

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

May 28, 1947

C
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Y
Mr. Roy O. Yarbrough
Oil & Gas Inspector
Oil Conservation Commission
P. O. Box 1545
Hobbs, New Mexico

Dear Mr. Yarbrough:

I have been informed by Mr. Foster Morrell of the USGS that the Continental Oil Company drilled one well under the Continental Alston Unit Agreement.

The well was located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 20, Township 7 South, Range 35 East. The State Land Office wishes to consent to the termination of the agreement and heretofore has received copies of the plugging order from the Oil Conservation Commission. In this matter, however, we are not able to find the C-103 or in fact, anything concerning this Continental well located in Roosevelt County.

Will you advise me what your records show with respect to this abandoned well. It is, of course, on Federal Land.

Very truly yours,

GEORGE A. GRAHAM
ATTORNEY,
OIL CONSERVATION COMMISSION

CAG:bsp

NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN

LAND COMMISSIONER JOHN E. MILES
MEMBER

STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



Santa Fe, New Mexico

Box 1545
Hobbs, New Mexico
June 3, 1947

Mr. George A. Graham, Attorney
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Mr. Graham:

In reply to your letter of May 28, 1947, in regard to Continental Oil Company Well located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 20, Township 7 South, Range 35 East, in Roosevelt County, I do not have a report of this well in any way except the Scout Report which you will find a copy of in the Oil Conservation Commission Office there.

This reflects drilling operations started about December 4, 1946, and continues through January 22, 1947. This is all we have.

Very truly yours,

Roy J. Frazier
Oil & Gas Inspector

ROY:cg

cc: Mr. Lake J. Frazier
Box 942
Roswell, New Mexico

IL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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AIRMAIL
SPECIAL

May 26, 1945

Mr. W. C. Mitchell
Box 451
Midland, Texas

Re: Case 64, Order No. 603 - Continental's
Alston Unit Agreement, Roosevelt County.

Dear Mr. Mitchell:

Mr. W. C. Stout called yesterday from Fort Worth regarding the Commission's order in the above captioned matter and requested that the original be sent direct to you, which order is herewith enclosed.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS
cc W. C. Stout - Fort Worth
John Moran - Continental Oil Co.
Oil and Gas Building
Houston

LAND CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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May 26, 1945

AIRMAIL
SPECIAL DELIVERY

Mr. John Moran
Continental Oil Company
Oil & Gas Building
Houston, Texas

Re: Case 64, order no. 603 - Continental's
Alston Unit Agreement, Roosevelt County

Dear Mr. Moran:

Enclosed is a copy of the Commission's order in the above captioned matter, together with carbon copy of letter just written to your Mr. W. C. Mitchell of Midland, to whom the original was sent by request of Mr. W. C. Stout who called yesterday by long distance from Fort Worth.

Very truly yours,

Chief Clerk & Legal Adviser

OBL:MS
cc W. C. Stout - Fort Worth

22 lines @ .08 = 2.56

AFFIDAVIT OF PUBLICATION

NOTICE FOR PUBLICATION
State of New Mexico

Oil Conservation Commission

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A. M., May 14, 1945:

CASE NO. 64

In the matter of the application of the Continental Oil Company for an order of approval of the Alston Unit Agreement, Roosevelt County, New Mexico, embracing as the Unit Area:

"In Township 7 South, Range 35 East

All of sections 7, 8, 16, 17, 18, 19, 20, 21, 22, 27, 28, 29 and 30 Section 9—S/2

Section 15—S/2 N/2 and S/2 Embracing 9069.52 acres."

Given under the seal of said Commission at Santa Fe, New Mexico, on April 13th, 1945.

Oil Conservation Commission
By (SGD)

John J. Dempsey,
Chairman.

John E. Miles,
Member.

I, Elizabeth Stinnett
Acting Editor

of the

PORTALES DAILY NEWS
AND THE PORTALES VALLEY NEWS

a newspaper of general paid circulation and entered under second class postal privilege in Roosevelt County, published daily, (except Saturday and Sunday) at Portales, New Mexico, for the fifty-two (52) consecutive weeks preceding this date, do solemnly swear that a copy of the above notice, as per clipping attached, was published weekly in the regular and entire issue of said newspaper, and not in any supplement

thereof for 1 Day consecutive weeks commencing

with the issue dated April 23 1945,

and ending with the issue dated _____ 19_____

All publication costs having been paid.

Elizabeth Stinnett

Subscribed and sworn to before me this 24th day of April 1945

My commission expires May 15 1945

John M. Armstrong
Notary Public

SOIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 27, 1945

MEMORANDUM TO COMMISSIONER OF PUBLIC LANDS
JOHN E. MILES:

Re: Case 64. Petition of the Continental for approval
of the Alston Unit Agreement, Roosevelt
County.

Attached is a copy of the petition in the above captioned
case.

The same comments are here made as are made in connection
with the Stanolind's petition for approval of the Mascho Unit
Agreement in Lea County.

Chief Clerk & Legal Adviser

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

April 27, 1945

MEMORANDUM TO GOVERNOR JOHN J. DEMPSEY.

