

Case No.

795

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE

**Oil Conservation Commission**

SANTA FE, NEW MEXICO  
November 17, 1954

IN THE MATTER OF:

CASE NO. 795 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**

COURT REPORTERS

ROOMS 105, 106, 107 EL CORTEZ BUILDING

TELEPHONE 7-9546

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 17, 1954

IN THE MATTER OF:

Application of Continental Oil Company for approval of the Williams Ranch Unit Agreement embracing 1920 acres of land, more or less, comprising all of Sections 26 and 27, N/2 Section 34 and N/2 Section 35 in Township 16 South, Range 32 East, NMPM, Lea County, New Mexico.

Case No. 795

BEFORE:

Honorable Edwin L. Mechem  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 795.

MR. HINKLE: If the Commission please, Clarence Hinkle, representing Continental Oil Company. This is the application of the Continental Oil Company for approval of the Williams Ranch Unit Agreement which embraces 1920 acres in Lea County, Township 16 South, Range 32 East. We have two witnesses.

J. H. GALNY,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. HINKLE:

Q State your name, please.

A J. H. Galny.

Q Are you employed by the Continental Oil Company?

A Yes, sir, I am.

Q Have you ever testified before the Commission?

A No, sir, I have not.

Q Are you a graduate geologist?

A Yes, sir, University of Texas, Bachelor of Science in geology in 1948.

Q Are you employed by the Continental Oil Company?

A Yes, sir.

Q How long have you been employed by the Continental Oil Company?

A Six years.

Q What is your official position with the Continental?

A Division Geologist, Roswell Division.

Q Are you familiar with the proposed area to be known as the Williams Ranch Unit Area?

A Yes, sir.

Q Have you had occasion to make a geological study and survey of this area?

A Yes, sir, I have.

Q Have you prepared a geological report covering this area?

A Yes, sir.

(Marked Exhibit No. 1, for identification.)

Q I hand you Exhibit 1 and ask you to explain to the Commission what that shows.

A It is a geophysical survey which was conducted the early part of this year, under the direction of Mr. Swenumson, an anomaly on the Devonian horizon was detected, and encompasses the entire Sections

26 and 27, North half of 34 and 35, of Township 16 South, Range 32 East. The unit encloses the area of the lower-most closed contour on the Devonian horizon.

Q As shown by the plat which is attached to the report?

A Yes, sir.

Q How is that plat prepared, from what information?

A From seismic data.

Q Was the seismograph survey made under your direction or under the direction of the Continental?

A Yes, sir, it was, under Continental.

Q Are you familiar with the application which has been filed by the Continental for approval of this unit?

A Yes, sir, I am.

Q Describe to the Commission the land which the proposed unit covers.

A All of Sections 26 and 27, and the north half of 34 and 35 of Township 16 South, Range 32 East.

Q Are all of these lands State lands?

A Yes, sir, they are, 100 percent.

Q All under oil and gas leases?

A Yes, sir.

Q Do you know whether or not all of the operators or owners of the leases have committed their leases to this proposed unit agreement?

A Yes, sir, they have, all of them.

Q They have all executed the form which has been filed with this application?

A Yes, sir.

Q Do you know whether or not the form is substantially the same form as the Anderson Ranch Unit approved by the Commission?

A Yes, sir, substantially the same. However, it does include a segregation clause.

Q In the form provided by the Commissioner of Public Lands?

A Yes.

Q Does the Unit Agreement provide for the drilling of a test well?

A Yes, sir, it does.

Q When is that to be commenced?

A Within 60 days after approval.

Q What depth is it to be drilled?

A 13,500.

Q In your opinion, is that sufficient to test the Devonian formation?

A Yes, sir, it is.

Q In the event this agreement is approved and production is obtained, state whether or not, in your opinion, this agreement would be in the interest of conservation and prevention of waste?

A Yes, sir it is.

MR. HINKLE: That is all.

MR. MACEY: Any questions of the witness? If not the witness may be excused.

(Witness excused.)

H. H. SWENUMSON,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. HINKLE:

Q State your name, please.

A H. H. Swenumson.

Q Have you, heretofore, testified before this Commission?

A Yes, I have.

MR. HINKLE: Mr. Swenumson has told me that in his former testimony there was an error in the transcript as to the school which he graduated from. I would like to correct that.

Q Mr. Swenumson, what school are you a graduate of?

A From Ohio Wesleyan University.

Q Are you employed by the Continental Oil Company?

A Yes, I am.

Q What capacity?

A Division geophysicist for Roswell.

Q You are in charge of the geophysical work in Southeastern New Mexico for Continental?

A Yes, sir.

Q Have you had occasion to have a survey, or cause a survey to be made under your direction, of the area in the proposed Williams Ranch Unit?

A Yes, sir.

Q There is attached to the geological report which has been introduced as Exhibit 1, a plat which is described as Exhibit "A", which I would like for you to refer to and explain to the Commission what that shows.

A This plat shows a geophysical structure map as was revealed by the geophysical survey in this area and the immediately

surrounding area.

Q What do the contours represent? Do they represent, what particular zone?

A They represent a horizon in the Devonian formation.

Q Would you care to state to the Commission the manner in which this survey was made, the character of the survey with respect to the closeness of your shot hole, or anything of that kind?

A This is the result of a detailed seismic survey, rather close control and utilizes the data immediately around the unit area and on the unit area.

Q The plat does reflect the result of your geophysical study?

A That is right.

Q Does the proposed unit area cover all, or substantially all of the geophysical anomaly?

A Yes, it does.

MR. HINKLE: That is all.

MR. MACEY: Any questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. HINKLE: I would like to have the Exhibit, as marked, introduced in evidence. I would like to state to the Commission, this unit has been fully signed by all of the operators. It is 100 percent, all of the operators have committed their interest to the unit. The Continental would like to commence operations immediately on this well. For that reason we would appreciate the Commission taking early consideration of this matter so that the order may be entered as quickly as possible.

MR. MACEY: Is there objection to the introduction of




Continental Exhibit Number 1 in Case 7957 If not the Exhibit will be received. Does anyone have anything further in this case? If not we will take the case under advisement and take a short recess.  
(Recess.)

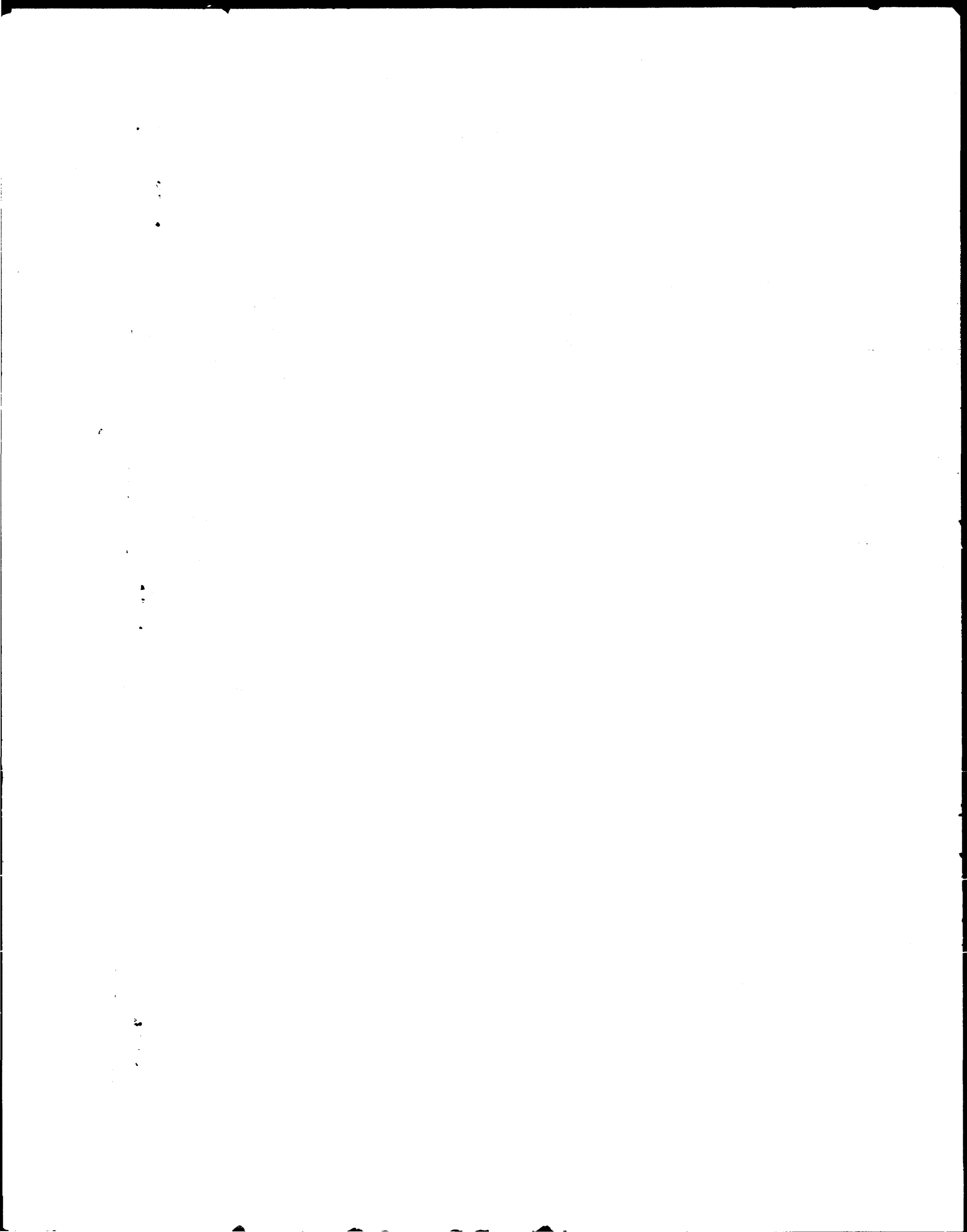
STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss.

