Case No. 7164 Application Transcripts Small Exhibits ETC

# CAMPBELL, BYRD & BLACK, P.A.

JACK M. CAMPBELL HARL D. BYRD BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR BRADFORD C. BERGE WILLIAM G. WARDLE KEMP W. GORTHEY



### January 14, 1982

Mr. Joe D. Ramey Director Oil Conservation Division New Mexico Department of Energy and Minerals Post Office Box 2088 Santa Fe, New Mexico 87501

Re: Oil Conservation Division Case 7164: Application of Arco Oil & Gas Company for Compulsory Pooling, Lea County, New Mexico

Gentlemen:

As you are aware, on April 7, 1981, the New Mexico Oil Conservation Division entered Order No. R-6626 in the abovereferenced case pooling the Devonian and Ellenburger formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, N.M.P.M., Custer Field, Lea County, New Mexico. Problems were encountered while drilling which resulted in delays in completing the well. As a result of these delays, this order was extended to the end of 1981 by the Division Director. As I advised Mr. Ramey in a recent telephone conversation, Arco lost the hole and was unable to complete the Custer Wells No. 1 Well in the Ellenburger formation. Arco has completed this well on the subject pooled unit in the Devonian.

It is our understanding that the Division requires no further action on the part of Arco to amend Order R-6626 and that said order will expire of its own terms as it relates to the Ellenburger formation only. The Devonian formation will remain pooled.

We request that a copy of this letter be included in the case file. If any further action is required by Arco, please advise.

Very truly yours

William F. Carr

WFC:1r cc: Mr. Horace N. Burton



# STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR LARRY KEHOE SECRETARY

October 8, 1981

POST OFFICE BOX 2008 STATE LAND OFFICE BUILDING GANTA FE, NEW MEXICO 87501 (505) 827-2434

Mr. William F. Carr Campbell, Byrd & Black Attorneys at Law Post Office Box 2208 Santa Fe, New Mexico 87501

Dear Mr. Carr:

An extension, to complete the ARCO Custer Wells No. 1, to January 1, 1982, is hereby approved.

ARCO appeared before the Division on July 15, 1981, in Case 7304 and indicated that drilling has been continuous and a due effort was made to complete the well within 120 days as prescribed by Order No. R-6626.

Yours very truly,

JOE D. RAMEY Director

JDR/fd

# CAMPBELL, BYRD & BLACK, P.A.

JACK M. CAMPBELL HARL D. BYRD BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR BRADFORD C. BERGE WILLIAM G. WARDLE

JEFFERSON PLACE SUITE 1 - 110 NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87501 TELEPHONE: (505) 988-4421 TELECOPIER: (505) 983-6043

October 8, 1981

HAND DELIVERED

Mr. Joe D. Ramey Director Oil Conservation Division New Mexico Department of Energy & Minerals Post Office Box 2088 Santa Fe, New Mexico 87501

File

Re: Oil Conservation Division Case 7164: Application of Arco Oil and Gas Company for Compulsory Pooling, Lea County, New Mexico.

## Gentlemen:

On April 7, 1981, the New Mexico Oil Conservation Division entered Order R-6626 granting the application of Arco Oil and Gas Company in the above-referenced case thereby pooling the mineral interests in the Devonian and Ellenburger formations under the N/2 of Section 6, Township 25 South, Range 37 East, N.M.P.M., Custer Field, Lea County, New Mexico. Said Order further authorized Arco Oil and Gas Company to drill a well at an orthodox location on this 320 acre spacing unit.

Arco spudded its Custer Wells No. 1 Well on April 18, 1981 and drilled to a depth of 10,319 feet, where it was found to be on the downthrown side of a fault. In order to complete the well on the upthrown side of the structure, Arco obtained verbal permission from the New Mexico Oil Conservation Division on June 15, 1981 to plug back to 6500 feet and to drill a deviated hole.

On July 15, 1981 Examiner Nutter heard Case 7304 which was the application of Arco Oil and Gas Company for directional drilling of the Custer Wells No. 1. By Order R-6792, entered on October 2, 1981, the Division approved the application of Arco.

Order No. R-6626 provided, among other things, that should the subject well not be drilled to completion, or abandonment, within 120 days after commencement thereof, Arco should appear before the Division Director and show cause why the pooling provisions of this order should not be rescended.

Arco Oil and Gas Company has acted in good faith and has diligently pursued the drilling of the Custer Wells No. 1. Arco has, however, experienced substantial time delays due to the fact that they are drilling a deviated hole and have encountered considerable amounts of shale while drilling. Consequently, we have been unable to complete the well within the 120 days provided in Order R-6626.

Arco Oil and Gas Company, therefore, request that the provisions of Order R-6626 be extended by the Division Director until January 1, 1982. This time extension will afford Arco an opportunity to complete its drilling to the Ellenburger formation and complete the Custer Wells No. 1.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr Attorney for Arco Oil and Gas Company

WFC:kb

cc: Horace Burton, Esq. Mr. B. L. Stokely



# STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR LARRY KEHOE SECRETARY

## April 9, 1981

POST OFFICE BOX 2068 8TATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

L

Mr. Gary Kilpatric Montgomery & Andrews Attorneys at Law P. O. Box 2307 Santa Fe, New Mexico Re: CASE NO. 7164 ORDER NO. <u>R-6626</u>

Applicant:

- ARCO-0il-and-Gas Company

Dear Sir:

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

Spurs very truly, C.C. JOE D. RAMEY Director

## JDR/fd

Copy of order also sent to:

Hobbs OCD	x
Artesia OCD	X
Aztec OCD	

Other

### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 7164 Order No. R-6626

APPLICATION OF ARCO OIL AND GAS Company for compulsory pooling, Lea county, New Mexico.

#### ORDER OF THE DIVISION

#### BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 11, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of April, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, ARCO Oil and Gas Company, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, NMPM, Custer Field, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are royalty interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit. -2-Case No. 7164 Order No. R-6626

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(8) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before July 1, 1981, the order pooling said unit should become null and void and of no effect whatsosver.

#### IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian and Ellenburger formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, NMPM, Custer Field, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and promation unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of July, 1981, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Ellenburger formation;

<u>PROVIDED FURTHER</u>, that in the event said operator does not commence the drilling of said well on or before the let day of July, 1981, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

<u>PROVIDED FURTHER</u>, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That ARCO 011 and Gas Company is hereby designated the operator of the subject well and unit.

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; -3-Case No. 7164 Order No. R-6626

SEAL

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that the operator shall notify the Division of the name and address of seid escrow agent within 30 days from the date of first deposit with said escrow agent.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may doem necessary.

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

> STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Willy JOE D. RAMEY Diractor

		Page1
1	ENERGY AND	OF NEW MEXICO MINERALS DEPARTMENT
3	STATE LA SANTA L	ERVATION DIVISION AND OFFICE BLDG. FE, NEW MEXICO arch 1981
4		INER HEARING
6		)
7	IN THE MATTER OF:	
8	Application of ARCO Company for compuls County, New Mexico	sory pooling, Lea ) CASE
9 10	BEFORE: Richard L. Stamets	
11		
12	TRANSCRII	PT OF HEARING
13		
. 15	APPE	ARANCES
16		
17	For the Oil Conservation Division:	Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg.
19		Santa Fe, New Mexico 87501
20	For the Applicant:	Gary Kilpatric, Esq. MONTGOMERY & ANDREWS
21 22		Paseo de Peralta Santa Fe, New Mexico 87501
23		
24		
25		
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<i>,</i> •		

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3 1 2 MR. STAMETS: We'll call next Case 7164. 3 MR. PADILLA: Application of ARCO Oil 4 and Gas Company for compulsory pooling, Lea County, New Mexico. 5 MR. KILPATRIC: Yes. I'm Gary Kilpatric 6 Montgomery & Andrews, P. A., appearing on behalf of ARCO Oil 7 and Gas. 8 I have two witnesses to be sworn in Case 9 7164. 10 11 (Witnesses sworn.) 12 13 HUAN PHAM 14 being called as a witness and being duly sworn upon his oath, 15 testified as follows, to-wit: 16 17 DIRECT EXAMINATION 18 BY MR, KILPATRIC: 19 Would you please state your name? Q. 20 My name is Huan Pham. A. 21 And by whom are you employed and in what Q. 22 capacity? 23 A. I'm employed by ARCO Oil and Gas as a 24 petroleum engineer. 25 Q. Have you testified and had your qualifi-

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1	4
2	cations made a matter of record and accepted by the Oil Con-
3	servation Commission?
4	A. Yes, I have,
5	MR. KILPATRIC: Are the witness' quali-
6	fications acceptable?
7	MR. STAMETS: They are.
8	MR. KILPATRIC: Thank you.
9	Q. Are you familiar with ARCO's application
10	in Case 7164?
11	A. Yes, I am.
12	Q. Would you tell the Examiner what ARCO
13	seeks in this application?
14	A. ARCO Oil and Gas in this application is
15	seeking an order all mineral interests from the top of the
16	Wolfcamp to the base of the Ellenburger formations underlying
17	the north half of Section 6, Township 25 South, Range 37 East
18	in Lea County, New Mexico.
19	The proposed 320-acre spacing unit is to
20	be dedicated to a well to be drilled to a total depth of
21	12,800 feet at a standard location 1410 feet from the north
22	line and 2164 feet from the west line of Section 6. The well
23	is to be dually completed in the Devonian and the Ellenburger
24	formations.
25	Q. Will you tell us what interest AKCO has

5 1 in the mineral interests which are the subject of this appli-2 3 cation? ARCO has 25.3 percent working interest A. in the well. 5 I now refer you to what has been marked 0. 6 for identification as ARCO Exhibit Number One in this case, 7 and would ask you to identify it and describe it and its sig-8 nificance in this case to the Examiner. 9 Exhibit Number One is an area map with 10 A. the proposed 320-acre proration unit highlighted in red. 11 The proposed well, also colored in red, is located 1810 feet 12 from the north line and 2164 feet from the west line. 13 Also shown in dotted line are the 14 existing offset units. 15 All right. Let me now refer you to what Q. 16 has been marked as Exhibit Number Two for identification, and 17 18 ask you to describe Exhibit Number Two. Exhibit Number Two is the gamma ray 19 A. neutron density logs of the Conoco wells, B-1 No. 5, shown 20 on Exhibit Number One as the direct offset to the west. The 21 well was completed as a dual in the Devonian and the Ellen-22 burger in June of 1980. 23 This exhibit shows the top of the Devonian 24 25 at 9751 fect. Also shown is the perforation interval colored

6 1 2 in red. 3 Q. Let me now refer you to what has been marked as ARCO Exhibit Number Three in this case and ask you 4 if you would describe and explain that exhibit? 5 A. Exhibit Number Three is the gamma ray 6 7 neutron density logs of the same well with the top of the 8 Ellenburger marked at 12,428 feet. The perforation interval G is also colored in red. 10 Were Exhibits One through Three prepared 0. 11 by you or at your -- under your supervision? 12 Yes, sir, they were. A. 13 Can you describe for the Examiner what Q. 14 ARCO's plans are for drilling at this location? 15 A. For our future plan, we intend to spud the 16 proposed well as soon as possible in 1981. After obtaining 17 the forced pooling order from the Commission we intend to 18 drill the well at the location mentioned above to a total 19 depth of 12,800 feet, and complete the well as a dual in the 20 Devonian and the Ellenburger. 21 0. Do you have any estimate as to the volume 22 of gas which will be recovered by this well? 23 Yes, sir. The well is expected to re-A, 24 cover in excess of 5-billion cubic feet of gas from the 25 Devonian and 2-billion cubic feet of gas from the Ellenburger

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2	Q. In your opinion do you feel that the
3	granting of this application will be in the will be fair
4	to the royalty interest owners and in the interest of the
5	prevention of waste and the protection of correlative rights?
6	A. Yes, in my opinion, it will.
7	MR. KILPATRIC: Mr. Examiner, at this
8	time I'd move admission of Exhibits One through Three.
9	MR, STAMETS: These exhibits will be ad-
10	mitted.
11	MR. KILPATRIC: And I have no further
12	questions of this witness.
13	
14	CROSS EXAMINATION
15	BY MR, STAMETS:
16	Q. I'd like to clarify that the we're
17	talking about pooling two formations, is that correct, the
18	Devonian and the Ellenburger?
19	A. We would like to include from the top of
20	the Wolfcamp to the base of the Ellenburger. Yeah, we have
21	made a change there.
22	Q Okay, that will require a readverstisement
23	MR. KILPATRIC: We filed an amended ap-
24	plication
25	MR. STAMETS; Well, the docket doesn't

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2	reflect that.
3	A. I thought we talked to Mr. Ramey one day
4	when we came up the last time about this.
5	MR. KILPATRIC: Yeah, I think at the
6	other hearing I asked if we would need one and I was hoping
7	that would
8	A. It is mainly for the matter of conven-
9	ience.
10	MR. KILPATRIC: I think if you'll look
11	in the original application we also set forth both pools in
12	the title and in the body. The amendment didn't go to that.
13	MR. STAMETS: Okay, I'm confused. Where
14	on the amended application does it include these other form-
15	ations here?
16	MR, KILPATRIC: I was looking at the
17	do you want to refer to this?
18	(There followed discussion off the
19	record.)
20	A. Yeah, in the paragraph two here, we say
21	applicant has proposed to drill a well on the aforesaid
22	acreage, the well being located 1810 feet from the north line
23	and 2164 feet from the west line of said Section 6, which
24	well is presently projected from a depth of 6000 feet to the
25	base of the Ellenburger.

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2	And I've asked, you know, from the top
3	of the Wolfcamp. The Wolfcamp is below 650 feet.
4	MR. STAMETS: I don't I don't find
5	any place where it requested anything other than the Devonian
6	and the Ellenburger in the original or in the amended appli-
7	cation either one.
8	Those are the only two horizons which
9	are requested, as near as I can tell.
10	(There followed discussion
11	off the record.)
12	MR. STAMETS: In any event, things being
13	what there are, there's no way we can pool anything at this
14	hearing except the Devonian and the Ellenburger, and if you
15	want those other horizons in there we'll have to readvertise,
16	reopen the case, and issue an order after it's reopened.
17	MR. KILPATRIC: Should we go ahead with
18	our testimony?
19	MR, STAMETS. We can go ahead with the
20	testimony.
21	MR. KILPATRIC: All right.
22	Q All right. Let me ask you a question,
23	then. Since to this point you have talked solely about the
24	Devonian and the Ellenburger, is it are there potential
25	other producing horizons in the Wolfcamp and in Pennsylvaniar
L	

10 1 2 zones? As far as I know, there are potentials 3 A. in the Silurian and the Fusselman and they are in the Devonian 4 5 and the Ellenburger zones. Is it possible that you might pick up 6 Q. 7 some Wolfcamp and Pennsylvanian production in this area? Ŕ It is unlikely, sir. A. 9 Well, if it's unlikely, why do you want a 10 to pool those zones? Well, I say, it's mainly for the matter 11 A. 12 of convenience, you know, from the top of such zone to the 13 bottom of such zone, you know, where we have a 320-acre pro-14 ration unit. 15 But unless there's some reason to pool 0. 16 these zones, you don't ever intend to produce them, then we 17 wouldn't pool them, and if -- what I'm trying to find out is 18 if ARCO considers that there is an opportunity to find pro-19 duction in the Wolfcamp and the Pennyslvanian horizons in 20 this area, and that in order for you to produce those zones 21 you would have to have compulsory pooling. 22 The answer to that, if you can respond 23 positively to that, then we can pool them. If you respond 24 negatively, then I don't see any reason for us to pool them. 25 I don't -- I do not know of any production A.

1	11
2	you know, in that area from the from the Wolfcamp.
3	MR. STAMETS: Mr. Kilpatric.
4	MR. KJLPATRIC: Sir.
5	MR. STAMETS: Would you like to develop
6	a line of testimony in this case which will allow us to pool
7	these other horizons?
8	MR. KILPATRIC: If I could have a recess.
9	MR, STAMETS: You certainly may have a
10	recess. I think this is an excellent time for a 15 minute
11	recess.
12	MR. KILPATRIC: Thank you very much,
13	
14	(Thereupon a recess
15	was taken.)
16	
17	MR. STAMETS: The hearing will please
18	come to order.
19	Mr. Kilpatric, will you proceed with
20	your case?
21	MR. KILPATRIC: Yes, Mr. Examiner, I
22	appreciate the recess. I think that our advertisement may be
23	sufficient in light of what we are going to request, and I'm
24	going to follow up and develop some testimony along those
25	lines.

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1	12
2	MR. STAMETS: Okay, fine.
3	Q. Mr. Pham, would you state again just in
4	what formations ARCO is requesting to have pooled in this
5	application?
6	A. We request an order pooling all mineral
7	interests from the top of the Devonian to the base of the
8	Ellenburger.
9	Q. And why is it you wish to pool the in-
10	terests in those formations?
11	A. I believe they have potential for pro-
12	duction.
13	Q. And now you're not requesting to pool the
14	interests in the in any other formations, is that correct?
15	A. Right.
16	MR. STAMETS: Okay, that will be fine.
17	MR. KILPATRIC: All right.
18	MR. STAMETS: And that does fit with the
19	advertisement.
20	Are there any other questions of the
21	witness? He may be excused.
22	MR. KILPATRIC: I have one more witness
23	in this case.
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2	THOMAS S. MUTRANOWSKI
3	being called as a witness and being duly sworn upon his oath,
4	testified as follows, to-wit:
5	
6	DIRECT EXAMINATION
7	BY MR. KILPATRIC:
8	Q. Will you state your name for the record?
9	A. My name is Thomas Scott Mutranowski,
10	Q. And by whom are you employed and in what
11	capacity?
12	A. I'm employed as a petroleum landman for
13	
14	ARCO Oil and Gas Company.
15	Q. And have you previously testified before
16	the Oil Conservation Division as a petroleum landman?
1	A. No, this is my first time.
17	Q. Would you briefly describe your educa-
18	tional background and your professional experience as it re-
19	lates to your qualifications as a landman?
20	A. Yes, I will. My educational background
21	includes a Masters degree in business administration and my
22	professional background includes almost two years as a pet-
23	roleum landman for ARCO Oil and Gas Company, which included
24	the in-house training program for a petroleum landman.
25 ·	MR. KILPATRIC: Mr. Examiner, are the

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1	14
2	MR. KILPATRIC: Mr. Examiner, are the
3	witness' qualifications acceptable as a petroleum landman?
4	MR. STAMETS: They are.
5	Q. Mr. Mutranowski, are you familiar with
6	the ownership of royalty, as well as working interests within
7	the north half of Section 6, Township 25 South, Range 37 East
8	in Lea County, New Mexico?
9	A. Yes, I am,
<b>10</b>	Q And are you familiar with the efforts
11	which have been made by ARCO to seek commitment of all the
12	interests on that tract, which is the subject of this appli-
13	cation?
14	A. Yes, I am.
15	Q. Are all the working interests committed,
16	and in that connection I refer you to what has been marked
17	for identification as ARCO's Exhibit Number Four.
18	A. Correct. All the working interest to
19	the proposed unit area have been committed, with Atlantic
20	Richfield Company having 25.3 percent interest; Santa Fe
21	Energy Corporation, 12.6 percent interest; Getty Oil Company,
22	25.2 percent working interest; El Paso Natural Gas Company,
23	12 percent interest; and Phillips Petroleum Company, 24.7
24	percent working interest.
25	Q And just what is Exhibit Four?

	15	
1	the executed	
2	A. Exhibit Four is copies of the executed	
3	AFE and signature page of the joint operating agreement for	
4	the proposed unit.	•
5	Q. And you have all the signatures of the	
6	working interest owners on the	
7	A. Yes, all the working interest owners	
8	signatures have been obtained.	
9	All right. Is all the acreage within	
10	this tract fee lands?	
11		
12	acres fee land and 158.07 Federal land.	- <b> </b>
1	Will you describe for the Examiner the	Ì
	the wore made to secure commitments of the royalty	
	t the results which you have, and in that con-	
1	5 interest and the results what has been marked as ARCO's Exhibit nection I refer you to what has been marked as ARCO's Exhibit	.t
1	16 nection I refer you to what had a	
-	17 Number Five.	
	18 A. Yes. A letter was mailed on February	
	19 24th, 1981, addressed to all the royalty owners and other	
	and a summary of interest in production, whereby they were given a	n
	an apportunity to voluntarily pool their interest. It describe	
	21 opportunity interest area and what operations ARCO proposed 22 the working interest area and what operations ARCO proposed	1
	22 to do in connection with the proposed well.	
	23 to do in commune 24 115 letters were mailed out. As of the	he
	24	
	25 date of this hearing we have a	-

1		16
2	Q	In your opinion, do you believe that it's
3	likely that you will	be able to obtain the voluntary commit-
4	ment of all the roya	lty interest owners?
5	$\sim \mathbf{A}^{(1)}_{1}$ , $\sim \sim \infty^{-1}_{1}$	No, I do not.
6		MR. KILPATRIC: At this time I'd move
7	the admission of Exh:	bits Four and Five.
8 -		MR. STAMETS: These exhibits will be
9	admitted.	
10		MR. KILPATRIC: Are there any other
11	questions of the with	ness? He may be excused.
12		Anything further in this case?
13		MR. KILPATRIC: Nothing further.
14		MR. STAMETS: The case will be taken
15	under advisement.	
16		
17		(Hearing concluded.)
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# CERTIFICATE

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SALLY W. BOYD, C.S.

Kt. 1 Box 193-B

Fe, New Mexico 87 206 (505) 455-7409

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I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Soldy W. Boyd C.S.E.

I do hereby certify that the foregoing is ings in 7164 a comple 81 the Exa: hear ? Examiner Oil Conservation Division

	1 2 3	ENERG OIL ST	Page 1 STATE OF NEW MEXICO Y AND MINERALS DEPARTMENT CONSERVATION DIVISION ATE LAND OFFICE BLDG. ANTA FE, NEW MEXICO 11 March 1981
	4		EXAMINER HEARING
	6 IN 7 8 9		) f ARCO Oil and Gas ) ompulsory pooling, Lea ) CASE exico. ) 7164 )
		ORE: Richard L. Stam	ets
$\bigcirc$	11 12 13	TRA	NSCRIPT OF HEARING
•	14 15	AP	PEARANCES
		r the Oil Conservatio Division:	on Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
· .	19 20 Fo 21	r the Applicant:	Gary Kilpatric, Esq. MONTGOMERY & ANDREWS Paseo de Peralta
	22 23 24		Santa Fc, New Mexico 87501
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2		MR. STAMETS: We'll call next Case 7164.
3	•	MR. PADILLA: Application of ARCO Oil
4	and Gas Company for	compulsory pooling, Lea County, New Mexico.
5		MR. KILPATRIC: Yes. I'm Gary Kilpatric
6	Montgomery & Andrews	, P. A., appearing on behalf of ARCO OII
7	and Gas.	
8		I have two witnesses to be sworn in Case
9	7164.	
10		
11	, ,	(Witnesses sworn.)
12		
13		HUAN PHAM
14	being called as a wi	tness and being duly sworn upon his oath,
15	testified as follows	, to-wit:
16		· ·
17	: :	DIRECT EXAMINATION
18	BY MR. KILPATRIC:	
19	Q	Would you please state your name?
20	A	My name is Huan Pham.
21	Q.	And by whom are you employed and in what
22	capacity?	
23	Α.	I'm employed by ARCO Oil and Gas as a
24	petroleum engineer.	
25	Q.	Have you testified and had your gualifi-

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2	cations made a matter of record and accepted by the Oil Con-
3	servation Commission?
4	A. Yes, I have.
5	MR. KILPATRIC: Are the witness' quali-
6	fications acceptable?
7	MR. STAMETS: They are.
8	MR. KILPATRIC: Thank you.
9	Ω Are you familiar with ARCO's application
10	in Case 7164?
11	A. Yes, î am.
12	Q Would you tell the Examiner what ARCO
13	seeks in this application?
14	A ARCO Oil and Gas in this application is
15	seeking an order all mineral interests from the top of the
16	Wolfcamp to the base of the Ellenburger formations underlying
17	the north half of Section 6, Township 25 South, Range 37 East
18	in Lea County, New Mexico.
19	The proposed 320-acre spacing unit is to
20	be dedicated to a well to be drilled to a total depth of
21	12,800 feet at a standard location 1410 feet from the north
22	line and 2164 feet from the west line of Section 6. The well
23	is to be dually completed in the Devonian and the Ellenburger
24	formations.
25	Q. Will you tell us what interest ARCO has

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1	5
2	in the mineral interests which are the subject of this appli-
3	cation?
4	A. ARCO has 25.3 percent working interest
5	in the well.
6	Q. I now refer you to what has been marked
7	for identification as ARCO Exhibit Number One in this case,
8	and would ask you to identify it and describe it and its sig-
9	nificance in this case to the Examiner.
10	A. Exhibit Number One is an area map with
11	the proposed 320-acre proration unit highlighted in red.
12	The proposed well, also colored in red, is located 1810 feet
13	from the north line and 2164 feet from the west line.
14	Also shown in dotted line are the
15	existing offset units.
16	Q. All right. Let me now refer you to what
17	has been marked as Exhibit Number Two for identification, and
18	ask you to describe Exhibit Number Two.
19	A. Exhibit Number Two is the gamma ray
20	neutron density logs of the Conoco wells, B-1 No. 5, shown
21	on Exhibit Number One as the direct offset to the west. The
22	well was completed as a dual in the Devonian and the Ellen-
23	burger in June of 1980.
24	This exhibit shows the top of the Devoni
25	at 9751 feet. Also shown is the perforation interval colored

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6 1 2 in red. 3 Let me now refer you to what has been Q. 4 marked as ARCO Exhibit Number Three in this case and ask you 5 if you would describe and explain that exhibit? 6 λ. Exhibit Number Three is the gamma ray 7 neutron density logs of the same well with the top of the 8 Ellenburger marked at 12,428 feet. The perforation interval 9 is also colored in red. 10 Were Exhibits One through Three prepared Q. 11 by you or at your --- under your supervision? 12 Yes, sir, they were. A. 13 Can you describe for the Examiner what Q 14 ARCO's plans are for drilling at this location? 15 A. For our future plan, we intendeto spud the 16 proposed well as soon as possible in 1981. After obtaining 17 the forced pooling order from the Commission we intend to 18 drill the well at the location mentioned above to a total 19 depth of 12,800 feet, and complete the well as a dual in the 20 Devonian and the Ellenburger. 21 Do you have any estimate as to the volume 0. 22 of gas which will be recovered by this well? 23 Yes, sir. The well is expected to re-A. 24 cover in excess of 5-billion cubic feet of gas from the 25 Devonian and 2-billion cubic feet of gas from the Ellenburger

7 1 2 Ω. In your opinion do you feel that the 3 granting of this application will be in the --- will be fair 4 to the royalty interest owners and in the interest of the 5 prevention of waste and the protection of correlative rights? 6 Yes, in my opinion, it will. A. 7 MR. KILPATRIC: Mr. Examiner, at this 8 time I'd move admission of Exhibits One through Three. 9 MR. STAMETS: These exhibits will be ad-10 mitted. 11 MR. KILPATRIC: And I have no further 12 questions of this witness. 13 14 CROSS EXAMINATION 15 BY MR. STAMETS: 16 I'd like to clarify that the -- we're Q 17 talking about pooling two formations, is that correct, the 18 Devonian and the Ellenburger? 19 We would like to include from the top of A. 20 the Wolfcamp to the base of the Ellenburger. Yeah, we have 21 made a change there. <u>22</u> Okay, that will require a readverstisement. ŷ. 23 MR. KILPATRIC: We filed an amended ap-24 plication 25 MR. STAMETS. Well, the docket doesn't

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reflect that.

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A. I thought we talked to Mr. Ramey one day when we came up the last time about this.

MR. KILPATRIC: Yeah, I think at the other hearing I asked if we would need one and I was hoping that would ---

A. It is mainly for the matter of convenience.

MR. KILPATRIC: I think if you'll look in the original application we also set forth both pools in the title and in the body. The amendment didn't go to that. MR. STAMETS: Okay, I'm confused. Where on the amended application does it include these other formations here?

MR. KILPATRIC: I was looking at the --do you want to refer to this?

(There followed discussion off the record.)

A Yeah, in the paragraph two here, we say applicant has proposed to drill a well on the aforesaid acreage, the well being located 1810 feet from the north line and 2164 feet from the west Line of said Section 6, which well is presently projected from a depth of 6000 feet to the base of the Ellenburger.

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9 1 2 And I've asked, you know, from the top 3 of the Wolfcamp. The Wolfcamp is below 650 feet. MR. STAMETS: I don't -- I don't find 5 any place where it requested anything other than the Devonian 6 and the Ellenburger in the original or in the amended appli-7 cation either one. 8 Those are the only two horizons which 9 are requested, as near as I can tell. 10 (There followed discussion 11 off the record.) 12 MR. STAMETS: In any event, things being 13 what there are, there's no way we can pool anything at this 14 hearing except the Devonian and the Ellenburger, and if you 15 want those other horizons in there we'll have to readvertise, 16 reopen the case, and issue an order after it's reopened. 17 MR. KILPATRIC: Should we go ahead with 18 our testimony? 19 MR. STAMETS. We can go ahead with the 20 testimony. 21 MR. KILPATRIC: All right. 22 All right. Let me ask you a question, Q. 23 then. Since to this point you have talked solely about the 24 Devonian and the Ellenburger, is it -- are there potential 25 other producing horizons in the Wolfcamp and in Pennsylvanian

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A. As far as I know, there are potentials in the Silurian and the Fusselman and they are in the Devonian and the Ellenburger zones.

0. Is it possible that you might pick up some Wolfcamp and Pennsylvanian production in this area?

It is unlikely, sir.

Q. Well, if it's unlikely, why do you want to pool those zones?

A. Well, I say, it's mainly for the matter of convenience, you know, from the top of such zone to the bottom of such zone, you know, where we have a 320-acre proration unit.

Q But unless there's some reason to pool these zones, you don't ever intend to produce them, then we wouldn't pool them, and if -- what I'm trying to find out is if ARCO considers that there is an opportunity to find production in the Wolfcamp and the Pennyslvanian horizons in this area, and that in order for you to produce those zones you would have to have compulsory pooling.

The answer to that, if you can respond positively to that, then we can pool them. If you respond negatively then I don't see any reason for us to pool them. A. I don't -- I do not know of any production

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1	10
2	zones?
3	A. As far as I know, there are potentials
4	in the Silurian and the Fusselman and they are in the Devonian
5	and the Ellenburger zones.
6	Q. Is it possible that you might pick up
7	some Wolfcamp and Pennsylvanian production in this area?
8	A. It is unlikely, sir.
9	Q Well, if it's unlikely, why do you want
10	to pool those zones?
11	A. Well, I say, it's mainly for the matter
12	of convenience, you know, from the top of such zone to the
13	bottom of such zone, you know, where we have a 320-acre pro-
14	ration unit.
15	Q. But unless there's some reason to pool
16	these zones, you don't ever intend to produce them, then we
17	wouldn't pool them, and if what I'm trying to find out is
18	if ARCO considers that there is an opportunity to find pro-
19	duction in the Wolfcamp and the Pennyslvanian horizons in
20	this area, and that in order for you to produce those zones
21	you would have to have compulsory pooling.
22	The answer to that, if you can respond
23	positively to that, then we can pool them. If you respond
24	negatively then I don't see any reason for us to pool them.
25	A. I don't I do not know of any production
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1	from the Wolfcamp.	
2	you know, in that area from the from the Wolfcamp.	
3	MR. STAMETS: Mr. Kilpatric.	
4	MR. KILPATRIC: Sir.	
5	MR. STAMETS: Would you like to develop	
6	a line of testimony in this case which will allow us to pool	
7	these other horizons?	
8	MR. KILPATRIC: If I could have a recess.	
9	MR. STAMETS: You certainly may have a	
10	recess. I think this is an excellent time for a 15 minute	-
11	recess.	
12	MR. KILPATRIC: Thank you very much.	
13		i
14	(Thereupon a recess	
15	was taken.)	
16		
17	MR. STAMETS: The hearing will please	
18	come to order.	
19	Mr. Kilpatric, will you proceed with	
2	your case?	
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2	2 appreciate the recess. I think that our advertisement may be	:
2	3 sufficient in light of what we are going to request. and I'm	
2	going to follow up and develop some testimony along those	
2	25 lines.	_

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	2	MR. STAMETS: Okay, fine.
	3	$\Omega$ Mr. Pham, would you state again just in
	4	what formations ARCO is requesting to have pooled in this
	5	application?
· ·	6	A. We request an order pooling all mineral
	7	interests from the top of the Devonian to the base of the
. ~	8	Ellenburger.
	9	And why is it you wish to pool the in-
	10	terests in those formations?
	11	A I believe they have potential for pro-
	12	duction.
	13	Q. And now you're not requesting to pool the
	14	interests in the in any other formations, is that correct?
	15	A. Right.
	16	MR. STAMETS: Okay, that will be fine.
	17	MR. KILPATRIC: All right.
	18	MR. STAMETS: And that does fit with the
	19	advertisement.
	20	Are there any other questions of the
	21	witness? He may be excused.
	22	MR. KILPATRIC: I have one more witness
	23	in this case.
	24	
	25	

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13 1 2 THOMAS S. MUTRANOWSKI 3 being called as a witness and being duly sworn upon his oath, 4 testified as follows, to-wit: 5 6 DIRECT EXAMINATION 7 BY MR. KILPATRIC: 8 Will you state your name for the record? Q. 9 My name is Thomas Scott Mutranowski. A. 10 And by whom are you employed and in what 0 11 capacity? 12 I'm employed as a petroleum landman for A. 13 ARCO Oil and Gas Company. 14 And have you previously testified before Q. 15 the Oil Conservation Division as a petroleum landman? 16 No, this is my first time. A. 17 Would you briefly describe your educa-0. 18 tional background and your professional experience as it re-19 lates to your qualifications as a landman? 20 Α. Yes, I will. My educational background 21 includes a Masters degree in business administration and my 22 professional background includes almost two years as a pet-23 roleum landman for ARCO Oil and Gas Company, which included 24 the in-house training program for a petroleum landman. 25 MR. KILPATRIC: Mr. Examiner, are the

14 1 2 MR. KILPATRIC: Mr. Examiner, are the 3 witness' qualifications acceptable as a petroleum landman? 4 MR. STAMETS: They are. 5 Mr. Mutranowski, are you familiar with Q. 6 the ownership of royalty, as well as working interests within 7 the north half of Section 6, Township 25 South, Range 37 East 8 in Lea County, New Mexico? 9 Yes, I am. A. 10 And are you familiar with the efforts Ω 11 which have been made by ARCO to seek commitment of all the 12 interests on that tract, which is the subject of this appli-13 cation? 14 Yes, I am. A. 15 Are all the working interests committed, Q 16 and in that connection I refer you to what has been marked 17 for identification as ARCO's Exhibit Number Four. 18 Correct. All the working interest to Α. 19 the proposed unit area have been committed, with Atlantic 20 Richfield Company having 25.3 percent interest: Santa Fe 21 Energy Corporation, 12.6 percent interest; Getty Oil Company, 22 25.2 percent working interest: El Paso Natural Gas Company, 23 12 percent interest; and Phillips Petroleum Company, 24.7 24 percent working interest. 25 And just what is Exhibit Four? Q.