Re: Case 64. Petition of the Continental for approval
of the Alston Unit Agreement, Roosevelt
County.

Attached is a copy of the petition in the above captioned
case.

The same comments are here made as are made in connection
with the Stanolind's petition for approval of the Mascho Unit
Agreement in Lea County.

Chief Clerk & Legal Adviser

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CONTINENTAL OIL COMPANY

Fort Worth, Texas
April 23, 1945

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

Attached hereto in triplicate is application of this company to form a unit, known as the Alston Unit, copies of which are also attached, covering lands in Township 7 South, Range 35 East, Roosevelt County, New Mexico.

This application is self-explanatory, and it is our understanding that a formal hearing date of May 14, 1945, already has been set.

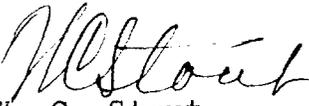
It is our plan to be in Santa Fe on May 2 for an informal discussion of this proposed unit, at which time we will be prepared to answer any questions, and present informally the testimony that will be presented on May 14.

*Receipt acknowledged by phone by W.C. Stout, H. Wolf
4 - 25 - 3:20 P.M.*

Oil Conservation Commission
Page 2

If the date of May 2 is not satisfactory, kindly advise immediately so that we can make other arrangements.

Yours very truly,


W. C. Stout
Superintendent
Land Department
Texas-New Mexico Division

WCS-VM

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., May 14, 1945:

CASE NO. 64

In the matter of the application of the Continental Oil Company for an order of approval of the Alston Unit Agreement, Roosevelt County, New Mexico, embracing as the Unit Area:

"In Township 7 South, Range 35 East
All of sections 7, 8, 16, 17, 18, 19, 20, 21,
22, 27, 28, 29 and 30
Section 9 - S/2
Section 15 - S/2 N/2 and S/2

Embracing 9069.52 acres".

Given under the seal of said Commission at Santa Fe, New Mexico, on April 13th, 1945.

OIL CONSERVATION COMMISSION

BY (SGD)

JOHN J. DEMPSEY
CHAIRMAN

JOHN E. MILES
MEMBER

FIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 23, 1945

AIRMAIL
SPECIAL DELIVERY

John Moran, Esquire
Continental Oil Company
Houston, Texas

Re: Case 64 - Alston Unit Agreement

Dear Mr. Moran:

The Commission has not as yet received your petition for approval of the above captioned agreement.

Pursuant to long distance telephone conversation with you some time ago the matter was set down for hearing and advertised pursuant to law; however, there should be an original for the case file, one for the Governor and one for the Commissioner of Public Lands.

As previously advised the case, with others, is set for May 14, at 10 A.M.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS

311- CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 19, 1945

Portales Daily News
Portales, New Mexico

Re: Case No. 64

Gentlemen:

Please run the enclosed advertisement again for the following reason:

The printer inserted dashes instead of slashes, changing the meaning of the advertisement in the above captioned case. The publisher's affidavit and the advertisement as sent are herewith enclosed for comparison.

Very truly yours,

Carl B. Livingston

CEL:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 13, 1945

Portales Daily News
Portales, New Mexico

Re: Notice for Publication - Case No. 64

Gentlemen:

Please publish the enclosed notice once, immediately.
Please proof read the notice carefully and send a copy of
the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND
PUBLISHER'S AFFIDAVIT.

For payment please submit statement in duplicate
accompanied by voucher executed in duplicate. The vouchers
must be signed by a notary in the space provided on the back
of the voucher. The necessary blanks are enclosed.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 13, 1945

John Moran, Esquire
Continental Oil Company
Houston, Texas

Re: Case No. 64

Dear Mr. Moran:

Attached is copy of Notice for Publication in the
above captioned matter.

With kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., May 14, 1945:

CASE NO. 64

In the matter of the application of the Continental Oil Company for an order of approval of the Alston Unit Agreement, Roosevelt County, New Mexico, embracing as the Unit Area:

"In Township 7 South, Range 35 East
All of sections 7, 8, 16, 17, 18, 19, 20, 21,
22, 27, 28, 29 and 30
Section 9 - S/2
Section 15 - S/2 N/2 and S/2

Embracing 9069.52 acres".

Given under the seal of said Commission at Santa Fe, New Mexico, on April 13th, 1945.

OIL CONSERVATION COMMISSION

BY (SGD)

JOHN J. DEMPSEY
CHAIRMAN

JOHN E. MILES
MEMBER

SEAL

ALSTON UNIT AGREEMENT
ROOSEVELT COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of January, 1945, by and between the parties subscribing or consenting hereto;

W I T N E S S E T H:

WHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent avoidable waste and secure other benefits obtainable through development and operation of the Unit Area subject to this agreement under the terms, conditions and limitations hereinafter set forth, under and pursuant to the provisions of Sections 17, 27 and 32 of the Act of Congress approved February 25, 1920, entitled: "An Act to Promote the Mining of Coal, Phosphate, Oil, Oil Shale, Gas and Sodium on the Public Domain," 41 Stat. 443, 448, 450 as amended or supplemented by the acts of March 4, 1931, 46 Stat. 1525, and August 21, 1935, 49 Stat. 676; 30 U.S.C. 226, 184, and 189; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Chap. 72, Laws 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

1. LAWS AND REGULATIONS: The Act of Congress, approved February 25, 1920, supra, as amended, and the Acts of the Legislature of the State of New Mexico (Chap. 72, Laws of 1935 and Chapter 88, Laws 1943) and all pertinent regulations issued thereunder, including operating regulations, are accepted and made a part of this agreement.

