

November 5, 1987

*Case No.
9243
m.s.*

Mr. Michael E. Stogner, Examiner
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Runyan Unit
Chaves County, New Mexico

Dear Mr. Stogner:

As requested, enclosed for your files is a copy of Elk Oil Company's Exhibit No. 5 in Case No. 9243, submitted at the Examiner Hearing of November 4, 1987.

Please let me know if you need anything further in connection with this matter.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pv
Enclosure

cc: Mr. Joseph J. Kelly

November 18, 1987

M.S.

Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Fogner

Re: Case No. 9243
Order No. R-8534
Runyan Unit
Chaves County, New Mexico

Gentlemen:

In accordance with Order No. R-8534 entered in Case No. 9243 on November 6, 1987, enclosed is a copy of the executed Unit Agreement for the Development and Operation of the Runyan Unit, with Ratifications and Certificate of Approval attached. 98.56550845% of the unit interests are committed as of the date hereof. The interests of McKay Oil Corp. and Rault Resources, Inc. in Tract 5 are uncommitted at this date.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

Chad Dickerson

Chad Dickerson

CD:pv
Enclosure

cc: Mr. Joseph J. Kelly



NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO
RUNYAN UNIT AGREEMENT
CHAVES COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated October 22, 1987, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 16th day of November, 1987.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
RUNYAN UNIT AREA
CHAVES COUNTY, NEW MEXICO
NO. _____

THIS AGREEMENT, entered into as of the 22nd day of October, 1987, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty, or other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Dec. 1 of Chapter 162, Laws of 1951, (Chap. 19, Art. 10, Sec. 45, N. M. Statutes 1978 Annot.), to consent to and approve the development of operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development or part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by and Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 19, Art. 10, Sec. 47, N. M. Statutes 1978 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field, or area; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico (hereinafter referred to as the "Division"), is authorized by an Act of the Legislature (Chap. 72, Laws 1935, as amended, being Section 70-2-1 et seq. New Mexico Statutes Annotated, 1978 Compilation) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Runyan Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

Township 8 South, Range 27 East, NMPM

Section 21: All
Section 22: All
Section 27: E $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, S $\frac{1}{2}$
Section 28: All
Section 29: All
Section 30: All

Containing 3764.40 acres, more or less
Chaves County, New Mexico

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division hereinafter referred to as the "Division".

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: ELK OIL COMPANY, whose address is Post Office Box 310, Roswell, New Mexico 88201 is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interest in unitized

substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner and the Division.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS: The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purpose herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to adequately test the Pennsylvanian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 6600 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to wit: quantities sufficient to repay the cost of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between

the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units, but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by (Sec. 19-10-20 N.M. Statutes 1978 Annotated) of intention to cancel

on account of any alleged breach of said covenant for reasonable development and decision entered thereunder shall be subject to appeal in the manner prescribed by (Sec. 19-10-23 N. M. Statutes 1978 Annotated), and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

Notwithstanding any of the provisions of this Agreement to the contrary, all undeveloped regular well spacing or proration unit tracts within the unit boundaries embracing lands of the State of new Mexico shall be automatically eliminated from this Agreement and shall no longer be a part of the unit or be further subject to the terms of this Agreement unless at the expiration of five years (5) after the first day of the month following the effective date of this Agreement diligent drilling operations are in progress on said tracts.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears

to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tracts of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INsofar AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area

to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the terms of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as two separate leases as to such segregated portions, commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the secondary term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced

within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas, or either of them, has been discovered is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the primary term of such lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

14. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in five (5) years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered are being produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof, may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by the Commission, and in conformity with all applicable laws and lawful regulations.

19. APPEARANCE: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interest affected hereby, before the Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Division; provided, however, that any other interest party shall also have the rights at his own expense to appear and to participate in any such proceeding.

20. NOTICES: All notices, demands, or statements required hereunder to be given or rendered to the parties hereto, shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses, set forth in connection with the signatures hereto or to the ratification or consent hereof, or to such other address as any such party may have furnished in writing to party sending the notice, demand, or statement.

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement, shall be suspended while, but only so long as, the unit operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or part, by strikes, war, act of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary material in open market, or other matters beyond the reasonable control of the unit operator, whether similar to matters herein enumerated or not.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit expenses incurred prior to such party's or parties joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR AND WORKING INTEREST OWNER

