

Case No.

1450

Application, Transcript,
Small Exhibits, Etc.

Case 1250: Neville G. Penrose, Inc. applica-
tion for order approving its November State
Unit comprising 913 acres.

T



AMENDMENT TO UNIT AGREEMENT FOR THE DEVELOPMENT
AND OPERATION OF THE NOVEMBER STATE UNIT IN
LEA COUNTY, NEW MEXICO

WHEREAS, as of the 28th day of March, 1958, the undersigned parties hereto entered into a Unit Agreement for the development and operation of the November State Unit area embracing the following described land situated in Lea County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN
LEA COUNTY, NEW MEXICO - TOWNSHIPS
10 AND 11 SOUTH - RANGES 37 AND 38 EAST

Section 31-10S-38E: W/2 W/2
Section 36-10S-37E: E/2, N/2 NW/4, SE/4 NW/4, E/2 SW/4
Section 4-11S-38E: Lots 1, 2, 3, 4; N/2 SW/4, N/2 SE/4

Containing 913.36 acres, more or less; and

WHEREAS, said Unit Agreement was approved by the Commissioner of Public Lands of the State of New Mexico as to form and context on the 30th day of April, 1958 subject to the execution of the hereinafter described amendments; and

WHEREAS, the undersigned parties to said Unit Agreement, with the approval and consent of the Commissioner of Public Lands of the State of New Mexico, are desirous of amending said Unit Agreement in the particulars hereinafter set forth.

NOW THEREFORE, it is mutually agreed by and between the undersigned parties, and being all of the parties to the original Unit Agreement above referred to, with the consent and approval of the Commissioner of Public Lands of the State of New Mexico, that said Unit Agreement be and the same is hereby amended as follows:

1. That the following paragraph be substituted for Section 8 (Drilling To Discovery) of the said Unit Agreement so that hereafter said Section 8 (Drilling To Discovery) shall be and read as follows:

"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 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 Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, the Unit Operator shall not, in any event, be required to drill said well to a depth in excess of 12,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs 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 reasonable 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."

2. That an additional subparagraph be added to Section 12 (Payments of Rentals, Royalties and Overriding Royalties) of the said Unit Agreement, which subparagraph shall become the third subparagraph of said Section 12:

"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."

3. That the following paragraph be substituted for Section 15 (Drainage) of the said Unit Agreement so that hereafter such Section 15 (Drainage) shall be and read as follows:

"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."

4. That said Unit Agreement, as hereinabove amended, is hereby ratified and confirmed as to all of the terms and provisions thereof.

5. 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 instruments in writing specifically referring hereto and shall be binding upon all of 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 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 having caused this agreement to be executed as of the respective date set forth opposite their signature.

ATTEST:

Richard J. Churchill
Secretary

NEVILLE G. PENROSE, INC.

BY

[Signature]
Vice-President

UNIT OPERATOR

DATE

5-23-58

ATTEST:

[Signature]
Asst. Secretary G. A. PRICE

GULF OIL CORPORATION

BY

[Signature]
Attorney in Fact

DATE

MAY 9 1958

Law	<u>WOK</u>
Compt.	
Exp.	<u>[Signature]</u>
Prod.	

ATTEST:

Secretary

DATE _____

ATTEST:

Asst. Secretary

DATE _____

ATTEST:

Edna M. Elliott
Secretary

DATE _____

ATTEST:

Marion Roney
Asst. Secy.-Treas.

DATE May 9, 1958

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

AZTEC OIL & GAS COMPANY

BY _____
Vice-President

AMERADA PETROLEUM COMPANY

BY _____
President

SUNSHINE ROYALTY COMPANY

BY Frank D. Clift
Vice-President

LEONARD OIL COMPANY

BY Ralph Leonard
President

J. L. Reed
J. L. REED

BERTHA L. EVANS

THOMAS W. EVANS

MARY E. EVANS

LORENE E. WHITLEY McCLINTON LONGWELL

MEL LONGWELL

ODESSA M. WHITLEY

J. B. WHITLEY

VIRGIL G. FEATHER

SECRET:

Franklin L. Davis
Secretary

DATE MAY 12 1958

ATTEST:

[Signature]
Asst. Secretary

DATE May 6, 1958

ATTEST:

Secretary

DATE _____

ATTEST:

Asst. Secy.-Treas.

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

AZTEC OIL & GAS COMPANY

BY Claw Thompson
Vice-President

AMERADA PETROLEUM CORPORATION

BY [Signature]
Vice President

APPROVE
A. P. C.

SUNSHINE ROYALTY COMPANY

BY _____
Vice-President

LEONARD OIL COMPANY

BY _____
President

J. L. REED

Bertha L. Evans
BERTHA L. EVANS

Thomas W. Evans
THOMAS W. EVANS

Mary E. Evans
MARY E. EVANS

LORENE E. WHITLEY McCLINTON LONGWELL

NEEL LONGWELL

Odesa M. Whitley
ODESSA M. WHITLEY

J. B. Whitley
J. B. WHITLEY

Virgil G. Feather
VIRGIL G. FEATHER

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

Witness

DATE _____

THE STATE OF TEXAS }

COUNTY OF TARRANT }

The foregoing instrument was acknowledged before me this 23rd day of MAY, 1958, by J. M. ZACHARY, Vice President of NEVILLE G. PENROSE, INC., a New Mexico Corporation, on behalf of said Corporation.

TRELLIS ADAMS, Notary Public
in and for Tarrant County, Texas
My Commission Expires June 1, 1959

Thomas E. Boyd
THOMAS E. BOYD

Ruby Boyd
RUBY BOYD

Mabel Field Greathouse
MABEL FIELD GREATHOUSE

Lloyd Greathouse
LLOYD GREATHOUSE

ANETA FIELD

Tyson Field
TYSON FIELD

MATTIE E. FIELD

Mattie E. Field
ROBERT K. FIELD

Sarah Jane Field
SARAH JANE FIELD

Sarah Jane Field

Trellis Adams
Notary Public in and for
Tarrant County, Texas

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 9th day of MAY, 1958, by W. A. SHELLSHEAR, Attorney In Fact of GULF OIL CORPORATION, a Pennsylvania Corporation, on behalf of said Corporation.

L.B. Parker
Notary Public in and for
Chaves County, New Mexico

My Commission Expires Oct. 8, 1961

STATE OF TEXAS I

COUNTY OF DALLAS I

The foregoing instrument was acknowledged before me this 12th day of MAY, 1958, by VAN THOMPSON, Vice President of AZTEC OIL & GAS COMPANY, a Delaware Corporation, on behalf of said Corporation.

NAOMI D. LANGRAN
Notary Public, Dallas County, Texas
My commission expires June 1, 1959

Naomi D. Langran
Notary Public in and for
Dallas County, Texas

STATE OF OKLAHOMA I

COUNTY OF TULSA I

The foregoing instrument was acknowledged before me this 16th day of MAY, 1958, by A. H. DENISON President of AMERADA PETROLEUM CORPORATION, a Delaware Corporation, on behalf of said Corporation.

My commission expires January 13, 1962

Josephine Lawrence
Notary Public in and for
Tulsa County, Oklahoma

STATE OF NEW MEXICO I

COUNTY OF CHAVES I

The foregoing instrument was acknowledged before me this _____ day of MAY, 1958, by FRANK O. ELLIOTT, Vice President of SUNSHINE ROYALTY COMPANY, a New Mexico Corporation, on behalf of said Corporation.

Notary Public in and for
Chaves County, New Mexico

STATE OF NEW MEXICO I

COUNTY OF CHAVES I

The foregoing instrument was acknowledged before me this _____ day of MAY, 1958, by ROBERT J. LEONARD, President of LEONARD OIL COMPANY, a New Mexico Corporation, on behalf of said Corporation.

Notary Public in and for
Chaves County, New Mexico

STATE OF NEW MEXICO I

THE COUNTY OF LEA I

The foregoing instrument was acknowledged before me this _____ day of MAY, 1958, by J. L. REED.

My Commission Expires:

Notary Public in and for
Lea County, New Mexico

STATE OF TEXAS }

COUNTY OF DALLAS }

The foregoing instrument was acknowledged before me this _____ day of MAY, 1958, by VAN THOMPSON, Vice President of AZTEC OIL & GAS COMPANY, a Delaware Corporation, on behalf of said Corporation.

Notary Public in and for
Dallas County, Texas

STATE OF OKLAHOMA }

COUNTY OF TULSA }

The foregoing instrument was acknowledged before me this _____ day of MAY, 1958, by E. H. McCOLLOUGH, President of AMERADA PETROLEUM CORPORATION, a Delaware Corporation, on behalf of said Corporation.

