

CASE 3260: Application of DELAWARE
APACHE CORP. for approval of the
WEST LUSK DEEP UNIT AGREEMENT.

CASE No.

3262

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

Comm. of Publ. Lands

RECEIVED
APR - 3 1966

U.S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

APR 5 1966

3266

Delaware-Apache Corporation
2000 Wilco Building
Midland, Texas 79704

Gentlemen:

On March 30, 1966, effective as of March 1, 1966, Arthur A. Baker, Acting Director of the Geological Survey, approved the termination of the West Jack Deep unit agreement, Eddy County, New Mexico, No. 14-00-0001-0099, pursuant to the last paragraph of section 20 thereof.

Enclosed is one copy of the approved application for your records. We request that you furnish 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

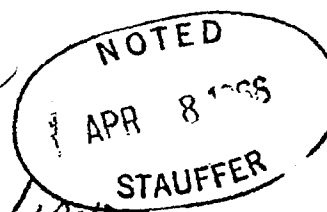
Enclosure

cc: ✓ Roswell 2 (w/2 copies of approved application)

COPY TO ARTESIAN

" " CONS. COMM.

" " COMM. OF PUBLIC LANDS



June 9, 1965

Mr. Clarence E. Hinkle
Hinkle, Bondurant and Christy
Attorneys at Law
P. O. Box 10
Roswell, New Mexico

Re: West Lusk Deep Unit
Eddy County, New Mexico

Dear Mr. Hinkle:

The Commissioner of Public Lands approved as of June 9, 1965, the West Lusk Deep Unit Agreement, Eddy County, New Mexico, subject to like approval by the United States Geological Survey.

We are enclosing eleven originally signed copies of Certificate of Approval. Also enclosed is Official Receipt No. H-17410 in the amount of Thirty (\$30.00) Dollars, which covers the filing fee for the Unit Agreement.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
(Mr.) Ted Bilberry, Director
Oil and Gas Department

GSH/ROD/a
Enclosures
cc:

United States Geological Survey
P. O. Drawer 1857, Roswell, New Mexico
Attention: Mr. John A. Anderson

Oil Conservation Commission
P. O. Box 2088, Santa Fe, New Mexico

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JUN 13 1965

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

CERTIFICATION - DETERMINATION

No. 14-08-0001 86 99

MAILED
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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 West Lusk Deep Unit Area, Eddy County, 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.

JUN 23 1965

Dated

Arthur S. Baker

ACTING DIRECTOR, UNITED STATES
GEOLOGICAL SURVEY

UNIT AGREEMENT
WEST LUSK DEEP UNIT AREA
EDDY COUNTY, NEW MEXICO

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UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
WEST LUSK DEEP UNIT AREA
EDDY COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 17th day of May 1965, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

WHEREAS, the parties hereto are the owners of working, royalty, or 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, Vol. 9, Part 2, 1953 Statutes), to approve this agreement and the conservation provisions hereof; and

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

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

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

1. 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, heretofore 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 following described land is hereby designated and recognized as constituting the unit area:

Township 19 South, Range 31 East, N.M.P.M.

Section 15 - $W\frac{1}{2}$

Section 16 - All

Section 17 - $E\frac{1}{2}$

Section 20 - $NE\frac{1}{4}$

Section 21 - $N\frac{1}{2}$

Section 22 - $NW\frac{1}{4}$

containing 1,920 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the 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 "Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two copies thereof shall be filed with the Commissioner, and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "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 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 Commissioner and the 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 Commissioner and the 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 Commissioner and the 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 therefor, 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 10 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 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 5- and 10-year periods specified in this subsection 2(e), an extension of such periods may be accomplished by consent of the owners of 90 percent of the current unitized working interests and 60 percent of the current unitized basic royalty interests (exclusive of the basic royalty interest of the United States) on a total non-participating acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Director and Commissioner not later than 60 days prior to the expiration of said 5-year or 10-year periods.

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All lands committed to this agreement as to all formations below the top of the Bone Spring formation as found at a depth of 7,005 feet on the Schlumberger induction electric log of the Delhi-Taylor No. 1-23 Jones Federal well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 23, Township 19 South, Range 31 East, Eddy County, New Mexico shall constitute land referred to herein as "unitized land" or "land subject to

this agreement". All oil and gas in such formations of the unitized land are unitized and designated as "unitized substances" under the terms of this agreement.

4. UNIT OPERATOR. Delaware-Apache Corporation 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 it and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of an interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it...

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 Commissioner and 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 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 obligation 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 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 interest 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 percent 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 owner 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 Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and 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 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 Commissioner if on State land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Strawn formation of Pennsylvanian age has been tested 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 located on Federal lands, or the Commissioner, if located on State lands, 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 11,600 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 the Supervisor, if on Federal lands, or the Commissioner, if on State lands, or until it is reasonably 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 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 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 Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified herein. 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 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 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 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 proper conservation of natural resources.

Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the Commissioner.

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 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 unitized substances 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 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 Commissioner submit for approval by the Director and the Commissioner a schedule, based on subdivision of the public land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director and the 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 shall also 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 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 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 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 interest, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal land and the Commissioner for State lands and the amount thereof deposited, as directed by the Supervisor and the 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 Commissioner as to wells drilled on State land, 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 Commissioner, 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 hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land and the Commission as to State or privately owned land, at such party's sole risk, cost and expense, drill a well 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 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 any State and all royalty owners who, under existing contracts, 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 the 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 kind 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 and the Commissioner, 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 and the Commissioner 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 regulation; 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 lands shall be computed and paid on the basis of all unitized substances 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 other than Federal or State 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 provisions of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and 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 Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty, as determined by the Supervisor as to Federal lands and by the Commissioner as to 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 operation for oil or gas of 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 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 Commissioner, or their duly authorized representatives, 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 or 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.

(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, subject to the provisions of subsection (e) of Section 2 and subsection (i) of this Section 18.

(h) The segregation of any Federal lease committed to this agreement is governed by the following provisions 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 lands committed and the lands not committed as of the effective date of unitization: Provided, however, That any such lease as to the non-unitized 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".

(i) 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 the 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 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 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 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 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 statewide 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 in 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 Commissioner and as to any 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 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 15 days from notice.

22. PROTECTION OF POTASH DEPOSITS. No wells will be drilled for oil or gas at a location on Federal lands which in the opinion of the Supervisor or at a location on State lands

which in the opinion of the Commissioner would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

The drilling or abandonment of any well on unitized land shall be done in accordance with applicable oil and gas regulations, including such requirements as to Federal lands as may be prescribed by the Supervisor and as to State lands by the Commissioner, as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

Well records and survey plats that an oil and gas lessee of Federal lands must file pursuant to applicable operating regulations (30 CFR Part 221) shall be available for inspection at the Office of the Supervisor to any party holding a potash permit or lease on the Federal land on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

23. 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 things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this agreement are vested in the 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.

24. 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 the 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 Commission or Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or 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.

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

26. 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.

27. 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.

28. 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, as amended (28 F.R. 6485), which are hereby incorporated by reference in this agreement.

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 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 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 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 Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and Commissioner. 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 owners 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 and the Commissioner 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 60 days by the Director, provided, however, that as to State lands all subsequent joinders must be approved by the 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.

32. NO PARTNERSHIP. It is expressly agreed that the relationship of the parties hereto is that of independent contractors and nothing in this agreement contained, express or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

IN WITNESS WHEREOF, the parties hereto have caused

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

ATTEST

R. T. Bunch
ASST Secretary

Date: May 11, 1965

DELAWARE-APACHE CORPORATION

By [Signature]
President

Address: 2000 WILCO BUILDING
MIDLAND, TEXAS

UNIT OPERATOR AND WORKING INTEREST
OWNER

WORKING INTEREST OWNERS

ATTEST

[Signature]
ASST. Secretary

Date: 6-2-65

CACTUS DRILLING COMPANY

By G. H. Baker
Vice President

Address: P.O. Box 1826

HOBBS, NEW MEXICO

ATTEST:

[Signature]
Assistant Secretary
Date: June 2, 1965

GULF OIL CORPORATION

By [Signature]
Attorney-in-Fact

Address: P.O. Box 1938
Roswell, New Mexico

ATTEST:

J. V. Kwalski
Assistant Secretary

Date: May 27, 1965

INTERNATIONAL OIL & GAS CORPORATION

By M. E. Spitzer
Vice-President

Address: 825 Petroleum Club ~~Place~~ Bldg.
Denver, Colorado

SUN OIL COMPANY

By [Signature]
Agent & Attorney-in-Fact

Address: Box 2880
Dallas, Texas

By execution hereof Tenneco Oil Company only commits its interest in and to Tract No. 14 as shown on Exhibit "B" attached hereto.

Date 5-24-65

ATTEST

Secretary

Date 5-24-65

TENNECO OIL COMPANY

By [Signature]
Attorney-in-Fact

Address: P.O. Box 1031
Midland, Texas

ALLIED CHEMICAL CORPORATION

By [Signature]
President

Address: 701 S. 1st St.

Midland, Texas 79701

Date: 5/26/65

Eunice Gibson
Mrs. Eunice Gibson, dealing with
her separate property

Date: 6-2-65

[Signature]
Ernest A. Hanson

[Signature]
Beulah Irene Hanson

STATE OF Oklahoma
COUNTY OF Tulsa) ss

The foregoing instrument was acknowledged before me this 21st
day of May 1965 by Geo. J. McDermott Jr.
Vice President of Delaware-Apache Corporation, a Delaware
corporation, on behalf of said corporation.

My Commission Expires:
11-20-65

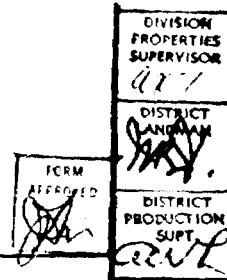
[Signature]
Notary Public

STATE OF New Mexico
COUNTY OF Lea) ss

The foregoing instrument was acknowledged before me this 2
day of January 1965 by George W. Baker
Vice President of Cactus Drilling Company, a Lea
corporation, on behalf of said corporation.

My Commission Expires:
February 6, 1969

[Signature]
Notary Public



STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by _____
of Continental Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this 2nd
day of June 1965 by Attorney at Law
of Gulf Oil Corporation, a Nevada corporation,
on behalf of said corporation. PENNSYLVANIA

My Commission Expires: _____

Eva Marie Cooper
Notary Public

STATE OF Colorado)
COUNTY OF Denver) ss

The foregoing instrument was acknowledged before me this 27th
day of May 1965 by M. E. Spiller
Vice President of International Oil & Gas Corporation, a
Delaware corporation, on behalf of said corporation.

My Commission Expires: _____

Helene L. Beards
Notary Public

STATE OF TEXAS)
COUNTY OF DALLAS) ss

The foregoing instrument was acknowledged before me this 15th
day of MAY 1965 by T. F. HILL
Agent and Attorney in Fact of Sun Oil Company, a
corporation, on behalf of said corporation. New Jersey

My Commission Expires: _____

Rep. Hill
Notary Public

STATE OF TEXAS)
 : ss
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 24th
day of May 1965 by J. P. ROACH,
AGENT AND ATTORNEY-IN-FACT of Tenneco Oil Company, a DELAWARE
corporation, on behalf of said corporation.

My Commission Expires:
6-1-65

Joy J. Allison
Notary Public

STATE OF Idaho)
 : ss
COUNTY OF Middle)

The foregoing instrument was acknowledged before me this 31st
day of May 1965 by Hermon H. Engel,
Attorney-in-Fact of Allied Chemical Corporation, a New
York corporation, on behalf of said corporation.

My Commission Expires:
June 1, 1965

Janeth M. Mason
Notary Public

STATE OF NEW MEXICO)
 : ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this
day of _____ 1965 by John H. Trigg and Pauline V. Trigg, his
wife.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO)
 : ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 2
day of June 1965 by Ernest A. Hanson and Beulah Irene
Hanson, his wife.

My Commission Expires:

MY COMMISSION EXPIRES FEBRUARY 28, 1966

Emerson B. Fodhunter
Notary Public

STATE OF Idaho)
 : ss
COUNTY OF El Paso)

The foregoing instrument was acknowledged before me this 26th
day of May 1965 by Eunice Gibson

My Commission Expires:
6-1-65

Mary M. Varnage
Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

Emice Gibson

Mrs. Emice Gibson, dealing with her
separate property

STATE OF Texas)

COUNTY OF El Paso) : ss

The foregoing instrument was acknowledged before me this 29th day of May 1965 by Mrs. Emice Gibson

My Commission Expires:

June 1, 1967

Earl Austin

Notary Public

STATE OF Texas)

COUNTY OF El Paso) : ss

The foregoing instrument was acknowledged before me this ____ day of ____ 1965 by _____

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

Wayle L. Gentile
Wayle L. Gentile

Lucy M. English
Lawrence English

STATE OF NEW MEXICO)
COUNTY OF CHAVES) : ss

The foregoing instrument was acknowledged before me this 25th day of MAY 1965 by LUCY M. ENGLISH AND LAWRENCE ENGLISH, husband and wife

My Commission Expires:

MY COMMISSION EXPIRES FEBRUARY 28, 1966

Lawrence B. Lockhart
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1965 by _____

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

SB Christy Jr

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss

The foregoing instrument was acknowledged before me this 24th day of May 1965 by S. B. Christy, Jr., a widower by reason of the death of his only wife.

