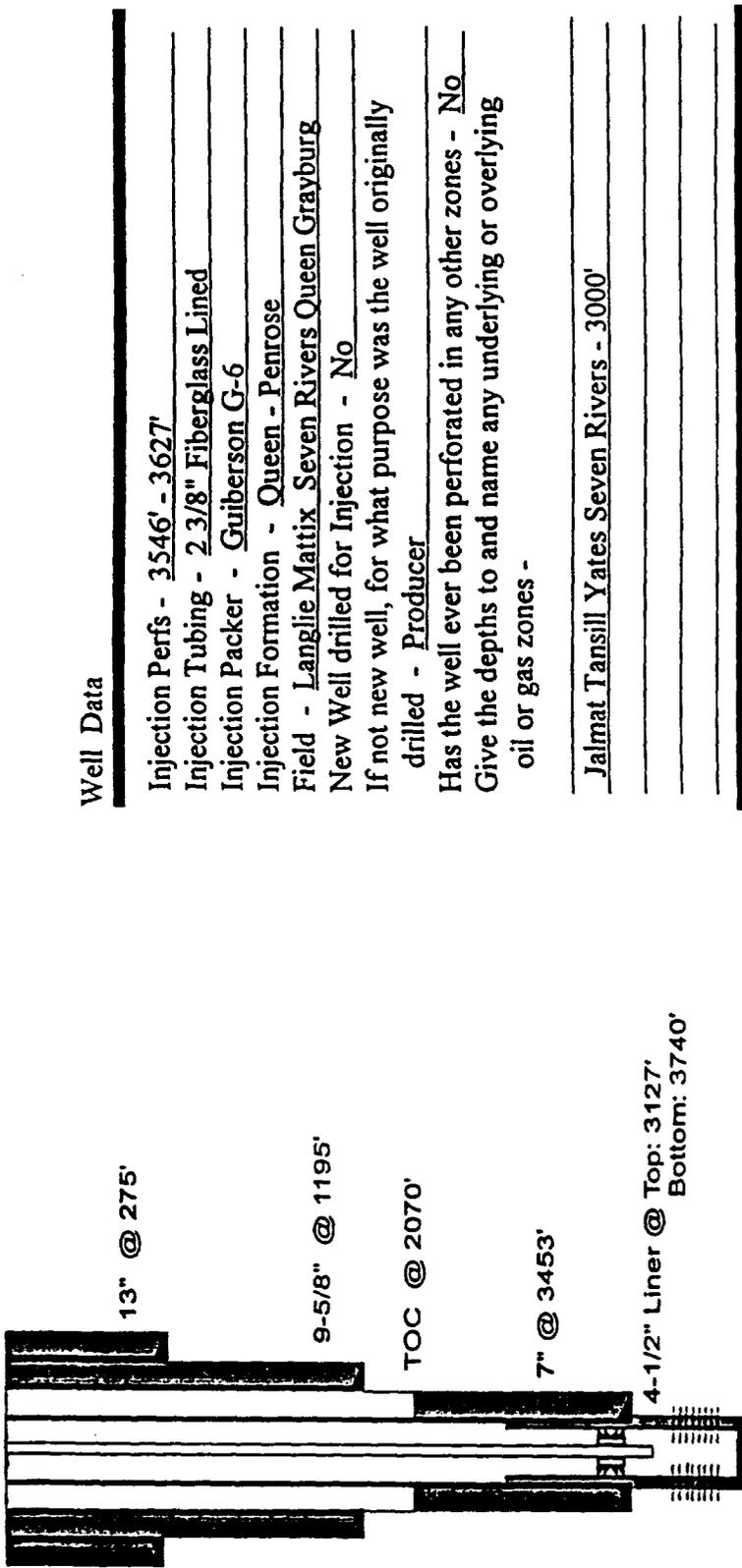
Myers Langlie Mattix Unit # 106

660' FSL & 1936' FWL, Sec 31, T-23-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	13"	17 1/4"	275'	275 sx	Surface	Circulated
Intermediate	9 5/8"	12"	1195'	700 sx	Surface	Circulated
Production	7"	8 3/4"	3453'	525 sx	2070'	Temperature Svy
Liner	4 1/2"	6 1/4"	3740'	150 sx	3113'	Circulated



Well Data

Injection Perfs - 3546' - 3627'
 Injection Tubing - 2 3/8" Fiberglass Lined
 Injection Packer - Guiberson G-6
 Injection Formation - Queen - Penrose
 Field - Langlie Mattix Seven Rivers Queen Grayburg
 New Well drilled for Injection - No
 If not new well, for what purpose was the well originally drilled - Producer
 Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

Guiberson G-6
Pkr @ 3470'

4-1/2" Liner @ Top: 3127'
Bottom: 3740'

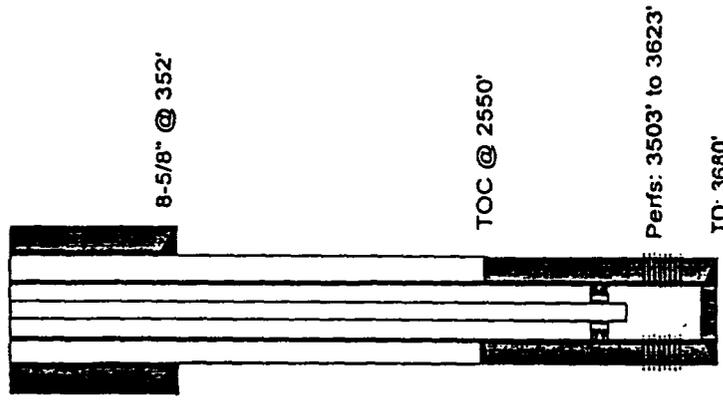
INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Mattix Unit # 133
660' FNL & 660' FWL, Sec 5, T-24-S, R-37-E
Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	11"	352'	250 sx	Surface	Circulated
Production	5 1/2"	7 7/8"	3680'	300 sx	2550'	Temperature Svy



Well Data

Injection Perfs - 3503 - 3623'
 Injection Tubing - 2 3/8" Fiberglass Lined
 Injection Packer - Guiberson G-6
 Injection Formation - Queen - Penrose
 Field - Langlie Mattix Seven Rivers Queen Grayburg
 New Well drilled for Injection - No
 If not new well, for what purpose was the well originally drilled - Producer
 Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Guiberson G-6
Pkr @ 3420"

Perfs: 3503' to 3623'

TD: 3680'

Jalmat Tansill Yates Seven Rivers - 3000'

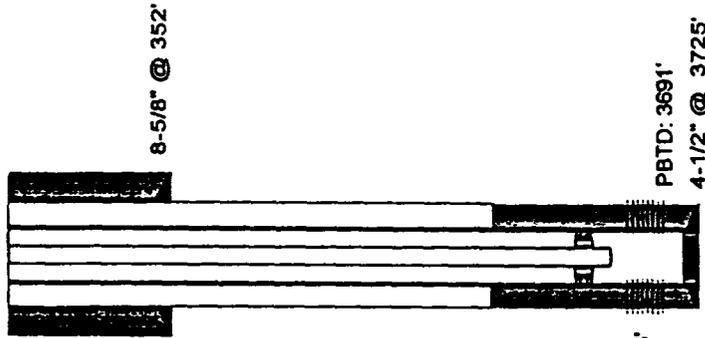
5-1/2" @ 3680'

INJECTION WELL DATA SHEET

OXY USA Inc.
 Myers Langlie Mattix Unit # 134
 660' FNL & 660' FEL, Sec 6, T-24-S, R-37-E
 Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	352'	250 sx	Surface	Circulated
Production	4 1/2"	7 7/8"	3725'	300 sx	2700'	Calculated



Guiberson G-6
Pkr @ 3470'

Perfs: 3546' to 3655'

TD: 3726'

Well Data

Injection Perfs - 3546' - 3655'
 Injection Tubing - 2 3/8" Fiberglass Lined
 Injection Packer - Guiberson G-6
 Injection Formation - Queen - Penrose
 Field - Langlie Mattix Seven Rivers Queen Grayburg
 New Well drilled for Injection - No
 If not new well, for what purpose was the well originally drilled - Producer
 Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

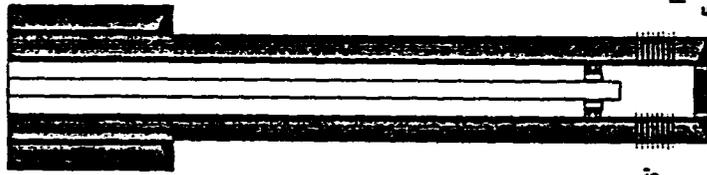
Myers Langlie Mattix Unit # 135

760' FNL & 2080' FEL, Sec 6, T-24-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	506'	350 sx	Surface	Circulated
Production	5 1/2"	7 7/8"	3813'	950 sx	Surface	Circulated



8-5/8" @ 506'

Gulberson G-6
Pkr @ 3813'

Perfs: 3502' to 3686'

PBTD: 3753'

5-1/2" @ 3813'

TD: 3813'

Well Data

Injection Perfs - 3502' - 3686'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Gulberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No

Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

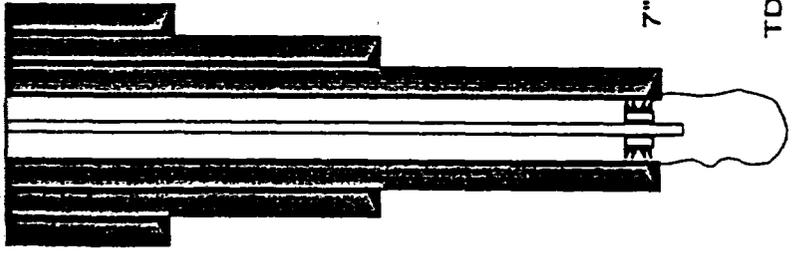
Myers Langlie Mattix Unit # 137

660' FNL & 626' FWL, Sec 6, T-24-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	13 3/8"	17 1/2"	325'	300 sx	Surface	Circulated
Intermediate	9 5/8"	12 1/4"	1188'	500 sx	Surface	Circulated
Production	7"	8 3/4"	3454'	650 sx	Surface	Circulated



Well Data

13 3/8" @ 325'

9-5/8" @ 1188'

7" @ 3454'

TD: 3588'

Injection Perfs - 3454' - 3588' (Open Hole)

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Gulberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Gulberson G-6
Pkr @ 3470'

OH: 3546' to 3627'

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

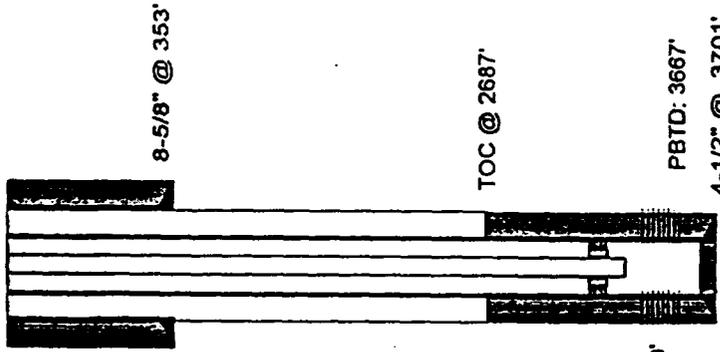
Myers Langlie Mattix Unit # 141

1961.5' FNL & 660' FEL, Sec 6, T-24-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	353'	250 sx	Surface	Circulated
Production	4 1/2"	7 7/8"	3701'	350 sx	2687'	Calculated



Well Data

Injection Perfs - 3517' - 3640'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Guiberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Guiberson G-6
Pkr @ 3450'

Perfs: 3517' to 3640'

TD: 3701'

TOC @ 2687'

PBTD: 3667'

4-1/2" @ 3701'

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

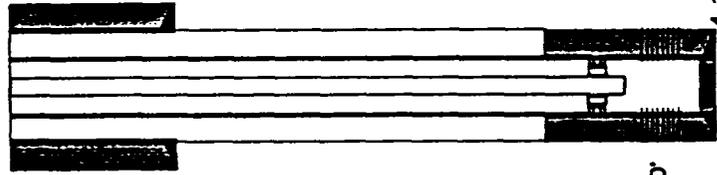
Myers Langlie Mattix Unit # 143

1959.54' FNL & 1905' FWL, Sec 5, T-24-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	349'	225 sx	Surface	Circulated
Production	4 1/2"	7 7/8"	3729'	335 sx	2755'	Calculated



Well Data

Injection Perfs - 3437' - 3680'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Guiberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Guiberson G-6
Pkr @ 3350'

Perfs: 3437' to 3680'

PBTD: 3686'

TD: 3729'

4-1/2" @ 3729'

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

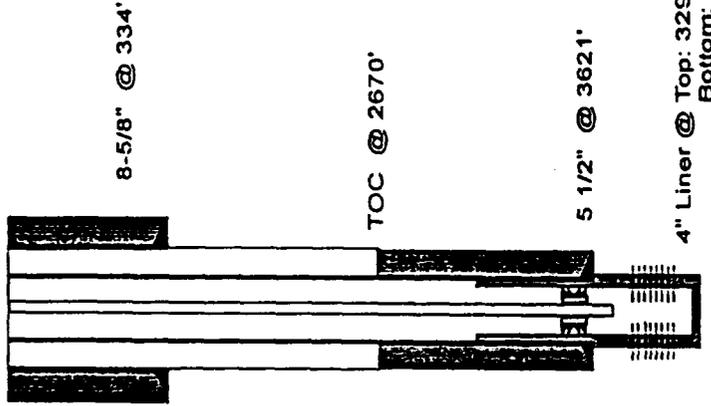
Myers Langlie Mattix Unit # 170

1980' FSL & 330' FWL, Sec 5, T-24-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	334'	300 sx	Surface	Circulated
Production	5 1/2"	7 7/8"	3621'	250 sx	2670'	Temperature Svy
Liner	4"	4 3/4"	3808'	100 sx	3294'	Circulated



Well Data

Injection Perfs - 3445' - 3793'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Gulberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

Gulberson G-6
Pkr @ 3370'

Perfs: 3445' to 3793'

TD @ 3810'

4" Liner @ Top: 3294'
Bottom: 3808'

5 1/2" @ 3621'

8-5/8" @ 334'

TOC @ 2670'

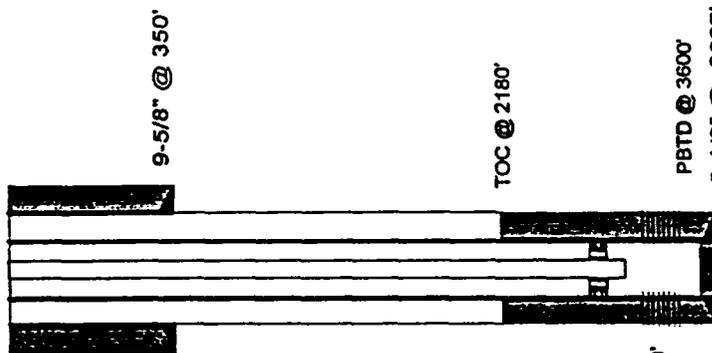
INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Mattix Unit # 176
660' FSL & 660' FEL, Sec 6, T-24-S, R-37-E
Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	9 5/8"	Unknown	350'	250 sx	Surface	Circulated
Production	5 1/2"	Unknown	3627'	350 sx	2180'	Temperature Svy



Well Data

Injection Perfs - 3516' - 3590'
 Injection Tubing - 2 3/8" Fiberglass Lined
 Injection Packer - Guiberson G-6
 Injection Formation - Queen - Penrose
 Field - Langlie Mattix Seven Rivers Queen Grayburg
 New Well drilled for Injection - No
 If not new well, for what purpose was the well originally drilled - Producer
 Has the well ever been perforated in any other zones - No
 Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

Guiberson G-6
Pkr @ 3557'

Perfs: 3516' to 3590'

TD @ 3627'

PBTD @ 3600'

5-1/2" @ 3627'

TOC @ 2180'

INJECTION WELL DATA SHEET

OXY USA Inc.

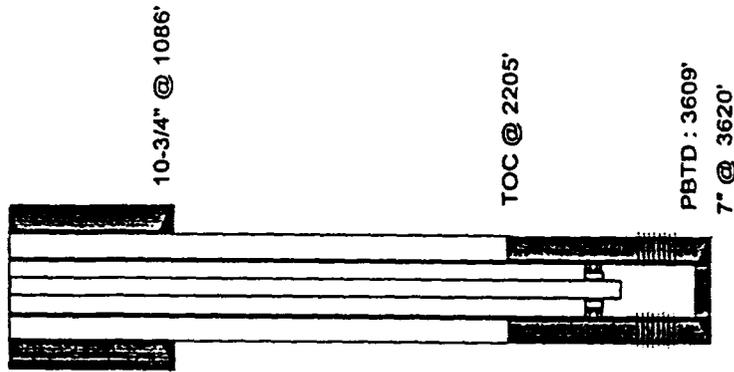
Myers Langlie Mattix Unit # 178

660' FSL & 1980' FWL, Sec 5, T-24-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	10 3/4"	13 3/4"	1086'	600 sx	Surface	Circulated
Production	7"	8 3/4"	3620'	250 sx	2205'	Temperature Svy



Well Data

Injection Perfs - 3442' - 3570'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Guiberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No

Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'

Guiberson G-6
Pkr @ 3360'

Perfs: 3442' to 3570'

TD : 3621'

TOC @ 2205'

PBTD : 3609'
7" @ 3620'

INJECTION WELL DATA SHEET

OXY USA Inc.

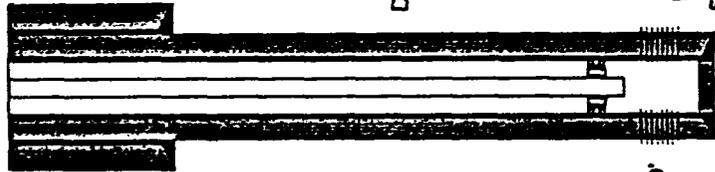
Myers Langlie Mattix Unit # 251

660' FSL & 2096' FWL, Sec 32, T-23-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	490'	325 sx	Surface	Circulated
Production	5 1/2"	7 7/8"	3748'	1020 sx	Surface	Circulated



Well Data

Injection Perfs - 3354' - 3699'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Guiberson G-6

Injection Formation - Queen - Penrose

Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

DV Tool @ 2821'

Has the well ever been perforated in any other zones - No

Give the depths to and name any underlying or overlying oil or gas zones -

Guiberson G-6 Pkr @ 3270'

Perfs: 3354' to 3699'

TD: 3750'

PBTD: 3724'

5-1/2" @ 3748'

Jalmat Tansill Yates Seven Rivers - 3000'

INJECTION WELL DATA SHEET

OXY USA Inc.