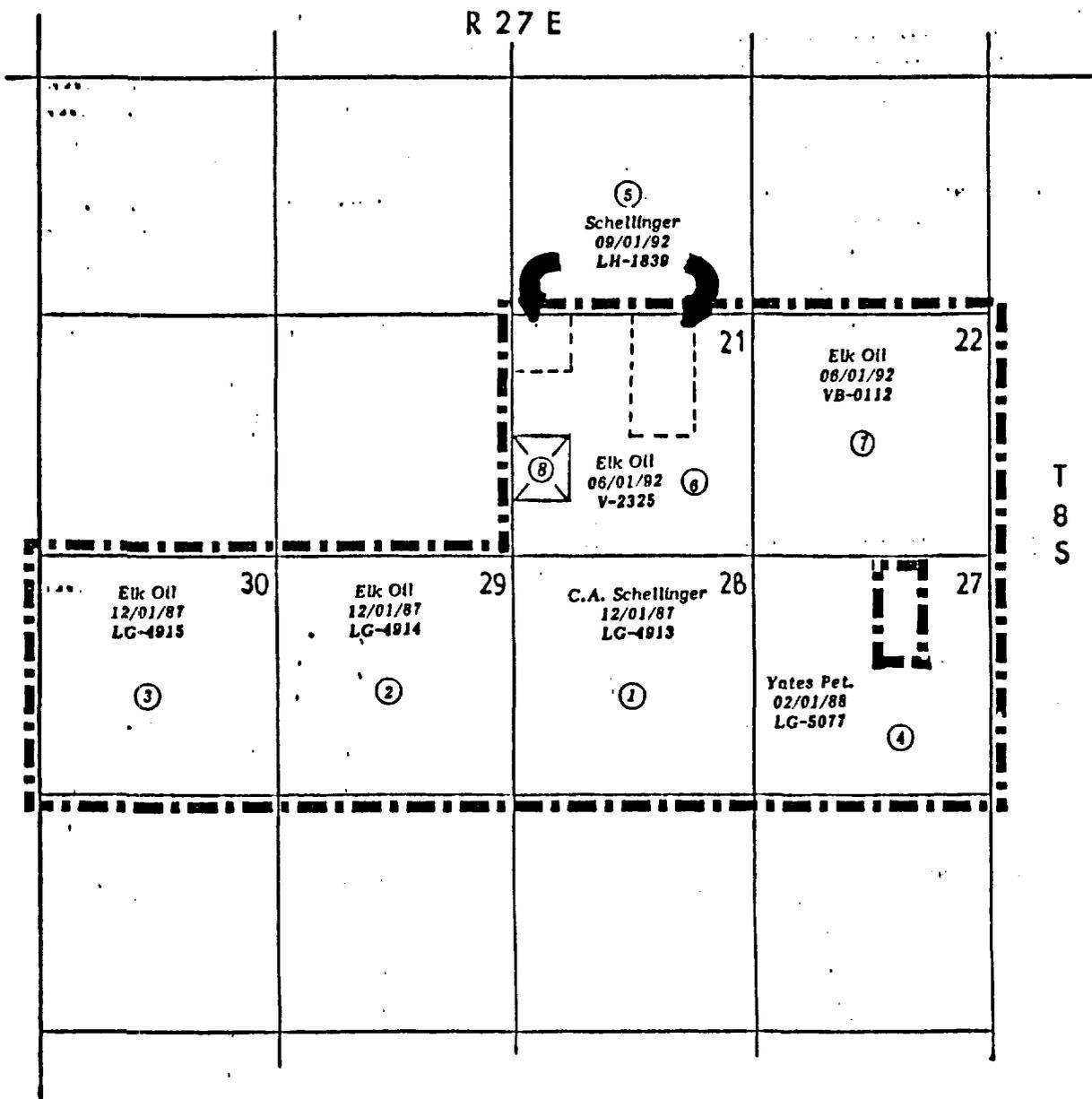
ELK OIL COMPANY (OPERATOR)

Date: _____

By: _____

ATTEST:

OTHER WORKING INTEREST OWNERS



RUNYAN STATE UNIT
Chaves County, New Mexico
Exhibit "A"

ELK OIL COMPANY
Post Office Box 310
Roswell, New Mexico 88201

STATE LANDS



FEE LANDS



TRACT NUMBER



UNIT OUTLINE



EXHIBIT "B"
Schedule Showing All Lands and Leases
Within the RUNYAN STATE UNIT Area
Chaves County, New Mexico