My Commission Expires:
November 17, 1967

Leta E. Ables
Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1965 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
WEST LUSK DEEP UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

M. H. McDaniel

My Commission Expires Dec. 8, 1957

Notary Public

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

John M. Kelly
Francis L. Cook

Oran C. Dale
Frances L. Dale

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss

The foregoing instrument was acknowledged before me this 25th day of May 1965 by Oran C. Dale and Frances L. Dale, husband and wife

My Commission Expires:
June 28, 1965

Glenn Nichols
Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1965 by _____

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

John M. Kelley
Grace L. Levers

Joe Don Cook

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss

The foregoing instrument was acknowledged before me this 25th day of May 1965 by Joe Don Cook, a single man

My Commission Expires:
June 28, 1965

Sharon Nicholas
Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1965 by _____

My Commission Expires:

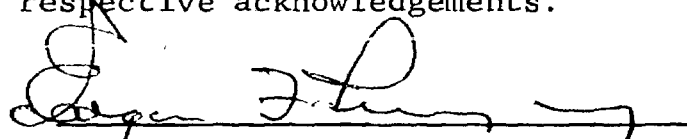
Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

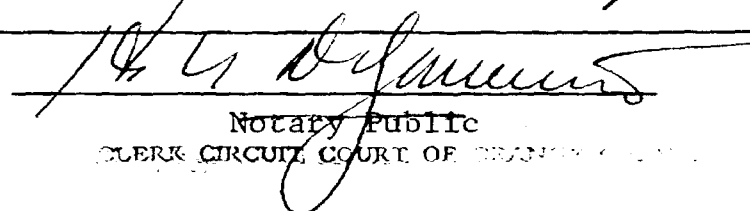


dealing with his separate property and estate

STATE OF Virginia)
COUNTY OF Chancery) ss

The foregoing instrument was acknowledged before me this 26 day of May 1965 by John A. Edgar dealing with his
separate property and estate.

My Commission Expires: _____


Notary Public
CLERK CIRCUIT COURT OF EDDY COUNTY, N.M.

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1965 by _____

My Commission Expires: _____

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

U. Vera Cov. Haefer
R W Haefer

STATE OF Texas)
COUNTY OF Dallas) : ss

The foregoing instrument was acknowledged before me this 26th day of May 1965 by U. Vera Cov. Haefer
R W Haefer her husband
My Commission Expires: 6-1-65
W O Kiefer
Notary Public

STATE OF Texas)
COUNTY OF Dallas) : ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1965 by _____

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
WEST LUSK DEEP UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

_____ Olga M. Ottens

Virginia D. Lane
Notary Public

Notary Public

CONSENT AND RATIFICATION
WEST LUSK DEEP UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

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

Ross L. Malone
Elizabeth A. Malone

STATE OF New Mexico)
 : ss
COUNTY OF Chaves)

The foregoing instrument was acknowledged before me this 26th day of May, 1965 by Ross L. Malone and Elizabeth A. Malone, his wife

My Commission Expires:
11-11-65

Gloria L. Cook
Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this ____ day
of _____ 1965 by _____

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

(Vera Leah Cox) Tommye June Robinson
Carl A. Robinson

STATE OF Texas)
COUNTY OF Tarrant) : ss

The foregoing instrument was acknowledged before me this 25th day of May 1965 by (Vera Leah Cox) Tommye June Robinson

My Commission Expires:

June 1, 1965

Jean Chitwood
Notary Public

STATE OF Texas)
COUNTY OF Tarrant) : ss

The foregoing instrument was acknowledged before me this 25th day of May 1965 by Carl A. Robinson "Her Husband"

My Commission Expires:

June 1, 1965

Jean Chitwood
Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

Albert H. Spencer
Jr. 1890-1891

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss

The foregoing instrument was acknowledged before me this 24th day of May 1965 by Albert H. Spencer and Jo Ann Spencer, husband and wife

My Commission Expires:
May 10, 1969

Elizabeth M. Calhoun,
Notary Public

STATE OF _____)
 : ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day
of _____ 1965 by _____

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

Harold M. Wright
Betty Ruth Wright

STATE OF NEW MEXICO)
COUNTY OF SANTA FE : ss)

The foregoing instrument was acknowledged before me this 24th day of May 1965 by Harold M. Wright and Betty Ruth Wright, his wife

My Commission Expires:
February 18, 1969

Eloy F. Sanchez
Notary Public

STATE OF _____)
COUNTY OF _____ : ss)

The foregoing instrument was acknowledged before me this _____ day of _____ 1965 by _____

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

STATE OF Texas)
COUNTY OF Ector) : ss

Fred Forster, Jr.
Frances Forster

The foregoing instrument was acknowledged before me this 26th day of May 1965 by Fred Forster, Jr. & Frances Forster, husband and wife

My Commission Expires:
June 1, 1965

Kathy Kallan
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1965 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
WEST LUSK DEEP UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

Mary Wyatt
Notary Public

CONSENT AND RATIFICATION
WEST LUSK DEEP UNIT AGREEMENT
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

L. F. Diebel
Betty Diebel

STATE OF TEXAS)
COUNTY OF MIDLAND) ss

The foregoing instrument was acknowledged before me this 21st day of May 1965 by A. F. Giebel and Betty Giebel, husband and wife

My Commission Expires:
6/1/67

Mary Wyatt
Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this ____ day
of _____ 1965 by _____

My Commission Expires:

Notary Public

(Royalty Owner)

CONSENT AND RATIFICATION
WEST LUSK DEEP 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 West Lusk Deep Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 17th day of May, 1965, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of leasehold, royalty or 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 West Lusk Deep 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 acknowledgements.

Moss E. Hulsey
Capitol F. Hulsey

STATE OF TEXAS)
COUNTY OF MIDLAND) : ss

The foregoing instrument was acknowledged before me this 24th day of May 1965 by Moss E. Hulsey

My Commission Expires:

6-1-65

STATE OF TEXAS)
COUNTY OF MIDLAND) : ss

Eddie Lue Hunter

Notary Public

EDDIE LUE HUNTER - Notary Public
In And For Midland County, Texas

My Commission Expires _____

The foregoing instrument was acknowledged before me this 24th day of May 1965 by Capitol F. Hulsey Wife of Moss E. Hulsey

My Commission Expires:

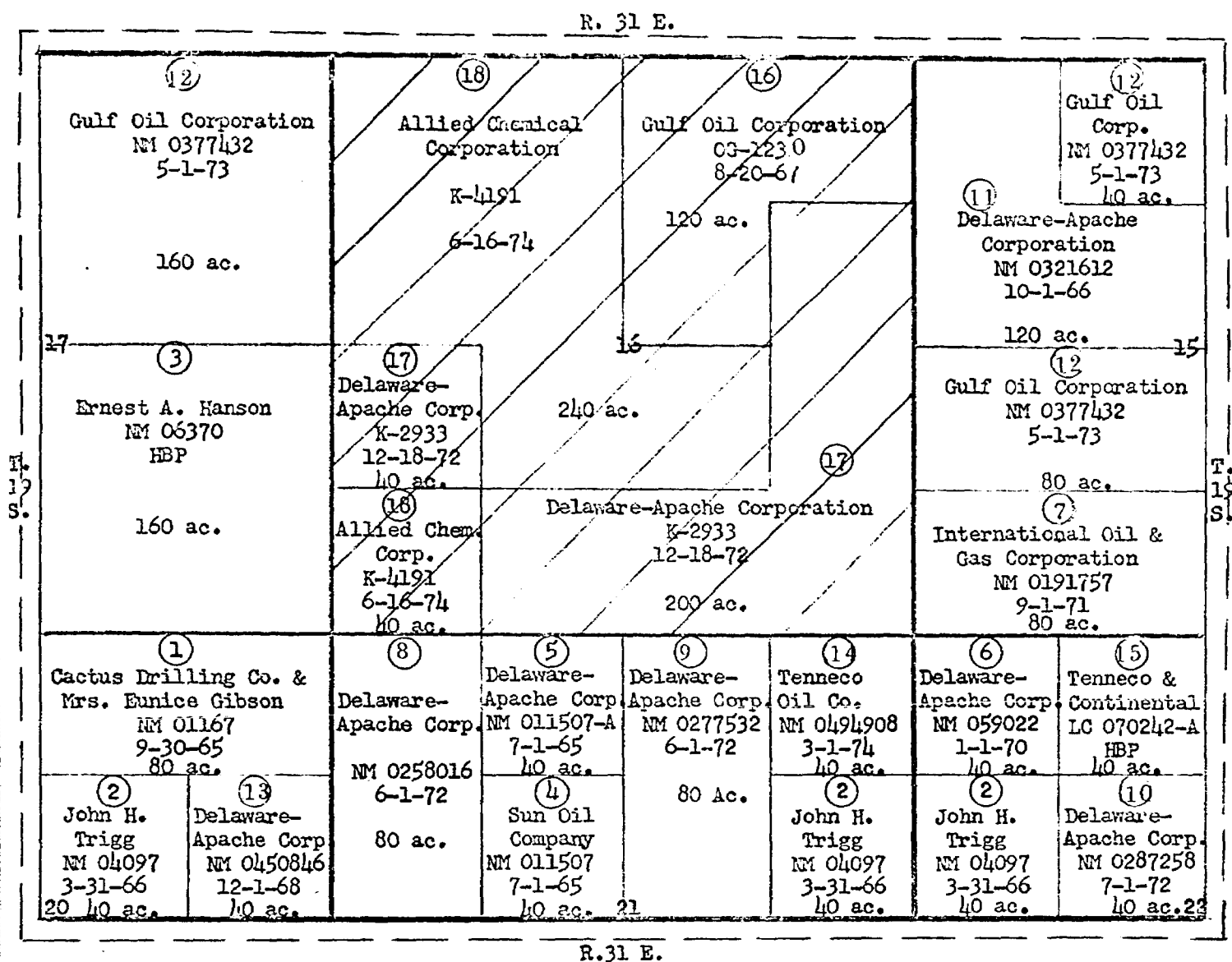
6-1-65





Eddie Lue Hunter

Notary Public

EDDIE LUE HUNTER - Notary Public
In And For Midland County, Texas

My Commission Expires _____



LEGEND		
	Federal Acreage	1,280.00 ac.
	State Acreage	640.00 ac.
TOTAL		1,920.00 ac.
	Boundary of Unit	
	Tract Numbers	

DELAWARE-APACHE CORPORATION
MIDLAND, TEXAS
OPERATOR

EXHIBIT "A"
WEST LUSK DEEP UNIT
EDDY COUNTY, N. M.

EXHIBIT "g"
SCHEDULE SHOWING THE PERCENTAGE AND KIND
OF OWNERSHIP OF ALL LANDS IN THE
WEST LUSK DEEP UNIT, EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	No. of Acres	Lease No. & Expiration date of lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
FEDERAL LANDS: All in T. 19 S., R. 31 E:							
1.	N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 20	80	NM 01167 9/30/65	U.S. 12 $\frac{1}{2}$ %	Cactus Drilling Company	2 $\frac{1}{2}$ % - Mrs. Eunice Gibson	Cactus Drilling Company - 50% Mrs. Eunice Gibson - 50%
2.	SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 20, SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21, SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22	120	NM 04097 3/31/66	U.S. 12 $\frac{1}{2}$ %	Pauline V. Trigg	None	Pauline V. Trigg - All
3.	SE $\frac{1}{4}$ Sec. 17	160	NM 06370 HBP	U.S. 12 $\frac{1}{2}$ %	Ernest A. Hanson	.625% - Lucy M. English	Ernest A. Hanson - All
4.	SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 21	40	NM 011507 6/30/65	U.S. 12 $\frac{1}{2}$ %	Sun Oil Company	None	Sun Oil Company - All
5.	NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 21	40	NM 011507-A 6/30/65	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - S.B. Christy, Jr.	Delaware-Apache Corporation - All
6.	NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22	40	NM 059022 12/31/66	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - M. H. McGrath	Delaware-Apache Corporation - All
7.	S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15	80	NM 0191757 8/31/71	U.S. 12 $\frac{1}{2}$ %	International Oil & Gas Corporation	None	International Oil & Gas Corporation - All
8.	W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 21	80	NM 0258016 5/31/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3 3/4% - Oran C. Dale 1 1/4% - Joe Don Cook	Delaware-Apache Corporation - All

Tract No. No.	Description of of Land	No. of Acres	Lease No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Pay- ments	Working Interest Owners and Per- centage
9.	W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 21	80	NM 0277532 5/31/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	4% - Anza Pacific Corpora- tion	Delaware-Apache Corporation - All
10.	SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22	40	NM 0287258 6/30/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	5% - Walter L. Morrison	Delaware-Apache Corporation - All
11.	S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 15	120	NM 0321612 9/30/66	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	Overriding royalty of 2% owned as follows: 22/90 of 1% of 8/8 - Olga M. Atwood 44/90 of 1% of 8/8 - E. H. Ward, Executor of the Estate of Julia Brainard, deceased 44/90 of 1% of 8/8 - Edgar F. Puryear 22/90 of 1% of 8/8 - Ross L. Malone, Jr. 12/60 of 1% of 8/8 - Tommye June Robinson, formerly Vera Leah Cox 4/60 of 1% of 8/8 - Mrs. U. Vera Cox Haefs 4/15 of 1% of 8/8 - The Atlantic Refining Company 36/90 of 1% of 8/8 - Higgins Trust, Inc. 1% of 8/8 - Robert G. Payne Production payment of \$250.00 per acre payable out of 2% of 8/8 owned as follows: 1/6 of 2% of 8/8 - Olga M. Atwood 1/3 of 2% of 8/8 - E. H. Ward, Executor of the Estate of Julia Brainard, deceased 1/3 of 2% of 8/8 - Edgar F. Puryear 1/6 of 2% of 8/8 - Ross L. Malone, Jr.	Delaware-Apache Corporation - All
12.	NE $\frac{1}{4}$ Sec. 17, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15	280	NM 0377432 4/30/73	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Cor- poration	3 3/4% - Albert H. Spencer 1 1/4% - Hoover H. Wright	Gulf Oil Corpora- tion - All
13.	SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 20	40	NM 0450846 11/30/68	Competitive lease - sche- dule B - royalty rate of 12 $\frac{1}{2}$ % to 25%	Delaware-Apache Corporation	None	Delaware-Apache Corporation - All

Continental Oil
Company - 50%

All in T. 19 S., R. 31 E.:

TOTAL - 3 TRACTS, STATE OF NEW MEXICO LANDS, COMPRISING 640 ACRES, OR 33 1/3% OF UNIT AREA

TOTAL - 18 TRACTS COMPRISING 1,920 ACRES IN ENTIRE UNIT AREA

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

BY THE ORDER OF THE COMMISSION
GRANTED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

1965
Order No. K-2421

APPLICATION OF DELAWARE-APACHE
CORPORATION FOR APPROVAL OF THE
WEST LUSK DEEP 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 June 9,
1965, at Santa Fe, New Mexico, before Examiner Elvin A. Fox.