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 19th day of November, 1954.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955



**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

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

**CASE NO. 795  
Order No. R-551**

**THE APPLICATION OF CONTINENTAL OIL  
COMPANY FOR APPROVAL OF THE WILLIAMS  
RANCH UNIT AGREEMENT EMBRACING 1,920.00  
ACRES OF LAND, MORE OR LESS, IN LEA  
COUNTY, NEW MEXICO, WITHIN TOWNSHIP 16  
SOUTH, RANGE 12 EAST, NMPM.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a. m. on November 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 22<sup>nd</sup> day of November, 1954, the Commission, a quorum being present, having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

**FINDS:**

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

**IT IS THEREFORE ORDERED:**

**SECTION 1.** That this order shall be known as the

**WILLIAMS RANCH UNIT AGREEMENT ORDER**

**SECTION 2.** (a) That the project herein referred to shall be known as the Williams Ranch Unit Agreement, and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Williams Ranch Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Williams Ranch Unit Agreement Plan.

**SECTION 3.** That the Williams Ranch Unit Agreement Plan shall be, and hereby is, approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing in any manner any right, duties or obligations which are now,

or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Williams Ranch Unit Agreement, or relative to the production of oil or gas therefrom.

**SECTION 4. (a) That the Unit Area shall be:**

**NEW MEXICO PRINCIPAL MERIDIAN**

**TOWNSHIP 16 SOUTH, RANGE 32 EAST, LEA COUNTY, N. M.**

**Sections 26 and 27: All**

**Section 34: N/2**

**Section 35: N/2**

**containing 1,920.00 acres, more or less.**

**(b) The unit area may be enlarged or contracted as provided in said Plan.**

**SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Williams Ranch Unit Agreement within 30 days after the effective date thereof.**

**SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.**

**SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commissioner in writing of such termination.**

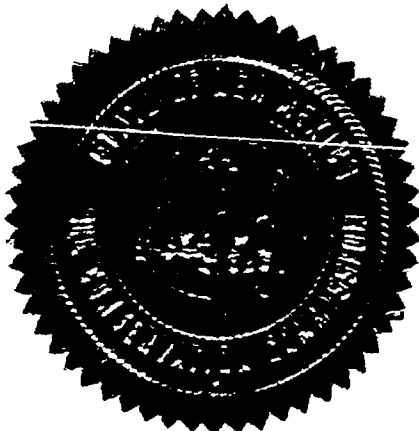
**DONE at Santa Fe, New Mexico, the day and year hereinabove designated.**

**STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION**

*E. L. Mechem*  
**EDWIN L. MECHEM, Chairman**

*E. S. Walker*  
**E. S. WALKER, Member**

*W. B. Macey*  
**W. B. MACEY, Member and Secretary**





REPORT BY THE OIL AND GAS RANCHING COMMISSION  
STATE OF NEW MEXICO

MIN. OFFICE 630

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

CASE NO. 795

THE APPLICATION OF CONTINENTAL  
OIL COMPANY FOR APPROVAL OF THE  
WILLIAMS RANCH UNIT AGREEMENT  
EMBRACING 1,920.00 ACRES, MORE OR  
LESS, LEA COUNTY, NEW MEXICO,  
WITHIN TOWNSHIP 10 S., RANGE 32 E.,  
N.M.P.M.

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Comes the undersigned, the Continental Oil Company, a corpora-  
tion, with offices at Fort Worth, Texas, and files herewith three  
copies of the proposed Unit Agreement for the Development and Opera-  
tion of the Williams Ranch Unit Area, Lea County, New Mexico, and  
hereby makes application for the approval of said Unit Agreement  
as provided by law, and in support thereof, shows:

1. That the proposed unit area covered by said agreement em-  
braces 1,920.00 acres, more or less, more particularly described as  
follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 10 S., R. 32 E.

. Secs. 26 and 27: All  
Sec. 34:  $\frac{1}{2}$   
Sec. 35:  $\frac{1}{2}$

2. That the lands embraced within the proposed unit area are  
all State lands.

3. That applicant is informed and believes, and upon such  
information and belief believes that the proposed unit area covers  
a substantial area of one of the oil-bearing strata in Lea County, and  
in the event of the development of such stratum, the unit area  
embraced within the proposed unit agreement will be a substantial  
area in the interests of conservation and the production of oil and  
gas from the stratum.

4. That the undersigned, and the Continental Oil Company, as such,  
are parties to the unit agreement, and as such as given authority

under the terms thereof to carry on the operations necessary for the development and production of the unit area for oil and gas, subject to all applicable laws and regulations. That said unit agreement provides for the commencement of a test well for oil and gas upon some part of the lands embraced in the unit area within 90 days from the effective date of said unit agreement and for the drilling thereof with due diligence, to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities if at a lesser depth; provided, however, operator is not required in any event to drill said well to a depth in excess of 13,500 feet.

5. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said agreement, to the end that the maximum recovery will be obtained, and that said unit agreement is in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes.

6. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico.

7. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico, an approval copy thereof will be filed with the New Mexico Oil Conservation Commission.

IN WITNESS, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said unit agreement and that upon such hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in

the interest of conservation and prevention of waste.

DATED this the 28th day of October, 1954.

Respectfully submitted,  
CONFIDENTIAL OIL COMPANY

BY W. R. Hall



Case 795

MAY 3 1956

May 3, 1956

In reply refer to:  
Unit Division

file

Continental Oil Co.  
1710 Fair Building  
Fort Worth, Texas

Re: Termination of (Williams Ranch Unit,  
Lee County, New Mexico)

Attention: Mr. T. J. Mathers  
Regional Title Supervisor  
Southwestern Region

Dear Mr. Mathers:

This is to advise you that we have received requests from over 65 per cent, on an average basis, of the owners of the working interests as reflected by Working Interests' signatures on the Unit Agreement, requesting termination of the above designated Unit.

Therefore, we are officially terminating Williams Ranch Unit, Lee County, New Mexico, as of May 3, 1956, and our records will so reflect.

We are notifying by copy of this letter all of the following:

Maurice A. Machrie  
811 Midland Tower Building  
Midland, Texas

Wamsutter Petroleum Co.  
Land Department  
P. O. Box 900  
Dallas 21, Texas

Shell Oil Co.  
Petroleum Building  
P. O. Box 1500  
Midland, Texas

Sinclair Oil and Gas Co.  
P. O. Box 1170  
Midland, Texas

Tide Water Associated Oil Co.  
P. O. Box 731  
Tulsa 2, Oklahoma

Gulf Oil Co.  
P. O. Box 1509  
Midland, Texas

Humble Oil Co., P. O. Drawer 2150, Houston, Texas, is the only owner of interest who has not requested this termination. However, we are also sending a copy of this letter to Humble Oil at the above address.

We thank you for your cooperation in this matter.

Very truly yours,

E. S. WALKER  
Commissioner of Public Lands

HRM/m  
cc: OGC-Santa Fe

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

Case  
195

May 2, 1956

file

C  
O  
P  
Y

Continental Oil Company  
Petroleum Building  
Roswell, New Mexico

Re: Williams Ranch Unit Agreement  
La Brea County, New Mexico  
Termination of Unit.

Attention: Mr. E. L. Adams

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the termination of the Williams Ranch Unit Agreement, subject to like approval of said termination by the Commissioner of Public Lands of the State of New Mexico.

Very truly yours

A. L. PORTER, Jr.  
Secretary - Director

ga

cc Commissioner of Public Lands  
Santa Fe, New Mexico

MAIN OFFICE OCC

1956 APR 2 AM 8:44

REQUESTING TERMINATION  
OF UNIT AGREEMENT FOR THE  
DEVELOPMENT AND OPERATION OF  
THE WILLIAMS RANCH UNIT,  
LEA COUNTY, NEW MEXICO

To the Oil Conservation Commission of the  
State of New Mexico, and The  
Commissioner of Public Lands for the  
State of New Mexico,  
Santa Fe, New Mexico

Gentlemen:

SUBJECT: Requesting Termination  
of Williams Ranch Unit Agreement,  
Approved November 18, 1954, cover-  
ing all Secs. 26 and 27, N/2 34  
and N/2 35, all in Twp. 16S, R-32E,  
Lea County, New Mexico

The undersigned, the present owners of all oil and gas leases or operating rights thereunder on the acreage presently committed to the above unit, hereby respectfully request that said Williams Ranch Unit Agreement be terminated, effective as of the first day of the month following the date of your approval hereof, and in support of this request, a brief history of the only test well drilled on such unit is set forth below.

On December 27, 1954, Continental Oil Company, as unit operator, spudded well No. 1, Williams Ranch Unit, located 1980 feet from the south line and 660 feet from the west line of Section 26, Twp. 16 South, Range 32 East, Lea County, New Mexico, and drilled said well to a total depth of 13,754 feet, at which depth said well was plugged and abandoned on June 29, 1955.

No commercially productive oil or gas zones were encountered in the drilling of said well and it is not believed that oil or gas in paying quantities can be developed on the Williams Ranch Unit. Therefore, termination of said Williams

Ranch Unit Agreement is respectfully requested.