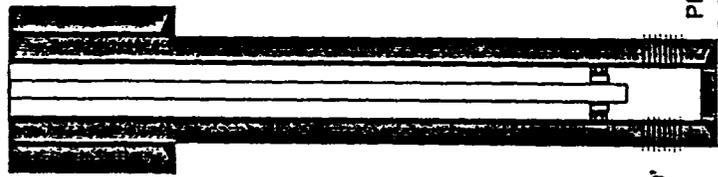
Myers Langlie Mattix Unit # 252

685' FSL & 660' FEL, Sec 32, T-23-S, R-37-E

Lea County, New Mexico

Casing - Cement Data

Type	Size	Hole Size	Set At	Cement	TOC	Determined By
Surface	8 5/8"	12 1/4"	530'	275 sx	Surface	Circulated
Production	5 1/2"	7 7/8"	3749'	750 sx	Surface	Circulated



Gulberson G-6
Pkr @ 3450'

Perfs: 3523' to 3730'

TD : 3754'

PBTD: 3740'

5-1/2" @ 3749'

Well Data

Injection Perfs - 3523' - 3730'

Injection Tubing - 2 3/8" Fiberglass Lined

Injection Packer - Gulberson G-6

Injection Formation - Queen - Penrose

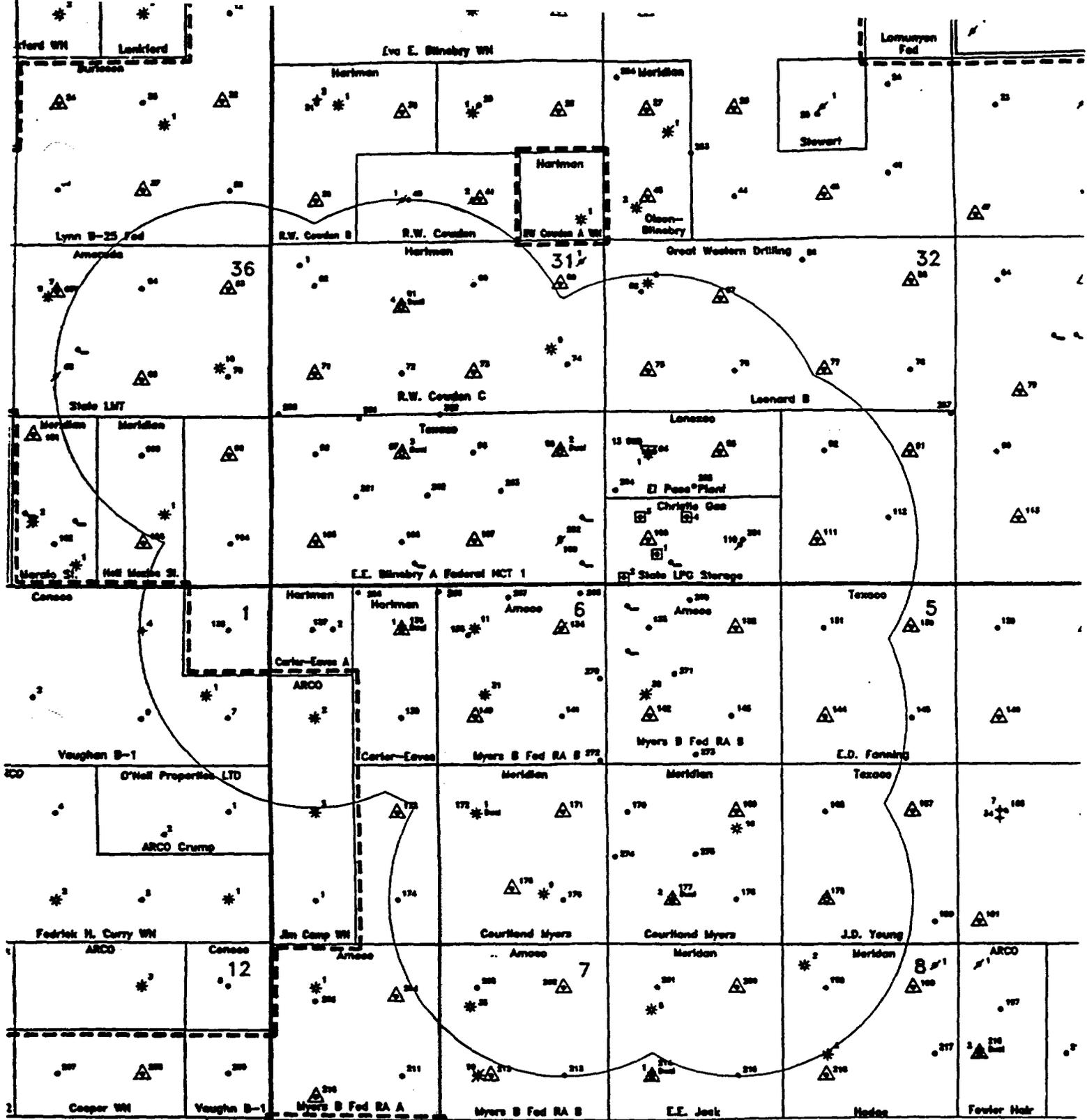
Field - Langlie Mattix Seven Rivers Queen Grayburg

New Well drilled for Injection - No

If not new well, for what purpose was the well originally drilled - Producer

Has the well ever been perforated in any other zones - No
Give the depths to and name any underlying or overlying oil or gas zones -

Jalmat Tansill Yates Seven Rivers - 3000'



- PRODUCER
- △ WATER INJECTOR
- ✂ PLUGGED & ABANDONED
- LPG STORAGE WELL
- ▽ DISPOSAL WELL
- WATER WELL
- OXY OPERATED MYERS LANGLEIE MATTIX UNIT
- 1/2 MILE RADIUS



OXY USA Inc. - Operator
MYERS LANGLEIE MATTIX UNIT
 Lea County, New Mexico
AREA OF REVIEW

Revised: 5/2/94
 Wells Revised: 10/13/94



OFFSET WELL DATA

	Myers Langlie Mattix Unit #38	Myers Langlie Mattix Unit #63	Myers Langlie Mattix Unit #64	Myers Langlie Mattix Unit #69	Myers Langlie Mattix Unit #70
Location	660' FSL & 660' FEL Sec 25, T23S, R36E	660' FNL & 660' FEL Sec 36, T23S, R36E	660' FNL & 1980' FEL Sec 36, T23S, R36E	2030' FNL & 1980' FEL Sec 36, T23S, R36E	1980' FNL & 660' FEL Sec 36, T23S, R36E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.
Date Drilled	December 8, 1949	April 21, 1949	June 14, 1949	January 27, 1949	February 27, 1949
Well Type	Producer	Injector	Producer	Injector	Producer
Casing	10 3/4" @ 298' Cmtd w/ 200 sx 7 5/8" @ 1214' Cmtd w/ 500 sx 5 1/2" @ 3489' Cmtd w/ 900 sx	8 5/8" @ 307' Cmtd w/ 225 sx 5 1/2" @ 3485' Cmtd w/ 500 sx	8 5/8" @ 309' Cmtd w/ 200 sx 5 1/2" @ 3490' Cmtd w/ 500 sx	8 5/8" @ 313' Cmtd w/ 200 sx 5 1/2" @ 3460' Cmtd w/ 500 sx 4" Lnr (3065' - 3680') Cmtd w/ 300 sx	8 5/8" @ 328' Cmtd w/ 200 sx 5 1/2" @ 3465' Cmtd w/ 500 sx
Total Depth	3635'	3600'	3600'	3680'	3609'
Completion	Queen Open Hole (3489' - 3635')	Queen Open Hole (3485' - 3600')	Queen Open Hole (3490' - 3600')	Queen Perfs (3470' - 3638')	Queen Open Hole (3465' - 3609')

	State LMT #10	Myers Langlie Mattix Unit #99	Myers Langlie Mattix Unit #100	Holt-Mexico State #1	Myers Langlie Mattix Unit #104
Location	1860' FNL & 780' FEL Sec 36, T23S, R36E	1980' FSL & 660' FEL Sec 36, T23S, R36E	1980' FSL & 1980' FEL Sec 36, T23S, R36E	1100' FSL & 1650' FEL Sec 36, T23S, R36E	660' FSL & 660' FEL Sec 36, T23S, R36E
Operator	Amerada	OXY USA Inc.	OXY USA Inc.	Meridian	OXY USA Inc.
Date Drilled	April 2, 1980	May 26, 1949	September 26, 1948	September 10, 1985	August 5, 1949
Well Type	Producer	Injector	Producer	Producer	Producer
Casing	8 5/8" @ 339' Cmtd w/ 325 sx 5 1/2" @ 2915' Cmtd w/ 1000 sx	9 5/8" @ 322' Cmtd w/ 200 sx 5 1/2" @ 3450' Cmtd w/ 750 sx	9 5/8" @ 328' Cmtd w/ 300 sx 7" @ 3400' Cmtd w/ 250 sx	9 5/8" @ 445' Cmtd w/ 350 sx 7" @ 3550' Cmtd w/ 800 sx	9 5/8" @ 307' Cmtd w/ 225 sx 5 1/2" @ 3389' Cmtd w/ 900 sx
Total Depth	3305'	3610'	3590'	3550'	3706'
Completion	Yates Open Hole (2915' - 3305')	Queen Open Hole (3450' - 3610')	Queen Open Hole (3400' - 3590')	Yates Perfs (2906' - 3191')	Queen Open Hole (3389' - 3706')

OFFSET WELL DATA

	Myers Langlie Mattix Unit #103	R.W. Cowden #1	Myers Langlie Mattix Unit #40	Myers Langlie Mattix Unit #60	Myers LM Unit #61 R.W. Cowden C #4
Location	660' FSL & 1980' FEL Sec 36, T23S, R36E	660' FSL & 1980' FWL Sec 30, T23S, R37E	660' FSL & 2080' FWL Sec 30, T23S, R37E	660' FNL & 660' FEL Sec 31, T23S, R37E	990' FNL & 1980' FWL Sec 31, T23S, R37E
Operator	OXY USA Inc.	George Livermore	OXY USA Inc.	OXY USA Inc.	OXY USA / D. Hartman
Date Drilled	June 25, 1949	February 3, 1950	December 13, 1981	September 4, 1978	November 18, 1949
Well Type	Injector	Producer (P&A)	Producer	Producer	Injector / Producer
Casing	9 5/8" @ 1168'	8 5/8" @ 1217'	8 5/8" @ 523'	8 5/8" @ 519'	8 5/8" @ 1184'
	Cmtd w/ 400 sx	Cmtd w/ 500 sx	Cmtd w/ 350 sx	Cmtd w/ 350 sx	Cmtd w/ 500 sx
	7" @ 3385'	5 1/2" @ 3498'	5 1/2" @ 3779'	5 1/2" @ 3760'	5 1/2" @ 3475'
	Cmtd w/ 350 sx	Cmtd w/ 525 sx	Cmtd w/ 1100 sx	Cmtd w/ 800 sx	Cmtd w/ 600 sx
Total Depth	5" Lnr (3069' - 3758')				
	Cmtd w/ 250 sx	3696'	3802'	3760'	3657'
Completion	Queen Perfs (3442' - 3648')	Queen Open Hole (3498' - 3696')	Queen Perfs (3511' - 3763')	Queen Perfs (3519' - 3690')	Queen (3475' - 3657') Yates (3000' - 3180')

	Myers Langlie Mattix Unit #1	Myers Langlie Mattix Unit #62	Myers Langlie Mattix Unit #71	Myers Langlie Mattix Unit #259	Myers Langlie Mattix Unit #72
Location	330' FNL & 430' FWL Sec 31, T23S, R37E	660' FNL & 660' FWL Sec 31, T23S, R37E	1980' FNL & 660' FWL Sec 31, T23S, R37E	2620' FNL & 1340' FWL Sec 31, T23S, R37E	1980' FNL & 1980' FV Sec 31, T23S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.
Date Drilled	September 20, 1980	September 7, 1949	October 3, 1949	September 1, 1994	October 23, 1949
Well Type	Pressure Observation	Producer	Injector	Producer	Producer
Casing	8 5/8" @ 518'	10 3/4" @ 236'	8 5/8" @ 1185'	8 5/8" @ 438'	8 5/8" @ 1185'
	Cmtd w/ 350 sx	Cmtd w/ 200 sx	Cmtd w/ 500 sx	Cmtd w/ 260 sx	Cmtd w/ 500 sx
	5 1/2" @ 1409'	7 5/8" @ 1185'	5 1/2" @ 3481'	5 1/2" @ 3875'	5 1/2" @ 3480'
	Cmtd w/ 600 sx	Cmtd w/ 500 sx	Cmtd w/ 600 sx	Cmtd w/ 1450 sx	Cmtd w/ 600 sx
Total Depth	1450'	5 1/2" @ 3485'	4 1/2" Lnr (3459' - 3647')		4 1/2" Lnr (3428' - 3698')
	Open Hole (1409' - 1450')	Cmtd w/ 600 sx	Not cemented		Cmtd w/ 70 sx
Completion		3650'	3650'	3875'	3698'
		Queen Open Hole (3485' - 3650')	Queen Open Hole (3481' - 3650')	Queen Perfs (3462' - 3825')	Queen Perfs (3570' - 3670')

OFFSET WELL DATA

	Myers Langlie Mattix Unit #73	Myers Langlie Mattix Unit #74	R.W. Cowden C #9	Myers LM Unit #95	Myers Langlie Mattix Unit #263
Location	1980' FNL & 1980' FEL Sec 31, T23S, R37E	1880' FNL & 560' FEL Sec 31, T23S, R37E	1650' FNL & 800' FEL Sec 31, T23S, R37E	EE Blinebry Fed A #2 1980' FSL & 660' FEL Sec 31, T23S, R37E	1398' FSL & 1564' FEL Sec 31, T23S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	Doyle Hartman	OXY USA Inc. / Texaco	OXY USA Inc.
Date Drilled	March 23, 1950	December 14, 1977	September 10, 1982	November 13, 1960	August 16, 1994
Well Type	Injector	Producer	Producer	Injector / Producer	Producer
Casing	7 5/8" @ 1205'	8 5/8" @ 500'	8 5/8" @ 415'	8 5/8" @ 1173'	8 5/8" @ 398'
	Cmtd w/ 500 sx	Cmtd w/ 225 sx	Cmtd w/ 225 sx	Cmtd w/ 400 sx	Cmtd w/ 260 sx
	5 1/2" @ 3480'	5 1/2" @ 3708'	4 1/2" @ 3357'	5 1/2" @ 3663'	5 1/2" @ 3925'
	Cmtd w/ 600 sx	Cmtd w/ 1000 sx	Cmtd w/ 950 sx	Cmtd w/ 300 sx	Cmtd w/ 1030 sx
Total Depth	4 1/2" Lnr (3422' - 3682')				
	Cmtd w/ 75 sx	3708'	3363'	3663'	3925'
Completion	Queen Perfs (3560' - 3658')	Queen Perfs 3708'	Yates Perfs 3363'	Queen (3515' - 3618')	Queen Perfs (3519' - 3673')

	Myers Langlie Mattix Unit #96	Myers Langlie Mattix Unit #260	Myers Langlie Mattix Unit #262	Myers LM Unit #97	Myers Langlie Mattix Unit #261
Location	1979' FSL & 1980' FEL Sec 31, T23S, R37E	2535' FSL & 2563' FWL Sec 31, T23S, R37E	1350' FSL & 2380' FWL Sec 31, T23S, R37E	EE Blinebry Fed A #3 1980' FSL & 1980' FWL Sec 31, T23S, R37E	1340' FSL & 1300' FWL Sec 31, T23S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc. / Texaco	OXY USA Inc.
Date Drilled	June 11, 1950	September 1, 1994	November 15, 1994	January 25, 1950	August 20, 1994
Well Type	Producer	Producer	Producer	Injector / Producer	Producer
Casing	9 5/8" @ 1189'	8 5/8" @ 396'	8 5/8" @ 435'	9 5/8" @ 1181'	8 5/8" @ 419'
	Cmtd w/ 700 sx	Cmtd w/ 260 sx	Cmtd w/ 260 sx	Cmtd w/ 700 sx	Cmtd w/ 260 sx
	7" @ 3447'	5 1/2" @ 3825'	5 1/2" @ 3850'	7" @ 3440'	5 1/2" @ 3825'
	Cmtd w/ 525 sx	Cmtd w/ 1050 sx	Cmtd w/ 1050 sx	Cmtd w/ 525 sx	Cmtd w/ 900 sx
Total Depth	3618'	3825'	3850'	3608'	3825'
Completion	Queen Open Hole 3618'	Queen Perfs (3505' - 3774')	Queen Perfs (3488' - 3671')	Queen (3440' - 3608') Yates (3037' - 3220')	Queen Perfs (3470' - 3735')

OFFSET WELL DATA

	Myers Langlie Mattix Unit #98	Myers Langlie Mattix Unit #99	Myers Langlie Mattix Unit #105	Myers Langlie Mattix Unit #106	Myers Langlie Mattix Unit #107
Operator	660' FSL & 660' FWL Sec 31, T23S, R37E OXY USA Inc.	660' FSL & 660' FWL Sec 31, T23S, R37E OXY USA Inc.	660' FSL & 660' FWL Sec 31, T23S, R37E OXY USA Inc.	660' FSL & 1936' FWL Sec 31, T23S, R37E OXY USA Inc.	660' FSL & 1980' FEL Sec 31, T23S, R37E OXY USA Inc.
Date Drilled	June 19, 1949	September 7, 1994	October 23, 1949	October 31, 1951	October 13, 1950
Well Type	Producer	Producer	Injector	Producer	Injector
Casing	9 5/8" @ 1195'	8 5/8" @ 431'	9 5/8" @ 1191'	13" @ 275'	9 5/8" @ 1186'
	Cmtd w/ 770 sx	Cmtd w/ 260 sx	Cmtd w/ 700 sx	Cmtd w/ 275 sx	Cmtd w/ 700 sx
	7" @ 3450'	5 1/2" @ 3825'	7" @ 3470'	9 5/8" @ 1195'	7" @ 3450'
	Cmtd w/ 525 sx	Cmtd w/ 750 sx	Cmtd w/ 525 sx	Cmtd w/ 700 sx	Cmtd w/ 525 sx
Total Depth	3608'	3825'	3608'	3740'	3645'
Completion	Queen Open Hole (3450' - 3608')	Queen Perfs (3505' - 3774')	Queen Open Hole (3470' - 3608')	Queen Perfs (3546' - 3627')	Queen Open Hole (3505' - 3645')

	Myers Langlie Mattix Unit #108	Myers Langlie Mattix Unit #252	Myers Langlie Mattix Unit #57	Myers Langlie Mattix Unit #58	H. Leonard B #2
Location	660' FSL & 660' FEL Sec 31, T23S, R37E	685' FSL & 660' FEL Sec 31, T23S, R37E	880' FNL & 1760' FWL Sec 32, T23S, R37E	785' FNL & 560' FWL Sec 32, T23S, R37E	660' FNL & 660' FWL Sec 32, T23S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	Great Western Drilling
Date Drilled	April 1, 1961	August 7, 1984	June 16, 1939	March 26, 1982	April 21, 1939
Well Type	Producer (P&A)	Producer	Injector	Producer	Producer
Casing	10 3/4" @ 294'	8 5/8" @ 530'	8 5/8" @ 1192'	8 5/8" @ 501'	8 5/8" @ 1200'
	Cmtd w/ 250 sx	Cmtd w/ 275 sx	Cmtd w/ 400 sx	Cmtd w/ 350 sx	Cmtd w/ 500 sx
	7 5/8" @ 1164'	5 1/2" @ 3749'	5 1/2" @ 3423'	5 1/2" @ 3771'	5 1/2" @ 3470'
	Cmtd w/ 400 sx	Cmtd w/ 750 sx	Cmtd w/ 200 sx	Cmtd w/ 1200 sx	Cmtd w/ 200 sx
Total Depth	3670'	3754'	3750'	3771'	3580'
Completion	Penrose perfs (3542' - 3648')	Queen Perfs (3523' - 3730')	Queen Perfs (3429' - 3674')	Queen Perfs (3477' - 3671')	Yates Perfs (2992' - 3109')

OFFSET WELL DATA

	Myers Langlie Mattix Unit #75	Myers Langlie Mattix Unit #76	Myers Langlie Mattix Unit #92	Myers Langlie Mattix Unit #93	Myers Langlie Mattix Unit #265
Location	1980' FNL & 660' FWL Sec 32, T23S, R37E	1980' FNL & 1980' FWL Sec 32, T23S, R37E	1980' FSL & 1980' FEL Sec 32, T23S, R37E	1980' FSL & 1750' FWL Sec 32, T23S, R37E	1460' FSL & 1340' FWL Sec 32, T23S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.
Date Drilled	July 10, 1978	August 14, 1978	September 25, 1978	January 18, 1978	November 17, 1994
Well Type	Injector	Producer	Producer	Injector	Producer
Casing	8 5/8" @ 496' Cmtd w/ 300 sx 5 1/2" @ 3732' Cmtd w/ 1400 sx	8 5/8" @ 506' Cmtd w/ 350 sx 5 1/2" @ 3760' Cmtd w/ 800 sx	8 5/8" @ 510' Cmtd w/ 350 sx 5 1/2" @ 3756' Cmtd w/ 950 sx	8 5/8" @ 500' Cmtd w/ 300 sx 5 1/2" @ 3725' Cmtd w/ 1100 sx	8 5/8" @ 393' Cmtd w/ 260 sx 5 1/2" @ 3750' Cmtd w/ 900 sx
Total Depth	3732'	3760'	3756'	3725'	3750'
Completion	Queen Perfs (3643' - 3673')	Queen Perfs (3459' - 3616')	Queen Perfs (3429' - 3588')	Queen Perfs (3466' - 3652')	Queen Perfs (3411' - 3553')

	Myers Langlie Mattix Unit #94	Myers Langlie Mattix Unit #264	Shell State #13	El Paso Plant #1	State LPG Storage #1
Location	1980' FSL & 760' FWL Sec 32, T23S, R37E	1400' FSL & 160' FWL Sec 32, T23S, R37E	1980' FSL & 660' FWL Sec 32, T23S, R37E	1650' FSL & 660' FWL Sec 32, T23S, R37E	450' FSL & 780' FWL Sec 32, T23S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	Christie Gas Corp.	Lanexco	Christie Gas Corp.
Date Drilled	December 4, 1980	November 17, 1994	October 30, 1979	September 27, 1979	November 2, 1952
Well Type	Producer	Producer	Salt Water Disposal	Producer	LPG Storage Well
Casing	8 5/8" @ 497' Cmtd w/ 350 sx 5 1/2" @ 3750' Cmtd w/ 1140 sx	8 5/8" @ 403' Cmtd w/ 260 sx 5 1/2" @ 3900' Cmtd w/ 950 sx	7 5/8" @ 256' Cmtd w/ 180 sx 4 1/2" @ 3719' Cmtd w/ 200 sx	8 5/8" @ 418' Cmtd w/ 300 sx 5 1/2" @ 3300' Cmtd w/ 705 sx	9 5/8" @ 262' Cmtd w/ 168 sx 7" @ 1521' Cmtd w/ 910 sx
Total Depth	3750'	3900'	3996'	3300'	1900'
Completion	Queen Perfs (3440' - 3677')	Queen Perfs (3453' - 3627')	(3866' - 3982')	Yates Perfs (3002' - 3172')	Salado Open Hole (1521' - 1900')

OFFSET WELL DATA

	State LPG Storage #2	State LPG Storage #3	State LPG Storage #4	Myers Langlie Mattix Unit #109	Myers Langlie Mattix Unit #251
Location	100' FSL & 280' FWL Sec 32, T23S, R37E	1000' FSL & 580' FWL Sec 32, T23S, R37E	1000' FSL & 1230' FWL Sec 32, T23S, R37E	660' FSL & 660' FWL Sec 32, T23S, R37E	660' FSL & 2096' FWL Sec 32, T23S, R37E
Operator	Christie Gas Corp.	Christie Gas Corp.	Christie Gas Corp.	OXY USA Inc.	OXY USA Inc.
Date Drilled	October 11, 1953	June 19, 1960	July 8, 1960	October 29, 1951	February 28, 1984
Well Type	LPG Storage Well	LPG Storage Well	LPG Storage Well	Injector	Producer
Casing	9 5/8" @ 205' Cmtd w/ 150 sx 7" @ 1672' Cmtd w/ 700 sx 5 1/2" @ 1656' Cmtd w/ 705 sx	13 3/8" @ 286' Cmtd w/ 650 sx 9 5/8" @ 1655' Cmtd w/ 500 sx	13 3/8" @ 430' Cmtd w/ 900 sx 9 5/8" @ 1666' Cmtd w/ 600 sx	10 3/4" @ 298' Cmtd w/ 250 sx 7 5/8" @ 1184' Cmtd w/ 400 sx 3 1/2" @ 3676' Cmtd w/ 250 sx	8 5/8" @ 490' Cmtd w/ 325 sx 5 1/2" @ 3749' Cmtd w/ 1020 sx
Total Depth	2040'	2677'	2680'	3676'	3750'
Completion	Salado Open Hole (1672' - 2040')	Salado Open Hole (1655' - 2677')	Salado Open Hole (1666' - 2680')	Queen Perfs (3498' - 3596')	Queen Perfs (3354' - 3699')