NOW, on this 10th day of June, 1965, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, Delaware-Apache Corporation, seeks
approval of the West Lusk Deep Unit Agreement covering 1920 acres,
more or less, of State and Federal lands described as follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 13: W/2
Section 16: All
Section 17: E/2
Section 20: NE/4
Section 21: E/2
Section 22: NW/4

(3) That approval of the proposed unit agreement should
promote the prevention of waste and the protection of correlative
rights within the unit area.

-2-

CASE No. 3218

Order No. R-2021

FINAL INTERIM ORDER:

(1) That the West Tank Trap Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area 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 giving or relinquishing, in any manner, any right, duty, or other claim which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that 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.

(4) 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; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the unit operator shall notify the Commission immediately in writing of such termination.

(5) 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, Chairman

CUYTON B. HAYS, Member

S E A L

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

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

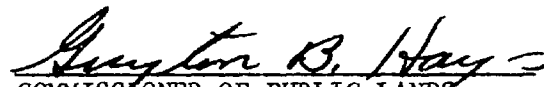
WEST LARK UNIT, BERN COUNTY, NEW MEXICO

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 May 17, 1963, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, and 7-11-48, New Mexico Statutes Annotated, 1953 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the afore-said statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 9th day of June, 19 63.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER

LAW OFFICES
HINKLE, BONDURANT & CHRISTY
HINKLE BUILDING
ROSWELL, NEW MEXICO

July 14, 1965

MAILED
JUL 15 1965
OF COUNSEL, HIRSH M. FLOW
TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 10

Mr. A. L. Porter, Jr.
Secretary-Director
Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Re: West Lusk Unit Agreement
Eddy County, New Mexico

Dear Mr. Porter:

We enclose for your records an executed and approved copy of the unit agreement for the operation and development of the West Lusk Deep Unit Area, Eddy County, New Mexico. You will note that the unit was approved by the Commissioner of Public Lands on June 9, 1965 and by the Acting Director of the U.S.G.S. on June 23, 1965 and was effective as of the latter date.

Yours very truly,

HINKLE, BONDURANT & CHRISTY

By Clarence E. Hinkle
C.

CEH:cs
Enc.

cc: John Anderson

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

June 9, 1965

Mr. Clarence Hinkle
Hinkle, Bondurant & Christy
Attorneys at Law
Post Office Box 10
Roswell, New Mexico

Re: Case No. 3260
Order No. R-2921 & R-2922
Applicant:

Delaware Apache &

Monsanto Company

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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

OTHER Mrs. Rhea

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. 3260
Order No. R-2921

APPLICATION OF DELAWARE-APACHE
CORPORATION FOR APPROVAL OF THE
WEST LUSK DEEP 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 June 9, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of June, 1965, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Delaware-Apache Corporation, seeks approval of the West Lusk Deep Unit Agreement covering 1920 acres, more or less, of State and Federal lands described as follows:

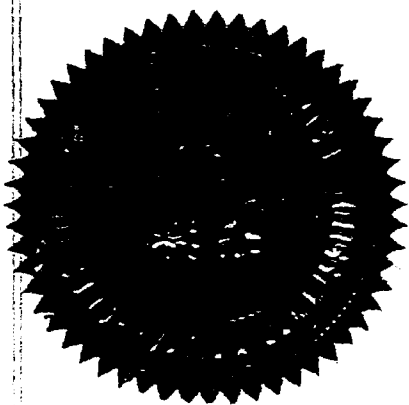
EDDY COUNTY, NEW MEXICO
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 15: W/2
Section 16: All
Section 17: E/2
Section 20: NE/4
Section 21: N/2
Section 22: NW/4

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

- (1) That the West Lusk Deep Unit Agreement is hereby approved.
- (2) That the plan contained in said unit agreement for the development and operation of the unit area 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.
- (3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that 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.
- (4) 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; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.
- (5) 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

Guyton B. Hays
GUYTON B. HAYS, Member

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

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER

LAW OFFICES
HINKLE, BONDURANT & CHRISTY

HINKLE BUILDING
ROSWELL, NEW MEXICO

May 10, 1965

OF COUNSEL HIRSH M. DOW
TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 10

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

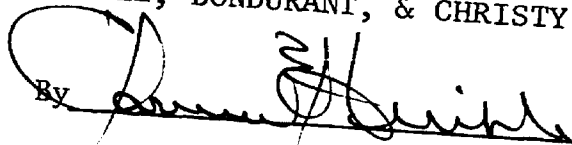
Re: West Lusk Deep Unit Area
Eddy County, New Mexico

Gentlemen:

We enclose herewith in triplicate Application of Delaware-Apache Corporation for approval of the West Lusk Deep Unit Agreement Eddy County, New Mexico, together with 3 copies of the proposed unit agreement. Please set this matter down for hearing at the first examiner's hearing in June.

Yours sincerely,

HINKLE, BONDURANT, & CHRISTY

By 

CEH:cs
Enc.

DOCKET MAILED

Date 5-27-65
R

DOCKET: EXAMINER HEARING- WEDNESDAY - JUNE 9, 1965

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3251: (Continued from the May 26, 1965 Examiner Hearing)

Application of Continental Oil Company for a waterflood project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Rattlesnake Dakota Pool, San Juan County, New Mexico, by the injection of water into the upper and middle zones of the Dakota formation, through three injection wells in Sections 12 and 13, Township 29 North, Range 19 West.

CASE 3260: Application of Delaware-Apache Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Lusk Deep Unit Area comprising 1920 acres, more or less, of State and Federal lands in Township 19 South, Range 31 East, Eddy County, New Mexico.

CASE 3261: Application of Delaware Apache Corporation for a pool extension and special rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Jenkins-Cisco Pool to include the S/2 of Section 19 and the NW/4 of Section 30, Township 9 South, Range 35 East, Lea County, New Mexico, and the SE/4 of Section 24, and the NE/4 of Section 25, Township 9 South, Range 34 East. Applicant further seeks the promulgation of special rules for said pool including a provision for 80-acre proration units.

CASE 3262: Application of Monsanto Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cueva Unit Area comprising 12,489 acres, more or less, of State, Federal and fee lands in Townships 22 and 23 South, Range 25 East, Eddy County, New Mexico.

CASE 3263: Application of Jake L. Hamon for the creation of a new gas pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow Gas Pool for his Hamon State E-8913 Well No. 1 located in Unit A of Section 20, Township 20 South, Range 36 East, Lea County, New Mexico, and the promulgation of special pool rules including a provision for 640-acre spacing.

CASE 3264: Application of Carl Engwall for an exception to Commission Order R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order R-111-A. Applicant

proposes to drill and complete a well in Unit L of Section 14, Township 20 South, Range 33 East, Teas Pool, Lea County, New Mexico, with surface casing set at approximately 950 feet, cement circulated, and production casing set at approximately 3400 feet and cemented to approximately 2500 feet above the casing point. The well would be plugged and abandoned in accordance with the provisions of Order R-111-A.

CASE 3265: Application of Coastal States Gas Producing Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through perforations from 4545 feet to 4590 feet in its Southern Minerals State Well No. 1-15 located in Unit L of Section 15, Township 9 South, Range 33 East, Flying "M" San Andres Pool, Lea County, New Mexico.

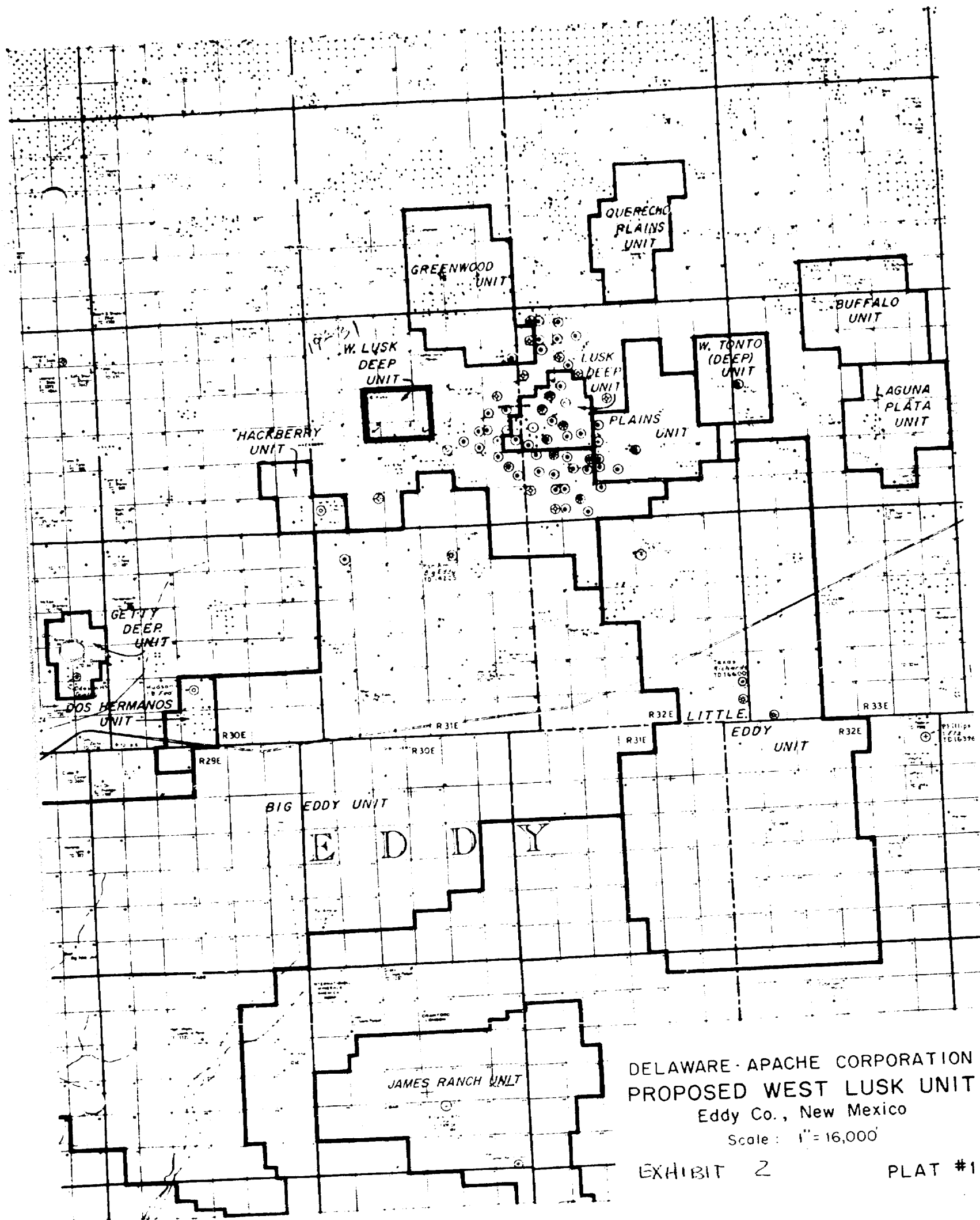
CASE 3112: (Reopened)

In the matter of Case 3112 being reopened pursuant to the provisions of Order No. R-2824, which order authorized Gallup-Dakota commingling in the wellbore by means of a dual-flow downhole choke assembly in its Jicarilla 28 Well No. 1 located in Unit J of Section 28, Township 25 North, Range 4 West, Rio Arriba County, New Mexico. All interested parties may appear and show cause why the authority granted under this order should not be terminated.

CASE 3266: Application of Pan American Petroleum Corporation for a dual completion and commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Federal "A" Well No. 4 located in Unit L of Section 13, Township 9 South, Range 35 East, Lea County, New Mexico, to produce oil from the Bough Permo-Penn and an undesigned Devonian pool through parallel strings of tubing. Applicant further seeks authority to commingle the production from said pools on said lease after separately metering the production from each pool.

CASE 3258: (Continued from the May 26th examiner hearing)

Application of Midwest Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its State "C" Well No. 1 located in Unit K of Section 32, Township 13 South, Range 34 East, Lea County, New Mexico, to produce oil from the Upper and Lower Pennsylvanian formations through parallel strings of tubing.





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

IN REPLY REFER TO:

RECEIVED
APR 20 1965

HINKLE, BONDUKANT & CHRISTY
ROSWELL, NEW MEXICO

APR 20 1965

Hinkle, Bondurant & Christy
P. O. Box 10
Roswell, New Mexico

Attention: Mr. Clarence E. Hinkle

Gentlemen:

Your application of March 12 filed with the Regional Oil and Gas Supervisor, Roswell, New Mexico, in behalf of Delaware-Apache Corporation, requests the designation of 1,920 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to unit plan regulations of December 22, 1950, 30 CFR 226.3 (1961 reprint), the land requested as outlined on your map marked "Exhibit A, West Lusk Deep Unit, Eddy County, New Mexico," is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for the drilling of the initial exploratory well to test the Strawn formation of Pennsylvanian age, or to a depth of 11,600 feet. The 1961 reprint of the standard form of unit agreement should be used, modified by the following changes as proposed by your application:

1. Change item 6(b), line 5, page 7, 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:

"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, as amended, (28 F.R. 6485), which are hereby incorporated by reference in this agreement."