ATTEST:

Assistant Secretary  
Date: 1710 Fair Building  
Fort Worth 2, Texas

ATTEST:

Secretary  
Date: Thompson Building  
Tulsa, Oklahoma

ATTEST:

Secretary  
Date: 901 Fair Building  
Fort Worth, Texas

ATTEST:

Secretary  
Date: P. O. Box 1509  
Midland, Texas

ATTEST:

Asst. Secretary  
Date: Nov. 28, 1956  
P. O. Drawer 1290  
Fort Worth, Texas

ATTEST:

Secretary  
Date: Box 900  
Dallas, Texas

ATTEST:

Secretary  
Date: P. O. Box 2180  
Houston, Texas

Date: 1500 Statler Center  
900 Wilshire Boulevard  
Los Angeles, California

Respectfully submitted,  
CONTINENTAL OIL COMPANY

By: \_\_\_\_\_

TIDE WATER ASSOCIATED OIL COMPANY

By: \_\_\_\_\_

SINCLAIR OIL & GAS COMPANY

By: \_\_\_\_\_

SHELL OIL COMPANY

By: \_\_\_\_\_

GULF OIL CORPORATION

By: H. L. Byrnes  
Vice-President

MAGNOLIA PETROLEUM COMPANY

By: \_\_\_\_\_

HUMBLE OIL & REFINING COMPANY

By: \_\_\_\_\_

M. A. Machris

Paquita L. Machris

*Handwritten notes:*  
5/21/56  
According to Mrs. Packer  
Land Office approval of terms  
L and O for approval of all  
SHELL OIL COMPANY  
By: \_\_\_\_\_  
Humble except  
Humble  
owners only for  
871720 total  
debits included  
Jr

195  
MAIN OFFICE OCC

1956 APR 2 AM 8:44

REQUESTING TERMINATION  
OF UNIT AGREEMENT FOR THE  
DEVELOPMENT AND OPERATION OF  
THE WILLIAMS RANCH UNIT,  
LEA COUNTY, NEW MEXICO

To the Oil Conservation Commission of the  
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Commissioner of Public Lands for the  
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and N/2 35, all in Twp. 16S, R-32E,  
Lea County, New Mexico

The undersigned, the present owners of all oil and gas leases or operating rights thereunder on the acreage presently committed to the above unit, hereby respectfully request that said Williams Ranch Unit Agreement be terminated, effective as of the first day of the month following the date of your approval hereof, and in support of this request, a brief history of the only test well drilled on such unit is set forth below.

On December 27, 1954, Continental Oil Company, as unit operator, spudded well No. 1, Williams Ranch Unit, located 1980 feet from the south line and 660 feet from the west line of Section 26, Twp. 16 South, Range 32 East, Lea County, New Mexico, and drilled said well to a total depth of 13,754 feet, at which depth said well was plugged and abandoned on June 29, 1955.

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**OIL CONSERVATION COMMISSION**

P. O. BOX 871

**SANTA FE, NEW MEXICO**

November 2, 1954

Mr. Clarence Hinkle  
Hervey, Dow and Hinkle  
First National Bank Building  
ROSWELL N M

Dear Mr. Hinkle:

Through your application and letter received yesterday,  
the following cases have been added to the docket for the  
November 17 hearing, and advertisements have been issued  
for publication in the Santa Fe and Hobbs papers:

Case 794: Sunray Oil Corporation's East  
Bagley Unit Agreement

Case 795: Continental Oil Company's Williams  
Ranch Unit Agreement

A copy of the notice of publication is attached.

Very truly yours,

OIL CONSERVATION COMMISSION

WBM:nr

NR  
For W. B. Macey, Secretary-Director

C  
O  
P  
Y

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 23, 1954

Mr. Clarence Hinkle, Attorney  
Hervey, Dow and Hinkle  
First National Bank Building  
ROSWELL, NEW MEXICO

Dear Mr. Hinkle:

In behalf of your clients, we enclose the following orders:

Order R-541 in Case 719 (E. G. Rodman)

Order R-550 in Case 794 (Sunray Oil Corporation's  
East Bagley Unit Agreement)

Order R-551 in Case 795 (Continental Oil Company's  
Williams Ranch Unit Agreement)

You will note that we have given you signed copies of the  
two unit agreement orders for completion of the records in  
these cases.

I also want to thank you for submitting the proposed orders  
in each of the cases you handled. As you know, when these follow  
our style and intention closely, as yours always do, it speeds  
up the signing procedure considerably.

Sincerely,

W. B. Macey

WBM:mr

Encl. (3)

C  
O  
P  
Y



Ranch Unit Agreement is respectfully requested.

ATTEST:

\_\_\_\_\_  
Assistant Secretary  
Date: \_\_\_\_\_  
1710 Fair Building  
Fort Worth 2, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
Thompson Building  
Tulsa, Oklahoma

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
901 Fair Building  
Fort Worth, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
P. O. Box 1509  
Midland, Texas

ATTEST:

\_\_\_\_\_  
Assistant Secretary  
Date: Mar. 28, 1956  
P. O. Drawer 1290  
Fort Worth, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
Box 900  
Dallas, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
P. O. Box 2180  
Houston, Texas

Date: \_\_\_\_\_  
1500 Statler Center  
900 Wilshire Boulevard  
Los Angeles, California

Respectfully submitted,

CONTINENTAL OIL COMPANY

By: \_\_\_\_\_

TIDE WATER ASSOCIATED OIL COMPANY

By: \_\_\_\_\_

SINCLAIR OIL & GAS COMPANY

By: \_\_\_\_\_

SHELL OIL COMPANY

By: \_\_\_\_\_

GULF OIL CORPORATION

By: HLB \_\_\_\_\_

Vice-President

MAGNOLIA PETROLEUM COMPANY

By: \_\_\_\_\_

HUMBLE OIL & REFINING COMPANY

By: \_\_\_\_\_

\_\_\_\_\_  
M. A. Machris

\_\_\_\_\_  
Paquita L. Machris

795-  
MAIN OFFICE OCC

1955 APR 2 AM 8:44

REQUESTING TERMINATION  
OF UNIT AGREEMENT FOR THE  
DEVELOPMENT AND OPERATION OF  
THE WILLIAMS RANCH UNIT,  
LEA COUNTY, NEW MEXICO

To the Oil Conservation Commission of the  
State of New Mexico, and The  
Commissioner of Public Lands for the  
State of New Mexico,  
Santa Fe, New Mexico

Gentlemen:

SUBJECT: Requesting Termination  
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Approved November 18, 1954, cover-  
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and N/2 35, all in Twp. 16S, R-32E,  
Lea County, New Mexico

The undersigned, the present owners of all oil and gas leases or operating rights thereunder on the acreage presently committed to the above unit, hereby respectfully request that said Williams Ranch Unit Agreement be terminated, effective as of the first day of the month following the date of your approval hereof, and in support of this request, a brief history of the only test well drilled on such unit is set forth below.

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Ranch Unit Agreement is respectfully requested.

ATTEST:

\_\_\_\_\_  
Assistant Secretary  
Date: \_\_\_\_\_  
1710 Fair Building  
Fort Worth 2, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
Thompson Building  
Tulsa, Oklahoma

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
901 Fair Building  
Fort Worth, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
P. O. Box 1509  
Midland, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: *Mar. 28, 1956*  
P. O. Drawer 1290  
Fort Worth, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
Box 900  
Dallas, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_  
P. O. Box 2180  
Houston, Texas

Date: \_\_\_\_\_  
1500 Statler Center  
900 Wilshire Boulevard  
Los Angeles, California

Respectfully submitted,

CONTINENTAL OIL COMPANY

By: \_\_\_\_\_

TIDE WATER ASSOCIATED OIL COMPANY

By: \_\_\_\_\_

SINCLAIR OIL & GAS COMPANY

By: \_\_\_\_\_

SHELL OIL COMPANY

By: \_\_\_\_\_

GULF OIL CORPORATION

By: *HLB*  
Vice-President *HLB*

MAGNOLIA PETROLEUM COMPANY

By: \_\_\_\_\_

HUMBLE OIL & REFINING COMPANY

By: \_\_\_\_\_

\_\_\_\_\_  
M. A. Machris

\_\_\_\_\_  
Paquita L. Machris

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
November 17, 1954

IN THE MATTER OF:

CASE NO. 795 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 17, 1954

IN THE MATTER OF:

Application of Continental Oil Company for  
approval of the Williams Ranch Unit Agree-  
ment embracing 1920 acres of land, more or  
less, comprising all of Sections 26 and 27,  
N/2 Section 34 and N/2 Section 35 in Town-  
ship 16 South, Range 32 East, NMPM, Lea  
County, New Mexico.

Case No. 795

BEFORE:

Honorable Edwin L. Mechem  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 795.

MR. HINKLE: If the Commission please, Clarence Hinkle,  
representing Continental Oil Company. This is the application of  
the Continental Oil Company for approval of the Williams Ranch  
Unit Agreement which embraces 1920 acres in Lea County, Township  
16 South, Range 32 East. We have two witnesses.

J. H. GALNY,

called as a witness, having been first duly sworn, testified as  
follows:

DIRECT EXAMINATION

By MR. HINKLE:

Q State your name, please.

A J. H. Galny.

Q Are you employed by the Continental Oil Company?

A Yes, sir, I am.

Q Have you ever testified before the Commission?

A No, sir, I have not.

Q Are you a graduate geologist?

A Yes, sir, University of Texas, Bachelor of Science in geology in 1948.

Q Are you employed by the Continental Oil Company?

A Yes, sir.

Q How long have you been employed by the Continental Oil Company?

A Six years.

Q What is your official position with the Continental?

A Division Geologist, Roswell Division.

Q Are you familiar with the proposed area to be known as the Williams Ranch Unit Area?

A Yes, sir.

Q Have you had occasion to make a geological study and survey of this area?

A Yes, sir, I have.

Q Have you prepared a geological report covering this area?

A Yes, sir.

(Marked Exhibit No. 1, for identification.)

Q I hand you Exhibit 1 and ask you to explain to the Commission what that shows.