	Myers Langlie Mattix Unit #110	Myers Langlie Mattix Unit #111	Myers Langlie Mattix Unit #112	Myers Langlie Mattix Unit #138	Vaughn B-1 #4
Location	590' FSL & 2050' FWL Sec 32, T23S, R37E	660' FSL & 2080' FEL Sec 32, T23S, R37E	990' FSL & 990' FEL Sec 32, T23S, R37E	660' FNL & 660' FEL Sec 1, T24S, R36E	660' FNL & 1980' FEL Sec 1, T24S, R36E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	Conoco
Date Drilled	December 13, 1961	February 18, 1978	December 23, 1953	January 2, 1950	March 5, 1950
Well Type	Producer (P&A)	Injector	Producer	Injector	Producer (P&A)
Casing	10 3/4" @ 278' Cmtd w/ 250 sx 7 5/8" @ 1174' Cmtd w/ 400 sx 2 7/8" @ 3669' Cmtd w/ 250 sx	8 5/8" @ 495' Cmtd w/ 350 sx 5 1/2" @ 3725' Cmtd w/ 850 sx	9 5/8" @ 303' Cmtd w/ 225 sx 7" @ 3660' Cmtd w/ 325 sx	10 3/4" @ 283' Cmtd w/ 200 sx 7 5/8" @ 1208' Cmtd w/ 500 sx 5 1/2" @ 3449' Cmtd w/ 500 sx	13 3/8" @ 290' Cmtd w/ 300 sx 8 5/8" @ 1208' Cmtd w/ 500 sx 5 1/2" @ 3438' Cmtd w/ 647 sx
Total Depth	3670'	3727'	3660'	3609'	3593'
Completion	Queen Perfs (3459' - 3538')	Queen Perfs (3385' - 3682')	Queen Perfs (3420' - 3590')	Queen Open Hole (3449' - 3609')	Yates Open Hole (3438' - 3593')

OFFSET WELL DATA

	Vaughn B-1 #1	Vaughn B-1 #7	Myers Langlie Mattix Unit #131	Myers Langlie Mattix Unit #132	Myers Langlie Mattix Unit #269
Location	1650' FNL & 990' FEL Sec 1, T24S, R36E	1980' FNL & 660' FEL Sec 1, T24S, R36E	660' FNL & 1980' FEL Sec 5, T24S, R37E	660' FNL & 1980' FWL Sec 5, T24S, R37E	238' FNL & 1274' FWL Sec 5, T24S, R37E
Operator	Conoco	Conoco	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.
Date Drilled	October 20, 1947	September 6, 1977	September 2, 1978	May 14, 1962	September 20, 1994
Well Type	Producer	Producer	Producer	Injector	Producer
Casing	7 5/8" @ 1195' Cmtd w/ 550 sx 5 1/2" @ 2879' Cmtd w/ 550 sx	8 5/8" @ 1186' Cmtd w/ 625 sx 5 1/2" @ 3683' Cmtd w/ 1450 sx 3695'	8 5/8" @ 516' Cmtd w/ 300 sx 5 1/2" @ 3755' Cmtd w/ 850 sx 3755'	8 5/8" @ 352' Cmtd w/ 225 sx 4 1/2" @ 3734' Cmtd w/ 335 sx 3734'	8 5/8" @ 426' Cmtd w/ 260 sx 5 1/2" @ 3775' Cmtd w/ 900 sx 3775'
Total Depth	3171'	3695'	3755'	3734'	3775'
Completion	Yates Open Hole (2879' - 3171')	Queen Perfs (3470' - 3606')	Queen Perfs (3472' - 3621')	Queen Perfs (3430' - 3694')	Queen Perfs (3466' - 3708')

	Myers Langlie Mattix Unit #133	Myers Langlie Mattix Unit #142	Myers B Federal RA B #30	Myers Langlie Mattix Unit #271	Myers Langlie Mattix Unit #273
Location	660' FNL & 660' FWL Sec 5, T24S, R37E	1962' FNL & 660' FWL Sec 5, T24S, R37E	1650' FNL & 600' FWL Sec 5, T24S, R37E	1340' FNL & 1030' FWL Sec 5, T24S, R37E	2533' FNL & 1350' FV Sec 5, T24S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	Amoco	OXY USA Inc.	OXY USA Inc.
Date Drilled	February 12, 1962	March 1, 1962	December 20, 1977	September 7, 1994	September 27, 1994
Well Type	Producer	Injector	Producer (P&A)	Producer	Producer
Casing	8 5/8" @ 352' Cmtd w/ 250 sx 5 1/2" @ 3680' Cmtd w/ 300 sx	8 5/8" @ 353' Cmtd w/ 255 sx 4 1/2" @ 3691' Cmtd w/ 350 sx 3691'	8 5/8" @ 1175' Cmtd w/ 500 sx 5 1/2" @ 3405' Cmtd w/ 670 sx 3405'	8 5/8" @ 402' Cmtd w/ 260 sx 5 1/2" @ 3900' Cmtd w/ 950 sx 3900'	8 5/8" @ 418' Cmtd w/ 260 sx 5 1/2" @ 3800' Cmtd w/ 900 sx 3800'
Total Depth	3680'	3691'	3405'	3900'	3800'
Completion	Queen Perfs (3503' - 3623')	Queen Perfs (3464' - 3644')	Yates Perfs (3054' - 3190')	Queen Perfs (3472' - 3719')	Queen Perfs (3460' - 3713')

OFFSET WELL DATA

	Myers Langlie Mattix Unit #143	Myers Langlie Mattix Unit #144	Myers Langlie Mattix Unit #168	Myers Langlie Mattix Unit #169	Courtland Myers #10
Location	1960' FNL & 1905' FWL Sec 5, T24S, R37E	1966' FNL & 1980' FEL Sec 5, T24S, R37E	1980' FSL & 1980' FEL Sec 5, T24S, R37E	1980' FSL & 1980' FWL Sec 5, T24S, R37E	1720' FSL & 1980' FWL Sec 5, T24S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	Meridian
Date Drilled	March 14, 1962	July 17, 1961	August 16, 1978	July 21, 1961	December 21, 1991
Well Type	Producer	Injector	Producer	Injector	Producer
Casing	8 5/8" @ 349'	7 5/8" @ 1175'	8 5/8" @ 520'	8 5/8" @ 325'	8 5/8" @ 425'
	Cmtd w/ 225 sx	Cmtd w/ 480 sx	Cmtd w/ 350 sx	Cmtd w/ 300 sx	Cmtd w/ 300 sx
	4 1/2" @ 3729'	4 1/2" @ 3687'	5 1/2" @ 3774'	5 1/2" @ 3597'	4 1/2" @ 3470'
	Cmtd w/ 335 sx	Cmtd w/ 500 sx	Cmtd w/ 1000 sx	Cmtd w/ 300 sx	Cmtd w/ 900 sx
Total Depth	3729'	3687'	3774'	3597'	3470'
Completion	Queen Perfs (3437' - 3680')	Queen Perfs (3410' - 3618')	Queen Perfs (3420' - 3638')	Queen Perfs (3534' - 3588')	Yates Perfs (2852' - 3182')

	Myers Langlie Mattix Unit #275	Myers Langlie Mattix Unit #170	Myers Langlie Mattix Unit #274	Myers LM Unit #177 Courtland Myers #2	Myers Langlie Mattix Unit #178
Location	1340' FSL & 1340' FWL Sec 5, T24S, R37E	1980' FSL & 330' FWL Sec 5, T24S, R37E	1300' FSL & 120' FWL Sec 5, T24S, R37E	660' FSL & 990' FWL Sec 5, T24S, R37E	660' FSL & 1980' FWL Sec 5, T24S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc. / Meridian	OXY USA Inc.
Date Drilled	November 10, 1994	June 11, 1961	November 18, 1994	November 1, 1954	January 25, 1956
Well Type	Producer	Producer	Producer	Injector/ Producer	Producer
Casing	8 5/8" @ 411'	8 5/8" @ 334'	8 5/8" @ 394'	10 3/4" @ 391'	10 3/4" @ 1086'
	Cmtd w/ 260 sx	Cmtd w/ 300 sx	Cmtd w/ 260 sx	Cmtd w/ 250 sx	Cmtd w/ 600 sx
	5 1/2" @ 3800'	5 1/2" @ 3621'	5 1/2" @ 3823'	7" @ 3455'	7" @ 3620'
	Cmtd w/ 925 sx	Cmtd w/ 250 sx	Cmtd w/ 950 sx	Cmtd w/ 350 sx	Cmtd w/ 250 sx
Total Depth	3800'	4" Lnr (3286' - 3808') Cmtd w/ 100 sx 3810'	3825'	3561'	3621'
Completion	Queen Perfs (3458' - 3711')	Queen Perfs (3445' - 3793')	Queen Perfs (3454' - 3715')	Queen (3455' - 3561') Yates (3107' - 3152')	Queen Perfs (3442' - 3598')

OFFSET WELL DATA

	Myers Langlie Mattix Unit #179	Myers Langlie Mattix Unit #139	Myers Langlie Mattix Unit #660	Myers Langlie Mattix Unit #372	Myers Langlie Mattix Unit #429	Myers Langlie Mattix Unit #3455	Myers Langlie Mattix Unit #1180	Myers Langlie Mattix Unit #179	Myers Langlie Mattix Unit #267	Myers Langlie Mattix Unit #135
Location	660' FNL & 1980' FEL Sec 6, T24S, R37E	139' FNL & 372' FEL Sec 6, T24S, R37E	660' FNL & 660' FEL Sec 6, T24S, R37E	139' FNL & 372' FEL Sec 6, T24S, R37E	139' FNL & 372' FEL Sec 6, T24S, R37E	660' FNL & 660' FEL Sec 6, T24S, R37E	660' FNL & 660' FEL Sec 6, T24S, R37E	660' FNL & 660' FEL Sec 6, T24S, R37E	190' FNL & 1460' FEL Sec 6, T24S, R37E	760' FNL & 2080' FEL Sec 6, T24S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.
Date Drilled	May 26, 1955	September 17, 1994	January 25, 1962	September 17, 1994	September 17, 1994	January 25, 1962	January 25, 1962	September 10, 1994	September 10, 1994	September 1, 1978
Well Type	Injector	Producer	Temporarily Abandoned	Producer	Producer	Temporarily Abandoned	Temporarily Abandoned	Producer	Producer	Producer
Casing	9 5/8" @ 1180' Cmtd w/ 750 sx 7" @ 3455'	8 5/8" @ 429' Cmtd w/ 260 sx 5 1/2" @ 3650'	8 5/8" @ 352' Cmtd w/ 250 sx 4 1/2" @ 3725'	8 5/8" @ 429' Cmtd w/ 260 sx 5 1/2" @ 3650'	8 5/8" @ 429' Cmtd w/ 260 sx 5 1/2" @ 3650'	8 5/8" @ 352' Cmtd w/ 250 sx 4 1/2" @ 3725'	8 5/8" @ 352' Cmtd w/ 250 sx 4 1/2" @ 3725'	8 5/8" @ 396' Cmtd w/ 260 sx 5 1/2" @ 3881'	8 5/8" @ 396' Cmtd w/ 260 sx 5 1/2" @ 3881'	8 5/8" @ 506' Cmtd w/ 350 sx 5 1/2" @ 3813'
Total Depth	3570'	3850'	3726'	3850'	3850'	3726'	3726'	3882'	3882'	3813'
Completion	Queen Perfs (3401' - 32') OH (3455' - 3570')	Queen Perfs (3516' - 3775')	Queen Perfs (3546' - 3655')	Queen Perfs (3516' - 3775')	Queen Perfs (3516' - 3775')	Queen Perfs (3546' - 3655')	Queen Perfs (3546' - 3655')	Queen Perfs (3533' - 3808')	Queen Perfs (3533' - 3808')	Queen Perfs (3502' - 3686')

	Myers B Federal RA B #11	Myers Langlie Mattix Unit #266	Myers LM Unit #136 Carter Eaves A #1	Myers Langlie Mattix Unit #1055	Myers Langlie Mattix Unit #3758	Myers Langlie Mattix Unit #3454	Myers Langlie Mattix Unit #256	Myers Langlie Mattix Unit #137
Location	660' FNL & 1980' FEL Sec 6, T24S, R37E	100' FNL & 2556' FWL Sec 6, T24S, R37E	660' FNL & 1980' FWL Sec 6, T24S, R37E	105' FNL & 1310' FWL Sec 6, T24S, R37E	105' FNL & 1310' FWL Sec 6, T24S, R37E	660' FNL & 626' FWL Sec 6, T24S, R37E	105' FNL & 1310' FWL Sec 6, T24S, R37E	660' FNL & 626' FWL Sec 6, T24S, R37E
Operator	Amoco	OXY USA Inc.	OXY USA / D. Hartman	OXY USA Inc.				
Date Drilled	December 5, 1951	August 17, 1994	July 7, 1951	August 17, 1994	August 17, 1994	July 7, 1951	March 21, 1986	June 2, 1950
Well Type	Producer (P&A)	Producer	Injector / Producer	Producer	Producer	Injector / Producer	Producer	Producer
Casing	8 5/8" @ 120' Cmtd w/ 300 sx 7" @ 3461'	8 5/8" @ 402' Cmtd w/ 260 sx 5 1/2" @ 3848'	13 3/8" @ 331' Cmtd w/ 350 sx 5 1/2" @ 3460'	8 5/8" @ 1055' Cmtd w/ 800 sx 5 1/2" @ 3758'	8 5/8" @ 1055' Cmtd w/ 800 sx 5 1/2" @ 3758'	13 3/8" @ 325' Cmtd w/ 300 sx 9 5/8" @ 1188'	8 5/8" @ 1055' Cmtd w/ 800 sx 5 1/2" @ 3758'	13 3/8" @ 325' Cmtd w/ 300 sx 9 5/8" @ 1188'
Total Depth	3712'	3850'	3615'	3760'	3760'	3615'	3760'	3588'
Completion	Yates Perfs (2994' - 3230')	Queen Perfs (3490' - 3822')	Queen (3460' - 3615') Yates (3008' - 3194')	Queen Perfs (3490' - 3822')	Queen Perfs (3490' - 3822')	Queen (3460' - 3615') Yates (3008' - 3194')	Queen Perfs (3542' - 3743')	Queen Open Hole (3454' - 3588')

OFFSET WELL DATA

	Carter Eaves A #2	Jim Camp WN #2	Myers Langlie Mattix Unit #139	Myers Langlie Mattix Unit #140	Myers B Federal RA B #31
Location	660' FNL & 924' FWL Sec 6, T24S, R37E	1980' FNL & 660' FWL Sec 6, T24S, R37E	1980' FNL & 1980' FWL Sec 6, T24S, R37E	1968' FNL & 1980' FEL Sec 6, T24S, R37E	1650' FNL & 1830' FEL Sec 6, T24S, R37E
Operator	Doyle Hartman	Arco	OXY USA Inc.	OXY USA Inc.	Amoco
Date Drilled	February 11, 1991	September 25, 1980	March 25, 1954	April 7, 1962	December 31, 1977
Well Type	Producer	Producer	Producer	Injector (P&A)	Producer
Casing	13 3/8" @ 454'	12 3/4" @ 30'	9 5/8" @ 354'	8 5/8" @ 352'	8 5/8" @ 1193'
	Cmtd w/ 700 sx	Cmtd w/ 25 sx	Cmtd w/ 400 sx	Cmtd w/ 225 sx	Cmtd w/ 550 sx
	7" @ 3594'	8 5/8" @ 1180'	7" @ 3464'	4 1/2" @ 3696'	5 1/2" @ 3400'
	Cmtd w/ 1525 sx	Cmtd w/ 400 sx	Cmtd w/ 460 sx	Cmtd w/ 335 sx	Cmtd w/ 600 sx
Total Depth	3600'	5 1/2" @ 3450 Cmtd w/ 500 sx	3620'	3696'	3400'
Completion	Yates Perfs (2972' - 3265')	Queen Perfs (3450' - 3570')	Queen Open Hole (3464' - 3620')	Queen Perfs (3486' - 3644')	Yates Perfs (3035' - 3194')

	Myers Langlie Mattix Unit #141	Myers Langlie Mattix Unit #270	Myers Langlie Mattix Unit #272	Myers Langlie Mattix Unit #171	Myers Langlie Mattix Unit #172
Location	1962' FNL & 660' FEL Sec 6, T24S, R37E	1410' FNL & 90' FEL Sec 6, T24S, R37E	2620' FNL & 90' FEL Sec 6, T24S, R37E	1980' FSL & 660' FEL Sec 6, T24S, R37E	1970' FSL & 1980' FEL Sec 6, T24S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.	OXY USA Inc.
Date Drilled	February 24, 1962	September 7, 1994	September 18, 1994	May 8, 1961	August 5, 1954
Well Type	Producer	Producer	Producer	Injector	Producer
Casing	8 5/8" @ 353'	8 5/8" @ 433'	8 5/8" @ 404'	8 5/8" @ 326'	10 3/4" @ 387'
	Cmtd w/ 250 sx	Cmtd w/ 260 sx	Cmtd w/ 260 sx	Cmtd w/ 300 sx	Cmtd w/ 250 sx
	4 1/2" @ 3701'	5 1/2" @ 3850'	5 1/2" @ 3875'	5 1/2" @ 3629'	7" @ 3476'
	Cmtd w/ 350 sx	Cmtd w/ 900 sx	Cmtd w/ 850 sx	Cmtd w/ 250 sx	Cmtd w/ 300 sx
Total Depth	3701'	3850'	3875'	3630'	3589'
Completion	Queen Perfs (3490' - 3640')	Queen Perfs (3505' - 3756')	Queen Perfs (3490' - 3748')	Queen Perfs (3488' - 3620')	Queen Perfs (3476' - 3589')

OFFSET WELL DATA

	Myers Langlie Mattix Unit #174	Myers Langlie Mattix Unit #175	Courtland Myers #9	Myers Langlie Mattix Unit #176	Myers Langlie Mattix Unit #202
Location	660' FSL & 1917' FWL Sec 6, T24S, R37E	990' FSL & 1650' FEL Sec 6, T24S, R37E	760' FSL & 960' FEL Sec 6, T24S, R37E	660' FSL & 660' FEL Sec 6, T24S, R37E	660' FNL & 660' FEL Sec 7, T24S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	Meridian	OXY USA Inc.	OXY USA Inc.
Date Drilled	September 9, 1954	June 22, 1961	July 5, 1982	October 6, 1956	March 8, 1962
Well Type	Producer	Injector	Producer	Producer	Injector
Casing	9 5/8" @ 363'	8 5/8" @ 349'	8 5/8" @ 377'	9 5/8" @ 350'	8 5/8" @ 360'
	Cmtd w/ 400 sx	Cmtd w/ 300 sx	Cmtd w/ 300 sx	Cmtd w/ 250 sx	Cmtd w/ 225 sx
	7" @ 3419'	5 1/2" @ 3620'	5 1/2" @ 3300'	5 1/2" @ 3627'	4 1/2" @ 3671'
Total Depth	Cmtd w/ 525 sx 3625'	Cmtd w/ 250 sx 3620'	Cmtd w/ 700 sx 3300'	Cmtd w/ 350 sx 3627'	Cmtd w/ 350 sx 3671'
Completion	Queen Open Hole (3419' - 3625')	Queen Perfs (3477' - 3617')	Yates Perfs (2930' - 3180')	Queen Perfs (3516' - 3590')	Queen Perfs (3446' - 3600')

	Myers Langlie Mattix Unit #203	Myers B Federal RA B #33	Myers Langlie Mattix Unit #213	Myers Langlie Mattix Unit #199	Hodge #2
Location	660' FNL & 1980' FEL Sec 7, T24S, R37E	940' FNL & 2090' FEL Sec 7, T24S, R37E	1980' FNL & 660' FEL Sec 7, T24S, R37E	660' FNL & 1980' FEL Sec 7, T24S, R37E	330' FNL & 2310' FEL Sec 7, T24S, R37E
Operator	OXY USA Inc.	Amoco	OXY USA Inc.	OXY USA Inc.	Meridian
Date Drilled	May 3, 1962	June 26, 1978	September 27, 1947	September 12, 1954	July 15, 1954
Well Type	Producer	Producer	Producer	Producer	Producer
Casing	8 5/8" @ 354'	8 5/8" @ 1205'	13 3/8" @ 328'	8 5/8" @ 286'	8 5/8" @ 281'
	Cmtd w/ 225 sx	Cmtd w/ 500 sx	Cmtd w/ 300 sx	Cmtd w/ 225 sx	Cmtd w/ 200 sx
	4 1/2" @ 3703'	5 1/2" @ 3450'	9 5/8" @ 1248'	5 1/2" @ 3390'	5 1/2" @ 2821'
Total Depth	Cmtd w/ 335 sx 3705'	Cmtd w/ 575 sx 3456'	Cmtd w/ 405 sx 7" @ 3400' Cmtd w/ 175 sx 3574'	Cmtd w/ 300 sx 3561'	Cmtd w/ 200 sx 3080'
Completion	Queen Perfs (3466' - 3601')	Yates Perfs (2977' - 3207')	Queen Open Hole (3400' - 3574')	Queen Open Hole (3390' - 3561')	Yates Open Hole (2821' - 3080')

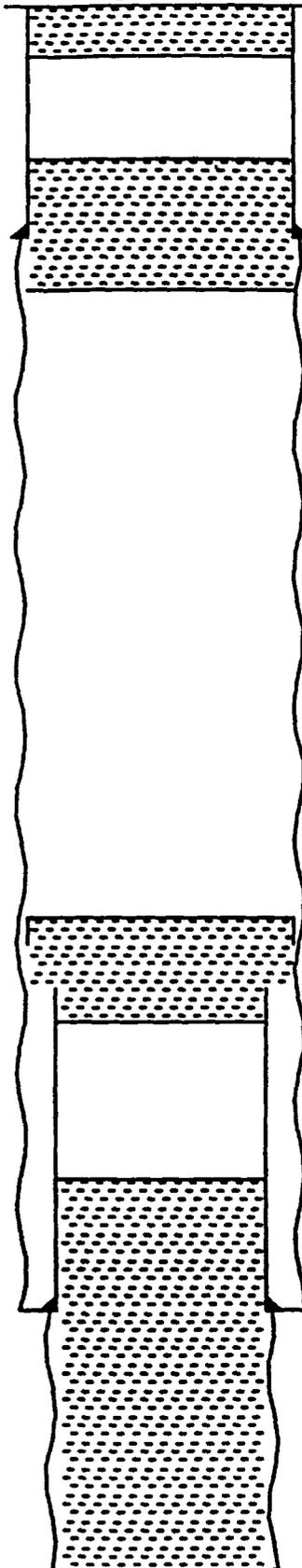
OFFSET WELL DATA

	Myers Langlie Mattix Unit #200	Myers Langlie Mattix Unit #201	E.E. Jack #5	Myers Langlie Mattix Unit #215
Location	660' FNL & 1980' FWL Sec 7, T24S, R37E	660' FNL & 760' FWL Sec 7, T24S, R37E	990' FNL & 660' FWL Sec 7, T24S, R37E	1980' FNL & 1980' FWL Sec 7, T24S, R37E
Operator	OXY USA Inc.	OXY USA Inc.	Meridian	OXY USA Inc.
Date Drilled	February 15, 1955	March 17, 1955	September 28, 1985	January 29, 1955
Well Type	Injector	Producer	Producer	Producer
Casing	8 5/8" @ 297'	9 5/8" @ 285'	9 5/8" @ 402'	9 5/8" @ 288'
	Cmtd w/ 225 sx	Cmtd w/ 225 sx	Cmtd w/ 200 sx	Cmtd w/ 225 sx
	5 1/2" @ 3420'	7" @ 3400'	7" @ 3498'	7" @ 3410'
	Cmtd w/ 300 sx	Cmtd w/ 300 sx	Cmtd w/ 1150 sx	Cmtd w/ 400 sx
		4 1/2" Lnr (3112' - 3741')		
Total Depth	3562'	Cmtd w/ 125 sx 3741'	3500'	3560'
Completion	Queen Open Hole (3420' - 3562')	Queen Perfs (3450' - 3661')	Yates Perfs (2768' - 3164')	Queen Open Hole (3410' - 3560')

LIVERMORE - R.W. CONDEN #1
 660' FSL & 1980' FML SEC 30 T23S R37E
 LEA COUNTY, NEW MEXICO

ELEVATION: KB: N.A.
 GL: N.A.

