

CASE 2874: Application of MURPHY
H. BAXTER for approval of the
EAST ROCKY ARROYO UNIT AGREEMENT.

CASE No.

2874

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

IN THE MATTER OF:

Application of Murphy H. Baxter for a
unit agreement, Eddy County, New
Mexico, Applicant, in the above-
styled cause, seeks approval of the
East Rocky Arroyo Unit Area compris-
ing 2560 acres of Federal, State and
Fee lands in Township 21 South,
Range 25 East, Eddy County, New Mexico.

Case No. 2874

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

August 7, 1963

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6651



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Murphy H. Baxter for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Rocky Arroyo Unit Area comprising 2560 acres of Federal, State and Fee lands in Township 21 South, Range 25 East, Eddy County, New Mexico.

Case 2874

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2874.

MR. DURRETT: Application of Murphy H. Baxter for a unit agreement, Eddy County, New Mexico.

MR. BRATTON: Howard Bratton appearing on behalf of the Applicant. We have one witness.

(Witness sworn.)
(Whereupon, Applicant's Exhibits 1 and 2 were marked for identification.)

DUANE FRITZ

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

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DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name, by whom you are employed and in what capacity?

A Duane Fritz, by Murphy H. Baxter as a geologist.

Q Have you previously testified before this Commission?

A No, I have not.

Q Please state your professional and educational background.

A I received a degree of Bachelor of Science in petroleum geology, Texas Tech College. I have been employed as a geologist for the past seven and a half years.

Q Are you familiar with the East Rocky Arroyo Unit Area and the matters contained in this application?

A Yes.

MR. BRATTON: Are the witness's qualifications acceptable?

MR. UTZ: Yes.

MR. BRATTON: We filed a copy of the unit agreement with the application and we ask that that be considered as Exhibit No. 1 in the case.

Q (By Mr. Bratton) Mr. Fritz, is this application for a standard federal and state exploratory unit?

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A Yes, it is.

Q Exhibit 1, the proposed unit agreement, is the form of unit agreement proposed and it has been approved by the United States Geological Survey and Commissioner of Public Lands as to form and content, is that correct?

A Yes, it has.

Q And as to designation of area?

A Yes.

Q The area is composed of 2560 acres shown on Exhibit A to the unit agreement, is that correct?

A Yes, it is.

Q Where is the unit with reference to Carlsbad?

A It is west of Carlsbad in Eddy County, approximately seven miles west of Carlsbad.

Q It's in Township 21 South, Range 25 East and the lands are shown on that Exhibit A, is that correct?

A That is correct.

Q What does the unit agreement call for in the way of a test well?

A 10,700 foot test to be drilled to the Mississippian lime.

Q Are the percentages of federal, state and fee lands shown on the Exhibit A there? I believe it's 640 acres of federal, 800 acres of state and 1120 of fee lands, is that correct?



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A That is correct.

Q What percentage of commitment do you have of the working interest in this area?

A All the working interest is committed.

Q Have you started on your royalty and over-ride owners yet?

A We are presently contacting them and will give them opportunity to participate in this unit.

Q Which you have to do before you submit it for final approval, is that correct?

A Yes, sir.

Q Refer then, Mr. Fritz, to what has been marked as Exhibit No. 2.

MR. BRATTON: If the Examiner please, that is the folio which is the geological report, and actually we will refer to the exhibits which are in the folder behind the written report.

Q Exhibit A just shows the unit area again, is that correct?

A That is correct.

Q And Exhibit B shows what, Mr. Fritz?

A This is a map, seismic map showing the lowest closing contour on the top of the Mississippian. It shows the relationships to the structure to the unit area.



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Q Is that your seismic work or other people's seismic work that you had access to?

A That is another major company's work we were allowed to observe, but not to carry out any of their seismic maps.

Q Based on that and your subsurface work, you prepared Exhibit No. C?

A Yes, sir. Exhibit C is a subsurface contour map on top of the Canyon Cisco showing the structural relationship to the unit area. It is primarily subsurface but is influenced by the seismic work.

Q This exhibit shows what in the unit area? In other words, what type of formation do you expect to encounter here?

A We expect to encounter the Canyon Cisco formation with approximately 250 feet of closure.

Q Does that closure correspond very closely to the proposed unit boundaries?

A Yes, it does.

Q Where is the test well to be located, is that reflected on Exhibit C?

A The location is marked on the exhibit, it is in the Southwest Quarter of Section 9.

Q Now, your Exhibit D, Mr. Fritz, that's a rather lengthy cross section, is it not?



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A Yes, sir, this is a cross section from south to north showing the proposed location and showing that the Canyon Cisco would possibly be present in this area.

Q You don't have much control available?

A Very sparse well control.

Q This is truly a wildcat?

A Yes, sir.

Q Turn then to your Exhibit E, Mr. Fritz. Does that show what you would expect to encounter from top to bottom in the well?

A Yes, sir, this is a section of the formations we expect to encounter in this location.

Q What is your prime target or targets?

A Our primary target is the Canyon Cisco dolomite, and our secondary horizon is the Morrow sand.

Q Hopefully you would encounter gas such as has been encountered to the south and west of you, is that correct?

A That's correct.

Q In your opinion, Mr. Fritz, will the operation of this area under the proposed unit be in the interest of conservation and the prevention of waste?

A Yes, it will.

Q Is there anything further which you care to add in connection with any of these exhibits?



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A No, sir.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A They were.

MR. BRATTON: We offer in evidence Applicant's Exhibits 1 and 2. I will also offer Exhibit 3 which is a copy of the letter from United States Geological Survey approving the unit as to form and content. I have a letter from Mrs. Rhea but she's here present and all I have is the original of it, so I'll not introduce it.

(Whereupon, Applicant's Exhibit No. 3 was marked for identification.)

MR. UTZ: Exhibits 1, 2 and 3 will be entered into the record.

(Whereupon, Applicant's Exhibits 1, 2 and 3 were offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. UTZ: Is this Cisco Reef the same formation you have been calling the Canyon Cisco?

A Yes, sir.

Q And I believe you stated your next zone that you thought might be productive would be the Morrow?



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A Yes, sir.

Q How about the Atoka sand?

A The Atoka is a possible target, but has not been productive in that area as yet.

Q What is the anticipated depth of the two zones?

A The anticipated depth of the Canyon Cisco should be 8,000 feet and the Morrow should be approximately 10,000 feet.

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

The witness may be excused.

(Witness excused.)

MR. UTZ: Do you have anything further?

MR. BRATTON: No, sir.

MR. UTZ: Are there any statements in this case? The case will be taken under advisement.



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STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

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

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 21st day of August, 1963.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2874, heard by me on Aug 2, 1963.

Thurston W. [Signature] Examiner
New Mexico Oil Conservation Commission



SEP 2 1964

Murphy E. Baxter
1126 Vaughn Building
Midland, Texas

Dear Mr. Baxter:

On August 31, 1964, effective as of September 1, 1964, Arthur A. Baker, Acting Director of the Geological Survey, approved the termination of the East Rocky Arroyo unit agreement, Eddy County, New Mexico, No. 14-08-0001-8504, pursuant to the last paragraph of section 20 thereof.

Enclosed is one copy of the approved application for your records. We request that you send notice of this approval to each interested working interest owner, lessee, and lessor at their last known address.

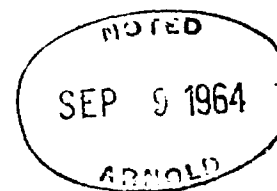
Sincerely yours,

H. J. DUNCAN

For the Director

Enclosure

✓ Roswell (w/2 copies of approved application)



RECEIVED
SEP 8 1964

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

COPY TO ARTESIA



NOTED - KTAUPT

NOTED - VALLEY

SEP 20 1964

R. M. RICHARDSON
OIL AND GAS LEASES - UNITIZATION
FEDERAL - STATE - PRIVATE
P. O. BOX 819
ROSWELL, NEW MEXICO

1966 NOV 11 AM 9 14

OFFICE 505 622-8801
RES. 505 622-7985

Mrs. Ida Rodriguez,

I am herewith returning the transcript on case
No. 2874 which you forwarded to me. I appreciate the use
of this, and thank you very much.

Also, there is enclosed a letter to Mr. Porter
containing Exhibits "A" and "B" to the Walt Canyon Unit
Agreement. Would you please place these in the incoming
mail basket, or whatever?

Thank you.



R. M. Richardson

103 NOV 6 AM 1 04

November 6, 1963

Mr. R. M. Richardson
P. O. Box 819
Roswell, New Mexico

Re: East Rocky Arroyo Unit
Eddy County, New Mexico

Dear Mr. Richardson:

The Commissioner of Public Lands has approved as of November 6, 1963, the East Rocky Arroyo Unit Agreement, Eddy County, New Mexico. The Commissioner's approval being subject to like approval by the United States Geological Survey.

We are handing to you eleven originally signed Certificates, also Official Receipt No. G-22295 in the amount of Twenty five (\$25.00) Dollars which covers the filing fee.

Very truly yours,

E. C. JONKAY
COMMISSIONER OF PUBLIC LANDS

BY:
(Mrs.) Marian M. Rhea, Supervisor
Oil Division

ESW/mm/v

encl:

cc: Oil Conservation Commission
Santa Fe, New Mexico

United States Geological Survey
Roswell, New Mexico

MURPHY H. BAXTER
507 MIDLAND NATIONAL BANK BUILDING
MIDLAND, TEXAS

July 29, 1963

CONFIDENTIAL GEOLOGICAL REPORT

The New Mexico Oil Conservation Commission
Santa Fe, New Mexico

RE: Proposed East Rocky Arroyo Unit,
Eddy County, New Mexico

Gentlemen:

This is a proposed Federal-type Unit covering 2,560 acres, to drill a 10" 700' Mississippian wildcat to be located in the southwest quarter of Section 9, Township 21 South, Range 25 East, Eddy County, New Mexico. The proposed Unit as shown on geological Exhibit "A" is located on the northwestern shelf bordering the Delaware Basin and separated from the Delaware Basin by the Capitan Reef. The proposed Unit area lies approximately nine miles northwest of the city of Carlsbad, New Mexico. A seismograph interpretation, using conventional techniques, shows a large northeast-southwest trending anticline approximately two miles long and one mile wide in the Unit area. The seismic interpretation which is shown on geological Exhibit "B" has approximately 250' of closure at the Mississippian level. The basis for the Unit boundary, as shown on the Mississippian seismograph map, geological Exhibit "B", is the lowest closing contour (-7750).

The proposed Unit is located in an area of relatively low topographic relief with the Permian Whitehorse group exposed at the surface. A large northeast-southwest trending structural feature, approximately two miles long and one mile wide, as shown on geological Exhibit "C", parallels and is generally coincident with the seismic structure. The regional dip of the Canyon-Cisco is approximately 400' to the mile to the east into the Delaware Basin. Subsurface control in the area is limited to nine deep tests as shown on geological Exhibit "A". The Phillips No. 1 Seven Rivers Unit, a 10,664' Mississippian failure approximately one and a half mile northwest of the Unit, tested sulphur water from 400' of lime in the Canyon-Cisco and gas cut mud and water from the Atoka and Morrow sands. The Gulf No. 4 Seven Rivers Unit, 10,213' Mississippian wildcat, was completed for 1.3 MMCFGPD from the Morrow Sand. The Gulf well, approximately two miles north of the Unit area, tested sulphur water from 400 feet of Canyon-Cisco Reef type dolomite.

The New Mexico Oil Conservation Commission
July 29, 1963
Page Two

The Pan American No. 1 Guadalupe Foothills Unit well, a 13,034' Ellenberger failure approximately seven miles south of the proposed Unit was re-entered in 1958 by Phillips Petroleum to test the Canyon-Cisco Reef which flowed 1,194 MCFGPD. The Morrow interval in the Phillips re-entry flowed a slight amount of gas and sulphur water. This well was abandoned as being non-commercial. Approximately four miles northeast of the Unit, the John M. Kelly No. 1 Lake McMillen Unit test was abandoned at a total depth of 11,565'. Slight shows of gas were recovered from tests in the Wolfcamp and from 500 feet of Canyon-Cisco dolomite. Six miles southwest of the proposed Unit, the Northern Natural Gas No. 1 McKittrick Hills Unit test was abandoned at a total depth of 11,890' after testing 800,000 cubic feet of gas per day from the Lower Pennsylvanian section. Sulphur water was recovered from testing 265' of dolomite in the Canyon-Cisco.

The Curt Inman No. 1 Carnero Peak Unit, a recent 10,676' Mississippian dry hole tested salt water from lime in the Canyon-Cisco and small amounts of gas from Morrow sands. The Gulf Oil No. 1 North Caverns Unit, a 11,515' Devonian failure, ten miles southeast of the proposed Unit recovered gas cut mud and salt water from tests in the Morrow sands. A 740' lime interval in the Canyon-Cisco was not tested.

The Gulf Hackberry Hills Unit, 11,536' Mississippian failure, four miles southeast of the Unit boundary potentialized for 2 MMCFGPD from Canyon-Cisco lime. A test in the Morrow sand recovered slight oil cut mud. The Honolulu No. 1 McKittrick Canyon Unit, a 12,299' Devonian dry hole, seven miles southeast of the prospect area, flowed 10,250 MMCFGPD from the Morrow sand. The Canyon-Cisco carbonates were absent in this well.