A It is a geophysical survey which was conducted the early part of this year, under the direction of Mr. Swenson, an anomaly on the Devonian horizon was detected, and encompasses the entire Sections

26 and 27, North half of 34 and 35, of Township 16 South, Range 32 East. The unit encloses the area of the lower-most closed contour on the Devonian horizon.

Q As shown by the plat which is attached to the report?

A Yes, sir.

Q How is that plat prepared, from what information?

A From seismic data.

Q Was the seismograph survey made under your direction or under the direction of the Continental?

A Yes, sir, it was, under Continental.

Q Are you familiar with the application which has been filed by the Continental for approval of this unit?

A Yes, sir, I am.

Q Describe to the Commission the land which the proposed unit covers.

A All of Sections 26 and 27, and the north half of 34 and 35 of Township 16 South, Range 32 East.

Q Are all of these lands State lands?

A Yes, sir, they are, 100 percent.

Q All under oil and gas leases?

A Yes, sir.

Q Do you know whether or not all of the operators or owners of the leases have committed their leases to this proposed unit agreement?

A Yes, sir, they have, all of them.

Q They have all executed the form which has been filed with this application?

A Yes, sir.

Q Do you know whether or not the form is substantially the same form as the Anderson Ranch Unit approved by the Commission?

A Yes, sir, substantially the same. However, it does include a segregation clause.

Q In the form provided by the Commissioner of Public Lands?

A Yes.

Q Does the Unit Agreement provide for the drilling of a test well?

A Yes, sir, it does.

Q When is that to be commenced?

A Within 60 days after approval.

Q What depth is it to be drilled?

A 13,500.

Q In your opinion, is that sufficient to test the Devonian formation?

A Yes, sir, it is.

Q In the event this agreement is approved and production is obtained, state whether or not, in your opinion, this agreement would be in the interest of conservation and prevention of waste?

A Yes, sir it is.

MR. HINKLE: That is all.

MR. MACEY: Any questions of the witness? If not the witness may be excused.

(Witness excused.)

H. H. SWENUMSON,

called as a witness, having been first duly sworn, testified as follows:



DIRECT EXAMINATION

By MR. HINKLE:

Q State your name, please.

A H. H. Swenumson.

Q Have you, heretofore, testified before this Commission?

A Yes, I have.

MR. HINKLE: Mr. Swenumson has told me that in his former testimony there was an error in the transcript as to the school which he graduated from. I would like to correct that.

Q Mr. Swenumson, what school are you a graduate of?

A From Ohio Wesleyan University.

Q Are you employed by the Continental Oil Company?

A Yes, I am.

Q What capacity?

A Division geophysicist for Roswell.

Q You are in charge of the geophysical work in Southeastern New Mexico for Continental?

A Yes, sir.

Q Have you had occasion to have a survey, or cause a survey to be made under your direction, of the area in the proposed Williams Ranch Unit?

A Yes, sir.

Q There is attached to the geological report which has been introduced as Exhibit 1, a plat which is described as Exhibit "A", which I would like for you to refer to and explain to the Commission what that shows.

A This plat shows a geophysical structure map as was revealed by the geophysical survey in this area and the immediately

surrounding area.

Q What do the contours represent? Do they represent, what particular zone?

A They represent a horizon in the Devonian formation.

Q Would you care to state to the Commission the manner in which this survey was made, the character of the survey with respect to the closeness of your shot hole, or anything of that kind?

A This is the result of a detailed seismic survey, rather close control and utilizes the data immediately around the unit area and on the unit area.

Q The plat does reflect the result of your geophysical study?

A That is right.

Q Does the proposed unit area cover all, or substantially all of the geophysical anomaly?

A Yes, it does.

MR. HINKLE: That is all.

MR. MACEY: Any questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. HINKLE: I would like to have the Exhibit, as marked, introduced in evidence. I would like to state to the Commission, this unit has been fully signed by all of the operators. It is 100 percent, all of the operators have committed their interest to the unit. The Continental would like to commence operations immediately on this well. For that reason we would appreciate the Commission taking early consideration of this matter so that the order may be entered as quickly as possible.

MR. MACEY: Is there objection to the introduction of

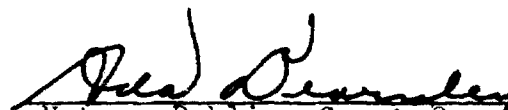
Continental Exhibit Number 1 in Case 795? If not the Exhibit will be received. Does anyone have anything further in this case? If not we will take the case under advisement and take a short recess.

(Recess.)

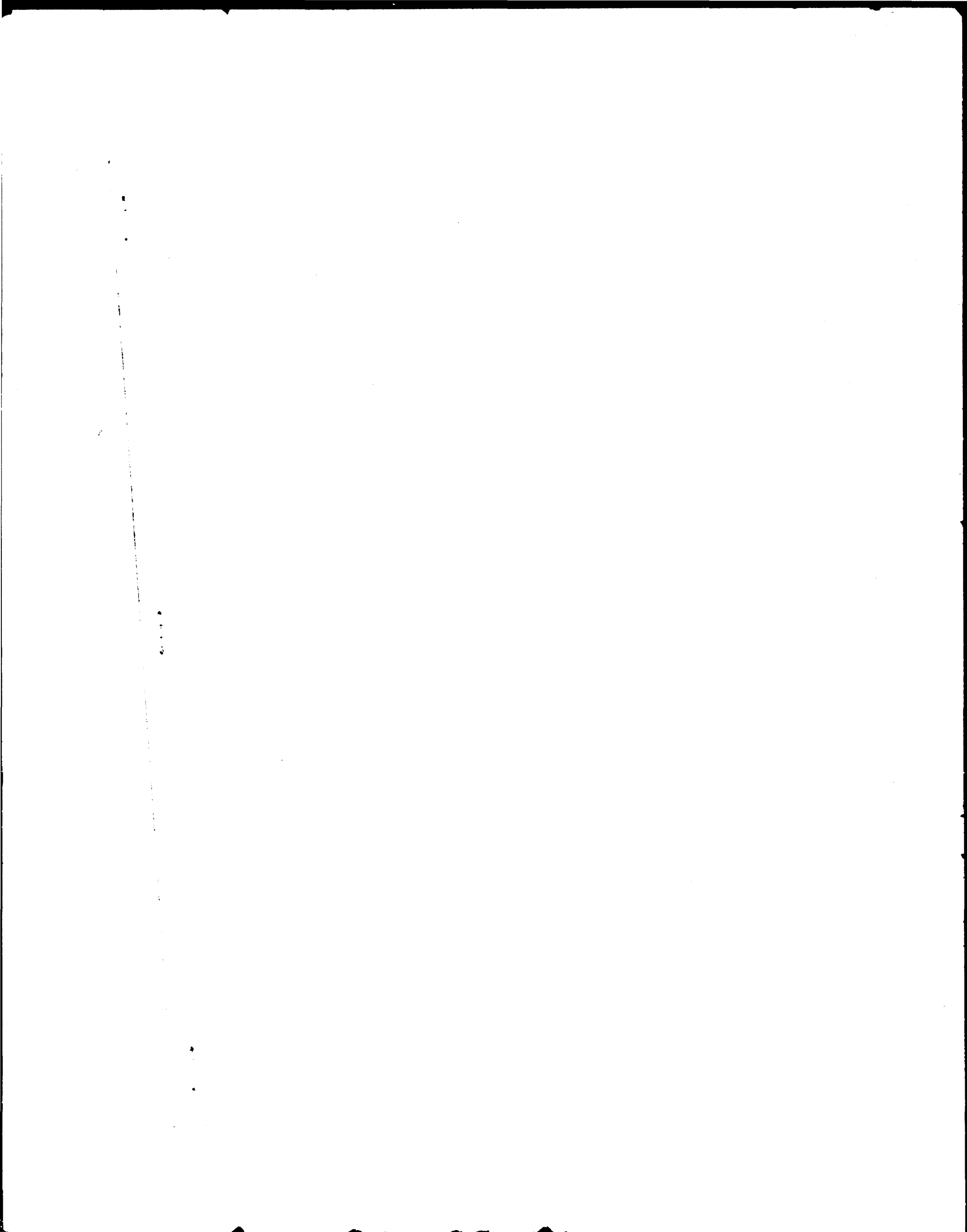
STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS.

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 19th day of November, 1954.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955



J. M. HERVEY 1874-1953  
HIRAM M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
WILLIAM C. SCHAUER  
HOWARD C. BRATTON  
S. B. CHRISTY IV

LAW OFFICES  
HERVEY, DOW & HINKLE  
FIRST NATIONAL BANK BUILDING  
ROSWELL, NEW MEXICO

MAIL OFFICE OCC

October 23, 1954

10:46 AM

TELEPHONE 2160  
L. O. 3

Mr. W. B. Macey  
Executive Secretary  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Re: Williams Ranch Unit Agreement  
Lea County, New Mexico

Dear Mr. Macey:

We hand you herewith in triplicate application of the Continental Oil Company for approval of the Williams Ranch Unit Agreement embracing 1920 acres in Sections 26, 27, 34 and 35, T. 16 S., R. 32 E., N.M.P.M. We also enclose three copies of the form of proposed unit agreement.

All of the lands involved in this unit are state lands and we are filing an application with the Commissioner of Public Lands for approval of the unit. The Continental is designated as operator and is anxious to commence operations on the projected test well as quickly as possible and we would therefore appreciate your setting this matter down to be heard by the Commission at the regular November hearing. We would also appreciate your sending us a copy of the notice to be published in connection with this matter.