15 1 2 λ. Exhibit Four is copies of the executed 3 AFE and signature page of the joint operating agreement for 4 the proposed unit. 5 And you have all the signatures of the Q. 6 working interest owners on the ---7 Yes, all the working interest owners' λ. 8 signatures have been obtained. 9 All right. Is all the acreage within Q. 10 this tract fee lands? 11 No, there is approximately 158.12 net A. 12 acres fee land and 158.07 Federal land. 13 Will you describe for the Examiner the 0. 14 efforts which were made to secure commitments of the royalty 15 interest and the results which you have, and in that con-16 nection I refer you to what has been marked as ARCO's Exhibit 17 Number Five. 18 Yes. A letter was mailed on February λ. 19 24th, 1981, addressed to all the royalty owners and other 20 owners of interest in production, whereby they were given an 21 opportunity to voluntarily pool their interest. It described 22 the working interest area and what operations ARCO proposed 23 to do in connection with the proposed well. 24 115 letters were mailed out. As of the 25 date of this hearing we had 15 percent response rate.

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	2	Q	In your opinion, do you believe	that it's
	3	likely that you will	be able to obtain the voluntary	commit-
	4	ment of all the roya	lty interest owners?	
	5	λ.	No, I do not.	
	6		MR. KILPATRIC: At this time I'd	d move
	7	the admission of Exh	ibits Four and Five.	-
	8		MR. STAMETS: These exhibits wi	ll be
	9	admitted.		~
	10		MR. KILPATRIC: Are there any of	ther
	11	questions of the wit	ness? He may be excused.	
÷	12		Anything further in this case?	
	13		MR. KILPATRIC: Nothing further	•
	14	· · ·	MR. STAMETS: The case will be t	taken
	15	under advisement.		
	16	·		
	17		(Hearing concluded.)	
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SALLY W. BOYD, C.S.R. kt, I Box 193-B Santa Fc, New Miscie 87301 Phone (50) 455-7409 I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

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Sally W. Boyd C.S.E.

I do hereby certify that the foregoing is a complete the state of the

, Examiner Oil Conservation Division



EXHIBIT 2

# CONOCO INC WELLS B-1 NO.5

1650'FNL 8 660'FEL SEC.I, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL. КВ 3253



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# CONOCO INC WELLS B-1 NO.5

1650'FNL & 660'FEL SEC.I, T-25-S, P-36-E LEA COUNTY, NEW MEXICO EL. KB 3253



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. (	by and between Atlantic Richfield Company, Company, et.al., Non-Operators.	
1" 	ARTICLE MUSCELLAS	
 4 5	This agreement shull be binding úpon ar d shall inn exopective (b.a.), devise e, legal, representatives, suc	er to the brackle of the part (schereto and to the). It is needed and to the set
41 - 	The net ment in a be executed by a contaction of original to call prepared.	nt comparent, corrected wither class, be considered.
9: :	EVANDER WIRBBOR, this agreement class be-	et the word 23rd day of August
:	OPERAT	FOR
1 5		Atlantic Richfield Company
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ti 9 0	· · · · · · · · · · · · · · · · · · ·	By: C. E. Cardwell, Jr. Attorney-In-Fact
1 2		hur
3 4 ≈	NON-OPER.	ATORS
5 6 ·		Getty Oil Company
; 8 9 * .		By:
9		
1 2 3 5		Phillips Petrolean Company
,		By: (b) / M Cliff Ohr, Attorney-In-Fact
r F I		Santa Fe Energy Company
)   2		By:
: - -	•	El Paso Natural Gas Company
<b>i</b> -		By:
) '		
		BEFORE EXAMPMER STATUETS
		CASE NO. 7164
		Submitted by ARCO
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Attached to and made a part of Operating Agreement dated August 23, 1920, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operators

THE STATE OF TEXAS

COUNTY OF MIDLARD

BEFORE ME, the undersigned authority, on this day personally appeared <u>C. E. CARDWELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER THY HAND AND SEAL OF OFFICE, this lots day of Suptembers,

Notary Public

KOTAHY FUDLE

CORPORATION ACKNOWLEDGMENT

STATE OF	TEXAS
COUNTY OF	HARRIS

BEFORE ME, the undersigned, a Notary Public in and for soid County and State, on this day personally appeared <u>Cliff Ohr</u> <u>Attorney-In-Fact</u>, known to me to be the person and allicer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the soid <u>PHILLIPS PETROLEUM COMPANY</u>, a corporation, and that <u>he</u> executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the copacity therein stated.

• GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March A.D., 19\_81. My Commission Expires:

August 25, 1984

ARY PUBLIC Notary Public in and for Harris County, Texas KENT CRAWFORD

CORPORATION ACKNOWLEDGMENT

STATE OF	<u>````````````````````````````````</u>	• •
COUNTY OF		· .
	en e	
BEFORE ME, the under	signed, a Natory Public in and for said County and State, on this de	ay personally appeared
, kr	nown to me to be the person and officer whose name is subscribed to	the foregoing instrument and acknowledged
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end thatbe exe	ecuted the same as the act of such corporation for the purposes o	and consideration therein expressed, and in
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	CORPORATION ACKNOWLEDGMENT	
STATE OF		
COUNTY OF	<b></b>	
ومستحاصا ودور المستور ووالمارية المتحدومين	lersigned, a Matary Public in and for sold County and State, on this da Anown to me to be the person and afficer whose name is subscribed to	the foregoing instrumient and acknowledged
to me that the same was t	the act of the sold.	, o corporation,

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_\_day of\_\_\_\_\_\_. A.D., 19\_\_\_\_\_.

faile	chichfield () mpai R-WELLS No. 1: Dr.1	*** * ** **		7 37 60		NID-	n o 40	- W	/j c;	(penditur mat authorization sion number
CUS11.	K-WEGES KO. 17 DELT	<u>u sq</u>	urb 			MA	R9_1		[] Revi	2)CU 1024:241
Location			*****				OIL-AND G		• •··· •···	: 
1650'	FNL & 1980' FWL, Sect				37Е,	NUHINES				
APPR TD	055 Form 12,800 Ellenburge	1000	got informatio		535,4	64	Originated Huan	•	AFE N	1459.61442
Porpose of auth	orization Devon an Elecomptetion Dworkover Clother	(.)   Re			49,0		District	Judia		ligentifier
Defat old well	decase.		ital fostaburde	at dated	10/9/3	79	Permia	un Vest		
210 overopment	1.00%*		nur mstababa				Custer	-		
<ul> <li>Show percent</li> </ul>	ent of total cost applicable to		Named on In: Amount capit	•	• • • •	/79		·85, SO(		, <u>NM-ND-67</u> 1-01
each. Neirste Rhui	I DThree or more		Instabudget \$		•	/(unde:)	Expl. projet		Field c	019
	· · · · · · · · · · · · · · · · · · ·		Substituted to		Item (		Subject to	production	064 Proper	410 iy code(s)
Primary objectly	-		Amount capit	al differs	from PWT	Δ	payment?			•
	as only[]Oil and/or gas n. and/or Explor, group}		Instabudget S		Over	/(under)	Has well pl		-	
114	1025-	_ [	Addition to In		•		prepared?		1	
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D Rate	D Replacement	1.011	ent year capi ent year	tal differ.	s from Instabu	dget	ob-onner o			
Comb. reset	ve & rate Service % rate	by S	0	ver/(und	2()	· • · · · · · · · · · · · · · · · · · ·				
Component	Description and justification	L			Amounts—ia	whole dol	lars only			
AFE No(s)	Attached				On hand	Capital		Expense		Total
614459	Tangible			031		607	,000			607,000
11	Intangible			037		1,250	,000			1,250,000
•/	Total Drilling Cost					1,857	,000			1,857,000
614467	Production Equipment	<u>.</u> .		038		170	,000			170,000
		t	Gross Stats			2,027	,000			2,027,000
Operator Atlantic Richlie!	ARCO Oil & Gas Co.	- In	let Allontic lichfield hore			584	<u>,483</u>			584,483
ownership decir	nal	コンエー	lange reques			<u> </u>		L		
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	a highest level regulred)		Date	'l	uthorized expe Executivo vi			·		
<u>(5</u>	a tweet p.		8/19/9	70			••••			
Other	/		Date	c.	President/C	*••••				Date
[]Regional			Date	<b>- </b>	Date senset C	4910039				• d.u.
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## A.A.P.I., FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

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11:SO ....

Attached to and made part of Operating Agreement dated August 23, 1980, by and between Atlantic Richfield Company, Operator, and Getty Oil Company, et.al., Non-Operators.

#### ARUCLE XAL MOSCELLANEOUS

This approximation shall be binding upon at d shall indire to the benefit of play party's byreto and to the support of the successory and assigns.

This has separated by our standar of costs, parts care of which that be conditional sportighted as all proposed.

IN WITHOURS WHEREOF, this agreement shall be efforted as of 23rd Leaver August

# OPERATOR

## Atlantic Richfield Company

By: C. E. Cardwell, Jr. Attorney-In-Fact

NON-OPERATORS

Getty Oil Company Rν 3, A. MORRIS, AGENT

Phillips Petroleum Company

By: . . . .

Santa Fe Energy Company

By:

El Paso Hatural Gas Company

By:

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al, Non-Operators.

STATE OF OKLAHOMA	)	0.0	
COUNTY OF TULSA	)	SS,	

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on-this day personally appeared J. A. MORRIS, AGENT for GETTY-OIL-COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:

Hester a. Romine-Notary Public

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June 28, 1981

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Purpe Dri	illing - New	Aecompleti	on 🗌 wa	e y o: Irkover		c) / ) )ther	1	item	(2) _42	3_ Amt	49.0	19	District		Projec	it identimer
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AFE	No(s)	Attache		_						codes	On hand	Capital		Expense	, <u> </u>	Total
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61.	4459	Tangibl	Le							031	<b> </b>	607	,000	<b> </b>		607,000
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Oper	rator		· · · · ·						Atlantic	}	<u> </u>	<u>, 2021</u>	,000			<u>~,027,000</u>
		ARCO OS	11 &	Gas	Co	<u></u>		sha	híleid re	1	L		483	ļ		584,483
	tic Richlield							 		stad		Lower				Upper
Payo	ut (years)	6 Return (AFII		218		3 4	-	[***	Completio		\$ Prior year	J	S Curr. ye	ar	S Th	erestter
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	•	highest level				L					Authorized exp	enditure il				108
29	1 2 S	duree	. 1						Oate	7	Santa	Fe Ene	ergy Co	mpany		Date
	<u>- Z Ko</u> ther	aduall	<u>i p</u>	<u>،</u>					8/19/0	80	BY: _( <sup>1</sup> . '	<u>); %</u>	ini	7		11.03.00
ц,	0161		,								EXECU President/C		VICE PI	esident		Date
D R.	egiónal								Dale	{						1
											For Board o	Director			·	Date
CIS	anior vice-p	resident			-				Date	1			-			1

AtlanticRichfieldCom	рану	Sur L	plement Dri		ost Esti	mate -	- Page
Custer Wells No. 1					12,800		
Location 1650' FNL & 1980' F'			5, R37E, Le		ty, New	Mexico	
Western	Distric Pe	ermian West		Field			
Objective		h.		L		@	
Development S			Data Proc	essing info	rmation		
~ ·	Single	Trens. Ident.		F.E. Number		1=0	
Exploratory	)ual		4 5 6	7 8	9 10 11	3 = A	
	Aultiple	AFEI		<u> </u>		Original/Ren 1 = Orig 2 = Revi	inal
Tangible costs		Dry hole	Completion costs	Detail code	Total gross d		Majer account
1. Tubular goods 20 " OD from 0 ' to	301		ļ	12 13 14	15 16 17 18		2 23 24 25
20 " 00 from 0 ' to 13-3/8 00 from 0 ' to 12		1.000	<u> </u>		<b>↓</b>	<i>i</i> i i	<b></b>
$\frac{13-3700}{9-578}$ OD from 0, to 12 9-578" OD from 0, to 64	50	28,000	<u> </u>				+
OD from to 12		110,000	245,000				
2-3/8" OD from0' to 12			60,000	╶╌┟╴╧╌╤╍╴	<u> </u>		+
2-3/8" OD from 0 ' to 9			50,000				+
	' ľ				1		1
" OD from to	' ľ						· ·
2. Casinghead and Christmas Iree		18,000	60,000	504			1
3. Tubing accessories		·	25,000	506		<u> </u>	
4. Artificial lift accessories				507	·		
5. Unclassified materials Total tangibles		5,000	5,000	508	l		<u> </u>
Intangible costs		162,000	445,000	-			
· · · ·			1				
6. Testing tubular goods		8,000	15,000	5 6 9			1 1 1
7. Trucking tubular goods		8,000	8,000	509		!	
8. Casing accessories		5,000		512			<u>  </u>
9. Site preparation, maint, clean up		25,000		5 1 4		; : · ·	
10. Permits, insurance, damages 11. Moving expense		2,000		5 1 5			
12. Boat & barge rental		50,000	<u> </u>	5 1 7	h	· · · · ·	╋╼╤╍╧╍╸
13. Camp & catering				5 2 2			
14. Boiler				5 2 5	<u> </u>	- <u></u>	+
15. Roads, airstrips & maintenance			1	556		· · · · ·	
16. Air freight & air transportation				528	:	i i i	1 1 11
17. Contract footage drilling						منصحف والمستعاد	
t @ \$t Contract daywork (items 18 through 24)	<u>/ ħ.  </u>		<u> </u>	5 3 2			L
t8. Drilling 60days @ \$5000	(a )	300,000				· · · · · · · · · · · · · · · · · · ·	1
19. Casing days @ \$_000	/day /day	15,000	20,000	5 3 3			+
19. Casing days @ \$_2000 20. Fishing3 days @ \$_5000	/day	15,000	20,000	534			
21. Lost circ. & flows_3days @ \$500		15,000		5 3 7			
	/day			5 3 8		· · · ·	<del>f i</del>
22. Log lest & coredays @ \$			1	539		i	
22. Log lest & coredays @ \$           23. Shut down timedays @ \$	/day			and the second se	÷ 1		1
and the second				541		· • •	
23. Shut down timedays @ \$ 24. Completion or pluggingdays @ \$_	/day					· · · · · · · · · · · · · · · · · · · ·	+
23. Shut down timedays @ \$ 24. Completion or pluggingdays @ \$ 25. Completion unit daywork 50 days @ \$	/day		50,000	542			
23. Shut down timedays @ \$days @ \$days @ \$days @ \$ 24. Completion or pluggingdays @ \$ 25. Completion unit daywork 50 days @ \$ 26. Rental: DP, DC, & related tools	/day		50,000	5 <u>4 2</u> 5 <u>4</u> 3			
<ul> <li>23. Shut down timedays @ \$days @ \$days</li></ul>	/day	20,000	50,000	5 4 2 5 4 3 5 4 7			
23. Shut down timedays @ \$days @ \$days @ \$days @ \$ 24. Completion or pluggingdays @ \$ 25. Completion unit daywork 50 days @ \$ 26. Rental: DP, DC, & related tools	/day	20,000 5,000 25,000	50,000	5 <u>4 2</u> 5 <u>4</u> 3			

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Estimated by       I       2       3       A.F.E. number       3         S. A. Haktanir       I       2       3       4       5       6       7       8       9       10       11       07/19         Date       6/30/80       Intangible cost (continued)       Dry hole       Completion costs       Detail code       Total gross dollar         29. Fuel, Iresh water & drayage       40,000       5,000       5       4       9         30. Drilling mud materials & drayage       110,000       5       5       1	p te code ≕ delete s = add Inat/revision indicat 1 = Original
Estimated by       1       2       3       4       F.E. number       3         S. A. Haktanir       1       2       3       4       5       6       7       8       9       10       11       Orig         Date       6/30/80       A       F       E       5       6       7       8       9       10       11       Orig         Intangible cost (continued)       Dry hole       Completion costs       Detail code       Total gross dollar         29. Fuel, fresh water & drayage       40,000       5,000       5       4       9         30. Drilling mud materials & drayage       110,000       5       5       1	i = add Inat/revision indicat 1 = Original
Estimated by S. A. Haktanir Date 6/30/80 Intangible cost (continued) 29. Fuel, fresh water & drayage 30. Drilling mud materials & drayage 1 2 3 4 A F E E Dry hole Completion costs 12 13 14 15 16 17 18 19 5 5 1 Detail Code 12 13 14 15 16 17 18 19 5 5 1	Inat/revision indicat 1 = Original
S. A. Haktanir       A F E E       Orig         Date       6/30/80       Dry hole       Completion costs       Detail code         Intangible cost (continued)       Dry hole       Completion costs       Detail code       Total gross dollar         29. Fuel, fresh water & drayage       40,000       5,000       5 4 9       30. Drilling mud materials & drayage       110,000       5 5 1	1 = Original
Date       A       F       E       L         6/30/80       Intangible cost (continued)       Dry hole       Completion costs       Detail code         111 Intangible cost (continued)       Dry hole       Completion costs       Detail code       Total gross dollar         29. Fuel, fresh water & drayage       40,000       5,000       5 4 9       30. Drilling mud materials & drayage       110,000       5 5 1	
Intangible cost (continued) Dry hole Completion costs Detail Code Total gross dollar 12 12 13 14 15 16 17 18 19 29. Fuel, Iresh water & drayage 40,000 5,000 5 4 9 30. Drilling mud materials & drayage 110,000 5 5 1	2 = Revision
code         12 13 14         15 16 17 18 19           29. Fuel, fresh water & drayage         40,000         5,000         5 4 9           30. Drilling mud materials & drayage         110,000         5 5 1	
19. Fuel, Iresh water & drayage         40,000         5,000         5 4 9           30. Drilling mud materials & drayage         110,000         5 5 1	s Major sccount
0. Drilling mud materials & drayage 110,000 551	20 21 22 23 24 25
1. Drilling mud equipment 5 5 2	
2. Air compressor rental or gas cost 5.5.3	i
S. Air or gas drig. accessories & drayage 5 5 4	
4. Open hole surveys 40,000 5 5 7	· ·
	San
	<u> </u>
5. Data recording services 5.5.8	
20,000	
16,000 5 6 1 -	
9. Perforating lees 10,000 5 6 2	·····
0. Sidewall coring # 533	
1. Conv. diamond or wireline coring ft. 568	
12. Orill stem tests = 2 15,000 572	
13. Acidize Fracture gai. Ibs 120,000 577	
4. Cement & fees for casing 20 "OD CTTC sacks 1,000	
<u>-3-570 " OD CIFC sacks 30,000</u> -7 " OD sacks 35,000	
'' ODsacks	
" ODsacks	
15. Cement & fees for squeezes or plugs 15,000 579	
6. Fishing tool rental & drayage 10,000 10,000 580	
17. Directional drig. toof rental & drayage 5 8 1	
3. Operations - prorate     5 9 0       19. Unclassified tool rental & drayage     15 000     12 000     5 8 7	i
10,000         7,000         5 9 2           33. Supervision by contract personnel         1 0 5	
4. Supervision by A.R.Co. personnel 24,000 10,000 1 0 6	
Total Intangibles	<del>,</del>
885.000 365.000	
	t speciel a state
Fotal cost (tangibles & intangibles)         885,000         365,000           1,047,000         810,000	

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Subject		******	Date
ARCO Custer Wells No. 1: 1 Authorization number	Drill & Equip	·····	July 9, 1980
District		****	م الم الم الي الم الم الي الي الي الي الم الي و الم الي
Permian West			
1650' FNL, 1980' FWL, Sec.	6, T25S, R37E,	Lea County, N	ew Mexico
Project To test Devonian and Ellenburger	· · · · · · · · · · · · · · · · · · ·		formation
Depth 12,800			
Approved	Contract footage		Daywork depth
Casing program:			<u> </u>
Surface casing	**************************************		
13-3/8" 54#/ft @ ±12	2001		
		•	
Protective string			
9-5/8" 36#/ft @ ±64	+50'		
	-		
		-	· · · ·
Oil string			
7″ 26 & 29 <i>#/</i> ft € TD	of 12800'		
	,		
1 Inite			
Liner			
			4
		•	
Casinghead	• •		
Estimated formation tops Est. El. 3250		·····	
Rustler 1100 Wolfcamp 77 Yates 2800 Barnett 85		9550 Simpso 9800 McKee	on 11300 11650
Queen 3400 Miss. Ls. 86	50 Fusselman 1		ourger 12250
Bone Spring 5000 Woodford 90	150 Montoya 10	0900 TD	12800
Mud program		······································	
0 - 1200 <sup>1</sup> - Spud Mud			
1200 - 6450' - Brine water - L6450 - 8000' - Cut brine, use	ime for pH cons fresh water for	trol r volume	
8000 - 12800'- Oil base mud w/	' max weight of	8-8-4 ppg.	
Surveys @ 6450'	G	Total Depth	
GR - CNL - FDC 6450' to 2500'		R - CNL - FDC	TC to intermediat
DLL - Rxo 6450' to 2500'		R - DIL	TD to intermediat
AR36-1716-B			
AR38-1716-B			na n

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Cotino				•
oo mg				
Para priority				
Sole priority				<i>.</i>
DST #1 - 10000-10200 (Silurian), DST #2	- 10400-1049 and engineer	50 (Fussel	man) Exac	t interval
Samples		·····	. <u></u>	
Fluid samoles				
			•	
Aud logging				· · ·
Mud log unit from 8500' to TD			·	
Elevations				
Est. elevation 3250 DF.				
Type completion	it and engineer.			
ing speniority stem tests T #1 - 10000-10200 (Silurian), DST #2 - 10400 be determined by well site geologist and eng nples ' samples from 4000' to total depth. d samples quarts fluid recovered from DST's for analysi llogging d log unit from 8500' to TD rations t. elevation 3250 DF. e completion al Devonian and Ellenburger. 				
				-
9 priority #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact Inter be determined by well site geologist and engineer. Nee samples from 4000' to total depth. samples quarts fluid recovered from DST's for analysis. logging 1 log unit from 8500' to TD thoms elevation 3250 DF. completion 1 Devonian and Ellenburger. Jetion equipment Devonian for the second seco				
Coring Core priority Drill stem tests DST #1 - 10000-10200 (Silurian), DST #2 - 101 to be determined by well site geologist and of Samples 10' samples from 4000' to total depth. Fluid samples 2 quarts fluid recovered from DST's for analy Mud logging Mud log unit from 8500' to TD Elevations Est. elevation 3250 DF. Type completion Dual Devonian and Ellenburger. Completion equipment Same torg Opting Suppresent Endorsed Data Devon Manager Mud Line in Karlin with the second			**	
	·	· · · ·		, <sup>1</sup>
Mand (Distant Dalling Sundatardan)	•			
101 Tuchs				• •
	•		S/15/	ls:
istrici enginerite			Date	N. 9 D
A CLR 2 A		<u></u>	Date	<u> </u>
"Dand fort, die anen			8-18	-60
			l0ate e	
C. Z. Cardwell h.	(Silurian), DST #2 - 10400-10450 (Fusselman) Exact intended and engineer. ' to total depth. red from DST's for analysis. D' to TD S. enburger. $2u_j j e_{nucc}$ . $3/j s/s_c$ . $0^{ale} - 1 - 5 - 5$ and $- 1 - 5 - 5$	180		
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AllanticRichfieldCompa		7/3/80	)		101120		or Expendi	41.50
CUSTER-WELLS No. 1: Drill	& Equip				•		Revision number	
	•				· · ·	•		
				•			<u></u>	ساهجیسی.
1650' FNL & 1980' FUL, Sec	tion 6, 7-23	5-S, 1	R-37-Е, L	ea Co	unty, N	lew Nez	ico	
Ouj For	Losodar unormer	ion			Originated	<b>by</b>	AFE AUMSAL	
APPR TD 12,800 Ellenburg			L_ <u>535,40</u>		Huan	Pham	614459.61	995
Purpose of authorization Devonian Deviling - New (Ascompletion Workaver Oche	e liem (2) _4	2 <u>3</u> Amt	49,01	9	District		Project identilier	
Drill old well deeper	Cepital Instabud	last deter	10/0/7	n	Permic Field name	n West		
Supervelopment (20 %*		ider erten		Y	Custer			
LExploratory%*	Named on Ir	nstabudge	10/9/	79	Leass recor	d unupei	NM-97, NM-MD	-67
<ul> <li>Show percent of lotal cost applicable to each.</li> </ul>	Amount capi	ital dillars	trom				<u>c 5031-01</u>	
	Instabudget	\$	Over	(under)	Expl. projec	I NO.	Field code	
a an an an ann an an an an an an an ann an a					Subject to	raduction	064410 Property code(s)	
Primary objective of drilling	Amount capi		Item (	•	payment?	-		•
Oil only 2025 only Oil and/or gas	Instabudget		•		🗌 Y35	L] No		
Signed (Dist. Eng. and/or Explor. group)		•	Over/	(uncer)	Has well of prepared?	ta paeu		
A J J-Cove en la	Addition to I	nstabudg	et .		Yes			
Develop reserves Secondary recover	r la l'	••	•		Co-cwner o	eralor AFE	Nelsi.	
	Current year cop current year	iital diller	e from Instabudy	jet				
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		Drer/(und					· · ·	
Component Description and justification AFE No(s)		Account codes	Accounts-in w	hole dol: Capital	ars enly		Total	
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ARCO Cust	er Wells No. 1:	Drill & Equip	Date July 9, 1980	
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1650' FNL	. 1980' FWL. Sec	. 6, T25S, R37E, Lea (	County. New Mexico	
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	and Ellenburger		formation	. <u>11</u> .'
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50 - 8000'	- Cut brine, us	Lime for pH control e fresh water for volu	me	:
00 - 12800'	- OII base mud	w/ max weight of 8-8+4	PPg.	
veys @ 6450'	· · · · · · · · · · · · · · · · · · ·	0 Total	Depth	;
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Il stem tests						
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ł	between Atlantic Richfield Company, Ope	ng Agreement dated August 23, 1980, Prator, and Texas Pacific Oil Company,
1	Inc., et al, Non-Operators.	CLE XVI.
2.		LLANEOUS
4 5 r	This agreement shall be binding upon and shal espective heirs, devisees, legal representatives,	It inure to the benefit of the parties hereto and to their
6 7		
8 ti 9	a original for all purposes.	nber of counterparts, each of which shall be considered
10	IN WITNESS WHEREOF, this agreement sha	Il be effective as of 23rd day of August
12		RATOR
14 15	Ur b	RAIOR .
16 17		ATLANTIC RICHFIELD COMPANY
10 19 —		BY: C.S. Cardwell h.
20 21	• • • • • •	C. E. Cardwell, Jr. Attorney-In-Fact
22 23	· · · · · · · · · · · · · · · · · · ·	ihit
24	NON-OF	PERATORS
25 25		TEXAS PACIFIC OIL COMPANY, INC.
· 27 28		By:
29 <u></u> 30		
31 32	• • • • • • • • • • • • • • • • • • • •	PHILLIPS PETROLEUM COMPANY
33 34		Ву:
35		
37 38		GETTY OIL COMPANY
39 40		By:
- 41 * 42	•	EL PASO NATURAL GAS COMPANY
43 . 44.		
45 46		By:
47 - 48		SANTE FE ENERGY COMPANY
49 50	Doney	- A I Bush
52	Assistant Secretary	By: C. J. Berry, Jr.
53 54		Executive Vice President
55 55		
57 53		
59 60		
61 C2		
63 61		
61 65		

<u>نې</u> تې ۲ Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Mon-Operators THE STATE OF LEXAS COURTA OF MIDEAND BEFORE ME, the undersigned authority, on this day personally appeared <u>C. E. CARDMELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a comparation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHTELD COMPANY, for the purposes and considerations and in the capacity therein expressed. GIVER UNDER HY HARD AND SEAL OF OFFICE, this lot day of September. 1980. Yvonne Brooks CORPORATION ACKNOWLEDGMENT Texas STATE OF .... Potter COUNTY OF. BEFORE ME, the undersigned, a Natary Public in and for said County and State, on this bay personally appeared C.J. Berry Jr. Exect. Vice Pres. , known to me to be the person and afficer whose name is subscribed to the Toregoing instrument and acknowledged to me that the same was the act of the soid Santa Fe Energy Company , a corporation, the coposity therein stated. November GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st KATHY J. CASILLAS Notary Public, State of Texas Commission Expires 10 - 30 - 81 CORPORATION ACKNOWLEDGMENT STATE OF COUNTY OF ..... BEFORE ME, the undersigned, a Natary Public in and for said County and State, on this day personally appeared\_ \_, known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged o me that the same was the act of the said. \_, a corporation, and that \_\_\_\_\_here executed the same as the act of such corporation for the purposes and considuration therein expressed, and in he copacity therein stated, GIVEN UNDER MY HAND AND SEAL OF OFFICE this the \_ A.D., 19\_ HOTANY PUPLIC CORPORATION ACKNOWLEDGMENT STATE OF COUNTY OF BEFORE ME, the undersigned, a Marary Public in and for sold County and State, on this day presentally oppeared

\* GIVEN UNDER MY FIARD AND SEAL OF OFFICE this the \_\_\_\_\_\_ doy of \_\_\_\_\_\_ A.D., 19

between Atlantic Rich Inc., et al, Non-Oper	ifield Company, Opera	Agreement dated August 23, 1980, ator, and Texas Pacific Oil Company,	
	ARTICL MISCELL		
This agreement shall be respective heirs, devisees,	e binding upon and shall in legal representatives, su	nure to the benefit of the parties hereto and to their uccessors and assigns.	
This instrument may b an original for all purpose	be executed in any numbers.	er of counterparts, each of which shall be considered	
IN WITNESS WHEREO	OF, this agreement shall l	be effective as of 23rd day of August	
··· · · · · · · · · · · · · ·	OPER	ATOR	-
		ATLANTIC RICHFIELD COMPANY	
·	·	Bv:	
		C. E. Cardwell, Jr. Attorney-In-Fact	.•
	. NON-OPE	RATORS	
		TEXAS PACIFIC OIL COMPANY, INC.	
		B <u>v:</u>	
	•	PHILLIPS PETROLEUM COMPANY	
	•	By:	
<b></b>	<b></b>	UNION TEXAS PETROLEUM CORPORATION	
•		<u>By:</u>	
• •		GETTY OIL COMPANY	•
		<u>By:</u>	
• •	· · · · ·	TERRA RESOURCES, INC.	
• •		<u>By:</u>	
· · · ·		EL PASO NATURAL GAS COMPANY	r
	· · · · ·	By: DC Cargueon D. N. CANFIELD JUM ATTORNEY-IN-FACT DM	1R
	•	· ·	

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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific 011 Company, Inc., et al, Non-Operator, THE STATE OF TEXAS ) • · • COUNTY OF HIDLAND . )

BEFORE ME, the undersigned authority, on this day personally appeared Attornowin-Fact for ATTANKA Provider Country , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

•••••

Notary Public

NOTART PUBLIC

	GI VEN	UNDER	MY	HAND	AND	SEAL	QF	OFFICE,	this		'day	01	· · ·	,
1970.	× •	•	•	•		•			• •	<del>قىلىكى بىرىكى بىرىكى .</del> •			· . ·	

### CORPORATION ACKNOWLEDGMENT

STATE OF	Texas	
COUNTY OF_	El Paso	{
•		

· BEFORE ME, the	undersigned, a Notary Pul	blic in and for said Co	unty and State, on this	day personally appea	red
	as the act of the said				, a corporation,
	executed the same on				servin expressed, and in

the copocity therein stated. GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

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•		ANNE	<b>F</b>	GRIE	P		
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## CORPORATION ACKNOWLEDGMENT

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•	BEFORE ME	the und	lersigned,	a Notory P	ublic in and	for said Count	y and St	ate, on this	day personally	appeared		
<u>.</u>			known t	o me to be ti	ha person and	i afficer , whose	nome is	subscribed	to the foregoin	g instrument -	and ac!	unowledged
lo n	ne that the so	me was l	the act o	f the said						·	_, a' d	corporation,

executed the same as the act of such corporation for the purposes and consideration therein expressed, and in and that\_ the copacity therein stated. GIVEN UNDER MY HAND AND SEAL OF OFFICE this the day of

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•	•	-	-	•				· ·	
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					-				

## PERSONAL ACKNOWLEDGMENT

	•			•
STATE OF	• •	•	-	••••
COUNTY OF	₩ .	•		

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared\_

subscribed to the foregoing instrument, known to me to be the person .... whose name. and acknowledged to me that \_\_\_\_\_he \_\_\_\_\_ executed the same for the purposes and consideration therein expressed. GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_ doy of A.D., 19

· • ••

ARCO Oll and Gas Conginy Permian District Post Office Box 1610 Midland, Texas 79702 Telephone 915 684 0130 Curl Krehblel District Landman

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. 5 CASE NO. 7164 Submitted by ARCO Hearing Date 3/11/81  $\diamond$ 

С.	ahru	12 22	24	1981
- r	ebru	iary	- 24.	1301

TO: All Royalty Owners and Other Owners of Interest in Production

RE: Proposed Well and Working Interest Unit Custer-Wells Federal Com. #1 N/2 Section 6, T-25-S, R-37-E Lea County, New Mexico SOC-5031

### Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgement page which must be notarized. Instructions for execution

#### ARCO Oil and Gas Company is a Division of AllanticRichfieldCompany

All Royalty Owners and Other Owners of Interest in Production February 24, 1981 Page 2

192,1

and acknowledgement of instruments for New Mexico properties are enclosed for your information, as is a stamped selfaddressed envelope for your convenience.

If you have any questions, please feel free to call me collect at (915) 684-0134.

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Cordially Submitted,

Chomas S. Mutianousti

Thomas S. Mutranowski Landman

TSM:mr

Enclosures:

Communitization Agreement Ratifications (4) Instructions Stamped Return Envelope

## CONSENT AND RATIFICATION TO COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

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This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE:

## APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor U. S. GEOLOGICAL SURVEY

DATED:\_\_\_\_\_
### COMMUNITIZATION AGREEMENT

Contract No.

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

## <u>WITNESSETH</u>:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

 The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

> N/2 Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

- 2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
- 3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
- 5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

-2-

6.

(a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

(b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.

7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations

-3-

or productions pursuant to this agreement shall be deemed to be

operations or productions as to each lease committed hereto.

The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.

10.

9.

This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitizated formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

-4-

12.

The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.

13. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

- 15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
- 16. 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 parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.V. Jenell Attorney-In-Fact

Jun Vam

-5-

# EXHIBIT "A"

## PLAT OF COMMUNITIZED AREA COVERING N/2 SECTION 6, T-25-S, R-37-E N.M.P.M. LEA COUNTY, NEW MEXICO

Fee		Føe
Petroleum Càmpany	Atlantic Richfield Company	Petroleum Company
Phillips	80.00 Ac.	Phillips
38.22 Ac.	TR. No. 1	40.00 Ac.
TR. No. 2	LC 055546	- TR. NO. 2A
	Fee	
Gas Company	· · · ·	Energy Company
El Paso Natural		Santa Fe
38.16 Ac.	Getty Oil Company	39.91 Ac.
TR. NO. IA	79.90 Ac.	TR. NO. 10
LC 055546	TR. No. 3	LC 055546

WELL TO BE LOCATED 1810' FNL AND 2164' FWL, WHICH IS IN Tr. No. I. TOTAL ACREAGE WITHIN COMMUNITIZED AREA 316.19 ACRES, MORE OR LESS. EXHIBIT "8"

To Communitization Agreement dated February 2, 1981, embracing the North Half (N/2) Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, containing 317.19 acres, more or less.

Operator of Communitized Area:

### Atlantic Richfield Company

## Description of Leases Committed

Tract No. 1

Lease Serial No.: Lease Date: Lease Term: Lessor: Original Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent WI Owners:

iu Percent wi Owners.