The proposed East Rocky Arroyo Unit test should penetrate 7000' of dolomite and sands of the Permian Guadalupe and Leonard formations. The Wolfcamp limestones and shales should be about 700' thick resting on top of the Canyon-Cisco dolomite reef and various sands within the Atoka-Morrow should be approximately 2,300' thick and rest upon the Mississippian shale, with an expected thickness of 300 feet. The Mississippian lime should be encountered at 10,700'. In all, the test should penetrate some 10,700' of sediments to the top of the Mississippian lime formation. The columnar section is shown as geological Exhibit "E".

The potential pay zones and expected depths are:

Queen Sandstones	0,450'
San Andres Dolomite	1,400'
Wolfcamp Sandstone	7,000'
Canyon-Cisco Reef	8,000'
Atoka Sandstone	9,200'
Morrow Sandstone	10,000'

The seismic map, together with the supporting subsurface data, indicates the probable existence of deep structure.

Respectfully submitted,

D. C. Fritz
Chief Geologist

DCF:wj
encls. -

J. M. HERVEY 1874-1953
HIRAN M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD F. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER

LAW OFFICES
HERVEY, DOW & HINKLE
HINKLE BUILDING
ROSWELL, NEW MEXICO

CLAIM OFFICE 000

1963 NOV 27 AM 11:14
TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 10

November 26, 1963

Call 2874

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Re: East Rocky Arroyo Unit, Eddy County, New Mexico

Dear Sir:

We enclose a fully executed and approved copy of the East Rocky Arroyo Unit Agreement. This agreement was approved by the Oil Conservation Commission on August 9, 1963 and was approved by the Commissioner of Public Lands on November 6, 1963 and by the Acting Director of the United States Geological Survey on November 13, 1963. The agreement became effective as of November 13. This copy is filed in accordance with the provisions of your Order No. R-2547.

Yours very truly,

HERVEY, DOW & HINKLE

By *Clarence E. Hinkler*

CEH: ev

Encl.

(Dictated Nov. 22; not read)

cc: Mr. Murphy H. Baxter

CERTIFICATION - DETERMINATION

NO. 14-08-0001 8564

Pursuant to the authority vested in the Secretary of Interior as to Federal Lands, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, 43 C.F.R. Sec. 4.611, 12 F.R. 6784, I do hereby:

A. Approve the attached agreement for the development and operation of the East Rocky Arroyo Unit Area, Eddy County, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

NOV 13 1963

Arthur St. John

DATED

Acting DIRECTOR, UNITED STATES GEOLOGICAL
SURVEY.

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
EAST ROCKY ARROYO UNIT AREA
EDDY COUNTY, NEW MEXICO
NO. _____

RECEIVED
NOV 6 1963

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

THIS AGREEMENT, entered into as of the 16th day of August, 1963,
by and between the parties subscribing, ratifying, or consenting hereto, and
herein referred to as the "parties hereto,"

WITNESSETH:

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

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437,
as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal lessees and their
representatives to unite with each other, or jointly or separately with others,
in collectively adopting and operating a cooperative or unit plan of development
or operation of any oil or gas pool, field, or like area, or any part thereof for
the purpose of more properly conserving the natural resources thereof whenever
determined and certified by the Secretary of the Interior to be necessary or
advisable in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico
is authorized by an Act of the Legislature (Sec. 7-11-39 N.M. Statutes 1953
Annotated) to consent to or approve this agreement on behalf of the State of New
Mexico, insofar as it covers and includes lands and mineral interests of the
State of New Mexico; and,

WHEREAS, the Oil Conservation Commission of the State of New Mexico
is authorized by an Act of the Legislature (Article 3, Chapter 65, Volume 9,
Part 2, 1953 Statutes) to approve this agreement and the conservation provisions
hereof; and,

WHEREAS, the parties hereto hold sufficient interests in the East Rocky
Arroyo Unit Area covering the land hereinafter described to give reasonably effec-
tive 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 develop-
ment 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. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, hereto fore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the unit area, containing 2,560 acres, more or less.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor," or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "State Land Commissioner," and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two (2) copies thereof shall be filed with the State Land Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "State Commission."

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion, or on demand of the Director of the Geological Survey, hereinafter referred to as "Director," or on demand of the State Land Commissioner, after preliminary concurrence by the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

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

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the State Land Commissioner and the State Commission evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the director, the State Land Commissioner and the State Commission, become effective as of the date prescribed in the notice thereof.

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within five years after the first day of the month following

the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said five-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay;" provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within ten years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by Unit Operator and subject to approval of the Director and the State Land Commissioner. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the Commissioner and promptly notify all parties in interest.

if conditions warrant extension of the ten-year period specified in this sub-section 2 (e), a single extension of not to exceed two years may be accomplished by consent of the owners of 90 per cent of the current unitized working interests and 60 per cent of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total nonparticipating-acreage basis, respectively, with approval of the Director, and the State Land Commissioner provided such extension application is submitted to the Director and to the State Land Commissioner not later than 60 days prior to the expiration of said ten-year period.

Any expansion of the unit area pursuant to this section which embraces lands thereto fore eliminated pursuant to this sub-section 2 (e) shall not be considered automatic commitment or recommitment of such lands.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances."

4. UNIT OPERATOR. Murphy H. Baxter with offices at Midland, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in him and agrees and consents to accept the duties and obligations of Unit Operator for discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by him.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director, the State Land Commissioner and State Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the State Commission as to State and privately owned lands unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but, in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

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

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

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator, or shall be removed as hereinabove provided, or a change of unit operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator; provided that, if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners 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 filed with the Supervisor and approved

by the State Land Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Land Commissioner at their election may declare this Unit Agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the State Land Commissioner, prior to approval of this unit agreement by the Director.

8. 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.

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor if on Federal land or by the State Land Commissioner if on State land, or by the State Commission if on privately owned land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until formations of Pennsylvanian age have been tested or the top of the Mississippian formation has been contacted or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land, or the State Land Commissioner if on State land, or of the State Commission if on privately owned land, that further drilling of said well would be unwarranted or impracticable; provided however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 10,750 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the 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 said Supervisor if it be on Federal land or of the State Land Commissioner if on State land or the State Commission if on privately owned land or until it is reasonable proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right to the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and State Land

Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to comply with the drilling provisions of this section, the Director and State Land 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.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the State Land Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the State Land Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the State Land Commissioner a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the State Land Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

(a) specify the number and location of any wells to be drilled and the proposed order and time for such drilling; and,

(b) to the extent practicable specify the operating practices regarded as necessary and advisable for the proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the State Land Commissioner. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions, or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and State Land Commissioner are authorized to grant a

reasonable extension of the six-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Land Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall within the month of such completion, if practicable, or as soon thereafter as required by the Supervisor or the State Land Commissioner submit for approval by the Director and the State Land Commissioner a schedule, based on subdivisions of the public land survey or aliquot parts thereof of all unitized land then regarded as reasonably proved to be productive or unitized substances in paying quantities; all lands in said schedule on approval of the Director and the State Land Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of the initial participating area. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director and the State Land Commissioner. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities,

or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the State Land Commissioner. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director and the State Land Commissioner as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal lands and the State Land Commissioner for State lands and the State Commission as to privately owned lands and the amount thereof deposited, as directed by the Supervisor and the State Land Commissioner respectively, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor, as to wells drilled on Federal land and of the State Land Commissioner as to wells drilled on State land and the State Commission as to wells on privately owned lands, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be

allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, and State Land Commissioner and the State Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party or parties hereto owning or controlling the working interests in any unitized land having thereon a regular well location may with the approval of

the Supervisor as to Federal land, the State Land Commissioner as to State land, and the State Commission as to privately owned land, and subject to the provisions of the Unit Operating Agreement, at such party's or parties' sole risk, costs, and expense, drill a well at such location on such land to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the Unit Operating Agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and the State of New Mexico and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding

calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, the State Land Commissioner, and the State Commission, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and 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 the plan of operations or as may otherwise be consented to by the Supervisor, the State Land Commissioner and the State 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.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rates specified in the respective Federal leases, or at such lower rate or rates as may be authorized by law or regulations; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Royalty due on account of State of New Mexico and privately owned lands, shall be computed and paid as to all unitized substances on the basis of the amounts allocated to such lands.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof

due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and thereafter until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with prior consent of the Director and the State Land Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Federal lands or as approved by the State Land Commissioner for New Mexico State lands.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operations for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the State Land Commissioner as to State leases shall and each

by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the State Land Commissioner or their duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands, other than those of the United States and State of New Mexico, committed to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement; provided, however, each such lease, sublease, or contract shall only be extended in the event unitized substances are capable of being produced from some part of the lands embraced in such lease committed to this agreement, or some part of said lands

are committed to a participating area prior to the expiration of the primary term of such lease, sublease, or contract. Termination of this agreement shall not affect any lease which pursuant to the terms thereof, or applicable law, shall continue in full force and effect thereafter.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

(f) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(g) Any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(h) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960, (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the land committed and the lands not committed as of the effective date of unitization:

Provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(1) 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 the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, 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 is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any working interest, 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.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Director and the State Land Commissioner or their duly authorized representatives as of the date of approval by the Director and shall terminate five (5) years from said effective date unless:

(a) such date of expiration is extended by the Director and the State Land Commissioner, or

(b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and State Land Commissioner, or

(c) a valuable discovery of unitized substances has been made or accepted on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or

(d) it is terminated as heretofore provided in this agreement. This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director and State Land Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program which is established, recognized and generally adhered to by the majority of operators in such State, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time at his discretion the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated

in this agreement and is not in violation of any applicable Federal or State law; provided further that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and developing in the absence of the specific written approval thereof by the State Land Commissioner and as to the lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the State Commission.

Powers in this section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from notice.

22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the State Commission, agree that all powers and authority vested in the State Commission in and by any provisions of this agreement are vested in the State Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. 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 Department of Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the State Land Commissioner or State Commission or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the State Land Commissioner or State Commission or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

24. 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 or certified mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or the ratification or consent hereof or to such other address as any such party may have furnished in writing to the party sending the notice, demand or statement.

25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the state wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

26. 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, 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.

27. NONDISCRIMINATION. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 10925 (28 F. R. 6485), which are hereby incorporated by reference in this agreement.

28. RECLAMATION LANDS. Nothing in this agreement shall modify the special Federal lease stipulation applicable to lands under the jurisdiction of the Bureau of Reclamation.

29. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment or future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land or

leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor, and such funds of the State of New Mexico shall be deposited as directed by the State Land Commissioner, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

30. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the State Land Commissioner, and the Unit Operator prior to the approval of this agreement by the Director. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any owner of a non-working interest, at any time, must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working interest owner is involved, in order for the interest to be regarded as committed to this unit agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor, the State Land Commissioner and the State Commission of duly executed counterparts

of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within sixty (60) days by the Director; provided, however, that as to State lands such subsequent joinder must be approved by the State Land Commissioner.

31. 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 parties hereto have caused this agreement to be executed and set opposite their respective names the date of execution.

DATE: October 12, 1963

ATTEST:

John H. Barker
Assistant Secretary

DATE: NOV 1 1963

ATTEST:

John H. Barker
DATE: NOV 1 1963

Murphy H. Baxter
MURPHY H. BAXTER

ADDRESS: 1126 Vaughn Building
Midland, Texas

Betty Baxter
BETTY BAXTER

ADDRESS: 1126 Vaughn Building
Midland, Texas

CARPER DRILLING COMPANY, Inc.

BY: Marshall Rowley

ITS Marshall Rowley, Exec. Vice-Pres.

ADDRESS: CARPER DRILLING COMPANY, INC.
CARPER BUILDING, SUITE 200
ARTESIA, NEW MEXICO

1 2 3 4 12
GULF OIL CORPORATION

BY: John H. Barker

ITS _____

ADDRESS: _____

1 2 3 4

ATTEST:

DATE: _____

ATTEST:

DATE: OCT 29 1963

ATTEST:

DATE: October 30, 1963

DATE: October 30, 1963

ATTEST:

DATE: _____

PHILLIPS PETROLEUM COMPANY

BY: _____

ITS _____

ADDRESS: _____

THE PURE OIL COMPANY

BY: [Signature]

Division Manager,

ITS Southern Producing Division

ADDRESS: First City National Bank Bldg.

Houston 2, Texas

5 6 9 11 12 14

STANDARD OIL COMPANY OF TEXAS

A DIVISION OF CALIFORNIA OIL COMPANY

BY: [Signature]

ITS Attorney in Fact

BY: [Signature]

ITS Attorney in Fact

ADDRESS: P. O. Box 1249

Houston Texas 77001

7 13 15

WILSHIRE OIL COMPANY OF TEXAS

BY: _____

ITS _____

ADDRESS: _____

APPROVED
Desc. <u>[Signature]</u>
Form <u>[Signature]</u>
Terms <u>[Signature]</u>

STATE OF TEXAS I
COUNTY OF MIDLAND I

The foregoing instrument was acknowledged before me, this 12th day of October, 1963, by MURPHY H. BAXTER.

My Commission Expires:

June 14, 1965.

Barbara J. Jones
Notary Public

STATE OF TEXAS I
COUNTY OF MIDLAND I

The foregoing instrument was acknowledged before me, this 12th day of October, 1963, by BETTY BAXTER, wife of MURPHY H. BAXTER, known to me to be the person whose name is subscribed to the foregoing instrument, and said wife having been examined by me privily and apart from her husband, and having the same fully explained to her, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it.