Yours very truly,

HERVEY, DOW & HINKLE

By 

CEH:mp  
Encl.

cc - Mr. Harry C. Dippel  
General Counsel  
Continental Oil Company  
Fort Worth, Texas

cc - Mr. W. R. Hall  
Continental Oil Company  
Roswell, New Mexico

New Mexico Oil Conservation Commission  
Commissioner of Public Lands  
Santa Fe, New Mexico

Continental Oil Company, a corporation, is the owner of certain leases in the proposed Williams Ranch Unit area, as shown on Exhibit "A", attached to the Application for Approval of Williams Ranch Unit Agreement. The proposed unit is based primarily on the results of a geophysical survey and no definite geological information of a structural nature is available. The seismograph survey reveals a closed structure, with a minimum of 200 feet of closure in all directions. This structure is on trend with the Anderson Ranch structure located 3 miles north and is separated from the Anderson Ranch structure by a definite saddle. This seismograph survey was accomplished in the early part of 1954. Contours as mapped on the Devonian horizon by the geophysical survey are shown on enclosed Exhibit "A". An index map is attached hereto and made a part hereof and for purposes of identification marked Exhibit 1, which shows the position of the proposed unit in relation to nearby producing fields.

Production may be expected under conditions similar to that of the Anderson Ranch Field and from equivalent geological units. Therefore, the Devonian, which produces in the above mentioned field, is the primary objective and should be encountered at a predicted depth of 13,300 feet.

A 13,500 foot Devonian test is contemplated contingent upon the approval of the proposed subject unit.

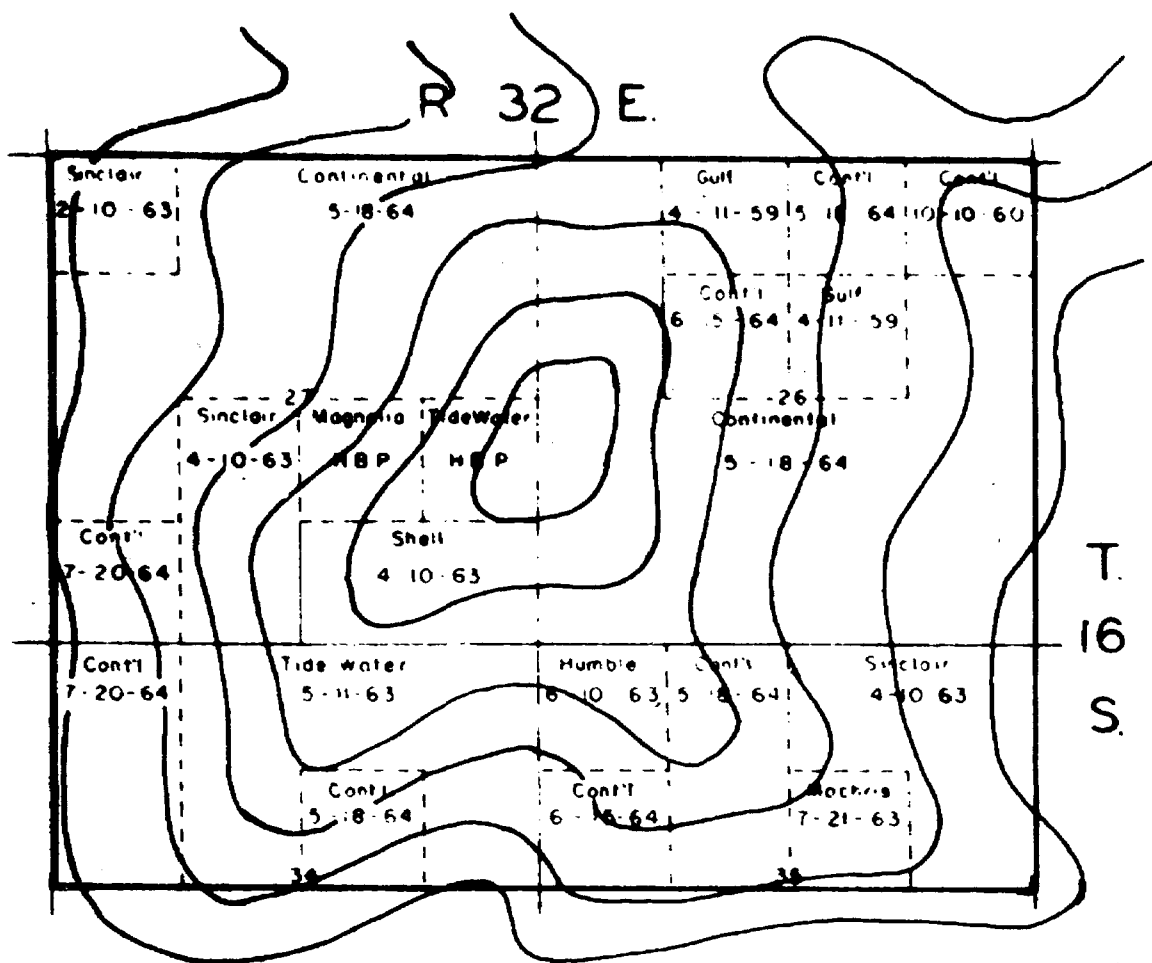
Development in the subject area tends to be retarded due to the wide diversity of ownership and should development be undertaken by the individual lessees, it would not be done in an orderly and scientific a manner as is desirable. The Williams Ranch area as outlined on Exhibit "A" is a single domal structure and is therefore, submitted as a proposed unit in order to bring this diversified ownership together so that development might be carried out in an orderly manner and in the best interests of conservation.

Respectfully,

*G. H. Salby*  
G. H. Salby  
Division Geologist

*C. H. Thompson*  
C. H. Thompson  
Division Geologist

BEFORE THE  
COMMISSIONER OF PUBLIC LANDS  
NEW MEXICO  
CASE 44-1-1



## EXHIBIT "A"

MAP OF

# WILLIAMS RANCH UNIT

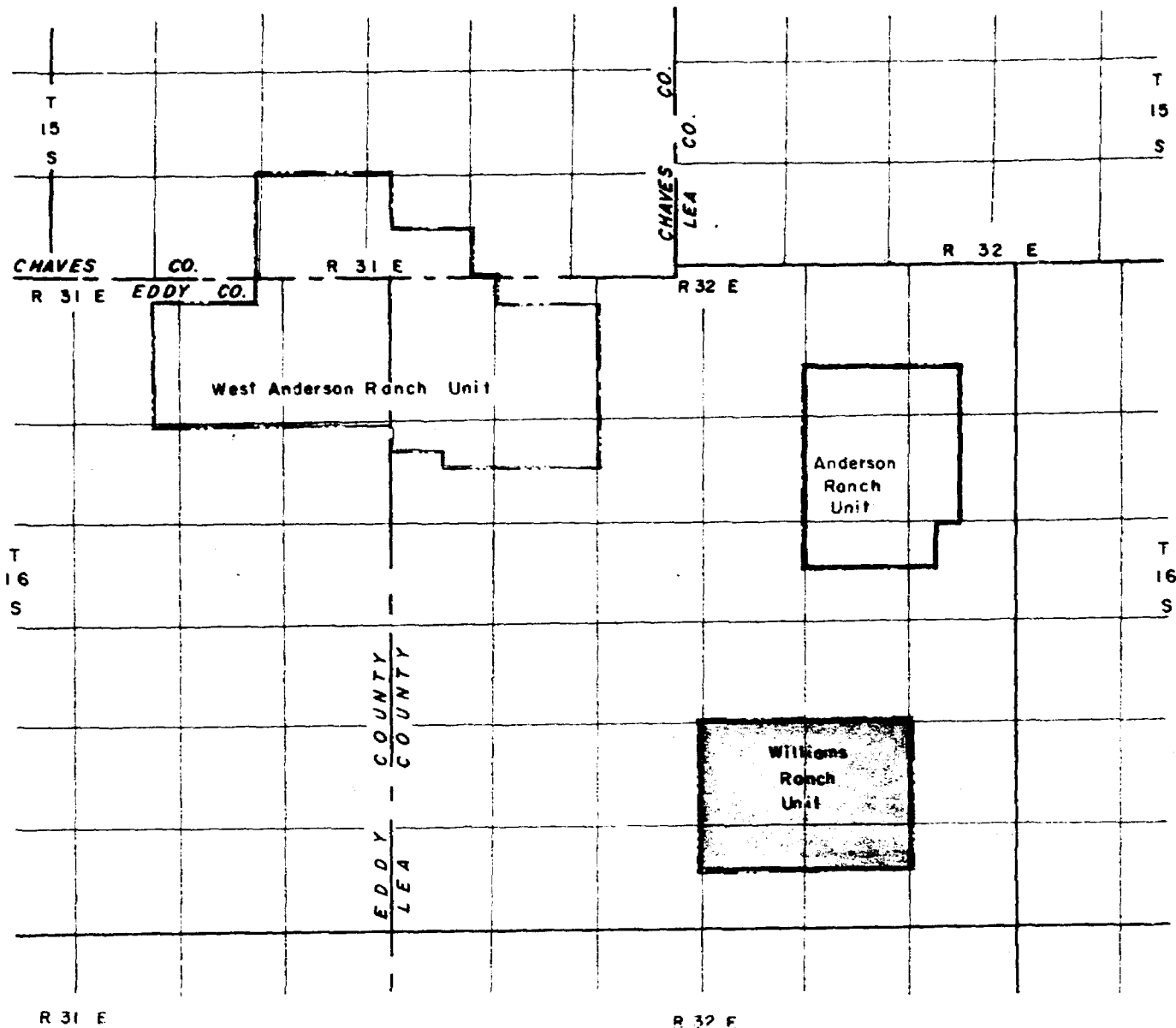
LEA COUNTY, NEW MEXICO  
T. 16 S. R. 32 E.