Tract No.	Description of Land	Acres	Lease No. & Exp. Date	Basic Royalty	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest and Percentage
1	T-8-S, R-27-E, NMPM Section 28: All	640.00	LG-4913 12/01/87	State 12.5	Carl A. Schellinger	None	Daniel W. Varel Barbara Varel George L. Scott Jr. George R. Reddy R. Paul Creson Carl A. Schellinger
2	T-8-S, R-27-E, NMPM Section 29: All	640.00	LG-4914 12/01/87	State 12.5	Elk Oil Company and Verde Vista Energy Company	None	Elk Oil Company Verde Vista Energy Co.
3	T-8-S, R-27E, NMPM Section 30: Lots 1 (41.70), 2(41.30), 3(40.90), 4(40.50), E $\frac{1}{2}$, E $\frac{1}{4}$ W $\frac{1}{2}$	644.40	LG-4915 12/01/87	State 12.5	Elk Oil Company and Verde Vista Energy Company	None	Elk Oil Company Verde Vista Energy Co.
4	T-8-S, R-27-E, NMPM Section 27: E $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, S $\frac{1}{2}$	560.00	LG-5077 02/01/88	State 12.5	Yates Pet. Corp.	None	Yates Petroleum Corp. Yates Drilling Company MYCO Industries, Inc. Abo Petroleum Corp.
5	T-8-S, R-27-E, NMPM Section 21: W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$	120.00	LH-1830 09/01/92	State 12.5	Carl A. Schellinger	None	McKay Oil Corp. Rault Resources Inc. New Mexico Oil Corp. Scott A. Harris Judy Harris Laurelind Corp. David J. Sorenson George R. Reddy Los Siete Expl. Inc. Carl A. Schellinger
6	T-8-S, R-27-E, NMPM Section 21: E $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$	480.00	V-2325 06/01/92	State 1/6th	Elk Oil Company	None	Elk Oil Company

EXHIBIT "B"
 RUNYAN STATE UNIT
 Page 2

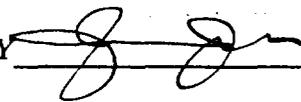
7	<u>T-8-S, R-27-E, NMPM</u> <u>Section 22: All</u>	640.00	VB-0112 06/01/92	State 3/16th	Elk Oil Company	None	Elk Oil Company	100.00
8	<u>T-8-S, R-27-E, NMPM</u> <u>Section 21: NW1SW1</u>	6.66	Annie Graham 06/01/90	3/16th	Elk Oil Company	None	Elk Oil Company	100.00
8	<u>T-8-S, R-27-E, NMPM</u> <u>Section 21: NW1SW1</u>	6.67	Lillian Graham 05/28/90	3/16th	Elk Oil Company	None	Elk Oil Company	100.00
8	<u>T-8-S, R-27-E, NMPM</u> <u>Section 21: NW1SW1</u>	6.67	Lyman Graham 06/01/90	3/16th	Elk Oil Company	None	Elk Oil Company	100.00
8	<u>T-8-S, R-27-E, NMPM</u> <u>Section 21: NW1SW1</u>	20.00	Thelma Sterling 05/22/90	3/16th	Elk Oil Company	None	Elk Oil Company	100.00
STATE LANDS		3724.40 acres						
FEE LANDS		40.00 acres						
TOTAL LANDS		3764.40 acres						

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ELK OIL COMPANY

BY 
Joseph J. Kelly, President

STATE OF NEW MEXICO)
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 29th day of October, 19 87, by Joseph J. Kelly, President of ELK OIL COMPANY, a New Mexico corporation on behalf of said corporation.

My Commission Expires:

May 3, 1990


Notary Public

Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY *Daniel W. Varel*
Daniel W. Varel

TEXAS
STATE OF ~~NEW MEXICO~~
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 22nd
day of October, 19 87, by Daniel W. Varel.

My Commission Expires:

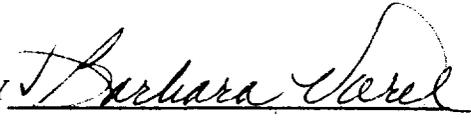
8/14/89

Melba H. Rose
Notary Public *MELBA H. ROSE*

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

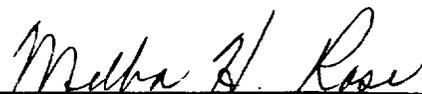
BY 
Barbara Varel

TEXAS
STATE OF ~~NEW MEXICO~~
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 22nd
day of October, 19 87, by Barbara Varel.

My Commission Expires:

8/14/89


Notary Public *MELBA H. ROSE*

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY George L. Scott Jr
George L. Scott, Jr.

STATE OF NEW MEXICO)

COUNTY OF Chaves)

The foregoing instrument was acknowledged before me this 22nd
day of October, 19 87, by George L. Scott, Jr.

My Commission Expires:

12/17/88

Jan E. Andersen
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY George R. Reddy
George R. Reddy

STATE OF NEW MEXICO)
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 23rd
day of October, 19 87, by George R. Reddy.

My Commission Expires:

10-10-88

Reggie Ann Harmon
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY R. Paul Creson
R. Paul Creson

STATE OF ^{TEXAS}~~NEW MEXICO~~)
COUNTY OF ^{DALLAS})

The foregoing instrument was acknowledged before me this 20th day of October, 19 87, by R. Paul Creson.