My Commission Expires:

June 14, 1965.

Barbara J. Jones
Notary Public

STATE OF New Mexico I
COUNTY OF Eddy I

The foregoing instrument was acknowledged before me this 1st day of November, 1963, by Marshall Rowley, Exec. Vice-Pres. of CARPER DRILLING COMPANY, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

10-15-67.

Chris Chapman
Notary Public

STATE OF NEW MEXICO I
COUNTY OF I

The foregoing instrument was acknowledged before me this 4th day of November, 1963, by Attorney In Fact of GULF OIL CORPORATION, a corporation, on behalf of said corporation.

My Commission Expires:

_____.

Don Wade Cooper
Notary Public

STATE OF I
COUNTY OF I

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____ of PHILLIPS PETROLEUM COMPANY, a _____ corporation, on behalf of said corporation.

My Commission Expires:

_____.

Notary Public

STATE OF TEXAS }
COUNTY OF HARRIS }

The foregoing instrument was acknowledged before me this 24 day of
October, 1963, by C. W. Hancock, Division Manager of the Southern Producing
Division of THE PURE OIL COMPANY, an Ohio corporation, on behalf of said
corporation.

My Commission Expires:

June 1, 1965.

Jo Ann Brewer JO ANN BREWER
Notary Public

STATE OF }
COUNTY OF }

The foregoing instrument was acknowledged before me this ____ day of
, 1963, by _____,
of STANDARD OIL COMPANY OF TEXAS, A DIVISION OF CALIFORNIA OIL COMPANY, a

corporation, on behalf of said corporation.

My Commission Expires:

_____.

Notary Public

STATE OF }
COUNTY OF }

The foregoing instrument was acknowledged before me this ____ day of
, 1963, by _____,
of WILSHIRE OIL COMPANY OF TEXAS, a _____ corporation, on behalf of
said corporation.

My Commission Expires:

_____.

Notary Public

STATE OF TEXAS }
COUNTY OF HARRIS }

The foregoing instrument was acknowledged before me this 30 day of October
1963, by V. L. Langley and F. W. Clark
Attorneys in Fact for California Oil Company, a California corporation, on behalf
of said corporation.

My Commission Expires
JUNE 1, 1965
NOTARY PUBLIC, Harris County, Texas
My Commission Expires June 1, 1965

R. L. L. L.
Notary Public

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

[Signature]

STATE OF _____)
COUNTY OF _____) 32.

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____.

My Commission Expires: _____ . Notary Public Patricia Eudy

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____

My Commission Expires: _____, Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:

Harvey W. Thompson
Assistant Secretary

PHILLIPS PETROLEUM COMPANY

By H. D. Brockby
Vice President

STATE OF Oklahoma)
COUNTY OF Washington)

ss.

1 2 3 4 5 6

Sam H. Payne

The foregoing instrument was acknowledged before me this 25th day of October, 1963, by H. D. Brockby, Vice President of Phillips Petroleum Company, a Delaware corporation, on behalf of said corporation.

My Commission Expires April 1, 1967 Alvin Cardenas
My Commission Expires April 1, 1967. Notary Public

STATE OF _____)
COUNTY OF _____)

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

<p>Attest: <u>M. H. Childress</u> Secretary</p>	<p style="text-align:center">Childress Royalty Company <u>Paul Childress</u> President 1 2 3 4</p> <p style="text-align:center"><u>Paul Childress</u> Paul Childress 1 2 3 4</p>
---	--

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Julia Brainerd

By: James M. Pentecost
Attorney in Fact

1 2 3 4

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this 24th day of September, 1963, by James M. Pentecost Attorney in Fact

My Commission Expires: _____ . Notary Public

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this 24th day of September, 1963, by James M. Pentecost, as attorney-in-fact on behalf of Julia Brainerd.

My Commission Expires: Oct. 8, 1966 . Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

<u>Tom L. Ingram</u> 1 2 3 4	<u>Eugene E. Nearburg</u> 1 2 3 4 <u>Eugene E. Nearburg</u> 1 2 3 4
---------------------------------	--

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

The foregoing instrument was acknowledged before me this 30th day of September, 1963, by Eugene E. Nearburg and Tom L. Ingram.

My Commission Expires: March 4, 1965 Joan Hayes Notary Public

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

The foregoing instrument was acknowledged before me this 30th day of September, 1963, by Anna A. Nearburg.

My Commission Expires: March 4, 1965 Joan Hayes Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

P. O. Box 1933
Roswell, New Mexico

Foster Morrell
Edna E. Morrell
1 2 3 4

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

The foregoing instrument was acknowledged before me this 23rd day of September, 1963, by Foster Morrell and Edna E. Morrell, his wife.

My Commission Expires: FEBRUARY 28 1966

Amos B. Lockhart
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Tracy Clark
Tracy Clark 1 2 3 4

Robert E. Boling
Robert E. Boling 1 2 3 4

Mary Jane Clark
Mary Jane Clark

Mary L. Boling
Mary L. Boling

STATE OF New Mexico)
COUNTY OF Eddy) ss.

11th The foregoing instrument was acknowledged before me this day of September, 1963, by Robert E. Boling and Mary L. Boling, his wife.

My Commission Expires: 10-15-63 Chris Chapin Notary Public

STATE OF New Mexico)
COUNTY OF Eddy) ss.

11th The foregoing instrument was acknowledged before me this day of September, 1963, by Tracy Clark and Mary Jane Clark, his wife.

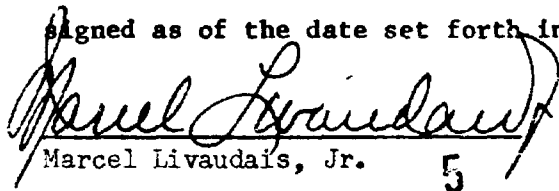
My Commission Expires: 10-15-63 Chris Chapin Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "E", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the under-

signed as of the date set forth in their respective acknowledgments.


Marcel Livaudais, Jr. 5

STATE OF LOUISIANA)
PARISH ORLEANS) ss.
COUNTY OF ORLEANS)

21st The foregoing instrument was acknowledged before me this
day of October, 1963, by Marcel Livaudais, Jr.

My Commission Expires: 21st Dec 1964 Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Roy Delk
11

Wm J. Truitt
Wilma D. Truitt
10

STATE OF California)
COUNTY OF Los Angeles) ss.

The foregoing instrument was acknowledged before me this 7 day of Sept, 1963, by Roy Delk.

My Commission Expires: Sept 11, 1964 Dorothy H. Bruce Notary Public

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this 12th day of September, 1963, by W. J. Truitt and Wilma D. Truitt
his wife.

My Commission Expires: 12-2-66 Randolph M. Richardson Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:

[Signature]
Cashier

THE SECURITY STATE BANK OF PECOS

PECOS, TEXAS

[Signature]
President

STATE OF TEXAS)
COUNTY OF REEVES)

ss.

10

The foregoing instrument was acknowledged before me this 3rd day of October, 1963, by W. H. Holcombe, President of The Security State Bank of Pecos, on behalf of said corporation.

My Commission Expires: June 1, 1965 *[Signature]* Notary Public

STATE OF _____)
COUNTY OF _____)

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Phoebe Delk

_____ 11

STATE OF California)
COUNTY OF San Bernardino) ss.

The foregoing instrument was acknowledged before me this
13th day of September, 1963, by Phoebe Delk.

My Commission Expires: _____ Grace S. Hickey
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Laura Delk
11

STATE OF California)
COUNTY OF San Bernardino) ss.

13th The foregoing instrument was acknowledged before me this day of September, 1963, by Laura Delk.

Grace S. Hickory
My Commission Expires: _____ Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Lorraine Trancy 11
Charles Trancy

STATE OF Arizona)
COUNTY OF Yavapai) ss.

And The foregoing instrument was acknowledged before me this
day of September, 1963, by Lorraine Trancy
and Charles Trancy her husband.

My Commission Expires: 1/10/65 J. C. Brown Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

Lee Dick Johnson 11 Chint Johnson Jr

My Commission Expires: _____ . Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Aloha Delk Burris 11
J. H. Burris

STATE OF New Mexico }
COUNTY OF Santa } ss.

4th The foregoing instrument was acknowledged before me this day of September, 1963, by Aloha Delk Burris.

My Commission Expires: Mar. 19, 1966 Virginia Assembly Notary Public

STATE OF New Mexico }
COUNTY OF Santa } ss.

4th The foregoing instrument was acknowledged before me this day of September, 1963, by J. H. Burris.

My Commission Expires: Mar. 19, 1966 Virginia Assembly Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

<u>Forrest Delk</u> 11	<u>Gertrude T. Delk</u>
_____	_____
_____	_____

STATE OF NEW MEXICO)
COUNTY OF GRANT) ss.

The foregoing instrument was acknowledged before me this
30th day of August, 1963, by Forrest Delk and
Gertrude T. Delk, his wife.

My Commission Expires: 4/14/66 HOR Robertson
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Annie Dolk
11

STATE OF NEW MEXICO)
COUNTY OF GRANT) ss.

The foregoing instrument was acknowledged before me this
30th day of August, 1963, by Annie Dolk

My Commission Expires: 6/14/66 H. O. Robertson
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____, Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Thelma Albert 11

STATE OF ARIZONA)
COUNTY OF Coconino) ss.

The foregoing instrument was acknowledged before me this
20 day of September, 1963, by Thelma Albert.

My Commission Expires Dec. 7, 1964
My Commission Expires: _____

D. Lee Smith
Notary Public

STATE OF ARIZONA)
COUNTY OF Coconino) ss.

The foregoing instrument was acknowledged before me this
20 day of September, 1963, by Thelma Albert.

My Commission Expires Dec. 7, 1964
My Commission Expires: _____

D. Lee Smith
Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Eric J. Kirk
11

STATE OF Arizona)
COUNTY OF Yuma) ss.

The foregoing instrument was acknowledged before me this
15th day of August, 1963, by Eric J. Kirk.

My Commission Expires: June 1967 Wm. W. Richardson Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

<u>Lester F. Kelly</u> 11	<u>Marvin Delk</u> 11
------------------------------	--------------------------

STATE OF Arizona)
COUNTY OF Maricopa) ss.

25th The foregoing instrument was acknowledged before me this day of Sept., 1963, by _____

My Commission Expires: My Commission Expires Dec. 9, 1966 Notary Public [Signature]

STATE OF Arizona)
COUNTY OF Maricopa) ss.

25th The foregoing instrument was acknowledged before me this day of Sept., 1963, by _____

My Commission Expires: My Commission Expires Dec. 9, 1966 Notary Public [Signature]

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Olivia L. Deek _____
Earl Deek _____
11 _____

STATE OF California)
COUNTY OF San Bernardino) ss.

The foregoing instrument was acknowledged before me this
25 day of September, 1963, by Olivia L. Deek
Earl Deek.

My Commission Expires: _____ . Notary Public Carolene S. Opida

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____.

My Commission Expires: _____ . Notary Public _____

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ *Ralph Lowe*

_____ *Erma Lowe*

12 15

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

The foregoing instrument was acknowledged before me this
25th day of October, 1963, by RALPH LOWE and
ERMA LOWE.

My Commission Expires: June 1, 1965 *Joyce R. Leach* Notary Public
Joyce R. Leach

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Henrietta P. Elmore 12

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

The foregoing instrument was acknowledged before me this
30th day of September, 1963, by Henrietta P. Elmore
a married woman dealing in her separate property.

My Commission Expires: July 1, 1965 J. L. Dowd Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Reed W. Cox
_____ Alta Cox
_____ 12

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

The foregoing instrument was acknowledged before me this 10th day of September, 1963, by REED W. COX and ALTA COX, husband and wife.

My Commission Expires: 11-16-66 Marion C. Lockwell Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Daisy Gertrude Kuykendall Jones
Skull Valley Box 12 Arizona
13

STATE OF Arizona)
COUNTY OF Yavapai) ss.

The foregoing instrument was acknowledged before me this 23rd day of September, 1963, by Daisy Gertrude Kuykendall Jones.

My Commission Expires: Jan 25, 1967. L. M. Irving Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Donald W. Coffey 13
Ronald A. Coffey _____

STATE OF *Michigan*)
COUNTY OF *Macomb*) ss.

30 The foregoing instrument was acknowledged before me this day of Sept., 1963, by _____.

NOTARY PUBLIC, Macomb County, Mich.
My Commission Expires: *Aug 11, 1966* *Long Prevost* Notary Public

STATE OF _____)
COUNTY OF _____) ss.

_____ The foregoing instrument was acknowledged before me this day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Alva L. Coffey _____
_____ 13 _____

STATE OF Texas)
COUNTY OF Tarrant) ss.

7th The foregoing instrument was acknowledged before me this
day of October, 1963, by Alva L. Coffey.

My Commission Expires: 1 June 1965 Edna B. Brown Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ *Susie May Coffey McCarty* 13

STATE OF Colorado)
COUNTY OF Delta) ss.

The foregoing instrument was acknowledged before me this
21st day of October, 1963, by Susie May Coffey
McCarty.

My Commission Expires: January 7, 1965 *Charles Coulter*
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Edna A. K. Carey 13

STATE OF Arizona)
COUNTY OF Yavapai) ss.