SEISMIC STRUCTURE  
MAP

HORIZON: DEVONIAN  
CONTOUR INTERVAL: 80 FEET




UNIT OUTLINE —

# EXHIBIT I



## PROPOSED WILLIAMS RANCH UNIT AREA

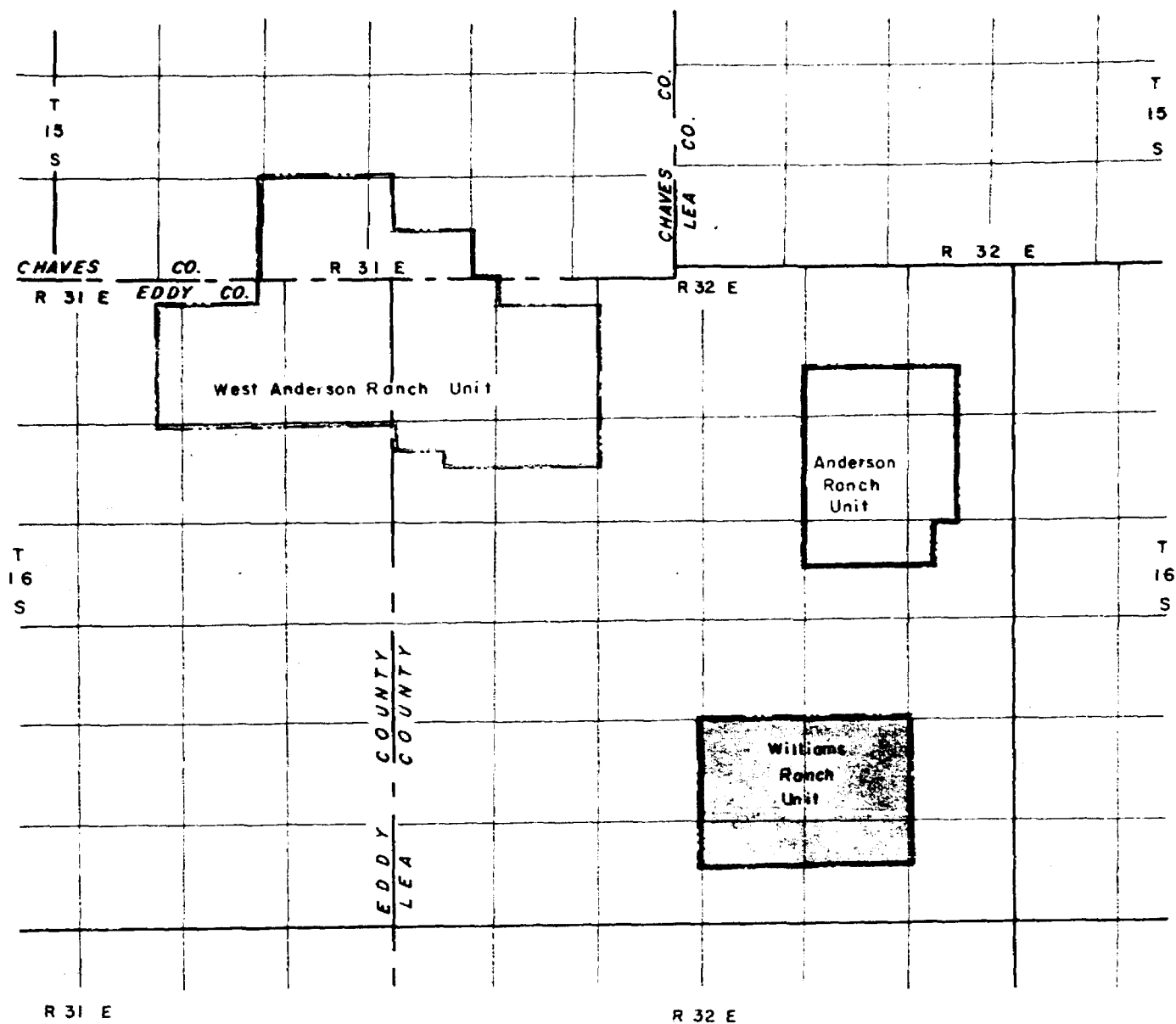
### -LEGEND-

-  ANDERSON RANCH UNIT
-  WEST ANDERSON RCH. UNIT
-  PROPOSED WILLIAMS RCH. UNIT

SCALE - 1" = 8000'






# EXHIBIT I



## PROPOSED WILLIAMS RANCH UNIT AREA

### -LEGEND-

-  ANDERSON RANCH UNIT
-  WEST ANDERSON RCH. UNIT
-  PROPOSED WILLIAMS RCH. UNIT

SCALE - 1" = 8000'

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

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

CASE NO. \_\_\_\_\_

THE APPLICATION OF CONTINENTAL  
OIL COMPANY FOR APPROVAL OF THE  
WILLIAMS RANCH UNIT AGREEMENT  
EMBRACING 1,920.00 ACRES, MORE OR  
LESS, LEA COUNTY, NEW MEXICO,  
WITHIN TOWNSHIP 16 S., RANGE 32 E.,  
N.M.P.M.

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Comes the undersigned, the Continental Oil Company, a corpora-  
tion, with offices at Fort Worth, Texas, and files herewith three  
copies of the proposed Unit Agreement for the Development and Opera-  
tion of the Williams Ranch Unit Area, Lea County, New Mexico, and  
hereby makes application for the approval of said Unit Agreement  
as provided by law, and in support thereof, shows:

1. That the proposed unit area covered by said agreement em-  
braces 1,920.00 acres, more or less, more particularly described as  
follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 16 S., R. 32 E.

Secs. 26 and 27: All  
Sec. 34: N $\frac{1}{2}$   
Sec. 35: N $\frac{1}{2}$

2. That the lands embraced within the proposed unit area are  
all State lands.

3. That applicant is informed and believes, and upon such  
information and belief, states: That the proposed unit area covers  
a substantial part of all of the geological features involved, and  
in the event of the discovery of oil or gas thereon, that said unit  
agreement will permit the producing area to be developed and oper-  
ated in the interest of conservation and the prevention of waste of  
the unitized substances.

4. That the Continental Oil Company is designated as unit  
operator in said unit agreement, and as such is given authority

under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas, subject to all applicable laws and regulations. That said unit agreement provides for the commencement of a test well for oil and gas upon some part of the lands embraced in the unit area within 60 days from the effective date of said unit agreement and for the drilling thereof with due diligence, to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities if at a lesser depth; provided, however, operator is not required in any event to drill said well to a depth in excess of 13,500 feet.

5. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said agreement, to the end that the maximum recovery will be obtained, and that said unit agreement is in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes.

6. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico.

7. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico, an approved copy thereof will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said unit agreement and that upon said hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in

the interest of conservation and prevention of waste.

DATED this the 28th day of October, 1954.

Respectfully submitted,

CONTINENTAL OIL COMPANY

By W. L. Hall



MAIN OFFICE 300

# CONTINENTAL OIL COMPANY

Box 749  
Roswell, New Mexico  
December 9, 1954

## REGISTERED MAIL

Mr. W. B. Macey, Secretary and Director  
Oil Conservation Commission  
Santa Fe,  
New Mexico

Dear Mr. Macey:

Re: Williams Ranch Unit Agreement  
Lea County, New Mexico

Reference is made to the captioned Unit Agreement on which Certificate of Approval was executed by Mr. E. S. Walker, Commissioner of Public Lands of the State of New Mexico, under date of November 18, 1954, and on which the Order of the Commission, State of New Mexico, Oil Conservation Commission, was executed on November 22, 1954.

In this connection, we attach Unit Agreement for the development and operation of the Williams Ranch Unit, Lea County, New Mexico, which has been executed by 100% of the working interest owners, committing their respective rights to the Williams Ranch Unit. All of these companies have also executed the Operating Agreement covering this Unit.

A Unit Agreement identical to the one being furnished

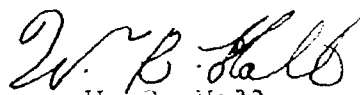
Mr. W. B. Macey  
Page 2

you was retained by Mr. E. S. Walker's office at the time he executed the Certificate of Approval on November 18, 1954.

An invitation has been extended Mr. George H. Williams and wife, Lois M. Williams, and Mr. Woodrow Williams and wife, Julia M. Williams, to join the Unit. Messrs. George H. Williams and Woodrow Williams each own a  $1/32$  of  $7/8$  overriding royalty under a 40 acre tract in the Unit. To date these parties have declined to join, and at present it appears they do not propose to do so.

Should additional material or information be needed in connection with this Unit Agreement, it is kindly requested we be so advised.

Yours very truly,

  
W. R. Hall  
Land Superintendent  
Roswell Division

WRH-sl  
Att

CC: Mr. E. S. Walker,  
Commissioner of Public Lands,  
Santa Fe, New Mexico

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
WILLIAMS RANCH UNIT  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 25<sup>th</sup> day of August 1954,  
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 Sec. 1 of Chapter 162, Laws of 1951, to consent to and approve the  
development or 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 of 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 an Act of the Legislature (Sec. 1, Chapter 162, Laws of 1951)  
to amend with the approval of the lessee, 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 of or all of  
any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico  
(hereinafter referred to as the "Commission") is authorized by an Act of the  
Legislature (Chap. 72, Laws 1935) to approve this agreement and the conserva-  
tion provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Williams  
Ranch 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:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 16 S., R. 32 E., Lea County, New Mexico

Secs. 26 and 27: All

Sec. 34: N $\frac{1}{2}$

Sec. 35: N $\frac{1}{2}$

containing 1,920.00 acres, more or less.

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 land 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 in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner"

The above described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement. Such expansion shall be effected in the following manner:



(a) Unit Operator, on its own motion or on demand of the Commissioner shall prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Commissioner and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Commissioner evidence of mailing of the notice of expansion and a copy of any objections thereto which have been filed with the Unit Operator.