My Commission Expires:

8/27/88

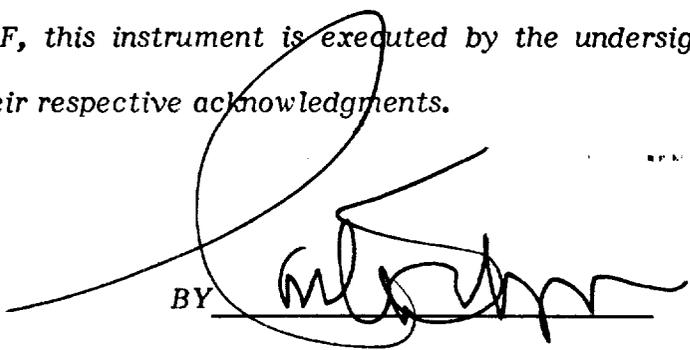
Dandy Park
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY


Carl A. Schellinger

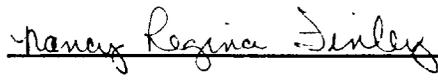
STATE OF NEW MEXICO)

COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 29th
day of OCTOBER, 19 87, by Carl A. Schellinger.

My Commission Expires:

FEBRUARY 15, 1991


Nancy Regina Finley

Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

VERDE VISTA ENERGY COMPANY

BY 
Joseph J. Kelly, Vice-President

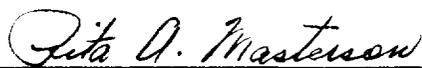
STATE OF NEW MEXICO)

COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 29th day of October, 1987, by Joseph J. Kelly, Vice-President for VERDE VISTA ENERGY COMPANY, a New Mexico corporation on behalf of said corporation.

My Commission Expires:

May 3, 1990


Rita A. Masterson

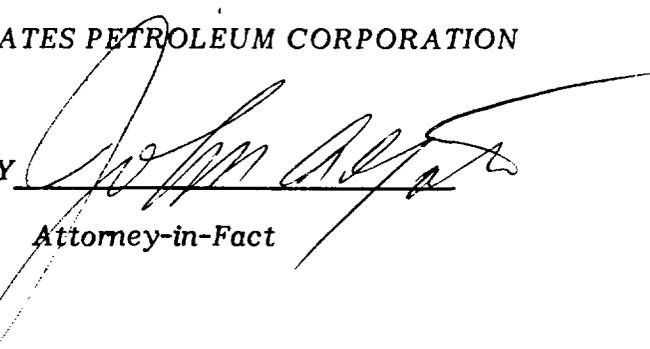
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

YATES PETROLEUM CORPORATION

BY 

Attorney-in-Fact

STATE OF NEW MEXICO)
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 29th day of October, 19 87, by John A. Yates, Attorney-in-Fact for YATES PETROLEUM CORPORATION, a New Mexico corporation on behalf of said corporation.

My Commission Expires:

March 1, 1990


Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

YATES DRILLING COMPANY

BY 
Attorney-in-Fact

STATE OF NEW MEXICO)
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 29th day of October, 19 87, by Peyton Yates, Attorney-in-Fact for YATES DRILLING COMPANY, a New Mexico corporation on behalf of said corporation.

My Commission Expires:

March 1, 1990



Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

MYCO Industries, Inc.

BY Frank W. Yates Jr.
Attorney-in-Fact

STATE OF NEW MEXICO)

COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 29th day of October, 19 87, by Frank W. Yates Jr., Attorney-in-Fact for MYCO Industries, Inc., a New Mexico corporation on behalf of said corporation.

My Commission Expires:

March 1, 1990

Miriam S. Skolow

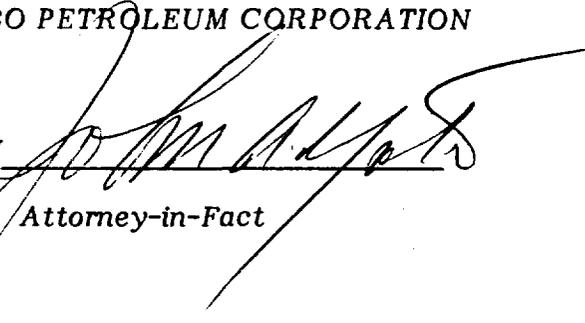
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ABO PETROLEUM CORPORATION

BY 

Attorney-in-Fact

STATE OF NEW MEXICO)

COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 29th day of October, 1987, by John A. Yates, Attorney-in-Fact for ABO PETROLEUM CORP., a New Mexico corporation on behalf of said corporation.

My Commission Expires:

March 1, 1990



Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

NEW MEXICO OIL CORPORATION

BY 

Lawrence C. Harris, President

STATE OF NEW MEXICO)

COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 22nd day of October, 1987, by Lawrence C. Harris, President of New Mexico Oil Corporation, a New Mexico corporation on behalf of said corporation.

My Commission Expires:

May 11, 1989


Connie E. Perez
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY Scott A. Harris
Scott A. Harris

STATE OF COLORADO
COUNTY OF MESA

The foregoing instrument was acknowledged before me this 22nd day of October, 19 87, by Scott A. Harris.

My Commission Expires:

5/6/91

Devis Ann Morrison
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY Judy Harris
Judy Harris

STATE OF COLORADO

COUNTY OF DENVER

The foregoing instrument was acknowledged before me this 22nd day of October, 19 87, by Judy Harris.