Notary Public in and for
Tulsa County, Oklahoma

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 12th day of MAY, 1958, by FRANK O. ELLIOTT, Vice President of SUNSHINE ROYALTY COMPANY, a New Mexico Corporation, on behalf of said Corporation.

My Commission Expires 12-20-59.

Maria Crane
Notary Public in and for
Chaves County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 7th day of MAY, 1958, by ROBERT J. LEONARD, President of LEONARD OIL COMPANY, a New Mexico Corporation, on behalf of said Corporation.

Margaret J. McQuinn
Notary Public in and for
Chaves County, New Mexico

STATE OF NEW MEXICO }

THE COUNTY OF LEA }

The foregoing instrument was acknowledged before me this 26th day of MAY, 1958, by J. L. REED.

My Commission Expires:

12/30/59

Rebecca Wallard
Notary Public in and for
Lea County, New Mexico

THE STATE OF TEXAS }

COUNTY OF LUBBOCK }

The foregoing instrument was acknowledged before me this 27th
day of MAY, 1958, by BERTHA L. EVANS, a widow.

My Commission Expires:
3-31-59

M. Shelton
Notary Public in and for
Lubbock County, Texas

THE STATE OF TEXAS }

COUNTY OF LUBBOCK }

The foregoing instrument was acknowledged before me this 27th
day of MAY, 1958, by THOMAS W. EVANS and MARY E. EVANS, his wife.

My Commission Expires:
3-31-59

M. Shelton
Notary Public in and for
Lubbock County, Texas

THE STATE OF UTAH }

COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____
day of MAY, 1958, by LORENE E. WHITLEY McCLINTON LONGWELL and
NEIL LONGWELL, her husband.

My Commission Expires:

Notary Public in and for

STATE OF NEW MEXICO }

THE COUNTY OF LEA }

The foregoing instrument was acknowledged before me this 26th
day of MAY, 1958, by ODESSA M. WHITLEY and J. B. WHITLEY, her husband.

My Commission Expires:
4-29-60

Ida J. Foreman
Notary Public in and for
Lea County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF ROOSEVELT }

The foregoing instrument was acknowledged before me this 27th
day of MAY, 1958, by THOMAS E. BOYD and RUBY BOYD, his wife.

My Commission Expires
4-10-60

Smith A. Wright
Notary Public in and for
Roosevelt County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF SIERRA }

The foregoing instrument was acknowledged before me this 29th day of MAY, 1958, by MABEL FIELD GREATHOUSE and LLOYD GREATHOUSE, her husband.

My Commission Expires:

Dec. 12, 1961

David H. Ruminer
Notary Public in and for
Sierra County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF _____ }

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by ANETA FIELD, a feme sole.

My Commission Expires:

Notary Public in and for

STATE OF TEXAS }

COUNTY OF YORKUM }

The foregoing instrument was acknowledged before me this 28th day of MAY, 1958, by TYSON FIELD and MATTIE E. FIELD, his wife.

My Commission Expires:

Maurice Phillips
Notary Public in and for
YORKUM Terry County, Texas

STATE OF TEXAS }

COUNTY OF YORKUM }

The foregoing instrument was acknowledged before me this 28th day of MAY, 1958, by ROBERT K. FIELD and SARAH JANE FIELD, his wife.

My Commission Expires:

Maurice Phillips
Notary Public in and for
YORKUM Terry County, Texas

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

The foregoing instrument was acknowledged before me this 26th day of May, 1958, by VIRGIL G. FEATHER.

My Commission Expires:

8/31/59

W. L. Ware
Notary Public in and for
Midland County, Texas

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE NOVEMBER STATE UNIT IN
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 28th day of March, 1958,
by and between the parties subscribing, ratifying or consenting hereto,
and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New
Mexico (hereinafter referred to as "Commissioner") 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. (Chap. 7, Art. 11, Sec. 39, N. M. Statutes 1953
Annotated), 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, Chap. 162), (Laws
of 1951, Chap. 7, Art. 11, Sec. 41 N. M. Statutes 1953 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 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; Chap. 65, Art. 3, Sec. 14 N. M. Statutes 1953 Annotated), to approve this agreement and the conservation provisions hereof; and,

WHEREAS, the parties hereto hold sufficient interests in the November State 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

LEA COUNTY, NEW MEXICO - TOWNSHIPS

10 AND 11 SOUTH - RANGES 37 AND 38 EAST

Section 31-10S-38E: W/2 W/2

Section 36-10S-37E: E/2, N/2 NW/4, SE/4 NW/4, E/2 SW/4

Section 4-11S-38E: Lots 1, 2, 3, 4; N/2 SW/4; N/2 SE/4

Containing 913.36 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 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 in 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 revision necessary, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

All lands 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 - Neville G. Penrose, Inc., with offices at Fort Worth, Texas, 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 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 and unleased mineral 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 and unleased mineral 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 production 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 and unleased mineral 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 (75%) percent of the working and unleased mineral 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 (75%) percent of the total working and unleased mineral 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 and unleased mineral 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 and unleased mineral 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 rights or obligations 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 - The Unit Operator shall, within 30 days from 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 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 Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, the Unit Operator shall not, in any event, be required to drill said well to a depth in excess of 12,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities is made, 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, unless 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.

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 30 days after the expiration of each twelve months period thereafter file a report with the Commissioner and Commission 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. 7-11-14, N. M. Statutes 1953 Annotated of intention to cancel on account of any alleged breach of said covenant for reasonable development and any

decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N. M. Statutes 1953 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.

10. PARTICIPATION AFTER DISCOVERY - Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working and unleased mineral 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 or unleased mineral 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 so produced from the respective leasehold or unleased mineral 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 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 and unleased mineral 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 or unleased mineral 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 been 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.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES -

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

All royalties due the State of New Mexico and other lessors 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, if desired, 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 operation 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 1/8th 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.

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, upon approval hereof by the Commissioner, as to lands of the State of New Mexico and by the other lessors as to privately owned lands, 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 term of said leases will be extended insofar as necessary to coincide with the term of this agreement and the approval of the agreement by the Commissioner and/or the lessee shall 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 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 pro-

vided 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 on or obtained from any such leased tract.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and to 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 oil or gas, or either of them, 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 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 oil or gas, or either of them, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as

oil or gas, or either of them, are being produced in paying quantities from any portion of said lands.

14. CONSERVATION - Operations hereunder and production of unitized substances shall be produced 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 - The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized lands by wells on lands not subject to this agreement.

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 lease 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.

17. 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 pro-

duction 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 seventy-five percent (75%) on an acreage basis of the owners of the working and unleased mineral interests signatory hereto with the approval of the Commissioner. Likewise, as provided in Section 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.

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. 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.

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 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.

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 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.

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 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, or owner of an unleased mineral interest by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. After the operations are commenced hereunder, the right of subsequent joinder by a working interest owner shall be subject to all the requirements of any applicable operating agreement between the working and unleased mineral 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 forth opposite their signatures.

ATTEST:

Richard J. Churline
Secretary

DATE April 22, 1958

ATTEST:

G. L. Ware
DATE APR 23 1958

ATTEST:

Hubert J. Davis
DATE APR 24 1958

ATTEST:

Edna M. Elliott
DATE 4-24

ATTEST:

Edna M. Elliott
DATE 4-24

ATTEST:

Marion Roney
DATE April 24, 1958

WITNESS:

G. L. Ware

NEVILLE G. PENROSE, INC.

BY J. M. Penrose
President

UNIT OPERATOR

ADDRESS: 1813 Fair Building
Fort Worth 2, Texas

GULF OIL CORPORATION

BY M. H. H. H.
Attorney In
ADDRESS: GULF OIL CORPORATION
P. O. Box 669
ROSWELL, NEW MEXICO

AZTEC OIL & GAS COMPANY

BY Van Thompson
VICE PRESIDENT
ADDRESS: AZTEC OIL & GAS COMPANY
920 MESSERLY BLDG.
DALLAS, TEXAS

AMERADA PETROLEUM CORPORATION

BY
ADDRESS:

SUNSHINE ROYALTY COMPANY

BY Frank L. Elliott
Vice President
ADDRESS: Box 5669
Roswell N. Mex.

LEONARD OIL COMPANY

BY Robert J. Leonard
ADDRESS: LEONARD OIL CO.
BOX 703
ROSWELL, N. MEX.

J. L. Reed
J. L. REED
ADDRESS:

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

ATTEST:

NEVILLE G. PENROSE, INC.