WELL COMPLETED: FEBRUARY 3, 1950
 WELL PLUGGED: JULY 19, 1950
 WELL REPLUGGED: AUGUST 1978



20 SX CNT PLUG (50' - 0')

30 SX CNT PLUG (1267' - 1167')

8 5/8" SURFACE CASING @ 1217'
 CNTD W/ 500 SX CNT CIRC

30 SX CNT PLUG (3050' - 2950')

TOP OF 5 1/2" CSG STUB @ 3000'

5 1/2" CSG @ 3498' CNTD W/ 525 SX

25 SX CNT PLUG (3696' - 3470')

TD @ 3696'

	SURFACE	PRODUCTION
SIZE	8 5/8"	5 1/2"
WEIGHT	28 #	15.5 #
GRADE	N.A.	N.A.
THREAD	N.A.	N.A.
DEPTH	1217'	3498'

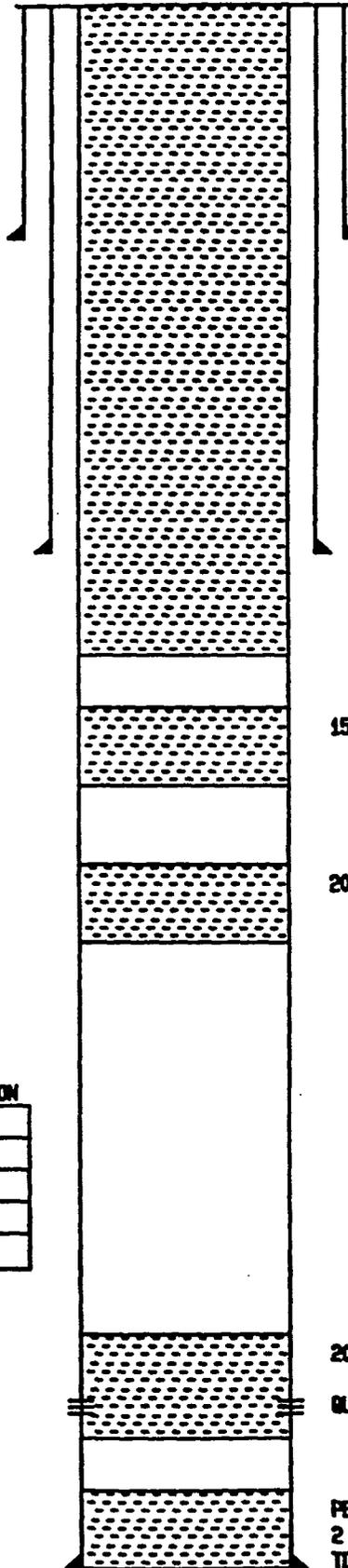
PREP'D BY: SCOTT E. GENGLER
 DATE : April 25, 1994

XY - MYERS LANGLIE WATTIX UNIT #108
 660' FSL & 660' FEL SEC 31 T23S R37E
 LEA COUNTY, NEW MEXICO

ELEVATION: KB: N.A.
 GL: N.A.

WELL COMPLETED: APRIL 1, 1961

WELL PLUGGED: MAY 1, 1984



10 3/4" SURFACE CASING @ 294'
 CMTD W/ 250 SX CMT CIRC

70 SX CMT PLUG (1490' - 0')

7 5/8" INTERMEDIATE CASING @ 1164'
 CMTD W/ 400 SX CMT CIRC

15 SX CMT PLUG (2108' - 1508')

20 SX CMT PLUG (2208' - 2208')

20 SX CMT PLUG (3663' - 3404')

QUEEN PERFS (3542' - 3648')

PSTD @ 3663'
 2 7/8" CSG @ 3670' CMTD W/ 400 SX
 TD @ 3670'

	SURFACE	INTERMED	PRODUCTION
SIZE	10 3/4"	7 5/8"	2 7/8"
WEIGHT	24 #	24 #	6.4 #
GRADE	H-40	H-40	J-55
THREAD	N.A.	N.A.	REG
DEPTH	294'	1164'	3670'

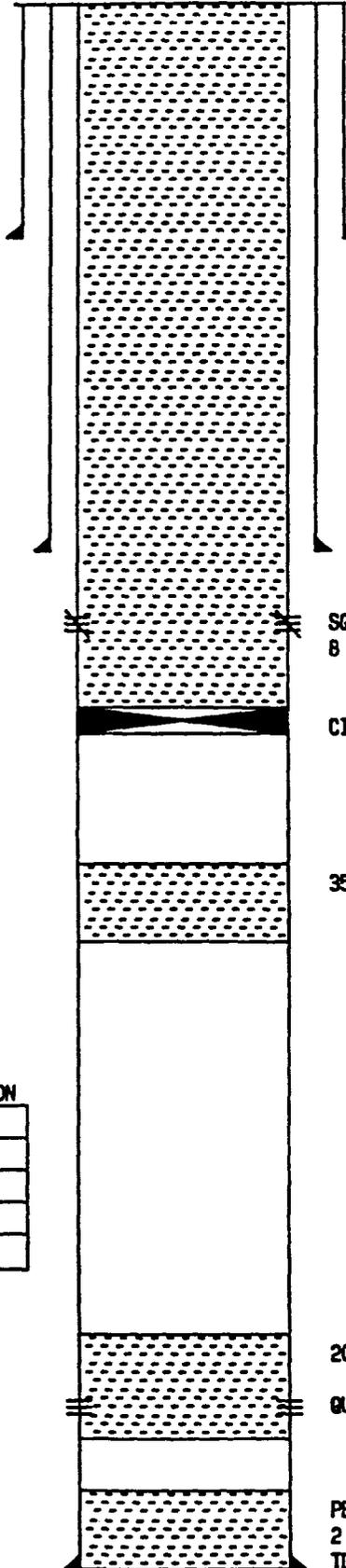
PREP'D BY: SCOTT E. GENGLER
 DATE : May 1, 1994

JKY - MYERS LANGLIE MATTIX UNIT #110
 590' FSL & 2050' FWL SEC 32 T23S R37E
 LEA COUNTY, NEW MEXICO

ELEVATION: KB: N.A.
 GL: N.A.

WELL COMPLETED: DECEMBER 13, 1961

WELL PLUGGED: MARCH 11, 1983



10 3/4" SURFACE CASING @ 278'
 CMTD W/ 250 SX CMT CIRC

SOZD PERFS (1197' - 1198') W/ 350 SX
 CMT CIRC

7 5/8" INTERMEDIATE CASING @ 1174'
 CMTD W/ 400 SX CMT CIRC

SQUEEZE PERFS (1197' - 1198')
 8 SX CMT PLUG (1506' - 1200')

CIBP @ 1506'

35 SX CMT PLUG (2700' - 2206')

20 SX CMT PLUG (3557' - 3020')

QUEEN PERFS (3459' - 3521')

PSTD @ 3663'
 2 7/8" CSG @ 3669' CMTD W/ 250 SX
 TD @ 3670'

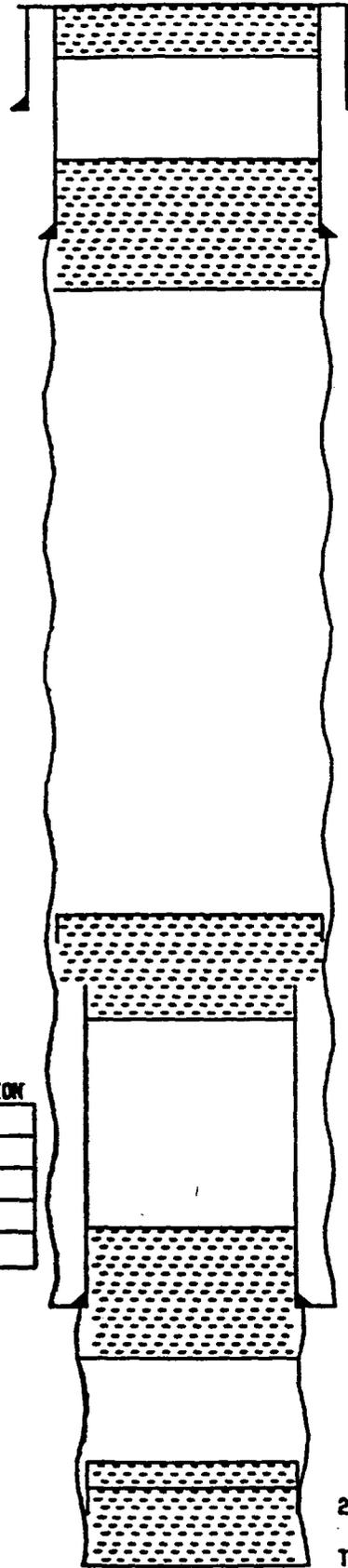
	SURFACE	INTERMED	PRODUCTION
SIZE	10 3/4"	7 5/8"	2 7/8"
WEIGHT	21.6#	15.2#	8.4 #
GRADE	H-40	H-40	J-55
THREAD	N.A.	N.A.	REGD
DEPTH	278'	1174'	3669'

PREP'D BY: SCOTT E. GENGLER
 DATE : OCTOBER 17, 1994

UNOCO - VAUGHN B-1 #4
 660' FNL & 1980' FEL SEC 1 T24S R36E
 LEA COUNTY, NEW MEXICO

ELEVATION KB: N.A.
 GL: N.A.

WELL COMPLETED: March 5, 1950
 WELL PLUGGED: OCTOBER 14, 1951



32 SX CMT PLUG (100' - 0')

13 3/8" SURFACE CSG @ 290'
 CMTD W/ 300 SX

38 SX CMT PLUG (1300' - 1140')

8 5/8" SURFACE CASING @ 1201'
 CMTD W/ 500 SX

30 SX CMT PLUG (2200' - 2100')

TOP OF 5 1/2" CSG STUB @ 2121'

15 SX CMT PLUG (3488' - 3388')

5 1/2" CSG @ 3438' CMTD W/ 647 SX

20 SX CMT PLUG (3593' - 3540')

TD @ 3593'

	SURFACE	INTERMED	PRODUCTION
SIZE	13 3/8"	8 5/8"	5 1/2"
WEIGHT	N.A.	N.A.	N.A.
GRADE	N.A.	N.A.	N.A.
THROD	N.A.	N.A.	N.A.
DEPTH	290'	1201'	3438'

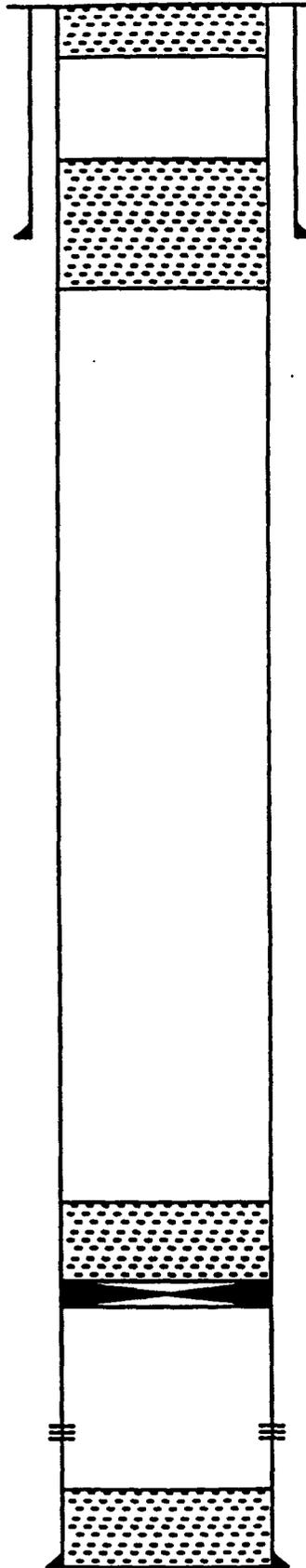
PREPARED BY: SCOTT E. GENGLER
 DATE: April 29, 1994

ANOCO - MYERS B FEDERAL RA B #30
 1650' FNL & 600' FNL SEC 5 T24S R37E
 LEA COUNTY, NEW MEXICO

ELEVATION: KB: N.A.
 GL: N.A.

WELL COMPLETED: DECEMBER 20, 1977

WELL PLUGGED: AUGUST 23, 1993



25 SX CNT PLUG (100' - 0')

25 SX CNT PLUG (1225' - 1125')

8 5/8" SURFACE CASING @ 1175'
 CMTD W/ 500 SX CNT CIRC

25 SX CNT PLUG (3000' - 2900')

CIR @ 3000'

YATES PERFS (3054' - 3180')

5 1/2" CS @ 3405' CMTD W/ 670 SX
 TD @ 3405'

SURFACE PRODUCTION

	8 5/8"	5 1/2"
SIZE	8 5/8"	5 1/2"
WEIGHT	N.A.	N.A.
GRADE	N.A.	N.A.
THREAD	N.A.	N.A.
DEPTH	1175'	3405'

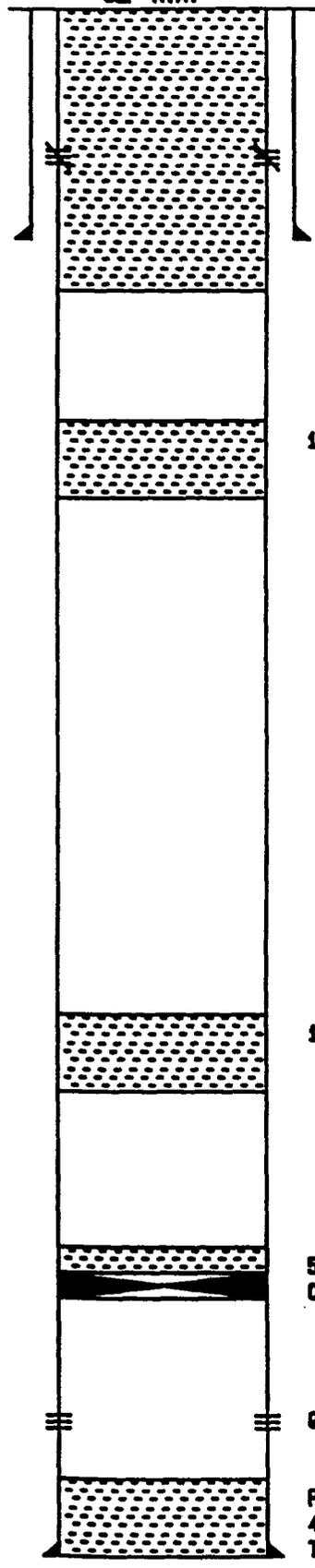
PREP'D BY: SCOTT E. GENGLER
 DATE : May 1, 1994

WY - MYERS LANGLIE MATTIX UNIT #134
 660' FNL & 660' FEL SEC 6 T24S R37E
 LEA COUNTY, NEW MEXICO

ELEVATION: KB: N.A.
 GL: N.A.

WELL COMPLETED: JANUARY 25, 1962

WELL PLUGGED: JUNE 29, 1992



80 SX CNT PLUG (451' - 0')
 SQUEEZE PERFS @ 275'

8 5/8" SURFACE CASING @ 352'
 CNTD W/ 250 SX CNT CIRC

10 SX CNT PLUG (1250' - 1080')

10 SX CNT PLUG (2750' - 2600')

5 SX CNT PLUG (3415' - 3340')
 CIBP @ 3415'

QUEEN PERFS (3546' - 3655')

P8TD @ 3691'
 4 1/2" CSG @ 3725' CNTD W/ 300 SX
 TD @ 3726'

SURFACE PRODUCTION

SIZE	8 5/8"	4 1/2"
WEIGHT	22.7#	9.5#
GRADE	N.A.	J-85
THREAD	N.A.	N.A.
DEPTH	352'	3725'

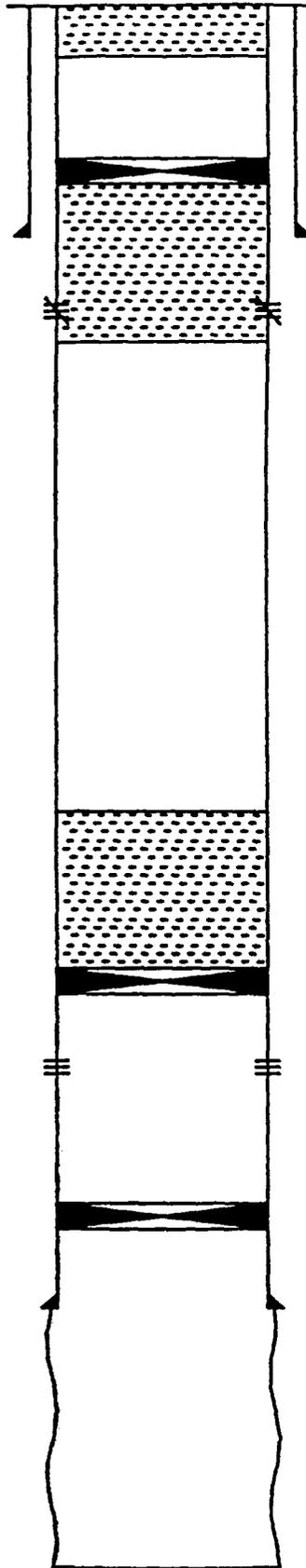
PREP'D BY: SCOTT E. GENGLER
 DATE : May 1, 1994

4000 - MYERS B FEDERAL RA B #11
 660' FNL & 1980' FEL SEC 6 T24S R37E
 LEA COUNTY, NEW MEXICO

ELEVATION: KB: N.A.
 GL: N.A.

WELL COMPLETED: DECEMBER 5, 1951

WELL PLUGGED: AUGUST 26, 1993



25 SX CMT PLUG (150' - 0')

CMT RETAINER @ 1150'

8 5/8" SURFACE CASING @ 1210'
 CMTD W/ 300 SX CMT CIRC

SQUEEZE PERFS (1260' - 1262')
 SQZD W/ 250 SX CMT (CMT CIRC)

25 SX CMT PLUG (2950' - 2800')

CIBP @ 2950'

YATES PERFS (2994' - 3230')

CIBP @ 3416'

7" CSG @ 3461' CMTD W/ 200 SX

TD @ 3712'

SURFACE PRODUCTION

	8 5/8"	7"
SIZE	8 5/8"	7"
WEIGHT	20 #	15.5 #
GRADE	N.A.	N.A.
THREAD	N.A.	N.A.
DEPTH	3200'	3461'

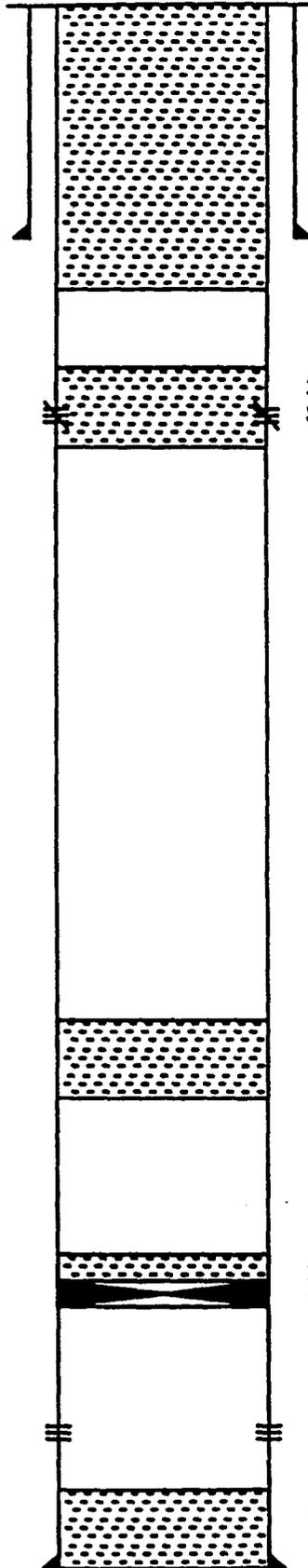
PREPARED BY: SCOTT E. GENGLER
 DATE: May 1, 1994

JXY - MYERS LANGLIE MATTIX UNIT #140
 1968' FNL & 1980' FNL SEC 6 T24S R37E
 LEA COUNTY, NEW MEXICO

ELEVATION: KB: N.A.
 GL: N.A.