16th The foregoing instrument was acknowledged before me this
day of September, 1963, by Edna A. K. Carey

My Commission Expires: _____ . [Signature]
Notary Public
YAVAPAI COUNTY, ARIZONA
My Commission Expires August 19, 1964

STATE OF _____)
COUNTY OF _____) ss.

_____ The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____

My Commission Expires: _____ . _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Alva B. Kuykendall 13
Sylvia M. Kuykendall

STATE OF California)
COUNTY OF Butte) ss.

The foregoing instrument was acknowledged before me this
26 day of April, 1963, by Alva B. Kuykendall
& Sylvia M. Kuykendall

My Commission Expires: 3/18/66 James C. Walton
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____
_____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Mrs. Lida D. Stewart
13

STATE OF Arizona)
COUNTY OF Yavapai) ss.

The foregoing instrument was acknowledged before me this
19th day of September, 1963, by Mrs. Lida D. Stewart
131 So. Pleasant St., Prescott, Arizona

Lillian Laughlin
My Commission Expires: My Commission Expires Feb. 22, 1965 Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____
_____.

My Commission Expires: _____ . Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Mary Kerr Russell 132503 W. Mo. Russell
Preston D. Russell Phoenix, Ariz.
Husband

STATE OF Arizona)
COUNTY OF Maricopa) ss.

The foregoing instrument was acknowledged before me this
20th day of September, 1963, by Mary Kerr Russell
and Preston D. Russell her husband

Florence C. Sisson
My Commission Expires: _____ . Notary Public
My Commission Expires Oct. 29, 1965

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____
_____.

My Commission Expires: _____ . Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

<u>Laura W. Widener</u> 13	<u>Arthur R. Widener</u>

STATE OF ARIZONA)
COUNTY OF PIMA) ss.

The foregoing instrument was acknowledged before me this
18th day of September, 1963, by Laura W. Widener

My Commission Expires: My Comm. Expires Oct. 31, 1964 Mary H. Siegel Notary Public
STATE OF ARIZONA)
COUNTY OF PIMA) ss.

The foregoing instrument was acknowledged before me this
18th day of September, 1963, by Arthur R. Widener

My Commission Expires: My Comm. Expires Oct. 31, 1964 Mary H. Siegel Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Joseph W. Kykendall 13
Lina M. Kykendall

STATE OF California)
COUNTY OF Sacramento) ss.

The foregoing instrument was acknowledged before me this
19 day of Sept., 1963, by Joseph W. Kykendall

Laura J. Newman
My Commission Expires: 11 May 1966. Notary Public LAURA J. NEWMAN

STATE OF California)
COUNTY OF Sacramento) ss.

The foregoing instrument was acknowledged before me this
19 day of Sept., 1963, by Lina M. Kykendall

Laura J. Newman
My Commission Expires: 11 May 1966. Notary Public LAURA J. NEWMAN

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

<u>Dwight H. Morris</u>	<u>Lee Ellen Morris</u> 13
<u>104 So. Pine St.</u>	<u>107 South Pine Street</u>
<u>Ellensburg Wash</u>	<u>Ellensburg, Washington</u>

STATE OF Washington)
COUNTY OF Kittitas) ss.

The foregoing instrument was acknowledged before me this 19th day of September, 1963, by Dwight H. Morris and Lee Ellen Morris.

W. R. [Signature]

My Commission Expires: Nov 20, 1964. Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____. Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Harold L. Barber
Ellene Barber 13

STATE OF ARIZONA)
COUNTY OF MOHAVE) ss.

The foregoing instrument was acknowledged before me this 5th day of October, 1963, by Harold L. Barber
Ellene Barber.

My Commission Expires: 6-6-64 L. Blair Cramer Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Mary L. Winans Byron K. Winans
13

STATE OF CALIFORNIA)
COUNTY OF SANTA CLARA) ss.

The foregoing instrument was acknowledged before me this 6th day of September, 1963, by Mary L. Winans and Byron K. Winans.

My Commission Expires: _____ Notary Public _____, 1965

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public _____

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Victor L. Coleman 10, October 1963

13

STATE OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } ss.

The foregoing instrument was acknowledged before me this
10th day of OCTOBER, 1963, by VICTOR L. COLEMAN

My Commission Expires: Indefinite Notary Public
STATE OF _____ }
COUNTY OF _____ } ss.
H. L. MOSKOS
LCER USN
EXECUTIVE OFFICER

The foregoing instrument was acknowledged before me this
day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ *David E. Gost*
_____ *James W. Gost*

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
25th day of September, 1963, by _____.

NOTARY PUBLIC *Arlette M. Hardy*
My Commission Expires: My Commission Expires Aug. 3, 1967. Notary Public
Santiago, N.M., Eddy County

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Gail N. Coleman 13

STATE OF California)
COUNTY OF San Diego) ss.

The foregoing instrument was acknowledged before me this
7th day of October, 1963, by Gail N. Coleman

My Commission Expires: MY COMMISSION EXPIRES JUNE 22, 1967 Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "b", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Gail H. Coleman
13

STATE OF California)
COUNTY OF San Diego) ss.

The foregoing instrument was acknowledged before me this 7th day of October, 1963, by Gail H. Coleman.

/s/ Edith S. Johnson
My Commission Expires: MY COMMISSION EXPIRES JUNE 22 1968 Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

_____ Melvin D. Coleman 13
_____ Pauline Coleman

STATE OF Arizona)
COUNTY OF Maricopa) ss.

The foregoing instrument was acknowledged before me this
20th day of September, 1963, by Melvin D. Coleman, & Pauline
Coleman, husband & wife

_____ Thomas Lee Townzen
My Commission Expires: 11-29-67 . Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____
_____.

My Commission Expires: _____ . Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "F", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

<u>Juanita Coleman Russell</u> _____	<u>Harold A. Patwell</u> _____
13	
_____	_____

STATE OF California)
COUNTY OF Ventura) ss.

The foregoing instrument was acknowledged before me this 19 day of Sept, 1963, by Juanita Coleman Russell
Harold A. Patwell.
JUANITA COOPER
My Commission expires June 6, 1965
My Commission Expires: _____ Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____, Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 15th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Ollie P. Minton 14 _____

STATE OF TEXAS)
COUNTY OF TOM GREEN) ss.

The foregoing instrument was acknowledged before me this
26th day of September, 1963, by OLLIE P. MINTON

My Commission Expires: JUNE 1, 1965 Hazel St. Clair Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1963, by _____

My Commission Expires: _____ Notary Public

CONSENT AND RATIFICATION
EAST ROCKY ARROYO UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the East Rocky Arroyo Unit Area embracing lands situated in Eddy County, New Mexico, which said agreement is dated the 16th day of August, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the East Rocky Arroyo Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

J. R. Houghtaling 14 Iva Lee Houghtaling 14
Lucille J. Muldrow 15

STATE OF New Mexico)
COUNTY OF Eddy) ss.

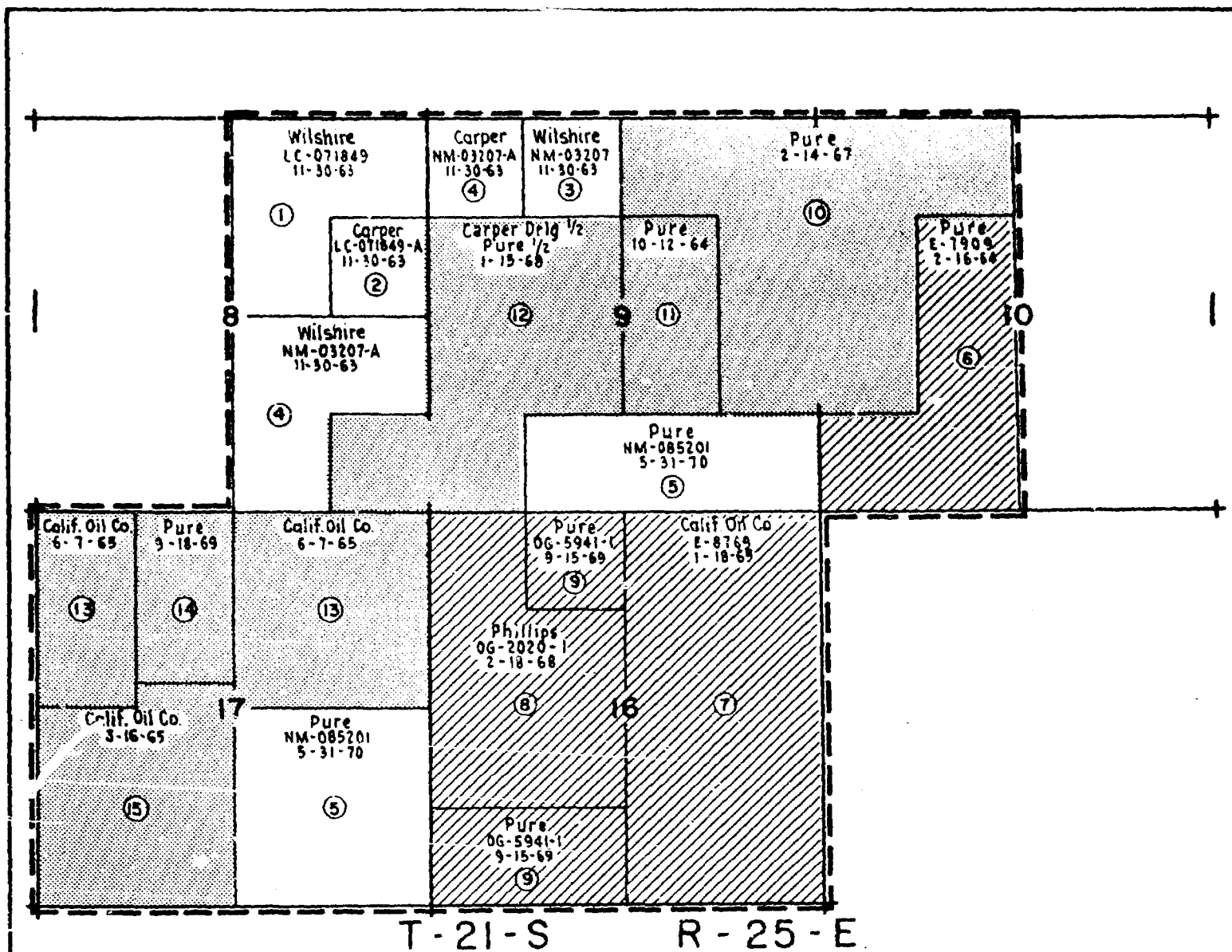
The foregoing instrument was acknowledged before me this 3rd day of September, 1963, by J. R. Houghtaling and Iva Lee Houghtaling, his wife.

My Commission Expires: 12-8-66 Randolph M. Richardson Notary Public

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this 17th day of September, 1963, by Lucille J. Muldrow, a ~~single~~ widow.

My Commission Expires: 12-8-66 Randolph M. Richardson Notary Public



**FEDERAL SERIAL NUMBERS INVOLVED IN UNIT
(SHOWING EXPIRATION DATES)**

- | | | |
|---|-------------|----------|
| ① | LC-071849 | 11-30-63 |
| ② | LC-071849-A | 11-30-63 |
| ③ | NM-03207 | 11-30-63 |
| ④ | NM-03207-A | 11-30-63 |
| ⑤ | NM-085201 | 5-31-70 |

**STATE LEASE NUMBERS INVOLVED IN UNIT
(SHOWING EXPIRATION DATES)**

- | | | |
|---|-----------|---------|
| ⑥ | E-7969 | 2-16-64 |
| ⑦ | E-8769 | 1-18-65 |
| ⑧ | OG-2020-1 | 2-18-68 |
| ⑨ | OG-5941-1 | 9-15-69 |

LEGEND

- | | | |
|---------------|--------------------------|-------------------|
| --- | UNIT OUTLINE | |
| [White Box] | FEDERAL LAND | 640 ACRES |
| [Hatched Box] | STATE OF NEW MEXICO LAND | 800 ACRES |
| [Shaded Box] | PATENTED (FEE) LAND | 1120 ACRES |
| | TOTAL | 2560 ACRES |
| ② | TRACT NUMBER | |

MURPHY H. BAXTER
MIDLAND, TEXAS

EAST ROCKY ARROYO UNIT
EDDY COUNTY, NEW MEXICO

2000 0 2000 4000
SCALE IN FEET

EXHIBIT "A"

EXHIBIT "B"
SCHEDULE SHOWING ALL LANDS AND OWNERSHIP
WITHIN THE UNIT AREA
EAST ROCKY ARROYO UNIT, EDDY COUNTY, NEW MEXICO

F E D E R A L L A N D

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
1.	T-21-S, R-25-E Sec. 8; N/2 NE/4, SW/4 NE/4	120.0	LC-071849 11/30/63	U.S.A.: 12-1/2%	Wilshire Oil Co. of Texas	All Depths Childress Royalty Co. \$300 per acre out of 2%*		Above 10,700' Gulf Oil Corp. Wilshire Oil Co. Carper Drilg. Co. Phillips Petr. Co.	50% 25% 12.5% 12.5%
						Paul Childress \$150 per acre out of 1%*			
						Julia Brainard \$150 per acre out of 1%*			
						Eugene E. Nearburg \$37.50 per acre out of .25%*		Below 10,700' Wilshire Oil Co.	All
						Anna L. Nearburg \$37.50 per acre out of .25%*			
						Tom L. Ingram \$75.00 per acre out of .30%*			
						Foster Morrell 2%*			
						Above 10,700' only Robert E. Boling .125%*** Tracy Clark .125%***			
						(*, **, *** - See note following Federal Lands Section)			
2.	T-21-S, R-25-E Sec. 8; SE/4 NE/4	40.0	LC-071849-A 11/30/63	U.S.A.: 12-1/2%	Carper Drilg. Co. - Phillips Petr. Co.-	Same Ownership and Percentages as Tract 1, above		Above 10,700' Gulf Oil Corp. Wilshire Oil Co. Carper Drilg. Co. Phillips Petr. Co.	50% 25% 12.5% 12.5%
								Below 10,700' Wilshire Oil Co.	All