E-71

3. Insertion of the appropriate language required for State of New Mexico lands.

4. Inasmuch as the area is located within the Secretary's Potash Area as presently delineated, the language proposed by your application for the protection of potash deposits should be added as a separate section to the unit agreement.

5. Inasmuch as unitization will be limited to those formations below the top of the Bone Spring formation, the following language should be substituted for Section 3 of the 1961 reprint:

"3. Unitized Land and Unitized Substances. All lands committed to this agreement, as to all formations below the top of the Bone Spring formation as found at a depth of 7,005 feet on the Schlumberger induction-electrical log of Delhi-Taylor Oil Corporation's No. 1-23 Jones well in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ sec. 23, T. 19 S., R. 31 E., Eddy County, New Mexico, shall constitute land referred to herein as 'unitized land' or 'land subject to this agreement.' All oil or gas in such formations of the unitized land are unitized and designated as 'unitized substances' under the terms of this agreement."

In the absence of any other 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.

Include the latest status of all acreage when the executed agreement is transmitted to the Supervisor for approval. The format of the sample exhibits attached to the 1961 reprint of the standard form should be followed closely in the preparation of Exhibits "A" and "B."

Inasmuch as this unit area contains State of New Mexico lands, we are sending a copy of this letter to the Commissioner of Public Lands at Santa Fe. Please contact the State of New Mexico before soliciting joinders, regardless of prior contacts with or clearances from the State.

Sincerely yours,



Acting Director

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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PAGE 1

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

June 9, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Delaware-Apache Corporation
for a unit agreement, Eddy County,
New Mexico.

Case No. 3260

BEFORE: ELVIS A. UTZ

TRANSCRIPT OF HEARING

MR. UTZ: Case 3260 in the matter of the application of Delaware-Apache Corporation for a unit agreement, Eddy County, New Mexico, for the West Lusk Deep Unit Area.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, Roswell, representing Delaware-Apache Corporation.

MR. UTZ: Are there any other appearances?

MR. HINKLE: We have one witness, Mr. Hal S. Dean.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1 to 3 inclusive were marked for identification.)

HAL S. DEAN

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q Mr. Dean, you are employed by Delaware-Apache Corporation?

A Yes, sir.

Q Have you previously testified before the Oil Conservation Commission?

A No, sir. I have not.

Q What is your position with the Delaware-Apache Corporation?

dearnley-meier

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PAGE

Q Now, you are Area Manager, Southern Area.

A Yes, sir. I am a graduate geologist.

Q Now, you graduated from Ohio State University, Bachelor of Science in Geology in 1947, and received a Master's degree from Stanford University in 1949.

Q Have you followed your profession since your graduation?

A Yes, sir. I've been employed as a geologist or in exploration for fifteen years.

Q Would you care to say who you have been employed by during this fifteen year period?

A I was initially employed by Magnolia Petroleum Company and worked in the Gulf Coast, Oklahoma, for five years, following that five year period, I was Chief Geologist for Edwin W. Pauley, working in the Permian Basin area and Mid-continent area, following that, I was Area Manager for El Paso Natural Gas Company in their Midland District which consisted of southeast New Mexico and west Texas and for the last two and a half years, I have been employed by Apache Corporation as the Area Manager for their southern area.

Q As the Area Manager, are you familiar with Apache's operations in New Mexico?

A Yes, sir. I am familiar with both the exploration and production.

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Q Are you familiar with the application that Delaware-Apache has made in this case?

A Yes, sir.

Q I mean what is Delaware-Apache seeking to accomplish by the application?

A Delaware-Apache seeks approval of the West Lusk Deep Unit to consist of the west half of Section 15, all of Section 16, the east half of Section 17, the northeast quarter of Section 20, the northwest quarter of Section 22, a total of 1,920 acres located in Township 19 South, Range 31 East, Eddy County, New Mexico, covering all rights below 5,000 feet.

Q Does Delaware-Apache as unit operator propose to drill a deep test well on the unit area?

A Yes, sir. And Delaware-Apache proposes to drill a well to depths of 11,600 feet.

Q What probable producing formations will be penetrated in connection with the drilling of this well?

A The possible producing formations are the Delaware formation, the Bone Springs formation, the Wolfcamp formation and the Strawn formation.

Q Has this area that you have testified to been heretofore designated by the United States Geological Survey as an area suitable and proper for unitization?

A Yes, sir. It has.



Q I refer you to Exhibit No. 1 and ask you if that is the letter of the director of the United States Geological Survey designating this area as suitable and proper for unitization?

A Yes, sir. That's the proper letter.

Q Now, refer to Exhibit No. 2 and explain what this is and what it shows?

A This map outlines the West Lusk Deep Unit in relationship to the other governmental approved units in the vicinity of the proposed new unit showing the production to the east in the Lusk Strawn field.

Q It shows the other units in the area?

A Yes, sir.

Q Any further comment with respect to this exhibit?

A No.

Q Now, refer to Exhibit No. 3. This purports to be a structural map. Was this prepared by you or under your direction?

A Yes, sir. This map was prepared by me.

Q Explain what this exhibit shows.

A This map is contoured on the top of the Strawn Lime following properly 11,500 feet. This map is contoured on subsea elevations. It shows the producing area of the Lusk Strawn field and the relationship of the West Lusk Deep



Unit to that adjacent producing area. The West Lusk Unit is located on a low relief anticlinal feature, with east dip, to the major portion of the Lusk Strawn field south dip, west dip and an inferred north dip. The structural control has been based upon actual well logs from wells that have penetrated the Strawn formation. In combination with the structure map, a green line is indicated which is the possible Strawn porosity limit. This limit is also defined from well control. We feel that the entire portion of the Lusk Deep Unit will be on the maximum structural position and within the fairway of the Strawn porosity.

Q Is this the same structural map that was filed by the United States Geological Survey in connection with their designation of the unit area?

A Yes, sir. It is.

Q In your opinion, would the proposed unit area cover all or substantially all of the producing area in the event of production and in the event you are geologically correct?

A Yes, sir. It will.

Q Does this Exhibit 3 also show the location of the proposed deep test well?

A Yes, sir. The proposed deep test well is to be located in the southeast quarter southeast quarter Section 16.



That's on state acreage.

MR. HINKLE: We would like to offer in evidence Exhibits 1 through 3 at this time.

MR. UTZ: Without objection, Exhibits 1 through 3 will be entered into the record of this case.

Q (By Mr. Hinkle) Mr. Dean, are you familiar with the proposed form of unit agreement, copies of which have been filed with the Conservation Commission in connection with this application?

A Yes, I am.

Q Is Delaware-Apache designated as the unit operator in the unit agreement?

A Yes, sir. Delaware-Apache is to be the unit operator.

Q Do you know whether or not this is the same form or substantially the same form as has heretofore been used in most all of these unitizations where both Federal and State lands are involved?

A Yes.

Q Does the form contain a provision for contraction and enlargement of the unit area?

A Yes, it does.

Q Now, the lands contained in the unit area, what portion are Federal lands and what portion are State lands?

A There are 1,280 acres of Federal lands, 640 acres of State lands.

Q Does the unit agreement provide for the drilling of the initial test well concerning which you have already testified?

A Yes, it does.

Q Do you have any information as to the present status of the unit agreement as far as execution is concerned by the various lease owners in the area?

A Yes, sir. We have obtained all except 160 acres within the unit area, which is a total of approximately 91.7% of the working interest operators.

Q In other words, all the lease hold interest in the unit area has been committed up to this except 160 acres?

A Yes, sir.

Q Have you had pretty good success in obtaining execution of the unit agreement or consent and ratification of the unit agreement by all the overriding royalty and interest production payments?

A Yes.

Q In the event this unit is approved and the initial test well results in a discovery of unitized substances in paying quantities, in your opinion, will this unit agreement

be in the interest of conservation and prevention of waste?

A Yes. I certainly believe that.

Q Will it also promote the greatest ultimate recovery of unitized substances?

A Yes, it will.

MR. HINKLE: I believe that's all, Mr. Examiner.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Dean, on this contour map, what was your control on the contouring?

A Yes, sir. The control was from subsurface information obtained from the drilling of these numerous wells in the Lusk Strawn field and also the wells drilled to the south on the Big Eddy Unit and other deep well control immediately to the west of the proposed unit, south and west.

Q You didn't actually have too much control right in the immediate area?

A No, sir. There have been no deep wells drilled on this shallow producing field.

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

MR. HINKLE: I might add this, that Delaware-Apache has had some geophysical information but it was not information which they could introduce in evidence and it has had some

influence, has it not, Mr. Dean, in connection with the drawing of this contour as well as the subsurface information?

A Yes, it definitely has.

MR. HINKLE: That's all we have.

MR. UTZ: Any further questions. The witness may be excused. Are there any other statements in this case. The case will be taken under advisement.

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 21st day of June, 1965.

Ada Dearnley
ADA DEARNLEY

My Commission Expires:
June 19, 1967.

dearnley-meier reporting services, inc.

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I N D E X

<u>WITNESS</u>	<u>PAGE</u>
HAL S. DEAN	
Direct Examination by Mr. Hinkle	2
Cross Examination by Mr. Utz	9

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3260,
heard by me on June 9, 1965.

Elmer J. Wolf
Elmer J. Wolf, Examiner
New Mexico Oil Conservation Commission

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO


REGISTER

HEARING DATE

JUNE 9, 1965

TIME:

9 A.M.

NAME:	REPRESENTING:	LOCATION:
William C. Jones	Pan American	Albuquerque
R. K. O'Hair	Continental Oil Co.	Albuquerque
Gordon H. Mayberry	" " "	Albuquerque
	Pan American	Albuquerque
Richard F. Morris	John, Humphrey, Nelson & Co.	Albuquerque
James W. Roberts	Albuquerque City	Albuquerque
Hal S. Dean	Apache Corp.	Midland, Tex
Jimmy Dean	Apache Corp.	Midland, Tex
William A. Galt	Apache Corp.	Midland, Tex
Frank E. Smith	State Energy Co.	Midland, Tex
John R. Hinkle	State Energy Co.	Midland, Tex
P. W. MEEK	Sun Oil	Midland, Tex
Jack R. McGraw	Coastal States Gas	Midland, Tex
William E. Schauer	Carl Engwall	Midland, Tex
Nino L. Dufourne	W. B. Bryant & Company	Midland, Tex
Harold Mahline	Midland Co.	Midland, Tex

DRAFT

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. 3260

Order No. R- 2921

APPLICATION OF DELAWARE-APACHE CORPORATION
FOR APPROVAL OF THE WEST LUSK DEEP
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
June 9, 1965, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of June, 1965, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, Delaware-Apache Corporation,
seeks approval of the West Lusk Deep Unit Agreement
covering 1920 acres, more or less, of State and Federal lands
~~and Fee~~
described as follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 15: W/2
Section 16: All
Section 17: E/2
Section 20: NE/4
Section 21: N/2
Section 22: NW/4

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the West Lusk Deep Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that 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.

(4) 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; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) 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.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF
THE WEST LUSK DEEP UNIT
EDDY COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the undersigned Delaware-Apache Corporation, with offices at Midland, Texas, acting by and through the undersigned attorneys, Hinkle, Bondurant & Christy, of Roswell, New Mexico, and files herewith 3 copies of the proposed Unit Agreement for the Development and Operation of the West Lusk Deep Unit, 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 1920 acres situated in Eddy County, New Mexico more particularly described as follows:

Township 19 South, Range 31 East, N.M.P.M.

Section 15 - $W\frac{1}{2}$
Section 16 - All
Section 17 - $E\frac{1}{2}$
Section 20 - $NE\frac{1}{4}$
Section 21 - $N\frac{1}{2}$
Section 22 - $NW\frac{1}{4}$

2. That the lands embraced in the proposed unit area consist of 1280 acres of Federal lands and 640 acres of lands of the State of New Mexico.

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 covers all, or substantially all, of the geological structure or feature involved and that in the event of the discovery of oil or gas thereon said unit agreement will permit the producing area to be developed and operated in the interests of conservation and the prevention of waste of unitized substances.

5. That applicant proposes to unitize only the formations below the top of the Bone Spring formation as found at a depth of 7005 feet on the Schlumberger induction electrical log of Delhi-Taylor Oil Corporation's No. 1-23 Jones well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 23, Township 19 South, Range 31 East, N.M.P.M. Eddy County, New Mexico.

6. That it is contemplated that applicant, Delaware-Apache Corporation, will be the operator of the unit area and it is proposed to drill a test well pursuant to the terms of the unit agreement to be located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 16, Township 19 South, Range 31 East, on lands of the State of New Mexico, to a depth sufficient to test the Strawn formation of Pennsylvanian age, but not to exceed a depth of 11,600 feet.

7. That applicant believes that in the event oil or gas in paying quantities is discovered in the lands within the unit area 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 agreement is in the interests of conservation and prevention of waste as contemplated by the New Mexico Oil Conservation Commission, statutes and regulations

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

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

DATED this 10th day of May, 1965.

Respectfully submitted,

DELAWARE-APACHE CORPORATION

By 

Attorney

HINKLE, BONDURANT & CHRISTY

By 

Attorneys for Applicant

Box 10

Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF
THE WEST LUSK DEEP UNIT
EDDY COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the undersigned Delaware-Apache Corporation, with offices at Midland, Texas, acting by and through the undersigned attorneys, Hinkle, Bondurant & Christy, of Roswell, New Mexico, and files herewith 3 copies of the proposed Unit Agreement for the Development and Operation of the West Lusk Deep Unit, 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 1920 acres situated in Eddy County, New Mexico more particularly described as follows:

Township 19 South, Range 31 East, N.M.P.M.