WELL COMPLETED: APRIL 7, 1962

WELL PLUGGED: JUNE 25, 1992



125 SX CNT PLUG (407' - 0')

8 5/8" SURFACE CASING @ 352'
 CNTD W/ 225 SX CNT CIRC

30 SX CNT PLUG (1305' - 1080')
 SQUEEZE PERFS @ 1250'

20 SX CNT PLUG (2900' - 2700')

5 SX CNT PLUG (3400' - 3325')
 CIBP @ 3400'

QUEEN PERFS (3486' - 3644')

P8TD @ 3663'
 4 1/2" CSG @ 3696' CNTD W/ 335 SX
 TD @ 3696'

SURFACE PRODUCTION

	SURFACE	PRODUCTION
SIZE	8 5/8"	4 1/2"
WEIGHT	22.79	9.54
GRADE	N.A.	J-65
THREAD	N.A.	N.A.
DEPTH	352'	3696'

PREP'D BY: SCOTT E. GENGLER
 DATE : May 1, 1994

Responses to C-108

VII

1. Average Daily Injection Rate - 300 BWPD per well
Maximum Daily Injection Rate - 500 BWPD per well
2. The proposed system is a closed system.
3. Average Injection Pressure - 1200 psi
Maximum Injection Pressure - 1800 psi
4. Sources of water:
 - a. Produced water from the Myers Langlie Mattix Unit.
 - b. Supply water from Texaco's Jal Water System.
5. Injection is not for disposal purposes.

VIII Previously Submitted

IX Each of the proposed injection wells will be acidized with 3000 gallons of acid.

X Previously Submitted

XI Previously Submitted

XII Not Applicable

Legal Notice

OXY USA Inc., P. O. Box 50250, Midland, Texas, 79710, 915/685-5825, Scott Gengler - Engineer, proposes to inject water for secondary recovery purposes into the Myers Langlie Mattix Unit well #'s 70, 72, 94, 96, 98, 106, 133, 134, 135, 137, 141, 143, 170, 176, 178, 251, 252 located in section 36 of T-23-S, R-36-E, sections 31 and 32 of T-23-S, R-37-E, and sections 5 and 6 of T-24-S, R-37-E, Lea County, New Mexico. Water will be injected into the Queen formation at an average depth of 3700' at an approximate rate of 300 BWPD per well and at a maximum pressure of 1800#. Interested parties must file objections or requests for hearing with the New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico, 87501, within fifteen (15) days of receipt of this notice.

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. 11168
Order No. R-4680-A

APPLICATION OF OXY USA INC. TO AUTHORIZE THE EXPANSION OF A
PORTION OF ITS MYERS LANGLIE-MATTIX UNIT WATERFLOOD PROJECT
AND QUALIFY SAID EXPANSION FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE "NEW MEXICO ENHANCED OIL RECOVERY ACT," LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on December 15, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of March, 1995, 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) By Order No. R-4660, issued in Case No. 5086 and dated November 16, 1973, the Division approved the application of Skelly Oil Company for unitization of the following described 9,923.68 acres, more or less, of State, Federal, and Fee lands in Lea County, New Mexico, also known as the Myers Langlie-Mattix Unit Area:

Exhibit Z

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

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

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4 NW/4 and SW/4
Sections 29 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: Lot 1 (NE/4 NE/4 equivalent)
Section 12: S/2 N/2, N/2 SW/4, N/2
SE/4, and SE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 2: Lots 2, 3, and 4, SW/4
NE/4, S/2 NW/4, and SW/4
Section 3: Lots 1 and 2, S/2 NE/4, W/2
SW/4, and E/2 SE/4
Sections 4 and 5: All
Section 6: Lots 1, 2, 3, and 4, S/2
NE/4, SE/4 NW/4, E/2
SW/4, and SE/4
Section 7: All
Section 8: N/2, N/2 S/2, and SW/4
SW/4
Section 9: N/2 and N/2 SW/4
Section 10: W/2 NE/4, SE/4 NE/4,
NW/4, E/2 SW/4, and W/2
SE/4
Section 11: SW/4 NW/4.

(3) By Order No. R-4680, issued in Case No. 5087 and dated November 20, 1973, the Division authorized Skelly Oil Company to institute a waterflood project (therein designated the Skelly Myers Langlie Mattix Unit Waterflood Project) by the injection of water into the Lower Seven Rivers and Queen formations of the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool within the above-described Unit, Lea County, New Mexico.

(4) OXY USA, Inc. is the current operator of both the Myers Langlie-Mattix Unit ("Unit") and the (Skelly) Myers Langlie Mattix Unit Waterflood Project ("Waterflood Project").

(5) The applicant, OXY USA, Inc. ("OXY"), pursuant to the New Mexico "Enhanced Oil Recovery Act" and to Division General Rule 701(G), seeks approval of an expansion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project by means of a significant change in process used for the displacement of crude oil with water including the approval of the conversion of 16 producers to injection wells, to reactivate a plugged injector and an Order, pursuant to the "Rules and Procedures for Qualification of Enhanced Oil Recovery ("EOR") Projects and Certification for the Recovered Oil Tax Rate", as promulgated by Division Order R-9708, qualifying a portion of its Myers Langlie-Mattix Unit Waterflood Project, located in portions of Section 36, Township 23 South, Range 36 East, NMPM, and in Sections 31 and 32, Township 23 South, Range 37 East, NM-M, and in Sections 5 and 6, Township 24 South, Range 37 East, NMPM, Langlie-Mattix Pool, Lea County, New Mexico, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5).

(6) Waterflood operations were initiated by Skelly Oil Company during the 1970's on an 80-acre five-spot injection pattern. Ultimate primary oil recovery from the Unit has been 9,000,000 barrels of oil. As of October 31, 1994, total oil production from the Unit was 15,200,000 barrels.

(7) The Unit currently has 93 active producers and 62 injectors and is producing at a rate of approximately 613 barrels of oil per day and 7,032 barrels of water per day. Evidence indicates the remaining recoverable reserves in the Unit under the current 80-acre five-spot pattern is approximately 688,000 barrels of oil.

(8) The applicant now seeks to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of the (Skelly) Myers Langlie-Mattix Unit Waterflood Project in Lea County, New Mexico, for the recovered oil tax rate:

Township 23 South, Range 36 East, NMPM

*Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4*

Township 23 South, Range 37 East, NMPM

*Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4*

Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4

Township 23 South, Range 37 East, NMPM

Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4

Section 6: N/2 N/2 NE/4 (equivalent)
SE/4 NE/4 NE/4 (equivalent)
E/2 SE/4 NE/4
N/2 NE/4 NW/4 (equivalent)
NE/4 NW/4 NW/4 (equivalent)
E/2 NE/4 SE/4
NE/4 SE/4 SE/4.

(9) Within the subject 760-acre, more or less, EOR Expansion Area, the applicant is proposing a significant change in the process used for the displacement of crude oil by expanding its current waterflood pattern by further instituting a 20-acre infill drilling program and to initiate a 40-acre five-spot water injection pattern. Such action will require the applicant to drill and equip nineteen new infill producing wells (as further described in Exhibit "A", attached hereto and made a part hereof), convert sixteen current producing wells to injectors (as further described in Exhibit "B", attached hereto and made a part hereof), reactivate a previously plugged and abandoned injection well (see also Exhibit "B"), and utilize fifteen existing injection wells (as further described in Exhibit "C", attached hereto and made a part of this order as reference only), plus an extensive upgrade of the tank battery and surface injection facilities.

(10) While the nineteen new producers (Exhibit "A") have been drilled in the EOR Expansion Area as infill wells, none of those producers will be recovering enough primary oil to pay for their costs. Instead, these producers are an integral part of the EOR expansion being necessary in order to close the 40-acre five-spot injection pattern and improve sweep efficiency within the EOR Expansion Area.

(11) Costs for the proposed change in operations within the EOR Expansion Area is estimated to be \$3,660,000.00 for the drilling and associated equipment for the nineteen infill producers, \$690,000.00 to convert and reactivate the seventeen proposed new injection wells, and \$750,000.00 to upgrade battery and injection facilities. Total expansion costs are estimated to be \$5,100,000.

(12) The estimated amount of recoverable oil attributable to a "Positive Production Response from the Expanded Use" of enhanced oil recovery technology for a portion of this existing Waterflood Project is 1,600,000 barrels of additional oil.

(13) This EOR expansion project is similar to the one earlier requested by OXY for its Skelly Penrose "B" Unit Waterflood Project, which was approved by Division Order No. R-9955, as amended.

(14) For ease and simplicity the EOR Expansion Area should also be defined in terms of the nineteen unit wells which would actually qualify for the recovered oil tax rate, as described in Exhibit "A".

(15) The evidence and testimony presented in this case indicates that:

- (a) the reduction in the waterflood injection well pattern in the EOR Expansion Area should result in a substantial increase in the amount of crude oil ultimately recovered therefrom;
- (b) the EOR Expansion Area has been so depleted that it is prudent to implement a waterflood injection well pattern reduction to maximize the ultimate recovery of crude oil from said area; and,
- (c) the proposed expansion is economically and technically feasible and has not been prematurely filed.

(16) The EOR Expansion Area within the (Skelly) Myers Langlie-Mattix Unit Waterflood Project, as defined in Finding Paragraph No. (8) above, and those nineteen corresponding wells within said Area (see Exhibit "A") should be qualified as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(17) To be eligible for the EOR credit, the operator should advise the Division when water injection into each additional injection well commences and at such time request the Division certify the subject expansion project to the New Mexico Taxation and Revenue Department.

(18) The application should be approved and the EOR expansion should be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(19) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area

actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(20) The injection of water into the proposed seventeen new injection wells should be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(21) Prior to commencing injection operations into the seventeen wells shown on Exhibit "B", attached hereto and made a part hereof, the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(22) The seventeen injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(23) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(24) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(25) The proposed waterflood expansion should be approved and governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(26) The injection authority granted herein for the proposed seventeen new injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, OXY USA, Inc. ("OXY") is hereby authorized to expand its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, Myers Langlie-Mattix Unit ("Unit"), Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool, Lea County, New Mexico, pursuant to Division General Rule 701.G., by converting 16 existing wells to injectors and by reactivating a plugged injector, as further described in Exhibit "B", attached hereto and made a part hereof.

(2) The applicant shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

(3) The injection of water into the seventeen wells shown on Exhibit "B" shall be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(4) Prior to commencing injection operations into the wells shown on Exhibit "B", the casing in each well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(5) The seventeen injection wells or pressurization system shall be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(6) The Division Director shall have the authority to administratively authorize a pressure limitation in excess of the 1800 psi herein authorized upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(7) The operator shall give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(8) The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in any of the wells shown on Exhibit "B" and shall take such steps as may be timely and necessary to correct such failure or leakage.

(9) The subject wells shall be governed by all provisions of Division Order No. R-4680 and Rule Nos. 702-706 of the Oil Conservation Division Rules and Regulations.

(10) The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS FURTHER ORDERED THAT:

(11) The application of OXY to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), is hereby approved:

Township 23 South, Range 36 East, NMPM

Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4

Township 23 South, Range 37 East, NMPM

Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4

Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4

Township 23 South, Range 37 East, NMPM

Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4

Section 6: *N/2 N/2 NE/4 (equivalent)*
 SE/4 NE/4 NE/4 (equivalent)
 E/2 SE/4 NE/4
 N/2 NE/4 NW/4 (equivalent)
 NE/4 NW/4 NW/4 (equivalent)
 E/2 NE/4 SE/4
 NE/4 SE/4 SE/4.

(12) The EOR Expansion Area shall also be defined in terms of the nineteen unit wells that are producing which would actually qualify for the recovered oil tax rate, as described in Exhibit "A", attached hereto and made a part hereof.

(13) The operator shall advise the Division when water injection actually commences into any of the seventeen "new" injection wells.

(14) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the project area as described above.

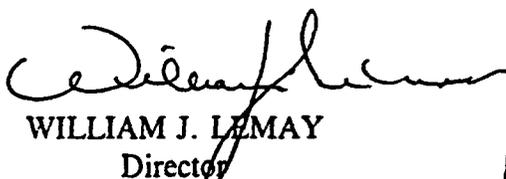
(15) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(16) Said EOR Expansion Area shall be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(17) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

SEAL

EXHIBIT "A"

CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLEY-MATTIX UNIT
WATERFLOOD PROJECT

"PRODUCING WELLS WITHIN THE EOR PROJECT AREA ELIGIBLE FOR THE EOR TAX CREDIT"

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
256	30-025-29589	105' FNL - 1310' FWL	4/D	6-24S-37E
258	30-025-32588	2560' FSL - 120' FWL	3/L	31-23S-37E
259	30-025-32534	2620' FNL - 1340' FWL	F	31-23S-37E
260	30-025-32589	2535' FSL - 2563' FWL	K	31-23S-37E
261	30-035-32559	1340' FSL - 1300 FWL	3/L	31-23S-37E
262	30-025-32590	1350' FSL - 2380' FWL	K	31-23S-37E
263	30-025-32555	1398' FSL - 1564' FEL	J	31-23S-37E
264	30-025-32535	1400' FSL - 160' FWL	L	32-23S-37E
265	30-025-32536	1400' FSL - 1340' FWL	K	32-23S-37E
266	30-025-32537	100' FNL - 2556' FWL	3/C	6-24S-37E
267	30-025-32591	190' FNL - 1460' FEL	2/B	6-24S-37E
268	30-025-32592	139' FNL - 372' FEL	1/A	6-24S-37E
269	30-025-32556	238' FNL - 1274' FWL	4/D	5-24S-37E

EXHIBIT "A"
CASE NO. 11168
ORDER NO. R-4680-A
PAGE 2

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
270	30-025-32593	1410' FNL - 90' FEL	II	6-24S-37E
271	30-025-32565	1340' FNL - 1030' FWL	E	5-24S-37E
272	30-025-32566	2620' FNL - 90' FEL	II	6-24S-37E
273	30-025-32594	2533' FNL - 1350' FWL	F	5-24S-37E
274	30-035-32567	1300' FSL - 120' FWL	M	5-24S-37E
275	30-025-32557	1340' FS & WL	K	5-24S-37E

EXHIBIT "B"

CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLIE-MATTIX UNIT WATERFLOOD PROJECT
APPROVED WATERFLOOD EXPANSION INJECTION WELLS

WELLS TO BE CONVERTED FROM PRODUCERS TO INJECTORS:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
70	30-025-09475	1980' FNL - 660' FEL	11	36-23S-36E	3465' - 3609' (OPENHOLE)
72	30-025-10902	1980' FN & WL	F	31-23S-37E	3570' - 3670'
94	30-025-26908	1980' FSL - 760' FWL	L	32-23S-37E	3440' - 3677'
96	30-025-10907	1979' FSL - 1980' FEL	J	31-23S-37E	3447' - 3618' (OPENHOLE)
98	30-025-10906	1980' FSL - 660' FEL	3/L	31-23S-37E	3450' - 3608' (OPENHOLE)
106	30-025-10911	660' FSL - 1980' FWL	N	31-23S-37E	3546' - 3627'
133	30-025-11008	660' FN & WL	4/D	5-24S-37E	3503' - 3623'
135	30-025-25989	760' FNL - 2080' FEL	2/B	6-24S-37E	3502' - 3686'
137	30-025-11036	660' FNL - 626' FWL	4/D	6-24S-37E	3454' - 3588' (OPENHOLE)
141	30-025-11027	1962' FNL - 660' FEL	11	6-24S-37E	3517' - 3640'
143	30-025-11011	1960' FNL - 1905' FWL	F	5-24S-37E	3437' - 3680'

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
170	30-025-11004	1980' FSL - 330' FWL	L	5-24S-37E	3445' - 3793'
176	30-025-11025	660' FS & EL	P	6-24S-37E	3516' - 3590'
178	30-025-11007	660' FSL - 1980' FWL	N	5-24S-37E	3442' - 3570'
251	30-025-28246	660' FSL - 2096' FWL	N	32-23S-37E	3354' - 3699'
252	30-025-28808	685' FSL - 660' FEEL	P	31-23S-37E	3523' - 3730'

The following well was Plugged and Abandoned by Texaco Exploration and Production Inc. in 1992, Division Order No. R-4680 originally authorized this well to be utilized as a water injection well on the Skelly Myers Langlie-Matix Unit Waterflood Project:

Myers Langlie-Matix Unit Well No. 134 (API No. 30-025-11026), located 660' FN & EL (Lot 1/Unit A) of Section 6, Township 24 South, Range 37 East, NMPM, Lea County New Mexico. The proposed injection interval will be through perforations from 3546' to 3655'.

EXHIBIT "C"
CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLEY-MATTIX UNIT WATERFLOOD PROJECT

EXISTING INJECTION WELLS TO BE UTILIZED FOR THE EOR PROJECT AREA:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	DIVISION ORDER AUTHORIZING INJECTION
71	30-025-10901	1980' FNL - 660' FWL	2/E	31-23S-37E	R-4680
73	30-025-10904	1980' FN & EL	G	31-23S-37E	R-4680
93	30-025-25680	1980' FSL - 1750' F:WL	K	32-23S-37E	WFX-460
95	30-025-10912	1980' FSL - 660' F:EL	I	31-23S-37E	R-4680
97	30-025-10909	1980' FS & WL	K	31-23S-37E	R-4680
99	30-025-09482	1980' FSL - 660' F:EL	I	36-23S-36E	R-4680
105	30-025-10908	660' FS & WL	4/M	31-23S-37E	R-4680
107	30-025-10910	660' FSL - 1980' F:EL	O	31-23S-37E	R-4680
109	30-025-03205	660' FS & WL	M	32-23S-37E	R-4680
132	30-025-11010	660' FNL - 1980' FWL	3/C	5-24S-37E	R-4680
136	30-025-11019	660' FNL - 1980' FWL	3/C	6-24S-37E	R-4680
142	30-025-11009	1962' FNL - 660' FWL	E	5-24S-37E	R-4680
169	30-025-11005	1980' FS & WL	K	5-24S-37E	R-4680
171	30-025-11030	1980' FSL - 660' F:EL	I	6-24S-37E	R-4680
177	30-025-11006	660' FSL - 990' F:WL	M	5-24S-37E	R-4680

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 16:07:04
OGOMES -EMEJ

API Well No : 30 25 10907 Eff Date : 02-04-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVR-S-Q-GRAYBURG
ID Idn : 16696 OXY USA INC
Prop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 096
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: J	31	23S	37E	FTG 999 F S	FTG 999 F E	P
Lot Identifier:							
Dedicated Acre:							40.00
Lease Type							: F
Type of consolidation							(Comm, Unit, Forced Pooling - C/U/F/O) :

M0025:Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

MD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 16:06:27
OGOMES -EMEJ

API Well No : 30 25 10911 Eff Date : 02-04-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
OGF Idn : 16696 OXY USA INC
Prop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 106
SL Elevation: 3315

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
3.H. Locn	: N	31	23S	37E	FTG 660 F S	FTG 1980 F W	A

Lot Identifier:
Dedicated Acre: 40.00
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

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CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 16:05:06
OGOMES -EMEJ

API Well No : 30 25 32588 Eff Date : 07-21-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVR-S-Q-GRAYBURG
ID Idn : 16696 OXY USA INC
Prop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 258
GL Elevation: 3317

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)

B.H. Locn	: 3	31	23S	37E	FTG 2560 F S	FTG 120 F W	A
Lot Identifier:							
Dedicated Acre:	37.97						
Lease Type	: F						
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025:Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 16:04:44
OGOMES -EMEJ

API Well No : 30 25 32559 Eff Date : 06-30-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
RID Idn : 16696 OXY USA INC
Loop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 261
GL Elevation: 3323

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: 3	31	23S	37E	FTG 1340 F S	FTG 1300 F W	P

Lot Identifier:
Dedicated Acre: 37.97
Lease Type : F
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025:Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

API Well No : 30 25 10906 Eff Date : 02-04-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVR-S-Q-GRAYBURG
OGRID Idn : 16696 OXY USA INC
p Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 098
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: 3	31	23S	37E	FTG 999 F S	FTG 999 F E	P

Lot Identifier:
Dedicated Acre: 37.97
Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025:Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 16:03:37
OGOMES -EMEJ

API Well No : 30 25 32534 Eff Date : 06-08-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
RID Idn : 16696 OXY USA INC
Prop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 259
GL Elevation: 3318

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	F	31	23S	37E	FTG 2620 F N	FTG 1340 F W	P

Lot Identifier:

Dedicated Acre: 40.00

Lease Type : F

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

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PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 16:03:06
OGOMES -EMEJ

API Well No : 30 25 10902 Eff Date : 02-04-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVR-S-Q-GRAYBURG
ID Idn : 16696 OXY USA INC
Prop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 072
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: F	31	23S	37E	FTG 999 F S	FTG 999 F E	P

Lot Identifier:
Dedicated Acre: 40.00
Lease Type : P
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

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PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 15:47:13
OGOMES - EMEJ

API Well No : 30 25 9475 Eff Date : 02-04-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVRS-Q-GRAYBURG
ID Idn : 16696 OXY USA INC
Prop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 070
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: H	36	23S	36E	FTG 999 F S	FTG 999 F E	P

Lot Identifier:
Dedicated Acre: 40.00
Lease Type : S
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

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PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

03/09/95 15:48:27
OGOMES -EMEJ

API Well No : 30 25 9482 Eff Date : 02-04-1994 WC Status : A
Pool Idn : 37240 LANGLIE MATTIX;7 RVR-S-Q-GRAYBURG
ID Idn : 16696 OXY USA INC
Prop Idn : 14953 MYERS LANGLIE MATTIX UNIT

Well No : 099
GL Elevation: 99999

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	: I	36	23S	36E	FTG 1980 F S	FTG 660 F E	A
Lot Identifier:							
Dedicated Acre:							
Lease Type	: S						
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :							

M0025:Enter PF keys to scroll

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PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

MLMU # 133
MYERS LANGLEIE MATTIX UNIT
D-5-24S-37E
OPERATOR: OXY USA, INC.