My Commission Expires:

8-22-89

Jay Kuban
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

LAURELIND CORPORATION

BY Abby H. Yates
Abby H. Yates, President

STATE OF NEW MEXICO)

COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 22nd day of October, 1987, by Abby H. Yates, President, of Laurelind Corporation, a New Mexico corporation on behalf of said corporation.

My Commission Expires:

May 11, 1989

Connie E. Perez
Connie E. Perez
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

LOS SIETE EXPLORATION INC.

BY George L Scott Jr
George L. Scott, Jr.

STATE OF NEW MEXICO)

COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 22ND day of October, 19 87, by George L. Scott, Jr., President, of Los Siete Exploration Inc., a New Mexico corporation on behalf of said corporation.

My Commission Expires:

12/17/88

Jane E. Anderson
Notary Public

CONSENT AND RATIFICATION

UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

FOR THE RUNYAN STATE UNIT

CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

BY David J. Sorenson
David J. Sorenson

STATE OF NEW MEXICO)

COUNTY OF CHAVES)

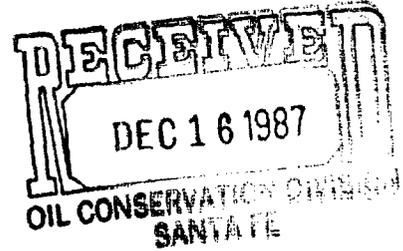
The foregoing instrument was acknowledged before me this 22nd day of October, 1987, by David J. Sorenson.

My Commission Expires:

May 31, 1990

Barbara J. Moore
Notary Public

December 15, 1987



Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Stogner

Re: Case No. 9243
Order No. R-8534
Runyan Unit
Chaves County, New Mexico

Gentlemen:

In accordance with Order No. R-8534 entered in Case No. 9243 on November 6, 1987, and our letter to you of November 18, 1987, whereby we furnished you with a copy of the executed Unit Agreement for the Development and Operation of the Runyan Unit, with Ratifications and Certificate of Approval attached, enclosed are Ratifications executed on behalf of McKay Oil Corp. and Rault Resources, Inc. (working interest owners), and executed by Lillian Graham, Thelma I. Sterling, Annie M. Graham and Lyman R. Graham (mineral interest owners). 100% of the unit interests are committed as of the date hereof.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER

A handwritten signature in cursive script that reads "Chad Dickerson".

Chad Dickerson

CD:pvw
Enclosures

cc: Mr. Joseph J. Kelly

December 15, 1987

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Attention: Mr. Pete Martinez

Re: SLO Reference No. OG-515
Runyan Unit
Chaves County, New Mexico

Gentlemen:

In accordance with our letter to you of November 11, 1987, whereby we furnished you with two original copies of the Unit Agreement for the Development and Operation of the Runyan Unit, with Ratifications attached, enclosed are two original copies each of Ratifications executed on behalf of McKay Oil Corp. and Rault Resources, Inc. (working interest owners), and Lillian Graham, Thelma I. Sterling, Annie M. Graham and Lyman R. Graham (mineral interest owners). 100% of the unit interests are committed as of the date hereof.

Thank you.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pvw
Enclosures

cc: Mr. Joseph J. Kelly
New Mexico Oil Conservation Division

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

McKAY OIL CORPORATION

BY  5826
Roy L. McKay, President

STATE OF NEW MEXICO)
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 10th day of November, 19 87, by Roy L. McKay, President of McKay Oil Corporation, a New Mexico corporation on behalf of said corporation.

My Commission Expires:

1-30-88



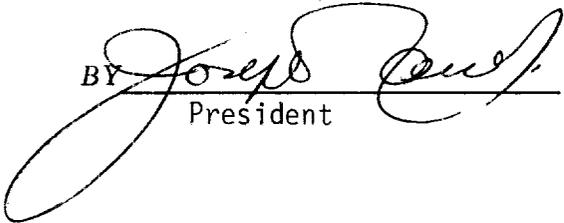
Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

RAULT RESOURCES INC.

BY 
President

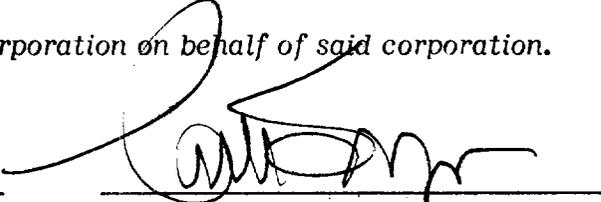
STATE OF NEW MEXICO

COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 7th day of December, 1987, by Joseph M. Rault, Jr., President of Rault Resources Inc., a New Mexico corporation on behalf of said corporation.

My Commission Expires:

December 7, 1989


Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Lillian Graham

Lillian Graham

STATE OF NEW MEXICO)

COUNTY OF)

The foregoing instrument was acknowledged before me this 17th day of November, 19 87, by Lillian Graham.

