



Chevron U.S.A. Inc.

P.O. Box 1635, Houston, TX 77251 • Phone (713) 754-2681

Ray M. Vaden
Land Representative
Interior Division
Land Department
Central Region

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>Chevron</u> EXHIBIT NO. <u>40</u> CASE NO. <u>10059-61</u>

July 9, 1990

C E R T I F I E D

Royalty and Overriding Royalty
Interest Owners in the Proposed
Expansion Area "B" of the
Eunice Monument South Unit
Lea County, New Mexico

Request to Join in the Expansion
of the Eunice Monument South Unit
as a Subsequent Joinder Under
the Terms of the Unit Agreement
and the New Mexico Statutory
Unitization Act
(N.M.S.A. 70-7-1 through 70-7-21)

Dear Royalty Owner:

The working interest owners of the existing Eunice Monument South Unit (EMSU) and the working interest owners of the proposed Unit Expansion Area "B" shown on the enclosed map labeled Exhibit "A" have elected to expand the Unit. The expansion will take in 3000 additional acres and is shown on the enclosed Exhibit "A" and Exhibit "B" as tracts 102 through 112.

The costs of the enhanced recovery operations will be borne by the working interest owners and not the royalty or overriding royalty owners. It is estimated that approximately 13.5 million barrels of additional oil will be recovered from the Unit Expansion Area B through waterflood operations. The enclosed Royalty Owners Overview was prepared and mailed to the owners in the original unit area in 1984, and since the general information on the unit applies to your interest in the expansion area, it should help explain the proposed operations to you.

I have enclosed a copy of the EMSU Unit Agreement for your file and for your reference. We are planning to expand the unit under the general terms of section 4 of the enclosed Unit Agreement and under the New Mexico Statutory Unitization Act. We will be sending notice of the expansion and the hearing date in the near future.

In order to proceed with our unitization, please sign before a notary public, all seven copies of the enclosed Eunice Monument South Unit Ratification and Joinder (with addendum attached). Please retain one

signed and notarized copy for your files and return the remaining six copies in the enclosed, self-addressed postage paid envelope on or before August 10, 1990. We will file two originals of the Ratification with the Bureau of Land Management, one with the New Mexico Oil Conservation Division, one with the New Mexico State Land Office, one will be recorded in the courthouse records of Lea County, New Mexico, and one will be retained in Chevron's unit file.

If you have any questions in this regard, please call or write me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ray M. Vaden", with a long horizontal flourish extending to the right.

Ray M. Vaden
Land Representative

RMV:Imm850
Enclosure

CORPORATE ROYALTY JOINDER

ROYALTY AND OVERRIDING
ROYALTY INTEREST OWNERS

RATIFICATION AND JOINDER OF THE UNIT AGREEMENT
OF THE EUNICE MONUMENT SOUTH UNIT,
LEA COUNTY, NEW MEXICO

In consideration of the execution of the Unit Agreement for the Development and Operation of the Eunice Monument South Unit Area, County of Lea, State of New Mexico, dated June 22, 1984, in form approved on behalf of the Secretary of the Interior and the state of New Mexico, the undersigned (whether one or more) hereby expressly joins said Unit Agreement and ratifies, approves, adopts and confirms said Unit Agreement as fully as though the undersigned had executed the original agreement, SUBJECT TO THE TERMS AND CONDITIONS OF THE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this _____ day of _____, 19__.

By _____

Address:

THE STATE OF §

COUNTY OF §

The foregoing instrument was acknowledged before me this _____ day of _____, 19__, by _____, _____, for/of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

ROYALTY AND OVERRIDING
ROYALTY INTEREST OWNERS

RATIFICATION AND JOINDER OF THE UNIT AGREEMENT
OF THE EUNICE MONUMENT SOUTH UNIT,
LEA COUNTY, NEW MEXICO

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EXECUTED this _____ day of _____, 19__.

Address:

THE STATE OF §
COUNTY OF §

The foregoing instrument was acknowledged before me this _____ day of _____, 19__, by _____.