Secretary

BY _____
President

UNIT OPERATOR

DATE _____

ADDRESS: 1813 Fair Building
Fort Worth 2, Texas

ATTEST:

GULF OIL CORPORATION

DATE _____

BY _____

ADDRESS:

ATTEST:

AZTEC OIL & GAS COMPANY

DATE _____

BY _____

ADDRESS:

ATTEST:

Assistant Secretary

AMERADA PETROLEUM CORPORATION

DATE April 25, 1951

BY *Ernest C. ...*
President

ADDRESS: AMERADA PETROLEUM CORP.
P. O. BOX 2040
TULSA 2, OKLAHOMA



ATTEST:

SUNSHINE ROYALTY COMPANY

DATE _____

BY _____

ADDRESS:

ATTEST:

LEONARD OIL COMPANY

DATE _____

BY _____

ADDRESS:

WITNESS:

J. L. READ

ADDRESS:

WITNESS:

C. L. Ware

Bertha L. Evans.
BERTHA L. EVANS

ADDRESS: 1709 Avenue O
Lubbock, Texas

WITNESS:

C. L. Ware

Thomas W. Evans
THOMAS W. EVANS

Mary E. Evans
MARY E. EVANS

ADDRESS: 2110 23rd Street
Lubbock, Texas

WITNESS:

LORENE E. WHITLEY McCLINTON LONGWELL

MEL LONGWELL

ADDRESS: Aztec, New Mexico

WITNESS:

C. L. Ware

Odessa M. Whitley
ODESSA M. WHITLEY

J. B. Whitley
J. B. WHITLEY

ADDRESS: P. O. Box 214
Tatum, New Mexico

WITNESS:

C. L. Ware

Thomas E. Boyd
THOMAS E. BOYD

Ruby Boyd
RUBY BOYD

Box 248.
ADDRESS: Portales, New Mexico

WITNESS:

C. L. Ware

Mabel Field Greathouse
MABEL FIELD GREATHOUSE

Lloyd Greathouse
LLOYD GREATHOUSE

Box 125, Williamsburg,
ADDRESS: Breano, New Mexico

WITNESS:

ANETA FIELD

ADDRESS: Breano, New Mexico

-17- Truth &
Consequences.

WITNESS:

L. L. Luan

Jayson Field
TYSON FIELD

Mattie E. Field
MATTIE E. FIELD

ADDRESS: Bronco, New Mexico

WITNESS:

L. L. Luan

Robert K. Field
ROBERT K. FIELD

Sarah Jane Field
SARAH JANE FIELD

ADDRESS: Bronco, New Mexico

THE STATE OF TEXAS I

COUNTY OF LUBBOCK I

The foregoing instrument was acknowledged before me this 28th day of April, 1958, by BERTHA L. EVANS, a widow.

Clayton C. Custer
Notary Public

THE STATE OF TEXAS I

COUNTY OF LUBBOCK I

The foregoing instrument was acknowledged before me this 28th day of April, 1958, by THOMAS W. EVANS and MARY E. EVANS, his wife.

Clayton C. Custer
Notary Public

THE STATE OF UTAH I

COUNTY OF I

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by LORENE E. WHITLEY McCLINTON LONGWELL and MEL LONGWELL, her husband.

Notary Public

THE STATE OF TEXAS X

COUNTY OF TARRANT X

The foregoing instrument was acknowledged before me this 23rd day of April, 1958, by NEVILLE G. PENROSE, President of NEVILLE G. PENROSE, INC., a New Mexico Corporation, on behalf of said Corporation.

TRELLIS ADAMS, Notary Public
in and for Tarrant County, Texas
My Commission Expires June 1, 1959

Trellis Adams
Notary Public in and for Tarrant
County, Texas

THE STATE OF NEW MEXICO X

COUNTY OF CHAVES X

The foregoing instrument was acknowledged before me this 29 day of April, 1958, by W. A. SHELLSHEAR, Attorney In Fact of GULF OIL CORPORATION, a Penn. Corporation, on behalf of said Corporation.

My Commission Expires Oct. 8, 1961

L. B. Parker
Notary Public

THE STATE OF Texas X

COUNTY OF Dallas X

The foregoing instrument was acknowledged before me this 24th day of April, 1958, by VAN THOMPSON, Attorney In Fact of AZTEC OIL & GAS COMPANY, a Delaware Corporation, on behalf of said Corporation.

NACMI D. LANGRAN
Notary Public in and for Texas
My Commission Expires 1-1-1959

Nacmi D. Langran
Notary Public

THE STATE OF X

COUNTY OF X

The foregoing instrument was acknowledged before me this _____ day of April, 1958, by _____, _____ of AMERADA PETROLEUM CORPORATION, a _____ Corporation, on behalf of said Corporation.

Notary Public

THE STATE OF TEXAS I

COUNTY OF TARRANT I

The foregoing instrument was acknowledged before me this _____ day of April, 1958, by NEVILLE G. PENROSE, President of NEVILLE G. PENROSE, INC., a New Mexico Corporation, on behalf of said Corporation.

Notary Public in and for Tarrant
County, Texas

THE STATE OF I

COUNTY OF I

The foregoing instrument was acknowledged before me this _____ day of April, 1958, by _____, _____ of GULF OIL CORPORATION, a _____ Corporation, on behalf of said Corporation.

Notary Public

THE STATE OF I

COUNTY OF I

The foregoing instrument was acknowledged before me this _____ day of April, 1958, by _____, _____ of AZTEC OIL & GAS COMPANY, a _____ Corporation, on behalf of said Corporation.

Notary Public

THE STATE OF OKLAHOMA I

COUNTY OF TULSA I

The foregoing instrument was acknowledged before me this 25th day of April, 1958, by E. H. McCOLLUGH, President of AMERADA PETROLEUM CORPORATION, a Delaware Corporation, on behalf of said Corporation.

J. L. Dettler, Wilson
Notary Public

My commission expires October 25, 1960

THE STATE OF NEW MEXICO I
COUNTY OF CHAVES I

The foregoing instrument was acknowledged before me this 25
day of April, 1958, by Frank O. Elliott, Vice President
of SUNSHINE ROYALTY COMPANY, a New Mexico Corporation, on behalf of
said Corporation.

My Commission Expires:

Dec. 20, 1959

Yvonne Crawl
Notary Public

THE STATE OF NEW MEXICO I
COUNTY OF CHAVES I

The foregoing instrument was acknowledged before me this 25
day of April, 1958, by Robert J. Leonard, President
of LEONARD OIL COMPANY, a New Mexico Corporation, on behalf of said
Corporation.

My commission expires 3-14-59

Margaret M. Cullen
Notary Public in and for Chaves
County, New Mexico

STATE OF NEW MEXICO I
THE COUNTY OF LEA I

The foregoing instrument was acknowledged before me this 26th
day of April, 1958, by J. L. REED

My Commission expires 2-9-59.

Lester V. Thompson
Notary Public

STATE OF NEW MEXICO I
THE COUNTY OF LEA I

The foregoing instrument was acknowledged before me this _____
day of _____, 1958, by ODESSA M. WHITLEY and J. B. WHITLEY, her
husband.

Notary Public

STATE OF NEW MEXICO I
COUNTY OF ROOSEVELT I

The foregoing instrument was acknowledged before me this _____
day of _____, 1958, by THOMAS E. BOYD and RUBY BOYD, his wife.

Notary Public

THE STATE OF I
COUNTY OF I

The foregoing instrument was acknowledged before me this _____
day of April, 1958, by _____,
of SUNSHINE ROYALTY COMPANY, a _____ Corporation, on behalf of
said Corporation.

Notary Public

THE STATE OF I
COUNTY OF I

The foregoing instrument was acknowledged before me this _____
day of April, 1958, by _____,
of LEONARD OIL COMPANY, a _____ Corporation, on behalf of said
Corporation.

Notary Public

STATE OF NEW MEXICO I
THE COUNTY OF LEA I

The foregoing instrument was acknowledged before me this _____
day of April, 1958, by J. L. READ.

Notary Public

STATE OF NEW MEXICO I
THE COUNTY OF LEA I

The foregoing instrument was acknowledged before me this 26th
day of April, 1958, by ODESSA M. WHITLEY and J. B. WHITLEY, her
husband.

my Commission expires
April 29, 1960
STATE OF NEW MEXICO I

Lda J. Forman

Notary Public

COUNTY OF ROOSEVELT I

The foregoing instrument was acknowledged before me this 26th
day of April, 1958, by THOMAS E. BOYD and RUBY BOYD, his wife.

my Commission expires
April 10, 1960

Smith Wright

Notary Public

STATE OF Mississippi I
COUNTY OF Stennis I

The foregoing instrument was acknowledged before me this 28
day of April, 1958, by MABEL FIELD GREATHOUSE and LLOYD GREATHOUSE,
her husband.