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE		BASIC ROYALTY AND PERCENTAGE		LESSEE OF RECORD		OVERRIDING ROYALTY AND PERCENTAGE		WORKING INTEREST AND PERCENTAGE	
3.	T-21-S, R-25-E Sec. 9: NE/4 NW/4	40.0	NM-03207 11/30/63		U.S.A.: 12-1/2%		Wilshire Oil Co. of Texas		Same Ownership and Percentages as Tract 1, above		Above 10,700' Gulf Oil Corp. Wilshire Oil Co. Carper Drig. Co. Phillips Petr. Co.	50% 25% 12.5% 12.5%
4.	T-21-S, R-25-E Sec. 9: NW/4 NW/4 Sec. 8: N/2 SE/4, SW/4 SE/4	160.0	NM-03207-A 11/30/63		U.S.A.: 12-1/2%		Carper Drig. Co. - 50% Phillips Petr. Co. - 50%		Same Ownership and Percentages as Tract 1, above		Above 10,700' Gulf Oil Corp. Wilshire Oil Co. Carper Drig. Co. Phillips Petr. Co.	50% 25% 12.5% 12.5%
5.	T-21-S, R-25-E Sec. 9: SE/4 SW/4, S/2 SE/4 Sec. 17: SE/4	280.0	NM-085201 5/31/70		U.S.A.: 12-1/2%		The Pure Oil Co.		Marcel Livaudais, Jr. - 5% per acre out of 5%		Below 10,700' Wilshire Oil Co.	All

TOTAL: 5 Federal Tracts - 640.00 acres, 25.00% of Unit Area

* Payable on any portion of 10,435.88 acres that produces, whether or not within the Unit Area. Total obligation is \$7,826,510.00.

** Above 10,700' this 2% overriding royalty is payable 50% by Gulf Oil Corp., 25% by Wilshire Oil Co., and 25% by Carper Drig. Co.
Below 10,700' this 2% overriding royalty is payable 100% by Wilshire Oil Co.

*** These overriding royalty interests payable out of working interest owned by Carper Drilling Co. and Gulf Oil Corp. only.

STATE OF NEW MEXICO LANDS

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
6.	T-21-S, R-25-E Sec. 10: SE/4 NW/4, E/2 SW/4, SW/4 SW/4	160.0	E-7909 2/16/64	State: 12-1/2%	The Pure Oil Co.	None	The Pure Oil Co.
7.	T-21-S, R-25-E Sec. 16: E/2	320.0	E-8769 1/18/65	State: 12-1/2%	Standard Oil Co. of Texas, a Division of California Oil Company	None	Standard Oil Co. of Texas, a Division of California Oil Company
8.	T-21-S, R-25-E Sec. 16: NW/4 NW/4 S/2 NW/4 N/2 SW/4	200.0	OG-2020-1 2/18/68	State: 12-1/2%	Phillips Petr. Co.	None	Phillips Petr. Co.
9.	T-21-S, R-25-E Sec. 16: NE/4 NW/4 S/2 SW/4	120.0	OG-5941-1 9/15/69	State: 12-1/2%	The Pure Oil Co.	None	The Pure Oil Co.

TOTAL: 4 State of New Mexico Tracts - 800.00 acres, 31.25% of Unit Area

PATENTED (FEE) LANDS

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDE ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
10.	T-21-S, R-25-E Sec. 10: N/2 NW/4, SW/4 NW/4, NW/4 SW/4 Sec. 9: N/2 NE/4, SE/4 NE/4, NE/4 SE/4	320.0	Fee 2/14/67	W. M. Truitt 1/16 Security State Bank, Pecos, Texas 1/16	The Pure Oil Co.	None	The Pure Oil Company
	Total	1/8					
11.	T-21-S, R-25-E Sec. 9: SW/4 NE/4 NW/4 SE/4	80.0	Fee 10/12/64	Earl Delk 9/640 Marvin Delk 9/640 Rue Delk 9/640 Roy Delk 9/640 Lester Delk 9/640 Thelma Delk Albert 9/640 Annie Delk 1/640 Forrest Delk 1/240 Aloah Delk Burris 1/240 Dee Delk Johnson 1/240 Genevieve Troncy 1/80 Laura Delk 1/320 Phoebe Delk 7/640	The Pure Oil Co.	None	The Pure Oil Company
12.	T-21-S, R-25-E Sec. 9: S/2 NW/4, N/2 SW/4, SW/4 SW/4 Sec. 8: SE/4 SE/4	240.0	Fee 1/15/68	Reed W. Cox 1/32 Henrietta P. 1/32 Elmore 1/32 Ralph Lowe 1/16	Carper Drilg. Co.- 50% Pure Oil Co. 50%	Carper Drilg. Co. - \$750 per acre out of 3-1/8* *To be paid out of Pure's 1/2	Carper Drilg. Co. The Pure Oil Co.
	Total	80/640 = 1/8					
	Total	1/8					

PATENTED (FEE) LANDS

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDE ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
13.	T-21-S, R-25-E Sec. 17: W/2 NW/4, NE/4	240.0	Lease 1 Fee 6/7/65	Daisy G. K. Jones Susie May Coffey McCarty Hazel May Coffey Alva O. Coffey Donald E. Coffey Willie Coffey Glenda Coffey Edna A. K. Acrey Alva B. Kuykendall Mrs. Lida O. Stewart Mary Kerr Russell Laura W. Widener Joel W. Kuykendall Lee Ellen Morris Allene M. Barbee Mary L. Winans Victor Lee Coleman Sarah Etta Yost Juanita Coleman Powell	1/192 Standard Oil Co. 1/384 of Texas, a Division 1/1536 of California Oil Co. 3/6144 325/336 (96.73%) 3/6144 3/6144 3/6144 11/672 11/672 11/672 11/672 11/672 11/672 11/4704 11/4704 11/4704 11/4704 11/4704 11/4704 11/18816	None	Standard Oil Co. of Texas, a Division of California Oil Co. 325/336 (96.73%)
	Leases 2, 3, 4 & 5 6/7/65			Gail N. Coleman David Coleman Melvin D. Coleman Allene Barbee	11/9408 Murphy H. Baxter 11/9408 11/336 (3.27%) 33/37632 33/37632	None	Murphy H. Baxter 11/336 (3.27%)
	Total				1/8		

PATENTED (FEE) LANDS

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
14.	T-21-S, R-25-E Sec. 17; NE/4 NW/4, No.-S/8 of SE/4 NW/4	65.0	Fee 9/18/69	Ollie P. Minton J. R. Houghtaling 1/16 1/16	The Pure Oil Co.	None	The Pure Oil Co.
				Total 1/8			
15.	T-21-S, R-25-E Sec. 17; SW/4, So.- 3/8 of SE/4 NW/4	175.0	Fee 3/16/65	Lucille Muldrow Ralph Lowe 38/1400 37/1400	Standard Oil Co. of Texas, a Division of California Oil Company	None	Standard Oil Co. of Texas, a Division of California Oil Company
				Total 175/1400 = 1/8			

TOTAL: 6 Tracts Patented Lands - 1,120.00 acres, 43.75% of Unit Area

RECAPITULATION:

5 Tracts Federal Lands	-	640.00 acres	-	25.00% of Unit Area
4 Tracts State Lands	-	800.00 acres	-	31.25% of Unit Area
6 Tracts Patented Lands	-	<u>1,120.00 acres</u>	-	<u>43.75% of Unit Area</u>
15 Tracts		2,560.00 acres		100.00%

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2874
Order No. R-2547

APPLICATION OF MURPHY H. BAXTER
FOR APPROVAL OF THE EAST ROCKY
ARROYO UNIT AGREEMENT, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 7, 1963, 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 7th day of August, 1963, 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 applicant, Murphy H. Baxter, seeks approval of the East Rocky Arroyo Unit Agreement covering 2,500 acres, more or less, of Federal, State and Fee lands in Township 21 South, Range 25 East, 18th, Eddy County, New Mexico.

(3) That approval of the proposed East Rocky Arroyo Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

(1) That the East Rocky Arroyo Unit Agreement is hereby approved.

(2) That the plan under which the unit area shall be operated shall be enforced in the form of a unit agreement for the

-3-

CASE No. 2874
Order No. R-2547

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

S E A L

OST/

CERTIFICATE OF APPROVAL

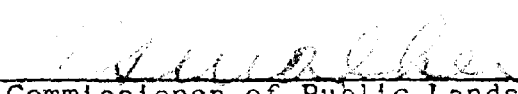
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO
EAST ROCKY ARROYO UNIT
REDDY COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated August 16, 1963, 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 6th day of November 19 63.


Commissioner of Public Lands
of the State of New Mexico

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

IN THE MATTER OF:

Application of Murphy H. Baxter for a
unit agreement, Eddy County, New
Mexico. Applicant, in the above-
styled cause, seeks approval of the
East Rocky Arroyo Unit Area compris-
ing 2560 acres of Federal, State and
Fee lands in Township 21 South,
Range 25 East, Eddy County, New Mexico.

Case No. 2874

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

August 7, 1963

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6119



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1963

EXAMINER HEARING

IN THE MATTER OF:)

Application of Murphy H. Baxter for a)
unit agreement, Eddy County, New)
Mexico. Applicant, in the above-)
styled cause, seeks approval of the)
East Rocky Arroyo Unit Area compris-)
ing 2560 acres of Federal, State and)
Fee lands in Township 21 South,)
Range 25 East, Eddy County, New Mexico.)

Case 2874

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2874.

MR. DURRETT: Application of Murphy H. Baxter for a
unit agreement, Eddy County, New Mexico.

MR. BRATTON: Howard Bratton appearing on behalf of the
Applicant. We have one witness.

(Witness sworn.)

(Whereupon, Applicant's
Exhibits 1 and 2 were
marked for identifica-
tion.)

DUANE FRITZ

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



DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name, by whom you are employed and in what capacity?

A Duane Fritz, by Murphy H. Baxter as a geologist.

Q Have you previously testified before this Commission?

A No, I have not.

Q Please state your professional and educational background.

A I received a degree of Bachelor of Science in petroleum geology, Texas Tech College. I have been employed as a geologist for the past seven and a half years.

Q Are you familiar with the East Rocky Arroyo Unit Area and the matters contained in this application?

A Yes.

MR. BRATTON: Are the witness's qualifications acceptable?

MR. GRIFF: Yes.

MR. BRATTON: We filed a copy of the unit agreement with the application and we ask that that be considered as Exhibit No. 1 in the case.

Q (By Mr. Bratton) Mr. Fritz, is this application for a standard federal and state exploratory unit?



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PHONE 243-6691

A Yes, it is.

Q Exhibit 1, the proposed unit agreement, is the form of unit agreement proposed and it has been approved by the United States Geological Survey and Commissioner of Public Lands as to form and content, is that correct?

A Yes, it has.

Q And as to designation of area?

A Yes.

Q The area is composed of 2560 acres shown on Exhibit A to the unit agreement, is that correct?

A Yes, it is.

Q Where is the unit with reference to Carlsbad?

A It is west of Carlsbad in Eddy County, approximately seven miles west of Carlsbad.

Q It's in Township 21 South, Range 25 East and the lands are shown on that Exhibit A, is that correct?

A That is correct.

Q What does the unit agreement call for in the way of a test well?

A 10,700 foot test to be drilled to the Mississippian line.

Q Are the percentages of federal, state and fee lands shown on the Exhibit A there? I believe it's 640 acres of federal, 800 acres of state and 1120 of fee lands, is that correct?



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PHONE 243-6691

PAGE 5

A That is correct.

Q What percentage of commitment do you have of the working interest in this area?

A All the working interest is committed.

Q Have you started on your royalty and over-ride owners yet?

A We are presently contacting them and will give them opportunity to participate in this unit.

Q Which you have to do before you submit it for final approval, is that correct?

A Yes, sir.

Q Refer then, Mr. Fritz, to what has been marked as Exhibit No. 2.

MR. BRATTON: If the Examiner please, that is the folio which is the geological report, and actually we will refer to the exhibits which are in the folder behind the written report.

Q Exhibit A just shows the unit area again, is that correct?

A That is correct.

Q And Exhibit B shows what, Mr. Fritz?

A This is a map, seismic map showing the lowest closing contour on the top of the Mississippian. It shows the relationships to the structure to the unit area.



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PHONE 243-6691

Q Is that your seismic work or other people's seismic work that you had access to?

A That is another major company's work we were allowed to observe, but not to carry out any of their seismic maps.

Q Based on that and your subsurface work, you prepared Exhibit No. C?