My Commission Expires:

R 36 E

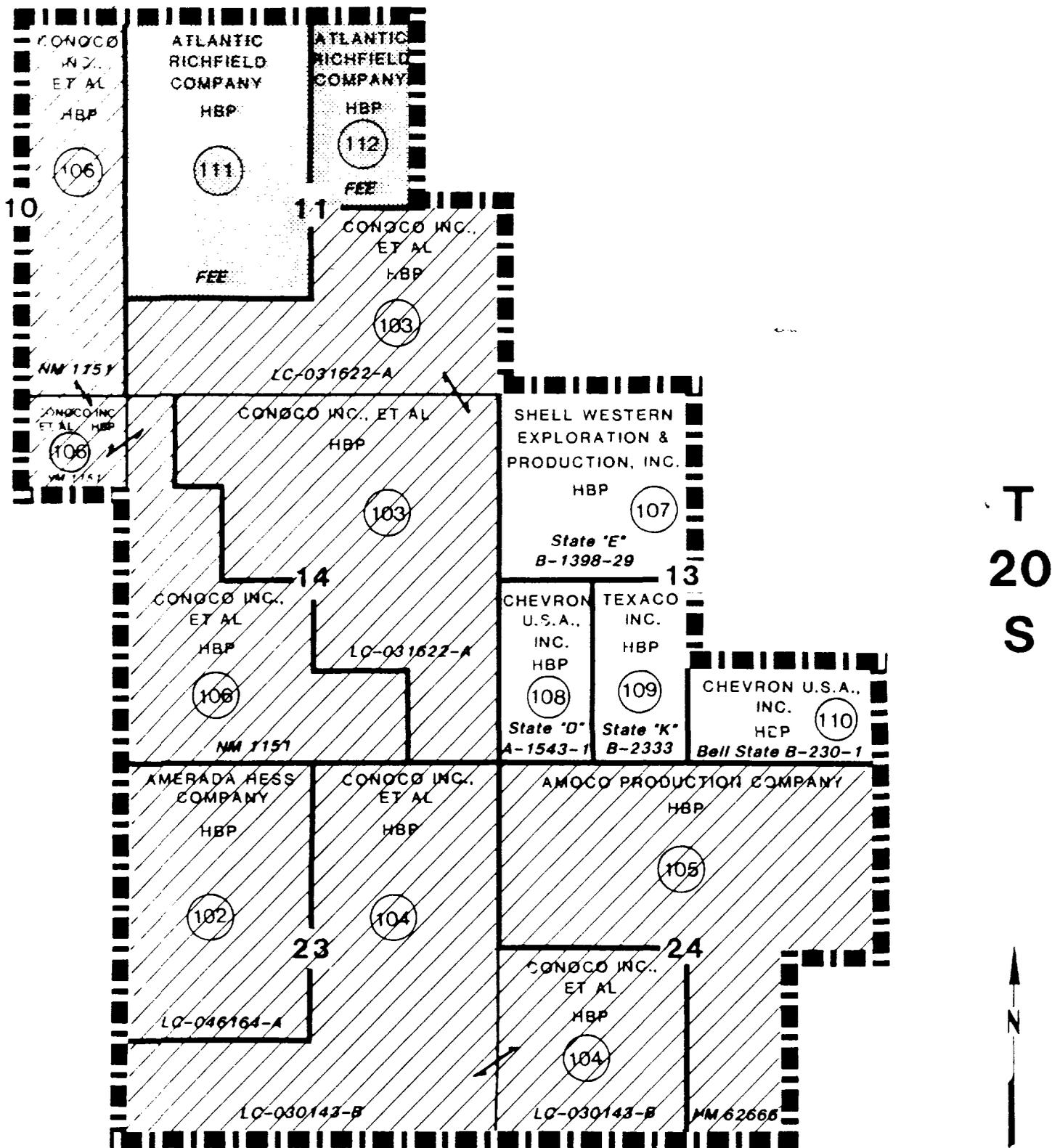
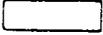


EXHIBIT "A"

EUNICE MONUMENT SOUTH UNIT EXPANSION AREA "B"

LEA CO., NEW MEXICO
UNIT EFFECTIVE 2-1-85
EXPANDED/REV. 9-1-90

CHEVRON U.S.A. INC.
HOUSTON, TEXAS

	ACREAGE	PERCENTAGE
	FEDERAL LANDS	2280 78.00
	STATE LANDS	400 13.33
	PATENTED LANDS	320 10.67
	TOTAL	3000 100.00

 UNIT OUTLINE  TRACT NUMBER



NOTE: UNLESS OTHERWISE INDICATED, THE VARIOUS SECTIONS ON THIS PLAT CONTAIN 640.00 ACRES

R 36 E | R 37 E

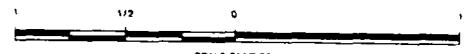
UNIT AREA "B"