My Comm. Exp. 1/26/59

Rafael A. Jafar
Notary Public

STATE OF _____ I
COUNTY OF _____ I

The foregoing instrument was acknowledged before me this _____
day of _____, 1958, by ANETA FIELD, a feme sole.

Notary Public

STATE OF Texas I
COUNTY OF Terry I

The foregoing instrument was acknowledged before me this 25th
day of April, 1958, by TYSON FIELD and MATTIE E. FIELD, his wife.

Justine L. Lister
Notary Public

STATE OF Texas I
COUNTY OF Terry I

The foregoing instrument was acknowledged before me this 25th
day of April, 1958, by ROBERT K. FIELD and SARAH JANE FIELD, his
wife.

Justine L. Lister
Notary Public

EXHIBIT "B"
NOVEMBER STATE UNIT - LEA COUNTY, NEW MEXICO
EAST ECHOL FIELD - TOWNSHIPS 10 & 11 SOUTH, RANGES 37 & 38 EAST
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP
OF OIL AND GAS INTERESTS IN ALL LANDS IN UNIT AREA

TRACT DESCRIPTION NO. OF LAND	NO. OF ACRES	LEASE NO. AND EXPIRATION DATE	LESSOR	RECORD LESSEE	ROYALTY OWNER AND AMOUNT	OVERRIDING ROYALTY AND PERCENT	WORKING INT. OWNER
1. <u>T-10S, R-38-E</u> <u>W/2 NW/4 of</u> Section 31	80	a) 12-21-60(1/8) b) 12-21-60(1/8) c) 12-21-60(1/8) d) 12-21-60(1/8)	Tyson Field Robt. K. Field Mabel F. Greathouse Aneta Field	Sohio " " "	Tyson Field-1/8 R. K. Field-1/8 M. F. Greathouse-1/8 Aneta Field-1/8	7/1024 7/1024 7/1024 7/1024	*Penrose et al " " " "
		(1/4) (1/4)	Sunshine Royalty Co. Leonard Oil Co.	None "	unleased unleased	none "	Sunshine Roy. Co. Leonard Oil Co.
2. <u>T-10S, R-38-E</u> <u>W/2 SW/4 of</u> Section 31	80	a) 5-5-60(1/8) b) 12-21-60(1/8)	Thos L. Boyd Bertha Evans	Sohio "	T. L. Boyd-1/8 B. Evans-(5/64)-1/8 T. W. Evans(1/64)-1/8 L. E. Whitley(1/64)-1/8 O. M. Whitley(1/64)-1/8	none 35/4096 7/4096 7/4096 7/4096	*Penrose et al " " " "
		(1/4) (1/4) (1/4)	J. L. Read Sunshine Royalty Co. Leonard Oil Co.	None " "	unleased unleased unleased	none " "	J. L. Read Sunshine Roy. Co. Leonard Oil Co.
3. <u>T-10S, R-37-E</u> <u>E/2 NE/4 and</u> <u>E/2 SW/4 of</u> Section 36	160	OG - 362 11-20-66	State	NGP, Inc.	State - 1/8	V. G. Feather 1/40	NGP, Inc.
4. <u>T-10S, R-37-E</u> <u>Se/4 of Sec-</u> <u>tion 36</u>	160	E-8224 6-15-64	State	Gulf Oil	State - 1/8	none	Gulf Oil Corp.
5. <u>T-10S, R-37-E</u> <u>NW/4 NE/4 of</u> Section 36	40	E-6979 3-10-63	State	Aztec O&G	State - 1/8	none	Aztec O&G Co.

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	LEASE NO. AND EXPIRATION DATE	LESSOR	RECORD LISSEE	ROYALTY OWNER AND AMOUNT	OVERRIDING ROYALTY AND PERCENT	WORKING INT. OWNER
6.	<u>T-10S, R-37-E</u> <u>N/2 NW/4 of</u> Section 36	80	OG-1317 9-17-67	State	Aztec O&G Co. & NGP, Inc.	State - 1/8	V.G. Feather 1/80	Aztec O&G Co. & NGP, Inc.
7.	<u>T-10S, R-37-E</u> <u>SE/4 NW/4 and</u> <u>SW/4 NE/4 of</u> Section 36	80	E-1860 5-10-58	State	Sunray-- Seaboard	State - 1/8	none	NGP, Inc.
8.	<u>T-11S, R-38-E</u> <u>Lots 1, 2, 3</u> and 4 of Sec- tion 4	73.36	OG-2300 3-18-68	State	NGP, Inc.	State - 1/8	none	*Penrose et al
9.	<u>T-11S, R-38-E</u> <u>N/2 SW/4 of</u> Section 4	80	E-9179 7-19-65	State	Atlantic Refg.	State - 1/8	none	*Penrose et al and Atlantic Refg. Co.
10.	<u>T-11S, R-38-E</u> <u>N/2 SE/4 of</u> Section 4	80	E-9440 10-18-65	State	Amerada Petr. Corp.	State - 1/8	none	Amerada Petr. Corp.

* Designates Neville G. Penrose, Inc., Aztec Oil and Gas Company, Amerada Petroleum Corporation, Leonard Oil Company and Sunshine Royalty Company.

8 State Tracts, containing 753.36 acres and 2 Fee Tracts, containing 160 acres for a total of 913.36 acres

10 Santa Fe Ry., MI Molan L. Thompson, S	11 Santa Fe Ry., MI Molan L. Thompson, S	12 Humble 1-10-54 E-7007	13 Rosen Oil 9-1-57 069054 Southland Ry U.S., MI Tom C. Standford, S	14 Rosen Oil 9-1-57 069054 Southland Ry U.S., MI E.C. Blackwell, S	15 J.V. Morris, MI Tom C. Standford, S 1-10-58 E-10-58 T. Dean et al, MI Tom C. Standford, S
16 Plymouth 12-10-52 E-4497	17 Gulf 12-10-52 E-4497	18 Humble 12-10-52 E-4497	19 Southland Ry. Rosen Oil 9-1-57 069054	20 Southland Ry. Rosen Oil 9-1-57 069054	21 Southland Ry. Rosen Oil 9-1-57 069054
22 Plymouth 12-10-52 E-4497	23 Humble 12-10-52 E-4497	24 Gulf 12-10-52 E-4497	25 Humble 12-10-52 E-4497	26 Gulf 12-10-52 E-4497	27 Humble 12-10-52 E-4497
28 Plymouth 12-10-52 E-4497	29 Humble 12-10-52 E-4497	30 Gulf 12-10-52 E-4497	31 Humble 12-10-52 E-4497	32 Gulf 12-10-52 E-4497	33 Humble 12-10-52 E-4497
34 Plymouth 12-10-52 E-4497	35 Humble 12-10-52 E-4497	36 Gulf 12-10-52 E-4497	37 Humble 12-10-52 E-4497	38 Gulf 12-10-52 E-4497	39 Humble 12-10-52 E-4497
40 Plymouth 12-10-52 E-4497	41 Humble 12-10-52 E-4497	42 Gulf 12-10-52 E-4497	43 Humble 12-10-52 E-4497	44 Gulf 12-10-52 E-4497	45 Humble 12-10-52 E-4497
46 Plymouth 12-10-52 E-4497	47 Humble 12-10-52 E-4497	48 Gulf 12-10-52 E-4497	49 Humble 12-10-52 E-4497	50 Gulf 12-10-52 E-4497	51 Humble 12-10-52 E-4497
52 Plymouth 12-10-52 E-4497	53 Humble 12-10-52 E-4497	54 Gulf 12-10-52 E-4497	55 Humble 12-10-52 E-4497	56 Gulf 12-10-52 E-4497	57 Humble 12-10-52 E-4497
58 Plymouth 12-10-52 E-4497	59 Humble 12-10-52 E-4497	60 Gulf 12-10-52 E-4497	61 Humble 12-10-52 E-4497	62 Gulf 12-10-52 E-4497	63 Humble 12-10-52 E-4497
64 Plymouth 12-10-52 E-4497	65 Humble 12-10-52 E-4497	66 Gulf 12-10-52 E-4497	67 Humble 12-10-52 E-4497	68 Gulf 12-10-52 E-4497	69 Humble 12-10-52 E-4497
70 Plymouth 12-10-52 E-4497	71 Humble 12-10-52 E-4497	72 Gulf 12-10-52 E-4497	73 Humble 12-10-52 E-4497	74 Gulf 12-10-52 E-4497	75 Humble 12-10-52 E-4497
76 Plymouth 12-10-52 E-4497	77 Humble 12-10-52 E-4497	78 Gulf 12-10-52 E-4497	79 Humble 12-10-52 E-4497	80 Gulf 12-10-52 E-4497	81 Humble 12-10-52 E-4497
82 Plymouth 12-10-52 E-4497	83 Humble 12-10-52 E-4497	84 Gulf 12-10-52 E-4497	85 Humble 12-10-52 E-4497	86 Gulf 12-10-52 E-4497	87 Humble 12-10-52 E-4497
88 Plymouth 12-10-52 E-4497	89 Humble 12-10-52 E-4497	90 Gulf 12-10-52 E-4497	91 Humble 12-10-52 E-4497	92 Gulf 12-10-52 E-4497	93 Humble 12-10-52 E-4497
94 Plymouth 12-10-52 E-4497	95 Humble 12-10-52 E-4497	96 Gulf 12-10-52 E-4497	97 Humble 12-10-52 E-4497	98 Gulf 12-10-52 E-4497	99 Humble 12-10-52 E-4497
100 Plymouth 12-10-52 E-4497	101 Humble 12-10-52 E-4497	102 Gulf 12-10-52 E-4497	103 Humble 12-10-52 E-4497	104 Gulf 12-10-52 E-4497	105 Humble 12-10-52 E-4497