My Commission Expires:

11/9/89

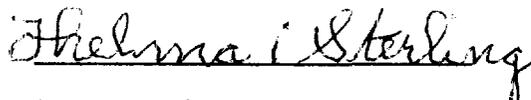
Del M. Rojas

Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.


Thelma I. Sterling

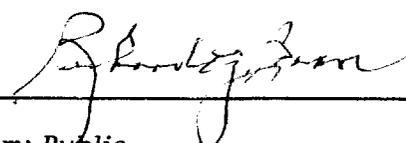
STATE OF NEW MEXICO)

COUNTY OF CHAVES) ^{SS}

The foregoing instrument was acknowledged before me this 31st day of October, 1987, by Thelma I. Sterling, a widow.

My Commission Expires:

October 8, 1990

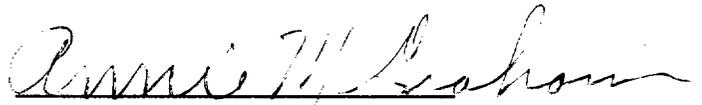


Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987; and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.



Annie M. Graham

By: Lyman R. Graham.

Power-of-Attorney

STATE OF NEW MEXICO)

COUNTY OF Chaves

The foregoing instrument was acknowledged before me this 1st day of December, 1987, by Lyman R. Graham, Power-of-Attorney for Annie M. Graham, a widow.

My Commission Expires:

8/5/89



Notary Public

CONSENT AND RATIFICATION
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE RUNYAN STATE UNIT
CHAVES COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the Runyan State Unit embracing lands situated in Chaves County, New Mexico, which said Agreement is dated October 22, 1987, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold interests being committed to said Unit Agreement and Unit Operating Agreement do hereby consent to said Unit Agreement and Unit Operating Agreement and ratify all the terms and provisions thereof, exactly the same as if the undersigned has executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.


Lyman R. Graham

STATE OF NEW MEXICO)

COUNTY OF Chaves)

The foregoing instrument was acknowledged before me this 1st
day of December, 19 87, by Lyman R. Graham,
a married man dealing in his sole and separate property.

My Commission Expires:

8/5/89



Notary Public

State of New Mexico

9243



SLO REF NO. OG-652

W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

January 27, 1988

Dickerson, Fisk & Vandiver
ATTENTION: Mr. Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Re: Subsequent Joinder
Runyan State Unit
Chaves County, New Mexico

Gentlemen:

This office is in receipt of your letter of December 15, 1987, together with two original copies of ratifications executed on behalf of McKay Oil Corp. and Rault Resources, Inc. (working interest owners), and Lillian Graham, Thelma I. Sterling, Annie M. Graham (mineral interest owners).

These ratifications to the Runyan Unit Agreement and Unit Operating Agreement have this date been approved, and shall become effective as of the first day of the month following the approval by the Commissioner and the filing with the Oil Conservation Division, as per section 23 of the Unit Agreement.

Very truly yours,

WILLIAM R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *[Signature]*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico
GULRAM
TRD-Oil and Gas Processing

State of New Mexico



SI O REF NO. 06-579

W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

November 16, 1987

Dickerson Fisk & Vandiver
ATTENTION: Mr. Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Re: Final Approval of Runyan
Unit Agreement
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date granted final approval to the Runyan Unit Agreement, Chaves County, New Mexico, which you have submitted on behalf of Elk Oil Company. The effective date of this agreement is November 16, 1987. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Enclosed are Five (5) Certificates of Approval and a copy of your unit agreement. In the future please submit one original and one copy of your agreement for our files.

Your filing fee in the amount of \$180.00 has been received.

If we may be of further help, please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FCP/pic
encis.

cc: OGD-Santa Fe, New Mexico
Gulram
GGAD

November 11, 1987

NOV 16 1987
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Attention: Mr. Pete Martinez

Re: SLO Reference No. OG-515
Runyan Unit
Chaves County, New Mexico

Gentlemen:

On behalf of Elk Oil Company, application is hereby made for final approval of the Runyan Unit, Chaves County, New Mexico. Enclosed for this purpose are two originals of the Unit Agreement and one original of the Unit Operating Agreement, with ratifications attached. 98.56550845% of the unit interests are committed as of the date hereof. The interests of McKay Oil Corp. and Rault Resources, Inc. in Tract 5 are uncommitted at this date.

Hearing before the New Mexico Oil Conservation Division was held in Case No. 9243 on November 4, 1987, and we anticipate approval prior to November 30, 1987.