Tract No. 1A

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Percent ORRI Owners:

LC 055546	
January 4, 1935	
20 years	
United States of America	
E. J. Wells	
Atlantic Richfield Company	
Township 25 South, Range 37 East, N.M.P	.M.,
SW/4 NE/4 and SE/4 NW/4 Section 6	
80.00	
On Gas and Casing-Head Gasoline:	
12½ when average daily production is le	<b>\$</b> \$
than 3,000,000 cubic feet; 16 2/3 when	
average daily production is 3,000,000	
cubic feet or more on oil:	
12½ to 33 1/3 sliding Scale	
5% owned as follows:	6705
Terra Resources, Inc03 Robert Bivens0002	0/00
KODERT BIVENSUUUZ	23/5
The Marbet Company00	0440 2275
Marguerite B. Poynter0002	23/3
Red Feather Oil Company00	2120
Virginia B. Bryan0002 Douglas O. Williams0002	2375
Douglas U. Hillians0002	1310
J. Reuel Armstrong00 Helen H. Benedict0001	9600
Leland Standford Jr. University00	0446
Ruby C. Bowen00	1319
Clyde C. Dawson	0196
Alice H. Fox00	0049
Elizabeth G. Henry00	0049
S. Arthur Henry, Jr00	0049
Pauson Oil Company	0446
Diane Rene Stewart, Conservator	
	1319
Helen H. Utter00	0049
Jean Wells Klaasse, Guardian of	
the Person & Property of	
Martha Noel Wells00	3392
Atlantic Richfield Company	100%

Robert Bivens Leland Stanford Jr. University Ruby C. Bowen Colorado National Bank	.005956 .014889 .043990
Personal Representative of	
The Estate of Clyde C. Dawson, Deceased	,006542
Alice H. Fox	.001090
S. Arthur Henry, Jr	.001090
Elizabeth G. Henry	.003271
Pauson 011 Company	.014889
The Marbet Company	.014889
Mary E. Bivens Poeggel	.005956
Marguerite Bivens Poynter	.005956
Red Feather 011-Company	.104230
Terra Resources, Inc	1.224252
Diane Rene Stewart, Conservator	
Of Elizabeth O. Tucker	.043990
Helen H. Utter	.001090
Jean Wells Klaasse, Guardian of The Estate of Martha	
Noel Wells	.113163
Douglas O. Williams	.005955
Mrs. Ann Young	.014664
El Paso Natural Gas Company	100%

Name and Present Working Interest Owners:

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Precent ORRI Owners:

Name and Present Working Interest Owners: Tract No. 1B

LCO55546 (Same as Tract No. 1) January 4, 1935 20 years United States of America E. J. Wells Santa Fe Energy Company Township 25 South, Range 37 East, N Lot 1, being NE/4 NE/4, Section 6 39.91 Same as Tract No. 1	
5% owned as follows:	
L. E. Armstrong, Jr	.0004400
Ann Young	.0004400
Ann Young	.0013200
Mrs. Fred E. Tucker, Jr	.0013200
Robert Bivens	.0008900
The Marbet Co	.0004500
Pauson Oil Co	.0004500
J. Reuel Armstrong	.0004400
Board of Trustees of the	
Leland Stanford, Jr.,	
University Red Feather Oil Co	.0004500
Red Feather 011 Co	.0031200
Jean Wells Klaasse, Guardian	0000000
For Martha Noel Wells	.0033900
Terra Resources, Inc	.0367051
Helen Benedict	.0001965
Clyde C. Dawson	.0001966
Elizabeth G. Henry	.0000982
Alice H. Fox Helen H. Utter	.0000329
	.0000329
Santa Fe Energy Company	.0000329
Santa Fe Energy Company	100%

Exhibit "8", Page 2

November 27, 1925

Lea County, New Mexico

Book 3, Page 247, Records of

Lease Dated: Recorded:

Lessor: Lessee: Laud Covered:

Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners:

C. D. Woolworth, et al The Pure 011 Company SW/4 NW/4, SE/4 NE/4, and other lands not included within said communitized area, Section 6, T-25-S, R-37-E, N.M.P.M. 10 years 1/8 on oil and gas Phillips Petroleum Company T. J. Horsley----- ,0004883 Atlantic Richfield Company----- .0074218 Atlantic Richfield Company----- .0003907 Cathie Auvenshire---- .0000976 Virginia L. Barnes----- .0003472 Jane C. Balckford----- .001770 W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins----- .0010417 Clifford Cone----- .0000977 Douglas Cone----- .0000977 Kathleen Cone----- .0000977 Kenneth G. Cone----- .0000976 Maurice G. Stuffman. Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased----- .0003255 Tom R. Cone----- .0000977 Mrs. Martha Watkins Harris----- .0012206 Winona C. Jones----- .0003472 Marjorie Cone Kastman----- .0001628 Mrs. Clyde Watkins Miller----- .0004612 Trustees of the Jal Public Library Fund----- .0026313 Andrew S. Pearson, Jr.---- .0003472 H. Dillard Schenck----- .0004883 The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased----- .0010417 Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube----- .0010417 Myrtis D. Watkins---- .0012206 Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock----- .0005208 First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust----- ,0003438 Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust----- .0004883

### Tract No. 3

Lease #1 Dated: Recorded:

Lessor: Lessee: November 4, 1936 Book 28, Page 388, Records of Lea County, New Mexico George D. Key and Bertha Key F. J. Danglade Land Covered:

Primary Term: Royalty: Record Title to Lease: Lease #2 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #3 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #4 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #5 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #6 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #7 Dated: Recorded: Lesscr: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area 10 years 1/8 on oil and gas Getty 011 Company Same as #1 Book 28, Page 389, Records of Lea County, New Mexico Elizabeth Hudson Penn Same as #1 Book 28, Page 387, Records of Lea County, New Mexico The North Central Texas Oil Company, Inc. Same as #1 November 4, 1937 Book 34, Page 553, Records of Lea County, New Mexico C. Schnurr Skelly 011 Company Same as #1 Same as #1 Same as #1 Same as #1 May 25, 1939 Book 40, Page 534, Records of Lea County, New Mexico W. B. Skirvin Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 7, 1939 Book 40, Page 547, Records of Lea County, New Mexico Tidewater Associated Oil Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 6, 1939 Book 40, Page 555, Records of Lea County, New Mexico S. M. Gloyd and Onez Norman Gloyd Same as #4 Same as #1 Same as #1 Same as #1 Same as #1

Lease #8 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #9 Dated: Recorded:

Lesson:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #10 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #11 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #12 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #13 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease

August 14, 1939 Book 41, Page 17, Records of Lea County, New Mexico Peerless 011 and Gas Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 July 1, 1939 Book 40, Page 620, Records of Lea County, New Mexico J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 December 6, 1936 Book 28, Page 393, Records of Lea County, New Mexico ARGO 011 Corporation Same as #1 November 4, 1936 Book 28, Page 392, Records of Lea County, New Mexico R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood Same as #1 Same as #1 5 years Same as #1 Same as #1 November 4, 1936 Book 28, Page 391, Records of Lea County, New Mexico Robert C. Sharp and Josephine P. Sharp Same as #1 Same as #1 Same as #11 Same as #1 Same as #1 November 4, 1936 Book 28, Page 390, Records of Lea County, New Mexico L. C. Ritts and Gladys C. Ritts Same as #1 Same as #1 Same as #11 Same as #1

Same as #1

Lease #14 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #15 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners Under Lease #1 thru #15: November 4, 1936 Book 28, Page 397, Records of Lea County, New Mexico F. D. Bearly and Cora Bearly Same as #1 Same as #1

November 4, 1936 Book 28, Page 471, Records of Lea County, New Mexico Roger B. Owings and Lucy P. Owings Same as #1 Same as #1 Same as #1 Same as #1

Same as #1

.0002388 John Dwire Atkins-----Atlantic Richfield Company------.0101273 James Henry Bearly-----.0002387 Chas. Francis Bedford-----.0003125 Henry De Graffenried Bedford-----.0003125 Helen Learmont Bedford-----.0003125 Rachel Bedford Bowen-----.0003125 Mary Smith Bowers-----.0001033 Joe and Jessie Crump Fund------.0048828 Estate of Pauline Cromartie-----.0001033 Richard L. Cromartie, Jr.-----.0000517 The First National Bank of Midland and Jessie Blevins Crump, Co-Trustees-----Elizabeth Bearly Dudley-----.0048828 .0002387 .0078125 Fluor Oil and Gas Corporation----Getty Oil Company-----Eva W. Graham-----.0234375 .0001033 Bernice J. Gross-----.0039063 Katie Smith Hazlehurst-----.0001033 Rosa Lee Smith Johnson------.0001099 George D. Key, Jr.----.0058593 J. M. Richardson Lyeth, Jr. .0070313 and Munro Longyear Lyeth-----Judd Moore-----.0002387 .0039063 North Central Oil Corporation----.0039063 .0114612 William Y. Penn, Trustee .0038195 Devisees under the will of George Pfouts, Deceased----- .0000056 Mildred Smith Rawls----- .0001033 Ritts Royalty Company-----.0023149 Onez Norman Rooney-----.0070312 Royalty Roundup, Inc.----.0000302 Ellis Rudy-----.0003617 Magabel Smith Rule-----.0001033 Frances Wooten Scott-----.0000517 Elinor Campbell Shaughnessy-----.0003617 Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate-----.0010850 Richard J. Shaughnessy, Adm. Estate of Julie Underwood Erickson----- .0003617

## PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

Nome, however ratifications are being obtained from all mineral interest owners, and those not replying will be Forced Pooled.

## RECAPITULATION

ract No.	No. of Acres	Percent of Poo
1	80.00	25.3012429%
1A	38.16	12,0686929%
1B	39.91	12.6221576%
2	38.22	12,0876688%
2A	40.00	12.6506215%
3	79.90	25.2696163%
	316,19	100,000000%

THE STATE OF TEXAS

COUNTY OF MIDLAND

REFORE ME, the undersigned authority, on this day personally appeared K. V. TERRELL , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the 'capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of February \_\_\_\_\_, 19.81,

Notary Public

My Commission Expires

July

#### INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS (New Mexico Properties)

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The attached instruments should be executed pursuant to the following instructions:

- <u>Married Persons</u> (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
- 2. <u>Married Persons</u> (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property." or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
- Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
- 4. <u>Single Women</u>. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
- 5. <u>Corporations</u>. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
- 5. <u>Partnerships</u>. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of AEC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
- . <u>Trustees</u>. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
- 8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approvint the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
- <u>Capacity Not Covered</u>. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
- Acknowledgments. The acknowledgment must be taken by a Notary Public 10. whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not uscable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.



# CONOCO INC WELLS B-1 NO.5

1650'FNL & 660'FEL SEC.I, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL.KB 3253

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# CONOCO INC WELLS B-1 NO.5

1650'FNL & 660'FEL SEC.I, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL. KB 3253



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# AMPL. FORM 640 - MODEL FORM OPERATING AGREEMENT - 1977

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Attached to and made part of Operating Agreement dated August 23, 1980, by and between Atlantic Richfield Company, Operator, and Getty 0il Company, et.al., Non-Operators

### ARTICLE XYE MISCELLANEOUS

This accomment shall to binding upon a distall innor to the benefit of the partics herets and to 9 % or spective devises. Joint representatives, successive devises.

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IN WITHING WHEREOF, this agreement shall be of the last of 23rd inday of August in the 1980 million of the second statement of the

### OPERATOR

Atlantic Richfield Company

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By: C. E. Cardwell, Jr. Attorney-In-Fact

### NON-OPERATORS

Getty Oil Company

By:

Petrolean/Company Philli By: phr, Attorney-In-Fact Ke

Santa Fe Energy Company

By:

El Paso Natural Gas Company

Ey:

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION \_\_\_\_\_EXHIBIT NO.\_\_\_\_\_ CASE NO.\_\_\_\_\_\_ Submitted by ARCO Hearing Date\_\_\_\_\_/11/81 Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Hon-Operators

THE STATE OF TEXAS

COURTY OF MIDLARD

BEFORE HE, the undersigned authority, on this day personally appeared <u>C. E. CARDWELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVER UNDER MY HAND AND SEAL OF OFFICE, this Lote day of September. 1980.

Wonne Brooks Yvonne Brooks Notary Public

## CORPORATION ACKNOWLEDGMENT

STATE OF	TEXAS
COUNTY OF	HARRIS

Cliff Ohr BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared\_ Attorney-In-Fact, known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the soid PHILLIPS PETROLEUM COMPANY , or corporation, and that \_\_\_\_\_he \_\_\_\_executed the same as the act of such corporation for the purposes and consideration therain expressed, and in the coposity therein stated.

March GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of My Commission Expires:

August 25, 1984

ARY PUBLIC

NOSARY FUELE

Notary Public in and for Harris County, Texas KENT CRAWFORD

#### CORPORATION ACKNOWLEDGMENT

STATE OF	<b>} · · ·</b>	•
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STATE OF COUNTY OF

BEFORE ME, the undersigned, a Matory Public in and for sold County and State, on this day personally appeared. ....., known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged the copacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_\_doy of\_\_\_\_\_

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ARCO 011 & Gas Co.	<b>]</b>	Net Atlantic Richiteld share			5.67	,483			584,483
Allantic Richlield	TT		<b></b>	<b></b>	Lower	2101			Upper
		Range reques			<u> </u>		l		
Payout (years) 35 fleturn (AFIT, Pyy6) Stat (AFIT) (AFIT)	ii date	Completion		Prior year Capital		S Curr, ye Capital	ar _584,480	1	nealter 11
	/81	6/8	1   i	xpense		Expense _		Expe	nsə
Technical audits (clieck lifuse required)			;	1.		14000	Anopies	"/10	N.D.
Engineering SExploration Dallas budget	J Evaluati	on Oaky	1	(X) Prozec	aural audit	Signatur Cempan	Glet	1401	Richn 1 Can P.M
Approvels (check highest level required)		<u>1;7</u> 0'		uthorfzed exp					10
x1º C.S. Car divel p.		Blight	10	Executive vi	ce-preside	nt			Jato -
Oither			***********						
			[	]President/C	hairman		<b>.</b>		Dale
_] Regional		Date			• • -• •				
Sonior vite-prevident		One		Hor Bond e	Director				Data

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		(
	APAL FORM 610 - MODEL FORM OPERATING Attached to and made part of Operating Agre	
÷	by and between Atlantic Richfield Company, Company, et.al., Non-Operators,	Operator, and Getty Oil
1	ARTICLE MISCELLAN	
:: -:	This accomment shull be binding upon acit shall intra- cospective beach devised logal representatives, succ	e to the benefit of the parties increte and to the
1; -	The hist scient may be executed in adversariation of	•
19	IN WITCHES WHEREOF, this agreement shall be a	at the set 23 vet day as hughert
! *	<sup>19</sup> 30	
15 11	OPERA4	'O R
15 HC		Atlantic Richfield Company
7 8		Bv:
19 20		C. E. Cardwell, Jr. Attorney-In-Fact
2 2		h
3	NON-OPERA	ATORS
15 10		Getty Oil Company
5 8 8		By: A Daris
9 9 1	• •••••••••••••••••••••••••••••••••••••	(JA. MORRIS, AGENT
1 2 3		Phillips Petroleum Company
4 5.		By:
3 1		
8 9		Santa Fe Energy Company
9 1		Ву:
2 3		
1 . 5 ·		El Paso Natural Gas Company
6 - 7		<u>By:</u>
3 9.		
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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al, Non-Operators.

STATE OF OKLAHOMA ) ) SS. COUNTY OF TULSA )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OLL COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:

Hester a. Konnene Notary Public

AUGHIC Tille	chichne	ldCo( )a		7 7	/3/80	)	Aut	)rizat			cpenditu
	-WELLS NO	. 1: Drill	& Eq	uip							inal authorization ision number
							*****				87 97,2214 <del></del>
Location				<del></del>							
	FNL & 198	0' FWL, Sec	tion	6. T-25	-S. F	К-37-Е. L	.ea Co	unty. N	ew Mexi	c0	
		Obj For	I Bud	get informatio				Originated t		AFE O	umber
APPR TD 1	2,800	Ellenburg Devonian	er 8	udget (1) _1(	03_Am	ı. <u>535,40</u>	64	Huan	Pham		1459.6144
Purpose of autho	rization Recompletion		i ite	m (2)42	<u>3.</u> Amt.	49.0	19	Olatrict	••	Projec	t identifier
Oriil old well o	• • •		Can	ital lostabudo	net dated	10/9/7	a	Permia Field name	n West	l	
Exploratory	%	•			,			Custer	· · · · · · · · · · · · · · · · · · ·		
	nt of total cost as	ndicable to		Named on Ins	stabudge	« 10/9/	79				, NM-MD-6
each,		-	1	Amount capits				Expl. projec	85, SOC	Field	
Single & Oual	Three or mon	•		instabudget \$		Over	(under)			064	410
Primary objective	of drilling			Substituted la	or	Item (	(2)	Subject to payment?	production	Prope	riy code(s)
	e only⊡Oit and	l/or gas		Amount capit			)A	1 Yes			
Signed (Dist. Eng	and/or Explor.		-	Instabudget \$		Over	/(under)	Has well pla	an been	1	
	weil			Addition to in	istabudg	et		prepared?			
Réferant for drillin Develop rese	-	Secondary recove			•				perator AFE	Nofe	
		Replacement	-   Cun	ent year capi ent year	ital differ	s from Instabut	dget		,		
Comb. resen	e ă rate	Service		-							
	Description and ]	Valification		<u> </u>	ver/(unc	ler)	whole dol				
AFE No(s)	Attached				codes	On hand	Capitat		Expense		Total
614459	Tangible				031		607	,000			607,000
	Intangib	10			037		1,250	000			1,250,000
17	Incangio	115	•		1037	<u> </u>	1,200	,000			1,230,000
	Total Dr	illing Cost			<u> </u>		1,857	,000	ļ	<u></u>	<u>h,857,000</u>
						4 - F					
1 11112											
614467	Producti	on Equipmen	<u>.</u>		038	<b> </b>	1. 170	,000			170,000
				šross olais							
Operator		·····		let Allantic			2,027	,000			2,027,000
	ARCO 011	& Gas Co.		Richfield share			584	483			584,483
Atlantic Richfield ownership decim							Lower	•			Upper
Payout (years)	% Return (AFIT)		14  9  1 1 date	Completio		S Prior year		S Curr. ye	Lar	Is Th	l
······	•	1 :				Capital			584,48		
		·	/81	6/8	1	Expense	<u></u>	Expense		-	ense
Engineering		Datlasbudgeti	Evaluatio	on Other	<u></u> į	Proced	tural audi		wner approv	ai	
412	a june			M	しな			Compan			
	c highest level re-	quired)				Authorized exp					108
	adwell	h.		Date, 8/19/4	80	□Santa	Fe Ene	ergy Co	pany		Date .
	amoun			Dala	<u>~</u>	BY: C	tive	Vice Pr	- esident		11-21-80
-						President/C		~~!- <del>```````````````````````````````````</del>	ال الم <u>ن الا من العمم</u>		Date
Regional				Date							
Senior vice-p	resident			Date		For Board o	of Director:	3			Oate
				1	í						1

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AtlanticRichfieldCompany		plement Dril		ost Est			~
Custer Wells No. 1			T.O.	12,800			
ocation 1650' FNL & 1980' FWL, S		, R37E, Le	a Count	:y, New	Mexico	)	
Distr			Fleid				
Western P	ermian West						
®	ft.				8		!
Development Single	<b>&lt;</b>	Data Proc	essing Info	rmation	Update	code	
Exploratory Dual	Trans. Ident.	سط ستخدم إد	E Number	9 10 11	1 = D 3 = A	lete	
	AFEE				Original/Rev	ision Ind	lica
Completion     Multiple		ind transf trans			J 1 = Origi 2 = Revi:	sion	
Tangible costs	Dry hole	Completten ceets	Detail	Total gross	dollars	Major account	
I. Tubular goods	1	1	12 13 14	15 16' 17 18	19 20 21 22	23 24	25 j
20 " OD from 0 ' to 30 '	1.000			1	÷ ; ;		
<u>13-3/8 00 from</u> 0 to 1200	28,000		10 11 1		· · · ·		1
<u>9-5/8" op trom</u> 0, to 6450	110,000				1 :		
7_" 00 from to 12800.		245,000			1 1 7 1	1	
2-3/8" OD trom0 to 12300.		60,000		1	: : :		
2-3/8" OD from 0 10 9550.		50,000				1	
" OD from ' to '							
" OD from to " to"							
. Casinghead and Christmas tree	18,000	60.000	504			:	
Tubing accessories		25,000	506			1 1	
Artificial lift accessories			507	· · · ·			
. Unclassified materials	5.000	5.000	508			• ;	
fotal tangibles	162,000	445.000					2.
ntangible costs							
. Testing tubular goods	8,000	15,000	569	1	• ;		
7. Trucking tubular goods	8,000	8,000	509				
3. Casing accessories	5,000		512		· . t	1	
9. Site preparation, maint, clean up	25,000		5 1 4				
0. Permits, insurance, damages	2,000		5 1 5		· · · · · · · · · · · · · · · · · · ·	1 1	
1. Moving expense	50,000		517	. :			
2. Boat & barge rental			5.1.8		6 5 <b>6</b> 4		
3. Camp & catering		· · ·	5 2 2	ļ.,			
4. Boiler			5:2:5				
5. Roads, airstrips & maintenance			5 5 6				
6. Air freight & air transportation			5 2 8		i i i	! ;	
7. Contract footage drilling			1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -				-
t @ \$/ tt.			5 3 2	J			
Contract daywork (items 18 through 24)				ن به و و و و و و و و و و و و و و و و و و			
8. Drilling 60	300,000		5 3 3	!	: • <u>.</u> .	l · ·	
9. Casing 7 Jays @ \$5000 /day	15,000	20,000	534	1 1 1	1111		
0. Fishing 3 days @ \$5000 /day	15,000	ļ	536		<u> </u>	Lii	
1. Lost circ. & flows_3days @ \$5000_/day	15,000	<u> </u>	5 3'7		<u> </u>		
22. Log tast & coredays @ \$/day	<u> </u>	ļ	5 3 8	<u> </u>		<u> </u>	
23. Shut down timedays @ \$/day		<b>}</b>	533			<u> </u>	
24. Completion or pluggingdays @ \$/day	·}		5 4 1	F T		ļ	
CA - 1000		EN			· · · · · · · · · · · · · · · · · · ·	Į	<u> </u>
25. Completion unit daywork 50 days @ \$00/Aay	+	50,000	542		!	<u> </u>	
26. Rental: DP, DC, & related tools	+		543			<u>                                     </u>	_
27. Well control equipment	20.000	+	547		·	<u> </u>	
28. Drill bits $= 2$ size $17 - 1/2^{11}$	5,000		548	<u> </u>		ـــــــــــــــــــــــــــــــــــــ	
$\#_6$ size $12-1/4^{11}$	25,000	·}					
# <u>25</u> size <u>8-3/4<sup>11</sup></u>	37,000	·					•
#	1	1,000			-		

AH30-155-0

Vell name	£	Dala Pr	ncessing (	nformation	
Custer Wells No. 1				Ūρ ie co	
	Tren. Ideni.	AF.	. number	1 = dele 3 = add	le
slimated by	1 2 3	5 5 0	7 8	9 10 11 Original/revi	eine maine
S. A. Haktan!r			ى الشنى بالماد ، بال الين الذار بعاليه .	1 = Orig	pinal
ate	AFE			2 = Rev	ision
6/30/80					
nlangible cost (continued)	Dry hole	Completion costs	Detail	Total gross dollars	Major
		·			
9. Fuel, fresh water & drayage	40,000	5,000	5 4 9	15 16 17 18 19 20 21 2	23 24 25
0. Drilling mud materials & drayage	110,000	1-3.000	5 5 1		+
1. Stilling mud equipment	110,000	·	5 5 2		+
					Series de
· · · · · · · · · · · · · · · · · · ·		<del> </del>	-		
	L	<u>+</u>	-		
		+			
2. Air compressor rental or gas cost	· · · - <u>-</u> · · · · · · · · · · · · · · · · · · ·	+	5 5 3		T
3. Air or gas drig, accessories & drayage			554		1
4. Open hole surveys	40.000	1	5 5 7		1
		1	the second s		
		1			
		1	<b></b>	and the second	
5. Data recording services		1	5 5 8	1	T
6. Wireline formation tester		1	5 5 9		1
7. Mud log	20,000		5 6 0		1
8. Cased hole surveys		16,000	5 6 1		T
					e la serie de
9. Perforating fees		10,000	562		1
0. Sidewall coring 😄			5 6 3		
11. Conv. diamond or wireline coring ft.			568		1
2. Drill stem tests = $2$	15,000		572	·	1
3. 🗍 Acidize 💭 Fracturegallbs		120,000	577		
4. Cement & less for casing					
20 "OD CITC sacks	1,000			<u> </u>	
13-3/8 "CD CIFC sacks	10,000				
9-5/8" " 00 circ sacks	30,000		~	<u> </u>	
<u>7" ODsacks</u>		35,000			
" ODsacks					
" ODsacks		<u> </u>			
IS. Cement & fees for squeezes or plugs		15,000	579		
8. Fishing tool rental & drayage	10,000	10,000	580		
17. Directional drig, tool rental & drayage	<u> </u>		581		
<ul> <li>B. Operations - prorate</li> <li>Unclassified tool rental &amp; drayage</li> </ul>			5 9 0		
50. Unclassified drayage & supplies	15,000	12,000	5 8 7		·
51. Unclassified services & material tosses	10,000	10,000	594		
12. Úverhead	20,000	20,000	589		+
3. Supervision by contract personnel	10,000	7.000	5 9 2		<u>+</u>
4. Supervision by A.R.Co. personnel	<u></u>	10 000	105	· · · · · · · · · · · · · · · · · · ·	+
fotal Intangibles	24,000	10,000	106	<u>1</u>	- <u>L</u>
	895 000	265 000			
fotal cost (tangibles & intangibles)	885,000	365,000			
·····	1.	1.			
	1,047,000	810,000			

Subject ARCO Custer Wells No. 1	l: Drill & Equ		Date	1 0 1090	
Authorization number		пр	J U	17 9, 1980	
Permian West					
Location					
1650' FNL, 1980' FWL, S	ec. 6, T255, P	37E. Lea Cor	untv. New M	lexico	
Project					
Devonian and Ellenburge	r		formati	on	
Depth 12,800					
Approved .	Contract footage		Daywo	rk depth	
Casing program:	••••••••••••••••••••••••••••••••••••••				
Surface casing	· •				
13-3/8" 54#/ft @	1 - 1200'				
•					
Protective string	•				
9-5/8" 36#/ft @	±6450'				
			-		
		2		•	
Oil string			-		
7" 26 \$ 29 <b>#/ft €</b>	TD of 12800'				
Liner					7
· · · · · · · · · · · · · · · · · · ·	· .				
Casinghead	• •				
Estimated formation tops Est. El. 3	250 DF		· · · · · · · · · · · · · · · · · · ·		
Rustler 1100 Wolfcamp	7700 Devonia		Simpson	11300	
Yates 2800 Barnett Queen 3400 Miss.Ls			McKee Ellenburg	11650 er 12250	
Bone Spring 5000 Woodford	9050 Montoya	10900	TD	12800	
Mud program			•		
0 - 1200' - Spud Mud					
1200 - 6450' - Brine water 6450 - 8000' - Cut brine,	- Lime for pH use fresh wate	control r for volume			
8000 - 12800 <sup>1</sup> - Oil base mu	d w/ max weigh	t of 8-8+4 p	pg.		
Surveys @ 6450'	••••••••••••••••••••••••••••••••••••••	0 Total D	lenth		•
GR - CNL - FDC 6450' to 25	001		•	to intermedi	ate
DLL - Rxo 6450' to 25		GR - DIL		to intermedi	
AR38-1716-8				<u> </u>	
AR3B-1716-8	· · · · · · · · · · · · · · · · · · ·				
AR38—1716-8					
AR3B—1716-8					

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	•	•		
Coring			 	

Core priority

Drill stem tests DST #1 - 10000-10200 (Silurian), DST #2 - 13400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

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Samples

10' samples from 4000' to total depth.

Fluid samples

2 quarts fluid recovered from DST's for analysis.

Mud logging

Mud log unit from 8500' to TD

Elevations

Est. elevation 3250 DF.

Type completion

Dual Devonian and Ellenburger.

Completion equipment

	• .	
Signed (District Define Supportiendent)		
Endorsed	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
District Operations Manager		Date
lift bein the Rei Lenne.		\$ 1.5/50
District engineer ture		Date 7-30-80
District Excelorationist (geoslogil)		Date 6-18-50
Approved		
District Manager C. 2. Curdfuell h.		Date 8/17/80

•	AllanticRichfieldCompany	$\langle \rangle$	7/3/80
M 1	a a fi fi fi an ann an	_	
	11LW		

Authorization for Expanditure:

CUSTER-WELLS No. 1: Drill & Equip

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Lecation							ە دىخكە خومىنىشلىرىن بىلەردىر مى مىسىدى بىر ب
1650' FNL & 1980' FUL, Secti	on 6, 7-25	-S. 1	R-37-Е. 1	Lea Co	unty. S	ley Meri	co
Obj Form	Budget informati				Originated		AFE AUTOSAL
APPR TD 12,800 Ellenburger	Budget informati		525 4	64	1	Pham	614459.614457
Purpose of authorizationDevonian	liem (2) _42				District	مر الالمالية من الم	Project icentilier
Drilling • New () Recompletion () Workever () Other			الارابية بالتسميسي		Pormie	n West	
Drill old well devper	Cepital Instabud	get dated	10/9/	79	Field name		4
Development \$					Custer	•	•
Exploratory	Named on In	slabudge	n 10/9	/79	Leass reco	d number }	M-97, 1M-MD-67
• Show percent of total cost applicable to each.	Amount capil	-					5031-01
	Instabudget 1		•		Expl. projec	:1 80.	Field code
	·		Over	/(under)			064410
Primary objective of drilling	Substituted I	ôf	Item	•••	Sebisct to	praduction	Property code(s)
Oil only 200 coty Oil and/or gas	Amount capil		trom PM	DA	C Y.35	No No	
Signed (Dist. Eng. and/or Explor, g/oup)	Instabudget S	م	Qver	/(uncar)	Has well pl		
J J J-live 2	<b>.</b> .				Prepared?	20 9360	
Reason for drilling	Addition to tr	nstabudg	et .		Yes	<b>О</b> Мо	
Develop reserves . Sacondary recovery	•	•	•		Co-cwner o	persion APE N	IC(s).
	Current year capi	ital dill <del>a</del> r	s from Instabu	dget .			· · · · · ·
Comb. reserve 3 rate Service	current year	•			·		•
	by \$0	Ver/(und	lei)			· · · ·	•
Component Description and justification	· ·		Araounts-in	whole dol:	ais criy		 
AFE No(s) Attached		codes	On hand	Capital		Expense	Total
				1	•	1	
614459 Tangible		031		607	,000		607,000
	• •			1		1	
Intangible		037	ŀ	1,250	,000	<u> </u>	1,250,000
11							
Total Drilling Cost				<u>h,857</u>	,000		1,857,000
				4		· ·	•
	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		<u> </u>		•	<b> </b>	
614467 Production Equipment	•	038		. 170	000		170,000
GIT IOT FLOUDEL CON EQUIPMENC		030		1. 1/0	,000	<b></b>	170,000
				1		<b>.</b>	
	Gross		}	<u>†</u>		!	
	lotais			2,027	.000	, ۰	2,027,000
Joieredo	Net Allantic Richilatd		· ·				
ARCO Oil & Gas Co.	share	<u></u>			483		584,483
Attantic Richheld				Lower			Upper
012 8 83 14			. <u></u>	<u> </u>		L	
Payout (years) 35 lieturn (AFIT) Pvy% Slott dat (AFIT) (AFIT)	er Completion	[	S Prior year	-	S Curr. ye		S Therealter
		1	Capital	<u> </u>	1	584,483	
Trehaleat audits (check livese seculiced)	1 6/8		Expense		[Ex; case_	A	Expense
WEngingering & Explore 20 Dallasbudger Eval	lustion Other		I IN PIOCO	iural audit		wher south	av -
hill with solution in the solution of the solu	1 hill				Cenipan	- 24 7 7	ONNT. GDA
Approvals (chec's highest level sequired)			uthorized cape	enditure (in	1.1.1.1.1	·	<u> </u>
	(Uster ,	 I	Executivo vi				0110
C.S. Cardwell Jr.	8/19/9	201			-	•	
Other							
- · · ·		Ē	President/C	haumia		*****	Qale
Heyional	Usle		•				
· .		, i	For lond e	t Director			•110
Soning view secondunt	(7) 194	<b>!</b> -	Trougance	· Unectors			I

Custer Wells No. 1		•	. T.D. 12	,800	
ocalion				نیک ۵۵ شرخور دو به با ۲۰۰ و عنده بیند. و بینو ا	
1650' FNL & 1980' FWL, S	ec. 6, T259	S, R37E, Lea	a County,	New Hexid	:0
lagion (Oistri	ict		Field		•
المتكافية أتحمد والمتحد المتجد والمحجد ويحترج والمحجج والمحجج والمحجج والمحجج والمحجور والمحجور والمحجور والمحج	ermian West	·			
ective .	n,			e	
Development Single	<	Data Proce	ssing informati		ite code
<b></b>	Trans. IdenL		E. Number	1 =	Delete
Exploratory La Dual	1 2:31	4 5 8	7 8 9 1	0 11 3 =	Add
Completion I Multiple	AFE			Original/A	evision Indic:
				2 = Re	vision
angible costs	Dry hole	Completion costs	6068	gross dollars	Hajor recount
. Tubular goods 0 '' CD from0 ' to30 '		ļ		17 18 19 20 21	22 23 24 25
<u>20</u> " OD from <u>0</u> to <u>30</u> ". <u>13-3/8 to from <u>0</u> to <u>1200</u></u>	1,000			i	:
<u>9-5/8</u> " OD from 0, 16450	28,000	<u> </u>			
OD from to 12800 '	110,000	245 000			
2-3/8" OD from 0 to 12300 '		245,000			
<u>2-3/8</u> " OD from <u>0</u> , to <u>9550</u> .		60,000			
		50,000		· · · ·	
······································					
. Gasinghead and Christmas tree	10 0.00	(0.000	504	·	
Tubing accessories	18,000	<u>60,000</u> 25,000	506		
Artificial lift accessories		2,000	5 0 7		
. Unclassified materials	5,000	5,000	508		
ctal tangibles	162,000	445.000			
stangible costa		 			
• • •		•			
. Testing lubular goods	8,000	15,000	569		[ i ]
. Trucking lubular goods	. 8,000	8,000	509	•	
Casing accessories	5,000		5 1 2		
. Site preparation, maint., clean up	25,000		5 1 4		
). Permils, insurance, damages	2,000		5 1:5		
1. Moving expense	50,000		5 1 7	· · · · · · · · · · · · · · · · · · ·	
2. Boat & barga rental			5.18		
3. Camp & catering			522	and the second se	
4. Boiler		· · · · · · · · · · · · · · · · · · ·	525		
5. Roads, airstrips & maintenance 5. Air freight & air transportation			5 5 6		
7. Contract footage drilling			528	<u> </u>	<u>L 1</u>
		<u> </u>			
t @ S/ It.	·		532		
B. Drilling 60 days @ \$5000 /day	300,000				-11
D. Casing 7 days @ \$5000 /day	15,000	20,000	533		
0. Fishing <u>3</u> days @ \$ <u>5000</u> /day	15,000	1	5 3 6	· •	
1. Lost circ. & flows_3days @ \$5000 /day	15,000		537		
2. Lag lest & coradays @ S/day	<u></u>		538		1
3. Shut down timedays @ S/day		·	5 3 9		
4. Completion or pluggingdays @ S/day					
5. Completion unit daywork 50 days @ 100/Aay		50,000	542		_
		1	5 4 3		1 · 1
8. Rental: DP, DC, & related tools		<u> </u>			
8. Rental: DP, OC. & related tools 7. Wall control equipment 8. Drill bits =2slzo 17-1/2!!	20,000		we have a second s		