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1450

TRANSCRIPT OF HEARING

MAY 28, 1958

DEARNLEY . MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

2

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MAY 28, 1958

IN THE MATTER OF:

CASE NO. 1450 Application of Neville G. Penrose, Inc. :
for approval of a unit agreement. Ap- :
plicant, in the above-styled cause, :
seeks an order approving its November :
State Unit comprising 913 acres, more :
or less, of State of New Mexico and :
patented lands, located in Township 10 :
South, Range 37 and 38 East, and Town- :
ship 11 South, Range 38 East, Lea :
County, New Mexico. :

BEFORE:

Elvis A. Utz, Examiner

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: Next case on the docket will be Case 1450.

MR. PAYNE: Application of Neville G. Penrose, Inc. for
approval of a unit agreement.

MR. CHURCHILL: Mr. Examiner, R. T. Churchill, attorney,
Fort Worth, appearing for the applicant, that will be Penrose, Inc.
I have one witness and two exhibits.

(Witness sworn)

J. R. FRENCH,

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

DIRECT EXAMINATION

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

BY MR. CHURCHILL:

Q Will you state your name and address for the records, please?

A J. R. French.

Q By whom are you employed?

A Midland, Texas. I am employed by Neville G. Penrose.

Q In what capacity?

A Geologist, geophysicist.

Q How long have you been employed by Penrose?

A Since January 1st, 1958.

Q Have you ever appeared before this Commission as an expert witness?

A No.

Q Will you please state to the Commission your educational background and experience?

A I am a graduate of St. Luke's University, 1951, Bachelor of Science degree in geophysical engineering, with a minor in geology. Upon graduation, I was employed by Major Oil Company doing seismic field work and interpretation. After three years, I was appointed seismic party chief. At the conclusion of one year of that, I was appointed district geophysicist in Midland, Texas, and in that capacity was actively engaged in the evaluation and interpretation of geological and geophysical data.

MR. CHURCHILL: Will the Commission accept Mr. French's qualifications as an expert witness?

MR. UTZ: They will be accepted.

Q Mr. French, are you familiar with the acreage which has been proposed for the unit?

A Yes, I am.

Q You have before you now a copy of the Exhibit which has been marked Penrose's Exhibit 1. Would you explain to the Examiner the purpose and what is shown by that Exhibit?

A We have outlined in red the proposed November State Unit, including the west half of the west half, Section 31, Township 10 South, Range 38 East, all of Section 36, Township 10 South, Range 37 East, except the southwest, northwest and west half, southwest, all of section -- let me correct that -- in Section 4 immediately to the south, which is in Township 11 South, 38 East. We have included lots 1, 2, 3 and 4 in the north half of the southwest quarter in the north half of the southeast quarter. All of this acreage is State acreage with the exception of the west half, west half Section 31, which is fee acreage.

Q How much acreage is involved in the proposed unit?

A Nine hundred and thirteen acres, --

Q What is the --

A -- more or less.

Q What is the occasion of the odd acreage there?

A We have a plat --

Q In other words, -- my question, Mr. French -- in other words, you have 113.3 acres. Does that come about because of the lot acreage?

A Lots 1, 2 3 and 4 comprise slightly over 73 acres.

Q How many tracts are involved -- separate tracts are involved in this proposed unit?

A Nine.

Q And did I understand you to testify that all of these tracts with the exception of the west half, west half of Section 31 are State lease tracts?

A That's correct.

Q Have all of the working interest owners under these nine tracts executed the proposed unit agreement?

A Yes. One hundred per cent.

Q Have all of the royalty and overriding royalty interest owners executed this unit agreement?

A No. There are two royalty owners in the west half, west half of Section 31 who have not signed the unit agreement.

Q Has an attempt been made to secure their execution?

A Yes.

Q What was the result of that?

A We were unable to obtain the signature of Miss Anita Field who owns a one-eighth royalty in the west half, northwest of Section 4, and we were also unable to obtain a signature of Miss Lorine Longwell who owns a one-sixty-fourth royalty in the west half, southwest of 4, Section 4.

Q When you speak of one-eighth and one-sixty-fourth royalty owned by those two royalty owners, you are referring to the mineral interest owned by them subject to the lease?

A Right.

Q For what reason have we been unable to secure the signature of Anita Field?

A She is involved in a family dispute or situation, which she feels does not justify her signing the unit agreement.

Q And how about Lorine Longwell?

A We are unable to contact her. She is on location in -- at a construction job in Utah and is not available by mail or telephone or telegraph.

Q Does the unit agreement -- proposed unit agreement provide for subsequent signature by non-signers or subsequent joiners?

A Yes, sir.

Q Will any of the cost of the development operation under the proposed November State unit be charged against either of these two royalty owners who have not yet signed?

A No.

Q Does the proposed unit agreement provide for subsequent extension or enlargement of the unit area.--

A Yes, it does.

Q -- that would be subject to the consent of the working interest owners, the Land Commissioner and to the Oil Conservation Commission?

A Yes, sir.

Q You have with you a plat which has been identified as Penrose's Exhibit 2. Will you please explain for the Commission the Exhibit which has been identified as Penrose's Exhibit 2?

A Exhibit 2 is a contour map on top of the Devonian formation with the -- in the general vicinity of the November State unit. I believe we have outlined in red the extent of this unit.

Q Was this Exhibit prepared under your direction or by you?

A Yes.

Q And upon what basis was this geological data secured?

A Sub-surface and seismic data involved in the compilation of this plat.

Q Would you explain for the Commission the geological data which led to the formation of the proposed size of the unit agreement?

A I feel, in my opinion, that the minus eight thousand contour should be the extent of production in the area, in the vicinity of this unit; not the fault on the west side of this unit, which we feel precludes production west of this fault line.

Q Will you have good sub-surface control in this area by reason of previous tests which have been drilled in the area?

A Yes. There are quite a few -- dry holes ring the unit, outlining the unit itself.

Q And this is the Devonian formation that you have shown here on this sub-surface map?

A That's right, the top of the Devonian.

Q And have each or all of these surrounding wells tested the Devonian formation in this area?

A That is correct.

Q In your opinion, as an expert witness, do you believe that all of the acreage presently included in the proposed November State Unit to be reasonably productive of gas or oil from the Devonian formation?

A I believe it can reasonably be presumed to be productive.

Q At approximately what depth is the Devonian formation expected?

A At a depth of 1107 to 1109, or minus 7,800 to minus 8,000 subsea.

Q What is the proposed location of the first unit well or the initial unit well?

A Nineteen hundred eighty feet from the North and East line, Section 36, Township 10 South, Range 37 East.

Q Has this well been spudded as of this time?

A Yes, it was spudded on May 8, 1958.

Q And to what depth is that well projected?

A Not to exceed 12,500 feet to the Devonian formation.

Q In your opinion, as an expert witness, does that proposed unit area embrace sufficient acreage to provide for efficient testing and further development if productive of the Devonian formation?

A Yes, I do.

Q Do you believe that this unit, if approved, will tend to be in the best interest of conservation and to protect correlative rights?

A Yes, I do, and I would like to elaborate on that a little bit.

The largest tract committed to the unit is a 160 acres, and to drill a Devonian test to this depth, we think that in a wildcat area such as this, it is not feasible to drill such a test on any smaller amount of acreage than we have outlined here.

Q You also feel that on the information available to you at this time that the unit is not reasonably subject to enlargement, from the information available to you at this time?

A That is correct. I think the amount of dips that we have shown in the different directions together with the fault precludes the enlargement of the unit at this time.

Q However, the unit agreement provides for subsequent enlargement if geological data and information then available would suggest that?