Please note the following changes which have been made to the Unit Agreement and Unit Operating Agreement:

1. Unit Agreement: Page 4, Paragraph 8, Line 4 - "attain the top of" has been changed to "adequately test"

Page 4, Paragraph 8, Line 9 - "6200" has been changed to "6600"

Commissioner of Public Lands
-2-

November 11, 1987

2. Unit Operating Agreement: Page 4, Article VI.A, Line 1 -
"22nd day of October" has been
changed to "1st day of December"

The corrections to Exhibits "A" and "B" requested in your letter of October 22, 1987, granting preliminary approval as to form and content of the agreement, have also been made.

Please advise if you need anything further in this regard.

Thank you for your cooperation in this matter.

Sincerely yours,

DICKERSON, FISK & VANDIVER



Chad Dickerson

CD:pv
Enclosures

cc: Mr. Joseph J. Kelly
New Mexico Oil Conservation Division

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



SLO REF NO. OG-515

Commissioner of Public Lands

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

October 22, 1987

Dickerson Fisk & Vandiver
ATTN: Mr. Chad Dickerson
Seventh & Mahone, Suite E
Artesia, New Mexico 88210

Re: Proposed Runyan Unit
Chaves County, New Mexico.

Gentlemen:

This office has reviewed the unexecuted copy of unit agreement which you have submitted on behalf of Elk Oil Company, for the proposed Runyan Unit, Chaves County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands and has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given. Also, any well commenced prior to the effective date of this agreement which penetrates its objective horizon prior to said effective date shall not be construed as the initial test well.

When submitting your agreement for final approval please submit the following:

1. Application for formal approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. All ratifications from the lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
3. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

Dickerson, Fisk & Vandiver
October 22, 1987
Page 2

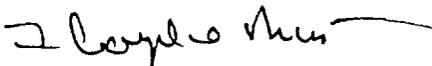
4. On Exhibit "A" Please renumber the tracts as shown in the enclosed copy. Please note that Exhibit "A" should reflect the tracts as revised in Exhibit "B".
5. On Exhibit "B", please list all state leases in chronological and numerical order first then list the Fee tract. All tracts should be renumbered as shown in the enclosed copy.
6. On Exhibit "B" on Revised Tract No. 6, (your tract No. 1.) on Lease No. V-235 the correct royalty rate should be 1/6th.
7. On Exhibit "B", please show the total acreage for State Lands and Fee lands as shown on your copy.

Your filing fee in the amount of \$180.00 has been received.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

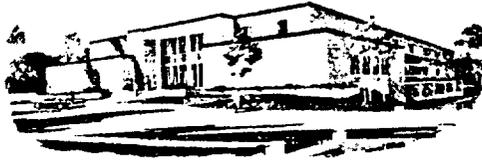
W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm

cc: OCD-Santa Fe, New Mexico
Gulram, Inc.



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

October 3, 1988

Elk Oil Company
Attn: Mr. Joseph J. Kelly
P. O. Box 310
Roswell, New Mexico 88202

Re: Runyan State Unit
Commercial Well Determination
Chaves County, New Mexico

Gentlemen:

This office is in receipt of your Plan of Development for the period of July 1, 1988 to December 31, 1988. Before we can approve your plan of development, please submit a commercial well determination for the Runyan Unit Well No. 1 as per Section 8 of your unit agreement.

Section 8 requires you to "drill one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the commissioner...". Our records indicate that your first well was completed on March 22, 1988 making your second well or a commercial determination due by September 22, 1988.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

February 15, 1989

Elk Oil Company
Attn: Mr. Joseph J. Kelly
P. O. Box 310
Roswell, New Mexico 88202

#9243

Re: Runyan State Unit Well No. 1
Commercial Determination
Chaves County, New Mexico

Dear Mr. Kelly:

This office is in receipt of your letter of February 1, 1989, wherein, as unit operator of the Runyan State Unit, you have determined that the Runyan State Unit Well No. 1 is a commercial producer.

Based upon the data submitted, the Commissioner of Public Lands concurs with your determination that the Runyan State Unit Well No. 1 is a commercial well and should be produced on a unit basis.

As per article 9 of your agreement, please submit a plan of development for the next twelve months period. We are aware of deeper production in the area and would like the deeper production potential addressed in your 1989 Plan of Development.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

July 6, 1989

9243

Elk Oil Company
P.O. Box 310
Roswell, New Mexico 88202

ATTN: Joseph J. Kelly

RE: 1989 Plan of Development
Runyan State Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned 1989 Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files. If we may be of further help, please do not hesitate to contact us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

cc: OCD - Santa Fe, New Mexico
BLM
Unit Correspondence File

WRH/FOP/SMH

State of New Mexico

#9243



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

October 2, 1990

Mr. Joseph Kelly
Elk Oil Company
Box 310
Roswell, New Mexico 88202

Re: Runyan State Unit
Chaves County, New Mexico
1990 Plan of Development

Dear Mr. Kelly:

The Commissioner of Public Lands this date approved the 1990 Plan of Development for the Runyan State Unit. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development may exist. You will be contacted at a later date regarding these possibilities.