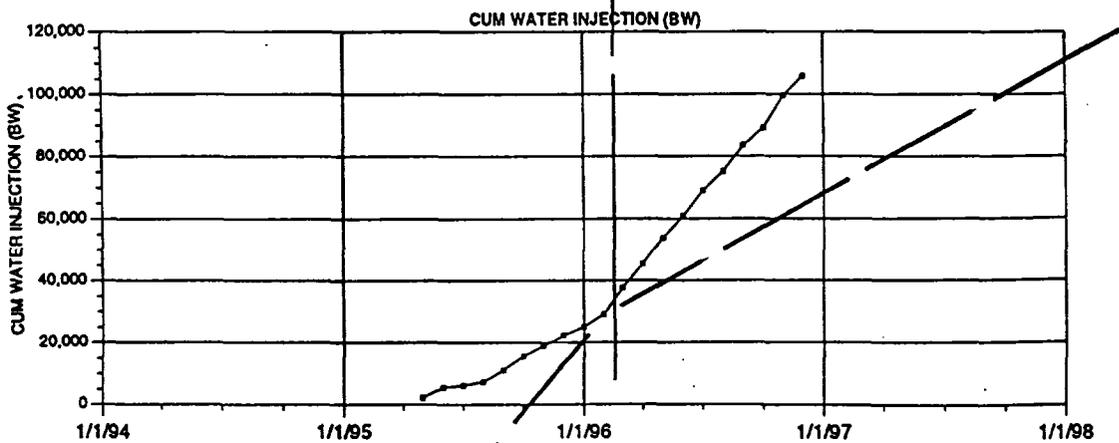
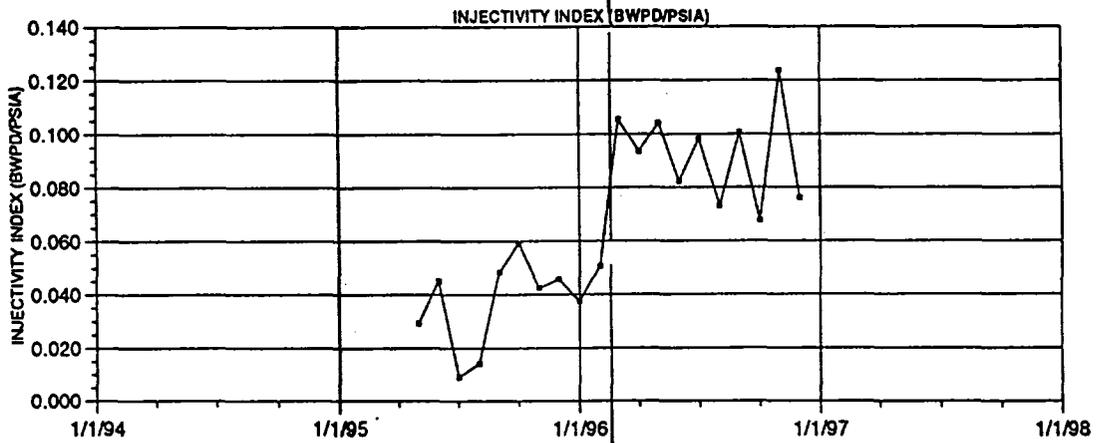
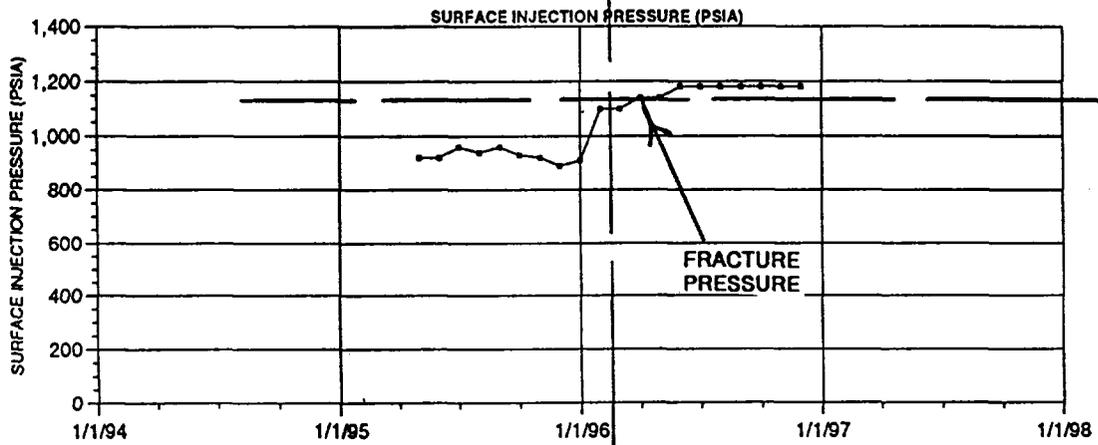
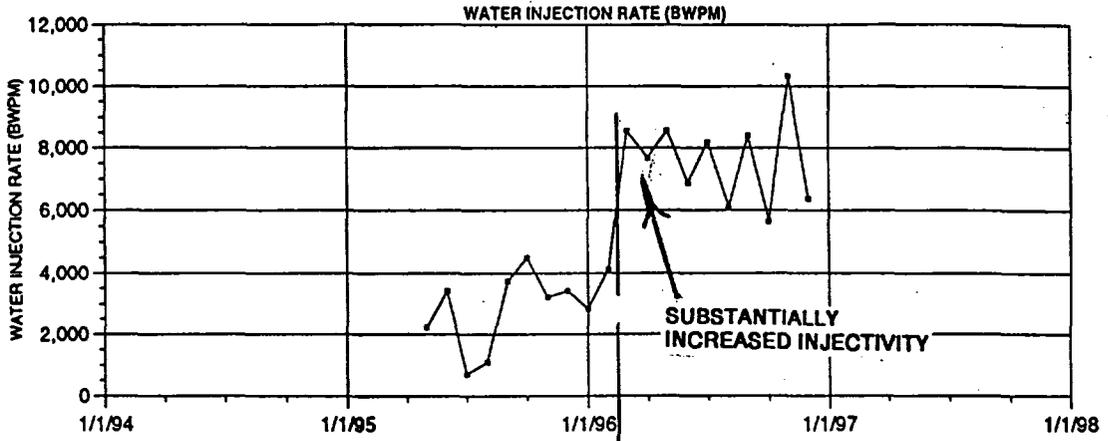


Exhibit A A

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-045
NEW MEXICO 88240
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

Type of Well
 Oil Well
 Gas Well
 Other Injection

Name of Operator
OXY USA Inc. 16696

Address and Telephone No.
P.O. Box 50250 Midland, TX 79710 915-685-5717

Location of Well (Footage, Sec., T., R., M., or Survey Description)
660 FNL 660 FWL NWNW Sec 5 T24S R37E

5. Lease Designation and Serial No.
8910138170 - NM7488

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation
Myers Langlie Mattix Unit
14953

8. Well Name and No.
133

9. API Well No.
30-025-11008

10. Field and Pool, or Exploratory Area
Langlie Mattix 7 Rvr Q-G

11. County or Parish, State
Lea NM

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent <input checked="" type="checkbox"/> Subsequent Report <input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Abandonment <input type="checkbox"/> Recompletion <input type="checkbox"/> Plugging Back <input type="checkbox"/> Casing Repair <input type="checkbox"/> Altering Casing <input type="checkbox"/> Other _____ <input type="checkbox"/> Change of Plans <input type="checkbox"/> New Construction <input type="checkbox"/> Non-Routine Fracturing <input type="checkbox"/> Water Shut-Off <input checked="" type="checkbox"/> Conversion to Injection <input type="checkbox"/> Dispose Water <small>(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)</small>

Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give surface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

See other side

ACCEPTED FOR RECORD
J. Lark
 1995

RECEIVED
 JUN 8 10 22 AM '95
 CALS
 ARF

I hereby certify that the foregoing is true and correct

Signed David Stewart Title Regulatory Analyst Date 6/7/95

This space for Federal or State office use)

Approved by _____ Title _____ Date _____
 Conditions of approval, if any:

18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

BN

44

ATTACHMENT 3160-5
OXY USA INC.
MYERS LANGLIE MATTIX UNIT #133
SEC 5 T24S R37E
LEA COUNTY, NM

TD - 3680' PBD - 3643' PERFS - 3476-3623'

MIRU PU 12/8/94, NU BOP, RIH & TAG @ 3643', CIRC HOLE. RIH W/
GR/CCL, PERF QUEEN W/ 1SPF @ 3476-3483, 3566-79, 86-3595', TOTAL
32 HOLES. RIH & SET PKR @ 3411', TEST TO 1000#, HELD OK.
ACIDIZE W/ 3000 GAL 15% NEFE HCL ACID. RIH W/ GUIB G-6 PKR & 2-
3/8 TBG @ SET @ 3433'. CIRC WELL W/ PKR FLUID, ND BOP, NUWH &
TEST TO 400# FOR 15 MIN, HELD OK, RDPU 12/13/94. SI W/O
INJECTION PERMIT. PUT WELL ON INJECTION 5/3/95 @ 231 BWPD @
920#.

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m 3160-5
1c 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.
8910138170 - NM7488

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation
Myers Langlie Mattix Unit

8. Well Name and No.
133

9. API Well No.
30-025-11008

10. Field and Pool, or Exploratory Area
Langlie Mattix 7 Rvr Q-G

11. County or Parish, State
Lea, NM

SUBMIT IN TRIPLICATE

Type of Well
 Oil Well Gas Well Other Injection

Name of Operator
OXY USA Inc. 16696

Address and Telephone No.
P.O. Box 50250 Midland, TX 79710 915-685-5717

Location of Well (Footage, Sec., T., R., M., or Survey Description)
660 FNL 660 FWL NWNW Sec. 5 T24S R37E

CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input checked="" type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

3. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

TD - 3680' PBDT - 3640' Perfs - 3503'-3623'

See other side

14. I hereby certify that the foregoing is true and correct

Signed *David Stewart* Title David Stewart - Reg. Analyst Date 12/16/94

(space for Federal or State office use)
Orig. Signed by Adam Salameh Title Petroleum Engineer Date 6/6/95

Approved by _____ Title _____ Date _____
Conditions of approval, if any: Subject to Like Approval By State

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

- 1.) MIRU pulling unit. NU BOP. TIH w/ 4 7/8" RB on 2 7/8" tubing and tag PBD of 3640'. TOOH w/ RB, and tbg.
- 2.) RU Black Warrior WL and run GR/N log. Perforate Queen (3476' - 3595') w/ premium shots 1 JSPF at the following depths: 3476' - 3483', 3566' - 3579', 3586' - 3595'. Total of 32 shots. Depth reference log PGAC Gamma Ray / Neutron log dated January 27, 1962. (See attached strip log)
- 3.) RIH w/ treating pkr on 2 7/8" tubing and set @ \pm 3420. Pressure test csg to 500#. RU Charger, Acidize Queen Perfs (3476' - 3610') w/ 5000 gals 15% Ne Fe HCl containing 2% AS-66 and utilizing rock salt as block. Flush w/ 2% KCl wtr. Swab back load.
- 4.) TOOH w/ pkr and tbg. TIH w/ PC Guiberson G-6 pkr on 2 3/8" FG lined tbg. Circ hole w/ pkr fluid, and set pkr @ \pm 3420'. ND BOP, NU WH. Pressure test annulus to 500# and cut 30 min chart for BLM.

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1964

C. D. HOBBS
OFFICE

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM-7488
2. Name of Operator Doyle Hartman	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. 500 N. Main Street; Midland, TX 79701	7. If Unit or CA. Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650' FNL & 660' FWL, Section 5, T-24-S, R-37-E, NMPM (Unit Letter E)	8. Well Name and No. Myers "B" Federal No. 30
	9. API Well No. 30-025-25765
	10. Field and Pool, or Exploratory Area Jalmat Gas
	11. County or Parish, State Lea County, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Re-entry,</u>
	<u>Production test, TA</u>

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Between 11-4-96 and 12-19-96, well was re-entered and production tested from Jalmat perms 3021'-3222' RKB. Details of work performed and results obtained are enclosed herewith on pages 2 through 5.

14. I hereby certify that the foregoing is true and correct

Signed [Signature]

Title Engineer

Date 4-28-97

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

**Details of Re-entry and Production Test
(11-4-96 to 12-19-96)**

Rigged up Lucky's Well Service Unit No. 21 and ABC Rental Tool drilling equipment for re-entry of Myers "B" Federal No. 30 Jalmat gas well (production history enclosed). Commenced drilling on upper cement plug at 6:30 PM, 11-4-96. After drilling top cement plug, pressure tested 5-1/2" casing, from surface to top of second plug at 1109', to 1500 psi. Pressure held okay. Drilled remaining two cement plugs. Reached top of CIBP set at 3024' at 10:30 PM, 11-6-96. Drilled up CIBP and proceeded to a new PBTD of 3388' RKB.

Rigged up Halliburton and repaired shallow external-corrosion holes in 8-5/8" surface casing by cementing down 8-5/8" x 5-1/2" casing annulus with 100 sx of a 20 lb/sx blend of Premium cement. Circulated 27 sx of excess cement to pit.

Rigged up Capitan Corporation and logged well with GRN-CCL log. Set 5-1/2" CIBP at 3383' RKB. Perforated Jalmat interval with 16 additional shots between 3021' and 3222'. In three stages, acidized old and new perms from 3021' to 3222' with a combined total of 5825 gal of 15% NEFE acid and 195 ball sealers. After acidizing perforations, set Baker 5-1/2" Model "C" packer at 600' RKB. Pressure tested casing from 0'-600' to 2500 psi. Pressure held okay.

Ran into hole with 2-3/8" O.D., 4.7 lb/ft, J-55, EUE tubing and landed tubing at 3300' RKB. Utilizing American 80-119-64 pumping unit, placed well to pumping at 6:05 PM, 11-9-96 at 9x64x1-1/4. Between 11-9-96 and 11-22-96, recovered 1008.68 barrels of water, including 205 barrels of load water.

On 11-22-96, pulled out of hole with rods and tubing. Ran into hole with Baker 5-1/2" Model "C" packer. Set packer at a depth of 3252' RKB below perms 3021'-3222'. Pressure tested 5-1/2" O.D. casing from 3252'-3383' to 1440 psi. Pressure held okay.

Raised packer to 2993'. Pressure tested casing from 0'-2993' to 1500 psi. Pressure held okay. No leaks either above or below perms 3021'-3222'. Pulled out of hole with packer.

Ran 2-3/8" O.D. tubing and landed tubing at 3296' RKB. Circulated hole with air for 45 minutes. Raised bottom of tubing to 2746' RKB. Ran John West bottom-hole pressure bomb and performed 20 gradient stops from 0'-3370' (results enclosed).

Landed 2-3/8" O.D. tubing at 3333' RKB. Utilizing newly installed Lufkin C-228-213-100 pumping unit for increased pumping capacity, at 12:30 PM, 11-23-96, placed well to pumping at 9.6x100x1-1/2.

Between 11-23-96 and 12-19-96, unsuccessfully attempted to deplete out-of-zone water produced from Jalmat dry-gas interval 3021'-3222'. For total test period of 11-9-96 to 12-19-96, recovered 3829.06 net barrels of out-of-zone water in 946.67 producing hours from Jalmat perfs 3021'-3222' (daily water tabulation enclosed herewith on pages 4 and 5).

On 12-19-96, collected representative produced water sample for routine chemical analysis (copy of analysis enclosed). Collected 5-gallon water sample for possible future stable-isotope analysis. Pulled out of hole and laid down rods and tubing. Ran into hole with Baker 5-1/2" Model "K-1" cement retainer. Set retainer at 3125' RKB to isolate Jalmat perfs 3021'-3091' from Jalmat perfs 3136'-3222'. GR curve 3174'-3190' RKB, from Schlumberger CNL-FDC-GR log run 12-77, is significantly less radioactive than GR curve from Capitan GRN-CCL log run over same interval 11-96 (logs enclosed). Increase in GR curve gamma-ray activity from 12-77 to 11-96 strongly suggests that water migration has occurred through interval 3174'-3190' RKB subsequent to 12-77. Well now temporarily abandoned.

**Daily Water Production
 from 3021' - 3222'
 11/9/96 to 12/19/96**

Date	Time (CST)	Test Period (hrs)	Pump Time (%)	Water Production (bbls)	Cumulative Water Production (bbls)	Remaining Load (bbls)	Water Production Rate		Average Hauling & Disposal Rate (\$/bbl)	Daily Water Hauling Cost (\$)
							(bbls/hr)	(bbls/day)		
11/09/96	06:05 PM	0.00		0.00	0.00	205.00				
11/10/96	07:45 AM	13.67	100	52.44	52.44	152.56	3.837	92.09	0.8769	45.98
11/11/96	07:45 AM	24.00	100	89.91	142.35	62.65	3.746	89.91	0.8769	78.84
11/12/96	08:15 AM	24.50	100	108.22	250.57	-45.57	4.417	106.01	0.8769	94.89
11/13/96	08:30 AM	24.25	100	99.06	349.63	-144.63	4.085	98.04	0.8769	86.86
11/14/96	08:00 AM	23.50	100	82.41	432.04	-227.04	3.507	84.16	0.8769	72.26
11/15/96	08:30 AM	24.50	100	80.75	512.79	-307.79	3.296	79.10	0.8769	70.81
11/16/96	08:15 AM	23.75	100	75.76	588.55	-383.55	3.190	76.56	0.8769	66.43
11/17/96	07:30 AM	23.25	100	70.76	659.31	-454.31	3.043	73.04	0.8769	62.05
11/18/96	08:15 AM	24.75	100	72.27	731.58	-526.58	2.920	70.08	0.8769	63.37
11/19/96	08:15 AM	24.00	100	69.60	801.18	-596.18	2.900	69.60	0.8769	61.03
11/20/96	08:30 AM	24.25	100	69.84	871.02	-666.02	2.880	69.12	0.8769	61.24
11/21/96	08:30 AM	24.00	100	69.93	940.95	-735.95	2.914	69.93	0.8769	61.32
11/22/96	09:15 AM	24.75	100	67.43	1008.38	-803.38	2.724	65.39	0.8769	59.13
11/23/96 (1)	12:30 PM	27.25	0	0.00	1008.38	-803.38	0.000	0.00	0.8769	0.00
11/24/96	08:15 AM	19.75	100	112.37	1120.75	-915.75	5.690	136.55	0.8769	98.53
11/25/96	08:15 AM	24.00	100	209.79	1330.54	-1125.54	8.741	209.79	0.8769	183.96
1/26/96	08:30 AM	24.25	100	173.85	1504.39	-1299.39	7.169	172.06	0.8769	152.44
11/27/96	08:30 AM	24.00	100	152.34	1656.73	-1451.73	6.348	152.34	0.8769	133.58
11/28/96	08:45 AM	24.25	100	143.01	1799.74	-1594.74	5.897	141.54	0.8769	125.40
11/29/96	08:45 AM	24.00	100	134.86	1934.60	-1729.60	5.619	134.86	0.8769	118.25
11/30/96	08:45 AM	24.00	100	128.05	2062.65	-1857.65	5.335	128.05	0.8769	112.28
12/01/96	08:30 AM	23.75	100	125.71	2188.36	-1983.36	5.293	127.03	0.8769	110.23
12/02/96	08:30 AM	24.00	100	123.60	2311.96	-2106.96	5.150	123.60	0.8769	108.38
12/03/96	08:30 AM	24.00	100	119.88	2431.84	-2226.84	4.995	119.88	0.8769	105.12
12/04/96	10:45 AM	26.25	100	113.76	2545.60	-2340.60	4.334	104.01	0.8769	99.75
12/05/96	03:00 PM	28.25	100	127.96	2673.56	-2468.56	4.530	108.71	0.8769	112.20
12/06/96	09:45 AM	18.75	100	94.07	2767.63	-2562.63	5.017	120.41	0.8769	82.49
12/07/96	08:00 AM	22.25	100	102.40	2870.03	-2665.03	4.602	110.45	0.8769	89.79
12/08/96	08:00 AM	24.00	100	104.90	2974.93	-2769.93	4.371	104.90	0.8769	91.98
12/09/96	07:30 AM	23.50	100	102.40	3077.33	-2872.33	4.357	104.58	0.8769	89.79
12/10/96	07:30 AM	24.00	100	102.48	3179.81	-2974.81	4.270	102.48	0.8769	89.86
12/11/96	07:30 AM	24.00	100	101.56	3281.37	-3076.37	4.232	101.56	0.8769	89.05
12/12/96	07:30 AM	24.00	100	97.40	3378.77	-3173.77	4.058	97.40	0.8769	85.41
12/13/96	07:30 AM	24.00	100	94.30	3473.07	-3268.07	3.929	94.30	0.8769	82.69
12/14/96	07:30 AM	24.00	100	96.28	3569.35	-3364.35	4.012	96.28	0.8769	84.42
12/15/96	07:30 AM	24.00	100	94.90	3664.25	-3459.25	3.954	94.90	0.8769	83.21
12/16/96	07:30 AM	24.00	100	92.57	3756.82	-3551.82	3.857	92.57	0.8769	81.17
12/17/96	07:30 AM	24.00	100	93.24	3850.06	-3645.06	3.885	93.24	0.8769	81.76
12/18/96	07:30 AM	24.00	100	92.40	3942.46	-3737.46	3.850	92.40	0.8769	81.02
12/19/96	07:45 AM	24.25	100	91.60	4034.06	-3829.06	3.777	90.66	0.8769	80.32
Total/Avg		949.67	100	4,034.06	4,034.06	-3,829.06	4.248	101.95	0.8769	3,537.33

(1) Installed larger pumping unit to increase water recovery rate.