A That's right. If this well is productive, subsequent offsets justify the extension. The agreement does make provision for that.

MR. CHURCHILL: At this time, Mr. Examiner, we would like to offer Penrose's Exhibits 1 and 2 in evidence.

MR. UTZ: Are there objections to the entrance of Exhibits 1 and 2? If not, they will be accepted.

MR. CHURCHILL: I believe that's all we have to offer at this time.

MR. UTZ: Are there any questions of the witness?

MR. PAYNE: Mr. French, does the unit agreement contain a provision that non-signing royalty owners will not bear any cost of development and operation?

A Yes, sir.

10

MR. PAYNE: That's all. Thank you.

MR. UTZ: Are there any other questions of the witness?
If not, you may be excused.

(Witness excused)

MR. UTZ: Are there any other statements in this case? If
there are no other statements, the case will be taken under advise-
ment.

C E R T I F I C A T E

11

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) : ss

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 26th day of June, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
Notary Public

My Commission Expires:
October 5, 1960.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examination hearing of Case No. 1850
heard by me on May 25, 1958.

Thomas L. [Signature], Examiner
New Mexico Oil Conservation Commission

STATE LAND OFFICE

LAND OFFICE 000
Santa Fe, New Mexico

File 1450
In reply refer to:
Unit Division

1959 FEB 27 AM 8



MURRAY E. MORGAN
COMMISSIONER OF PUBLIC LANDS

February 26, 1959

Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Termination of November
Unit Agreement
Lea County, New Mexico
(Your Order # R-1195)

Gentlemen:

We wish to advise you that the November Unit was terminated by this office effective February 18, 1959. Termination was in accordance with the terms of Section 17 of the unit agreement, which provides for automatic termination for default under Section 8.

Very truly yours,
MURRAY E. MORGAN
Commissioner of Public Lands

BY: *Ted Bilberry*
Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MMR/m

MAIN OFFICE CO.

NEVILLE G. PENROSE, INC.

FAIR BUILDING

FORT WORTH 2, TEXAS.

RECORDED 10 PM 11:23

December 17, 1958

File case
1450

Commissioner
Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

The Commission's Order No. R-1195 of June 18, 1958, known as the November State Unit Agreement Order, approved a unit embracing 913 acres in T10S, R37E and 38E, and T11S, R38E, NMPM, Lea County, New Mexico.

Among other provisions, the Order requires a "Statement of Progress" report summarizing operations on the Unit to be filed each six months period during the term of the Unit Agreement. This letter is to report progress for the first six months period.

A well was spudded on May 8, 1958, with cable tools. On June 12, 1958, rotary drilling commenced. The well was drilled to 12,140 feet TD. Commercial production was not found, therefore, the well was plugged and abandoned August 20, 1958.

Because this test well was dry, the unit members have agreed to terminate the unit as soon as approval to do so has been obtained from the Commissioner of Public Lands. The Oil Conservation Commission will be notified when this approval has been secured.

Very truly yours,

NEVILLE G. PENROSE, INC.

Geo. M. Slaughter III
Geo. M. Slaughter, III

GMS/mm

cc: Gulf Oil Corporation
Roswell, New Mexico

Leonard Oil Company
Roswell, New Mexico

Sunshine Royalty Company
Roswell, New Mexico

Aztec Oil & Gas Company, Inc.
Dallas, Texas

Amerada Petroleum Corporation
Midland, Texas

Mr. J. L. Reed
Lovington, New Mexico

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

June 23, 1958

Mr. R. T. Churchill
Neville G. Penrose, Inc.
Fair Building
Fort Worth 2, Texas

Dear Mr. Churchill:

We enclose two copies of Order R-1195 issued June 18, 1958, by the Oil Conservation Commission in Case 1450, which was heard on May 28th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

C
O
P
Y

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1450
Order No. R-1195

THE APPLICATION OF NEVILLE G. PENROSE, INC.
FOR THE APPROVAL OF THE NOVEMBER STATE UNIT
AGREEMENT EMBRACING 913 ACRES, MORE OR LESS,
LOCATED IN TOWNSHIP 10 SOUTH, RANGE 37 AND
38 EAST, AND TOWNSHIP 11 SOUTH, RANGE 38
EAST, NMPM, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 28, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18th day of June, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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:

(1) That this order shall be known as the

NOVEMBER STATE UNIT AGREEMENT ORDER

(2) (a) That the project herein referred to shall be known as the November State Unit Agreement and shall hereinafter 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 November State Unit Area, referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the November State Unit Agreement Plan.

(3) (a) That the November State 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 November State Unit Agreement, or relative to the production of oil and gas therefrom.

(b) That the unit operator periodically shall file with the Commission a November State Unit Statement of Progress, summarizing operations for the exploration and development of any lands committed to said November State Unit Agreement. This statement of progress shall be filed within 30 days after the expiration of each six-months period during the term of the unit agreement, and shall contain such pertinent data as may be necessary for the Commission to determine the progress being made in the November State Unit Area.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 10 SOUTH, RANGE 37 EAST
Section 35: E/2, N/2 NW/4, SE/4 NW/4, and
S/2 SW/4

TOWNSHIP 10 SOUTH, RANGE 38 EAST
Section 31: W/2 W/2

TOWNSHIP 11 SOUTH, RANGE 38 EAST
Section 4: N/2 SW/4, N/2 SE/4 and Lots 1, 2,
3, and 4

containing 913 acres more or less.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the November State Unit Agreement within 30 days after the effective date thereof.

(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.

(7) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands

-3-
Case No. 1450
Order No. R-1195

for 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 Commission in writing
of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

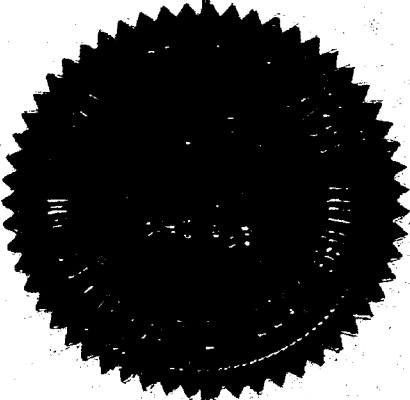
EDWIN L. MECHEM, Chairman

M. E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary



12/

NEVILLE G. PENROSE, INC.
MAIN OFFICE SEC

FAIR BUILDING
FORT WORTH 2, TEXAS

1958 JUL 14 AM 8:38

July 10, 1958

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Re: November State Unit Area - Lea County, New Mexico

Gentlemen:

In accordance with your order No. 1195 entered in Case No. 1450 and referring to the above unit, we enclose executed counterpart original of the November State Unit Agreement and Amendment thereto, together with certificate of approval of such Unit Agreement and Amendment by the Commissioner of Public Lands for the State of New Mexico.

By way of information the Unit well No. 1 was spudded at 12 noon on May 8, 1958 and is presently drilling below a depth of 8100 feet.

Cordially,

NEVILLE G. PENROSE, INC.

By

R. T. Churchill

R. T. Churchill

RTC/ta

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1450
Order No. K-1195

THE APPLICATION OF Neville G. Perrose, Inc.

FOR THE APPROVAL OF the November State
UNIT

AGREEMENT EMBRACING 913

ACRES, MORE OR LESS, LOCATED IN TOWNSHIP 10

South, RANGE 37 and 38 East, and Township 11 South, Range 38

East, NMPM, Lea COUNTY, NEW

MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 28
1958 at S.F., New Mexico, before

Heard by Elvris

NOW, on this day of 19 , the Commission, a quorum being
present, having considered the application, the evidence adduced, and
the recommendations of the Examiner, E.A.H.,
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:

(1) That this order shall be known as the

November State UNIT AGREEMENT ORDER.

(2) (a) That the project herein referred to shall be known as the November
State Unit Agreement and shall hereinafter 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 November
State Unit Area, referred to in the Petitioner's petition and filed with said
petition, and such plan shall be known as the November State Unit Agreement Plan.

(3) (a) That the November State 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 November State Unit Agreement, or relative
to the production of oil and gas therefrom.

Use letter (a) only if
Paragraph (b) is used.

Use 3(b) only if
no federal estate
tax is included.

(b) That the unit operator periodically shall file with the Commission a November State Unit Statement of Progress, summarizing operations for the exploration and development of any lands committed to said November State Unit Agreement. This statement of progress shall be filed within 30 days after the expiration of each six-months period during the term of the unit agreement, and shall contain such pertinent data as may be necessary for the Commission to determine the progress being made in the November State Unit Area.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 10 South, RANGE 37 East

Section 36: E/2, N/2 NW/4, SE/4 NW/4, E/2 SW/4 ^{and}

Township 10 South, RANGE 38 EAST

Section 31: W/2 W/2

TOWNSHIP 11 SOUTH, RANGE 38 EAST

Section 4: Lots 1, 2, 3, 4; N/2 SW/4, N/2 SE/4, ^{and}

containing 912 acres more or less.

note (b) The unit area may be enlarged or contracted as provided in said Plan.
(Omit if Agreement does not so provide.)