T
20
S

UNIT AREA "B"			
	ACREAGE	PERCENTAGE	
	FEDERAL LANDS	2.280	76.00
	STATE LANDS	400	13.33
	PATENTED LANDS	320	10.67
	TOTAL	3,000	100.00
UNIT AREA B OUTLINE			90 TRACT NUMBER

UNIT AREA "A"			
	ACREAGE	PERCENTAGE	
	FEDERAL LANDS	2,734.76	19.27
	STATE LANDS	8,274.80	58.32
	PATENTED LANDS	3,180.28	22.41
	TOTAL	14,189.84	100.00
UNIT AREA A OUTLINE			103 TRACT NUMBER

UNIT AREAS "A" & "B" OF THE EUNICE MONUMENT SOUTH UNIT			
	ACREAGE	PERCENTAGE	
	FEDERAL LANDS	5,014.76	29.17
	STATE LANDS	8,674.80	50.47
	PATENTED LANDS	3,500.28	20.36
	TOTAL	17,189.84	100.00
UNIT BOUNDARY			90 TRACT NUMBER



NOTE: UNLESS OTHERWISE INDICATED THE VARIOUS SECTIONS ON THIS PLAN CONTAIN 640 ACRES

R 36 E

R 37 E

UNIT EFFECTIVE 2-1-85
UNIT EXPANSION AREA "B" ADDED
EFFECTIVE _____ 1990

REV. 10-4-84
REV. 2-1-85
REV. 3-20-90

R 35 E

T
21
S

R 36 E

UNIT AREA "A"