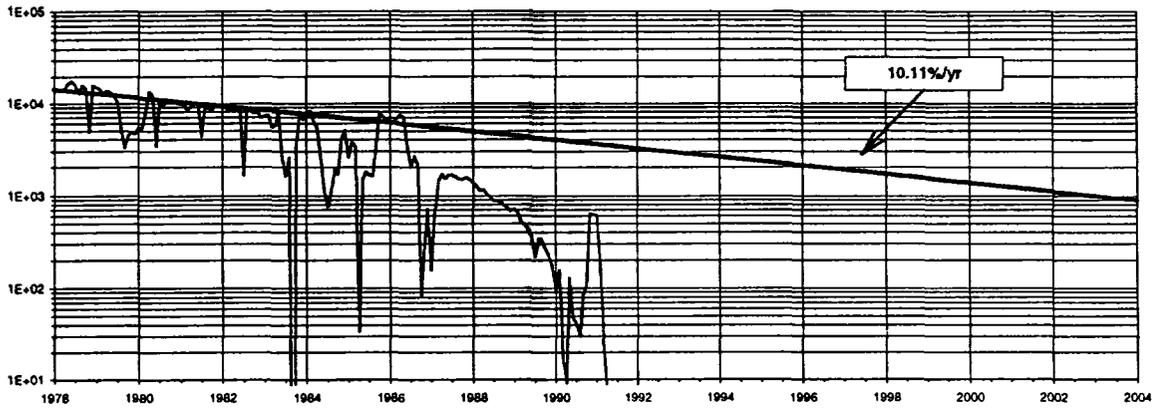
Water Hauling & Disposal Costs
 11/14/96 thru 12/22/96

<u>Date</u>	<u>Reported Water Hauled (bbls)</u>	<u>Water Hauling Cost (\$)</u>	<u>Water Disposal Cost (\$)</u>	<u>Total Cost (\$)</u>	<u>Hauling & Disposal Rate (\$/bbl)</u>	<u>Service Company</u>
11/14/96	270	178.03	0.00	178.03	0.6594	XL Transportation
11/17/96	120	118.69	0.00	118.69	0.9891	XL Transportation
11/19/96	260	232.60	0.00	232.60	0.8946	Rapid Transport
11/22/96	360	359.96	0.00	359.96	0.9999	XL Transportation
11/25/96	380	359.96	0.00	359.96	0.9473	XL Transportation
11/27/96	240	239.97	0.00	239.97	0.9999	XL Transportation
11/29/96	240	209.97	0.00	209.97	0.8749	XL Transportation
12/01/96	240	239.97	0.00	239.97	0.9999	XL Transportation
12/05/96	360	359.96	0.00	359.96	0.9999	XL Transportation
12/09/96	360	269.97	0.00	269.97	0.7499	XL Transportation
12/12/96	240	204.53	0.00	204.53	0.8522	XL Transportation
12/15/96	240	204.53	0.00	204.53	0.8522	XL Transportation
12/18/96	360	350.62	92.27	442.89	1.2303	XL Transportation
12/22/96	130	116.30	0.00	116.30	0.8946	Rapid Transport
Total/Avg	3,800	3,445.06	92.27	3,537.33	0.9309	

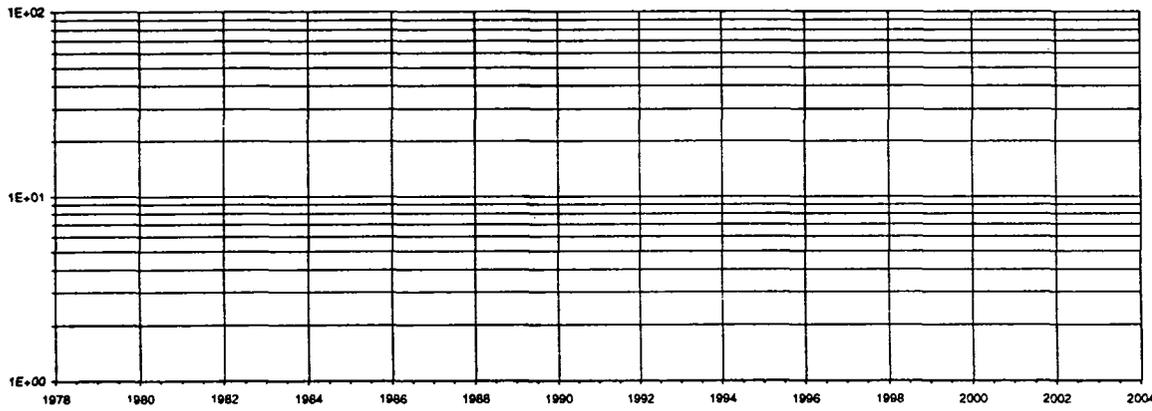
Note: Total amount of water produced as per daily drilling report was 4,034.06 bbls (from 11/9/96 to 12/19/96) for an average combined water hauling and disposal cost of \$0.8769/bbl (\$3,537.33/4,034.06 bbls = \$0.8769/bbl).

MYERS B FEDERAL RA B #30
.MAT (TANSILL, YATES SEVEN RIVERS)YS
5E 24S 37E
DOYLE HARTMAN

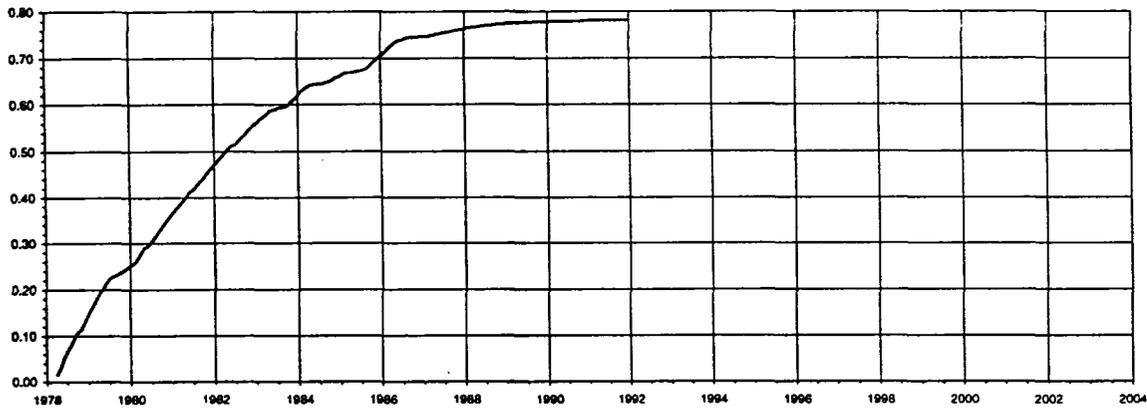
Gas Production (MCFPM)



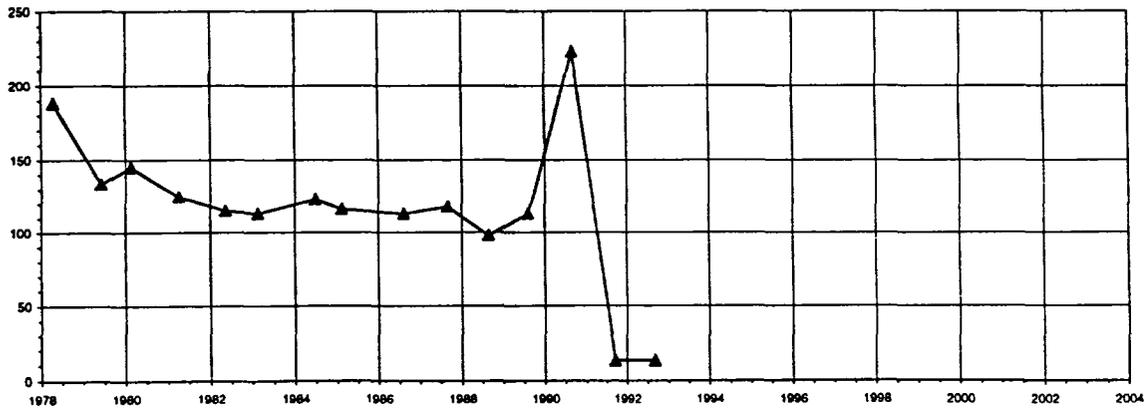
Water Production (BPM)



Cumulative Gas Production (BCF)

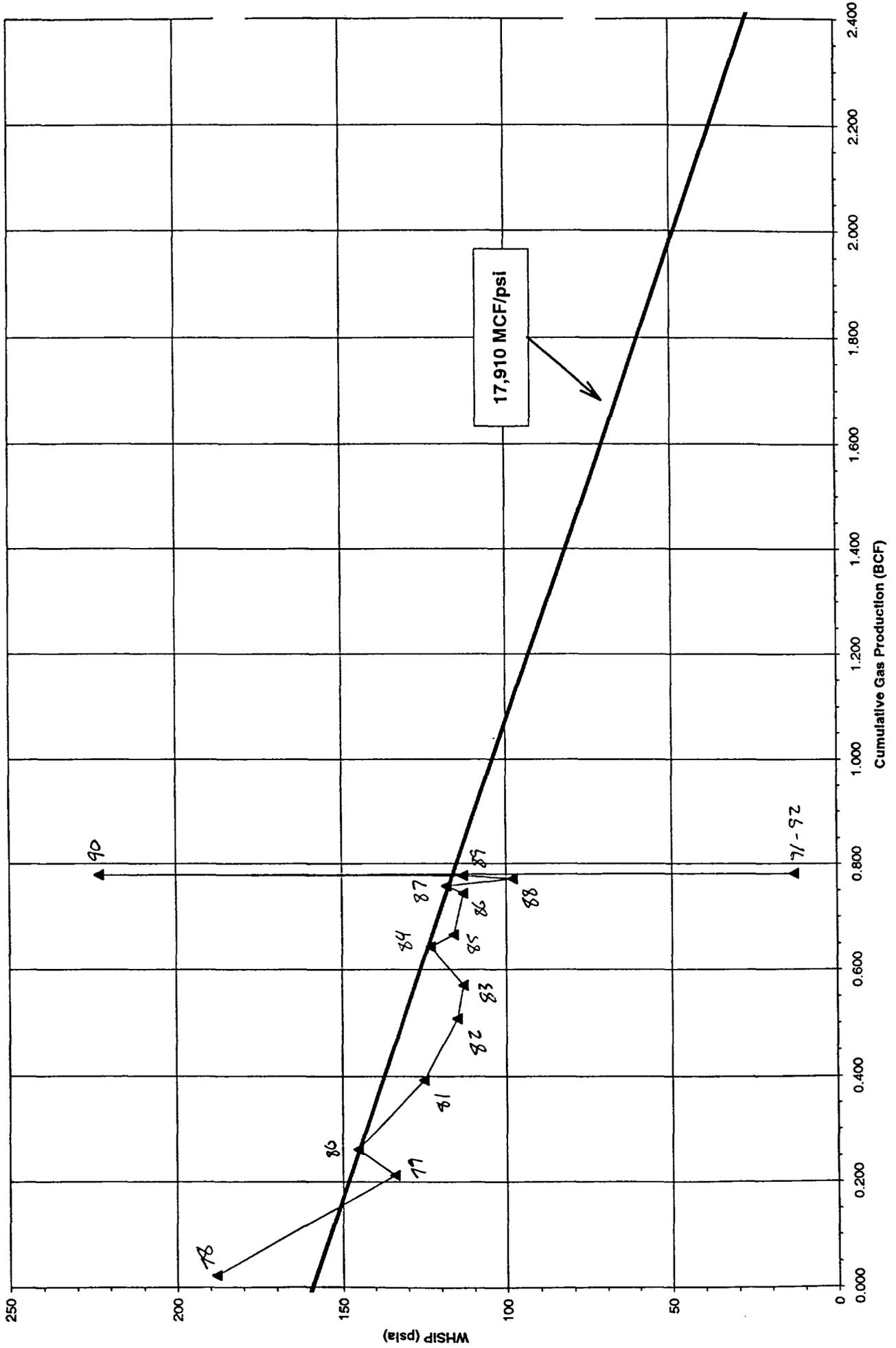


WHSIP (psia)

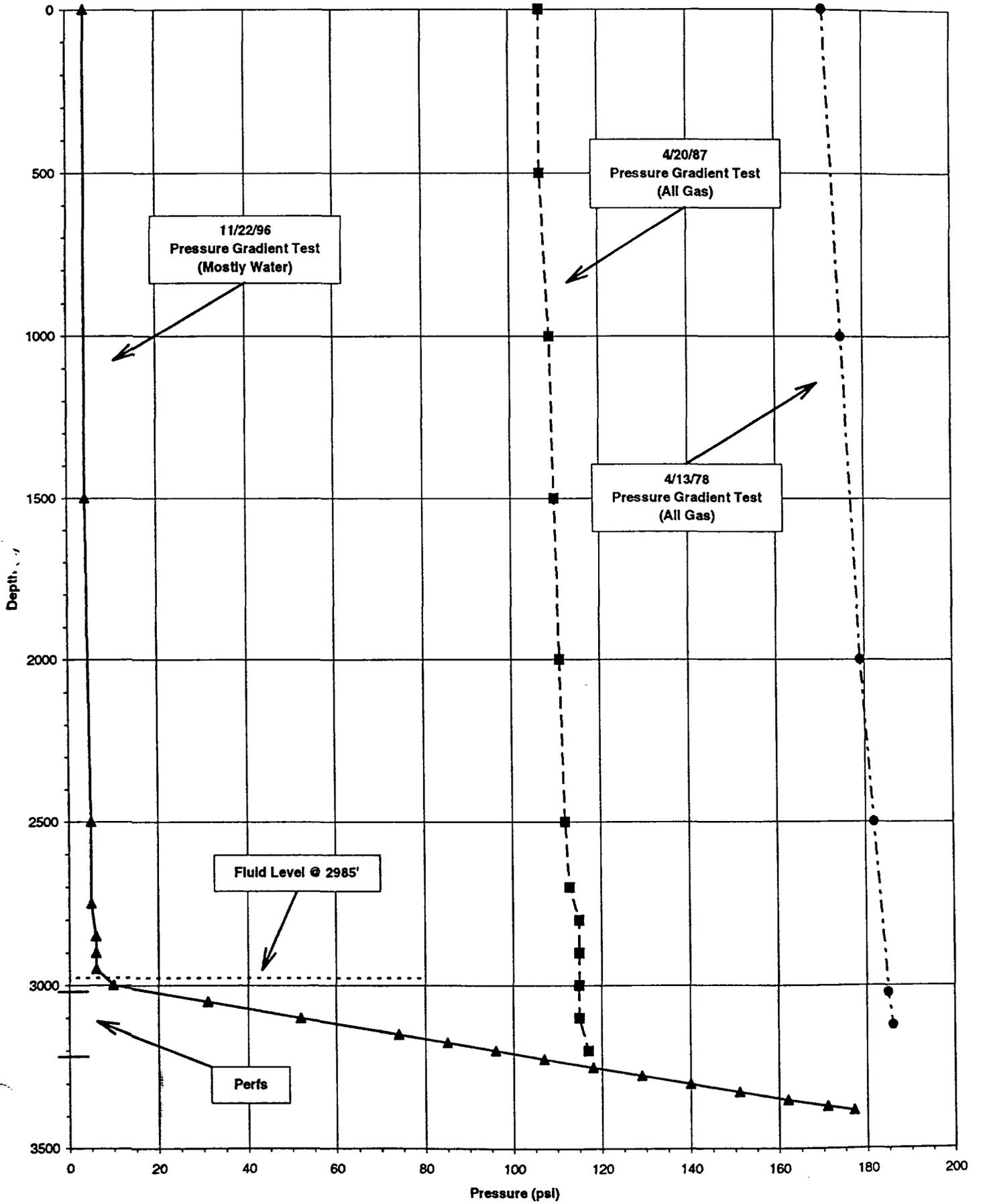


N. 1/4 S B FEDERAL RA B #30
 JALMAT (TANSILL YATES SEVEN RIVERS)YS
 5E 24S 37E
 AMOCO PRODUCTION CO

9/5/92: 0.780947 BCF



Comparison of Shutin Pressure Gradient Tests
Myers "B" Federal No. 30
E-5-24S-37E
Lea County, NM
Jalmat Gas Pool



Comparison of Shutin Pressure Gradient Tests
 Myers "B" Federal No. 30
 E-5-24S-37E
 Lea County, NM
 Jalmat Gas Pool

<u>4/13/78</u>		<u>4/20/87</u>		<u>11/22/96</u>	
<u>Depth</u>	<u>SIP (psi)</u>	<u>Depth</u>	<u>SIP (psi)</u>	<u>Depth</u>	<u>SIP (psi)</u>
0	171	0	107	0	4
1000	175	500	107	1500	4
2000	179	1000	109	2500	5
2500	182	1500	110	2750	5
3022	185	2000	111	2850	6
3122	186	2500	112	2900	6
		2700	113	2950	6
		2800	115	3000	10
		2900	115	3050	31
		3000	115	3100	52
		3100	115	3150	74
		3200	117	3175	85
				3200	96
				3225	107
				3250	118
				3275	129
				3300	140
				3325	151
				3350	162
				3370	171
				3382	177

MARTIN WATER LABORATORIES, INC.

P.O. Box 1468 Phone 943-3234 or 563-1040
Monahans, Texas 79756

RESULT OF WATER ANALYSES

709 W. Indiana Phone 683-4521
Midland, Texas 79701

Don Mashburn
O. Box 10426, Midland, TX 79702

LABORATORY NO. 1296162
SAMPLE RECEIVED 12-20-96
RESULTS REPORTED 12-23-96

API WATER ANALYSIS REPORT FORM

Company Doyle Hartman, Oil Operators		Sample No.	Date Sampled	
Field Jalmat	Legal Description		County or Parish Lea	State NM
Lease or Unit Myers "B" Federal	Well #30	Depth	Formation	Water, B/D
Type of Water (Produced, Supply, etc.) Produced		Sampling Point		Sampled By

DISSOLVED SOLIDS

CATIONS	mg/l	me/l
Sodium, Na (calc.)	21,471	933.5
Calcium, Ca	2,160	108.0
Magnesium, Mg	3,402	280.0
Barium, Ba		

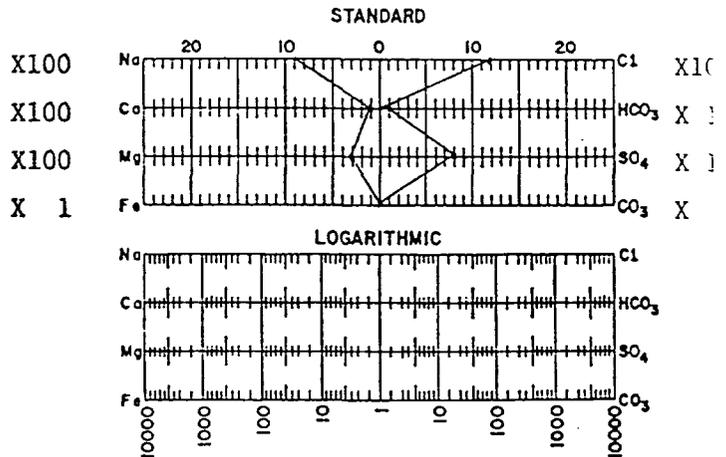
OTHER PROPERTIES

pH	7.50
Specific Gravity, 60/60 F.	1.0533
Resistivity (ohm-meters) 77° F.	0.116
Total Hardness, as CaCO ₃	19,400

ANIONS

Chloride, Cl	43,677	1,231.7
Sulfate, SO ₄	3,692	76.8
Carbonate, CO ₃	0	0.0
Bicarbonate, HCO ₃	793	13.0

WATER PATTERNS — me/l

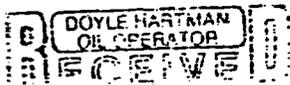


Total Dissolved Solids (calc.)
75,195

Iron, Fe (total) 5.8 0.2
Sulfide, as H₂S 159

REMARKS & RECOMMENDATIONS: In comparing the above with the water recovered from this well on 12-4-96 and reported on laboratory #129639, we see some slight changes in the levels of the salts; ~~but~~ the basic characteristics of the water have not changed. As previously stated, Yates waters in the area vary somewhat in their characteristics, but we suspect with ~~some~~ confidence that this is likely Yates water; and the consistency being experienced adds confirmation to that probability.

DH - dfe
12-27-96 home



DEC 23 1996

Waylan C. Martin

Waylan C. Martin, M.A.