Section 15 - NW $\frac{1}{4}$
Section 16-- All
Section 17 - E $\frac{1}{2}$
Section 20 - NE $\frac{1}{4}$
Section 21 - N $\frac{1}{2}$
Section 22 - NW $\frac{1}{4}$

2. That the lands embraced in the proposed unit area consist of 1280 acres of Federal lands and 640 acres of lands of the State of New Mexico.

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 covers all, or substantially all, of the geological structure or feature involved and that in the event of the discovery of oil or gas thereon said unit agreement will permit the producing area to be developed and operated in the interests of conservation and the prevention of waste of unitized substances.

5. That applicant proposes to unitize only the formations below the top of the Bone Spring formation as found at a depth of 7005 feet on the Schlumberger induction electrical log of Delhi-Taylor Oil Corporation's No. 1-23 Jones well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 23, Township 19 South, Range 31 East, N.M.P.M. Eddy County, New Mexico.

6. That it is contemplated that applicant, Delaware-Apache Corporation, will be the operator of the unit area and it is proposed to drill a test well pursuant to the terms of the unit agreement to be located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 16, Township 19 South, Range 31 East, on lands of the State of New Mexico, to a depth sufficient to test the Strawn formation of Pennsylvanian age, but not to exceed a depth of 11,600 feet.

7. That applicant believes that in the event oil or gas in paying quantities is discovered in the lands within the unit area 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 agreement is in the interests of conservation and prevention of waste as contemplated by the New Mexico Oil Conservation Commission, statutes and regulations

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

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

DATED this 10th day of May, 1965.

Respectfully submitted,

DELAWARE-APACHE CORPORATION

By 

Attorney

HINKLE, BONDURANT & CHRISTY

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Roswell, New Mexico

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Section 20 - $NE\frac{1}{4}$
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DATED this 10th day of May, 1965.

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Attorneys for Applicant

Box 10

Roswell, New Mexico

UNIT AGREEMENT
WEST LUSK DEEP UNIT AREA
EDDY COUNTY, NEW MEXICO

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UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
WEST LUSK DEEP UNIT AREA
EDDY COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the _____ day of _____ 1965, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

WHEREAS, the parties hereto are the owners of working, royalty, or 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, Vol. 9, Part 2, 1953 Statutes), to approve this agreement and the conservation provisions hereof; and

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

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

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

1. 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, heretofore 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 following described land is hereby designated and recognized as constituting the unit area:

Township 19 South, Range 31 East, N.M.P.M.

Section 15 - $W\frac{1}{2}$

Section 16 - All

Section 17 - $E\frac{1}{2}$

Section 20 - $NE\frac{1}{4}$

Section 21 - $N\frac{1}{2}$

Section 22 - $NW\frac{1}{4}$

containing 1,920 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the 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 "Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two copies thereof shall be filed with the Commissioner, and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "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 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 Commissioner and the 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 Commissioner and the 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 Commissioner and the 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 therefor, 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 10 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 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 5- and 10-year periods specified in this subsection 2(e), an extension of such periods may be accomplished by consent of the owners of 90 percent of the current unitized working interests and 60 percent of the current unitized basic royalty interests (exclusive of the basic royalty interest of the United States) on a total non-participating acreage basis, respectively, with approval of the Director and Commissioner, provided such extension application is submitted to the Director and Commissioner not later than 60 days prior to the expiration of said 5-year or 10-year periods.

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All lands committed to this agreement as to all formations below the top of the Bone Spring formation as found at a depth of 7,005 feet on the Schlumberger induction electric log of the Delhi-Taylor No. 1-23 Jones Federal well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 23, Township 19 South, Range 31 East, Eddy County, New Mexico shall constitute land referred to herein as "unitized land" or "land subject to

this agreement". All oil and gas in such formations of the unitized land are unitized and designated as "unitized substances" under the terms of this agreement.

4. UNIT OPERATOR. Delaware-Apache Corporation 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 it and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of an interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

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 Commissioner and 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 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 obligation 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 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 interest 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 percent 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 owner 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 Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and 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 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 Commissioner if on State land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Strawn formation of Pennsylvanian age has been tested 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 located on Federal lands, or the Commissioner, if located on State lands, 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 11,600 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 the Supervisor, if on Federal lands, or the Commissioner, if on State lands, or until it is reasonably 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 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 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 Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified herein. 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 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 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 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 proper conservation of natural resources.

Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the Commissioner.

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 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 unitized substances 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 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 Commissioner submit for approval by the Director and the Commissioner a schedule, based on subdivision of the public land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director and the 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 shall also 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 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 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 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 interest, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal land and the Commissioner for State lands and the amount thereof deposited, as directed by the Supervisor and the 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 Commissioner as to wells drilled on State land, 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 Commissioner, 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 hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land and the Commission as to State or privately owned land, at such party's sole risk, cost and expense, drill a well 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 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 any State and all royalty owners who, under existing contracts, 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 the 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 kind 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 and the Commissioner, 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 and the Commissioner 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 regulation; 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 lands shall be computed and paid on the basis of all unitized substances 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 other than Federal or State 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 provisions of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and 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 Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty, as determined by the Supervisor as to Federal lands and by the Commissioner as to 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 operation for oil or gas of 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 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 Commissioner, or their duly authorized representatives, 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 or 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.

(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, subject to the provisions of subsection (e) of Section 2 and subsection (i) of this Section 18.

(h) The segregation of any Federal lease committed to this agreement is governed by the following provisions 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 lands committed and the lands not committed as of the effective date of unitization: Provided, however, That any such lease as to the non-unitized 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".

(i) 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 the 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 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 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 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 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 statewide 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 in 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 Commissioner and as to any 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 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 15 days from notice.

22. PROTECTION OF POTASH DEPOSITS. No wells will be drilled for oil or gas at a location on Federal lands which in the opinion of the Supervisor or at a location on State lands

which in the opinion of the Commissioner would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

The drilling or abandonment of any well on unitized land shall be done in accordance with applicable oil and gas regulations, including such requirements as to Federal lands as may be prescribed by the Supervisor and as to State lands by the Commissioner, as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

Well records and survey plats that an oil and gas lessee of Federal lands must file pursuant to applicable operating regulations (30 CFR Part 221) shall be available for inspection at the Office of the Supervisor to any party holding a potash permit or lease on the Federal land on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

23. 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 things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this agreement are vested in the 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.

24. 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 the 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 Commission or Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or 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.

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

26. 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.

27. 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.

28. 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, as amended (28 F.R. 6485), which are hereby incorporated by reference in this agreement.

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 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 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 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 Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and Commissioner. 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 owners 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 and the Commissioner 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 60 days by the Director, provided, however, that as to State lands all subsequent joinders must be approved by the 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.

32. NO PARTNERSHIP. It is expressly agreed that the relationship of the parties hereto is that of independent contractors and nothing in this agreement contained, express or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

IN WITNESS WHEREOF, the parties hereto have caused

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

ATTEST:

DELAWARE-APACHE CORPORATION

Secretary

By _____

Date: _____

Address: _____

UNIT OPERATOR AND WORKING INTEREST
OWNER

WORKING INTEREST OWNERS

ATTEST:

CACTUS DRILLING COMPANY

Secretary

By _____

Date: _____

Address: _____

ATTEST:

CONTINENTAL OIL COMPANY

Secretary

By _____

Date: _____

Address: _____

ATTEST:

GULF OIL CORPORATION

Secretary

By _____

Date: _____

Address: _____

ATTEST:

INTERNATIONAL OIL & GAS CORPORATION

Secretary

By _____

Date: _____

Address: _____

ATTEST:

SUN OIL COMPANY

Secretary

By _____

Date: _____

Address: _____

ATTEST: TENNECO OIL COMPANY

TENNECO OIL COMPANY

By _____

Address: _____

ALLIED CHEMICAL CORPORATION

By _____

Address:

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1965 by _____, _____ of Delaware-Apache Corporation, a _____ corporation, on behalf of said corporation.

Notary Public

STATE OF _____)
 : ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ 1965 by _____, _____ of Cactus Drilling Company, a _____ corporation, on behalf of said corporation.

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by _____,
_____ of Continental Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by _____,
_____ of Gulf Oil Corporation, a Nevada corporation,
on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by _____,
_____ of International Oil & Gas Corporation, a
corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by _____,
_____ of Sun Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by _____,
_____ of Tenneco Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by _____,
_____ of Allied Chemical Corporation, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by John H. Trigg and Pauline V. Trigg, his
wife.

My Commission Expires: _____
Notary Public

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by Ernest A. Hanson and Beulah Irene
Hanson, his wife.

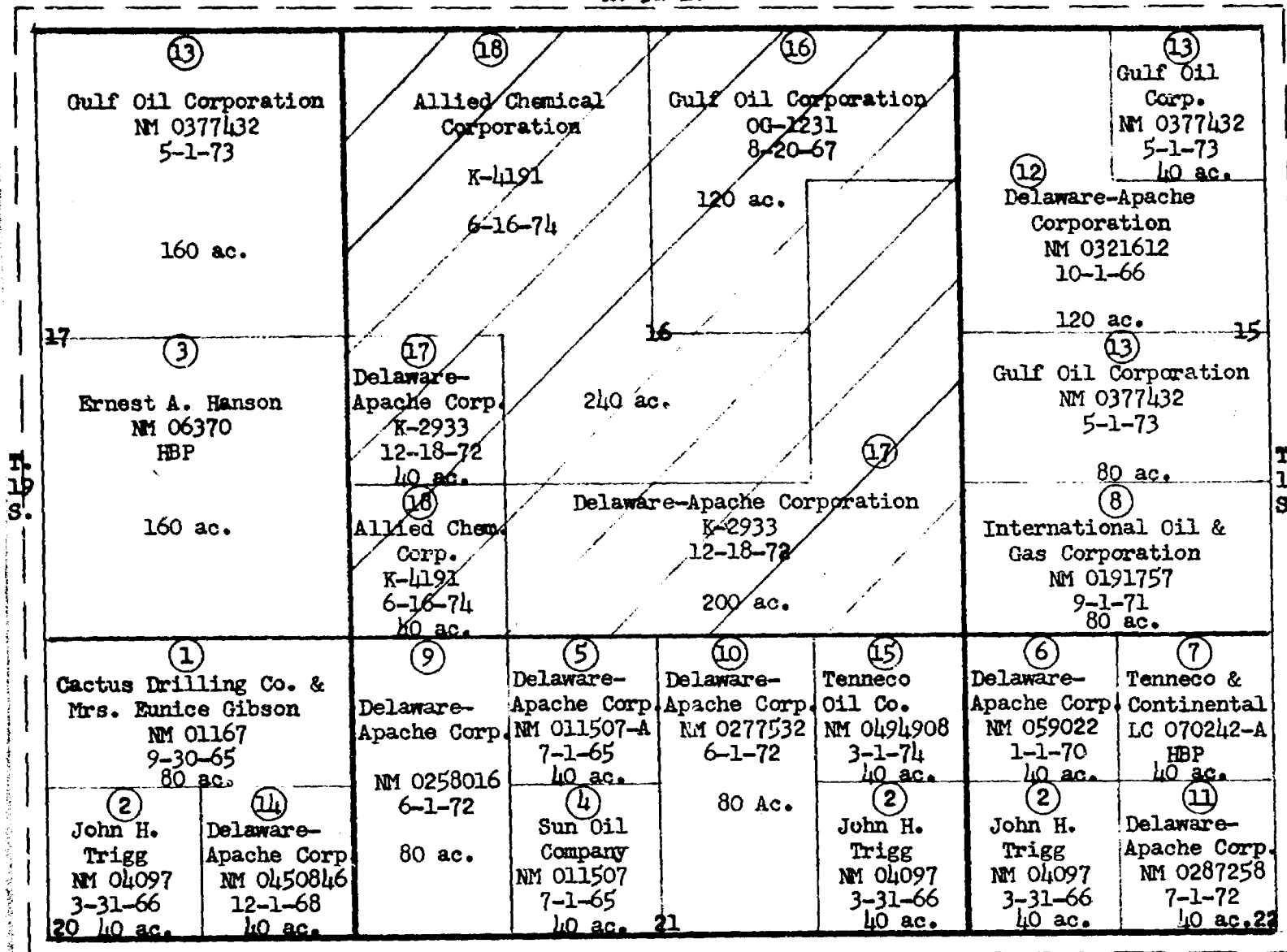
My Commission Expires: _____
Notary Public

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____
day of _____ 1965 by Eunice Gibson

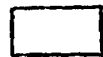
My Commission Expires: _____
Notary Public

R. 31 E.



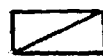
R. 31 E.

LEGEND



Federal Acreage

1,280.00 ac.



State Acreage

640.00 ac.

TOTAL

1,920.00 ac.



Boundary of Unit



Tract Numbers

DELAWARE-APACHE CORPORATION
MIDLAND, TEXAS
OPERATOR

EXHIBIT "A"
WEST LUSK DEEP UNIT
EDDY COUNTY, N. M.