(d) After due consideration of all pertinent information, the expansion shall, upon approval by the Commissioner, become effective as of the date prescribed in the notice thereof, provided, however, if more than 25% on an acreage basis object to such expansion, the same shall not be approved; provided, however, that should the interest of any objecting working interest owner equal or exceed 25% on an acreage basis, then and in that event in order to make such objection effective hereunder one additional working interest owner must join in such objection.

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. Continental Oil Company, a Delaware corporation, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests 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 interests 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 Article 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.

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 any 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 65 per cent 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 65 per cent 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 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 by and between the Unit Operator and the other 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 article, 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 purposes herein specified.

8. DRILLING TO DISCOVERY. Within 60 days after the effective date hereof, the Unit Operator shall 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 test the Devonian 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 the 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 13,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities, 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 formations 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. Failure to comply with the drilling provisions of this article shall automatically terminate this agreement as to all its terms, conditions and provisions and all rights, privileges and obligations granted by this Unit Agreement shall cease and terminate as of the date of any such default.

9. 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 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 provision 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.

10. 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 tract of said unitized area.

11. 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 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.

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 operations consented to by the Commissioner and approved by the Commission 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 each 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.

12. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, sub-leases, 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, upon approval hereof by the Commissioner 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 length of the secondary term as to lands within such area will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the lessee shall, without further action of the Commissioner or the lessee, be effective to conform the provisions and extend the term 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 so 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 shall continue in full force and effect thereafter. The commencement, completion, operation or production of a well on any part of the unit area shall be respectively construed and considered as the commencement or completion or operation or production of a well within the terms and provisions of each of the oil and gas leases to the same extent as though such commencement, completion, operation or production was carried on, conducted and/or obtained from any such leased tract.

Any lease having only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately 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 in such lease, if unitized substances are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same as to all lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of unitized substances, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as unitized substances in paying quantities are being produced from any portion of said lands.

13. 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 regulation.

14. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized lands by wells on land not subject to this agreement.

15. 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 by the grantee, transferee, or other successor in interest. No assignment or transfer of any working, royalty or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

16. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two 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 can be produced from the unitized land in paying quantities, 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 can be produced as aforesaid. This agreement may be terminated at any time by not less than 65 per cent on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, as provided in Article 8 hereof, the failure to comply with the drilling provisions of this Unit Agreement shall as of the date of any such default, automatically terminate this Unit Agreement.

17. 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.



18. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings relative to operations pending before the Commissioner or Commission; provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

19. 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 personally delivered to the party or 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.

20. 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 in part, by strikes, war, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

21. 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.

22. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval either by the Commission or Commissioner 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. After operations are commenced hereunder, the right of subsequent joinder by a working interest owner shall be subject to all of the requirements of any applicable operating agreement between the working interest owners relative to 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 filing with the Commissioner and the Commission 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 expense 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.

23. 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 opposite their signatures.

ATTEST:

Maria Rodgers  
Assistant Secretary  
Date August 25, 1954

CONTINENTAL OIL COMPANY

By [Signature]  
Vice President  
Address 1710 FAIR BUILDING  
FORT WORTH, TEXAS

WCP

WJD  
JWC

UNIT OPERATOR AND WORKING INTEREST OWNER

ATTEST:

C. W. Hart  
Asst Secretary  
Date Nov. 3, 1954

TIDE WATER ASSOCIATED OIL COMPANY

By [Signature]  
President  
Address Thompson Bldg  
Subs. Oklahoma

CMR

ATTEST:

[Signature]  
Assistant Secretary  
Date Nov. 9, 1954

SINCLAIR OIL & GAS COMPANY

By [Signature]  
Vice President  
Address 921 Fair Building  
Fort Worth, Texas

~~ATTEST:~~

~~Secretary~~  
Date November 4, 1954

SHELL OIL COMPANY

By [Signature]  
President Attorney-in-Fact  
Address P. O. Box 1509  
Midland, Texas

ATTEST:

[Signature]  
Asst. Secretary H. M. [unclear]

Date 11-1-54

ATTEST:

[Signature]  
Asst. Secretary H. W. Clark

Date SEP 29 1954

ATTEST:

[Signature] H. Kenney  
Asst. Secretary

Date 11-8-54

Date Nov. 12<sup>th</sup> 1954

Date \_\_\_\_\_

Date \_\_\_\_\_

GULF OIL CORPORATION

By [Signature] President

Address P. O. Drawer 1290

Fort Worth, Texas

MAGNOLIA PETROLEUM COMPANY

By [Signature] Vice-President

Address Box 900

Dallas, Tex.

HUMBLE OIL & REFINING COMPANY

By [Signature] Vice-President

Address P.O. Box 2180

Houston, Texas

FORM APPROVED  
[Signature]

TRADE O.K.  
W. A. MALEY  
Ev. [Signature]

M. A. Machris  
M. A. Machris

[Signature] (wife)  
Address 1500 STATLER CENTER  
600 WILSHIRE BOULEVARD  
LOS ANGELES 17, CALIFORNIA

George H. Williams

Lois M. Williams (wife)

Address \_\_\_\_\_

Woodrow Williams

Julia M. Williams (wife)

Address \_\_\_\_\_

STATE OF *Texas* )  
COUNTY OF *Tarrant* ) SS

On this *25<sup>th</sup>* day of *August* 1954, before me personally appeared  
to me personally known, who being by me duly sworn did say that  
he is the President of *Continental Oil Company*  
and that the seal affixed to said instrument is the corporate seal of said corpora-  
tion, and that said instrument was signed and sealed in behalf of said corporation  
by authority of its Board of Directors, and acknowledged  
said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official  
seal on this the day and year last above written.

My Commission Expires:

*June 1, 1955*

*Evelyn Seickmiller*  
Notary Public

STATE OF *Texas* )  
COUNTY OF *Dallas* ) SS

On this *29<sup>th</sup>* day of *Sept.* 1954, before me personally appeared *J. E. CHESTER*  
to me personally known, who being by me duly sworn did say  
that he is the Vice-President of *MOBIL PETROLEUM COMPANY*  
and that the seal affixed to said instrument is the corporate seal of said corpora-  
tion, and that said instrument was signed and sealed in behalf of said corporation  
by authority of its Board of Directors, and *J. E. CHESTER*  
acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official  
seal on this the day and year last above written.

My Commission Expires:

My commission expires

*June 1, 1955*

*Gladys D. Walters*  
Notary Public

GLADYS D. WALTERS, Notary Public  
In and for Dallas County, Texas

STATE OF *TEXAS* )  
COUNTY OF *TARRANT* ) SS

On this *1<sup>st</sup>* day of *November* 1954, before me personally appeared  
*H. M. BAYER*

to me personally known, who being by me duly sworn did  
say that he is the VICE President of *GULF OIL CORPORATION*

and that the seal affixed to said instrument is the corporate seal of said corpora-  
tion, and that said instrument was signed and sealed in behalf of said corporation  
by authority of its Board of Directors, and *H. M. BAYER*  
acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official  
seal on this the day and year last above written.

My Commission Expires:

*JUN 1 1955*

*Eva Marie Bayer*  
Notary Public

STATE OF Oklahoma )  
COUNTY OF Nowata )SS

On this 7 day of Nov. 1954, before me personally appeared J. E. Egan to me personally known, who being by me duly sworn did say that he is the Vice President of Tide Water Associated Oil Company and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the day and year last above written.

My Commission Expires:

March 19, 1956.

Richard D. Haley  
Notary Public

STATE OF TEXAS )  
COUNTY OF HARRIS )SS

On this 8th day of Nov. 1954, before me personally appeared

J. A. NEATH to me personally known, who being by me duly sworn did say that he is the Vice President of HUMBLE OIL & REFINING COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the day and year last above written.

My Commission Expires: 6-1-55

Wayne Leheuw  
Notary Public

WAYNE LEHEW

STATE OF TEXAS )  
COUNTY OF MIDLAND )

Before me, the undersigned authority, on this day personally appeared M. S. Metz, known to me to be the person whose name is subscribed to the foregoing instrument as Attorney in Fact for Shell Oil Company and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the free act and deed of said Shell Oil Company in the capacity therein stated.

Given under my hand and seal of office this 4 day of November, 1954.

My Commission Expires:  
June 1, 1955

John Atkins  
Notary Public in and for Midland  
County, Texas

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS,  
COUNTY OF Tarrant

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared  
Mr. P. C. Brooke, known to me to be the person and officer  
whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said  
Sinclair Oil & Gas Company, a corporation,  
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the  
capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 9th day of November A.D., 1954.

My Commission Expires June 1, 1955.