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the November State Unit Agreement within 30 days after the effective date thereof.

(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.

(7) That this Order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for 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 Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

, Chairman

, Member

, Member & Secretary

SEAL

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 6-2-58

CASE 1950

Hearing Date 5-28-58

My recommendations for an order in the above numbered cases are as follows:

*Approve unit with usual unit order.
Nothing unusual in this application.*

Frank V. J.

Staff Member

DOCKET: EXAMINER HEARING MAY 28, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before Elvis A. Utz, Examiner:

- CASE 1225: Application of Moab Drilling Company and Utex Exploration Company for an order amending Order No. R-975. Applicant, in the above-styled cause, seeks an order amending Order No. R-975 to permit the conversion to a water injection well of the Utex Exploration Company Donohue-Federal No. 3 Well, located in the SE/4 SW/4 of Section 15, Township 16 South, Range 29 East, Eddy County, New Mexico.
- CASE 1446: Application of The Texas Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its Cotton Draw Unit embracing 35,144 acres, more or less, of Federal, State of New Mexico, and patented lands, located in Township 24 South, Ranges 31 and 32 East; Township 25 South, Ranges 31 and 32 East, in Eddy and Lea Counties, New Mexico.
- CASE 1447: Application of The Texas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising the E/2 of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's C. H. Weir "B" Well No. 3, located 330 feet from the North line and 660 feet from the East line of said Section 11.
- CASE 1448: Application of Ambassador Oil Corporation for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its North Caprock Queen Unit No. 2 embracing 1808 acres, more or less, of State of New Mexico lands located in Township 13 South, Ranges 31 and 32 East, in Chaves and Lea Counties, New Mexico.
- CASE 1449: Application of Graridge Corporation for an exception to Rule 309 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order permitting the consolidation of tank batteries to receive the production from more than sixteen wells in the North Caprock Queen Unit No. 1 in Chaves and Lea Counties, New Mexico, which was established by Order No. R-1145. The applicant further seeks permission to install automatic custody transfer equipment on the above-referenced Unit.
- CASE 1450: Application of Neville G. Penrose, Inc. for approval of a unit agreement. Applicant, in the above-styled cause, seeks an order approving its November State Unit comprising 913 acres, more or less, of State of New Mexico and patented lands, located in Township 10 South, Range 37 and 38 East, and Township 11 South, Range 38 East, Lea County, New Mexico.

CASE 1451: Application of Amerada Petroleum Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 280-acre non-standard gas proration unit in the Justis Gas Pool consisting of the W/2 SW/4 Section 24, NW/4 and SW/4 NE/4 of Section 25, all in Township 25 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's proposed well to be drilled in the NE/4 NW/4 of said Section 25.

CASE 1452: Application of Amerada Petroleum Corporation for the dual completion of a producing oil well to permit the disposal of salt water therein. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its H. C. Posey "A" No. 4 Well, located in the NW/4 NE/4 of Section 14, Township 12 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil through the tubing from the Pennsylvanian formation, adjacent to the East Caprock-Pennsylvanian Pool, and to permit the disposal of salt water through the casing tubing annulus into the Devonian formation between 11,205 feet and 11,370 feet.

CASE 1453: Application of Magnolia Petroleum Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Stephens Estate No. 1 Well, located in the NW/4 SW/4 of Section 24, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Terry-Blinebry Pool and Wantz-Abo Pool.

CASE 1454: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington No. 4 Well, located 660 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the Justis-Ellenburger Pool through parallel strings of tubing.

CASE 1455: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 5, located 1650 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the Justis-Ellenburger pool through parallel strings of tubing.

- CASE 1456: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 6, located 330 feet from the South line and 1980 feet from the East line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from an undesignated Blinebry oil pool and oil from the McKee formation, adjacent to the Justis-McKee Pool, through parallel strings of tubing.
- CASE 1457: Application of Sinclair Oil & Gas Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State Lea Well No. 1, located 660 feet from the South and West lines of Section 24, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Kemnitz-Wolfcamp Pool and from the Pennsylvanian formation adjacent to the Kemnitz-Pennsylvanian Pool through parallel strings of tubing.
- CASE 1458: Application of Albert Gackle for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2 of Section 23, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Sinclair State No. 1 Well, located 1650 feet from the South line and 990 feet from the East line of said Section 23.
- CASE 1459: Application of Continental Oil Company for a dual completion and non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Farney A-17 Well No 3, located in Section 17, Township 23 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Lower Yates formation of the Jalmat Gas Pool and gas from the Upper Yates formation of the Jalmat Gas Pool through the tubing and casing-tubing annulus respectively. The applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4 of said Section 17, to be dedicated to the said Farney A-17 Well No. 3.
- CASE 1460: Application of Phillips Petroleum Company for an oil-oil dual completion and for permission to commingle production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its New Mex "A" Well No. 1 located 1983 feet from the South line and 2313 feet from the West line of Section 25, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Kemnitz-Wolfcamp Pool and oil from an undesignated Pennsylvanian pool through parallel strings of tubing. The applicant also proposes to produce the Wolfcamp and Pennsylvanian production from said well into common storage.

CASE 1461: Application of A. A. Greer, et al., for an exception to the acreage factors established by Order No. R-565-C for certain wells in San Juan County, New Mexico. Applicant, in the above-styled cause, seek an order granting an exception to the acreage factors provided in the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool and Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order No. R-565-C, for one well in the Aztec-Pictured Cliffs Gas Pool and eight wells in the Fulcher Kutz-Pictured Cliffs Gas Pool which were drilled on 40-acre spacing prior to the establishment of 160-acre spacing in the aforementioned pools.

CASE 1462: Application of El Paso Natural Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 335-acre, more or less, non-standard gas proration unit in the Blanco Mesaverde Gas Pool consisting of the SW/4 of Section 7 and the W/2 of Section 18, all in Township 30 North, Range 8 West, San Juan County, New Mexico, said unit to be dedicated to the applicant's Howell No. 4-C Well, located 933 feet from the South line and 931 feet from the West line of said Section 18.

CASE 1463: Application of Pan American Petroleum Corporation for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its O. H. Randel "A" No. 1 Well, located 1650 feet from the South line and 990 feet from the West line of Section 9, Township 26 North, Range 11 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup oil pool and gas from an undesignated Dakota gas pool through parallel strings of tubing.

MAIL ROOM
RECEIVED
MAY 1 1958

NEVILLE G. PENROSE, INC.
FAIR BUILDING
FORT WORTH 2, TEXAS

April 28, 1958

May 28
Game Hearing

Mr. A. L. Porter
Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: November State Unit - Lea County, New Mexico

Dear Mr. Porter:

We enclose original and two copies of application on behalf of Neville G. Penrose, Inc., Unit Operator, for approval by the Oil Conservation Commission of the proposed Unit Agreement covering 913.36 acres of land in Lea County, New Mexico.

Because of the early expiration of New Mexico State Lease E-1860, we request that this application be set down for the earliest possible hearing before an Examiner and that the required public notice be made as soon as possible.

The Unit Agreement together with application to extend State Lease E-1860 has been presented to the State Land Commissioner for approval.

Cordially,

NEVILLE G. PENROSE, INC.

By *R. T. Churchill*
R. T. Churchill

RTC/ta

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

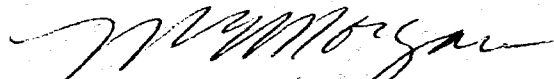
~~REVENUE STATE DEPT~~ • • • ~~COMMISSIONER~~

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 March 22, 1956, which has been executed or is to be 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 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, 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 said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, ~~this~~ Certificate of ~~approval~~ is executed, with seal affixed, this _____ day of _____ 19 ____.



Commissioner of Public Lands
of the State of New Mexico

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF NEVILLE G. PENROSE, INC. FOR)
THE APPROVAL OF A UNIT AGREEMENT)
EMBRACING THE W/2 W/2 OF SECTION)
31-10S-38E; ALL OF SECTION 36-10)
S-37E, EXCEPT SW/4 NW/4 AND W/2)
SW/4; AND LOTS, 1, 2, 3, 4, N/2)
SW/4 AND N/2 SE/4 OF SECTION 4-)
11S-38E, N.M.P.M., ALL IN LEA)
COUNTY, NEW MEXICO, AND CONTAIN-)
ing 913.36 ACRES, MORE OR LESS.)