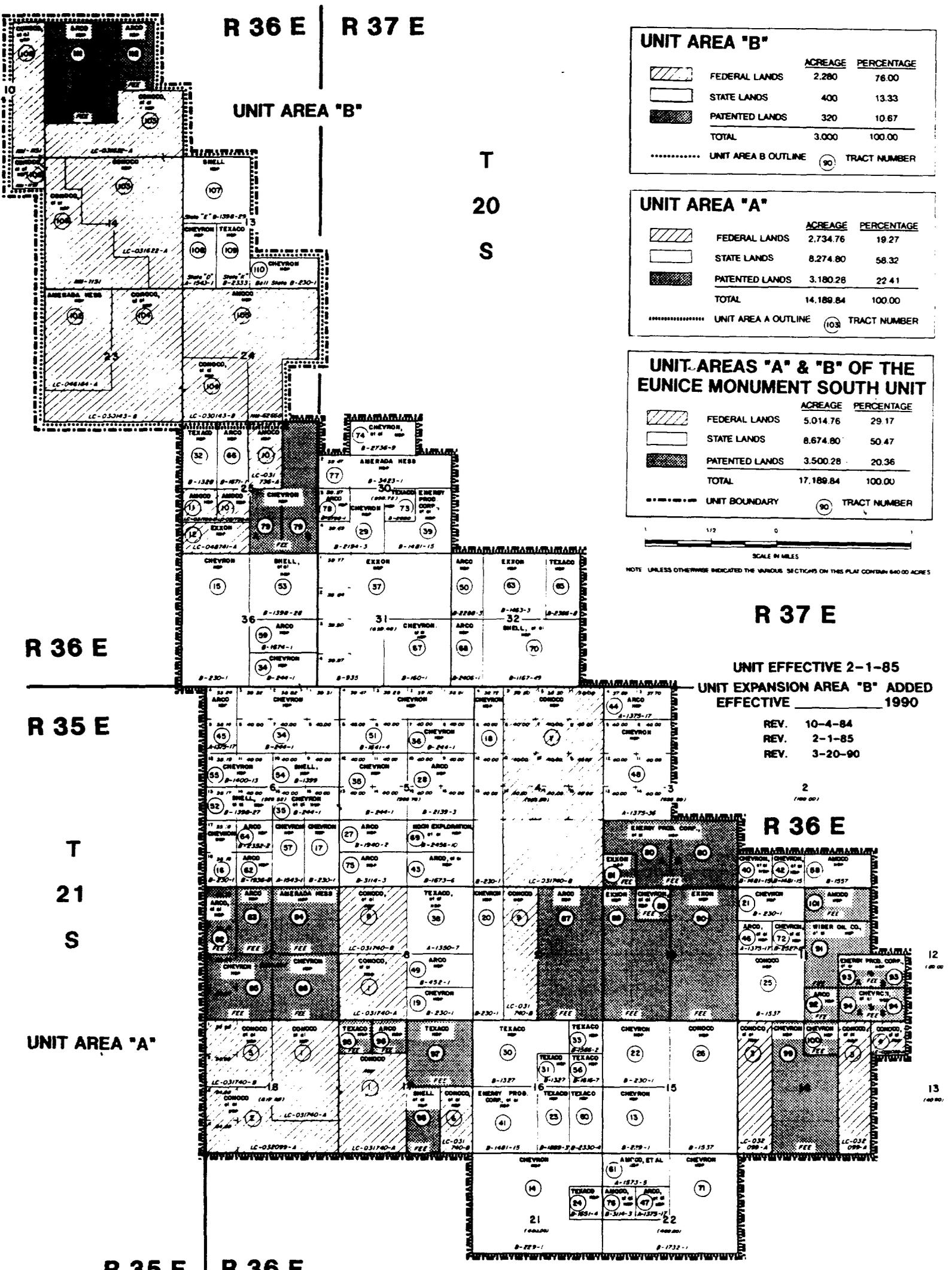
R 35 E | R 36 E

EXHIBIT "A"

EUNICE MONUMENT SOUTH UNIT AREA

LEA COUNTY, NEW MEXICO

CHEVRON U.S.A. INC.
HOUSTON, TEXAS



UNIT EXPANSION AREA B

EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
IN ACCORDANCE WITH THE PARTICIPATION FORMULA FOR THE UNITIZED FORMATION FOR THE
EUNICE MONUMENT SOUTH UNIT AREA
LEA COUNTY, NEW MEXICO
6-1-90

TRACT NO. AND TRACT NAME	DESCRIPTION OF LAND	ACRES	SERIAL NO. AND EFFECTIVE DATE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PARTICIPATION OF TRACT IN UNIT AREA B
102 Andrews Federal	T-20-S, R-36-E, NMPH Sec. 23: NW/4, N/2SW/4	240	LC-046164-(a) HBP 09/23/35 Renewal 09/01/85	U.S.A. Schedule "C"	Amerada Hess Corp.	Jeanne A. Saunders Trust 2.5%	Amerada Hess	100% 1.71687894
103 Sanderson "A"	T-20-S, R-36-E, NMPH Sec. 14: NE/4, W/2SE/4, SE/4SE/4, E/2NW/4, E/2 NW4/NW/4 Sec. 11: SE/4, S/2SW/4	620	LC-031622-(a) HBP 10/30/36 Exchanged 10/01/56	U.S.A. Schedule "C"	Helen T. Sanderson	Lena Grace Westra .70311% Glynn H. Sanderson .70311% Francis K. Thompson .70314% Francis Thompson .70314% Western Mineral 2.81250% Deed Assoc.	Conoco Inc. Amoco Prod. Co. Atlantic Richfield Co. Chevron U.S.A. Inc.	25% 33.58429396 25% 25% 25% 25%
104 Reed "B"	T-20-S, R-36-E, NMPH Sec. 23: E/2, S/2SW/4 Sec. 24: SW/4	560	LC-030143-(b) HBP 02/01/37 Exchanged 06/01/57	U.S.A. Schedule "D"	Conoco, Inc. Chevron U.S.A. Inc. Amoco Prod. Co. Atlantic Richfield Co. Chevron U.S.A. Inc.	None 25% 25% 25% 25%	Conoco, Inc. Amoco Prod Co. Atlantic Richfield Co. Chevron U.S.A. Inc.	25% 14.03162305 25% 25% 25% 25%

PARTICIPATION

TRACT NO. AND TRACT NAME	DESCRIPTION OF LAND	ACRES	SERIAL NO. AND EFFECTIVE DATE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PARTICIPATION OF TRACT IN UNIT AREA B	
								AREA B	
105	Gilluly "A"	400	T-20-S, R-36-E, N4PM Sec. 24: N/2, W/2SE/4	U.S.A. Schedule "C"	Amoco Prod. Co.	Andrews, Selma E. Trust 5188 Beans Minerals Company Braille Institute of America Inc. Brauchli, C R Dolley, Robert C Gallant, Clardean Haenni, Margaret B Jenkins, Marlin H and or Muriel L Jenkins, Harvin G Kefer, Leonard D Maccaughtry, Lina R and Lawrence R Oryx Energy Company Payne, Julia H Payne, Julia H, Trustee Union Texas Petroleum Corporation Ward, Daniel Robert Ward, Linda Dolley	Amoco Prod. Co.	100%	16.71064916
106	U. M. Sanderson	460	T-20-S, R-36-E, N4PM Sec. 10: E/2E/2 Sec. 14: SW/4NW/4, SW/4, SW/4SE/4, W/2NW/4NW/4 Sec. 15: NE/4NE/4	U.S.A. Schedule "C"	Helen T. Sanderson	None	Conoco, Inc. Amoco Prod. Inc. Atlantic Richfield Co. Chevron U.S.A. Inc.	25%	7.70321920