AcRichfieldCompany . Drilling Cost Estimate - Page 2 Data Processing Information Custer Wells No. 1 Up la code | = delete Tran. Ident. A.F.E. number maired by t 2 3 5 6 : 7 8 9 10 4 11 Original revision indicator S. A. Haktonir 1 = Originat 2 = Revision -: E F · A 6/30/80 ingible cost (continued) Dry hole Completion costs Oetall Total gross dollars 1.tajor account code 12 13 14 15 15 17 18 19 20 21 22 23 24 25 25 Fuel, liesh water & drayage 40,000 5,000 549 Drilling mud materials & drayage 110,000 5 5 1 Drilling mud equipment 552 Air compressor rental or gas cost 5 5 3 Air or gas drig. accessories & drayage 5 5 4 Open hole surveys 557 40.000 يجه معه لمعر ومارين و المارين Data recording services 5 5 8 Viraine formation tester 5 5 9 Jud log 20,000 5 6 0 lased hole surveys 16,000 5 6 1 The second s enforating fees 10,000 562 Idewail coring 563 • ony, diamond or wireline coring ft. 568 
 rill stem lests = 2

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 gment & lees for casing
 15,000 572 • 1 gal. lbs 120,000 577 . 1,000 20 " 00 \_ CIFC sacks \_\_\_ OD\_\_\_CIrc 10,000 13-378 i · · 52043 1-5/81 " OD CITC 30,000 ,sacks ۰. " OD. 35,000 sacks " 00 sacks " 00. sacks . ment & Ices for squeezes or plugs 579 15,000 aing toul rental & drayage 10,000 580 10,000 ectional drig, tool rental & drayage 581 erations - prorato 590 classified tool rantal & drayage 587 15,000 12,000. stassified drayage & supplies 594 10,000 10,000 lassified services & material losses 5 8 9 20,000 20,000 13240 592 10,000 7,000 ervision by contract personnel 1 0 5 ervision by A.R.Co. personnel 106 24,000 10,000 langibles . 885,000 365,000 . st (langibles & inlangibles) . . . . · • • ; •• 1,047,000 810,000 · · · • . d well cost (dry hole & comp.) 1.1 1,857,000

1.2.2

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RCO Custer Wells No. 1: Drill & Equip	July 9, 1980
fustion number	
d	
Permian West	
10 <b>1</b>	· ·
1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, ect	Lea County, New Mexico
Devonian and Ellenburger h 12,800	formalion
Ned Contract footage	Daywork depth
ng program:	l
ace casing	
13-3/8" 54#/ft @ ±1200+	
ective string	
9-5/8" 36#/ft @ ±6450'	
· · · · · · · · · · · · · · · · · · ·	
tring	· · · · · · · · · · · · · · · · · · ·
7" 26 & 29#/ft @ TD of 12800'	
	the second s
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ghead	•
nated formation tops Est. El. 3250 DF	
	550 Simpson 11300 300 McKee 11650
een 3400 Hiss. Ls. 8650 Fusselman 103	300 Ellenburger 12250
ne Spring 5000 Woodford 9050 Montoya 109	300 TD 12800
program 0 - 1200' - Spud Hud	
00 - 6450' - Brine water - Lime for pH contr	-o1
50 - 8000' - Cut brine, use fresh water for D0 - 12800'- OII base mud w/ max weight of 8	volume
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	lotal Depth
	- CNL - FDC TD to Intermediate - DIL TD to intermediate
	iv to intermediate
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e priority	
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Istem tests T #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselma be determined by well site geologist and engineer.	n) Exact interval
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iples	
' samples from 4000' to total depth.	
d samples	• • • • •
quarts fluid recovered from DST's for analysis.	
logging	
d log unit from 8500' to TD rations	
t. elevation 3250 DF.	
e completion	·
al Devonian and Ellenburger.	
npletion equipment	• •
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s (Cisry Option Subodintendent)	•
orsed a Operations Manager A Sultin State State	Date
V-Klinden if Rei ierrei	5/15/5: Date 7-30-30
	Date
roved	
ci Manager C. G. Carduell J.	8/19/80
V	· · · ·
	· · · ·
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1	between Atlantic Richfield Company, Operator, and Inc., et al, Non-Operators. ARTICLE XVI.	
• 2	MISCELLANEOUS	
5 6	This agreement shall be binding upon and shall inuce to the respective heirs, devisees, legal representatives, successors ar	benefit of the parties hereto and to their nd assigns.
7 8	This instrument may be executed in any number of counte an original for all purposes.	rparts, each of which shall be considered
9		as of 23rd day of August
)   12	19 <u>80</u> .	······································
13 14		•
15 16	ATLANT	IC RICHFIELD COMPANY
27 18	Buy (	S. Cardwell .
19 20	, , , , , , , , , , , , , , , , , , ,	E. Cardwell, Jr.
21 22 23		imter
23 24 25	NON-OPERATORS	, J.
26 27		ACIFIC OIL COMPANY, INC.
28 29	By:	· · · · · · · · · · · · · · · · · · ·
30 31		S PETROLEUM COMPANY
32 33	PHILLIP PHILLIP	S PETRULEUM CUMPANT
34 35	Ву:	
36 37		DIL COMPANY
38 39 40	By:	
• • • \$1 • 42	Uy	
43	EL PASC	) NATURAL GAS COMPANY
45 46	Ву:	
47 42	SANTE	E ENERGY COMPANY
49 . 50	Dan-	$\Lambda \cap R$
51 52	Attest: D. S. Congill By: By: C.	J. Berry, Jr.
53 54	, Exe	ecutive Vice President
55 50		
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59 60		
61 62 63		
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	• •			
	ade a part of Operat Richfield Company, a Operators			npany,
THE STATE OF TEXAS	• :			•
COUNTY OF MIDEAUD		•	•	
BEFORE ME, the <u>C. E. CARDWELL, JR.</u> corporation, known to me instrument, and acknowled ATLANTIC RICH FELD COMPAN therein expressed.	to be the person who ged to me that he ex	oct for ATLANTIC   use name is subscr recuted same as th	CICHFIELD COMPANY, Tibed to the forego we act and deed of	s enicy biss
GIVEN UNDER HY	HARD AND SEAL OF OFF	ICE, this <u>Jote</u>	day of Septen	bere.
p	•	•	<i>v</i> .	
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• •		Horane	Brook Yvonne	
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	CORPORATION ACK	NOWLEDGMENT		
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Coppetity therein stated, GIVEN UNDER MY HAND AND SEAL	of OFFICE this the 21st	tion for the purposes and	rexa niaren notionation	ressed, and in
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\* GIVEN UNDER MY HAND AND SEAL OF OFFICE this the \_\_\_\_\_ doy of \_\_\_\_\_ A.D., 19\_\_\_\_\_

the copycity therein stated.

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## A.A.P.I., FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, Operator, and Texas Pacific 011 Company, Inc., et al, Non-Operators.

#### ARTICLE XVI. MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August 19\_80.

### OPERATOR

#### ATLANTIC RICHFIELD COMPANY

C. E. Cardwell, Jr. Attorney-In-Fact

#### NON-OPERATORS

<u>Bv</u>

<u>By:</u>

TEXAS PACIFIC OIL COMPANY, INC.

**8y:** 

PHILLIPS PETROLEUM COMPANY

UNION TEXAS PETROLEUM CORPORATION

GETTY OIL COMPANY

By:

TERRA RESOURCES, INC.

<u>By:</u>

EL PASO NATURAL GAS COMPANY

By: NL D. N. CANFIELD. AN

ATTORNEY-IN-FACT



- 15 -

•	BEFORR ME. the	understand	authority, on th	is day noveanat	ly annoared	
• •	<u> </u>	Attornoy-in-	Fact for ATLANTI	C RICHFIELD COM	IPANY, a	
· · · corporati	on, known to me	to be the po	rson whose name.	is subscribed t	o the forc-	1
deed of s	aid Atlantic Ri	chfiold Compa	me that he executive ay, for the purp	uted same as th oses and consid	o act and services	•
	a capacity then					
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TATE OF Texa		•		•		•
COUNTY OF EL	raso j	•		• • •		<b>.</b>
	understand a Matan	e · Public is and for an	d County and State, on th	ie dour neveranthe man	D.N.	
Canfield		the person and offici	er whose name is subscrib	ed to the foregoing insi	rument and ocknowla	riged
o me that the same v	as the act of the said.	<u>El Paso Na</u>	tural Gas Comp	any	, a corport	stian,
and thathe he capacity therein s	•	as the act of such	corporation for the purpo	ses and consideration t	therein expressed, or	ni by i
GIVEN UNDER A	NY HAND AND SEAL O	F OFFICE this the	19th day of	Tecember	19 <u>80</u>	τ. ί 
· · · ·	ANNE F. GRIEP	•		an Z. G		:
Notary Pu	blic in and for STATE of TE	· · ·				
	Bile in and for StAll of te	XAS		ANC T. J.	rieg	
Hy Co	mmission Expires 09-30-8	XAS		NOTARY PUBLIC	rieg	
11 C e	nile in and for S'Alle of te nilesion Expires 09-30-8	XAS		NOTARY MUBLIC	niep	•
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ARCO	Oll and Gas Col iny
	Permian District
	Post Office Box 1610
	Midland, Texas 79702
	Telephone 915 684 0130
	Curt Krehbiel
	District Landman

	AINER STAMETS ATION DIVISION BIT NO.
CASE NO.	7164
Submitted by	
	3/11/81

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February 24, 1981

TO: All Royalty Owners and Other Owners of Interest in Production

RE: Proposed Well and Working Interest Unit Custer-Wells Federal Com. #1 N/2 Section 6, T-25-S, R-37-E Lea County, New Mexico SOC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the covalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgement page which must be notarized. Instructions for execution

ARCO Oil and Gas Company is a Division of AtlanticRichfieldCompany

All Royalty Owners and Other Owners of Interest in Production February 24, 1981 Page 2

and acknowledgement of instruments for New Mexico properties are enclosed for your information, as is a stamped selfaddressed envelope for your convenience.

If you have any questions, please feel free to call me collect at (915) 684-0134.

Cordially Submitted,

Chamas S. Mutianoi ider.

Thomas S. Mutranowski Landman

TSM:mr

Enclosures: Communitization Agreement Ratifications (4) Instructions Stamped Return Envelope

## CONSENT AND RATIFICATION TO COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation. dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE:

#### APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor U. S. GEOLOGICAL SURVEY

DATED:\_\_\_\_\_

#### COMMUNITIZATION AGREEMENT

Contract No.

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

## $\underline{W} \underline{I} \underline{T} \underline{N} \underline{E} \underline{S} \underline{S} \underline{E} \underline{T} \underline{H}$

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

 The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

> N/2 Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

- 2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
- 3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
- 5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

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6.

(a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

(b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.

7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

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operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitizated formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

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12. The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.

13. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.

- 14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
- 16. 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 parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.Y. Jerell Attorney-In-Fact

EXHIBIT "A"

# PLAT OF COMMUNITIZED AREA COVERING N/2 SECTION 6, T-25-S, R-37-E N.M.P.M. LEA COUNTY, NEW MEXICO

LC 055546 TR. NO. 3 LC 055546 TR. No. 18 79.90 Ac. TR. NO. JA 39.91 Ac. Getty Oil Company 38:16 Ac. Santa Fe El Paso Natural Energy Company Gas Company Fee TR. NO. 2A LC 055546 TR. No. 2 40.00 Ac. TR. No. 1 38.22 Ac. Phillips 80.00 Ac. Phillips Petroleum Company Atlantic Richfield Company Petroleum Company Fee Fee 6

> WELL TO BE LOCATED 1810' FNL AND 2164' FWL, WHICH IS IN Tr. No. 1. TOTAL ACREAGE WITHIN COMMUNITIZED AREA 316.19 ACRES, MORE OR LESS.

To Communitization Agreement dated February 2, 1981, embracing the North Half (N/2) Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, containing 317.19 acres, more or less.

Operator of Communitized Area:

#### Atlantic Richfield Company

#### Description of Leases Committed

#### Tract No. 1

Lease Serial No.: Lease Date: Lease Term: Lessor: Original Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent WI Owners:

dille and Percent HI Owners:

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Percent ORRI Owners:

LC 055546 January 4, 1935
20 years United States of America
E. J. Wells Atlantic Richfield Company
Township 25 South, Range 37 East, N.M.P.M., SW/4 NE/4 and SE/4 NW/4 Section 6
80.00
On Gas and Casing-Head Gasoline:
12½ when average daily production is less than 3,000,000 cubic feet; 16 2/3 when
average daily production is 3,000,000
cubic feet or more on oil:
12½ to 33 1/3 sliding Scale
5% owned as follows.
Terra Resources, Inc036705
Robert Bivens00022375
The Marbet Company000446
Marguerite B. Poynter00022375 Red Feather Oil Company003125
Red Feather Oil Company003125 Virginia B. Bryan00022375
Douglas O. Williams00022375
Pouglas C. Williamszerezene 001319
J. Reuel Armstrong001319 Helen H. Benedict00019600
Leland Standford Jr. University000446
Ruhy C. Bowen001319
Clyde C. Dawson000196
Alice H. Fox000049
Elizabeth G. Henry000049
S. Arthur Henry, Jr ,000049
Pauson Oil Company000446 Diane Rene Stewart, Conservator
Diane Rene Stewart, Conservator
for Elizabeth O. Tucker001319
Helen H. Utter000049
Jean Wells Klaasse, Guardian of
the Person & Property of
Martha Noel Wells003392
Atlantic Richfield Company 100%

Tract No. 1A

LC 055546 (Same as Tract Nc. 1) January 4, 1935 20 years United States of America E. J. Wells El Paso Natural Gas Company Township 25 South, Range 37 East, N.M.P.M., Lot 4, being NW/4 NW/4, Section 6 38.16 Same as Tract No. 1 1.667687% owned as follows: J. Ruel Armstrong------ .014663 L. E. Armstrong, Jr.---- .014664 Mary E. Baker----- .005956 Helen H. Benedict------ .006542

Robert Bivens Leland Stanford Jr. University Ruby C. Bowen Colorado National Bank Personal Representative of	.005956 .014889 .043990
The Estate of Clyde C.	
Dawson, Deceased	.006542
Alice H. Fox	.001090
S. Arthur Henry, Jr	.001090
Elizabeth G. Henry	.003271
Pauson Of1 Company	.014889
The Marbet Company	.014889
Mary E. Bivens Poeggel	.005956
Marguerite Bivens Poynter	.005956
Red Feather 011 Company	.104230
Terra Resources, Inc	1.224252
Diane Rene Stewart, Conservator	
Of Elizabeth O. Tucker	.043990
Helen H. Utter	.001090
Jean Wells Klaasse, Guardian of	
The Estate of Martha	
Noel Wells	.113163
Douglas O. Wiliams	.005955
Mrs. Ann Young	.014664
El Paso Natural Gas Company	100%

Name and Present Working Interest Owners:

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Precent ORRI Owners:

Name and Present Working Interest Owners: Tract No. 18

LC055546 (Same as Tract No. 1) January 4, 1935 20 years United States of America E. J. Wells Santa Fe Energy Company Township 25 South, Range 37 East, N Lot 1, being NE/4 NE/4, Section 6 39.91	
Same as Tract No. 1	
5% owned as follows:	
L. E. Armstrong, Jr	.0004400
Ann Young	.0004400
Ruby C. Bowen	.0013200
Mrs. Fred E. Tucker, Jr Robert Bivens	.0013200
Robert Bivens	.0008900
The Marbet Co	
Pauson Oil Co	.0004500
J. Reuel Armstrong	.0004400
Board of Trustees of the	
Leland Stanford, Jr.,	
University Red Feather Oil Co	.0004500
	.0031200
Jean Wells Klaasse, Guardian	
For Martha Noel Wells	.0033900
Terra Resources, Inc	.0367051
Helen Benedict	.0001965
Clyde C. Dawson	.0001966
Elizabeth G. Henry	.0000982
Alice H. Fox	
Helen H. Utter	
Santa Fe Energy Company	.0000329
Santa Fe Energy Company	100%

Exhibit "B", Page 2

Lease Dated: Recorded:

Lessor: Lessee: Land Covered:

Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners: November 27, 1925 Book 3, Page 247, Records of Lea County, New Mexico C. D. Woolworth, et al The Pure 011 Company SW/4 NW/4, SE/4 NE/4, and other lands not included within said communitized area, Section 6, T-25-S, R-37-E, N.M.P.M. 10 years 1/8 on oil and gas Phillips Petroleum Company T. J. Horsley----- ,0004883 Atlantic Richfield Company------ .0074218 Atlantic Richfield Company------ .0003907 Cathie Auvenshire----- .0000976 Virginia L. Barnes----- .0003472 Jane C. Balckford----- .001770 W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins----- .0010417 Clifford Cone----- .0000977 Douglas Cone----- .0000977 Kathleen Cone----- .0004883 Kenneth G. Cone----- .0000976 Maurice G. Stuffman, Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased----- .0003255 Tom R. Cone----- .0000977 Mrs. Martha Watkins Harris----- .0012206 Winona C. Jones----- .0003472 Marjorie Cone Kastman----- .0001628 Mrs. Clyde Watkins Miller----- .0004612 Trustees of the Jal Public Library Fund----- .0026313 Andrew S. Pearson, Jr.---- .0003472 H. Dillard Schenck----- .0004883 The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased----- .0010417 Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube----- .0010417 Myrtis D. Watkins----- .0012206 Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock----- .0005208 First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust----- ,0003438 Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust----- .0004883

#### Tract No. 3

Lease #1 Dated: Recorded:

Lessor: Lessee: November 4, 1936 Book 28, Page 388, Records of Lea County, New Mexico George D. Key and Bertha Key F. J. Danglade Land Covered:

Primary Term: Royalty: Record Title to Lease: Lease #2 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #3 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #4 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #5 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #6 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #7 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area 10 years 1/8 on oil and gas Getty Oil Company Same as #1 Book 28, Page 389, Records of Lea County, New Mexico Elizabeth Hudson Penn Same as #1 Book 28, Page 387, Records of Lea County, New Mexico The North Central Texas Oil Company, Inc. Same as #1 November 4, 1937 Book 34, Page 553, Records of Lea County, New Mexico C. Schnurr Skelly Oil Company Same as #1 Same as #1 Same as #1 Same as #1 May 25, 1939 Book 40, Page 534, Records of Lea County, New Mexico W. B. Skirvin Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 7, 1939 Book 40, Page 547, Records of Lea County, New Mexico Tidewater Associated Oil Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 6, 1939 Book 40, Page 555, Records of Lea County, New Mexico S. M. Gloyd and Onez Norman Gloyd Same as #4 Same as #1 Same as #1 Same as #1 Same as #1

Lease #8 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #9 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #10 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #11 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #12 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Lease #13 Dated: Recorded: Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease

August 14, 1939 Book 41, Page 17, Records of Lea County, New Mexico Peerless Oil and Gas Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 July 1, 1939 Book 40, Page 620, Records of Lea County, New Mexico J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 December 6, 1936 Book 28, Page 393, Records of Lea County, New Mexico ARGO 011 Corporation Same as #1 November 4, 1936 Book 28, Page 392, Records of Lea County, New Mexico R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood Same as #1 Same as #1 5 years Same as #i Same as #1 November 4, 1936 Book 28, Page 391, Records of Lea County, New Mexico Robert C. Sharp and Josephine P. Sharp Same as #1 Same as #1 Same as #11 Same as #1 Same as #1 November 4, 1936 Book 28, Page 390, Records of Lea County, New Mexico L. C. Ritts and Gladys C. Ritts Same as #1 Same as #1 Same as #11 Same as #1 Same as #1

Lease #14 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #15 Dated: Recorded:

Lessor:

Lessee: Land Covered:

Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners Under Lease #1 thru #15: November 4, 1936 Book 28, Page 397, Records of Lea County, New Mexico F. D. Bearly and Cora Bearly Same as #1 Same as #1 Same as #1 Same as #1 Same as #1

November 4, 1936 Book 28, Page 471, Records of Lea County, New Mexico Roger B. Owings and Lucy P. Owings Same as #1 Same as #1 Same as #1 Same as #1 Same as #1

John Dwire Atkins	.0002388
Atlantic Richfield Company	.0101273
Roy G. Barton, Jr.	.0078125
James Henry Bearly	.0002387
Chas. Francis Bedford	.0003125
Henry De Graffenried Bedford	.0003125
Helen Learmont Bedford	.0003125
Rachel Bedford Bowen	.0003125
Mary Smith Bowers	.0001033
Joe and Jessie Crump Fund	.0048828
Estate of Pauline Cromartie	.0001033
Richard L. Cromartie, Jr	.0000517
The First National Bank of	

Midland and Jessie Blevins

Midland and Jessie Blevins	
Crump, Co-Trustees	.0048828
Elizabeth Bearly Dudley	.0002387
Fluor Oil and Gas Corporation	.0078125
Getty Oil Company	.0234375
Eva W. Graham	.0001033
Bernice J. Gross	.0039063
Katie Smith Hazlehurst	.0001033
Rosa Lee Smith Johnson	.0001099
George D. Key, Jr	.0058593
J. M. Richardson Lyeth, Jr.	
and Munro Longyear Lyeth	.0070313
Judd Moore	.0002387
North Central Oil Corporation	.0039063
Roger B. Owings Nancy Elizabeth Penson	.0039063
Nancy Elizabeth Penson	.0114612
William Y. Penn, Trustee	.0038195
Devisees under the will of	
George Pfouts, Deceased	.0000056
Mildred Smith Rawls	.0001033
Ritts Royalty Company	.0023149
Unez Norman Kööney	.0070312
Royalty Roundup, Inc	.0000302
Ellis Rudy	.0003617
Magabel Smith Rule	.0001033
Frances Wooten Scott	.0000517
Elinor Campbell Shaughnessy	.0003617
Elinor Underwood Shaughnessy	
and Irvin Hood, Ancillary	•
Co-Executors of Marion	
Taylor Underwood Estate	.0010850
Richard J. Shaughnessy,	
Adm. Estate of Julie	
Underwood Erickson	.0003617

0. W. Skirvin0021701
Archie D. Smith, Trustee0023149
Cassius L. Smith0001162
David Lee Smith0000066
Dudley M. Smith 0000055
Edmond D. Smith0001162
Eugene Smith0001033
Frank   Smith 0001033
Harry E. Smith0000517
H. Winfield Smith, Jr0001033
Hanny Eldon Smithannensensensensensen 0000066
Mary M. Smith
Maud S Smithaeseeseeseeseeseese 0001033
Leon D. Smith0001162
R. P. Smith
Robert H. Smith0000129
Gladys Flinchum, Adm. of Estate
of Odella N. Spears0012152
Georgia A. Stieren, Ind. Exec. of Estate
of Jack Stieren0001627
Tortuga Oil and Gas, Inc0001402
Randall Mark Trainer0039062
Nora Walker0000056
Lillian Smith Ward0000517
Betty S. Warren0000129
Ellen Ann Wallace Williams0003125
Jane Cromartie Williams0000517
Jack Wooten0000517
Tom Wooten, Jr0001033

## PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

Note, however ratifications are being obtained from all mineral interest owners, and those not replying will be Forced Pooled.

## RECAPITULATION

Tract No.	No. of Acres	Percent of Pool
1	80.00	25.3012429%
1A	38.16	12.0686929%
18	39.91	12.6221576%
2	38.22	12,0876688%
2A	40.00	12.6506215%
3	79.90	25.2696163%
	316,19	100 00000%

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared K. V. TERRELL , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of February \_\_\_\_\_, 19781.

Notary Public

My Commission Expires

July 3, 1984

#### INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS (New Mexico Properties)

The attached instruments should be executed pursuant to the following in-structions:

- 1. <u>Married Persons</u> (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
- 2. <u>Married Persons</u> (with the interest being either his of her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
- Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.

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- 4. <u>Single Women</u>. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
- 5. <u>Corporations</u>. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-infact, a copy of his power of attorney should be furnished.
- 6. <u>Partnerships</u>. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
- 7. <u>Trustees</u>. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
- B. Executors, Administrators and Guardiang. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approvint the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
- <u>Capacity Not Covered</u>. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
- Acknowledoments. The acknowledgment must be taken by a Notary Public 10. whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not uscable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

# CONOCO INC WELLS B-1 NO.5

IG50'FNL & GGO'FEL SEC.I, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL. KB 3253



# CONOCO INC WELLS B-1 NO.5

1650'FNL & 660'FEL SEC.I, T-25--S, R-36-E LEA COUNTY, NEW MEXICO EL. KB 3253



ELLENBURGER -

ManticRichfieldCom	panÿ 🎲 –	7/3/80
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CUSTER-WELLS No. 1: Drill & Equip

# Authorization for Expenditure

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· Attached to and made part of Operating Agreement dated August 23, 1980, by and between Atlantic Richfield Company, Operator, and Getty Oil Company, et.al., Non-Operators.

## ARTICLE XYL

#### MISCELLANEOUS

This approximational by hinding upon and shall inner to the benefit of the parties have to and to the cospective bases, devised a legal representatives, success, and assigns,

This and should be executed in a complex of each party case of which deal be on Hand original as all purposed.

IN WERVERS WHEEREOF, this agreement shall be of the labor 23rd Liday of August ...... <sup>10</sup> S0 ...

### OPERATOR

Atlantic Richfield Company

C. E. Cardwell, Jr.

Attorney-In-Fact

# NON-OPERATORS -

By:

Getty Oil Company

By: Petrolenn/Company Phillip By:( \_\_\_\_\_ Cliff Ohr, Attorney-In-Fact

Santa Fe thergy Company

By:

÷ . El Paso Natural Gas Company Ey:

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION \_EXHIBIT NO.\_\_ CASE NO. 116 Submilled by ARCC 3/11 8 Hearing Date\_

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operators

#### THE STATE OF TEXAS

#### COURTY OF MIDLARD

BEFORE ME, the undersigned authority, on this day personally appeared <u>C. E. CARDMELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity therein expressed.

1980. GIVEN UNDER HY HAND AND SEAL OF OFFICE, this Lots day of Suptembers,

Yvonne Brooks Yvonie Brooks Notary Public

NOTARY FUDLIS

#### CORPORATION ACKNOWLEDGMENT

STATE OF	TEXAS
	HARRIS

COUNTY OF

 BEFORE ME, the undersigned, a Notary Public in and for soid County and State, on this day personally appeared <u>Cliff Ohr</u>

 <u>Attorney-In-Fact</u>, known to me to be the person and afficer whose name is substribed to the foregoing instrument and acknowledged

 to me that the same was the act of the soid <u>PHILLIPS PETROLEUM COMPANY</u>, a corporation, or corporation, or corporation, the capacity therein stated.

 GIVEN UNDER MY HAND AND SEAL OF OFFICE this the <u>5th</u> day of <u>March</u> <u>A.D.</u> 19 81.

GIVEN UNDER MY HAND AND SEAL OF OFFICE inis the 5th day of March My Commission Expires: August 25, 1984

Notary Public in and for Harris County, Texas KENT CRAWFORD

#### CORPORATION ACKNOWLEDGMENT

STATE OF	` · ·	•	
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	rsigned, a Natary Public in and for said County and State, known to me to be the person and afficer whose name is sub		
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GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_day of\_\_\_\_\_\_

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	ATOR .
	Atlantic Richfield Company
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	ERATORS
	Getty Oil Company
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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al, Non-Operators.

STATE OF OKLAHOMA ) ) SS. COUNTY OF TULSA )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:

June 28, 1981

Hester a. Romine Notary Public

CUSTER	-VELLS N	o. 1: Drill &	Equ	ilp							inal authorization ision number		
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Intangible costa						-			· • • • •			
6. Testing tubular goods		8,000	15,0	0.0	-	6 9	<u> </u>				<u>i</u>	<u> </u>
7. Trucking tubular goods		8,000	8,0	_		0 9			•			
8. Casing accessories		5,000				1 2	_			;		1
9. Site preparation, maint., clean up		25,000			_	1 4	_		:	• •	1	
10. Permits, insurance, damages		2,000				1 5			• :	i		
11. Moving expense		50,000				1.7		•	·			<u>:</u>
12. Boat & barge rental			ļ			1_8			<u>į t</u>	: !	ļ	
13. Camp & catering 14. Boiler			<b> </b>			2.2		<u></u>				<u> </u>
15. Roads, airstrips & maintenance		·····	<b> </b>	· · · · · · · · · · · · · · · · · · ·		2 5		<u> </u>	<u> </u>	<u> </u>		
16. Air freight & air transportation						<u>5 6</u> 2 8						+
17. Contract footage drilling					+*							
tt @ \$	/ R.				5	3. 2	1	; ;		- 1	1	<u>i</u> T
Contract daywork (items 18 through 24)												
18. Drilling 60days @ \$5000	/day	300,000			5	3:3	<u> </u>	:				· ]
19. Casing 7 days @ \$5000	/day	15,000	20,0	00		3 4			<u> </u>		·	
20. Fishing 3 days @ \$5000	/day	15,000	<u> </u>			36	1		<u> </u>			++
21. Lost circ. & flowsdays @ \$500 22. Log test & coredays @ \$	<u>0 /day</u> /day	15,000	<u> </u>			3.7				• • •	ŀ	+
22. Log lest a coreosys @ 5 23. Shut down timedays @ 5	/day	<u> </u>			1	38		· · · ·	<u>-</u>			
24. Completion or pluggingdays @ \$	/day	<b> </b>	<b></b>			<u>39</u> 41		1			<u> </u>	÷-†
			f		Ť	-7	1.					
25. Completion unit daywork 50 days @ 1	00 Aay	·	50,0	00	5	4 2				······································	<u> </u>	
26. Rental: DP, DC, & related tools					_	4 3	_	<b>!</b> ,		<u>.</u>	:	
27. Well control equipment		20,000				4 7		!		:		Τ
28. Drill bits =		5,000	ļ		5	4 8	1				1	<u> </u>
#		25,000	<u> </u>		-	, • ·	• •					
#_25size_ <u>8-3/4'</u>		37,000	·		-1	•			- 1			
#		1	1,0	100	ſ					••••		

# AtlanticRichfieldCompany

# Drilling Cost Estimate - Page 2

Well name	(	Dala Pro	cessing information							
Custer Wells No. 1	Up te code 1 ≈ delete									
•	Trar. ident.	A.F.E.	nedmun .	3 = add						
stimated by	1 2 3	4 5 8 .	7 8 9 10 11 Or	ginal/revision indicato						
S. A. Haktanir	AFE	ε		1 = Original 2 = Revision						
6/30/80		<u> </u>	ł	2 - Nevision						
Inlangible cost (continued)	Dry hole	Completion costs	Oetail Total gross doll	ers Major account						
			12.13 14 15 16 17 18 15	20 21 22 23 24 25						
29. Fuel, Iresh water & drayage	40,000	5.000	549							
30. Drilling mud materials & drayage	110,000		5 5 1							
31. Drilling mud equipment			5 5 2							
			_							
	<u> </u>		_							
	<u> </u>	·	-							
32. Air compressor rental or gas cost										
33. Air or gas drig, accessories & drayage	<u>}</u>	+	553							
34. Open hole surveys	40,000		5 5 7							
		- <u> </u>								
	]	- <del> </del>								
35. Data recording services			5 5 8	·····						
36. Wireline formation tester			5 5 9							
37. Mud log	20,000		560							
38. Cased hole surveys		16,000	561 -	: I I I						
	· · · · · ·									
39. Perforating fees		10,000	562							
40. Sidewall coring # 41. Conv. diamond or wireline coring tt.			563							
<ol> <li>Conv. diamond or wireline coring tt.</li> <li>Drill stem tests = 2</li> </ol>	1.0.000		5 6 8							
43. Acidize Fracture gal. Ibs	15,000	120.000	572							
44. Cement & lees for casing	<u>}</u>	120,000								
20 circsacks	1,000	+		<u> </u>						
13-3/8 CD CITC sacks	10,000									
<u>9-5/8" " 00 circ sacks</u>	30,000									
7 " OD	<u></u>	35,000								
" ODsacks			· · · · ·							
" ODsacks										
45. Cement & fees for squeezes or plugs		15,000	579							
46. Fishing tool rental & drayage	10,000	10,000	5 8 0							
47. Directional drig. tool rental & drayage	· · · · · · · · · · · · · · · · · · ·		5 8 1	•						
48. Operations - prorate			590	· .						
49. Unclassified tool rental & drayage	15,000	12,000	587							
50. Unclassified drayage & supplies 51. Unclassified services & material losses	10,000	10,000	594							
52. Overhead	20,000	20,000	5 8 9							
53. Supervision by contract personnel	10,000	7,000	592							
54. Supervision by A.R.Co. personnel		10.000								
Total Intangibles	24,000	10,000								
	885,000	365,000								
Tolal cost (langibles & intangibles)	1,047,000	810,000								
Completed well cost (dry hole & comp.)	1									
	1,857,	000								

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Subject ARCO Custer Wells No. 1: Drill & Eq	ulp July 9, 1980
Autiorization number	
Olstrict	
Permian West Location	
1650' FNL, 1980' FWL, Sec. 6, T25S,	R37E, Lea County, New Mexico
Project To test	
Devonian and Ellenburger	formation
Depth 12,800 Approved Contract footage	Deywork depth
Casing program: Surface casing	
13-3/8" 54#/ft @ ±1200'	
13-370 34#71C 8-1200	•
Dratation chies	
Protective string	
9-5/8" 36#/ft @ ±6450'	
Oil string	
7" 26 & 29#/ft € TD of 12800'	
Liner	· ·
	•
Casinghead	
Estimated formation tops Est. El. 3250 DF	· · · · · · · · · · · · · · · · · · ·
Rustler 1100 Wolfcamp 7700 Devoni	
Yates 2800 Barnett 8500 Siluri Queen 3400 Miss. Ls. 8650 Fussel	an 9800 McKee 11650 man 10300 Ellenburger 12250
Bone Spring 5000 Woodford 9050 Montoy	
Mud program	
0 = 1200' = Spud Hud	
1200 - 6450' - Brine water - Lime for p	H control
6450 - 8000' - Cut brine, use fresh wat 8000 - 12800'- Oil base mud w/ max weig	er for volume ht of 8-8+4 opa.
Surveys @ 6450 '	@ Total Depth
GR - CNL - FDC 6450' to 2500' DLL - Rxo 6450' to 2500'	GR - CNL - FDC TD to intermediate GR - DIL TD to intermediate
1000 1716 0	· · · · · · · · · · · · · · · · · · ·
AR38-1716-8	