A Yes, sir. Exhibit C is a subsurface contour map on top of the Canyon Cisco showing the structural relationship to the unit area. It is primarily subsurface but is influenced by the seismic work.

Q This exhibit shows what in the unit area? In other words, what type of formation do you expect to encounter here?

A We expect to encounter the Canyon Cisco formation with approximately 250 feet of closure.

Q Does that closure correspond very closely to the proposed unit boundaries?

A Yes, it does.

Q Where is the test well to be located, is that reflected on Exhibit C?

A The location is marked on the exhibit, it is in the Southwest Quarter of Section 9.

Q Now, your Exhibit D, Mr. Fritz, that's a rather lengthy cross section, is it not?



A Yes, sir, this is a cross section from south to north showing the proposed location and showing that the Canyon Cisco would possibly be present in this area.

Q You don't have much control available?

A Very sparse well control.

Q This is truly a wildcat?

A Yes, sir.

Q Turn then to your Exhibit E, Mr. Fritz. Does that show what you would expect to encounter from top to bottom in the well?

A Yes, sir, this is a section of the formations we expect to encounter in this location.

Q What is your prime target or targets?

A Our primary target is the Canyon Cisco dolomite, and our secondary horizon is the Morrow sand.

Q Hopefully you would encounter gas such as has been encountered to the south and west of you, is that correct?

A That's correct.

Q In your opinion, Mr. Fritz, will the operation of this area under the proposed unit be in the interest of conservation and the prevention of waste?

A Yes, it will.

Q Is there anything further which you care to add in connection with any of these exhibits?



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PHONE 242-6691

A No, sir.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A They were.

MR. BRATTON: We offer in evidence Applicant's Exhibits 1 and 2. I will also offer Exhibit 3 which is a copy of the letter from United States Geological Survey approving the unit as to form and content. I have a letter from Mrs. Rhea but she's here present and all I have is the original of it, so I'll not introduce it.

(Whereupon, Applicant's Exhibit No. 3 was marked for identification.)

MR. UTZ: Exhibits 1, 2 and 3 will be entered into the record.

(Whereupon, Applicant's Exhibits 1, 2 and 3 were offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. UTZ: Is this Cisco Reef the same formation you have been calling the Canyon Cisco?

A Yes, sir.

Q And I believe you stated your next zone that you thought might be productive would be the Morrow?



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PAGE 9

A Yes, sir.

Q How about the Atoka sand?

A The Atoka is a possible target, but has not been productive in that area as yet.

Q What is the anticipated depth of the two zones?

A The anticipated depth of the Canyon Cisco should be 8,000 feet and the Morrow should be approximately 10,000 feet.

MR. UTZ: Are there other questions of the witness?
The witness may be excused.

(Witness excused.)

MR. UTZ: Do you have anything further?

MR. BRATTON: No, sir.

MR. UTZ: Are there any statements in this case? The case will be taken under advisement.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

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

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 21st day of August, 1963.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:
June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2874 heard by me on Aug 7 1963.
Shirley J. [Signature] Examiner
New Mexico Oil Conservation Commission





UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

IN REPLY REFER TO:

JUL 10 1963

Hervey, Dow & Hinkle
Hinkle Building
Roswell, New Mexico

Attention: Mr. Clarence E. Hinkle

Gentlemen:

Your application of June 11, 1963, filed with the Regional Oil and Gas Supervisor, Roswell, New Mexico, in behalf of Murphy H. Baxter, requests the designation of 2,560 acres, more or less, in Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to the unit plan regulations of December 22, 1950, 30 CFR 226.3 (1961 reprint) the land requested as outlined on your plat marked "Exhibit A, East Rocky Arroyo Unit", is hereby designated as a logical unit area. Any unit agreement submitted for the area designated should provide for the drilling of the initial well to the top of the Mississippian or to a depth of 10,700 feet. The 1961 reprint of the standard form of unit agreement should be used with the addition of the customary language required by the State of New Mexico and the following modifications proposed by your application:

1. Change item 6(b), line 5, page 7 of the 1961 reprint to read:

"(b) the selection shall have been filed with the Supervisor. If no successor unit operator is selected and qualified as herein provided, the Director at his election may declare this unit agreement terminated."

2. The "Fair Employment" section of the 1961 reprint should be replaced with the following new section:

"Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F. R. 1977), which are hereby incorporated by reference in this agreement."

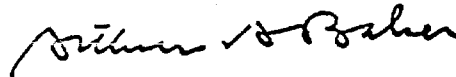
BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	
CASE NO.	

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical to the 1961 reprint, modified only as outlined above, will be approved if submitted in approvable status within a reasonable amount of time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have full commitment of sufficient lands to afford effective control of unit operations.

When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all acreage. In preparation of Exhibits A and B follow closely the format of the sample exhibits attached to the 1961 reprint of the standard form.

Inasmuch as this unit area contains State of New Mexico lands, please contact the Commissioner of Public Lands of Santa Fe, New Mexico, before soliciting joinders.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Arthur J. Baker".

Acting Director

August 1, 1963

Mr. Clarence E. Hinkle
Hervey, Dow and Hinkle
P. O. Box 10
Roswell, New Mexico

Re: Proposed East Rocky Arroyo
Unit Agreement, Eddy County,
New Mexico

Dear Mr. Hinkle:

This office approves as to form and content your form
of agreement for the East Rocky Arroyo Agreement, Eddy County,
New Mexico.

Very truly yours,

E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

BY:
(Mrs.) Marian H. Shea, Supervisor
Unit Division

E.S.JW/MBK/m

Case 2874

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF
THE EAST ROCKY ARROYO UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes MURPHY H. BAXTER, acting by and through the undersigned attorneys, Hervey, Dow & Hinkle of Roswell, New Mexico, and files herewith three copies of the proposed Unit Agreement for the development and operation of the East Rocky Arroyo Unit Area, Eddy County, New Mexico, and hereby makes application for approval of said Unit Agreement as provided by law and the rules and regulations of the New Mexico Oil Conservation Commission, and in support thereof shows:

1. That the proposed unit area covered by said agreement embraces 2,560 acres situated in Township 21 South, Range 25 East, N.M.P.M., more particularly described as follows:

Township 21 South, Range 25 East:

Section 8: $E\frac{1}{2}$
Section 9: All
Section 10: $W\frac{1}{2}$
Section 16: All
Section 17: All

2. That the lands embraced in the proposed unit area consist of 640 acres of Federal lands; 800 acres of lands of the State of New Mexico and 1,120 acres of fee or privately owned lands.

3. That the proposed unit area has heretofore been designated by the Director of the United States Geological Survey as an area logically subject to unitization.

4. That applicant is informed and believes and upon such information and belief states that the proposed unit area contains all or substantially all of the geological or geophysical feature involved and that in the event of the discovery of oil or gas thereon that said Unit Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of unitized substances.

5. That it is contemplated that applicant will be the Operator of the Unit Agreement, and it is proposed to drill an initial test well pursuant to the terms of the unit agreement to be located in the SW $\frac{1}{4}$ of Section 9, Township 21 South, Range 25 East, N.M.P.M., and that said well will be drilled to a depth of 10,700 feet for the purpose of testing all possible producing formations down to the top of the Mississippian lime but not to exceed a depth of 10,700 feet.

6. That applicant believes that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the pool or field can be developed more economically and efficiently under the terms of said Unit Agreement, to the end that the maximum recovery of unitized substances will be obtained and that said Unit Agreement is in the interest of conservation and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes and regulations.

6-28-74

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF
THE EAST ROCKY ARROYO UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

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1. That the proposed unit area covered by said agreement embraces 2,560 acres situated in Township 21 South, Range 25 East, N.M.P.M., more particularly described as follows:

Township 21 South, Range 25 East:

Section 8: 8 $\frac{1}{2}$
Section 9: All
Section 10: 10 $\frac{1}{2}$
Section 11: All
Section 17: All

2. That the lands embraced in the proposed unit area consist of 640 acres of Federal lands; 800 acres of lands of the State of New Mexico and 1,120 acres of fee or privately owned lands.

3. That the proposed unit area has heretofore been designated by the Director of the United States Geological Survey as an area logically subject to unitization.

4. That applicant is informed and believes and upon such information and belief states that the proposed unit area contains all or substantially all of the geological or geophysical feature involved and that in the event of the discovery of oil or gas thereon that said Unit Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of unitized substances.

5. That it is contemplated that applicant will be the Operator of the Unit Agreement, and it is proposed to drill an initial test well pursuant to the terms of the unit agreement to be located in the SW $\frac{1}{4}$ of Section 9, Township 21 South, Range 25 East, N.M.P.M., and that said well will be drilled to a depth of 10,700 feet for the purpose of testing all possible producing formations down to the top of the Mississippian line but not to exceed a depth of 10,700 feet.

6. That applicant believes that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the pool or field can be developed more economically and efficiently under the terms of said Unit Agreement, to the end that the maximum recovery of unitized substances will be obtained and that said Unit Agreement is in the interest of conservation and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes and regulations.

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

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of the approval of said Unit Agreement and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and the prevention of waste.


DATED this 19th day of July, 1963.

Respectfully submitted,

MURPHY H. BAXTER

By 
Attorney

HERVEY A. DOW & HINKLE

By 
Attorneys for Murphy H. Baxter
P.O. Box 10
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

**APPLICATION FOR APPROVAL OF
THE EAST ROCKY ARROYO UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO**

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes MURPHY H. BAXTER, acting by and through the undersigned attorneys, Hervey, Dow & Hinkle of Roswell, New Mexico, and files herewith three copies of the proposed Unit Agreement for the development and operation of the East Rocky Arroyo Unit Area, Eddy County, New Mexico, and hereby makes application for approval of said Unit Agreement as provided by law and the rules and regulations of the New Mexico Oil Conservation Commission, and in support thereof shows:

1. That the proposed unit area covered by said agreement embraces 2,560 acres situated in Township 21 South, Range 25 East, N.M.P.M., more particularly described as follows:

Township 21 South, Range 25 East:

Section 8: 25
Section 9: All
Section 10: 25
Section 16: All
Section 17: All

2. That the lands embraced in the proposed unit area consist of 640 acres of federal lands; 800 acres of lands of the State of New Mexico and 1,120 acres of fee or privately owned lands.

3. That the proposed unit area has heretofore been designated by the Director of the United States Geological Survey as an area logically subject to unitization.

4. That applicant is informed and believes and upon such information and belief states that the proposed unit area contains all or substantially all of the geological or geophysical feature involved and that in the event of the discovery of oil or gas thereon that said Unit Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of unitized substances.

5. That it is contemplated that applicant will be the Operator of the Unit Agreement, and it is proposed to drill an initial test well pursuant to the terms of the unit agreement to be located in the SW $\frac{1}{4}$ of Section 9, Township 21 South, Range 25 East, N.M.P.M., and that said well will be drilled to a depth of 10,700 feet for the purpose of testing all possible producing formations down to the top of the Mississippian line but not to exceed a depth of 10,700 feet.

6. That applicant believes that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the pool or field can be developed more economically and efficiently under the terms of said Unit Agreement, to the end that the maximum recovery of unitized substances will be obtained and that said Unit Agreement is in the interest of conservation and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes and regulations.

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

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of the approval of said Unit Agreement and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and the prevention of waste.

DATED this 19th day of July, 1963.

Respectfully submitted,

MURPHY H. BAXTER

By [Signature]
Attorney

HARVEY, DOW & HINKLE

By [Signature]
Attorneys for Murphy H. Baxter
P.O. Box 10
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2874
Order No. R-2547

APPLICATION OF MURPHY H. BAXTER
FOR APPROVAL OF THE EAST ROCKY
ARROYO UNIT AGREEMENT, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 7, 1963, 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 9th day of August, 1963, 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 applicant, Murphy H. Baxter, seeks approval of the East Rocky Arroyo Unit Agreement covering 2,560 acres, more or less, of Federal, State and Fee lands in Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico.

(3) That approval of the proposed East Rocky Arroyo Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

(1) That the East Rocky Arroyo Unit Agreement is hereby approved.

(2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the

-2-

CASE No. 2874
Order No. K-2547

development and operation of the East Rocky Arroyo Unit Area, and such plan shall be known as the East Rocky Arroyo Unit Agreement Plan.

(3) That the East Rocky Arroyo Unit Agreement Plan is hereby 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, duty, or obligation which is now, or may hereafter be, vested in the Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the East Rocky Arroyo Unit, or relative to the production of oil or gas therefrom.

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

NEW MEXICO PRINCIPAL MERIDIAN

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST
Section 8: E/2
Section 9: All
Section 10: W/2
Sections 16 and 17: All

containing 2,560 acres, more or less.

(b) That the unit area shall be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the East Rocky Arroyo Unit Agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(6) 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 the Director of the United States Geological Survey, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

-3-

CASE No. 2874
Order No. R-2547

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Jack M. Campbell

JACK M. CAMPBELL, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

esr/

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico

Oil Conservation Commission



LAND COMMISSIONER
C. E. JOHNNY WALKER
MEMBER

**P. O. BOX 871
SANTA FE**

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

August 9, 1963

Mr. Howard Bratton
Hervey, Dow & Hinkle
Attorneys at Law
P. O. Box 10
Roswell, New Mexico

Re: Case No. 2874
Order No. R-2547
Applicant:
Murphy H. Baxter

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours-

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

12/

Carbon copy of order also sent to:

Hobbs OCC x

Arteria occ 2

Artco OCC

OTHER _____

Caser 2874

Reund. 8-7-63

Rec. 8-7-63

1. Grant. Baxter to Rocky anaya.
unit agreement using unit
order.

Rush

Thos. A. V. R.