TRACT NO. AND TRACT NAME	DESCRIPTION OF LAND	ACRES	SERIAL NO. AND EFFECTIVE DATE	BASIC ROYALTY OWNER AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	PARTICIPATION
								OF TRACT IN UNIT AREA B
107 State "E"	T-20-S, R-36-E, N/4 Sec. 13: NW/4	160	B-1398-29 HBP 01/26/28	State of New Mexico 12 1/2%	Shell Western E & P, Inc. and El Paso Natural Gas Co.		Shell Western E & P, Inc.	100% 4,469,939,289
108 State "D"	T-20-S, R-36-E, N/4 Sec. 13: W/2SW/4	80	A-1543-1 HBP 12/29/28	State of New Mexico 12 1/2%	Chevron U.S.A. Inc.		Chevron U.S.A. Inc.	100% 3,372,643,19
109 State "K"	T-20-S, R-36-E, N/4 Sec. 13: E/2SW/4	80	B-2333-3 HBP 01/02/29	State of New Mexico 12 1/2%	Texaco Producing Co. U.S.A. Inc.		Texaco Prod. Co. U.S.A. Inc.	100% .642,943,28
110 Bell State	T-20-S, R-36-E, N/4 Sec. 13: S/2SE/4	80	B-230-1 HBP 09/10/31	State of New Mexico 12 1/2%	Chevron U.S.A. Inc.		Chevron U.S.A. Inc.	100% 2,193,733,12

4 STATE TRACTS TOTALING 400 ACRES OR 13.33% OF UNIT AREA

TRACT NO. AND TRACT NAME DESCRIPTION OF LAND ACRES LEASE STATUS BASIC ROYALTY OWNER AND PERCENTAGE OVERRIDING ROYALTY OWNER AND PERCENTAGE WORKING INTEREST OWNER AND PERCENTAGE PARTICIPATION OF TRACT IN UNIT AREA B

111 W. P. BYRD T-20-S, R-36-E, N/4, NW/4 240 HBP Elsie D. Bickford & Harold E. Bickford Irrevocable Trust Ruth C. Kendall Jane Jennings Charles Downing Elizabeth G. Anderson Co-Trustee of the R. G. Anderson Consolidated Trust The Estate of Lucille T. Smith Jimmy Joe Hooper Jeannine Hooper Byron Leland Downing Melinda Investment Corp. The W A Yeager Group KFC Acquisition Corp. Geodyne Resources, Inc. First City, Texas-Midland NA, Trustee U/W/O James G Armstrong G William Hurley Hugh Corrigan, III Dannie A. Carter Jerome T. Hanners Marvin M. Rosen, Trustee U/T/A Dated 2-16-79 F/B/O K Blair Dawson, Laura C Dawson and Bethany E Dawson Amroy Co Atlantic Richfield Co. 100% 10.80886931

Patented Lands: .5

Basic Royalty: .097660 .026045 .008681 .008682 .043400 .045570 1.388887% 1.388887% .008682% .082460 .17362% .173610% 2.734370% .173610 .43400 .260410 .001080 .039060 .048820 .51690