Coring							•
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Core priority							
		-					·
Drill stem tests							
DST #1 - 10000-11 to be determined	0200 (Siluria by well site	n), DST #2 geologist	- 10400- and engin	10450 (F heer.	usselman	n) Exact I	nterv
Samples 10' samples from	Anne! to tot	al denth	<u></u>				
io sempres irom		ar ueptir.	•			а	
Fluid samples 2 quarts fluid ro	ecovered from	DSTIC for	ànalucic			- <u></u> .	
		001 5 101		• • • •	. *		
Mudlogging Mudlog unit from	m 8500 + - Th				· · · · · · · · · · · · · · · · · · ·		
Elevations							
Est. elevation 32	250 DF.					•	-
Type completion Dual Devonian and	d Ellenburger			·	· · · · · · · · · · · · · · · · · · ·		
	u cirenoufger	•					•
Completion equipment		· · · ·	-		•_•		
completion equipment							
· · · · ·		· · ·					
Signed (District Oplinge Supportiondent)							
Endorsed			·			•	
District Operations Manager	a Die to.	». <i>M</i> ′ -		· · · ·		Dato S/13/Si	i
Orstrici engineer	the second se	<u></u>				Date	80
District Exclorationist (geologist)	this que					Ozie	
Approved District Manager ()						Date /	
C.2. Cm	rduell p.					8/19/	(0
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Inde       [2] Giganit wider         CUSTEN-WELLS No. 1: Drill & Equip       [2] Giganit wider         Itession       [1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, Lea County, New Mexico         APPR TD 12,800       Ellenburget         Somily Area       Displayed by Control         Useget information       0000 Yorm         Somily Area       Displayed by Control         Displayed by Control       Useget information         Observation       0000 Yorn         Displayed by Control       Useget information         Observation       0000 Yorn         Displayed by Control       Useget information         Observation       1000 Yorn         Displayed by Control       Useget information         Observation       100 Yorn         Displayed by Control       Fail and Useget         Displayed Displayed by Control       Fail and Useget         Displayed D	iture				
1650' FNL & 1980' FUL, Section 6, T=25-S, R=37-E, Lea County, New Hexico           003 Form           APPR TD 12,800         Eliculustron           Discription         Over(infinite by All Ant. 5,35,464           Discription         Over(infinite by All Ant. 5,35,464           Discription         Over(infinite by All Ant. 5,35,464           Distribution         Call Ant. 5,35,464           Distribution         Call Ant. 5,35,464           Over(infinite					
OD3 Form         APPR TD 12,800         Negles of subarization         Works of subarization         Subarization of subarization         Works of subarization         Subarization of subarization         Works of subarization         Subarization of subarization         Subarization of s					
APPR TD 12,800       Ellemburger         Forges of subscitzion       US vonitant         Subscitzion       User vonitant         Subscitzion       Vonitant         Subscitzion       Vonitant         Subscitzion       Vonitant         Subscitzion       Vonitant         Subscitzion       Yone         Subscitzion       Yone         Subscitzion       Yone         Subscitzion       Subscitzion         Subscitzion       Field cast         Subscitzion       Subscitzion         Subscitzion       Subscitzion         Subscition       Subscitzion					
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Control of an end carper       Cast of the carper         Construction in					
Image: Solution in the second number in t					
Single £20usl Three or more       Instance of the field	)-67				
Primary objective of drilling       Image: Component instabudget					
Introduction only (2) Case (introduction is a construction of the construct	•				
Image: Arrow and the served of the served					
Inste       Insplacement         Inste       Insplacement         Instruction       Instruction					
Component AFE No(s)         Description and justification Attached         Account Codes On hand         Account Capital         Account Expanse         Total           G/44/57         Tangible         031         607,000         607,0           ''         Intangible         037         1,250,000         1,250,0           ''         Total Drilling Cost         1,857,000         1,857,0         1,857,0           ''         Total Drilling Cost         1,000         170,0         170,0           ''         Operator         Cross         1044/67         2,027,000         2,027,0           ''         ARCO Oil & Cas Co.         Net Allastic share         584,483         584,4         584,4	•				
Attached       On hand       Capital       Expense       Total         G/44/59       Tangible       031       607,000       607,0         ''       Intangible       037       1,250,000       1,250,0         ''       Total Drilling Cost       1,857,000       1,857,0         ''       Total Drilling Cost       1,000       1,70,000         ''       Ogerator       038       .170,000       1,70,0         ''       Med Allantic Holdeld share       584,483       584,4	•				
G/44/S9       Tangible       031       607,000       607,0         ''       Intangible       037       1,250,000       1,250,0         ''       Total Drilling Cost       1,857,000       1,857,0         ''       Total Drilling Cost       1,857,000       1,857,0         ''       Total Drilling Cost       1,857,000       1,000         ''       Total Drilling Cost       1,000       170,0         ''       Gross       170,000       170,0         ''       Interview       038       170,000       170,0         ''       Interview       584,483       584,4       584,4	·				
Total Drilling Cost         1,857,000         1,857,000           6	00				
Total Drilling Cost         1,857,000         1,857,000           6	00				
Gross       038       170,000       170,0         Gross       101412       2,027,000       2,027,0         Operator       Net Allontic filchiled share       584,483       584,4	00				
Gross     10lais     2,027,000     2,027,0       Operator     Net Allontic filchileid share     584,483     584,4	·.				
totals2,027,0002,027,0OperatorNet Allantic Richileld share584,483584,4	00				
Operator Net Allantic Richifield ARCO 011 & Gas Co. Share 584,483 584.4					
own arship decimat 0 2 8 8 3 4 9 Range requested					
Payout (years) 13 lieturn (AFIT) pyy0 Stat dater Completion date s prior year s Curr. year s Therealter (AFIT) (AFIT) Capital Capital Capital					
1/81     6/81     Expense     Expense     Expense       Technical audita (check those required)     1/2     Co-owner aparticulation					
Approvals (check highest lovel regulard)	103				
(1) Degries Condinally Date Date Date Date Date Date Date Date	103				
President/Chaimán Oate					
Tenter view (version)					
AtlanticRichfieldCompany	Su/	pplement Drill	ling Cost Est	imate –	· Page
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Well name Custer Wells No. 1		· · · · ·	T.D. 12,800		
.ocalion 1650' FNL & 1980' FWL, S	ec. 6. T25	S. 837E. Lo:			
legion	let		Field		
and the second secon	ermian West	t			
ibjecuve @	n.			Ø	4
Development Disingle	<	and the second se	ssing Information	T Vodate	
Exploratory Dual	Trens. Ident.	┉┉┥ ┍┉╨┉╷ ┝┉┉┉	E. Number 7 8 9 10 11		lata
Completion	AFE			Criginal/Revi	isión Indica
	· ·			1 = Origi 2 = Revis	ion
	Dry hole	Completion costs	Code Total gross	dollars	Holof Peccount
Tubular goods	[			19 20 21 22	23 24 25
20 " 00 from 0 ' to 30 "	1.000		. i i		L
<u>13-3/8</u> 'do from <u>0</u> ' to <u>1200</u> '	28,000				<u> </u>
<u>9-5/8</u> " OD from 0, to 6450	110,000			i - 1 - 1	
$7^{-1}$ OD from 0 to 12800 $\frac{1}{2}$		245,000			
<u>2-3/8</u> " OD from <u>0</u> to <u>12300</u> <u>2-3/8</u> " OD from <u>0</u> to <u>9550</u>		60,000			
		50,000			┟╍╍╍┨
" OD tram " to" to"					<u> </u>
Casinghead and Christmas tree				<del> </del>	<u>├</u>
Tubing accessories	18,000	60,000	504		
Artificial lift accessories		25,000	508		
Unclassified materials			5 3 7		{
olal langibles	5,000	5,000	5 0 8		لبببيل
itangible costs	162,000	445,000	-		
	•				
. Testing lubular goods	8,000	15,000	5 6 9	1	i i i i i i i i i i i i i i i i i i i
Trucking tubular goods	. 8,000	8,000	509		
Casing accessories	5,000	1			
. Sile preparation, maint., clean up	25,000		5 1 2		
Permils, insurance, damages	2,000	1	5 1 5	: 1	
1. Moving expense	50,000		5 1 7		
2. Boat & barge rental			5 1 8		
1. Camp & catering	·	1			
l. Boiler			5 2 5		· . i
5. Roads, airstrips & maintenance			5 5 6		<u> </u>
Air freight & air transportation		1			· · · ·
. Contract foolage drilling	·	•			
t @ s/ tt_			532	i ; t	
ontract daywork (ilems 18 through 24)			· · · · · ·	· · · · · ·	
Drilling 60 days @ \$5000 /day	300,000		533.	• •	
. Casing days @ s <u>5000</u> /day	15,000	20,000	5 3 4	••••••	
Fishing_3days @ \$5000/day	15,000	1	536	:	<u> </u>
	15,000		5 3 7		
1. Lost circ. & llows_3_days @ \$5000_/day		1	5 3 8		
1. Lost circ. & llows <u>3</u> days @ \$ <u>5000</u> /day 2. Log test & corodays @ \$/day					
1. Lost circ. & llows_3_days @ \$ <u>5000</u> /day 2. Log test & corodays @ \$/day 3. Shut down timedays @ \$/day			5 3 9		
1. Lost circ. & llows_3_days @ \$ <u>5000</u> /day 2. Log test & corodays @ \$/day 3. Shut down timedays @ \$/day					
I. Lost circ. & llows_3_days @ \$5000/day 2. Log test & corodays @ \$/day 3. Shut down timedays @ \$/day 4. Completion or pluggingdays @ \$/day			5 3 9 ! 5 4 1 '		
1. Lost circ. & llows_3_days @ \$ <u>5000</u> /day 2. Log test & corodays @ \$/day 3. Shut down timedays @ \$/day 4. Completion or pluggingdays @ \$/day 5. Completion unit daywork_50_days @ \$00/Aay		50,000	5 3 9 : 5 4 1		
1. Lost circ. & llows_3_days @ \$ <u>5000</u> /day 2. Log test & corodays @ \$/day 3. Shut down timedays @ \$/day 4. Completion or pluggingdays @ \$/day 5. Completion unit daywork_ <u>50</u> days @ <u>100</u> Aay 6. Rontal: DP, DC, & related toolo		50,000	5     3     9     :       5     4     1     '       5     4     2       5     4     3     '		
1. Lost circ. & llows_3_days @ \$5000_/day 2. Log test & corodays @ \$/day 3. Shut down timedays @ \$/day 4. Completion or pluggingdays @ \$/day 5. Completion unit daywork_50_days @ \$/day 5. Rontal: DP, DC, & related tools 7. Woll control equipment	20,000	50,000	5       3       9       1         5       4       1       1         5       4       2       1         5       4       3       1         5       4       7       1		
1. Lost circ. & llows_3_days @ \$ <u>5000</u> /day 2. Log test & corodays @ \$/day 3. Shut down timedays @ \$/day	20,000 5,000 25,000	50,000	5     3     9     :       5     4     1     '       5     4     2       5     4     3     '		

#### The second s

CUSCCT WEITS NO. 1       Image: State of the state of th	Forester Walla Ha 1	<u>ر</u>	Dala Pro	cessina h	nformation	
InterviewTrans. Island.III <t< th=""><th>Custer Werrs No. 1</th><th></th><th>ſ<del></del></th><th></th><th></th><th></th></t<>	Custer Werrs No. 1		ſ <del></del>			
A. Hakt an Ir       A. F. E. E.       Completion costs       Completion costs       Completion costs       Completion costs       Completion costs		Tran. ident.	A.F.E.	number		
130/80       Completion costs       Desk dollars       Usage         al, tresh water 2 draysge       40,000       5,000       5 4 9         al, tresh water 2 draysge       40,000       5,000       5 4 9         al, tresh water 2 draysge       40,000       5,000       5 4 9         al, tresh water 2 draysge       110,000       5 5 1		• :		7 8 9		ginal
Nois cost (continued)       Ory hole       Completion costs       Outling       Total grass dollars       Italiar         ed. Irish water & drayage       40,000       5,000       5.4.9       1.1.0.1.0.00       5.5.1       1.1.0.1.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0.0	30/80				] 2 = Rev	11\$101
code         is i		Orv hole	Completion costs	Detall	Total gross dollars	Isaine I
et, Irss water & disyage       40,000       5,000       5 4 9         illing mud materisis & disyage       110,000       5 6 1         illing mud materisis & disyage       110,000       5 6 1         illing mud materisis & disyage       5 5 3       5 2         illing mud materisis & disyage       5 5 3       5 5 3         ised fig. accessories & disyage       5 5 5 4         ised hole surveys       40,000       5 5 5 4         ised hole surveys       5 5 6         ised hole surveys       16,000       5 6 1         ised hole surveys       16,000       5 6 8         ised hole surveys       10,000       5 7 2         ised hole surveys       120,000       5 7 7         ised hole surveys       120,000       5 7 7         ised hole surveys       120,000       5 7 7         ised hole surveys       10,000       5 6 8         ised hole surveys       120,000       5 7 7         ised hole surveys       12,000       5 7					i i i i gi i i i i i i i i i i i i i i	account
atting mud materials 4 drayage       110,000       5 0 0         ning mud deuigment       5 5 2         r compressor renial or gas cost       5 5 3         r or gas drig, accessories 6 drayage       5 5 3         pin hole surveys       40,000         sta recording services       5 5 3         rigine formation tester       5 5 9         udiog       5 6 3         sta recording services       5 6 3         rigine formation tester       5 6 8         udiog       5 6 8         sta doing or witeline coring       10,000         sta doing or witeline coring       120,000         sta doing or witeline coring       120,000         sta doing       120,000         stes is 2       10,0			•	12.13.14	15 16 17 18 19 20 21 2	2 23 24 25
niting and equipment       110,000       5 5 2         if and equipment       5 5 2         if and equipment       5 5 2         if a resording services       5 5 3         if and equipment       5 5 3         if a resording services       5 5 4         if a resording services       5 5 5         if a resording services       5 5 6         if a resording services       5 5 6         if a resording services       5 5 6         if a resording services       5 6 8         if a resording services       10,000         if a resording services       5 6 8         if a resording services       5 6 8         if a resording services       10,000         if a resording services       5 6 8         if a resording if ees       10,000         if a resording if ees       10,000         if a resording if ees       10,000         if a resording if ees       120,000         if a resord call c c call if c call if a resording if if a resording if ees         if a resord call c call if c call if a resording if if a resordif if if a resordif if a resording if a resording if a resording i	el, Irosh water & drayage	40,000	5,000			
r compressor rental or gas cost       5.5.3         r or gas drig, accessories & drayage       5.5.3         pan hols surveys       40,000         star seconding services       5.5.4         pan hols surveys       40,000         star seconding services       5.5.8         uta recording services       5.5.9         uta recording services       5.5.9         uta recording services       5.5.9         uta recording services       5.6.0         sted hole surveys       10,000         triversing fees       10,000         dewail coring       2.0.000         sted hole surveys       10,000         triversing fees       10,000         gar. damond or wireline coring       h.         start dees for casing       1.0.000         120,000       5.7.7         istart dees for casing       1.0.000         123/31 ··· co       c1 r.C         stacks       30,000         '··· oo       stacks         ··· oo       stacks </td <td></td> <td>110,000</td> <td></td> <td>551</td> <td></td> <td></td>		110,000		551		
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•	Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operators.
1 2 3	ARTICLE XVI. Miscellaneous
4 5 6	This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.
7 8 9	This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.
10 11	IN WITNESS WHEREOF, this agreement shall be effective as of <u>23rd</u> day of <u>August</u> 19_80.
12	OPERATOR
14 15	
16 17	ATLANTIC RICHFIELD COMPANY
18 19	By: C.Z. Cardwell
20 21	Attorney-In-Fact Osh
22 23	
24 25	
25 27	TEXAS PACIFIC OIL COMPANY, INC.
28 29	By:
30 31	
32 33	PHILLIPS PETROLEUM COMPANY
3-1 35	Ву:
36 37	
38 39	GETTY OIL COMPANY
40 - 41	By:
• 42	EL PASO NATURAL GAS COMPANY
43	
45 46	By:
47 42	SANTE FE ENERGY COMPANY
49 _ 50	A Kun
51 52	Attest: D. J. Congell Assistant Secretary By: C. J. Berry, Jr.
53 54	Executive Vice President
. 55 55	
57 58	
59 60	
61 62	
63	
61 65	

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	Attached to and made between Atlantic Ric Inc., et al, Non-Ope	chfield Company			
THE STAT	E OF TEXAS		· ·		
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COURTY O	* MIDEAUD 3				
ATLANTIC	BEFORE ME, the une RDWELL, JR. ion, known to see to it, and acknowledged RICHITED COMPANY, expressed.	be the person to me that h	n-Fact for AHJ whose name is e executed same	NRIC RICHTIELD subscribed to t as the act and	COMPANY, e the foregoing I deed of seid
	GIVER UNDER HY HAN	D ARD SEAL OF	OFFICE, this	late day of	e ti lun
1980.					interister's
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	The undersigned, a Notary Ps				C.J. Berry.J
Exec. Vice P	res., known to me to be th	one in one for solo	where early the state, or	has any personally opp	strument and arknowled
my that the s	, aben to the to be a	Santa Fo Enorg		bed to me rategoing m	_
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GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_\_ doy of\_\_\_\_\_\_ A.D., 19\_\_\_\_\_

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operators.

#### ARTICLE XVI. MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of <u>23rd</u> day of <u>August</u> 19\_80.

#### OPERATOR

By:

8y:

ATLANTIC RICHFIELD COMPANY

C. E. Cardwell, Jr. Attorney-In-Fact

#### NON-OPERATORS

- 15 -

TEXAS PACIFIC OIL COMPANY, INC.

PHILLIPS PETROLEUM COMPANY

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

UNION TEXAS PETROLEUM CORPORATION

GETTY OIL COMPANY

8y:

TERRA RESOURCES, INC.

By:

EL PASO NATURAL GAS COMPANY By: JUM D. N. CANFIELD 0DW ATTORNEY-IN-FACT

Attached to and made a part of Operating Agreement dated August 23, THE STATE OF TEXAS ) 1980, between Atlantic Richfield Company, as Operator, and Texas. Pacific 011 Company, Inc., et al, Non-Operator, COUNTY OF HIDLAND . )

Ne di sejatativa.

BEFOME ME, the undersigned authority, on this day personally appeared , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 1970.

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF\_ COUNTY OF EL Paso

Texas

D. N. BEFORE ME, the undersigned, a Natary Public in and for said County and State, on this day personally appeared. Canfield ....., known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged to me that the some was the act of the said El Paso Natural Gas Company correction. \_executed the same as the act of such corporation for the purposes and consideration therein expressed,"and in and that\_ he the copacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

ANNE F. GRIEP Wotary Public Te and for STATE of TEXAS My Commission Expires 09-30-84

day of

NOTART PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared. , known to me to be the person and afficer, whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said... , a corporation, \_\_\_\_executed the same as the act of such corporation for the purposes and consideration therein expressed, and in and that ... he

the copacity therein stated. 24 GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

PERSONAL ACKNOWLEDGMENT

STATE OF. COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and far said County and State, on this day personally appeared\_

subscribed to the foregoing instrument, known to me to be the person\_\_\_ \_whose name. \_\_executed the same for the purposes and consideration therein expressed. and acknowledged to me that ..... GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_ .....day of AD. 19

HOTARY PUOLIC

ARCO Oll and Gas Co. ny Permian District Post Office Box 1610 Midland, Texas 79702 Telephone 915 684 0130 Curt Krehbiel District Landman	BEFORE EXAMINES STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. 5 CASE NO. 7164 Submitted by ARCO Hearing Date 3/11/81
February 24, 1981	

TO:	A11	Royalty	Owners	and	Other	Owners
	of	Interest	in Pro	duct	ton	

Proposed Well and Working Interest Unit RE: Custer-Wells Federal Com. #1 N/2 Section 6, T-25-S, R-37-E Lea County, New Mexico SOC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratifi-cation to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgement page which must be notarized. Instructions for execution

#### ARCO Oil and Gas Company is a Division of AtlanticRichfieldCompany

All Royalty Owners and Other Owners of Interest in Production February 24, 1981 Page 2

and acknowledgement of instruments for New Mexico properties are enclosed for your information, as is a stamped self-addressed envelope for your convenience.

)

If you have any questions, please feel free to call me collect at (915) 684-0134.

Cordially Submitted,

Chomas S. Mutianouski

Thomas S. Mutranowski Landman

TSM:mr

Enclosures: Communitization Agreement Ratifications (4) Instructions Stamped Return Envelope

## CONSENT AND RATIFICATION TO COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.K., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE:

#### APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor U. S. GEOLOGICAL SURVEY

DATED:\_\_\_\_\_

#### COMMUNITIZATION AGREEMENT

Contract No.

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

## $\underline{W} \underline{I} \underline{T} \underline{N} \underline{E} \underline{S} \underline{S} \underline{E} \underline{T} \underline{H};$

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

 The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

> N/2 Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

- 2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
- 3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
- 5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

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(a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

6.

- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
- 7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

-3-

operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitizated formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

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11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

-4-

- 12. The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other sucessors in interests, and shall be subject to approval by the Secretary of the Interior.
- 13. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.
- 14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
- 16. 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 parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.V. Jenell\_\_\_\_

Jun Ut

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## EXHIBIT "A"

## PLAT OF COMMUNITIZED AREA COVERING N/2 SECTION 6, T-25-S, R-37-E N.M.F.M. LEA COUNTY, NEW MEXICO

LC 055546 Tr. No. Ia 38.16 Ac. El Paso Natural Gas Company	Tr. No. 3 79.90 Ac. Getty Oil Company	LC 055546 Tr. No. Ia 39.91 Ac. Santa Fe Energy Company
	Feo	
TR. No. 2	LC 055546	TR. NO. 2A
38.22 Ac.	TR. No. 1	40.00 Ac.
Phillips	80.00 Ac.	Phillips
Petroleum Company	Atlantic Richfield Company	Petroleum Compan
Fee		Fee

WELL TO BE LOCATED IBIO' FNL AND 2164' FWL, WHICH IS IN Tr. No. I. TOTAL ACREAGE WITHIN COMMUNITIZED AREA 316.19 ACRES, MORE OR LESS.

#### EXHIBIT "B"

To Communitization Agreement dated February 2, 1981, embracing the North Half (N/2) Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, containing 317.19 acres, more or less.

Operator of Communitized Area:

#### Atlantic Richfield Company

### Description of Leases Committed

#### Tract No. 1

Lease Serial No.: Lease Date: Lease Term: Lessor: Original Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent WI Owners:

LC 055546 January 4, 1935 20 years United States of America E. J. Wells Atlantic Richfield Company Township 25 South, Range 37 East, N.M.P.M., SW/4 NE/4 and SE/4 NW/4 Section 6 80.00 On Gas and Casing-Head Gasoline: 12½ when average daily production is less than 3,000,000 cubic feet; 16 2/3 when average daily production is 3,000,000 cubic feet or more on oil: 12½ to 33 1/3 sliding Scale 5% owned as follows: Terra Resources, Inc.---- .036705 Robert Bivens-----.00022375 The Marbet Company----- .000446 Marguerite B. Poynter-----.00022375 Red Feather 0il Company----- .003125 Virginia B. Bryan-----.00022375 Douglas 0. Williams-----.00022375 J. Reuel Armstrong----- .001319 Kelen H. Benedict-----.00019600 Leland Standford Jr. University --- .000446 Ruby C. Bowen----- .001319 Clyde C. Dawson----- .000196 Alice H. Fox----- .000049 Elizabeth G. Henry----- .000049 S. Arthur Henry, Jr.---- .000049 Pauson Oil Company-----Diane Rene Stewart, Conservator for Elizabeth O. Tucker-----.000446 .001319 Helen H. Utter-----.000049 Jean Wells Klaasse, Guardian of the Person & Property of .003392 Nartha Noel Wells-----Atlantic Richfield Company------100%

Tract No. 1A

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Percent ORRI Owners: LC 055546 (Same as Tract No. 1) January 4, 1935 20 years United States of America E. J. Wells El Paso Natural Gas Company Township 25 South, Range 37 East, N.M.P.M., Lot 4, being NW/4 NW/4, Section 6 38.16 Same as Tract No. 1 1.667687% owned as follows: J. Ruel Armstrong------ .014663 L. E. Armstrong, Jr.---- .014664 Mary E. Baker----- .005956 Helen H. Benedict----- .006542

Robert Bivens Leland Stanford Jr. University Ruby C. Bowen Colorado National Bank	.005956 .014889 .043990
Personal Representative of	
The Estate of Clyde C.	.006542
Dawson, Deceased	
Alice H. Fox	.001090
S. Arthur Henry, Jr	.001090
Elizabeth G. Henry	.003271
Pauson Oil Company	.014889
The Marbet Company	.014889
Mary E. Bivens Poeggel	.005956
Marguerite Bivens Poynter	,005956
Red Feather Oil Company	.104230
Terra Resources, Inc	1.224252
Diane Rene Stewart, Conservator	
Of Elizabeth 0. Tucker	.043990
Helen H. Utter	.001090
Jean Wells Klaasse, Guardian of	
The Estate of Martha	
Noel Wells	.113163
Douglas O. Williams	.005955
Mus Ann Voung	
Mrs. Ann Young	.014004
El Paso Natural Gas Company	100%

Name and Present Working Interest Owners:

Tract No. 18

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Precent ORRI Owners:

Name and Present Working Interest Owners: LCO55546 (Same as Tract No. 1) January 4, 1935 20 years United States of America E. J. Wells Santa Fe Energy Company Township 25 South, Range 37 East, N.M.P.M. Lot 1, being NE/4 NE/4, Section 6 39.91 Same as Tract No. 1 5% owned as follows: L. E. Armstrong, Jr.---- .0004400 Ann Young----- .0004400 Ruby C. Bowen----- .0013200 Mrs. Fred E. Tucker, Jr.----- .0013200 Robert Bivens----- .0008900 The Marbet Co.---- .0004500 Pauson 0il Co.---- .0004500 J. Reuel Armstrong----- .0004400 Board of Trustees of the Leland Stanford, Jr., University----- .0004500 Red Feather 0il Co.----- .0031200 Jean Wells Klaasse, Guardian For Martha Noel Wells----- .0033900 Terra Resources, Inc.---- .0367051 Helen Benedict----- .0001965 Clyde C. Dawson----- .0001966 Elizabeth G. Henry----- .0000982 Alice H. Fox----- .0000329 Helen H. Utter----- .0000329 Santa Fe Energy Company----- .0000329 100% Santa Fe Energy Company-----

Lease Dated: Recorded:

Lessor: Lessee: Land Covered:

Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners:

November 27, 1925 Book 3, Page 247, Records of Lea County, New Mexico C. D. Woolworth, et al The Pure Oil Company SW/4 NW/4, SE/4 NE/4, and other lands not included within said communitized area, Section 6, T-25-S, R-37-E, N.M.P.M. 10 years 1/8 on oil and gas Phillips Petroleum Company T. J. Horsley----- .0004883 Atlantic Richfield Company----- .0074218 Atlantic Richfield Company----- .0003907 Cathie Auvenshire----- .0000976 Virginia L. Barnes----- .0003472 Jane C. Balckford----- .001770 W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins----- .0010417 Clifford Cone----- .0000977 Douglas Cone----- .0000977 Kathleen Cone----- .0004883 

Kenneth G. Cone	.0000310
Maurice G. Stuffman,	
Kathrine Cone, and Tom	
Sealy, Trustees of S. E. Cone,	
Deceased	.0003255
Tom R. Cone	.0000977
Mrs. Martha Watkins Harris	.0012206
Winona C. Jones	
Marjorie Cone Kastman	.0001628
Mrs. Clyde Watkins Miller	.0004612
Trustees of the Jal Public	19001012
Library Fund	0026313
Andrew S. Pearson, Jr.	00020010
H. Dillard Schenck	0003472
	.0004003
The First National Bank of	
Corsicana, Texas and	
H. R. Stroube, Jr., Ancillary	м <sup>2</sup>
Co-Executors of Estate of	
H. R. Stroube, Deceased	.0010417
Joseph Edward Stroube,	
Ancillary Executor of the	
Estate of W. C. Stroube	.0010417
Myrtis D. Watkins	.0012206
Robert L. Wheelock, Jr. and	
Betty Wheelock Kennaugh	
Betty Wheelock Kennaugh Co-Executors of the Estate	.0005208
Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock	.0005208
Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock First National Bank of	.0005208
Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock First National Bank of Corsicana, Texas, Trustee	.0005208
Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock	
Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust	
Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust Bank of Oklahoma and Rita L.	
Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust	.0003438

#### Tract No. 3

Lease #1 Dated: Recorded:

Lessor: Lessee: November 4, 1936 Book 28, Page 388, Records of Lea County, New Mexico George D. Key and Bertha Key F. J. Danglade Land Covered:

Primary Term: Royalty: Record Title to Lease:

Lease #2 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #3 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #4 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #5 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #6 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #7 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area 10 years 1/8 on oil and gas Getty 011 Company Same as #1 Book 28, Page 389, Records of Lea County, New Mexico Elizabeth Hudson Penn Same as #1 Book 28, Page 387, Records of Lea County, New Mexico The North Central Texas Oil Company, Inc. Same as #1 November 4, 1937 Book 34, Page 553, Records of Lea County, New Mexico C. Schnurr Skelly Oil Company Same as #1 Same as #1 Same as #1 Same as #1 May 25, 1939 Book 40, Page 534, Records of Lea County, New Mexico W. B. Skirvin Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 7, 1939 Book 40, Page 547, Records of Lea County, New Mexico Tidewater Associated Oil Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 6, 1939 Book 40, Page 555, Records of Lea County, New Mexico S. M. Gloyd and Onez Norman Gloyd Same as #4 Same as 🗐 Same as #1 Same as #1

Same as #1

Lease #8 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #9 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #10 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #11 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #12 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #13 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease August 14, 1939 Book 41, Page 17, Records of Lea County, New Mexico Peerless Oil and Gas Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 July 1, 1939 Book 40, Page 620, Records of Lea County, New Mexico J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 December 6, 1936 Book 28, Page 393, Records of Lea County, New Mexico ARGO 011 Corporation Same as #1 November 4, 1936 Book 28, Page 392, Records of Lea County, New Mexico R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood Same as #1 Same as #1 5 years Same as #1 Same as #1 November 4, 1936 Book 28, Page 391, Records of Lea County, New Mexico Robert C. Sharp and Josephine P. Sharp Same as #1 Same as #1 Same as #11 Same as #1 Same as #1 November 4, 1936 Book 28, Page 390, Records of Lea County, New Mexico L. C. Ritts and Gladys C. Ritts Same as #1 Same as #1 Same as #11 Same as #1

Same as #1

Lease #14 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #15 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners Under Lease #1 thru #15: November 4, 1936 Book 28, Page 397, Records of Lea County, New Mexico F. D. Bearly and Cora Bearly Same as #1 Same as #1 Same as #1 Same as #1 Same as #1

November 4, 1936 Book 28, Page 471, Records of Lea County, New Mexico Roger B. Owings and Lucy P. Owings Same as #1 Same as #1

Takes B. June Additions	
John Dwire Atkins	.0002388
Atlantic Dichfield Company	.0101273
Atlantic Richfield Company	
Roy G. Barton, Jr.	.0078125
Roy G. Barton, JrJames Henry Bearly	.0002387
Chas. Francis Bedford	.0003125
Henry De Graffenried Bedford	.0003125
Helen Learmont Bedford	.0003125
Rachel Bedford Bowen	.0003125
Mary Smith Bowers	.0001033
Joe and Jessie Crump Fund	.0048828
Estate of Pauline Cromartie	.0001033
Richard L. Cromartie, Jr	.0000517
The First National Bank of	
Midland and Jessie Blevins	
	0040000
Crump, Co-Trustees	.0048828
Elizabeth Bearly Dudley	.0002387
Fluor Oil and Gas Corporation	.0078125
Cobby Odl Company	.0234375
Getty UII company	
Getty Oil Company Eva W. Graham	.0001033
Bernice J. Gross	.0039063
Katie Smith Hazlehurst	.0001033
Rosa Lee Smith Johnson	.0001099
George D. Key, Jr	.0058593
J. M. Richardson Lyeth, Jr.	
U. M. KICHarusul Lyeui, Ur.	
and Munro Longyear Lyeth	.0070313
Judd Moore	.0002387
North Central Oil Corporation	.0039063
Received off corporacion	
Roger B. Owings	.0039063
Nancy Elizabeth Penson	.0114612
Nancy Elizabeth Penson	.0114612
Nancy Elizabeth Penson	
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of	.0114612 .0038195
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased	.0114612 .0038195 .0000056
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased	.0114612 .0038195 .0000056
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls	.0114612 .0038195 .0000056 .0001033
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company	.0114612 .0038195 .0000056 .0001033 .0023149
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney	.0114612 .0038195 .0000056 .0001033 .0023149
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Fillis Rudy	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Flinor Campbell Shaughnessy	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Flinor Campbell Shaughnessy	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Flinor Campbell Shaughnessy	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Flinor Campbell Shaughnessy	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Elinor Campbell Shaughnessy Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517 .0003617
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Elinor Campbell Shaughnessy Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517 .0003617
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Elinor Campbell Shaughnessy Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517 .0003617
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Elinor Campbell Shaughnessy Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate Richard J. Shaughnessy,	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517 .0003617
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Elinor Campbell Shaughnessy Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate Richard J. Shaughnessy, Adm. Estate of Julie	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517 .0003617
Nancy Elizabeth Penson William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased Mildred Smith Rawls Ritts Royalty Company Onez Norman Rooney Royalty Roundup, Inc Royalty Roundup, Inc Ellis Rudy Magabel Smith Rule Frances Wooten Scott Elinor Campbell Shaughnessy Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate Richard J. Shaughnessy,	.0114612 .0038195 .0000056 .0001033 .0023149 .0070312 .0000302 .0003617 .0001033 .0000517 .0003617

0. W. Skirvin0021701
Archie D. Smith, Trustee Cassius L. Smith0001162
Cassius L. Smith
David Lee Smith 0000055
Dudley M. Smith- 0001162
Edmond D. Smith 0001033
Eugene Smith
Frank L. Smith 0000517
Harry E. Smith 0001033
H. Winfield Smith, Jr0000066
Harry Eldon Smith 0001033
Mary M. Smith
Mary M. Smith
Leon D. Smith 0001162
Leon D. Smith0001162 R. P. Smith0000129
Robert H. Smith
Gladys Flinchum, Adm. of Estate of Odella N. Spears
of Odella N. Spears - Fund of Estate
of Odella N. Spears Georgia A. Stieren, Ind. Exec. of Estate of Jack Stieren
of Jack Scierenter and Annual 1402
Tortuga Oil and Gas, Inc. 0039062
Randall Mark Irainer 0000056
Nora Walker 0000517
Lillian Smith Ward0000129
Betty S. Warren 0003125
Ellen Ann Wallace Williams
Jane Cromartie Williams 0000517
Jack Wooten ,0001033
Jack Wooten0001033 Tom Wooten, Jr

# PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

None, however ratifications are being obtained from all mineral interest owners, and those not replying will be Forced Pooled.

- ----

	RECAPITULATION	
- · · ·	No. of Acres	Percent of Pool
<u>Tract No.</u> 1 1A 1B 2 2A 3	80.00 38.16 39.91 38.22 40.00 79.90	25.3012429% 12.0686929% 12.6221576% 12.0876688% 12.6506215% 25.2696163%
3	316.19	100,000000%

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared K. V. TERRELL \_\_\_\_\_\_, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the 'capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of February \_\_\_\_\_, 19:81.