FAX: Doyle Hartman, Dallas

Examples of Increase in Concentration of Dissolved Solids After Subsurface Migration from Injection Point to Sample Point

Laboratory	Texaco Rhodes "Yates" Waterflood Area				Oxy U.S.A. MLMU Waterflood Area		
	Fresh Santa Rosa Injection Water (2/12/80)	Rhodes "B" Battery Yates Prod. Wtr. (2/12/80)	Yates Water (5/11/79)	Rhodes "B" #1 Well Salado Waterflow Sample #1 (1/16/79)	Salado Waterflow Sample #2 (1/24/79)	MLMU Seven Rivers Injection Water (11/26/96)	Myers "B" No. 30 Out-of-Zone Produced Water (12/19/96)
	Martin	Martin	Tretolite	Halliburton	Halliburton	Martin	Martin
Resistivity	10.50 @ 77 °F	0.094 @ 77 °F	---	0.045 @ 74 °F	0.042 @ 74 °F	0.465 @ 77 °F	0.116 @ 77 °F
Sp. Gr.	1.0018	1.0727	1.04	1.208	1.208	1.016	1.053
pH	7.3	7.6	7.58	6.4	6.6	7.45	7.5
Total Hardness (CaCO ₃)	332	26,000	---	---	---	4,100	19,400
Calcium (Ca + +)	68	2,200	2,400	7,600	3,500	700	2,160
Magnesium (Mg + +)	39	4,982	1,944	7,440	7,320	571	3,402
Chlorides (Cl -)	88	59,656	31,108	196,000	197,000	7,954	43,677
Sulfates (SO ₄ - -)	231	4,818	4,750	2,450	3,900	1,783	3,692
Bicarbonates (HCO ₃ -)	264	537	427	245	500	1,208	793
Soluble Iron (Fe + +)	0.19	0	25	60	40	0.43	5.80
Hydrogen Sulfide (H ₂ S)	0.0	21.0	Neg.	---	---	371	159
Total Dissolved Solids	804	101,434	56,780	---	---	16,797	75,195

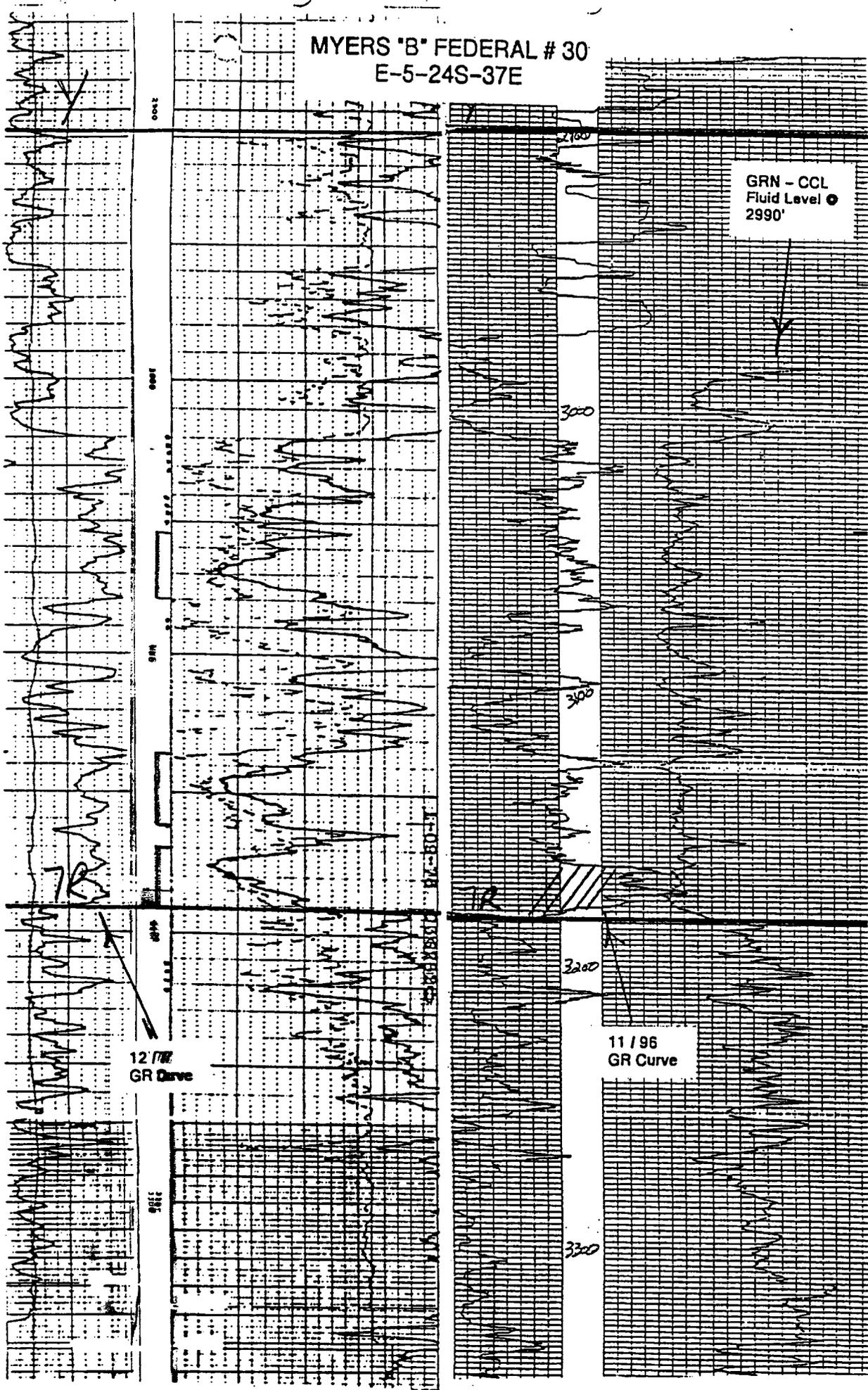
Saturations are measured in mg/L.

Water Solubilities of Evaporite Minerals (Pure Solutions)

Handbook of Chemistry and Physics Physical Constants of Inorganic Compounds

<u>Mineral</u>	<u>Water Temperature</u>		<u>Water Solubility</u>		<u>Precipitation Tendency Ranking</u>
	<u>°C</u>	<u>°F</u>	<u>g/100 ml</u>	<u>mg/L</u>	
FeS (Iron Sulfide)	18	64.4	0.00062	6.2	1
CaCO ₃ (Calcite)	25	77	0.0014	14	2
	75	167	0.0018	18	
MgCO ₃ (Magnesite)	25	77	0.0106	106	3
CaMg(CO ₃) ₂ (Dolomite)	18	64.4	0.0320	320	4
CaSO ₄ (Anhydrite)	30	86	0.2090	2090	5
	100	212	0.1619	1619	
CaSO ₄ 2H ₂ O (Gypsum)	0	32	0.2410	2410	6
	100	212	0.2220	2220	
NaSO ₄ (Thenardite)	0	32	4.76	47,600	7
	100	212	42.7	427,000	
NaCl (Halite/Salt)	0	32	35.7	357,000	8
	100	212	39.12	391,200	
KCl (Sylvite)	20	68	34.7	347,000	9
	100	212	56.7	567,000	
MgSO ₄ H ₂ O (Kieserite)	100	212	68.4	684,000	10
MgSO ₄ (Magnesium Sulfate)	0	32	26	260,000	11
	100	212	73.8	738,000	
MgSO ₄ 7H ₂ O (Epsom Salt)	20	68	71	710,000	12
	40	104	91	910,000	
CaCl ₂ (Calcium Chloride)	0	32	59.5	595,000	13
	100	212	159	1,590,000	
MgCl ₂ 6H ₂ O (Bischofite)	Cold		167	1,670,000	14
	Hot		367	3,670,000	

MYERS 'B' FEDERAL # 30
E-5-24S-37E



SUMMARY OF NEW MERGED STATUTORY UNITIZATION APPLICATIONS AND ORDERS

Case No.	Order No.	Order Date	Order Formed	Mineral Interests Unitized (MURBU/ALL)	Statutory UCA Non-Consent Exemption	Statutory UCA Non-Consent Exemption	Applicant	Unit	County	Pool	Formation	Acres Approved
1	8888	8/17/76	DLQU	ALL	Yes	Yes	Burt Royalty Company	Double L-Queen Unit	Cherokee	Double L-On Assoc.	On	2,670.1
2	5870	8/9/77	DLQU	ALL	Yes	Yes	Texason	Central Vacuum Unit	Lee	Vacuum Gb-SA	Gb-SA	3,046.2
3	8098	12/27/77	DLQU	ALL	Yes	Yes	ARCO	East Blinberry Unit	Lee	Blinberry Oil & Gas	Blinberry	3,080
4	8070	12/27/77	DLQU	ALL	Yes	Yes	ARCO	East Drinkard Unit	Lee	Drinkard	Drinkard	3,080
5	8328	9/26/78	DLQU	ALL	Yes	Yes	Merrin, Inc	Marako Jalmat Yates Unit	Lee	Jalmat	Y-On	560
6	6306	11/27/78	DLQU	ALL	Yes	Yes	Phillips Petroleum Company	East Vacuum Grayburg-San Andres Unit	Lee	Vacuum Gb-SA	Gb-SA	7,025.3
7	8652	11/30/79	NHGBSAU	ALL	Yes	Yes	Shell Oil Company	North Hobbs Grayburg-San Andres Unit	Lee	Hobbs Gb-SA	Gb-SA	10,648.53
8	8687	8/27/80	NHGBSAU	ALL	Yes	Yes	Gatty Oil	Myers Langlois Mattox Unit	Lee	Langlois Mattox	7R-On	9,360
9	7391	4/23/82	NHGBSAU	ALL	No		Harvey E. Yates Company	Travis-Payne Unit	Eddy	Travis-Upper Pennsylvania	Cisco Canyon	480
10	7598	6/30/82	NHGBSAU	ALL	Yes	Yes	Yates Drilling Company	South Loco Hills (Grayburg) Unit	Eddy	Loco Hills Gb-Gb-SA	Gb-Looco Hills Sand	1,060
11	7594	4/5/83					Harvey E. Yates Company	Carbonate Unit	Lee	North Young	Bone Spring	
12	7946	5/8/84	NHGBSAU ⁽¹⁾	ALL	Yes	Yes	J. Cleo Thompson & James Cleo Thompson Jr.	West Square Lake Unit	Eddy	West Square Lake Field	Gb-SA	3,320
13	8397	1/27/84	DLQU-NHGBSAU	ALL	Yes	Yes	Gulf Oil Corporation	Eunice Monument South Unit	Lee	Eunice Monument Oil	Gb-SA	14,189.84

Exhibit BB

**SUMMARY OF NEW MEXICO STATUTORY UNITIZATION
APPLICABLE TO MORE AND ORDERS**

Item Cl.	Case No.	Order No.	Order Date	Order Formed	Mineral Interests Unitized (M/ORD) (ALL)	Statute Conformity Existing	Statutory UDA Non-Consent Provision	Applicant	Unit	County	Pool	Formation	Acres Approved
14	8178	R-8117	10/98	NHG88AU	ALL	Yes	Yes	Murphy Operating Corporation	Bull San Andres Unit	Roosevelt	Bull-SA Assoc.	SA	1,000
15	8852	R-8344	1/7/88	DLQU	ALL	Yes	Yes	Benson-Monlin-Greer Drig Corp.	Canada Ocho Unit	Rio Arriba	West Puerto Chiquito-Marcos Oil	Marcos	68,567.235
16	8231	R-8540	1/10/87	NHG88AU	ALL	Yes	Yes	Shell Western E & P Inc.	Northwest Driftland Unit	Lee	North Eunice Blinby-Tubb-Driftland O & G	Blinby-Tubb-Driftland	4,939
17	8210	R-8557	12/87	NHG88AU	ALL	Yes	Yes	Petco Oil Company	Twin Lakes San Andres Unit	Chaves	Twin Lakes-SA Assoc.	SA	4,863.82
18	8808	R-8905	4/12/89	NHG88AU	ALL	Yes	Yes	Reed & Stevens, Inc.	Bunker Hill Unit	Eddy	Bunker Hill Fenrose Assoc.	Fenrose	1,300
18	8836	R-8820 Dismissed	5/5/89					Grand Resources Inc	Mesa-Gallup Unit	San Juan	Mesa-Gallup Oil	Gallup	
20	8738	R-8028	10/20/89	NHG88AU	ALL	Yes	Yes	Kell Oil and Gas, Inc.	Cato San Andres Unit	Chaves	Cato-SA	SA	15,321.83
21	8809	R-8075	12/14/89	NHG88AU	ALL	Yes	Yes	Yates Drilling Company	Cactus Queen Unit	Chaves	SE Chaves On Gas Area Assoc.	Qn	590
22	10082	R-8336	10/29/80	NHG88AU ^(a)	ALL	Yes	Yes	OXY USA, Inc.	Central Corbin Queen Unit	Lea	Central Corbin-On	Qn	1,561.19
23	10102	R-8359	11/13/80	NHG88AU	ALL	Yes	Yes	Sage Energy Company	North Vacuum (Abo) North Unit	Lea	North Vacuum-Abo	Abo	1,762.79
24	10183	R-8454	3/12/81	NHG88AU ^(a)	ALL	Yes	Yes	Beech Exploration Inc.	Red Lake Unit	Eddy	East Red Lake-On-Gb	Qn	1,131.24
25	10259	R-8482	4/8/91	NHG88AU	ALL	Yes	Yes	Chevron, USA, Inc.	Arrowhead Grayburg Unit	Lea	Arrowhead-Gb	Gb	5,922.28
26	10253	R-8484	5/1/91	DLQU-NHG88AU	ALL	Yes	Yes	Amerada Hess Corporation	North Monument Grayburg-San Andres	Lea	Eunice Monument-Gb-SA	Gb-SA	13,385
27	10341	R-8518	7/22/91	NHG88AU	ALL	Yes	Yes	Marathon Oil Company	Tamano (BSSC) Unit	Eddy	Tamano-Bone Spring	Bone Spring Second Carbonate	890

**SUMMARY OF NEW MEXICO STATUTORY UNITIZATION
APPLICATIONS AND ORDERS**

Sum. CL	Case No.	Order No.	Order Date	Order Format	Mineral Interests Utilized (NORMO/ALL)	Statute Conformity Finding	Statutory UOA Non-Consent Provision	Applicant	Unit	County	Pool	Formation	Acres Approved
28	10518	R-8710	8/23/82	NHGBSAU	ALL	Yes	Yes	Texas Exp. & Prod., Inc.	Vacuum Glorinda West Unit	Lee	Vacuum-Glorinda	Glorinda-Paddock	2,778.86
29	10553	R-8748	10/23/82	DLQU-NHGBSAU	ALL	Yes	Yes	ARCO Oil & Gas Company	South Justis Unit	Lee	South Justis Blinthey-Tubb-Drainard	Blinthey-Tubb-Drainard	5,360
30	10518	R-8821	1/8/83	NHGBSAU	ALL	Yes	Yes	State Oil & Gas Company	Partway Delaware Unit	Eddy	Partway-Delaware	Delaware	920
31	9838	R-9881 Dismissed	3/23/83					Grand Resources, Inc.	Mesa Gallup Unit	San Juan	Mesa-Gallup Oil	Gallup	
32	10685	R-8884 R-8884 A	5/19/83	NHGBSAU	ALL	Yes	Yes	Hanson Operating Company, Inc.	Benson Shugart Waterflood Unit	Eddy	Staugart Y-7R-QH-Gb	Y-7R-QH-Gb	911
33	10781	R-8985	10/13/83	NHGBSAU	ALL	Yes	Yes	Newbourne Oil Company	Quebracho Plains Bone Spring Sand Unit	Lee	Quebracho Plains-Upper Bone Spring	Upper Bone Spring	2,400
34	10810	R-7900-A	10/28/83	NHGBSAU	ALL	Yes	Yes	Marbob Energy Corporation	Burch-Keety Unit	Eddy	Gb-Jackson	7R-QH-Gb-SA	5,149.44
35	10830	R-10093	4/5/84	CMU	ALL	Yes	No	The Wiser Oil Company	Caprock Maljamar Unit	Lee	Maljamar Gb-SA	Gb-SA	4,160
36	10859	R-10123	5/31/84	NHGBSAU	ALL	Yes	Yes	Newbourne Oil Company	Quebracho Plains-Queen Assoc. Sand Unit	Lee	Quebracho Plains-On Assoc.	On-Pennose Sand	1,520
37	11114	R-10248	1/15/84	NHGBSAU	ALL	Yes	Yes	Great Western Drilling Co.	South Carter (San Andres) Unit	Lee	South Carter-SA	SA	624
38	11195	R-10449	8/28/85	NHGBSAU	ALL	Yes	Yes	Gillette-Crow, Inc.	West Lovington Strawn Unit	Lee	West Lovington-Strawn	Strawn	1,458.95
39	11298	R-10480-B	3/12/86	NHGBSAU	ALL	Yes	Yes	Exxon Corp.	Avaton (Delaware) Unit	Eddy	Avaton-Delaware	Good Sheep Reef-Bone Springs-Cherry Canyon-Bright Cotton	2,118.78
40	11582	R-10740 Dismissed	1/27/87					Shelton Oil Corp.	Shelton State 16 Unit	Lee			
41	11703	#						Parker & Parsley Dev., L.P.	Luak West (Delaware) Unit	Lee	West Luak-Delaware		

**SUMMARY OF NEW MEXICO STATUTORY UNITIZATION
APPLICATIONS AND ORDERS**

Client CL	Case No.	Order No.	Order Date	Order Formal	Mineral Interests Unitized (NIMOCU/ ALL)	Statute Conformity Finding	Statutory LOA Non-Consent Provision	Applicant	Unit	County	Pool	Formation	Acres Approved
42	11724	(1)						Gillette-Crow, Inc	West Lovington Strain	Lee	West Lovington-Strain	Strain	

Footnotes:

- (1) Statutory Unitization approved by 100% of the Working Interest Owners but less than 100% of the Royalty Interest Owners.
- (2) At the statutory unitization hearing, Oxy's attorney agreed to the exclusion of a non-consent penalty against non-consenting parties.
- (3) Non-consent penalty reduced by NIMOCU from 400% to 200%.
- (4) Per Florence Davidson, OCD orders not issued as of 6-6-97.

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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASES 10062, 10063, 10064

EXAMINER HEARING

IN THE MATTER OF:

- Application of OXY USA, Inc., for Statutory Unitization, Lea County, New Mexico
- Application of OXY USA, Inc., for a Waterflood Project, Lea County, New Mexico
- Application of OXY USA, Inc., for Pool Contraction and Extension, Lea County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 5, 1990

ORIGINAL

CUMBRE COURT REPORTING
(505) 984-2244

Exhibit CC

1 Q. Your plan then is to not inject into the
2 #12 injector in the, I guess that's the southwest of
3 the northwest of 3?

4 A. Right.

5 Q. That's the #12 injector? You will not
6 convert that to injection until you've satisfied Mr.
7 Sexton that the two wells you've already identified
8 have been properly cemented?

9 A. Right.

10 Q. Other than those two within the half-mile
11 area of review, do you find any other problem well?

12 A. No.

13 Q. Do you propose to institute waterflood
14 using some limitation of your surface injection
15 pressure?

16 A. Right now we propose to start at an
17 injection pressure of 840 psi.

18 Q. Will that convert to .2 psi per foot of
19 depth?

20 A. That's equivalent to .2 psi per foot, yeah.

21 Q. What's that pressure again?

22 A. 840 psi.

23 Q. What is the source of the water to be used
24 for the waterflood?

25 A. There are three separate sources that we

EXAMINATION

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BY MR. STOVALL:

Q. Is there a provision in either the Unit Agreement or the Unit Operating Agreement for carrying of nonconsenting parties? I'll preface that by saying that I didn't find one as I skimmed through it?

A. No, sir, there isn't. And the only reference I would make to that would be that under the Statutory Unitization Act in 70-7, provision (F) it does say that in the event you have a nonconsenting working interest party, that they could be subject to cost, 100 percent plus 200 percent penalty. The question never came up except one of Santa Fe Exploration's working interest parties asked me would he would be exposed to that, and I said I could not answer that. There was a provision under the Act--

Q. Let me interrupt you here, Mr. Dickenson. I'm reading 70-7-7, "...and shall approve or prescribe a plan for a Unit Agreement for unit operations which shall include"--and I'll go to your paragraph (F)--"a provision for carrying any working interest owner unlimited during a net profits basis," and further down it provides, "carrying plus an amount not to exceed 200 percent."

My interpretation of that statutory

1 provision is that the Unit Agreement or Unit Operating
2 Agreement needs to have that provision for carrying
3 included in it. Would you been willing to amend the
4 Agreement?

5 MR. KELLAHIN: No, sir. Mr. Stovall, we've
6 made the conscious decision not to seek the nonconsent
7 provisions that apply in the statute and it's been
8 intentionally deleted from the operating agreement.

9 MR. STOVALL: So, in effect the
10 nonparticipating interest would be carried at no
11 penalty?

12 MR. KELLAHIN: That's right.

13 EXAMINER STOGNER: Any other questions of
14 this witness? If not, Mr. Dickenson--

15 THE WITNESS: If I might, in response to
16 Mr. Stovall--

17 MR. STOGNER: Mr. Kellahin?

18 MR. KELLAHIN: There's no question before
19 you, Mr. Dickenson.

20 EXAMINER STOGNER: Okay. Mr. Dickenson,
21 you may be excused.

22 MR. KELLAHIN: That concludes our
23 presentation, Mr. Examiner.

24 EXAMINER STOGNER: Mr. Padilla, do you have
25 a witness?

1 MR. PADILLA: Can I take a short break? I
2 think I can reduce it to one. I do have one.

3 EXAMINER STOGNER: Let's take about a
4 ten-minute recess at this time.

5 (Thereupon, a recess was taken.)

6 EXAMINER STOGNER: The hearing will come to
7 order. Let's see, we wish to recall Mr. Dickenson at
8 this time. Mr. Stovall has a question.

9 CHARLES E. DICKENSON

10 the witness herein, after having been previously duly
11 sworn upon his oath, was examined and testified
12 further as follows:

13 EXAMINATION

14 BY MR. STOVALL:

15 Q. Mr. Dickenson, you testified as to the
16 overhead rates, and I'm particularly talking about the
17 producing well rate of \$735 and I will state that
18 that's probably higher than the Division normally
19 grants.

20 However, you did make some statement, and
21 as I look on page 2 of the COPAS attached to the
22 operating agreement, did I understand you correctly to
23 say you are including, within that overhead charge,
24 rather than as a direct charge, items which under the
25 COPAS are normally provided for as a direct charge?