CASE 2355: (Reopened) In the matter of Case 2355 being reopened pursuant to the provisions of Order No. R-2051-A, which order extended the temporary 320-acre proration units for the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 160-acre proration units.

CASE 2635: (Reopened) In the matter of Case 2635 being reopened pursuant to the provisions of Order No. R-2325, which order established temporary 80-acre proration units for the Inbe-Pennsylvanian Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2878: Application of Humble Oil & Refining Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (tubingless) of its New Mexico State "S" Well No. 25, located in Unit N of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Penrose-Skelly and Wantz Abo Pools and an undesignated Granite Wash zone through parallel strings of 2-7/8 inch casing cemented in a common well bore.

CASE 2879: Application of Humble Oil & Refining Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State "M" lease in Sections 19, 20, 29, 30 and 31, Township 22 South, Range 37 East, Lea County, New Mexico, by the initial injection of water into the Queen formation of the Langlie Mattix and Eumont Pools through six wells located in Sections 20, 29, and 30. Applicant further seeks the contraction of the Eumont Pool by the deletion therefrom of all of Section 19 and the S/2 SW/4 and NE/4 SW/4 of Section 20, Township 22 South, Range 37 East, and the extension of the Langlie-Mattix Pool to include said acreage.

CASE 2880: Application of Marathon Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Box Canyon Unit Area comprising 10,560.48 acres of State, Federal and Fee lands in Townships 21 and 22 South, Range 21 East, Eddy County, New Mexico.

Adm. memo

16p 72

11.1 70
6.2 70

Clarence Hinkle 7/17/63 Appl to Fed

Appl of Murphy H Baxter

East Rocky Arroyo Unit

2560 acre Fed State & Fee

21 S 25 E Eddy

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY, IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.

LAW OFFICES
HERVEY, DOW & HINKLE
HINKLE BUILDING
ROSWELL, NEW MEXICO

TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 10

July 30, 1963

Mr. Daniel S. Nutter
Examiner
New Mexico Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Re: O.C.C. Case 2874 - Application of Murphy H. Baxter for
a Unit Agreement, Eddy County, New Mexico

Dear Mr. Nutter:

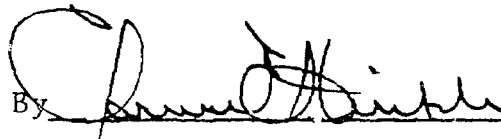
You very kindly placed on the docket for the Examiner's
Hearing August 7 the above application for approval of the
East Rocky Arroyo Unit Agreement.

We enclose in triplicate the formal application,
together with three copies of the proposed Unit Agreement
which we trust you will find sufficient.

Thanking you for your cooperation in connection
with this matter, I am

Yours sincerely,

HERVEY, DOW & HINKLE

By 

CEH: ev

Encls.

DRAFT

JED/est

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2874

Order No. R- 2873

2547

APPLICATION OF MURPHY H. BAXTER
FOR APPROVAL OF THE EAST ROCKY
ARROYO UNIT AGREEMENT, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 7, 1963, 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 day of August, 1963, 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 applicant, Murphy H. Baxter, seeks approval of the East Rocky Arroyo Unit Agreement covering 2,560 acres, more or less, of Federal, State and Fee lands in Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico.

(3) That approval of the proposed East Rocky Arroyo Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

(1) That the East Rocky Arroyo Unit Agreement be approved.

(2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the development and operation of the East Rocky Arroyo Unit Area, and such plan shall be known as the East Rocky Arroyo Unit Agreement Plan.

(3) That the East Rocky Arroyo Unit Agreement Plan is hereby 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, duty, or obligation which is now, or may hereafter be, vested in the Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the East Rocky Arroyo Unit, or relative to the production of oil or gas therefrom.

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

NEW MEXICO PRINCIPAL MERIDIAN

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST

Section 8: E/W
Section 9: All
Section 10: W/W
Sections 16 and 17: B/W

containing 2,560 acres, more or less.

(b) That the unit area may be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the East Rocky Arroyo

Unit Agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(6) 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 the Director of the United States Geological Survey, and shall terminate ~~upon~~ ~~facto~~ upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

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

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

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
EAST ROCKY ARROYO UNIT AREA
EDDY COUNTY, NEW MEXICO
NO. 2874

THIS AGREEMENT, entered into as of the ____ day of August, 1963,
by and between the parties subscribing, ratifying, or consenting hereto, and
herein referred to as the "parties hereto,"

WITNESSETH:

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

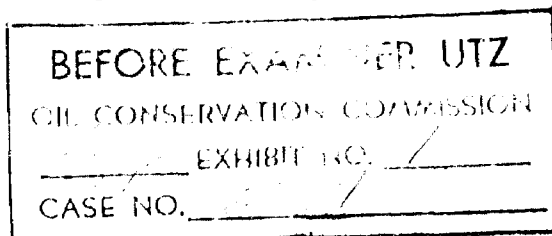
WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437,
as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal lessees and their
representatives to unite with each other, or jointly or separately with others,
in collectively adopting and operating a cooperative or unit plan of development
or operation of any oil or gas pool, field, or like area, or any part thereof for
the purpose of more properly conserving the natural resources thereof whenever
determined and certified by the Secretary of the Interior to be necessary or
advisable in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico
is authorized by an Act of the Legislature (Sec. 7-11-39 N.M. Statutes 1953
Annotated) to consent to or approve this agreement on behalf of the State of New
Mexico, insofar as it covers and includes lands and mineral interests of the
State of New Mexico; and,

WHEREAS, the Oil Conservation Commission of the State of New Mexico
is authorized by an Act of the Legislature (Article 3, Chapter 65, Volume 9,
Part 2, 1953 Statutes) to approve this agreement and the conservation provisions
hereof; and,

WHEREAS, the parties hereto hold sufficient interests in the East Rocky
Arroyo Unit Area covering the land hereinafter described to give reasonably effec-
tive 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 develop-
ment 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. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, hereto fore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the unit area, containing 2,560 acres, more or less.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor," or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "State Land Commissioner," and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two (2) copies thereof shall be filed with the State Land Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "State Commission."

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion, or on demand of the Director of the Geological Survey, hereinafter referred to as "Director," or on demand of the State Land Commissioner, after preliminary concurrence by the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

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

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the State Land Commissioner and the State Commission evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the director, the State Land Commissioner and the State Commission, become effective as of the date prescribed in the notice thereof.

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within five years after the first day of the month following

the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said five-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay;" provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within ten years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by Unit Operator and subject to approval of the Director and the State Land Commissioner. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the ten-year period specified in this sub-section 2 (e), a single extension of not to exceed two years may be accomplished by consent of the owners of 90 per cent of the current unitized working interests and 60 per cent of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total nonparticipating-acreage basis, respectively, with approval of the Director, and the State Land Commissioner provided such extension application is submitted to the Director and to the State Land Commissioner not later than 60 days prior to the expiration of said ten-year period.

Any expansion of the unit area pursuant to this section which embraces lands thereto here eliminated pursuant to this sub-section 2 (e) shall not be considered automatic commitment or reconveyance of such lands.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances."

4. UNIT OPERATOR. Murphy H. Baxter with offices at Midland, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in him and agrees and consents to accept the duties and obligations of Unit Operator for discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by him.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director, the State Land Commissioner and State Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the State Commission as to State and privately owned lands unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but, in all instances of resignation or removal, until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

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

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

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator, or shall be removed as hereinabove provided, or a change of unit operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator; provided that, if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners 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 filed with the Supervisor and approved

by the State Land Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Land Commissioner at their election may declare this Unit Agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the State Land Commissioner, prior to approval of this unit agreement by the Director.

8. 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.

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor if on Federal land or by the State Land Commissioner if on State land, or by the State Commission if on privately owned land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until formations of Pennsylvanian age have been tested or the top of the Mississippian formation has been contacted or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land, or the State Land Commissioner if on State land, or of the State Commission if on privately owned land, that further drilling of said well would be unwarranted or impracticable; provided however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 10,750 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the 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 said Supervisor if it be on Federal land or of the State Land Commissioner if on State land or the State Commission if on privately owned land or until it is reasonable proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and State Land

Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to comply with the drilling provisions of this section, the Director and State Land 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.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the State Land Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the State Land Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the State Land Commissioner a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the State Land Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

(a) specify the number and location of any wells to be drilled and the proposed order and time for such drilling; and,

(b) to the extent practicable specify the operating practices regarded as necessary and advisable for the proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the State Land Commissioner. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions, or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and State Land Commissioner are authorized to grant a

reasonable extension of the six-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Land Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall within the month of such completion, if practicable, or as soon thereafter as required by the Supervisor or the State Land Commissioner submit for approval by the Director and the State Land Commissioner a schedule, based on subdivisions of the public land survey or aliquot parts thereof of all unitized land then regarded as reasonably proved to be productive or unitized substances in paying quantities; all lands in said schedule on approval of the Director and the State Land Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of the initial participating area. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director and the State Land Commissioner. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities,

or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the State Land Commissioner. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director and the State Land Commissioner as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal lands and the State Land Commissioner for State lands and the State Commission as to privately owned lands and the amount thereof deposited, as directed by the Supervisor and the State Land Commissioner respectively, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor, as to wells drilled on Federal land and of the State Land Commissioner as to wells drilled on State land and the State Commission as to wells on privately owned lands, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be

allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, and State Land Commissioner and the State Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party or parties hereto owning or controlling the working interests in any unitized land having thereon a regular well location may with the approval of

the Supervisor as to Federal land, the State Land Commissioner as to State land, and the State Commission as to privately owned land, and subject to the provisions of the Unit Operating Agreement, at such party's or parties' sole risk, costs, and expense drill a well at such location on such land to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and the State of New Mexico and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding

calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, the State Land Commissioner, and the State Commission, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and 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 the plan of operations or as may otherwise be consented to by the Supervisor, the State Land Commissioner and the State 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.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rates specified in the respective Federal leases, or at such lower rate or rates as may be authorized by law or regulations; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Royalty due on account of State of New Mexico and privately owned lands, shall be computed and paid as to all unitized substances on the basis of the amounts allocated to such lands.

15. RENTAL REQUIREMENT. Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof

due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and thereafter until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with prior consent of the Director and the State Land Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Federal lands or as approved by the State Land Commissioner for New Mexico State lands.

18. TERMS AND CONDITIONS CONFIRMED AND UNCHANGED. The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operations for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions heretofore, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the State Land Commissioner as to State leases shall and each

by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the State Land Commissioner or their duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands, other than those of the United States and State of New Mexico, committed to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement; provided, however, such such lease, sublease, or contract shall only be extended in the event unitized substances are capable of being produced from some part of the lands embraced in such lease committed to this agreement, or some part of said lands

are committed to a participating area prior to the expiration of the primary term of such lease, sublease, or contract. Termination of this agreement shall not affect any lease which pursuant to the terms thereof, or applicable law, shall continue in full force and effect thereafter.

(c) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1950.

(d) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(e) Any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the expiration thereof.

(f) The segregation of any Federal lands included in this agreement is governed by the following provision in the fourth paragraph of Sec. 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2, 1950, (54 Stat. 781-784): "Any (Federal) lease, agreement, or contract, or any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be subject to the provisions of this Act as to the land committed and the lands not so committed, and the provisions of this Act of unitization:

Provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(4) 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 the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, 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 is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any working interest, 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.

20. OPERATIVE DATE AND TERM. This agreement shall become effective upon approval by the Director and the State Land Commissioner or their duly authorized representatives as of the date of approval by the Director and shall terminate three (3) years from said effective date unless:

(a) such date of expiration is extended by the Director and the State Land Commissioner, or

(b) as to the unitized portion of the lease to the expiration of the unit

term or any extension thereof that the unitized area is incapable of production of unitized substances in paying quantities in the formation tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and State Land Commissioner, or

(c) a valuable discovery of unitized substances has been made or accepted on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or

(d) it is terminated as heretofore provided in this agreement. This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director and State Land Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or state law or does not conform to any state-wide voluntary conservation or allocation program which is established, recognized and generally adhered to by the majority of operators in such State, such authority being hereby limited so that no alteration or modification in the public interest, the purpose that of and the public interest to be served thereby to be stated in the order of allocation or modification. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the pace of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of maintaining the conservation objectives stated

in this agreement and to not in violation of any applicable Federal or State law; provided, further that no such restriction or qualification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and developing in the absence of the specific written approval thereof by the Land Commissioner and as to the lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the State Commissioner.

Powers in this section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from notice.

22. COMPLIANCE OF SUPERVISION. Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the State Commission, agree that all powers and authority vested in the State Commission in and by any provisions of this agreement are vested in the State Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. APPEALS. 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 Department of Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the State Land Commissioner or State Commission or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the State Land Commissioner or State Commission or any other legally constituted authority; provided, however, that any other interested party shall also have the right to file an answer to be heard in any such proceeding.

24. **NOTICE.** Any notice, demand or statement required hereunder to be given or tendered to the parties hereto shall be deemed duly given if given in writing, and personally delivered to the party or sent by prepaid registered mail or certified mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or the the ratification or consent hereof or to such other address as any such party may have furnished in writing to the party sending the notice, demand or statement.