Notary Public

My Commission Expires

July 3, 1984

#### INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS (New Mexico Properties)

The attached instruments should be executed pursuant to the following instructions:

1. <u>Married Persons</u> (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.

1

- 2. <u>Married Persons</u> (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," The acknowledgment should also contain the identical name and description.
- 3. <u>Single Men</u>. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.

3

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- 4. <u>Single Women</u>. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
- 5. <u>Corporations</u>. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
- 6. <u>Partnerships</u>. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as foliows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
- <u>Trustees</u>. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
- 8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proviceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approvint the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
- 9. <u>Capacity Not Covered</u>. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
- Acknowledgments. The acknowledgment must be taken by a Notary Public 10. whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. might be necessary to have more than one acknowledgment if the It parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not uscable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.



EXHIBIT 2

# CONOCO INC

WELLS B-1 NO.5

I650'FNL & 660'FEL SEC.I, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL. KB 3253



EXHIBIT 3

## CONOCO INC WELLS B-1 NO.5

1650'FNL & 660'FEL SEC.1, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL. KB 3253

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*ManticRichfieldCompany	` <>	7/3/80
Iniv		

Authorization for Expenditure

CUSTER-WELLS No. 1: Drill & Equip

1

L

	Location					•••••••						
	1650' FNL &			on 6,	T25	55,	R-37-Е, I	Lea Co	unty, N	lew Mexi	co	
		•	Form	Budget	Informati	ion			Originated	ty	AFEO	umber
1	APPR TD 12,800	Ellen					nt. <u>535,4</u>		Huan	Phan		1459.614467 Ligentilier
	Purpose of authorization	Devor	n i an Dober	Item (	2) 42	<u>3</u> Ami	49,0	<u>19</u>	District		1410160	t idenimer
	Dritt old well deeper	ieno nili storkover (	_10ther							<u>in West</u>		
ः, प्र	Developmont 100	¢%•		Capital	Instabud	get date	s10/9/	79	Field name			•
	DExploratory								Custer		1 07	
	* Show percent of total c		•		ed on In	•		/79				, <u>MM-MD-67</u>
	each.	iost applicable to		Amo	unt capit	tat dillar	s from			-85, SOC	SUJ Field d	
	Single Duel DThree o	r more		tosta	ibudget (	s	Over	/(under)	Expl. projec			410
								• •	Subject to			uh coqs(z)
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AMPLE FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977	
Attached to and made part of Operating Agreement dated August 23, 1980,	,
by and between Atlantic Richfield Company, Operator, and Getty Oil	
Company, et.al., Non-Operators.	

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#### ARTICLE N.24. MISCELLANDOUS

This agreement shuff be binding upon and shall nume to the benefit of the partics herets and to the cospective heavy devised legal representatively success and assigns.

This and sheat they have excepted in a consider of one consistence of which shall be on Blend or original as all puty sea.

EX WERNERS WHEREOF, this agreement shall be ethnic as of 23rd Liday of August 11 1111.

OPERATOR

Atlantic Richfield Company

By: C. E. Cardwell, Jr. Attorney-In-Fact

Getty Oil Company

NON-OPERATORS

By: Phillips, Petrolean/Company By:( bhr, Attorney-In-Fac Santa Fe thergy Company

By:

El Paso Natural Gas Company By:

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. 4 CASE NO. 7164 Submilled by ARCO Hearing Date 3/11/81

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operators

## THE STATE OF TEXAS

#### COURTY OF MIDLAND

19.80.

BEFORE ME, the undersigned authority, on this day personally appeared <u>C. E. CARDMELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVER UNDER HY HAND AND SEAL OF OFFICE, this lote day of Septembers,

Notary Public

#### CORPORATION ACKNOWLEDGMENT

STATE OF	TEXAS	
	HARRIS	

BEFORE ME, the undersigned, a Natory Public in and for said County and State, on this day personally appeared <u>Cliff Ohr</u> <u>Attorney-In-Fact</u>, known to me to be the person and allicer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the soid <u>PHILLIPS PETROLEUM COMPANY</u>, a corporation, and that <u>he</u> executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

· GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March A.D., 19\_81

My Commission Expires: August 25, 1984

ARY PUBLIC Notary Public in and for Harris County, Texas KENT CRAWFORD

#### CORPORATION ACKNOWLEDGMENT

STATE OF	ľ		•		
COUNTY OF	J .	• •	•	•	
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BEFORE ME, the undersigned, a No	tory Public	; in ond for said (	County and State, a	on this day personally ap	peore
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\_\_\_\_\_\_, known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said\_\_\_\_\_\_\_, o corporation, and that \_\_\_\_\_he\_\_\_\_\_ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the copacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_doy of\_\_\_\_\_\_doy of\_\_\_\_\_\_

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#### CORPORATION ACKNOWLEDGMENT

STATE OF.	Ì
COUNTY OF	ſ

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_\_day of\_\_\_\_\_\_\_

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A.A.P.L. FORM 610 - MODEL F Attached to and made parts by and between Atlantic Ri Company, et.al., Non-Opera	of Operating Agro chfield Company,	eement dated August 23, 1980,	
	ARUCLE		
	MISUELIJA	NEOUS	
This appearant shall be bindi be accupative bound devisions legal b	ng upon ant stalt ing representatives, suc	re to the benefit of the partics hereto and to the reason and assignat	
THE list repeating. Is executed in a list exec is original to suff propose.	nated in pluz sonatem S	of count opens, care of which shar be consider.	.*:
i <sup>1</sup> 80	s agreement stail be	et et a of 23rd day of August	
	OPERA	TOR	
	• . •	Atlantic Richfield Company	
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· · · · · · · · · · · · · · · · · · ·		By: C. E. Cardwell, Jr. Attorney-In-Fact	_U/
	· · ·		Pres
	NON-OPER	•	
· ·	· · ·	Getty Oil Company	
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•	•	(J/A. MORRIS, AGENT	
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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al, Non-Operators.

STATE OF OKLAHOMA ) ) SS. COUNTY OF TULSA )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

) My commission expires:

Hester a. Romine Notary Public

June 28, 1981

tille CUSTER	-WELLS N	o. 1: Drill	. & E	quip					[		inal authorization sion number
Location 1650*	FNL & 19	80' FWL, Sec	tion	6. T-25	-S. F	R-37-Е. I	.ea Co	unty, N	lew Mexi	co	
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Development .							<u> </u>	Custer			
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		010		Instabudget \$	<u> </u>	Over	/(under)	Expl. projec	I NO.	Field c	
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	Description and	Justification			Account	Amounts-in	whole dot	lais only			<u></u>
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11	Intangi	ble	<del></del>		037		1,250	,000			1,250,000
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				Gress totals							
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		<u>1 &amp; Gas Co.</u>		Richfield share				483	ļ		584,483
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Regional	. <u></u>			Date .	{	President/C	hairman				Dal <del>o</del>
- Canine wine -	(asident			10-10		For Board o	f Director	3			Date
Senior vice-p	resident	******		Date		For Board o	f Director	3			Date

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AtlanticRichfieldCor	npany		pplement	Driii		DSCES	timate	- Pa	ye
Custer Wells No. 1						12,80	0		
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3. Tubing accessories			25,0	000	506	. 			
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5. Unclassified materials Totat tangibles		5,000	5,1		508	<u> </u>			Ļ
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6. Testing tubular goods		8,000	15,0	000	569		·		T
7. Trucking tubular goods		8,000	8,0		509	[		1	
8. Casing accessories		5,000			5 1 2				-+
9. Site preparation, maint., clean up		25,000			5 1 4		1 2 4 2	1:	
10. Permits, insurance, damages		2,000			5 1 5		· · · · · ·	-	1
11. Moving expense		50,000			5 1 7				:
12. Boat & barge rental					5:1.8		1 2 2 4		
13. Camp & catering					5 2 2	4 . 1			:
14. Boiler					5 2 5				
15. Roads, airstrips & maintenance		· · · · · · · · · · · · · · · · · · ·			5 5 6				<u>:</u>
16. Air freight & air transportation		 			528		<u> </u>	<u></u>	
17. Contract footage drilling			- <u> </u>		+	er i ja F			<u> </u>
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19. Casing 7 days @ \$5000	/day		20,0	100	534	<u> </u>	<u> </u>		┝╌┝
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22. Log test & core days @ 5_2					5 3 7	+		-+	+
23. Shut down timedays @ \$.					538				+
24. Completion or pluggingdays @					<u>539</u> 541				
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25. Completion unit daywork_50 days	@ 00 Aav		50,1	000	542	<u> </u>			-+
26. Rental: DP, DC, & related tools					5 4 3	A second s			
27. Well control equipment		20,000			5 4 7				-+
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Etimated by S. A. Haktanir       Transition isolation (1, 2, 3, 4)       J (3, F, E, units by (3, F, E, units b)       J (5, 7, 6, 9, 10, 11)       J (5, 7, 10, 11, 10, 10, 10, 10, 10, 10, 10, 10	Custer Wells No. 1		Data Pro	cessing i			
S. A. Haktanir       Arr E       Difference       Difference <th></th> <th>Tran. Ident.</th> <th>A.F.E.</th> <th>number</th> <th></th> <th>•</th> <th></th>		Tran. Ident.	A.F.E.	number		•	
Date       A. F. E. E.       2 = Revision         Date       Completion costs       Gradil       Total gross dataset         A. F. E. E.       Completion costs       Gradil       Total gross dataset         St. Fost, fresh, water & drayage       40,000       5,51       1         St. Fost, fresh, water & drayage       40,000       5,51       1         St. Onling mud squipment       110,000       5,52       1         St. Air completion restar       6,53,4       5       1         St. Air completion restar       6,53,4       5       1         St. Air completion restar       6,53,4       1       1         St. Air completion restar       5,5,8       1       1         St. Air constreme       40,000       5,5,8       1       1         St. Or gas drig, accretions & drayage       40,000       5,5,8       1       1         St. Air constreme       5,5,8       1       1       1       1         St. Air constreme       16,000       5,6,0       1       1       1         St. Air constreme or water       16,000       5,6,2       1       1       1         St. Cost, atmoord or water       15,000       1,000       5,7,2 <t< th=""><th>Estimated by</th><th>1 2 3</th><th>4 5 6</th><th>7 8 9</th><th>Unginas, ravis</th><th></th><th>lor</th></t<>	Estimated by	1 2 3	4 5 6	7 8 9	Unginas, ravis		lor
6 / 3 0 / 8 0       0ry hole       Completion costs       Deskill       Yotal gives dollare       Material         R. Fuel, fresh water & drayage       40,000       5,000       5 4 s       Ital gives dollare       Material         30. Onling mud sauipment       5 5 1       10,000       5 5 1       Ital gives dollare       Ital gives dollare       Material         31. Onding mud sauipment       5 5 2       Ital gives dollare       Ital g		AFE	E				٦
Rest         reade         recount           12         12         12         15         16         16         17         16         20         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         22         23         23         23         23         23         24         23         24         23         24         23         24         23         24         23         24         23         24         25         25         35         35         35         36         35         35							J
28. Foul, fresh waier & drayage       40,000       5,000       5 4 9         29. Foul, fresh waier & drayage       110,000       5 5 1       1         31. Driling mud equipment       5 5 1       5       1         32. Air compressor renial or gas cost       5 5 3       5       1         33. Air or gas drig, accessories & drayage       5 5 4       5       1         34. Open hole surveys       40,000       5 5 3       1       1         35. Osta recording services       5 5 4       1       1       1         36. Open hole surveys       40,000       5 5 3       1       1         37. Mud Tog       20,000       5 6 3       1       1         38. Oras recording services       5 5 8       1       1       1         39. Perforsing lees       10,000       5 6 3       1       1         30. Sidewall coring       1       10,000       5 7 2       1         30. Gasta recording tees       10,000       5 7 2       1       1         31. Orar, diamond or vireline coring h.       10,000       5 7 2       1       1         32. Orar Coring **       10,000       5 7 7       1       1       1         32. Opticiting lees	Intangible cost (continued)	Dry hole	Completion costs		Total gross dollars	1	Γ
25. Feat. Vreak water & drayage       40,000       5,000       5,49         30. Outling mud equipment       5,51         31. Dulling mud equipment       5,52         32. Air compressor ranial or gas cost       5,53         33. Air or gas drig, accessories & drayage       5,53         34. Orgen trails or gas cost       5,53         35. Data recording services       5,53         36. Orgen trails for gas cost       5,53         37. Morig services       5,53         38. Cased hole surveys       40,000         39. Perforating fees       10,000         30. Congo or vireline coring       16,000         39. Perforating fees       10,000         40. Cond dispond or vireline coring       1         41. Cond dispond or vireline coring       1         42. Orill stem tasts 2       1,000         13. Jaciatre 2   FFC       sacks         30. Perforating fees       1,000        120,000       5,72         43. Or dispond or vireline coring       1         44. Convid dispond or vireline coring       1         45. Good Coring       1         45. Good Coring       1         45. Good Coring       1         46. Convi dispond or vireline coring       1     <					16 16 17 19 10 20 21 22		1
30. Orifing mud equipment       5 5 1         31. Orifing mud equipment       5 5 2         32. Air compressor rental or gas cost       5 5 3         33. Air or gas difg. accessories & drayage       5 5 4         34. Open hole surveys       40,000         35. Okts recording services.       5 5 8         36. Wireline formation tester       5 5 8         37. Mid fog       20,000         36. Octs recording services.       5 5 8         37. Mid fog       20,000         38. Cased hole surveys       10,000,5 6 1         39. Perforsting frees       10,000,5 6 3         40. Condom or wireline coring       n.         41. Conv. Gamond or wireline coring       n.         42. Origon or coring       10,000,5 6 3         43. Origon or coring       1,000,00,5 7 7         44. Convit & for solid coring       n.         45. Origon or coring       1,000,00,5 7 7         46. Convit & for solid coring       1,000,00,5 7 7         47. Origon or coring       1,000,00,5 7 7         48. Origon or coring       1,000,00,5 7 7         49. Origon or coring       10,000,00,5 7 7         40. Coring to for coring       1,000,00,00,5 7 7         41. Coring tof recore soling coring       10,000,00,00,00,00,00,00,00	29. Fuel, fresh water & drayage	40.000	5.000	••••••••••••••••••		23 24 23	f
22       Air compressor rental or gas cont       5       5       3         33. Air or gas drig, accessories & drayage       40,000       5       5       4         34. Open hole surveys       40,000       5       5       7         35. Data recording services       5       5       9       7         36. Working fees       0       5       6       0         37. Mud log       5       6       0       5       6         38. Cased hole surveys       10,000       5       6       1         39. Partorating fees       10,000       5       6       1         41. Conv. diamond or wireline coring       h.       5       6       8       1         42. Orill stem tists = 2       15,000       5       7       7       1       1         43. Conv. diamond or wireline coring       h.       120,000       5       7       7       1         44. Conv. diamond or wireline scring       120,000       5       7       7       1       1         45. Conv. diamond or wireline scring       1,000       120,000       5       7       7       1       1         46. Conv. diamond or wireline scoring       120,000       5 </td <td>30. Drilling mud materials &amp; drayage</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Γ</td>	30. Drilling mud materials & drayage						Γ
33. Air or gas drig. accessories & drayage       5       5       5       5       5       5       7         34. Goven hole surveys       40,000       5       5       7       7         35. Oats recording services       5       5       5       9       7         35. Outs recording services       5       5       5       9       7         36. Cased hole surveys       16,000       5       6       1         37. Mud log       20,000       5       6       1         38. Graed hole surveys       16,000       5       6       1         39. Perforating laes       10,000       5       6       1         41. Conv. diamond or wireline coring       1       5       6       8         42. Orill stem tests = 2       15,000       5       7       7         44. Cement & fores for casing       1,000       7       7       7         44. Cement & fores for casing       1,000       35,000       7       7         45. Cement & fores for casing       10,000       5       7       9         46. Fishing for core or lawage       10,000       5       7       9         46. Fishing for lemit & drayage	31. Drilling mud equipment			552			L
33. Air or gas drig. accessories & drayage       5       5       5       5       5       5       7         34. Goven hole surveys       40,000       5       5       7       7         35. Oats recording services       5       5       5       9       7         35. Outs recording services       5       5       5       9       7         36. Cased hole surveys       16,000       5       6       1         37. Mud log       20,000       5       6       1         38. Graed hole surveys       16,000       5       6       1         39. Perforating laes       10,000       5       6       1         41. Conv. diamond or wireline coring       1       5       6       8         42. Orill stem tests = 2       15,000       5       7       7         44. Cement & fores for casing       1,000       7       7       7         44. Cement & fores for casing       1,000       35,000       7       7         45. Cement & fores for casing       10,000       5       7       9         46. Fishing for core or lawage       10,000       5       7       9         46. Fishing for lemit & drayage				_		ې د د د د د د مېرو د د د د د	
33. Air or gas drig. accessories & drayage       5       5       5       5       5       5       7         34. Goven hole surveys       40,000       5       5       7       7         35. Oats recording services       5       5       5       9       7         35. Outs recording services       5       5       5       9       7         36. Cased hole surveys       16,000       5       6       1         37. Mud log       20,000       5       6       1         38. Graed hole surveys       16,000       5       6       1         39. Perforating laes       10,000       5       6       1         41. Conv. diamond or wireline coring       1       5       6       8         42. Orill stem tests = 2       15,000       5       7       7         44. Cement & fores for casing       1,000       7       7       7         44. Cement & fores for casing       1,000       35,000       7       7         45. Cement & fores for casing       10,000       5       7       9         46. Fishing for core or lawage       10,000       5       7       9         46. Fishing for lemit & drayage			•	-			
33. Air or gas drig. accessories & drayage       5       5       5       5       5       5       7         34. Goven hole surveys       40,000       5       5       7       7         35. Oats recording services       5       5       5       9       7         35. Outs recording services       5       5       5       9       7         36. Cased hole surveys       16,000       5       6       1         37. Mud log       20,000       5       6       1         38. Graed hole surveys       16,000       5       6       1         39. Perforating laes       10,000       5       6       1         41. Conv. diamond or wireline coring       1       5       6       8         42. Orill stem tests = 2       15,000       5       7       7         44. Cement & fores for casing       1,000       7       7       7         44. Cement & fores for casing       1,000       35,000       7       7         45. Cement & fores for casing       10,000       5       7       9         46. Fishing for core or lawage       10,000       5       7       9         46. Fishing for lemit & drayage		<u> </u>	·	-			1
33. Air or gas drig. accessories & drayage       5       5       5       5       7         34. Open hole surveys       40,000       5       5       7         33. Oats recording services       5       5       8       9         33. Oats recording services       5       5       9       9         34. Org as drig. services       5       5       9       9         37. Mud fog       20,000       5       6       0         38. Org as droid surveys       16,000       5       6       1         39. Perforating fees       10,000       5       6       1         41. Conv. diamond or wireline coring       n       5       6       8         42. Orifi stem tests = 2       15,000       5       7       2         43. Conv. diamond or wireline coring       n       120,000       5       7       2         43. Conv. diamond or wireline coring       n       120,000       5       7       2         43. Conv. diamond or wireline coring       n       120,000       5       7       2         43. Conv. diamond or wireline coring       n       120,000       5       7       2         43. Operations for con coring	32. Air compressor rental or gas cost		+	5 5 3	T	1	Ē
33. Data recording services       5.5.8         33. Outs recording services       5.5.8         33. Wird log       20,000         33. Cased hole surveys       16,000         39. Perforating lees       10,000       5.6.2         40. Sidewall coring       #         41. Conv. diamond or wireline coring       h         42. Orifl stem tests = 2       15,000         43. Cased hole surveys       120,000         44. Cement & fees lor casing       120,000         7       0.00         7       0.00         13 - 57/8       r.0. clrc         sacks       30,000         7       0.0         90.       sacks	33. Air or gas drig, accessories & drayage						Γ
35. Data recording services       5.5.8         54. Wireline formation tester       5.5.8         37. Mud log       20,000       5.6.0         38. Cased hole surveys       16,000       5.6.1         39. Pertorating fees       10,000       5.6.2         40. Sidewall coring $=$ 5.5.8         41. Corw, diamond or wireline coring $=$ 5.6.8         42. Orill stem tests $=$ 15,000         43. Clarket for cosing $=$ 120,000         20. "OD_CIFC       sacks       1,000         20. "OD_CIFC       sacks       30,000         2	34. Open hole surveys	40,000		557	· ·		
35. Oats recording services       5. 5. 8         36. Wrieline formation tester       5. 5. 8         37. Mud log       20,000       5. 6. 0         38. Cased hole surveys       16,000       5. 6. 0         39. Perforating fees       10,000       5. 6. 2         40. Sidewall coring       2       15,000         41. Conv. diamond or wireline coring       1       5. 6. 8         42. Orill stem tests       2       15,000         43. Clance & for casing       1.0       5. 7. 2         24. Clance & for casing       1.0       1.000         20. ************************************		<u> </u>		_			
33. Data recording services       5 5 8         35. Wireline formation tester       5 5 9         37. Mud log       20,000         38. Cased hole surveys       16,000         39. Perforating fees       10,000       5 6 2         40. Sidewall coring       =         41. Corv. diamond or wireline coring       h.         42. Orill stem tests =       2         42. Orill stem tests =       2         43. □ Acidize $\sum$ Fracture		<u> </u>		142			
36. Wireline formation tester       5       5       5       9         37. Mud log       20,000       5       6       0         38. Cased hole surveys       16,000       5       6       0         39. Partorating lees       10,000       5       6       1         39. Partorating lees       10,000       5       6       1         39. Partorating lees       10,000       5       6       1         30. Sidewall coring       =       15,000       5       7       2         41. Cow, diamond or wireline coring       n       120,000       5       7       2         42. Or drift stem tests =       2       15,000       5       7       2       1         43. O Acidize $\supseteq Fracture       gal.       bis       120,000       5       7       2         44. Cement & fees for casing       1,000       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       1       2       2       2      $	35. Data recording services	<u> </u>		5 5 9	and a second	<u> </u>	ŕ
27. Mud log       20,000       5 6 0         38. Cased hole surveys       16,000       5 6 1         39. Pertorating less       10,000       5 6 2         40. Sidewall coring $\pm$ 5 6 3         41. Conv. diamond or wireline coring $\pm$ 5 6 3         42. Orill stem tests $\pm$ $2$ 15,000       5 7 2         43. Conv. diamond or wireline coring $\pm$ $\pm$ $5$ 44. Cement & fees for casing $\pm$ $\pm$ $\pm$ 20 $\circ$ oo       CI r C       sacks $\pm$ 13-378 $c_0$ CI r C       sacks $\pm$ $\pm$ 20 $\circ$ oo       CI r C       sacks $\pm$ $\pm$ $\pm$ 20 $\circ$ oo       CI r C       sacks $\pm$ $\pm$ $\pm$ 20 $\circ$ oo       CI r C       sacks $\pm$ $\pm$ $\pm$ $\pm$ 21 $\circ$ $0$ S 0.00 $\pm$ $\pm$ $\pm$ $\pm$ 20 $\circ$ oo       CI r C       sacks $\pm$ $\pm$ $\pm$ $\pm$ 20 $ 0$ </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>t</td>							t
33. Cased hole surveys       16,000       5 6 1         33. Perforating fees       10,000       5 6 2         40. Sidewall coring $\pi$ 5 6 3         41. Corw, diamond or wireline coring       h.       5 6 3         42. Orill statute       gal       15,000       5 7 2         42. Orill statute       gal       1bs       120,000       5 7 7         44. Cement & fees tor casing       10,000       5 7 7       14         20 " OD       Cl I C       sacks       10,000       5 7 7         44. Cement & fees tor casing       10,000       13-3/8 " CD       120,000       5 7 7         20 " OD       Cl I C       sacks       10,000       12       120         9-5/81" " OD       cl I C       sacks       35,000       12       12         45. Cement & fees tor squeezes or plugs       15,000       5 7 9       14       14         46. Fishing torie rental & drayage       10,000       10,000       5 8 0       14         46. Fishing torie rental & drayage       10,000       10,000       5 8 0       15         47. Directional drig, tool rental & drayage       10,000       10,000       5 9 0       14         49. Unclassified tool rental & drayage	37. Mud log	20,000					T
33       Perforating fees       10,000       5 6 2         40. Sidewall coring $=$ 5 6 3         41. Corv. diamond or wireline coring       h.       5 6 8         42. Orill stem tests = 2       15,000       5 7 2         43. $\Box$ Acidize $\chi$ ] Fracturegallos       120,000       5 7 7         44. Cament & fees for casing       120,000       5 7 7         20       " ooClrc_sacks       1,000       5 7 7         44. Cement & fees for casing	38. Cased hole surveys		16,000	561			L
33       Perforating fees       10,000       5 6 2         40. Sidewall coring $=$ 5 6 3         41. Corv. diamond or wireline coring       h.       5 6 8         42. Orill stem tests = 2       15,000       5 7 2         43. $\Box$ Acidize $\chi$ ] Fracturegallos       120,000       5 7 7         44. Cament & fees for casing       120,000       5 7 7         20       " ooClrc_sacks       1,000       5 7 7         44. Cement & fees for casing				<b>-</b>		به آندوند اند ان فيوه برونجه توا	
40. Sidewall coring       =       10,000       5 6 3         41. Corw, diamond or wireline coring       h.       5 6 8         42. Orill stem tasts = 2       15,000       5 7 2         43. Acidize       Fracture_galIbs       120,000       5 7 7         44. Cement & fees tor casing       120,000       5 7 7         44. Cement & fees tor casing	39. Perforating less		10 000	5 6 7	]	1	r
41. Corv. diamond or wirelina coring       h.       5 6 8         42. Orill stem tests = 2       15,000       5 7 2         43. $\Box$ Acidize $\Box$ Fracture gal. bs       120,000       5 7 7         44. Cement & fees for casing       120,000       5 7 7         20. $\Box$ OD CIFC sacks       1,000       5 7 7         13-378 cD CIFC sacks       10,000       5 7 9         20			10,000				t
43. □ Acidize	-		+		+	†	t
44. Cement & fees for casing       1201000         20       " OD_CIFC_sacks       1,000         9-5/81       " OD_CIFC_sacks       10,000         9-5/81       " OD_sacks       35,000        "OD_sacks       35,000        "OD_sacks       35,000        "OD_sacks       35,000        "OD_sacks       35,000        "OD_sacks       36,000        "OD_sacks       35,000        "OD_sacks       10,000        "OD_s8       0        "OD_s8       0        "OD_s9       0        "OD_s9       10,000 <td></td> <td>15,000</td> <td></td> <td>572</td> <td></td> <td></td> <td>Γ</td>		15,000		572			Γ
20			120,000	577		L	L
13-3/8       CD       CITC       sacks       10,000         9-5/81       OD       circ       sacks       30,000         7       OD       sacks       35,000       7		1			1	<u>,</u>	<b>T</b>
9-5/81       00       c1 r c       sacks       30,000         7       00       sacks       35,000       7	17-7/8						ł
7       " OD	0 6 /911						f
			35,000				T
45. Cement & fees for squeezes or plugs       15,000       579         46. Fishing tool rental & drayage       10,000       580         47. Directional drig, tool rental & drayage       581         48. Operations - prorate       590         49. Unclassified tool rental & drayage       15,000         49. Unclassified drayage & supplies       10,000         50. Unclassified drayage & supplies       10,000         51. Unclassified services & material losses       20,000         52. Overhead       10,000         53. Supervision by contract personnel       10,000         54. Supervision by A.R.Co. personnel       24,000         704 Intangibles       885,000         365,000       365,000				-			
46. Fishing tool rentat & drayage       10,000       10,000       5 8 0         47. Directional drig, tool rental & drayage       5 8 1       5 8 1         48. Operations - prorate       5 9 0         49. Unclassified tool rental & drayage       15,000       12,000       5 8 7         50. Unclassified drayage & supplies       10,000       10,000       5 9 0         51. Unclassified services & material losses       20,000       20,000       5 8 9         52. Overhead       10,000       7,000       5 9 2         53. Supervision by contract personnel       1 0 5         54. Supervision by A.R.Co. personnel       24,000       10,000       1 0 6         Total cost (tangibles & intangibles)       1,047,000       810,000       10,000							╞
47. Directional drig, tool rental & drayage       5 8 1         48. Operations - prorate       5 9 0         49. Unclassified tool rental & drayage       15,000       12,000       5 8 7         50. Unclassified drayage & supplies       10,000       10,000       5 9 4         51. Unclassified services & material losses       20,000       20,000       5 9 2         52. Overhead       10,000       7,000       5 9 2         53. Supervision by contract personnel       1 0 5         54. Supervision by A.R.Co. personnel       24,000       10,000       1 0 6         Total cost (tangibles & intangibles)       1,047,000       810,000       1 0 6				the second s		·	╞
48. Operations - prorate       5 9 0         49. Unclassified tool rental & drayage       15,000       12,000       5 8 7         50. Unclassified drayage & supplies       10,000       10,000       5 9 4         51. Unclassified services & material losses       20,000       20,000       5 8 9         52. Overhead       10,000       7,000       5 9 2         53. Supervision by contract personnel       1 3 5         54. Supervision by A.R.Co. personnel       24,000       10,000         Total loss (tangibles       885,000       365,000         1,047,000       810,000       1 40,000	47. Directional drig, tool rental & drayage	10,000	10,000			<u> </u>	┢
49. Unclassified tool rental & drayage       15,000       12,000       5 8 7         50. Unclassified drayage & supplies       10,000       10,000       5 9 4         51. Unclassified services & material losses       20,000       20,000       5 8 9         52. Overhead       10,000       7,000       5 9 2         53. Supervision by contract personnel       1 0 5         54. Supervision by A.R.Co. personnel       24,000       10,000         Total cost (tangibles       885,000       365,000         1,047,000       810,000       10,000	48. Operations - prorate		······································			<u> </u>	t
50. Unclassified drayage & supplies       10,000       10,000       5 9 4         51. Unclassified services & material losses       20,000       20,000       5 8 9         52. Overhead       10,000       7,000       5 9 2         53. Supervision by contract personnel       1 0 5         54. Supervision by A.R.Co. personnel       24,000       10,000       1 0 6         Total intangibles       885,000       365,000       365,000		15,000	12,000				Γ
52. Overhead       10,000       7,000       5 9 2         53. Supervision by contract personnel       1 0 5       1 0 5         54. Supervision by A.R.Co. personnel       24,000       10,000       1 0 6         Total Intangibles       885,000       365,000       10,000         Total cost (tangibles & intangibles)       1,047,000       810,000       10,000		10,000	10,000_			ļ	Ļ
53. Supervision by contract personnel     10,000     105       54. Supervision by A.R.Co. personnel     24,000     10,000     106       Total Intangibles     885,000     365,000       Total cost (tangibles & intangibles)     1,047,000     810,000	والمحاور المحاور المحاو					<b>}</b>	┞
54. Supervision by A.R.Co. personnel       24,000       10,000       106         Total intangibles       885,000       365,000         Total cost (tangibles & intangibles)       1,047,000       810,000		1 10,000	7,000				┢
Total intangibles         885,000         365,000           Total cost (tangibles & intangibles)         1,047,000         810,000		24 000	10,000			t	t
Total cost (tangibles & intangibles) 1,047,000 810,000	Total Inlangibles	<u>,                                     </u>					<b>ب</b> مار
Total cost (tangibles & intangibles) 1,047,000 810,000		885,000	365,000			-	
	Total cost (langibles & intangibles)	1 01 7 000					•
	Completed well cost (dry hole & comp.)	1,04/,000	1 010,000	-		-	
the second se		1,857,		- <b>1</b>			

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Subject	ter Wells No.	1. 0.	rill & Equi	-		Date	
Authorization number	Let weits not		III & EQUI	<u>p</u>		July 9, 1980	
District							
Permian	West						
Location						· · · · · · · · · · · · · · · · · · ·	
1650' FN	L, 1980' FWL,	, Sec. (	5, T25S, R3	<u>7E, Lea</u>	County, N	ew Mexico	
Project To test			·				
	and Ellenbur	ger				Iormation	
Depth 12,80 Approved	0	To	Contract footage			Deywork depth	
				·	· ·		
Casing program: Surface casing					·		
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		Î.			-	•	
Oil string					-	•	
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7" 20	6 & 29 <i>#</i> /ft	€ TD c	of 12800'				
Liner				;			
					•		
Casinghead			<u> </u>				
Fall-saled formation		2250 5			·····		
Rustler	ntops Est. El. 1100 Wolfca	imp 770	r 10 Devonian	9550	Simpso	on 11300	
Yates Queen	2800 Barnet		10 Silurian		McKee	11650	
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Mud program				-	·		
	' - Spud Mud				-		
	- Brine wat	er – Li	me for pH	control	1.00		
1200 - 6450		; use r	max weight	of 8-8+4	ime 4 ppg.		
1200 - 6450 6450 - 8000	' - Cut brine D'- Oil base	mud w/					
1200 - 6450 6450 - 8000 8000 - 12800	)'- Oil base	mud w/		A Total	Dooth		
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#### Coring

Core priority

Drill stem tests DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

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## Samples

10' samples from 4000' to total depth.

Fluid samples

2 quarts fluid recovered from DST's for analysis.

(

Mud logging

Mud log unit from 8500' to TD

Elevations

Est. elevation 3250 DF.

\_ - - -

Type completion

Dual Devonian and Ellenburger.

Completion equipment

- -

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Signed (District Optin	echs				•
Endorsed					
District Operations M	lanager Lider	a Ruiller	ull'		Date S./15/Sc
District engineer	hier				Oate 7-30-80
Distifit Exclorationist	t (geologisti)	fin que	~~		Date 5-18-50
Approved					
Oistrict Manager (	2.2. Car	duell n.		· ,	Date 9/19/80
		0			

# AllanticRichfieldCompany (> 7/3/80

Authorization for Expenditure X Criginal authorization Revision number

CUSTER-WELLS No. 1: Drill & Equip

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each.	<b>—</b>	•		instabudget		•		Expl. proje		Field c	
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Weil name			T.D.		
Custer Walls No. 1		•	12,80	0	
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7. Trucking tubular goods	8,000	8,000	509		1.1
8. Casing accessories	5,000		5 1 2	. !!	1 . 1
9. Site preparation, maint., clean up	25,000		5 1 4	!	1
0. Permils, insurance, damages	2,000		5 1 5	: .1	
11. Moving expense	50,000		5 1 7		
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13. Camp & catering	· · · · · · · · · · · · · · · · · · ·		5 2 2 : !		<u> </u>
14. Boiler			525		<u> </u>
IS. Roads, airstrips & maintenance			556		┟┊╍╍ᢤ
6. Air Ireight & air transportation 17. Contract foolage drilling			528	<u> </u>	
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A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977 Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operators. ARTICLE XVI. MISCELLANEOUS This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns. This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes. IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August . 19\_80. OPERATOR ATLANTIC RICHFIELD COMPANY Bv: E. Cardwell, Jr. Attorney-In-Fact NON-OPERATORS TEXAS PACIFIC OIL COMPANY, INC. By: PHILLIPS PETROLEUM COMPANY By: GETTY OIL COMPANY By: - 41 EL PASO NATURAL GAS COMPANY . By:\_ SANTE FE ENERGY COMPANY By: Attest C. J. Berry, Jr. Assistant Secpétary Executive Vice President 

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Mon-Operators

## THE STATE OF TEXAS

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COUNTY OF MIDEAUD

BEFORE ME, the undersigned authority, on this day personally appeared <u>C. E. CARDWELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COSPARY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHTELD COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVER UNDER HY HAND AND SEAL OF OFFICE, this lot day of suptimilier, 1980.