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND
OF OWNERSHIP OF ALL LANDS IN THE
WEST LUSK DEEP UNIT, EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	No. of Acres	Lease No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
FEDERAL LANDS: All in T. 19 S., R. 31 E:							
1.	N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 20	80	NM 01167 9/30/65	U.S. 12 $\frac{1}{2}$ %	Cactus Drilling Company	2 $\frac{1}{2}$ % - Mrs. Eunice Gibson	Cactus Drilling Company - 50% Mrs. Eunice Gibson - 50%
2.	SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 20, SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21, SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 22	120	NM 04097 3/31/66	U.S. 12 $\frac{1}{2}$ %	Pauline V. Trigg	None	John H. Trigg - All
3.	SE $\frac{1}{4}$ Sec. 17	160	NM 06370 HBP	U.S. 12 $\frac{1}{2}$ %	Ernest A. Hanson	.625% - Lucy M. English	Ernest A. Hanson - All
4.	SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21	40	NM 011507 7/1/65	U.S. 12 $\frac{1}{2}$ %	Sun Oil Company	None	Sun Oil Company - All
5.	NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21	40	NM 011507-A 7/1/65	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - S.B. Christy, Jr.	Delaware-Apache Corporation - All
6.	NW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 22	40	NM 059022 1/1/70	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - R. H. McGrail	Delaware-Apache Corporation - All
7.	NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 22	40	LC 070242-A HBP	U.S. 12 $\frac{1}{2}$ %	Tenneco Oil Company Continental Oil Company	1% - William V. Byrd	Tenneco Oil Company - 50% Continental Oil Company - 50%
8.	S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15	80	NM 0191757 9/1/71	U.S. 12 $\frac{1}{2}$ %	International Oil & Gas Corporation	None	International Oil & Gas Corporation - All

Tract No.	Description of Land	No. of Acres	Lease No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
<u>FEDERAL LANDS: (Cont'd)</u>							
9.	W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 21	80	NM 0258016 6/1/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	2 $\frac{1}{2}$ % - Oran C. Dale 2 $\frac{1}{2}$ % - Joe Don Cook	Delaware-Apache Corporation - All
10.	W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 21	80	NM 0277532 6/1/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	4% - Anza Pacific Corporation	Delaware-Apache Corporation - All
11.	SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22	40	NM 0287258 7/1/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	5% - Walter L. Morrison	Delaware-Apache Corporation - All
12.	S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 15	120	NM 0321612 10/1/66	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	Overriding royalty of 2% owned as follows: 22/90 of 1% of 8/8 - Olga M. Atwood 44/90 of 1% of 8/8 - E. H. Ward, Executor of the Estate of Julia Brainard, deceased 44/90 of 1% of 8/8 - Edgar F. Puryear 22/90 of 1% of 8/8 - Ross L. Malone, Jr. 12/60 of 1% of 8/8 - Vera Leah Cox 4/60 of 1% of 8/8 - Mrs. U. Vera Cox 4/15 of 1% of 8/8 - The Atlantic Refining Company 36/90 of 1% of 8/8 - Higgins Trust, Inc. 1% of 8/8 - Robert G. Payne Production payment of \$250.00 per acre payable out of 2% of 8/8 owned as follows: 1/6 of 2% of 8/8 - Olga M. Atwood 1/3 of 2% of 8/8 - E. H. Ward, Executor of the estate of Julia Brainard, deceased 1/3 of 2% of 8/8 - Edgar F. Puryear 1/6 of 2% of 8/8 - Ross L. Malone, Jr.	Delaware-Apache Corporation - All
13.	NE $\frac{1}{4}$ Sec. 17, NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 15	280	NM 0377432 5/1/73	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Corporation	3 3/4% - Albert H. Spencer 1 $\frac{1}{2}$ % - Hoover H. Wright	Gulf Oil Corporation - All

Tract No.	Description of Land	No. of Acres	Lease No. & Date of Expiration	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
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FEDERAL LANDS: (Cont'd)

14.	SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 20	240	NM 0450846 12/1/68	Competitive lease - royalty 12 $\frac{1}{2}$ % to 25%	Delaware-Apache Corporation	None	Delaware-Apache Corporation - All
15.	NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21	40	NM 0494908 3/1/74	U.S. 12 $\frac{1}{2}$ %	Tenneco Oil Company	Production payment of \$40,000.00 payable out of 3% of 8/8 payable as follows: 1/6 - Moss E. Hulsey 1/6 - A. F. Giebel 1/6 - J. W. Rankin 1/6 - Luther May, Jr. 1/6 - Fred Forster, Jr. 1/6 - R. O. Major	Tenneco Oil Company - All

TOTAL - 15 FEDERAL TRACTS COMPRISING 1,280 ACRES, OR 66 2/3% OF UNIT AREA

STATE LANDS:
All in T. 19 S.,
R. 31 E.

16.	N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 16	120	OG-1231 8/20/67	State 12 $\frac{1}{2}$ %	Gulf Oil Corporation	None	Gulf Oil Corporation - All
17.	SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 16	240	K-2933 12/18/72	State 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	None	Delaware-Apache Corporation - All
18.	NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 16	280	K-4191 6/16/74	State 12 $\frac{1}{2}$ %	Allied Chemical Corporation	None	Allie Chemical Corporation - All

TOTAL - 3 TRACTS, STATE OF NEW MEXICO LANDS, COMPRISING 640 ACRES, OR 33 1/3% OF UNIT AREA

TOTAL - 18 TRACTS COMPRISING 1,920 ACRES IN ENTIRE UNIT AREA

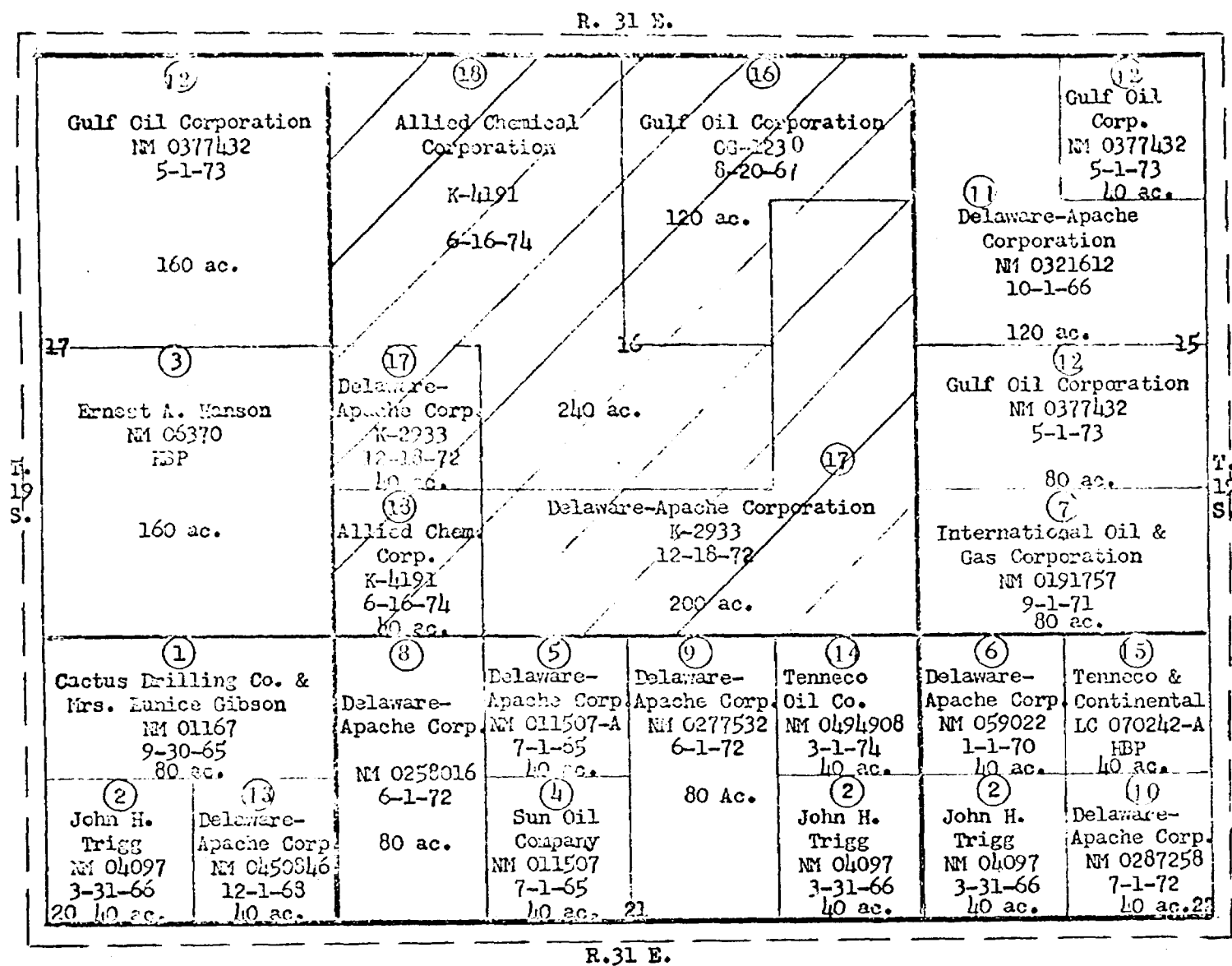
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



EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND
OF OWNERSHIP OF ALL LANDS IN THE
WEST LUSK DEEP UNIT, EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	No. of Acres	Lease No. & date of expiration	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
FEDERAL LANDS: All in T. 19 S., R. 31 E:							
1.	N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 20	80	NM 01167 9/30/65	U.S. 12 $\frac{1}{2}$ %	Cactus Drilling Company	2 $\frac{1}{2}$ % - Mrs. Eunice Gibson	Cactus Drilling Company - 50% Mrs. Eunice Gibson - 50%
2.	SW $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 20, SE $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 21, SW $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 22	120	NM 04097 3/31/66	U.S. 12 $\frac{1}{2}$ %	Pauline V. Trigg	None	Pauline V. Trigg - All
3.	SE $\frac{1}{2}$ Sec. 17	160	NM 06370 HBP	U.S. 12 $\frac{1}{2}$ %	Ernest A. Hanson	.625% - Lucy M. English	Ernest A. Hanson - All
4.	SE $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 21	40	NM 011507 6/30/65	U.S. 12 $\frac{1}{2}$ %	Sun Oil Company	None	Sun Oil Company - All
5.	NE $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 21	40	NM 011507-A 6/30/65	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - S.B. Christy, Jr.	Delaware-Apache Corporation - All
6.	NW $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 22	40	NM 059022 12/31/66	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - R. H. McGrail	Delaware-Apache Corporation - All
7.	S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15	80	NM 0191757 8/31/71	U.S. 12 $\frac{1}{2}$ %	International Oil & Gas Corporation	None	International Oil & Gas Corporation - All
8.	W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 21	80	NM 0258016 5/31/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3 3/4% - Oran C. Dale 1 1/4% - Joe Don Cook	Delaware-Apache Corporation - All

Tract No. No.	Description of of Land	No. of Acres	Lease No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Pay- ments	Working Interest Owners and Per- centage
9.	W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 21	80	NM 0277532 5/31/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	4% - Anza Pacific Corpora- tion	Delaware-Apache Corporation - All
10.	SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22	40	NM 0287258 6/30/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	5% - Walter L. Morrison	Delaware-Apache Corporation - All
11.	S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 15	120	NM 0321612 9/30/66	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	Overriding royalty of 2% owned as follows: 22/90 of 1% of 8/8 - Olga M. Atwood 44/90 of 1% of 8/8 - E. H. Ward, Executor of the Estate of Julia Brainard, deceased 44/90 of 1% of 8/8 - Edgar F. Puryear 22/90 of 1% of 8/8 - Ross L. Malone, Jr. 12/60 of 1% of 8/8 - Tommye June Robinson, formerly Vera Leah Cox 4/60 of 1% of 8/8 - Mrs. U. Vera Cox Haefs 4/15 of 1% of 8/8 - The Atlantic Refining Company 36/90 of 1% of 8/8 - Higgins Trust, Inc. 1% of 8/8 - Robert G. Payne Production payment of \$250.00 per acre payable out of 2% of 8/8 owned as follows: 1/6 of 2% of 8/8 - Olga M. Atwood 1/3 of 2% of 8/8 - E. H. Ward, Executor of the Estate of Julia Brainard, deceased 1/3 of 2% of 8/8 - Edgar F. Puryear 1/6 of 2% of 8/8 - Ross L. Malone, Jr.	Delaware-Apache Corporation - All
12.	NE $\frac{1}{4}$ Sec. 17, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15	280	NM 0377432 4/30/73	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Cor- poration	3 3/4% - Albert H. Spencer 1 1/4% - Hoover H. Wright	Gulf Oil Corpora- tion - All
13.	SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 20	40	NM 0450846 11/30/68	Competitive lease - sche- dule B - royalty rate of 12 $\frac{1}{2}$ % to 25%	Delaware-Apache Corporation	None	Delaware-Apache Corporation - All

Tenneco Oil Company-
50%
Continental Oil
Company - 50%



LEGEND		
	Federal Acreage	1,280.00 ac.
	State Acreage	640.00 ac.
TOTAL		1,920.00 ac.
	Boundary of Unit	
	Tract Numbers	

DELAWARE-APACHE CORPORATION
MIDLAND, TEXAS
OPERATOR

EXHIBIT "A"
WEST LUSK DEEP UNIT
EDDY COUNTY, N. M.