John M Mouser Company	.173610
NCNB Texas National Bank, As Successor Escrow Agent	.520840
Sabine Royalty Trust	
Eula Corder	.000030
J Patrick Corrigan	.250420
Bank of Oklahoma, Tulsa, M A, F/A/O Mary Elizabeth Eillinghausen	.007520
Rollins M Koppel	.001090
Hosea V Price	.000010
Ann Stierberg Stone	.001090
Dorothy Duestiger	.026045
The Greenfield Family Trust	.048830
Edwin F Hyland	.032550
Christine Harfield and Nancy Monteith	.078120
Penn Royalty Company	.001830
Irma J Rushing	.0347230
Frances Schneider	.019530
Panona College	.032550
The Estate of William B Baker	.045170
Deltex Royalty Company	.0520830
The Estate of Marie Eillinghausen	.071610
The Estate of Emma M Griggs Dec	.000010
Harlow Royalties, Inc.	.000430
Jerry L Hooper	1.388886
James W Knowles	.347220
Marion L Meader	.000120
Luther C Anderson, Charles W Partridge and Carl M Franklin, as Trustees Under the Will of Seley G Mudd	.195310
The Estate of Jack Skaggs	.001090
May Enterprises, Inc.	.00520830
Hack W Woldridge	.0694440
Hack W Woldridge	.347220

TRACT NO. AND TRACT NAME	DESCRIPTION OF LAND	ACRES	LEASE STATUS	BASIC ROYALTY		OVERRIDING ROYALTY OWNER AND PERCENTAGE		PARTICIPATION	
				OWNER AND PERCENTAGE		OWNER AND PERCENTAGE		WORKING INTEREST OWNER AND PERCENTAGE	OF TRACT IN UNIT AREA B
112 M. J. Byrd	T-20-S, R-36-E, NMPM Sec. 11: W/2NE/4	80	HBP					Atlantic Richfield Co.	100% 4.76173390
PATENTED LANDS:									
				Elsie D Bickford & Harold E Bickford	.097660				
				Irrevocable Trust					
				Timothy Ian Thompson	.078120				
				Timothy Ian Thompson	.078130				
				Ruth C Kendall	.026045				
				Jane Jennings	.08681				
				Charles Downing	.08682				
				The Estate of Lucille T. Smith	.045570				
				Leland Downing	.08682				
				Janice Lynn Cleboski	.011785				
				M G Muroch	.078130				
				Geodyne Resources, Inc.	.05859370				
				Bank of Oklahoma, N A, Trustee of the Nitver Oil and Gas Trust	.01145830				
				Jerome T Hammers	.039060				
				Roy G Barton Jr	.0117185				
				Marvin M Rosen, Trustee U/T/A Dated 2-15-79 F/8/0	.048830				
				M Blair Danson, Laura C Danson, and Bethany E Danson					
				Amroy Co	0.035778				
				NCRB Texas National Bank, As Successor Escrow Agent	.0520830				
				Sabine Royalty Trust					
				Eula Corder	.000160				
				Bank of Oklahoma, Tulsa, N A, F/A/Q Mary Elizabeth Ellinghausen	.008470				

Alice H Af Petersens	.234380
Poulton Farm Limited	.158250
for the Acct of Herbert	
Edward Hill	
Hosaa V Price	.000020
Anne H Warner	.0234370
Dorothy Dueriger	.013020
Dorothy Dueriger	.04340
Dorothy Dueriger	.06515
Dorothy Dueriger	.02170
Peter G Greenfield	.048830
Trustee of the	
Greenfield Family Trust	
Official Receiver for	.078130
Michael I A Mendoza	
Edwin F Hyland	.032550
Christine Harfleet	.078120
and Nancy Montelch	
Penn Royalty Company	.010700
Ruby Ridgway	.937500
Frances Schneider	.13020
Frances Schneider	.04340
Frances Schneider	.06515
Frances Schneider	.02170
Pomona College, A	.032550
Corporation Investment	
Acct	
Atlantic Richfield Company	.8750000
Elizabeth Murchison Baker,	.045570
as Independent Executrix of	
the Estate of William	
B Baker	

2 PATENTED (FEE) TRACTS TOTALING 320 ACRES OR 10.67% OF UNIT AREA

SUMMARY OF UNIT EXPANSION AREA B

FEDERAL LANDS	2,280 Acres	-	76.00%
STATE LAND	400 Acres	-	13.33%
PATENTED LANDS	320 Acres	-	10.67%

	3,000 Acres	-	100.00%

George Eager	.0625000
Bank of Oklahoma, N.A., Executor of the Estate of Marie Ellinghausen	.073490
Bettine Ethel Goldberg	.018120
Susan G Young	.000010
Administratrix of the Estate of Emma M Griggs Dec	
Harlow Royalties, Inc.	.002430
Marion L Meader	.000730
Luther C Anderson, Charles W Partridge & Carl M Franklin, as Trustees Under the Will of Sealey G Mudd	.0312300
Nancy Taylor Smith	.0625000
Mack W Woolridge	.0625000