Yvonne Brooks

CORPORATION ACKNOWLEDGMENT

STATE OF	- Texas
COUNTY	- Texas OF Potter

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C.J. Berry, Jr. Exect Vice Pres., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the soid Santa Fe Energy Company , a corporation, and that \_\_\_\_\_he\_has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the copycity therein stated, November

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st

COUNTY OF

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KATHY J. CASILLAS Notary Public, State of Texa My Commission Expires 10-30-8

CORPORATION ACKNOWLEDGMENT

STATE OF. COUNTY OF .\_ BEFORE ME, the undersigned, a Natary Public in and for said County and State, on this day personally appeared. \_, known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said\_\_\_\_\_\_ . o corporation. and that \_\_\_\_\_ he\_\_\_\_\_ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in he copacity therein stated, GIVEN UNDER MY HAND AND SEAL OF OFFICE this the HOTANY PUPLIC CORPORATION ACKNOWLEDGMENT STATE OF

BEFORE ME, the undersigned, a blowry Public in and for said County and State, on this day personally especied ...., hown to me to be the perior and officer whose name is subscribed to the foregoing instrument and acknowledged and that ..... the ........... executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the copacity therein statud.

"GIVEN UNDER MY HARD AND SEAL OF OFFICE this the doy of

# A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, Operator, and Texas Pacific 011 Company, Inc., et al, Non-Operators.

#### ARTICLE XVI. MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August 19\_80.

## OPERATOR

By:

#### ATLANTIC RICHFIELD COMPANY

C. E. Cardwell, Jr. Attorney-In-Fact

# NON-OPERATORS

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. . . . . .

TEXAS PACIFIC OIL COMPANY, INC.

8y:

PHILLIPS PETROLEUM COMPANY

By:

UNION TEXAS PETROLEUM CORPORATION

GETTY OIL COMPANY

<u>By:</u>

TERRA RESOURCES, INC.

By:

EL PASO NATURAL GAS COMPANY By:

0 M

D. N. CANFIELD ATTORNEY-IN-FACT

THE STATE OF TEXAS )

1970

Texas

COUNTY OF \_\_ E1 Paso

STATE OF

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas. Pacific 011 Company, Inc., et al, Non-Operator,

BEFOLE ME, the undersigned authority, on this day personally appeared , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this day of

Notary Public

CORPORATION ACKNOWLEDGMENT

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared <u>D. N.</u> <u>Canfield</u>, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said <u>El Paso Natural Gas Company</u>, a corporation, and that <u>he same as the act of such corporation</u> for the purposes and consideration therein expressed, and in the copocity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 19 - day of allember

ANNE F. GRIEP Notary Public in and for State of IEXAS By Commission Expires 09-30-84

NOTARY PUBLIC

#### CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

the copicity therein stated. GIVEN UNDER MY HAND AND SEAL OF OFFICE this the \_\_\_\_\_doy of \_\_\_\_\_\_AD., 19\_\_\_\_\_\_AD., 19\_\_\_\_\_

#### PERSONAL ACKNOWLEDGMENT

STATE OF\_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and far sold County and State, on this day personally appeared\_\_\_\_\_

NOTARY PUDLIC

ARCO Oll and Gas Colony Permian District Post Office Box 1610 Midland, Texas 79702 Tetephone 915 684 0130 Curt Krehbiel District Landman

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION
EXHIBIT NO. 5
CASE NO. 7164
Submilied by ARCO
Hearing Date 3/11/81

February 24, 1981

TO: All Royalty Owners and Other Owners of Interest in Production

RE: Proposed Well and Working Interest Unit Custer-Wells Federal Com. #1 N/2 Section 6, T-25-S, R-37-E Lea County, New Mexico SCC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgement page which must be notarized. Instructions for execution

ARCO Oll and Gas Company is a Division of Atlantic Richfleld Company

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All Royalty Owners and Other Owners of Interest in Production February 24, 1981 Page 2

and acknowledgement of instruments for New Mexico properties are enclosed for your information, as is a stamped self-addressed envelope for your convenience.

If you have any questions, please feel free to call me collect at (915) 684-0134.

Cordially Submitted,

Thomas . Mutramoursbi

Thomas S. Mutranowski Landman

TSM:mr

1 1 1

Enclosures:

Communitization Agreement Ratifications (4) Instructions Stamped Return Envelope

# CONSENT AND RATIFICATION TO COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6. Township 25 South. Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Eilenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

.

EXECUTED the day and year hereinbelow set forth.

DATE:\_

## APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor U. S. GEOLOGICAL SURVEY

DATED:

CONTRACT NO.:\_\_\_

#### COMMUNITIZATION AGREEMENT

Contract No.

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

# $\underline{W} \underline{I} \underline{T} \underline{N} \underline{E} \underline{S} \underline{S} \underline{E} \underline{T} \underline{H};$

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

 The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

> N/2 Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.

3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.

- Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
   The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that
  - with the understanding and agreement unong one is all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

-2-

(a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

6.

- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
- 7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

-3-

operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitizated formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.

11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

-4-

12.

The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.

13. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.

- 14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
- 16. 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 parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: KV. Jenell Attorney-In-Fact

# EXHIBIT "A"

# PLAT OF COMMUNITIZED AREA COVERING N/2 SECTION 6, T-25-S, R-37-E N.M.P.M. LEA COUNTY, NEW MEXICO

LC 055546	TR. NO. 3	LC 055546
TR. NO. IA	79.90 Ac.	TR. No. Is
38.16 Ac.	Getty Oil Company	39, 91, Ac.
El Paso Natural		Santa Fe
Gas Company		Energy Company
	Fee	
TR. No. 2	LC 055546	- TR. NO. 24
38.22 Ac.	TR. No. 1	40.00 Ac.
Phillips	80.00 Ac.	Phillips
Petroleum Còmpony	Atlantic Richfield Company	Petroleum Company
Fee		Fae

WELL TO BE LOCATED 1810' FNL AND 2164' FWL, WHICH IS IN Tr. No. I. TOTAL ACREAGE WITHIN COMMUNITIZED AREA 316.19 ACRES, MORE OR LESS. EXHIBIT "B"

To Communitization Agreement dated February 2, 1981, embracing the North Half (N/2) Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, containing 317.19 acres, more or less.

#### Operator of Communitized Area:

#### Atlantic Richfield Company

#### Description of Leases Committed

Tract No. 1

Lease Serial No.: Lease Date: Lease Term: Lessor: Original Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent WI Owners:

LC 055546 January 4, 1935 20 years United States of America E. J. Wells Atlantic Richfield Company Township 25 South, Range 37 East, N.M.P.M., SW/4 NE/4 and SE/4 NW/4 Section 6 80.00 On Gas and Casing-Head Gasoline: 12<sup>1</sup>/<sub>2</sub> when average daily production is less than 3,000,000 cubic feet; 16 2/3 when average daily production is 3,000,000 cubic feet or more on oil: 12½ to 33 1/3 sliding Scale 5% owned as follows: Terra Resources, Inc.---- .036705 Robert Bivens-----.00022375 The Marbet Company----- .000446 Marguerite B. Poynter-----.00022375 Red Feather Oil Company----- .003125 Virginia B. Bryan-----.00022375 Douglas 0. Williams-----.00022375 J. Reuel Armstrong----- .001319 Helen H. Benedict-----.00019600 Leland Standford Jr. University--- .000446 
 Ruby C. Bowers---- .001319

 Clyde C. Dawson---- .000196

 Alice H. Fox---- .000049
 Elizabeth G. Henry----- .000049 Pauson Oil Company-----Diane Rene Stewart, Conservator for Elizabeth O. Tucker-----.000446 .001319 Helen H. Utter-----.000049 Jean Wells Klaasse, Guardian of the Person & Property of Martha Noel Wells-----.003392 Atlantic Richfield Company------100%

Tract No. 1A

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Percent ORRI Owners: LC 055546 (Same as Tract No. 1) January 4, 1935 20 years United States of America E. J. Wells El Paso Natural Gas Company Township 25 South, Range 37 East, N.M.P.M., Lot 4, being NW/4 NW/4, Section 6 38.16 Same as Tract No. 1 1.667687% owned as follows: J. Ruel Armstrong-----.014663 L. E. Armstrong, Jr.---- .014664 Mary E. Baker---- .005956 Helen H. Benedict----- .006542

Robert Bivens Leland Stanford Jr. University Ruby C. Bowen Colorado National Bank	.014889
Personal Representative of The Estate of Clyde C.	
Dawson, Deceased	.006542
Alice H. Fox	.001090
S. Arthur Henry, Jr	.001090
Elizabeth G. Henry	.003271
Pauson Oil Company	.014889
The Marbet Company	.014889
Mary E. Bivens Poeggel	.005956
Marguerite Bivens Poynter	.005956
Red Feather Oil Company	.104230
Terra Resources, Inc	1.224252
Diane Rene Stewart, Conservator	
Of Elizabeth 0. Tucker	.043990
Helen H. Utter	.001090
Jean Wells Klaasse, Guardian of	
The Estate of Martha	110100
Noel Wells	.113163
Douglas O. Wiliams	.005955
Mrs. Ann Young	.014664
El Paso Natural Gas Company	100%

LC055546 (Same as Tract No. 1)

January 4, 1935

Name and Present Working Interest Owners:

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed: Tract No. 1B

Number of Acres: Royalty Rate: Name and Precent ORRI Owners:

Name and Present Working Interest Owners:

20 years United States of America E. J. Wells Santa Fe Energy Company Township 25 South, Range 37 East, N.M.P.M. Lot ], being NE/4 NE/4, Section 6 39.91 Same as Tract No. 1 5% owned as follows: L. E. Armstrong, Jr.---- .0004400 Ann Young----- .0004400 Ruby C. Bowen----- .0013200 
 Mrs. Fred E. Tucker, Jr.
 .0013200

 Robert Bivens
 .0008900

 The Marbet Co.
 .0004500
 Pauson 0il Co.---- .0004500 J. Reuel Armstrong----- .0004400 Board of Trustees of the Leland Stanford, Jr., University----- .0004500 Red Feather 0il Co.----- .0031200 Jean Wells Klaasse, Guardian For Martha Noel Wells----- .0033900 Terra Resources, Inc.---- .0367051 Helen Benedict----- .0001965 Clyde C. Dawson----- .0001966 Elizabeth G. Henry----- .0000982 Alice H. Fox----- .0000329 Helen H. Utter---- .0000329 Santa Fe Energy Company----- .0000329 Santa Fe Energy Company------100%

Lease Dated: Recorded:

Lessor: Lessee: Land Covered:

Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners: November 27, 1925 Book 3, Page 247, Records of Lea County, New Mexico C. D. Woolworth, et al The Pure Oil Company SW/4 NW/4, SE/4 NE/4, and other lands not included within said communitized area, Section 6, T-25-S, R-37-E, N.M.P.M. 10 years 10 years 1/8 on oil and gas Phillips Petroleum Company

T. J. Horsley	.0004883
Atlantic Dichticld Company	
Atlantic Richfield Company	.00/4210
Atlantic Richfield Company	.0003907
Cathie Auvenshire	.0000976
Virginia L. Barnes	.0003472
Jane C. Balckford	.001770
W. C. Stroube & William J.	
Collins, Independent Exec.	
Of the Estate of J. L.	
	0010417
Collins	.0010417
Clifford Cone	
Douglas Cone	.0000977
Kathleen Cone	.0004883
Kenneth G. Cone	.0000976
Maurice G. Stuffman,	
Kathrine Cone, and Tom	
Saily Triation of S. E. Cono	
Sealy, Trustees of S. E. Cone,	00000055
Deceased	.0003255
Tom R. Cone	.0000977
Mrs. Martha Watkins Harris	.0612206
Winona C. Jones	.0003472
Marjorie Cone Kastman	.0001628
Mrs. Clyde Watkins Miller	.0004612
Trustees of the Jal Public	
Library Fund	.0026313
Andrew S. Pearson, Jr	0003472
H. Dillard Schenck	
	.0004000
The First National Bank of	
Corsicana, Texas and	
H. R. Stroube, Jr., Ancillary	
Co-Executors of Estate of	
H. R. Stroube, Deceased	.0010417
Joseph Edward Stroube,	
Ancillary Executor of the	
Estate of W. C. Stroube	0010417
Muntie D Watking	0012206
Myrtis D. Watkins	.0012200
RODERT L. WHEELOCK, Jr. and	
Betty Wheelock Kennaugh	
Co-Executors of the Estate	
Of Maure C. Wheelock	.0005208
First National Bank of	
Corsicana, Texas, Trustee	
of the Suzan Jane Wheelock	
Trust	.0003438
Bank of Oklahoma and Rita L.	
Willie Co-Truezade of the	
Willis, Co-Trustees of the	0004002
Rita L. Willis Trust	.0004003

## Tract No. 3

Lease #1 Dated: Recorded:

Lessor: Lessee: November 4, 1936 Book 28, Page 388, Records of Lea County, New Mexico George D. Key and Bertha Key F. J. Danglade

Land Covered:

Primary Term: Royalty: Record Title to Lease:

Lease #2 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #3 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #4 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #5 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #6 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #7 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area 10 years 1/8 on oil and gas Getty 011 Company Same as #1 Book 28, Page 389, Records of Lea County, New Mexico Elizabeth Hudson Penn Same as #1 Book 28, Page 387, Records of Lea County, New Mexico The North Central Texas Oil Company, Inc. Same as #1 November 4, 1937 Book 34, Page 553, Records of Lea County, New Mexico C. Schnurr Skelly Oil Company Same as #1 Same as #1 Same as #1 Same as #1 May 25, 1939 Book 40, Page 534, Records of Lea County, New Mexico W. B. Skirvin Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 7, 1939 Book 40, Page 547, Records of Lea County, New Mexico Tidewater Associated Oil Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 6, 1939 Book 40, Page 555, Records of Lea County, New Mexico S. M. Gloyd and Onez Norman Gloyd Same as #4 Same as #1 Same as #1 Same as #1 Same as #1

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Lease #8 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #9 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #10 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #11 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #12 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #13 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease

August 14, 1939 Book 41, Page 17, Records of Lea County, New Mexico Peerless 011 and Gas Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 July 1, 1939 Book 40, Page 620, Records of Lea County, New Mexico J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 December 6, 1936 Book 28, Page 393, Records of Lea County, New Mexico ARGO 011 Corporation Same as #1 November 4, 1936 Book 28, Page 392, Records of Lea County, New Mexico R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood Same as #1 Same as #1 5 years Same as #1 Same as #1 November 4, 1936 Book 28, Page 391, Records of Lea County, New Mexico Robert C. Sharp and Josephine P. Sharp Same as #1 Same as #1 Same as #11 Same as #1 Same as #1 November 4, 1936 Book 28, Page 390, Records of Lea County, New Mexico L. C. Ritts and Gladys C. Ritts Same as #1 Same as #1

Same as #11

Same as #1

Same as #1

Lease #14 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #15 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners Under Lease #1 thru #15: November 4, 1936 Book 28, Page 397, Records of Lea County, New Mexico F. D. Bearly and Cora Bearly Same as #1 Same as #1 Same as #11 Same as #1 Same as #1 November 4, 1936 Book 28, Page 471, Records of Lea County, New Mexico Roger B. Owings and Lucy P. Owings Same as #1 Same as #1 Same as #11 Same as #1 Same as #1 John Dwire Atkins----- .0002388 Atlantic Richfield Company----- .0101273 Chas. Francis Bedford------ .0003125 Henry De Graffenried Bedford---- .0003125 Helen Learmont Bedford------Rachel Bedford Bowen-----.0003125 .0003125 Mary Smith Bowers----- .0001033 Joe and Jessie Crump Fund----- .0048828 .0001033 Estate of Pauline Cromartie-----Richard L. Cromartie, Jr.-----.0000517 The First National Bank of Midland and Jessie Blevins .0048828 Crump, Co-Trustees-----Elizabeth Bearly Dudley------.0002387 Fluor Oil and Gas Corporation----.0078125 Getty Oil Company----- .0234375 Eva W. Graham----- .0001033 Bernice J. Gross-----.0039063 Katie Smith Hazlehurst----- .0001033 Rosa Lee Smith Johnson----- .0001099 J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth-----.0070313 Judd Moore-----.0002387 North Central Oil Corporation---- .0039063 Roger B. Owings----- .0039063 .0114612 Nancy Elizabeth Penson------William Y. Penn, Trustee .0038195 Devisees under the will of George Pfouts, Deceased----- .0000056 Mildred Smith Rawls----- .0001033 Ritts Royalty Company----- .0023149 Onez Norman Rooney----- .0070312 Royalty Roundup, Inc.---- .0000302 Ellis Rudy----- .0003617 Magabel Smith Rule------Frances Wooten Scott-----.0001033 .0000517 Elinor Campbell Shaughnessy----- .0003617 Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate-----.0010850 Richard J. Shaughnessy, Adm. Estate of Julie Underwood Erickson-----.0003617

0 W Skinvin===
0. W. Skirvin0021701
Cassius L. Smith
~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~
$\mathbf{u}$ $\mathbf{u}$
Mary M. Smith
R. P. Smith0000129 Robert H. Smith0000129
Robert H. Smith
Gladys Flinchum, Adm. of Estate of Odella N. Spears0012152
of Odella N. Spears of Estate
Georgia A. Stieren, Ind. Exec. of Estate
of Jack Stieren 0001402
Georgia A. Stieren, Ind. Eccor of
D. J.11 MAMU 10310074444
Drate C Managereeseeseeseeseeseeseeseeseeseeseeseesee
Jack Wooten. Jr0001033
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# PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

Nome, however ratifications are being obtained from all mineral interest owners, and those not replying will be Forced Pooled.

	RECAPITULATION	
Tract No.	No. of Acres	Percent of Pool
1 1A 1B 2 2A 3	80.00 38.16 39.91 38.22 40.00 79.90	25.3012429% 12.0686929% 12.6221576% 12.0876688% 12.6506215% 25.2696163%
	316.19	100,000000%

# THE STATE OF TEXAS

# COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared K. V. TERREIL , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of February \_\_\_\_\_, 19781.

vorne Brooks Yvonne Brooks Notary Public

My Commission Expires

July 3, 1984

#### INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS (New Mexico Properties)

The attached instruments should be executed pursuant to the following instructions:

- 1. <u>Married Persons</u> (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
- 2. <u>Married Persons</u> (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in her sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
- Single Men. A single man should execute papers as follows: "John Due, a single man." The acknowledgment should also contain the identical name and description.
- 4. <u>Single Women</u>. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
- 5. <u>Corporations</u>. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-infact, a copy of his power of attorney should be furnished.
- 6. <u>Partnerships</u>. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
- . <u>Trustees</u>. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
- B. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approvint the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
- <u>Capacity Not Covered</u>. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
- Acknowledgments. The acknowledgment must be taken by a Notary Public 10. whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not uscable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

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$\frown$	1	ENERGY AND	OF NEW MEXICO MINERALS DEPARTMENT ERVATION DIVISION	
	2 3	STATE LA	AND OFFICE BLDG. FE, NEW MEXICO Sbruary 1981	
	4		INER HEARING	
	5		) >	
	6	N THE MATTER OF:	· · · · · · · · · · · · · · · · · · ·	
	7	Application of ARCO pany for compulsory	pooling, Lea	CASE 7164
	9	County, New Mexico.	)	
		EFORE: Daniel S. Nutter		
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	14	APPE	ARANCES	
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•	16	For the Oil Conservation	Ernest L. Padilla,	Esq.
	17	Division:	Legal Counsel to the State Land Office Santa Fe, New Mexi	Bldg.
	18	ف ا	Santa Fe, New Mex.	
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	MR. NUTTER: Call Case Number 7164.			
	MR, PADILLA: Application of ARCO Oil			
	and Gas Company for compulsory pooling, Lea County, New			
6	Mexico. MR. NUTTER: Applicant has requested			
7	continuance of Case Number 7164.			
	The case will be continued to the			
9	Examiner Hearing scheduled to be held at this same place at			
10	9:00 o'clock a. m. March 11th, 1981.			
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SALLY W. BOYD, C.S.R. kt. 1 Box 193-B Santa Fc, New Mexico 87501 Phone (305) 455-7409

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I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby contry that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7/64. heard by me on 7/81. Examiner Oil Conservation Division

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$\sim$	1 STATE OF NEW MEXICO
	ENERGY AND MINERALS DEPARTMENT
	2 OIL CONSERVATION DIVISION
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24 - C	3 SANTA FE, NEW MEXICO 25 February 1981
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	IN THE MATTER OF:
	Application of ARCO Oil and Gas Com-) pany for compulsory pooling, Lea ) CASE
	8 pany for compulsory pooling, Lea ) CASE County, New Mexico. ) 7164
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	10 BEFORE: Daniel S. Nutter
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$\bigcirc$	12 TRANSCRIPT OF HEARING
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	For the Oil Conservation Ernest L. Padilla, Esq. 17 Division: Legal Counsel to the Divisio
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2	MR. NUTTER: Call Case Number 7164.
3	MR. PADILLA: Application of ARCO Oil
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## CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conserva-tion Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability. SALLY W. BOYD, C.S.R. kt. 1 Box 193-B Sunta Fc, New Mickico 87501 Plione (503) 455-7409 Q do hereby certify that the foregoing is a complete record of the procaedines in the Examiner hearing of Fase rdo. 7/16, neard by the on\_\_\_\_\_\_\_\_\_\_125\_\_\_\_\_19.81. \_, Examiner in Oil Conservation Division ()

Dockets Nos. 12-81 and 13-81 are tentatively set for March 25 and April 8, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

### DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 11, 1981

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for April, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7176: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marjory N. Grier, U. S. Casualty Company of New York, and all other interested parties to appear and show cause why the Red Nountain Wells Nos. 6, 7, and 10, all located in Unit B of Section 29, Township 20 North, Range 9 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7177: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Henry S. Birdseye and all other interested parties to appear and show cause why the State Well No. 10-2 in Unit G of Section 10, Township 19 North, Range 10 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7178: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Noland and Wells and all other interested parties to appear and show cause why the Reinhardt Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- <u>CASE 7179</u>: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit "26" Oil Company and all other interested parties to appear and show cause why the Jackson Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- <u>CASE 7180</u>: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vincent and Goodrum and all other interested parties to appear and show cause why the Refinery Hare Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- <u>CASE 7181</u>: Application of Read & Stevens, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hernandez Draw Unit Area, comprising 2,560 acres, more or less, of Federal, State, and Fee lands in Townships 4 and 5 South, Ranges 26 and 27 East.
- CASE 7182: Application of Wiser Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Downes A Well No. 5 to be drilled in the approximate center of the SW/4 of Section 32, Township 21 South, Range 37 East, Penrose Skelly Pool.
- CASE 7183: Application of Flag-Redfern Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Osudo St. Com Well No. 2 at an unorthodox location 990 feet from the North and East lines of Section 18, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool.

### CASE 7147: (Readvertised)

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Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to test all Pennsylvanian formations to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35. Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to said well — to applicant's "JX" Well No. 2 located in Unit N.

CASE 7184: Application of Marvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 13, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Page 2 of 6 Examiner Hearing - Wednesday - March 11, 1981

CASE 7185: Application of El Paso Exploration Company for downhole commingling, San Juan County, New Nexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin-Dakota production in the wellbore of its Turner Hughes Well No. 17 located in Unit II of Section 10, Township 27 North, Range 9 West.

### CASE 7161: (Continued from February 25, 1981, Examiner Hearing)

Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7164: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7165: (Continued from February 25, 1981, Examiner Hearing)

> Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7175: (Continued from February 25, 1981, Examiner Hearing)

Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operate of the well, and a charge for risk involved in drilling said well.

- CASE 7186: Application of Sun Texas 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 Devonian formation in the interval from 10,856 feet to 11,370 feet in its State C Account 1 Well No. 3 in Unit L of Section 2, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool.
- CASE 7187: Application of Blackwood & Nichols Co., Ltd. for four non-standard proration units, San Juan County, New Nexico. Applicant, in the above-styled cause, seeks approval of the following four Fruitland and Pictured Cliffs non-standard gas proration units: a 185.68-acre unit comprising the SW/4 of Section 1, Township 31 North, Range 7 West; a 181.4-acre unit comprising the SE/4 of said Section 1; a 176.68-acre unit comprising the SW/4 of Section 6, Township 31 North, Range 6 West; and a 175.21-acre unit comprising the SE/4 of said Section 6. All units are to be dedicated to wells drilled at standard locations thereon.
- Application of Blackwood & Nichols Co., Ltd. for directional drilling, San Juan County, New Mexico. CASE 7188: Applicant, in the above-styled cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 26-A, the surface location of which is 1160 feet from the North line and 60 feet from the West line of Section 8, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1190 feet from the North line and 790 feet from the West line of said Section 8, the W/2 of the section to be dedi-cated to the well; applicant further seeks authority to drill its Northeast Blanco Unit Well No. 32-A, the surface location of which is 1450 feet from the North line and 990 feet from the East line of Section 7, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1850 feet from the South line and 990 feet from the East line of said Section 7, the E/2 of the section to be dedicated to the well.

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Docket No. 8-81

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CASE 7170: (Continued from February 25, 1981, Examiner Hearing)

Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. CASE 7189: Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Conoco 7 State Well No. 1 in Unit N of Section 7, Township 19 South, Range 29 East.

CASE 7190: Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka formation for its Conoco 10 State Com. Well No. 1 in Unit I of Section 10, Township 19 South, Range 29 East.

- CASE 7191: Application of Southland Royalty Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location in the Potash-Oil Area of its State "14-A" Com. Well No. 1 1325 feet from the North line and 2303 feet from the East line of Section 14, Township 19 South, Range 29 East, Turkey Track Field.
- CASE 7192: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway A State Com. Well No. 1 in Unit H of Section 15, Township 19 South, Range 29 East.
- Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. CASE 7193: Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Com. Well Nc. 1 in Unit E of Section 14, Township 19 South, Range 29 East.
- Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. CASE 7194: Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway State Well No. 1 located in Unit K of Section 15, Township 19 South, Range 29 East.
- CASE 7195: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Well No. 1-A in Unit B of Section 14, Township 19 South, Range 29 East.
- CASE 7196: Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 28 East, Pennsyl-vanian formation, the N/2 of said Section 15 to be dedicated to the well.

CASE 7153: (Readvertised)

Application of C & E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 8, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7197: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

> (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Bilbrey-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 32 State Com Well No. 1 located in Unit G of Section 32, Township 21 South, Range 32 East, NMPN. Said pool would comprise:

> > TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM Section 32: E/2

Page 4 of 6 Examiner Hearing - Wednesday - March 11, 1981

### Docket No. 8-81

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the East Grama Ridge-Strawn Gas Pool. The discovery well is Minerals, Inc. Llano "3" State Com Well No. 1 located in Unit II of Section 3, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

### TOWNSHIP 22 SOUTH, RANGE 34 EAST, MAPM Section 3: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Lera-Morrow Gas Pool. The discovery well is John L. Cox Proctor Well No. 1 located in Unit D of Section 7, Township 11 South, Range 32 East, NMPM. Said pool would comprise:

### TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM Section 7: W/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Triste Draw-Wolfcamp Pool. The discovery well is Getty Oil Company State 29 J Well No. 1 located in Unit J of Section 29, Township 24 South, Range 33 East, NNPM. Said pool would comprise:

### TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM Section 29: SE/4

(e) EXTEND the Airstrip-Wolfcamp Pool in Lea County, New Mexico, to include therein:

### TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM Section 36: NW/4

(f) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

### TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM Section 30: NW/4

(g) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANCE 28 EAST, NMPM Section 1: SE/4 SW/4

(h) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NNPM Section 13: SW/4 SW/4

(i) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP & SOUTH, RANGE 32 EAST, NMPM Section 10: NE/4

(j) EXTEND the vertical limits of the Comanche Stateline Tansill-Yates-Seven Rivers Pool in Lea County, New Mexico, to include the Queen formation and redesignate said pool to Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool, and extend the horizontal limits of said pool to include therein:

> TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM Section 27: SW/4

(k) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM Section 26: NW/4 Section 27: S/2 NE/4

(1) EXTEND the Diablo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NNPM Section 22: W/2 SW/4 and SW/4 NW/4. Section 27: NW/4 NM/4 Examiner Hearing - Wednesday - March 11, 1981

Docket No. 8-81

(m) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy and Chaves Counties, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM Section 34: 5/2 TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 15: N/2 Section 16: N/2

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(n) EXTEND the Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

 TOWNSHIP 16 SOUTH, RANGE 28 EAST, MMPM

 Section 6:
 Lots 1, 2, 7, 8, 9, 10,

 15 and 16

(o) EXTEND the Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM Section 21: E/2 Section 28: All

(p) EXTEND the Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM Section 8: E/2 Section 9: W/2 Section 16: W/2 Section 17: All

(4) EXTEND the Kemnitz-Norrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPN Section 23: W/2

(r) EXTEND the L.E. Ranch-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NNPM Section 29: S/2 NW/4 Section 30: S/2 NE/4

(s) EXTEND the Linda-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM Section 30: NW/4 SE/4 and SW/4 NE/4

(t) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM Section 24: S/2

(u) EXTEND the East Millman-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM Section 22: W/2 SE/4 Section 27: NW/4 NE/4 and NE/4 NW/4

(v) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NNPM Section 14: All

(w) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NNPM Section 30: S/2 Section 31: All

(x) EXTEND the Penasco Draw Permo-Penusylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPN Section 2: E/2

### Docket No. 8-81

(y) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7SOUTH, RANCE 28EAST, NIPMSection 35:SW/4, SW/4TOWNSHIP 8SOUTH, RANCE 28EAST, NMPMSection 2:W/2NW/4

(z) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM Section 10: SE/4 Section 11: SW/4

(aa) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM Section 12: N/2 NE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM Section 6: N/2 N/2

(bb) EXTEND the Warren-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 29: SE/4 Section 32: E/2

(cc) EXTEND the Weir-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM Section 15: NE/4



- 10 Carlor



EXHIBIT 2

## CONOCO INC WELLS B-1 NO.5

1650'FNL & 660'FEL SEC.I, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL.KB 3253



### EXHIBIT 3

## CONOCO INC WELLS B-1 NO.5

1650'FNL & 660'FEL SEC.I, T-25-S, R-36-E LEA COUNTY, NEW MEXICO EL. K8 3253



# AanticRichieldCompany 🔇 7/3/80

Authorization for Expenditure

CUSTER-WELLS No. 1: Drill & Equip

Location					• •••• • •• • • • • • • • • • • • • • •	• • • • • • • • • • •				
1650	• FNL & 19	980' FWL, Sect:	ion 6, 'I2	5-5.	R-37-Е.	lea Co	untv.	New Meri	co	
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	al 🛛 Three or m	iore	Instabudget	٠	Ove	r/(under)			0644	10
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## ALA.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

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Attached to and made part of Operating Agreement dated August 23, 1980, by and between Atlantic Richfield Company, Operator, and Getty Dil Company, et.al., Non-Operators.

### ARTICLE XYC MISCELLANDOUS

This account shull be building upon a childlinune to the benefit of the parties herets and both is expectively objectives. Journal of legal representatives, successed assigns.

 The cost open may be executed in a community of each party case of which shall be conditional original according purposed.

TEN MERCERS WHEELEOF, this agreement shail be of the usual 23rd Liday of August 1990-

### OPERATOR

### Atlantic Richfield Company

By: C. E. Cardwell, Jr. Attorney-In-Fact

Getty Oil Company

NON-OPERATORS

By:

Petrolean Company Phillip By: Ohr, Attorney-In-Fact Fe

Santa Fe Ehergy Company

By:

El Paso Natural Gas Company By:

BEFORE EXAMINER STATISTS OIL CONSELVATION DAY EXCHIBIT NO. 4 CASE NO. submitted by ARCO 81 Hearing Date

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operators

### THE STATE OF TEXAS

COURTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared <u>C. E. CARDMELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVER UNDER BY HAND AND SEAL OF OFFICE, this lot day of Suptember.

19.80.

Wonne Brooks Yvonne Brooks Notary Public

A.D., 19

NOTANT FUBLIC

### CORPORATION ACKNOWLEDGMENT

STATE OF.	TEXAS
COUNTY C	)= HARRIS

BEFORE ME, the undersigned, a Notery Public in and for said County and State, on this day personally appeared <u>Cliff Ohr</u> <u>Attorney-In-Fact</u>, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said <u>PHILI.IPS PETROLEUM COMPANY</u>, a corporation, and that <u>he</u> executed the same as the act of such corporation for the purposes and consideration therein expressed, and in

the ceposity therein stated. GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March A.D., 19.81

My Commission Expires: August 25, 1984

STATE OF\_\_\_\_

Ker Cramfund Notary Public in and for Harris County, Texas KENT CRAWFORD

### CORPORATION ACKNOWLEDGMENT

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

NOTABY PUDLIC

### CORPORATION ACKNOWLEDGMENT

STATE (	DF.	
COUNTY	' Q	۱۲ <u></u> ک

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_\_ doy of\_\_\_\_\_\_ A.D., 19\_\_\_\_\_

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. 4	as only 10il and/or gas			istabudget S							
Signed (Disl. En	g. and/or Explor grees)				•		/(under)	Has well p prepared?			
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Senior vice-p	residant			Dite		]For Board e	d Director:				Data
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•	Attached to and made part of Operating Agreeme • by and between Atlantic Richfield Company, Ope	
•	Company, et.al., Kon-Operators.	- -
1 2	ARTICLE XVI MESCELLANDO	
::	This agreement shull be binding upon a it shall imme to	the bracht of the part of breats and read it
5 17	conductive beach, devision legal representatives, successo	and assigns
•	This has smeat may be executed in all standard of e- to original is stall proposed.	ent spirity care of which shad he chairford
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Et	IN WEINDER WHEEPEOF, this agreement shall be etc., 49 80	nte as or i zoro indavior Augusti
15	OPERATOR	
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26 21	Ă	ttorney-In-Fact
22 ; 23		k.
24	NON-OPERATO	2.8.5
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Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al, Non-Operators.