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND
OF OWNERSHIP OF ALL LANDS IN THE
WEST LUSK DEEP UNIT, EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	No. of Acres	Lease No. & date of expiration	Basic Royalty & Percentage	Lessees of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
FEDERAL LANDS: All in T. 19 S., R. 31 E:							
1.	N $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 20	80	NM 01167 9/30/65	U.S. 12 $\frac{1}{2}$ %	Cactus Drilling Company	2 $\frac{1}{2}$ % - Mrs. Eunice Gibson	Cactus Drilling Company - 50% Mrs. Eunice Gibson - 50%
2.	SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 20, SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21, SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 22	120	NM 04097 3/31/66	U.S. 12 $\frac{1}{2}$ %	Pauline V. Trigg	None	Pauline V. Trigg - All
3.	SE $\frac{1}{4}$ Sec. 17	160	NM 06370 HBP	U.S. 12 $\frac{1}{2}$ %	Ernest A. Hanson	.625% - Lucy M. English	Ernest A. Hanson - All
4.	SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21	40	NM 011507 6/30/65	U.S. 12 $\frac{1}{2}$ %	Sun Oil Company	None	Sun Oil Company - All
5.	NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21	40	NM 011507-A 6/30/65	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - S.B. Christy, Jr.	Delaware-Apache Corporation - All
6.	NW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 22	40	NM 059022 12/31/66	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3% - R. H. McGrail	Delaware-Apache Corporation - All
7.	S $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 15	80	NM 0191757 8/31/71	U.S. 12 $\frac{1}{2}$ %	International Oil & Gas Corporation	None	International Oil & Gas Corporation - All
8.	W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 21	80	NM 0258016 5/31/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	3 3/4% - Oran C. Dale 1 1/4% - Joe Don Cook	Delaware-Apache Corporation - All

Tract No.	Description of Land	No. of Acres	Lease No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
9.	W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 21	80	NM 0277532 5/31/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	4% - Anza Pacific Corporation	Delaware-Apache Corporation - All
10.	SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22	40	NM 0287258 6/30/72	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	5% - Walter L. Morrison	Delaware-Apache Corporation - All
11.	S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 15	120	NM 0321612 9/30/66	U.S. 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	Overriding royalty of 2% owned as follows: 22/90 of 1% of 8/8 - Olga M. Atwood 44/90 of 1% of 8/8 - E. H. Ward, Executor of the Estate of Julia Brainard, deceased 44/90 of 1% of 8/8 - Edgar F. Puryear 22/90 of 1% of 8/8 - Ross L. Malone, Jr. 12/60 of 1% of 8/8 - Tommy June Robinson, formerly Vera Leah Cox 4/60 of 1% of 8/8 - Mrs. U. Vera Cox Haefs 4/15 of 1% of 8/8 - The Atlantic Refining Company 36/90 of 1% of 8/8 - Higgins Trust, Inc. 1% of 8/8 - Robert G. Payne Production payment of \$250.00 per acre payable out of 2% of 8/8 owned as follows: 1/6 of 2% of 8/8 - Olga M. Atwood 1/3 of 2% of 8/8 - E. H. Ward, Executor of the Estate of Julia Brainard, deceased 1/3 of 2% of 8/8 - Edgar F. Puryear 1/5 of 2% of 8/8 - Ross L. Malone, Jr.	Delaware-Apache Corporation - All
12.	NE $\frac{1}{4}$ Sec. 17, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15	280	NM 0377432 4/30/73	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Corporation	3 3/4% - Albert H. Spencer 1 1/4% - Hoover H. Wright	Gulf Oil Corporation - All
13.	SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 20	40	NM 0450846 11/30/68	Competitive lease - rate of 12 $\frac{1}{2}$ % to 25%	Delaware-Apache Corporation	None	Delaware-Apache Corporation - All

Tract No.	Description of Land	No. of Acres	Lease No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments	Working Interest Owners and Percentage
14.	NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 21	40	NM 0494908 2/28/74	U.S. 12 $\frac{1}{2}$ %	Tenneco Oil Company	Production Payment of \$1,000 per acre payable out of 3% of 87% payable as follows: 1/6 - Moss E. Hulsey 1/6 - A. F. Glebel 1/6 - J. W. Rankin 1/6 - Luther May, Jr. 1/6 - Fred Forster, Jr. 1/6 - R. O. Major	Tenneco Oil Company - pany - All
15.	NE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 22	40	LC 070242-A HBP	U.S. 12 $\frac{1}{2}$ %	Tenneco Oil Company Continental Oil Company	1% - William V. Byrd	Tenneco Oil Company - 50% Continental Oil Company - 50%

TOTAL - 15 FEDERAL TRACTS COMPRISING 1,280 ACRES, OR 66 2/3% OF UNIT AREA

STATE LANDS:
All in T. 19 S., R. 31 E.:

16.	N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 16	120	OG-1230 8/20/67	State 12 $\frac{1}{2}$ %	Gulf Oil Corporation	None	Gulf Oil Corporation - All
17.	SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 16	240	K-2933 12/18/72	State 12 $\frac{1}{2}$ %	Delaware-Apache Corporation	None	Delaware-Apache Corporation - All
18.	NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 16	280	K-4191 6/16/74	State 12 $\frac{1}{2}$ %	Allied Chemical Corporation	None	Allied Chemical Corporation - All

TOTAL - 3 TRACTS, STATE OF NEW MEXICO LANDS, COMPRISING 640 ACRES, OR 33 1/3% OF UNIT AREA

TOTAL - 18 TRACTS COMPRISING 1,920 ACRES IN ENTIRE UNIT AREA



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

IN REPLY REFER TO:

RECEIVED
APR 20 1965

HINKLE, BON DURANT & CHRISTY
ROSWELL, NEW MEXICO

APR 20 1965

Hinkle, Bondurant & Christy
P. O. Box 10
Roswell, New Mexico

Attention: Mr. Clarence E. Hinkle

Gentlemen:

Your application of March 12 filed with the Regional Oil and Gas Supervisor, Roswell, New Mexico, in behalf of Delaware-Apache Corporation, requests the designation of 1,920 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to unit plan regulations of December 22, 1950, 30 CFR 226.3 (1961 reprint), the land requested as outlined on your map marked "Exhibit A, West Lusk Deep Unit, Eddy County, New Mexico," is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for the drilling of the initial exploratory well to test the Strawn formation of Pennsylvanian age, or to a depth of 11,600 feet. The 1961 reprint of the standard form of unit agreement should be used, modified by the following changes as proposed by your application:

1. Change item 6(b), line 5, page 7, 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:

"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, as amended, (28 F.R. 6485), which are hereby incorporated by reference in this agreement."

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO. <u>1</u>	
CASE NO. <u>3260</u>	

Σ, #1

3. Insertion of the appropriate language required for State of New Mexico lands.

4. Inasmuch as the area is located within the Secretary's Potash Area as presently delineated, the language proposed by your application for the protection of potash deposits should be added as a separate section to the unit agreement.

5. Inasmuch as unitization will be limited to those formations below the top of the Bone Spring formation, the following language should be substituted for Section 3 of the 1961 reprint:

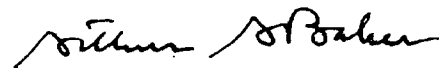
"3. Unitized Land and Unitized Substances. All lands committed to this agreement, as to all formations below the top of the Bone Spring formation as found at a depth of 7,005 feet on the Schlumberger induction-electrical log of Delhi-Taylor Oil Corporation's No. 1-23 Jones well in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ sec. 23, T. 19 S., R. 31 E., Eddy County, New Mexico, shall constitute land referred to herein as 'unitized land' or 'land subject to this agreement.' All oil or gas in such formations of the unitized land are unitized and designated as 'unitized substances' under the terms of this agreement."

In the absence of any other 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.

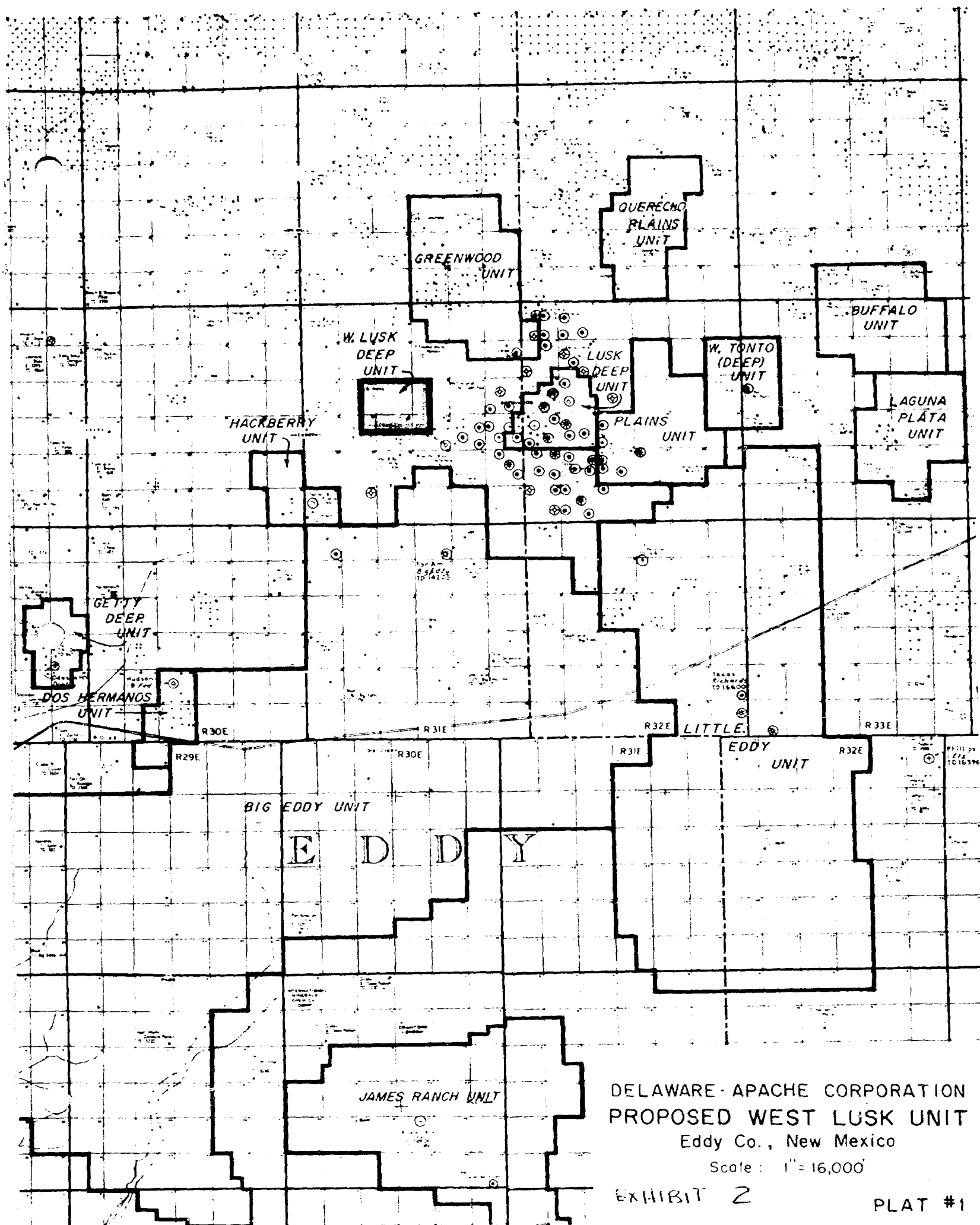
Include the latest status of all acreage when the executed agreement is transmitted to the Supervisor for approval. The format of the sample exhibits attached to the 1961 reprint of the standard form should be followed closely in the preparation of Exhibits "A" and "B."

Inasmuch as this unit area contains State of New Mexico lands, we are sending a copy of this letter to the Commissioner of Public Lands at Santa Fe. Please contact the State of New Mexico before soliciting joinders, regardless of prior contacts with or clearances from the State.

Sincerely yours,



Acting Director



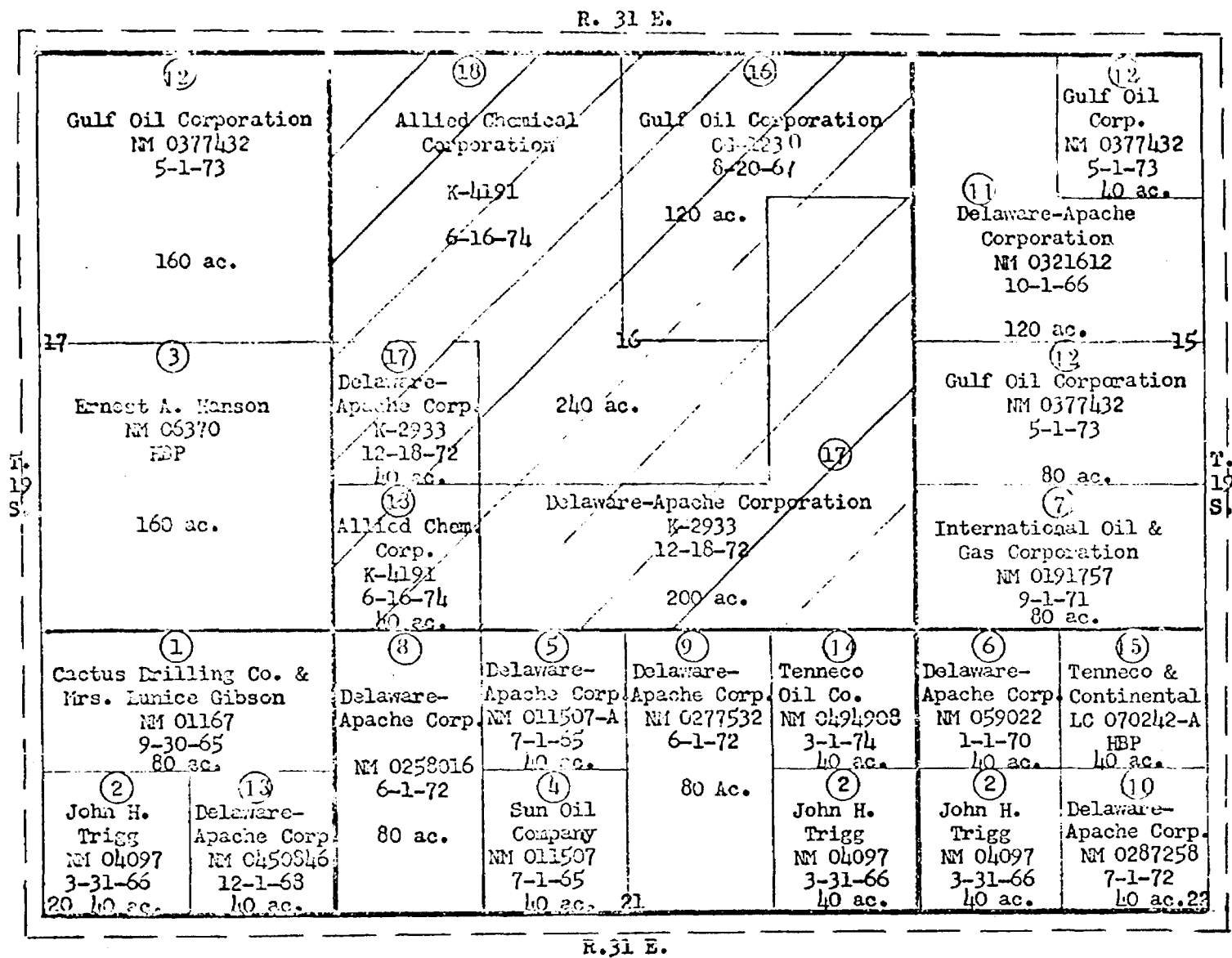
DELAWARE-APACHE CORPORATION
PROPOSED WEST LUSK UNIT
Eddy Co., New Mexico

Scale: 1" = 16,000'



EXHIBIT 2

PLAT #1

Revised



LEGEND

	Federal Acreage	1,280.00 ac.
	State Acreage	640.00 ac.
TOTAL		1,920.00 ac.