*Eloise J. Wright*  
Notary Public in and for Tarrant County, Texas  
ELOISE J. WRIGHT, Notary Public  
in and for Tarrant County, Texas

On this 10 day of November 1954, before me personally appeared  
*M. G. Machus and Saginta L. Machus*  
to me known to be the persons described in and who executed the foregoing instru-  
ment and acknowledged that they executed the same as their free act and deed.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:  
My Commission Expires August 20, 1956

*Helen T. Edwards*  
Notary Public

Helen T. Edwards, Notary Public in and for  
Los Angeles County, California

STATE OF )  
COUNTY OF ) SS  
)

On this day of 1954, before me personally appeared  
to me known to be the person described in and who executed the foregoing instru-  
ment and acknowledged that he executed the same as free act and deed.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:

Notary Public

STATE OF )  
COUNTY OF ) SS  
)

On this day of 1954, before me personally appeared  
to me known to be the person described in and who executed the foregoing instru-  
ment and acknowledged that he executed the same as free act and deed.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:

Notary Public

STATE OF )  
COUNTY OF )SS  
)

On this            day of            1954, before me personally appeared  
to me known to be the person    described in and who executed the foregoing instrument,  
and acknowledged that    he    executed the same as            free act and deed.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:

\_\_\_\_\_  
Notary Public

STATE OF *California* )  
COUNTY OF *Los Angeles* )SS  
)

On this *15<sup>th</sup>* day of *November* 1954, before me personally appeared  
*M. G. Machno and Saginta L. Machno*  
to me known to be the persons described in and who executed the foregoing instru-  
ment and acknowledged that    they    executed the same as *their* free act and deed.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:

My Commission Expires August 20, 1956

*Helen T. Edwards*  
\_\_\_\_\_  
Notary Public

Helen T. Edwards, Notary Public in and for  
Los Angeles County, California

STATE OF )  
COUNTY OF )SS  
)

On this            day of            1954, before me personally appeared  
to me known to be the person    described in and who executed the foregoing instru-  
ment and acknowledged that    he    executed the same as            free act and deed.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:

\_\_\_\_\_  
Notary Public

STATE OF )  
COUNTY OF )SS  
)

On this            day of            1954, before me personally appeared  
to me known to be the person    described in and who executed the foregoing instru-  
ment and acknowledged that    he    executed the same as            free act and deed.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:

\_\_\_\_\_  
Notary Public



R. 32 E.

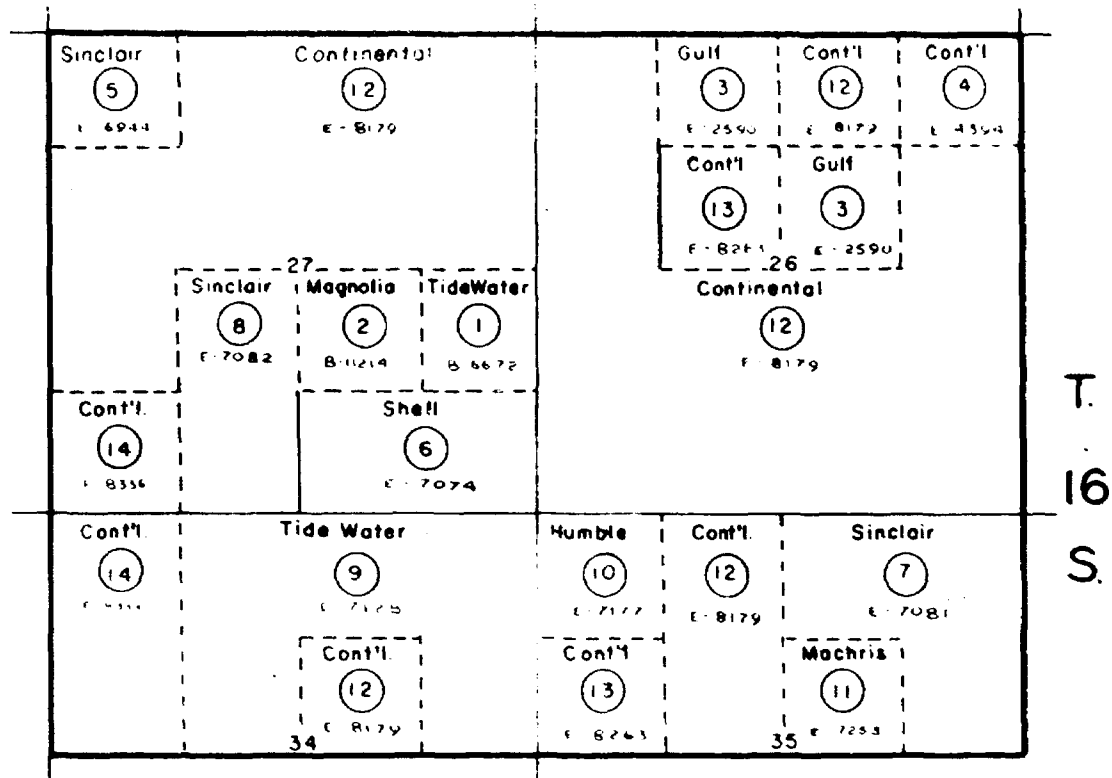


EXHIBIT "A"

OWNERSHIP PLAT

WILLIAMS RANCH UNIT

LEA COUNTY, NEW MEXICO

T. 16 S., R. 32 E.

STATE LAND \_\_\_\_\_ 1,920 ACRES  
TOTAL AC. IN UNIT \_\_\_\_\_ 1,920 ACRES

— UNIT OUTLINE  
○ TRACT NUMBERS

EXHIBIT "g"  
WILLIAMS RANCH UNIT AREA  
LEA COUNTY, NEW MEXICO  
TOWNSHIP 16 SOUTH, RANGE 32 EAST

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS  
INTERESTS IN ALL LANDS IN THE UNIT AREA.

Tract No.	Description of land	No. of Acres	Lease No. and Expiration Date of Lease	Basic Royalty & Percentage	Overriding Royalty and Percentage	Working Interest Owner
<u>All in T. 16 S., R. 32 E.</u>						
1.	Sec. 27: NE $\frac{1}{4}$ SE $\frac{1}{4}$	40	B-6672 H.B.P.	State of New Mexico All	None	Tide Water Association Oil Company
2.	Sec. 27: NW $\frac{1}{4}$ SE $\frac{1}{4}$	40	B-11214 H.B.P.	State of New Mexico All	None	Magnolia Petroleum Company
3.	Sec. 26: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$	80	E-2590 4-11-59	State of New Mexico All	None	Gulf Oil Corporation
4.	Sec. 26: NE $\frac{1}{4}$ NE $\frac{1}{4}$	40	E-4394 10-10-60	State of New Mexico All	George H. Williams and wife, Lois M. Williams 1/32 of 7/8 Woodrow Williams and wife, Julia M. Williams 1/32 of 7/8	Continental Oil Company
5.	Sec. 27: NW $\frac{1}{4}$ NW $\frac{1}{4}$	40	E-6944 2-10-63	State of New Mexico All	None	Sinclair Oil & Gas Company
6.	Sec. 27: S $\frac{1}{2}$ SE $\frac{1}{4}$	80	E-7074 4-10-63	State of New Mexico All	None	Shell Oil Company
7.	Sec. 35: N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$	120	E-7081 4-10-63	State of New	None	Sinclair Oil & Gas Company

8.	Sec. 27: E <sub>2</sub> SW <sub>4</sub>	80	E-7082 4-10-63	State of New Mexico All	None	Sinclair Oil & Gas Company
9.	Sec. 34: N <sub>2</sub> NE <sub>1</sub> , SE <sub>1</sub> NE <sub>1</sub> , E <sub>2</sub> NE <sub>1</sub>	200	E-7128 5-11-63	State of New Mexico All	None	Tide Water Associated Oil Company
10.	Sec. 35: N <sub>2</sub> NE <sub>1</sub> SW <sub>4</sub>	40	E-7177 6-10-63	State of New Mexico All	None	Humble Oil & Refining Company
11.	Sec. 35: SW <sub>1</sub> NE <sub>1</sub>	40	E-7253 7-21-63	State of New Mexico All	None	M. A. Machris
12.	Sec. 26: N <sub>2</sub> NE <sub>1</sub> , SE <sub>1</sub> NE <sub>1</sub> , W <sub>2</sub> NW <sub>4</sub> , S <sub>2</sub> Sec. 27: NE <sub>1</sub> , E <sub>2</sub> NW <sub>4</sub> , SW <sub>1</sub> NW <sub>4</sub> , NW <sub>4</sub> SW <sub>4</sub> Sec. 34: SW <sub>1</sub> NE <sub>1</sub> Sec. 35: E <sub>2</sub> NW <sub>4</sub>	920	E-8179 5-18-64	State of New Mexico All	None	Continental Oil Company
13.	Sec. 26: SE <sub>1</sub> NW <sub>4</sub> Sec. 35: SW <sub>1</sub> NW <sub>4</sub>	80	E-8263 6-15-64	State of New Mexico All	None	Continental Oil Company
14.	Sec. 27: SW <sub>1</sub> SW <sub>4</sub> Sec. 34: W <sub>2</sub> NW <sub>4</sub>	120	E-8336 7-20-64	State of New Mexico All	None	Continental Oil Company

14 STATE TRACTS, CONTAINING 1,920 ACRES OR 100% OF UNIT AREA


CERTIFICATE OF APPROVAL  
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO  
OF UNIT AGREEMENT FOR DEVELOPMENT AND OPERATION  
OF WILLIAMS RANCH UNIT AREA, LEA COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Williams Ranch Unit Area, Lea County, New Mexico, dated the 25<sup>th</sup> day of August, 1954, in which the Continental Oil Company, a corporation, is designated as Operator, and which has been executed by various parties owning and holding oil and gas leases embracing lands within the unit area, 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 field;
- (b) That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the Agreement is in other respects for the best interest of the State;
- (d) That the Agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the Agreement on an acreage basis as specified in the Agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by the Laws of the State of New Mexico, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the above referred to Williams Ranch Unit Agreement as to the lands of the State of New Mexico committed thereto, and all oil and gas leases embracing lands of the State of New Mexico committed to said Agreement shall be and the same are hereby amended so that the provisions thereof will conform to the provisions of said Unit Agreement and so that the length of the secondary term of each such lease as to the lands within the unit area will be extended, insofar as necessary, to coincide with the term of said Unit Agreement, and in the event the term of said Unit Agreement shall be extended as provided therein such extension shall also be effective to extend the term of each oil and gas lease embracing lands of the State of New Mexico committed to said Unit Agreement which would otherwise expire, so as to coincide with the extended term of such Unit Agreement.

IN WITNESS WHEREOF, this certificate of approval is executed as of this the 18<sup>th</sup> day of November, 1954.

  
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Commissioner of Public Lands of  
the State of New Mexico