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

Sincerely,

W. R. HUMPHRIES

BY: Floyd O. Prando
Floyd O. Prando, Director
Oil, Gas & Minerals Division

cc: OCD
Unit Corresp.
Unit POD



9243

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

SLO REF NO. OG-1336

January 3, 1994

Elk Oil Company
Box 310
Roswell, New Mexico 88202

Attn: Mr. Joseph J. Kelly

Re: 1994 Plan of Development
Runyan State Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development of the unit may exist. You will be contacted at a later date regarding these possibilities.

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

Very truly yours,

RAY B. POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

RBP/FOP/pm

cc: OCD - Roy Johnson
BLM



9243

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

RAY POWELL, M.S., D.V.M.
COMMISSIONER

January 26, 1996

Elk Oil Company
Box 310
Roswell, New Mexico 88202

Attn: Mr. Joseph J. Kelly

Re: 1996 Plan of Development
Runyan State Unit
Chaves County, New Mexico

Dear Mr. Kelly:

The Commissioner of Public Lands has this date approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RECEIVED
JAN 29 1996

RP/LK/cpm
Enclosure
cc: Reader File

OCD ✓

TRD

9243



COMMERCIAL RESOURCES
(505)-827-5724

SURFACE RESOURCES
(505)-827-5795

MINERAL RESOURCES
(505)-827-5744

ROYALTY
(505)-827-5772

State of New Mexico
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.
310 Old Santa Fe Trail, P. O. Box 1148
Santa Fe, New Mexico 87504-1148
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS
(505)-827-5765

ADMINISTRATIVE MGMT.
(505)-827-5700

LEGAL
(505)-827-5713

PLANNING
(505)-827-5752

December 2, 1996

Elk Oil Company
Box 310
Roswell, New Mexico 88202

Attn: Mr. Joseph J. Kelly

Re: Voluntary Termination
Runyan State Unit
Chaves County, New Mexico

Dear Mr. Kelly:

We have received your letter of November 25, 1996, wherein as unit operator of the Runyan State Unit, Chaves County, New Mexico, you have requested our approval to voluntarily terminate this unit agreement. The Runyan State Unit Well Nos. 1, 2, and 3 have been plugged and abandoned. Also, attached with your termination request were executed counterparts by a majority of the working interest owners.

Pursuant to Section 17, EFFECTIVE DATE AND TERM of the unit agreement, please be advised that the Runyan State Unit Agreement has been terminated effective November 25, 1996.

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

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: *[Signature]*
LARRY KEHOE, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/LK/cpm

cc: Reader File OCD--Roy Johnson Commissioner's File
TRD--Valdean Severson

Unit Name RUNYAN STATE UNIT
 Operator Elk Oil Company
 County Chaves County, New Mexico

TERMINATED
 EFFECTIVE DATE 11/25/46
 APPROVAL DATE 12/2/46

DATE	OCC CASE NO.	9243	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-8534	DATE						
OCD: 11/6/87			November 16, 1987	3,764.40	3,724.40	-0-	-0-	40.00 Strict	5 Years & so long as
CPL: 11/16/87									

UNIT AREA

TOWNSHIP 8 South, Range 27 East, MPM

- Section 21: A11
- Section 22: A11
- Section 27: E $\frac{1}{2}$ N $\frac{1}{4}$, NW $\frac{1}{4}$, S $\frac{1}{2}$
- Section 28: A11
- Section 29: A11
- Section 30: A11

TERMINATED
 EFFECTIVE DATE 11/25/46
 APPROVAL DATE 12/2/46

Unit Name Runyan State Unit
 Operator Elk Oil Company
 County Chaves County, New Mexico

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACRES	ACREAGE		LESSEE
							DATE	ACRES		NOT RATIFIED	RATIFIED	
1.	LG-4913	T. Wat Res	28	8S	27E	All	10/29/87	640.00			Carl A. Schellinger	
2.	LG-4914	T. Wat Res	29	8S	27E	All	10/29/87				Elk Oil Company & Verde Vista Energy Co.	
3.	LG-4915	T. Wat Res	30	8S	27E	Lots 1,2,3,4, E $\frac{1}{2}$, E $\frac{1}{4}$ W $\frac{1}{2}$	10/29/87	644.40			Elk Oil Company & Verde Vista Energy Co.	
4.	LG-5077	T. Wat Res	27	8S	27E	E $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, S $\frac{1}{2}$	10/29/87	560.00			Yates Petroleum Corp.	
5.	LH-1830	T. Wat Res	21	8S	27E	W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$	10/29/87	120.00			Carl A. Schellinger	
6.	V-2325	T. Wat Res	21	8S	27E	E $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$	10/29/87	480.00			Elk Oil Company	
7.	VB-0112	T. Wat Res	22	8S	27E	All	10/29/87	640.00			Elk Oil Company	

TERMINATED
 EFFECTIVE DATE 11/25/96
 APPROVAL DATE 12/2/96