STATE OF OKLAHOMA ) ) SS. COUNTY OF TULSA )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

1.10 My commission expires:

Hesteria. Romine Notary Public

June 28, 1981

CUSTER	-NELLS No. 1: Drill	& Equip						X) Original Revision	authorization number
Location					•		******	<u></u>	
1650'	FNL & 1980' FWL, Sect	and the second secon		<u>R-37-Е, I</u>	lea Co				
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Purpose of autho	rization Devonian		Amt.	49.0	19	District	<u>r nam</u>	Project ide	
Drilling - New Drill old well (	Recompletion Workover Other						n West	L	
	%.	Capital Inst	abudget dated		19	Fleid name			
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	Three or more	Instabu	dget \$	Over	/(under)	Expl. projec	st No.	Field code	
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Signed (Dist. En	), and/or Explor, group)				(unu <del>u</del> t)	Has well pl prepared?	_	]	
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Component AFE No(s)	Description and justification		Accoun	Amounta-in		lars only			
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AtlanticRichfieldComp		신 Origina Supple	ment f	Drill	in~	Cast	····		
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6. Testing tubular goods									
7. Trucking tubular goods	8,000	10	0.0.0						
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9. Site preparation, maint, clean up	5,000		1000		0 9				+
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Log test & core days @ e	15,000			53					1
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Completion or pluggingdays @ \$/day				53					]
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trea control equipment				4					
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#_25size 8-3/4"	25,000		3	<u>+ 8</u>					
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S. A. Haktanir	AFE			1 = Orig 2 = Rev	ginal	~
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30. Drilling mud materials.& drayage	110,000		551		<u> </u>	L
31. Drilling mud equipment			552	<u> </u>	<u> </u>	Ļ
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		+	-			
	<b> </b>		-			
32. Air compressor rental or gas cost	·			T		ŕ
33. Air or gas drig, accessories & drayage	ļ	+	<u>553</u> 554		+	╀
34. Open hole surveys	40.000		5 5 7			t
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<u></u>		<u> </u>	<b>-</b>			
		1				
35. Data recording services			5 5 8	T	1	Γ
36. Wireline formation tester			5 5 9			Γ
37. Mud log	20,000		560			I
38. Cased hole surveys		16,000	561	<u> </u>		L
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20 Dedecilies lass					<u></u>	$\frac{2}{T}$
39. Perforating lees 40. Sidewall coring ≈	ļ	10,000	562		- <b>}</b>	ł
41. Conv. diamond or wireline coring ft.	<u> </u>	4	563		+	ł
42. Drill stem tests = 7	15,000		568		+	╀
43. Acidize Fracture gal. Ibs	15.000	120,000	577		+	ł
44. Cement & less for casing	}	120,000				1
20 " CO_CITCsacks	1,000	+	-		<u>,                                     </u>	Ť
13-3/8 " CD CITC sacks	10,000				1 :	t
9-5/8" " OD _ CIFC sacks	30,000	·		]	1	t
7" ODsacks		35,000				Г
" ODsacks						Γ
" ODsacks					<u> </u>	L
45. Cement & fees for squeezes or plugs		15,000	579		·	╞
48. Fishing tool rental & drayage	10,000	10,000	580			Ļ
47. Directional drlg. tool rental & drayage 48. Operations - prorate	·····	+	581			ł
49. Unclassified tool rental & drayage			5 9 0			╀
50. Unclassified drayage & supplies	15,000	12,000	587		+	+
51. Unclassified services & material tosses			594		+	ł
52. Överhead	20,000	20,000	592		+	t
53. Supervision by contract personnel			1 0 5		1	t
54. Supervision by A.R.Co. personnel	24,000	10,000	1 0 6		+	t
Total Inlangibles						4
	885,000	365,000				
Total cost (tangibles & intangibles)		1	10.00			
	Is at mass	1 A	1		• t.	
Completed well cost (dry hole & comp.)	1,047,000	810,000			· · ·	

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nubject	Date
ARCO Custer Wells No. 1: Drill & Equip	July 9, 1980
Istrict	
Permian West	
ocation	
1650' FNL, 1980' FWL, Sec. 6, T25S, R37E Project	, Lea County, New Mexico
Devonian and Ellenburger	formation
Depth 12,800	
pproved Contract footage	Deywork depth
Casing program:	
13-3/8" 54#/ft @ 1200'	
	• · · ·
Prestoctive string	<i>,</i>
9-5/8" 36#/ft @ ±6450*	
	<u>-</u>
Dil string	
7" 26 & 29#/ft @ TD of 12800'	
iner	
	<u>.</u>
asinghead	
stimated formation tops Est. El. 3250 DF Rustler 1100 Wolfcamp 7700 Devonian	9550 Simpson 11300
	9800 McKee 11650
	10900 TD 12800
Aud program	
0 - 1200' - Spud Mud 1200 - 6450' - Brine water - Lime for pH cor	ntrol
5450 - 8000' - Cut brine, use fresh water fo 8000 - 12800'- Oil base mud w/ max weight of	or volume f 8-8-4 ppg
-	
	0 Total Depth GR -⁺CNL - FDC - TD to intermediate
	GR - DIL TD to intermediate
AR3B—1716-8	
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Coring		
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Core priority		-
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Drill stem tests DST #1 - 10000-10200 (or )		
Drill stem tests DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (F to be determined by well site geologist and engineer.	usselman) Exact into	
Samples		ryal -
10' samples from baco		- La Angeler
10' samples from 4000° to total depth.		•••••••••
luid samples		. :
2 quarts fluid recovered from DST's for analysis.		·····
ud logging		
ud log unit from 8500' to TD		
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st. elevation 3250 ns		
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ual Devonian and Ellenburger.		
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Operations Manager	· · · ·	
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Hanager C. G. Q. J. S. C.	Date	
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C.2. Carde off	Date	

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AtlanticRichfieldComp		Sup	plement Dr	T.D.		imate ~		
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Trucking tubular goods		. 8,000	8,000	509				Τ
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9. Sile preparation, maint., clean up	·	25,000		5.1.4	_		<u></u>	_
0. Permits, insurance, damages 11. Moving expense		2,000		5 1 5			+	_
2. Boat & barge rental		50,000	·	5 1 7				-
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6. Air Ireight & air transportation				528	: : •		:	
7, Contract foolage drilling	-							
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Contract daywork (items 18 through 24) 8. Drilling 60 days @ \$5000		300,000			· . ·			
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22. Log lest & corodays @ S	/day			538		<del></del>	1	Ť
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25 Rental: DP, DC. & related tools				543	1		·	4
27. Wall control equipment		20,000		5 4 7	:	•	1	_
28. Drill bits = _2	1.	5,000		540			1	- 1

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any, diamond or wireline coring ft.			568		
ill stem losts = $2$	15.000		572		
Acidize Defracture gal. Ibs		120,000	577		
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rhead	20,000	20,000	592		
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50 - 8000' - Cut   00 - 12800'- OII	brine, use fresh water fo base mud w/ max weight o	or volume f 8-8+4 pog.	• •	
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A DI FORM (10 - N	(	( ATING AGREEMENT - 1977
		ng Agreement dated August 23, 1980,
between Atlantic R Inc., et al, Non-O	ichfield Company, Op	erator, and Texas Pacific Oil Company,
1 · 2 3		ICLE XVI. ELLANEOUS
4 This agreement sha	ll be binding upon and she ees, legal representatives	all inure to the benefit of the parties hereto and to their , successors and assigns.
8 an original for all purp	ny be executed in any nu poses.	mber of counterparts, each of which shall be considered
11 19_80.	REOF, this agreement she	all be effective as of <u>23rd</u> day of <u>August</u> ,
12 13	OPF	RATOR
14	0	
15 16		ATLANTIC RICHFIELD COMPANY
17 18		BV: C.S. Cardwell h.
19 20 2!		C. E. Cardwell, Jr. Attorney-In-Fact
22 23	•	ihit
. 24	NON-O	PERATORS
25 26 27	• • • • • • • • • • • • • • • • • • •	TEXAS PACIFIC OIL COMPANY, INC.
28 29 30		By:
31 32	•	PHILLIPS PETROLEUM COMPANY
23 34 35		Ву:
36 37 38		GETTY OIL COMPANY
39 40 		Ву:
* 42 43 . 44		EL PASO NATURAL GAS COMPANY
45 - 46		By:
47 48 49		SANTE FE ENERGY COMPANY
50 51 Attest: D. J. C. 52 Assistant Secr	ug dl	By: <u>C. J. Berry, Jr.</u>
53 54 55	 -	Executive Vice President
56 57 58		· · · · · · · · · · · · · · · · · · ·
54 60		
61 62 63		
63 65 66		
67 63		
69 70		

Attached to and made a part of Operating Agreement dated August 23, 1980. between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Hon-Operators

THE STATE OF LEXAS

COUNTY OF MIDEAUD

BEFORE ME, the undersigned authority, on this day personally appeared <u>IC. E. CARDWELL, JR.</u>, Attorney-in-Fact for ATLANTIC RICHFIELD COMPARY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity therein expressed.

GIVER UNDER MY MAND AND SEAL OF OFFICE, this lots day of Suptember. 1980.

Yvonne Brooks

### CORPORATION ACKNOWLEDGMENT

STATE OF Texas	<u> </u> ]
STATE OF Texas COUNTY OF Potter	

BEFORE ME, the undersigned, a Notary Public in and for sold County and State, on this day personally approved C.J. Berry Jr. Exec: Vice Pres., known to me to be the person and officer whose name is subscribed to the foregoing instrument and atknowledged to me that the same was the act of the soid Santa Fe Energy Company, a corporation, and that \_\_\_\_\_he has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the copocity therein stated, November

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of

KATHY J. CASILLAS Netary Public, State of Texas My Commission Expires 10-30-81

CORPORATION ACKNOWLEDGMENT

STATE OF\_ COUNTY OF .\_\_ BEFORE ME, the undersigned, a Natory Public in and for said County and State, on this day personally appeared. , known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged. to me that the same was the act of the said, , a corporation, and that \_\_\_\_\_ have be \_\_\_\_\_ executed the some as the act of such corporation for the purposes and consideration therein expressed, and in he copacity therein stated. . GIVEN UNDER MY HAND AND SEAL OF OFFICE this the N.D., 19 day of HOTARY PUPLIC

CORPORATION ACKNOWLEDGMENT

STATE OF COUNTY OF

BEFORE ME, the undersigned, a iterary Public in and far said County and State, on this day presently especied \_\_\_\_\_, hnown to me to be the perion and afficer whose name is subscribed to the foregoing instrument and acknowledged the copacity discreministated.

"GIVEN UNDER MY HAND AND SEAL OF OFFICE this the \_\_\_\_\_ day of\_\_\_\_\_ A.D., 19

Plines an art	Non-Operators. ARTICL MISCELL		
This agreem	ent shall be binding upon and shall it	nure to the benefit of the parties hereto and to their	
respective heirs,	, devisees, legal representatives, so	accessors and assistant.	
an original for	all purposes.	er of counterparts, each of which shall be considered	ì
IN WITNES	S WHEREOF, this agreement shall	be effective as of 23rd day of August,	
19_80.	OPER	ATOR	
	0.2.		
		ATLANTIC RICHFIELD COMPANY	
		By: C. E. Cardwell, Jr.	•
•		Attorney-In-Fact	
18	- NON-OP	ERATORS	
		TEXAS PACIFIC OIL COMPANY, INC.	
		By:	
		PHILLIPS PETROLEUM COMPANY	
		By:	
•		UNION TEXAS PETROLEUM CORPORATION	
		By:	
	• • • • • • • • • • • • • • • • • • •	GETTY OIL COMPANY	•
3 - £ 5		<u>8y:</u>	
8 7 8		TERRA RESOURCES, INC.	
9		<u>By:</u>	•
1 2 3		EL PASO NATURAL GAS COMPANY	
-  4  5		By: Di Canfulo	4
56 57 58		D. N. CANFIELD JU ATTORNEY-IN-FACT	S M R
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THE STATE OF TEXAS )

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas. Pacific 011 Company, Inc., et al, Non-Operator,

BEFORE ME, the undersigned authority, on this day personally appeared , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS

BEFORE ME, the undersigned, a Natary Public in and for soid County and State, on this day personally appeared <u>D. N.</u> <u>Canfield</u>, known to me to be the person and afficer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the soid <u>El Paso Natural Gas Company</u>, a corporation, and that <u>he</u> executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the copacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the .....

ANNE F. GRIEP Wetary Public in and for State of TEXAS By Commission Expires 69-30-84

NOTARY PUBLIC

HOTART PUBLIC

### CORPORATION ACKNOWLEDGMENT

STATE OF\_\_\_

COUNTY OF\_\_\_\_

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the \_\_\_\_\_ doy of \_\_\_\_\_\_ A.D., 19\_\_\_\_\_

PERSONAL ACKNOWLEDGMENT

CCUNTY OF

BEFCRE ME, the undersigned, a Notary Public in and far said County and State, on this day personally appeared\_\_\_\_\_

known to me to be the person\_\_\_\_\_whose name\_\_\_\_\_\_subscribed to the foregoing instrument, and acknowledged to me that \_\_\_\_\_he\_\_\_\_executed the same for the purposes and consideration therein expressed. GIVEN UNDER MY HAND AND SEAL OF OFFICE this the\_\_\_\_\_\_day of \_\_\_\_\_\_



COMPANY FOR COMPULSORY POOLING IN THE CUSTER-DEVONIAN AND THE CUSTER-ELLENBURGER GAS POOLS IN SECTION 6, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

No. 7164

### AMENDED APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.

2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,810 feet from the north line and 2,164 from the east line of said Section 6, which well is presently projected from a depth of 6,000 feel to the base of the Ellenburger formation (approximately 12,200 feet) in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.

3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners, the percentage interest owned by each of them, and an indication as to whether they have executed the AFE, the joint operating agreement, or both.

4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well,



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there are still some mineral interest owners who have refused to join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

P.O. Box 2307 Santa Fe, New Mexico 87501

Attorneys for Applicant

APPLICATION - Page 2

# TRACT PARTICIPANTS

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	AFE	JOA	Tract Participation %
ARCO Oil and Gas Company	yes	yes	25,2215
Phillips Petroleum Company	no	no V	24,9755
Getty Oil Company	no	no V	25.1899
El Paso Natural Gas Company	yes	no 🗸	12.0307
Santa Fe Energy Company	yes	yes	12.5824

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#### BEFORE THE NEW MEXICO OIL CONSERVETCON ICONDISSION

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY POOLING IN THE CUSTER-DEVONIAN AND THE CUSTER-ELLENBURGER GAS POOLS IN SECTION 6, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

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MONTGOMERY & ANDREWS, P.A.

P.O. Hox 2307 Santa Fe, New Mexico 87501

Attorneys for Applicant

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Phillips Petroleum Company	- no	no	24.9755
Getty Oil Company	no	no	25.1899
El Paso Natural Gas Company	yes	no	12.0307
Santa Fe Energy Company	yes	yes	12.5824

L.,

#### BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY POOLING IN THE CUSTER-DEVONIAN AND THE CUSTER-ELLENBURGER GAS POOLS IN SECTION 6, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

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OIL CONSERVATION DWISION

SANTA FE

#### AMENDED APPLICATION

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6. Approval of this error of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

P.O. Box 2307 Santa Fe, New Mexico 87501

Attorneys for Applicant

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	AFE	JOA	
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Phillips Petroleum Company	no	no	24,9755
Getty Oil Company	no	no	25.1899
El Paso Natural Gas Company	yes	no	12.0307
Santa Fe Energy Company	yes	yes	12.5824

RCO Oil and Gas Coonny Permian District Post Office Box 1610 Midland, Texas 79702 Telephone 915 684 0130	BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
Curt Krehbiel District Landman	CASE NO. 7164 Submitted by ARCD Hearing Date 3/11/81	
February 24, 1981		

TO: All Royalty Owners and Other Owners of Interest in Production

RE: Proposed Well and Working Interest Unit Custer-Wells Federal Com. #1 N/2 Section 6, T-25-S, R-37-E Lea County, New Mexico SOC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgement page which must be notarized. Instructions for execution

ARCO Oil and Gas Company is a Division of AtlanticRichileidCompany

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All Royalty Owners and Other Owners of Interest in Production February 24, 1981 Page 2

and acknowledgement of instruments for New Mexico properties are enclosed for your information, as is a stamped selfaddressed envelope for your convenience.

If you have any questions, please feel free to call me collect at (915) 684-0134.

Cordially Submitted,

Thomas & Mutianoushi

Thomas S. Mutranowski Landman

TSM:mr

Enclosures:

: Communitization Agreement Ratifications (4) Instructions Stamped Return Envelope

### CONSENT AND RATIFICATION TO COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

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This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal. officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE:

#### APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor U. S. GEOLOGICAL SURVEY

DATED:\_\_\_\_\_

CONTRACT NO.:\_\_\_\_\_

#### COMMUNITIZATION AGREEMENT

Contract No.

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

 The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

> N/2 Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

- 2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
- 3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
- 5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

-2-

6.

(a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
- 7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

-3-

operations or productions as to each lease committed hereto.

- 9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitizated formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
- 11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

-4-

12.

The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.

13. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.

- 14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
- 16. 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 parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: KY. Finell Attorney-In-Fact

## EXHIBIT "A"

PLAT OF COMMUNITIZED AREA COVERING N/2 SECTION 6, T-25-S, R-37-E N.M.P.M. LEA COUNTY, NEW MEXICO

LC 055546 Ta. No. J. 38.16 Ac. El Paso Natural Gas Company	Tr. No. 3 79.90 Ac. Gatty Oil Company	LC 055546 Tr. No. la 39.91 Ac. Santa Fe Energy Company
	Fee	
TR NO. 2	LC 055546	- TR. NO. 2A
38.22 Ac.	TR. No. I	40.00 Ac.
Phillips	80.00 Ac.	Phillips
Petroleum Company	Atlantic Richfield Company	Petroleum Company
Fee		Foe

WELL TO BE LOCATED 1810' FNL AND 2164' FWL, WHICH IS IN Tr. No. I. TOTAL ACREAGE WITHIN COMMUNITIZED AREA 316.19 ACRES, MORE OR LESS. EXHIBIT "8"

To Communitization Agreement dated February 2, 1981, embracing the North Half (N/2) Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, containing 317.19 acres, more or less.

Operator of Communitized Area:

Atlantic Richfield Company

#### Description of Leases Committed

Tract No. 1

Lease Serial No.: Lease Date: Lease Term: Lessor: Original Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate:

Name and Percent ORRI Owners:

Name and Percent WI Owners:

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Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Number of Acres: Royalty Rate: Name and Percent ORRI Owners:

······································
LC 055546
January 4, 1935
20 years
United States of America
E. J. Wells
Atlantic Richfield Company
Township 25 South, Range 37 East, N.M.P.M.,
SW/4 NE/4 and SE/4 NW/4 Section 6
80.00
On Gas and Casing-Head Gasoline:
12 <sup>1</sup> / <sub>2</sub> when average daily production is less than 3,000,000 cubic feet; 16 2/3 when
than 3,000,000 cubic feet; 16 2/3 when
average daily production is 3,000,000
cubic feet or more on oil:
12½ to 33 1/3 sliding Scale
5% owned as follows:
Terra Resources, Inc036705
Robert Bivens00022375
The Marbet Company000446
The Marbet Company000446 Marguerite B. Poynte:00022375 Red Feather Oil Company003125 Virginia B. Bryan00022375
Red Feather Oil Company003125
Virginia B. Bryan00022375
Douglas 0. Williams000223/5
J. Reuel Armstrong001319 Helen H. Benedict00019600
Helen H. Benedict00019600
Leland Standford Jr. University000446
Ruby C. Bowen001319
Ruby C. Bowen         .001319           Clyde C. Dawson         .000196           Alice H. Fox         .000049
Alice H. Fox000049
Elizabeth G. Henry000049
S. Arthur Henry, Jr000049
Pauson Oil Company000446
Diane Rene Stewart, Conservator for Elizabeth O. Tucker001319
for Elizabeth O. Tucker001319 Helen H. Utter000049
Helen H. Utter000049
Jean Wells Klaasse, Guardian of the Person & Property of
Martha Noel Wells003392
Atlantic Richfield Company 100%
Actalicie Atelitieia company====================================

#### Tract No. 1A

LC 055546 (Same as Tract No. 1) January 4, 1935 20 years United States of America E. J. Wells El Paso Natural Gas Company Township 25 South, Range 37 East, N.M.P.M., Lot 4, being NW/4 NW/4, Section 6 38.16 Same as Tract No. 1 1.667687% owned as follows: J. Ruel Armstrong------ .014663 L. E. Armstrong, Jr.---- .014664 Mary E. Baker----- .005956 Helen H. Benedict----- .006542

Robert Bivens	.005956
Leland Stanford Jr. University	.014889
Ruby C. Bowen	.043990
Colorado National Bank	
Personal Representative of	
The Estate of Clyde C.	
Dawson, Deceased	.006542
Alice H. Fox	.001090
S. Arthur Henry, Jr.	.001090
Elizabeth G. Henry	.003271
Pauson Oil Company	.014889
The Marbet Company	.014889
Mary E. Bivens Poeggel	.005956
Marguerite Bivens Poynter	.005956
Red Feather 011 Company	.104230
Terra Resources, Inc	
	1,667676
Diane Rene Stewart, Conservator	.043990
Of Elizabeth O. Tucker	.001090
Helen H. Utter Jean Wells Klaasse, Guardian of	1001030
The Estate of Martha	.113163
Noel Wells	.005955
Douglas O. Wiliams	
Mrs. Ann Young	.014664

El Paso Natural Gas Company------

100%

Tract No. 1B

Lease Serial No.: Lease Date: Lease Term: Lessor: Lessee: Present Lessee: Description of Lands Committed:

Name and Present Working

**Interest Owners:** 

Number of Acres: Royalty Rate: Name and Precent ORRI Owners:

Name and Present Working Interest Owners: LCO55546 (Same as Tract No. 1) January 4, 1935 20 years United States of America E. J. Wells Santa Fe Energy Company Township 25 South, Range 37 East, N.M.P.M. Lot 1, being NE/4 NE/4, Section 6 39.91 Same as Tract No. 1 5% owned as follows: L. E. Armstrong, Jr.---- .0004400 Ann Young----- .0004400 Ruby C. Bowen----- .0013200 
 Mrs. Fred E. Tucker, Jr.
 .0013200

 Robert Bivens
 .0008900

 The Marbet Co.
 .0004500
 Pauson 0il Co.---- .0004500 J. Reuel Armstrong----- .0004400 Board of Trustees of the Leland Stanford, Jr., University----- .0004500 Red Feather Oil Co.---- .0031200 Jean Wells Klaasse, Guardian For Martha Noel Wells----- .0033900 Terra Resources, Inc.---- .0367051 Helen Benedict----- .0001965 Clyde C. Dawson----- .0001966 Elizabeth G. Henry----- .0000982 Alice H. Fox----- .0000329 Helen H. Utter---- .0000329 Santa Fe Energy Company----- .0000329 100% Santa Fe Energy Company-----

Lease Dated: Recorded:

Lessor: Lessee: Land Covered:

Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners: November 27, 1925 Book 3, Page 247, Records of Lea County, New Mexico C. D. Woolworth, et al The Pure 011 Company SW/4 NW/4, SE/4 NE/4, and other lands not included within said communitized area, Section 6, T-25-S, R-37-E, N.M.P.M. 10 years 1/8 on oil and gas Phillips Petroleum Company T. J. Horsley----- .0004883 Atlantic Richfield Company----- .0074218 Atlantic Richfield Company----- .0003907 Cathie Auvenshire---- .0000976 Virginia L. Barnes---- .0003472 Jane C. Balckford----- .001770 W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins----- .0010417 Clifford Cone----- .0000977 Douglas Cone----- .0000977 Kathleen Cone----- .0004883 Kenneth G. Cone----- .0000976 Maurice G. Stuffman, Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased----- .0003255 Tom R. Cone----- .0000977 Mrs. Martha Watkins Harris----- .0012206 Winona C. Jones----- .0003472 Marjorie Cone Kastman----- .0001628 Mrs. Clyde Watkins Miller----- .0004612 Trustees of the Jal Public Library Fund----- .0026313 Andrew S. Pearson, Jr.---- .0003472 H. Dillard Schenck------ .0004883 The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased----- .0010417 Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube----- .0010417 Myrtis D. Watkins----- .0012205 Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock----- .0005208 First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust----- ,0003438 Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust----- .0004883

#### Tract No. 3

Lease #1 Dated: Recorded:

Lessor: Lessee: November 4, 1936 Book 28, Page 388, Records of Lea County, New Mexico George D. Key and Bertha Key F. J. Danglade Land Covered:

Primary Term: Royalty: Record Title to Lease:

Lease #2 Dated: Recorded:

6

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #3 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #4 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #5 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #6 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #7 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area 10 years 1/8 on oil and gas Getty 011 Company Same as #1 Book 28, Page 389, Records of Lea County, New Mexico Elizabeth Hudson Penn Same as #1 Same as #1 Same as #1 Same as #1 Same as #1 Same as #1 Book 28, Page 387, Records of Lea County, New Mexico The North Central Texas Oil Company, Inc. Same as #1 Same as #1 Same as #1 Same as #1 Same as #1 November 4, 1937 Book 34, Page 553, Records of Lea County, New Mexico C. Schnurr Skelly Oil Company Same as #1 Same as #1 Same as #1 Same as #1 May 25, 1939 Book 40, Page 534, Records of Lea County, New Mexico W. B. Skirvin Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 7, 1939 Book 40, Page 547, Records of Lea County, New Mexico Tidewater Associated Oil Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1 June 6, 1939 Book 40, Page 555, Records of Lea County, New Mexico S. M. Gloyd and Onez Norman Gloyd Same as #4 Same as #1 Same as #1 Same as #1 Same as #1

Lease #8 Dated: Recorded:

f

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #9 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #10 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #11 Dated: Recorded:

Lessor:

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #12 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #13 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease August 14, 1939 Book 41, Page 17, Records of Lea County, New Mexico Peerless Oil and Gas Company Same as #4 Same as #1 Same as #1 Same as #1 Same as #1

July 1, 1939 Book 40, Page 620, Records of Lea County, New Mexico J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford Same as #4 Same as #1 Same as #1 Same as #1 Same as #1

December 6, 1936 Book 28, Page 393, Records of Lea County, New Mexico ARGO 011 Corporation Same as #1 Same as #1 Same as #1 Same as #1 Same as #1

November 4, 1936 Book 28, Page 392, Records of Lea County, New Mexico R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood Same as #1 Same as #1 5 years Same as #1 Same as #1

November 4, 1936 Book 28, Page 391, Records of Lea County, New Mexico Robert C. Sharp and Josephine P. Sharp Same as #1 Same as #1 Same as #1 Same as #1 Same as #1

November 4, 1936 Book 28, Page 390, Records of Lea County, New Mexico L. C. Ritts and Gladys C. Ritts Same as #1 Same as #1 Same as #1 Same as #1 Same as #1 Lease #14 Dated: Recorded:

Lessor: Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease:

Lease #15 Dated: Recorded:

Lessor:

\*\*

Lessee: Land Covered: Primary Term: Royalty: Record Title to Lease: Name and Percent of Royalty Owners Under Lease #1 thru #15: November 4, 1936 Book 28, Page 397, Records of Lea County, New Mexico F. D. Bearly and Cora Bearly Same as #1 Same as #1 Same as #1 Same as #1 Same as #1

November 4, 1936 Book 28, Page 471, Records of Lea County, New Mexico Roger B. Owings and Lucy P. Owings Same as #1 Same as #1 Same as #1 Same as #1 Same as #1

John Dwire Atkins	.0002388
Atlantic Richfield Company	.0101273
Roy G. Barton, Jr	.0078125
James Henry Bearly	.0002387
Chas. Francis Bedford	.0003125
Henry De Graffenried Bedford	.0003125
Helen Learmont Bedford	.0003125
Rachel Bedford Bowen	.0003125
Mary Smith Bowers	.0001033
Joe and Jessie Crump Fund	.0048828
Estate of Pauline Cromartie	.0001033
Richard L. Cromartie, Jr	.0000517
The First National Bank of	

Midland and Jessie Blevins

Crump, Co-Trustees	.0048828
Elizabeth Bearly Dudley	.0002387
Fluor Oil and Gas Corporation	.0078125
Getty Oil Company	.0234375
Eva W. Graham	.0001033
Bernice J. Gross	.0039063
Katie Smith Hazlehurst	.0001033
Rosa Lee Smith Johnson	.0001099
George D. Key, Jr.	.0058593
J. M. Richardson Lyeth, Jr.	
and Munro Longyear Lyeth	.0070313
Judd Moore	.0002387
Judd Moore North Central Oil Corporation	.0039063
Roger B. Owings	.0039063
Nancy Elizabeth Penson	.0114612
William Y. Penn. Trustee	.0038195
Devisees under the will of	
George Pfouts, Deceased	.0000056
Mildred Smith Rawls	.0001033
Ritts Royalty Company	.0023149
Onez Norman Rooney	.0070312
Royalty Roundup, Inc.	.0000302
Ellis Rudy	.0003617
Magabel Smith Rule	.0001033
Frances Wooten Scott	.0000517
Elinor Campbell Shaughnessy	.0003617
Elinor Underwood Shaughnessy	
and Irvin Hood, Ancillary	
Co-Executors of Marion	
Taylor Underwood Estate	.0010850
Richard J. Shaughnessy,	
Adm. Estate of Julie	
Underwood Erickson	.0003617

0. W. Skirvin0021701
Archie D. Smith, Trustee0023149
Cassius L. Smith
David Lee Smith0000066
Dudley M. Smith 0000055
Edmond D. Smith 0001162
Eugene Smith0001033
Frank I. Smith 0001033
Harry E. Smith0000517
H. Winfield Smith, Jr0001033
Hanny Eldon Smith 000066
Mary M. Smith
Maud S. Smith0001033
Leon D. Smith0001162
R. P. Smith0001162
Gladys Flinchum, Adm. of Estate
of Odella N. Spears0012152
Georgia A. Stieren, Ind. Exec. of Estate
of Jack Stieren0001627
Tortuga Oil and Gas, Inc0001402
Randall Mark Trainer0039062
Nora Walker0000056
Lillian Smith Ward0000517
Betty S. Warren0000129
Ellen Ann Wallace Williams0003125
Jane Cromartie Williams0000517
Jack Wooten0000517
Tom Wooten, Jr0001033

#### PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

None, however ratifications are being obtained from all mineral interest owners, and those not replying will be Forced Pooled.

#### RECAPITULATION

Tract No.

1 1A 1B 2 2A 3

No. of Acres	Percent of Pool
00.08	25.3012429%
38.16	12.0686929%
39.91	12.6221576%
38.22	12.0876688%
40.00	12.6506215%
79.90	25.2696163%
316.19	100.000000%

# THE STATE OF TEXAS

#### COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared K. V. TERRELL , Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the 'capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of February \_\_\_\_\_, 19781.

vonne Brooks Yvonne Brooks Notary Public

My Commission Expires

1984

July 3,

#### INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS (New Moxico Properties)

The attached instruments should be executed pursuant to the following instructions:

- <u>Married Persons</u> (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
- 2. <u>Married Persons</u> (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
- Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
- 4. <u>Single Women</u>. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
- 5. <u>Corporations</u>. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-infact, a copy of his power of attorney should be furnished.
- 6. <u>Partnerships</u>. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
- Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
- B. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approvint the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
- 9. <u>Capacity Not Covered</u>. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
- Acknowledgments. The acknowledgment must be taken by a Notary Public 10. whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

#### BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

No. 7/64

OLL CONS

FEB 0 S 1981

ETATATE

VICT DIVISION

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY FOOLING IN THE CUSTER-DEVONIAN AND THE CUSTER-ELLENBURGER GAS POOLS IN SECTION 6, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

#### APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.

2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,650 feet from the north line and 1,980 from the east line of said Section 6, which well is presently projected to a depth of 12,800 feet in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.

3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them.

4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to

0 198

join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

Dary R Ke Gary K. Kilpatric P.O. Box 2307 Santa Fe, New Mexico 87501

Attorneys for Applicant

APPLICATION - Page 2

#### BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

No. 7/64

FEB 0 5 1981

OIL CONS MATTER DIVISION

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY POOLING IN THE CUSTER-DEVONIAN AND THE CUSTER-ELLENBURGER GAS POOLS IN SECTION 6, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

#### APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.

2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,650 feet from the north line and 1,980 from the east line of said Section 6, which well is presently projected to a depth of 12,800 feet in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.

3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them.

4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

Box 2307

Santa Fe, New Mexico 87501

Attorneys for Applicant

**APPLICATION - Page 2** 

#### BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

No. 7164

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY POOLING IN THE CUSTER-DEVONIAN AND THE CUSTER-ELLENBURGER GAS POOLS IN SECTION 6, TOWNSHIP 25 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

# APPLICATION FEB 0 5 1981

COMES NOW Arco Oil and Gas Company, Oby data attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.

2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,650 feet from the north line and 1,980 from the east line of said Section 6, which well is presently projected to a depth of 12,800 feet in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.

3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them.

4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

Box 2307 P.O. Santa Fe, New Mexico 87501

Attorneys for Applicant

#### APPLICATION - Page 2

Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,

STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Toenships 8 and 9 South, Range 27 East.
- Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico. CASE 7158: Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 9 and 10 South, Ranges 26 and 27 East.
- Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Town-CASE 7159: ship 25 North, Range 10 West.
- Application of Marlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well CASE 7160: to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.

CASE 7148: (Continued from February 11, 1981, Examiner Hearing)

Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.

CASE 7051: (Continued from January 28, 1981, Examiner Hearing)

Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.

#### CASE 7140: (Continued from February 11, 1981, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7149: (Continued from February 11, 1981, Examiner Hearing)

Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.

CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells. Page 2 of 3

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- CASE 7162: Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooline all mineral interests in the McKee formation underlying the E/2 of Section 25, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7163: Application of ARCO Oil and Cas Company for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.
- CASE 7164: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thefeof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- <u>CASE 7165</u>: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7166: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.
- CASE 7167: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Nade Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.
- CASE 7168: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.
- CASE 7129: (Continued from February 11, 1981, Examiner Hearing)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

- CASE 7169: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7170: Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

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- CASE 7171: Application of Zia Energy Inc. for a non-standard gas provation unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard provation unit in the Eumont Gas Pool comprising the SW/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oli Company for two unorthodox gas well-locations, Rig Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakotá formations: No. 157 located 1980 feet from the North line and 660 feet from the West line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Nexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Norrow Gas Pool, the S/2 of said Section 36 to be decicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Nexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

DRAFT

dr/

#### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 7164 Order No. R- 6626

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

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BY THE DIVISION:

This cause came on for hearing at 9 a.m. on <u>March 11</u>, 1981 , at Santa Fe, New Mexico, before Examiner Richard L. Stamets. NOW, on this <u>day of March</u>, 1981 , the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, <u>ARCO Oil and Gas Company</u>, seeks an order pooling all <u>minera</u> interests in the <u>Devonian</u> <u>and Ellenburger formations underlying the N/2</u> of Section <u>6</u>, Township <u>25 South</u>, Range <u>37 East</u> NMPM, <u>Custer Field</u>, <u>Lea</u> County, New Mexico. -2-Case No. Order No. R-

(3) That the applicant has the right to drill and proposes to drill a well \_\_\_\_\_\_at a standard location thereon \_\_\_\_\_\_

(4) That there are Ainterest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

() That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional \_\_\_\_\_\_ percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

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(h) That \$\_\_\_\_\_per month while drilling and \$\_\_\_\_\_\_per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(1) (12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(%)(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before  $\int u/y / 198/$ , the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the <u>Devonian and Ellenburger</u> formation<sup>s</sup>underlying the <u>N/2</u> of Section <u>6</u>, Township <u>25 South</u>, Range <u>37 East</u>, <u>NMPM</u>, <u>Custer Field</u>, <u>Lea</u> County, New Mexico, are hereby pooled to form a standard <u>320 - acre gas spacing</u> and proration unit to be dedicated to a well to be drilled at a standard location thereon

<u>PROVIDED HOWEVER</u>, that the operator of said unit shall commence the drilling of said well on or before the  $1s^{+}$  day of  $100^{-}$  day of  $100^{-}$ ,  $100^{-}$ ,  $100^{-}$ , and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the <u>Ellen burger</u> formation;

<u>PROVIDED FURTHER</u>, that in the event said operator does not commence the drilling of said well on or before the  $15^{-1}$  day of  $10^{-1}$ ,  $1981^{-1}$ , Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown. PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That ARCO Oil and Gas Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.
(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided

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above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

> (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well-costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, \_\_\_\_\_\_ percent of the pro rate share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated d well costs within 30 days from the date the schedule of estimated well costs is furnished to him,

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That f\_\_\_\_\_ per month while drilling and \$\_\_\_\_\_\_ per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest. -6-Case Order No.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests. (3)(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in <u>lea</u> County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

 $(\mathcal{U})$  (13) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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