25. **NO WAIVER OF CERTAIN RIGHTS.** Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the state wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

26. **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, 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.

27. **NONDISCRIMINATION.** In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive, of Executive Order 16925 (26 F.R. 1977), which are hereby incorporated by reference in this agreement.

28. **LOSS OF TITLE.** In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land or

in and, no payment of funds due the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor, and such funds of the State of New Mexico shall be deposited as directed by the State Land Commissioner, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the State Land Commissioner, and the Unit Operator prior to the approval of this agreement by the Director. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any owner of a non-working interest, at any time, must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working interest owner is involved, in order for the interest to be regarded as committed to this unit agreement. Except as otherwise herein be provided, subsequent joinder to this agreement shall be effective as of the first day of the month following the filing with the Supervisor, the State Land Commissioner and the State Treasurer of duly executed counterparts

of oil or any papers necessary to establish and define boundaries of any tract to this agreement unless objection to such joint or to duly made within sixty (60) days by the Director; provided, however, that as to State lands such subsequent joinder must be approved by the State Land Commissioner.

30. 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 parties hereto have caused this agreement to be executed and set opposite their respective names the date of execution.

MURPHY H. BAXTER

Date: _____

BETTY BAXTER

ATTEST:

CARPER DRILLING COMPANY

By: _____

Date: _____

Yes _____

ATTEST:

CUM OIL CORPORATION

By: _____

Date: _____

Yes _____

ATTEST:

AMERICAN PETROLEUM COMPANY

By: _____

Date: _____

Yes _____

ATTEST:

YUKON OIL COMPANY

By: _____

Date: _____

Yes _____

Author: _____

Date: _____

Author: _____

Date: _____

WILSON'S OIL COMPANY OF TEXAS

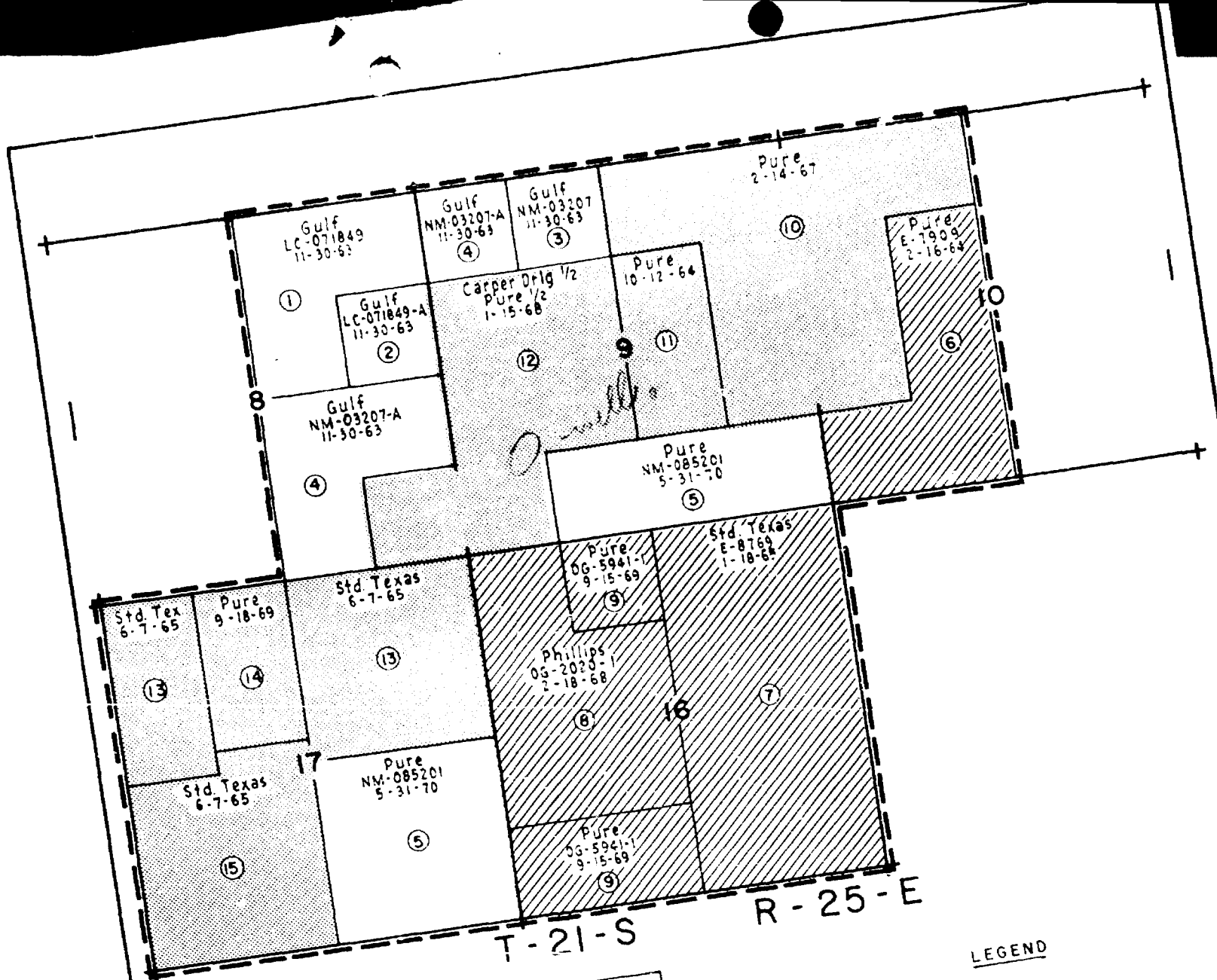
By: _____

Its _____

WILSON'S OIL COMPANY OF TEXAS

By: _____

Its _____



**FEDERAL SERIAL NUMBERS INVOLVED IN UNIT
(SHOWING EXPIRATION DATES)**

- | | |
|---------------|----------|
| ① LC-071849 | 11-30-63 |
| ② LC-071849-A | 11-30-63 |
| ③ NM-03207 | 11-30-63 |
| ④ NM-03207-A | 11-30-63 |
| ⑤ NM-085201 | 5-31-70 |

**STATE LEASE NUMBERS INVOLVED IN UNIT
(SHOWING EXPIRATION DATES)**

- | | |
|-------------|---------|
| ⑥ E-7909 | 2-16-64 |
| ⑦ E-8769 | 1-18-65 |
| ⑧ OG-2020-1 | 2-18-68 |
| ⑨ OG-5941-1 | 9-15-69 |

LEGEND

- | | | |
|-----|--------------------------|------------|
| --- | UNIT OUTLINE | 640 ACRES |
| □ | FEDERAL LAND | 800 ACRES |
| ▨ | STATE OF NEW MEXICO LAND | 1120 ACRES |
| ■ | PATENTED (FEE) LAND | 2560 ACRES |
| | TOTAL | |

② TRACT NUMBER

640
2560

MURPHY H. BAXTER
MIDLAND, TEXAS

EAST ROCKY ARROYO UNIT
EDDY COUNTY, NEW MEXICO

2000 0 2000 4000
SCALE IN FEET

EXHIBIT "A"

EXHIBIT "B"
SCHEDULE SHEETING ALL LANDS AND OWNERSHIP
WITHIN THE UNIT AREA
EAST ROCKY ARROYO UNIT, HDV COMPANY, NRE MEXICO

F E D E R A L L A N D									
NO.	Location of Land	ACRES	LEASE NO. & EXP. DATE	PAYING ROYALTY AND PERCENTAGE	LESSOR OF RECORD	OPERATOR OF LAND AND PRODUCTION	DATE OF PAYMENT	DATE OF PAYMENT	DATE OF PAYMENT
1.	T-21-S, R-25-E Sec. 8; N/2 NE/4, SE/4 NE/4	120.0	LC-071849 11/30/63	U.S.A.: 12-1/2% of Texas	Wishbone Oil Co.	Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Above Base of Penn. Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.
2.	T-21-S, R-25-E Sec. 8; SE/4 NE/4	40.0	LC-071849A 11/30/63	U.S.A.: 12-1/2%	Carper Ind. Co., 50% Phillips Pet. Co., 50%	Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Above Base of Penn. Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.
3.	T-21-S, R-25-E Sec. 9; NE/4 NE/4	40.0	NA-05207 11/30/63	U.S.A.: 12-1/2%	Wishbone Oil Co. of Texas	Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Above Base of Penn. Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.
4.	T-21-S, R-25-E Sec. 9; NE/4 NE/4 Sec. 8; N/2 SE/4, SE/4 SE/4	160.0	NA-05207A 11/30/63	U.S.A.: 12-1/2%	Carper Ind. Co., 50% Phillips Pet. Co., 50%	Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Above Base of Penn. Childress Royalty Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.	Below Base of Penn. Wishbone Oil Co. - 5% all depths Foster Norrell - 2% Base of Penn. Tracy Clark - .125% Base of Penn. Bob Poling - .125% Base of Penn.

3.	3-25-10	280.0	U.S.A.: 12-1/28	The Pure Oil Co.	subject to payment of 12.50
	3-25-10	5/2 S ^{1/2} /4	5/31/70		per acre out of 50
	3-25-10	5/2 S ^{1/2} /4			
	3-25-10	5/2 S ^{1/2} /4			

POINT: 5 Federal Tracts - 670.00 acres, 25.0% of Unit Area

entire. Childrens Hospital Co. interest shown as 5% overriding royalty is in fact a 5% overriding royalty, but is payable on any portion of the average that producers, without the fact, but is payable on any portion of the average that producers,

STATE OF NEW MEXICO LANDS

TRACT NO.	SECTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY AND PERCENTAGE	LESSOR OF RECORD	OVERHEAD ROYALTY AND PERCENTAGE	LANDMAN OF RECORD AND PERCENTAGE
6.	T-21-S, R-23-E Sec. 16; SW/4 NE/4, E/2 SE/4, SE/4 SE/4	160.0	R-7900 2/16/64	State; 12-1-2%	The Pure Oil Co.	None	The Pure Oil Co.
7.	T-21-S, R-23-E Sec. 16; E/2	320.0	R-8765 1/18/65	State; 12-1/2%	Standard Oil Co. of Texas	None	Standard Oil Co. of Texas
8.	T-21-S, R-23-E Sec. 16; NE/4 NE/4 S/2 NE/4 N/2 SE/4	200.0	OS-2026-1 2/18/68	State; 12-1/2%	Phillips Pet. Co.	None	Phillips Pet. Co.
9.	T-21-S, R-23-E Sec. 16; SW/4 NE/4 S/2 SE/4	120.0	OG-5941-1 9/15/69	State; 12-1/2%	The Pure Oil Co.	None	The Pure Oil Co.

TOTAL: 4 State of New Mexico Lands - 600.00 Acres, 71,280 sq. ft. of land

PATENTED (GHE) LAROS

TRACTS OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY AND PERCENTAGE	LESSOR OR RECORD	OBLIGATING ROYALTY AND PERCENTAGE	DATE OF PAYMENT
1. T-24-S, E-25-E Sec. 10; N/2 NE/4, SE/4 NW/4, NW/4 SE/4 Sec. 6; N/2 NE/4, SE/4 NW/4, NE/4 SE/4	320.0	Fee 2/14/67	E. M. Pruitt 1/15 Security State Bank, Pecos, Texas 1/16	The Pure Oil Co.	None	The Pure Oil Co.
2. T-24-S, E-25-E Sec. 10; N/2 NE/4, N/2 SE/4, SE/4 SE/4 Sec. 8; SW/4 SW/4	240.0	Fee 1/15/69	Reed W. Cox Henrietta P. Elmore Harrett B. Price Ralph Love 7/96	Copper Drilling Co., 50% Pure Oil Co., 50% 1/2	Copper Drilling Co. - \$750 per acre out of 3-1/2 *	Copper Drilling Co., Pure Oil Co.,
3. T-24-S, E-25-E Sec. 9; SE/4 NE/4, NE/4 SE/4	80.0	Fee 10/12/64	Horns of Eugene H. & Margie L. Belk 1/8	The Pure Oil Co.	None	The Pure Oil Co.
4. T-24-S, E-25-E Sec. 14; N/2 NE/4, NW/4	240.0	Fee 6/7/65	Horns of Benjamin S. Keyhead H. 1/8	Standard Oil Co. of Texas	None	Standard Oil Co. of Texas
5. T-24-S, E-25-E Sec. 17; NE/4 NE/4, Ro.-S/S of SE/4 NE/4	65.0	Fee 9/18/69	Mrs. Ollie P. Anton 1/8	The Pure Oil Co.	None	The Pure Oil Co.
6. T-24-S, E-25-E Sec. 17; SE/4, So.- S/S of SE/4 NE/4	175.0	Fee 6/7/65	Lucille Muldrow Ralph Love 1/16	Standard Oil Co. of Texas	None	Standard Oil Co. of Texas
TOTAL: 6 tracts Patented Lands - 1,120.00 acres, 43.75% of Unit Area						
UNPATENTED LAND:						
5 Tracts Federal Lands	-	-	640.00 acres	-	25.00% of Unit Area	
4 Tracts State Lands	-	-	800.00 acres	-	51.25% of Unit Area	
6 Tracts Patented Lands	-	-	1,120.00 acres	-	43.75% of Unit Area	
15 Tracts	-	-	2,560.00 acres	-	100.00%	