— — — — — Boundary of Unit

○ Tract Numbers

DELAWARE-APACHE CORPORATION
MIDLAND, TEXAS
OPERATOR

EXHIBIT "A"
WEST LUSK DEEP UNIT
EDDY COUNTY, N. M.

Call 7260

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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PAGE 1

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

June 9, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Delaware-Apache Corporation
for a unit agreement, Eddy County,
New Mexico.

Case No. 3260

BEFORE: ELVIS A. UTZ

TRANSCRIPT OF HEARING

MR. UTZ: Case 3250 in the matter of the application of Delaware-Apache Corporation for a unit agreement, Eddy County, New Mexico, for the West Lusk Deep Unit Area.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, Roswell, representing Delaware-Apache Corporation.

MR. UTZ: Are there any other appearances?

MR. HINKLE: We have one witness, Mr. Hal S. Dean.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1 to 3 inclusive were marked for identification.)

HAL S. DEAN

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q Mr. Dean, you are employed by Delaware-Apache Corporation?

A Yes, sir.

Q Have you previously testified before the Oil Conservation Commission?

A No, sir. I have not.

Q What is your position with the Delaware-Apache Corporation?



A I am the Area Manager, Southern Area.

Q Are you a graduate geologist?

A Yes, sir. I graduated from Ohio State University, Bachelor of Science in Geology in 1947, and received a Master's Degree from Stanford University in 1949.

Q Have you followed your profession since your graduation?

A Yes, sir. I've been employed as a geologist or in exploration for fifteen years.

Q Would you care to say who you have been employed by during this fifteen year period?

A I was initially employed by Magnolia Petroleum Company and worked in the Gulf Coast, Oklahoma, for five years, following that five year period, I was Chief Geologist for Edwin W. Pauley, working in the Permian Basin area and Mid-continent area, following that, I was Area Manager for El Paso Natural Gas Company in their Midland District which consisted of southeast New Mexico and west Texas and for the last two and a half years, I have been employed by Apache Corporation as the Area Manager for their southern area.

Q As the Area Manager, are you familiar with Apache's operations in New Mexico?

A Yes, sir. I am familiar with both the exploration and production.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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Q Are you familiar with the application that Delaware-Apache has made in this case?

A Yes, sir.

Q I mean what is Delaware-Apache seeking to accomplish by the application?

A Delaware-Apache seeks approval of the West Lusk Deep Unit to consist of the west half of Section 15, all of Section 16, the east half of Section 17, the northeast quarter of Section 20, the northwest quarter of Section 22, a total of 1,920 acres located in Township 19 South, Range 31 East, Eddy County, New Mexico, covering all rights below 5,000 feet.

Q Does Delaware-Apache as unit operator propose to drill a deep test well on the unit area?

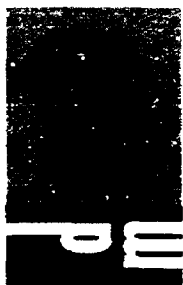
A Yes, sir. And Delaware-Apache proposes to drill a well to depths of 11,600 feet.

Q What probable producing formations will be penetrated in connection with the drilling of this well?

A The possible producing formations are the Delaware formation, the Bone Springs formation, the Wolfcamp formation and the Strawn formation.

Q Has this area that you have testified to been heretofore designated by the United States Geological Survey as an area suitable and proper for unitization?

A Yes, sir. It has.



Q I refer you to Exhibit No. 1 and ask you if that is the letter of the director of the United States Geological Survey designating this area as suitable and proper for unitization?

A Yes, sir. That's the proper letter.

Q Now, refer to Exhibit No. 2 and explain what this is and what it shows?

A This map outlines the West Lusk Deep Unit in relationship to the other governmental approved units in the vicinity of the proposed new unit showing the production to the east in the Lusk Strawn field.

Q It shows the other units in the area?

A Yes, sir.

Q Any further comment with respect to this exhibit?

A No.

Q Now, refer to Exhibit No. 3. This purports to be a structural map. Was this prepared by you or under your direction?

A Yes, sir. This map was prepared by me.

Q Explain what this exhibit shows.

A This map is contoured on the top of the Strawn Lime following properly 11,500 feet. This map is contoured on subsea elevations. It shows the producing area of the Lusk Strawn field and the relationship of the West Lusk Deep

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Unit to that adjacent producing area. The West Lusk Unit is located on a low relief anticlinal feature, with east dip, to the major portion of the Lusk Strawn field south dip, west dip and an inferred north dip. The structural control has been based upon actual well logs from wells that have penetrated the Strawn formation. In combination with the structure map, a green line is indicated which is the possible Strawn porosity limit. This limit is also defined from well control. We feel that the entire portion of the Lusk Deep Unit will be on the maximum structural position and within the fairway of the Strawn porosity.

Q Is this the same structural map that was filed by the United States Geological Survey in connection with their designation of the unit area?

A Yes, sir. It is.

Q In your opinion, would the proposed unit area cover all or substantially all of the producing area in the event of production and in the event you are geologically correct?

A Yes, sir. It will.

Q Does this Exhibit 3 also show the location of the proposed deep test well?

A Yes, sir. The proposed deep test well is to be located in the southeast quarter southeast quarter Section 16.

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That's on state acreage.

MR. HINKLE: We would like to offer in evidence Exhibits 1 through 3 at this time.

MR. UTZ: Without objection, Exhibits 1 through 3 will be entered into the record of this case.

Q (By Mr. Hinkle) Mr. Dean, are you familiar with the proposed form of unit agreement, copies of which have been filed with the Conservation Commission in connection with this application?

A Yes, I am.

Q Is Delaware-Apache designated as the unit operator in the unit agreement?

A Yes, sir. Delaware-Apache is to be the unit operator.

Q Do you know whether or not this is the same form or substantially the same form as has heretofore been used in most all of these unitizations where both Federal and State lands are involved?

A Yes.

Q Does the form contain a provision for contraction and enlargement of the unit area?

A Yes, it does.

Q Now, the lands contained in the unit area, what portion are Federal lands and what portion are State lands?

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A There are 1,280 acres of Federal lands, 640 acres of State lands.

Q Does the unit agreement provide for the drilling of the initial test well concerning which you have already testified?

A Yes, it does.

Q Do you have any information as to the present status of the unit agreement as far as execution is concerned by the various lease owners in the area?

A Yes, sir. We have obtained all except 160 acres within the unit area, which is a total of approximately 91.7% of the working interest operators.

Q In other words, all the lease hold interest in the unit area has been committed up to this except 160 acres?

A Yes, sir.

Q Have you had pretty good success in obtaining execution of the unit agreement or consent and ratification of the unit agreement by all the overriding royalty and interest production payments?

A Yes.

Q In the event this unit is approved and the initial test well results in a discovery of unitized substances in paying quantities, in your opinion, will this unit agreement

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be in the interest of conservation and prevention of waste?

A Yes. I certainly believe that.

Q Will it also promote the greatest ultimate recovery of unitized substances?

A Yes, it will.

MR. HINKLE: I believe that's all, Mr. Examiner.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Dean, on this contour map, what was your control on the contouring?

A Yes, sir. The control was from subsurface information obtained from the drilling of these numerous wells in the Lusk Strawn field and also the wells drilled to the south on the Big Eddy Unit and other deep well control immediately to the west of the proposed unit, south and west.

Q You didn't actually have too much control right in the immediate area?

A No, sir. There have been no deep wells drilled on this shallow producing field.

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

MR. HINKLE: I might add this, that Delaware-Apache has had some geophysical information but it was not information which they could introduce in evidence and it has had some

influence, has it not, Mr. Dean, in connection with the drawing of this contour as well as the subsurface information?

A Yes, it definitely has.

MR. HINKLE: That's all we have.

MR. UTZ: Any further questions. The witness may be excused. Are there any other statements in this case. The case will be taken under advisement.

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I, ADA DEARNLEY, Notary Public in and for the County

1965.

ADA DEARNLEY

June 19, 1967.

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I N D E X

WITNESS

PAGE

HAL S. DEAN

Direct Examination by Mr. Hinkle

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Cross Examination by Mr. Utz

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7260,
heard by me on June 8, 1965.

Mustafa H. Al, Examiner
New Mexico Oil Conservation Commission


NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE JUNE 9, 1965 TIME: 9 A.M.

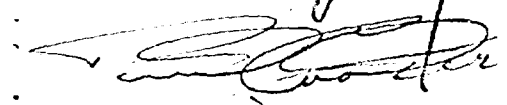
NAME:	REPRESENTING:	LOCATION:
William Cronan	Pan American	Suburb, Tex
R. K. O'Neil	Continental Oil Co	Durango Colo
Gordon H. Mayberry	" " "	Denver Colo.
	Pan American	Roswell
Richard F. Morris	Leith, Montgomery, Tolson & P	Leith, Montgomery, Tolson & P
Jason W. Kellie	Kellie & Co	Santa Fe
Hal S. Dean	Apache Corp.	Santa Fe
Larry Shan	Apache Corp.	Midland, Tex
James A. Gibb	Monaco Co.	Midland, Tex
Frank E. Ditz	State Engr. Office	Midland, Tex
James B. Hinkle	Dal. Apache	Santa Fe
P. W. MEEK	SUN OIL	Midland, Tex
Jack R. McGraw	Coastal States Gas	Midland, Tex
William C. Schauer	Carl Engwall	Midland, Tex
Wm. L. Sullivan	W. B. Bigham & Company	Midland, Tex
HERBERT McINTYRE	Midland	Midland, Tex

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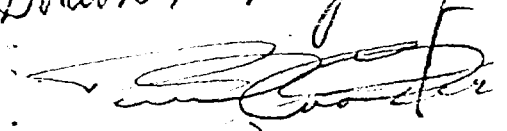
NAME:	REPRESENTING:	LOCATION:
William Brown	Pan American	Subark, Tex
R. K. O'Neil	Continental Oil Co	Demingo Colo
Gordon H. Mayberry	" " "	Denver Colo.
	Pan American	Roswell
Richard F. Morris	Leith, Montgomery, Tolson & P.	Leith, Montgomery, Tolson & P.
Jason W. Kellake	Kellake & Fox	Santa Fe
Hal S. Dean	Apache Corp.	Santa Fe
Larry Scham	Apache Corp.	Midland, Tex
James A. Webb	Monsanto Co.	Midland, Tex
Frank E. Ditz	State Engr. Office	Santa Fe
James B. Hinkle	Del. Apache -	Midland, N.M.
P. W. MEEK	SUN OIL	DALLAS
Jack R. McGraw	Coastal States Gas	Abilene, Tex
William C. Schauer	Carl Engwall	Lawrence, N. Mex.
Nino L. Dufourne	W. B. Ingram & Company	Austin
NORBERT McINTIRE	Midland	Midland, TEXAS

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NAME:	REPRESENTING:	LOCATION:
William Brown	Pan American	Liberal, Tex
R. K. O'Neil	Continental Oil Co	Deming Colo
Gordon H. Mayberry	" " "	Alamogordo Cal.
	Pan American	Roswell
Richard F. Morris	Leith, Montgomery, Johnson P.	Liberal Santa Fe
Jason W. Kellick	Kellaba L & F	Santa Fe
Hal S. Dean	Apache Corp.	Midland, Tex
Sammy Dean	Apache Corp.	Midland, Tex.
James A. Gibb	monsanto Co.	Midland, Texas
Frank E. Dwyer	State Engr. Office	Santa Fe
John B. Hinkle	Dal. Apache -	Midland N.M.
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NORBERT MCINTIRE	Midland	MIDLAND, TEXAS


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NAME:	REPRESENTING:	LOCATION:
William Brown	Pan American	Albuquerque, N.M.
R. K. O'Neil	Continental Oil Co.	Deming, Colo.
Gordon H. Mayberry	" " "	Denver, Colo.
	Pan American	Roswell
Richard F. Morris	Leith, Montgomery, Tolson & P.	Albuquerque, Santa Fe
Jason W. Kellie	Kellie & Fox	Santa Fe.
Hal S. Dean	Apache Corp.	Midland, Tex.
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ROBERT McHAYRE	Midland	Midland, TEXAS