CASE NO. _____

Comes now the applicant, NEVILLE G. PENROSE, INC., of Fort Worth, Texas, acting by and through its Secretary and General Counsel, R. T. Churchill, and makes application for the approval of a Unit Agreement embracing the W/2 W/2 of Section 31-10S-38E; all of Section 36-10S-37E, except SW/4 NW/4 and W/2 SW/4 and Lots 1, 2, 3, 4, N/2 SW/4 and N/2 SE/4 of Section 4-11S-38E, N.M.P.M., all in Lea County, New Mexico, and containing 913.36 acres, more or less, for the production of oil and/or gas therefrom; said Agreement having been subscribed to by all of the owners of working interest, royalty, overriding royalty and similar interest owners, except royalty owners Lorene E. Whitley McClinton Longwell, Anata Field and the State of New Mexico, and which parties are presently being circulated for approval and signature, and in support of this application would show:

1. That the W/2 W/2 of Section 31-10S-37E, N.M.P.M., Lea County, New Mexico, are privately owned lands. That an undivided 1/2 interest in the W/2 NW/4 of said Section 31 is subject to four valid and subsisting leases described in the Exhibit "B" of the Unit Agreement attached hereto, and that the remaining 1/2 interest in the said W/2 NW/4 of Section 31 is unleased and is owned equally

by Leonard Oil Company and Sunshine Royalty Company. That an undivided 1/4th interest in the W/2 SW/4 of said Section 31 is subject to two valid and subsisting oil and gas leases, described in said Exhibit "B"; and that the remaining 3/4th interest therein is unleased and is owned equally by Leonard Oil Company, Sunshine Royalty Company and J. L. Read.

The remaining lands embraced in said unit are owned by the State of New Mexico and are subject to the following oil and gas leases from the State of New Mexico:

<u>NUMBER</u>	<u>LESSEE</u>	<u>ACREAGE COMMITTED</u>
OG-362	Neville G. Penrose, Inc.	E/2 NE/4 and E/2 SW/4 of Section 36-10S-37E
E-8224	Gulf Oil Corporation	SE/4 of Section 36-10S-37E
E-6979	Aztec Oil & Gas Company	NW/4 NE/4 of Section 36-10S-37E
OG-1317	Aztec Oil & Gas Company and Neville G. Penrose, Inc.	N/2 NW/4 of Section 36-10S-37E
E-1860	Neville G. Penrose, Inc.	SE/4 NW/4 and SW/4 NE/4 of Section 36-10S-37E
OG-2300	Neville G. Penrose, Inc.	Lots 1, 2, 3, & 4 of Section 4-11S-38E
E-9179	Neville G. Penrose, Inc.	N/2 SW/4 of Section 4-11S-38E
E-9440	Amerada Petroleum Corp.	N/2 SE/4 of Section 4-11S-38E

Request has been made to the Commissioner of Public Lands of the State of New Mexico to approve said Unit Agreement insofar as the above State Oil and Gas leases are concerned.

2. The Unit Agreement dated March 28, 1958, which is attached hereto and made a part hereof by reference, has been entered into and executed by all the owners of the working interest, royalty interest, unleased mineral interest and overriding royalty

interest, in and under the lands embraced in said unit, except royalty and overriding royalty owners, Lorene E. Whitley MC Clinton Longwell and Aneta Field, which parties are now being circularized for signature and under the terms of said Unit Agreement there will be no costs of development or operation of the pooled unit to be borne by said two royalty owners.

3. Upon information and belief, that the geological formations, porosity and drainage under all of the lands embraced in said Unit are substantially equal and uniform and the approval of such Unit will promote the orderly development of such lands for oil and gas, protect correlative rights and prevent waste. That the Unit Agreement attached hereto provides for the development and operation of the unit area as an entirety with the understanding and agreement between the parties that all oil and gas produced therefrom shall be allocated among the parties on an acreage basis.

Respectfully submitted,

NEVILLE G. PENROSE, INC.

By R. T. Churchill
R. T. Churchill
1813 Fair Building,
Fort Worth 2, Texas
Attorney for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF NEVILLE G. PENROSE, INC. FOR)
THE APPROVAL OF A UNIT AGREEMENT)
EMBRACING THE W/2 W/2 OF SECTION)
31-10S-38E; ALL OF SECTION 36-10)
S-37E, EXCEPT SW/4 NW/4 AND W/2)
SW/4; AND LOTS, 1, 2, 3, 4, N/2)
SW/4 AND N/2 SE/4 OF SECTION 4-)
11S-38E, N.M.P.M., ALL IN LEA)
COUNTY, NEW MEXICO, AND CONTAIN-)
ing 913.36 ACRES, MORE OR LESS.)

CASE NO. _____

Comes now the applicant, NEVILLE G. PENROSE, INC., of Fort Worth, Texas, acting by and through its Secretary and General Counsel, R. T. Churchill, and makes application for the approval of a Unit Agreement embracing the W/2 W/2 of Section 31-10S-38E; all of Section 36-10S-37E, except SW/4 NW/4 and W/2 SW/4 and Lots 1, 2, 3, 4, N/2 SW/4 and N/2 SE/4 of Section 4-11S-38E, N.M.P.M., all in Lea County, New Mexico, and containing 913.36 acres, more or less, for the production of oil and/or gas therefrom; said Agreement having been subscribed to by all of the owners of working interest, royalty, overriding royalty and similar interest owners, except royalty owners Lorene E. Whitley McClinton Longwell, Aneta Field and the State of New Mexico, and which parties are presently being circulated for approval and signature, and in support of this application would show:

1. That the W/2 W/2 of Section 31-10S-37E, N.M.P.M., Lea County, New Mexico, are privately owned lands. That an undivided 1/2 interest in the W/2 NW/4 of said Section 31 is subject to four valid and subsisting leases described in the Exhibit "B" of the Unit Agreement attached hereto, and that the remaining 1/2 interest in the said W/2 NW/4 of Section 31 is unleased and is owned equally

by Leonard Oil Company and Sunshine Royalty Company. That an undivided 1/4th interest in the W/2 SW/4 of said Section 31 is subject to two valid and subsisting oil and gas leases, described in said Exhibit "B"; and that the remaining 3/4th interest therein is unleased and is owned equally by Leonard Oil Company, Sunshine Royalty Company and J. L. Read.

The remaining lands embraced in said unit are owned by the State of New Mexico and are subject to the following oil and gas leases from the State of New Mexico:

<u>NUMBER</u>	<u>LESSEE</u>	<u>ACREAGE COMMITTED</u>
OG-362	Neville G. Penrose, Inc.	E/2 NE/4 and E/2 SW/4 of Section 36-108-37E
E-8224	Gulf Oil Corporation	SE/4 of Section 36-108-37E
E-6979	Aztec Oil & Gas Company	NW/4 NE/4 of Section 36-108-37E
OG-1317	Aztec Oil & Gas Company and Neville G. Penrose, Inc.	N/2 NW/4 of Section 36-108-37E
E-1860	Neville G. Penrose, Inc.	SE/4 NW/4 and SW/4 NE/4 of Section 36-108-37E
OG-2300	Neville G. Penrose, Inc.	Lots 1, 2, 3, & 4 of Section 4-118-38E
E-9179	Neville G. Penrose, Inc.	N/2 SW/4 of Section 4-118-38E
E-9440	Amerada Petroleum Corp.	N/2 SE/4 of Section 4-118-38E

Request has been made to the Commissioner of Public Lands of the State of New Mexico to approve said Unit Agreement insofar as the above State Oil and Gas leases are concerned.

2. The Unit Agreement dated March 28, 1958, which is attached hereto and made a part hereof by reference, has been entered into and executed by all the owners of the working interest, royalty interest, unleased mineral interest and overriding royalty

interest, in and under the lands embraced in said unit, except royalty and overriding royalty owners, Lorene E. Whitley MC Clinton Longwell and Aneta Field, which parties are now being circularized for signature and under the terms of said Unit Agreement there will be no costs of development or operation of the pooled unit to be borne by said two royalty owners.

3. Upon information and belief, that the geological formations, porosity and drainage under all of the lands embraced in said Unit are substantially equal and uniform and the approval of such Unit will promote the orderly development of such lands for oil and gas, protect correlative rights and prevent waste. That the Unit Agreement attached hereto provides for the development and operation of the unit area as an entirety with the understanding and agreement between the parties that all oil and gas produced therefrom shall be allocated among the parties on an acreage basis.

Respectfully submitted,

NEVILLE G. PENROSE, INC.

By R. T. Churchill
R. T. Churchill
1813 Fair Building,
Fort Worth 2, Texas
Attorney for Applicant