2. DEFINITIONS: For all purposes of this agreement, certain terms used herein are defined as follows:

(a) "Secretary" shall mean the Secretary of the Interior of the United States and those persons or agencies duly authorized to act for and in his behalf.

(b) "Supervisor" shall mean the Oil and Gas Supervisor of the United States Geological Survey and those persons or agencies duly authorized to act for and in his behalf.

(c) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

(d) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.

(e) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of operations hereunder.

(f) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.

(g) "Paying quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and operating the well and a small profit in addition thereto.

3. UNIT AREA: The following described lands are hereby designated and recognized as constituting the Unit Area:

In Township 7 South. Range 35 East

All of sections 7, 8, 16, 17, 18, 19, 20, 21,
22, 27, 28, 29 and 30
Section 9 - S/2
Section 15 - S/2 E/2 and S/2

Embracing 9069.52 acres

The Unit Operator with the consent of a majority in interest of the Working Interest, and subject to the approval of the Secretary, the Commissioner and the Commission, may enlarge the unit area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the unit area to exclude lands not in any participating area hereunder which is believed to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein established Unit Area, together with the ownership of the land and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said exhibits shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised exhibits shall be filed with the record of this agreement.

4. UNITIZED SUBSTANCES: All oil, gas, natural gasoline and associated fluid hydrocarbons producible from land subject to this agreement, in any and all sands or horizons, are unitized under the terms of this agreement and hereinafter are called "unitized substances."

5. UNIT OPERATOR: Continental Oil Company is hereby designated as Unit Operator and by signature hereto agrees and consents to accept the duties and obligations of Unit Operator to conduct and manage the operation of said unit area for the discovery and development of unitized substances as hereinafter provided. Hereinafter whenever reference is made to the Unit Operator, such reference is understood to mean the unit operator acting in that capacity and not as an owner of interests in unitized substances, and whenever reference is made to an owner of unitized substances, such a reference shall be understood to include any interests in unitized substances owned by the Unit Operator.

The Unit Operator shall have the right to resign at any time provided that any well drilled hereunder is placed in a satisfactory condition for suspension, or is satisfactorily abandoned under the Federal Oil and Gas Operating Regulations, if on Federal land, and under the laws of the State of New Mexico, and the rules and regulations of the Commission, if on state or patented land, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of three (3) months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto and the Secretary and the Commissioner, unless a new Unit Operator shall have been selected and approved and shall have taken over the assumed the duties and obligations of the Unit Operator prior to the

date on which relinquishment by or removal of Unit Operator becomes effective. The parties hereto or a duly qualified new Unit Operator may purchase at its then depreciated market value all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, owned by the retiring Unit Operator, in its capacity as such operator, or make other arrangements satisfactory to the retiring Unit Operator for the use thereof, provided that no such material, equipment, or appurtenances so selected for purchase shall be removed prior to the effective date of Unit Operator's retirement. Any equipment material, and appurtenances not so purchased or arranged for as to the use thereof within said time limit may be removed by the retiring Unit Operator at any time within six (6) months after his relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of working interest rights in land then subject to this agreement. The termination of any rights as Unit Operator under this agreement shall not of itself terminate any right, title, or interest which the Unit Operator may then have in the unitized substances, but the Unit Operator shall have the right and option in connection with its resignation to reassign or retransfer to its several predecessors in interest all of its interest in the lands and leases severally acquired from them, together with its working interest in the unitized substances, and upon such delivery be discharged from any future liability as a working interest owner hereunder; said reassignments to be effective as to said transferee thereupon, subject, however, to the approval of the Secretary as to transfers of interest in lands of the United States and subject, however, to the approval of the Commissioner as to interests in lands of the State of New Mexico.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall discontinue or relinquish his rights as Unit Operator or shall fail to fulfill his duties and obligations as Unit Operator under this agreement, the owners of the majority of the unitized working interests in the participating area on an acreage basis, or the owners of working interests according to their total acreage interest in the unit area until a participating area shall have been established, shall select a new Unit Operator, provided that if the majority of the working interests rights which are at any time qualified to vote in selecting a new Unit Operator are owned by one party to this agreement then a vote of at least two owners of working interests qualified to vote shall be required to select a new operator. Such selections shall not become effective until (a) a Unit Operator so selected shall agree and consent in writing to accept the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Secretary and the Commissioner. In the absence of the selection of an acceptable unit operator by the working interest owners within (6) months after notice by Unit Operator of intention to relinquish its rights as Unit Operator, this unit agreement shall automatically terminate.

The Unit Operator shall be subject to removal by the Working Interest Owners in the same manner as herein provided for the selection of a new Unit Operator.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as hereinafter specified, the exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with the Unit Operator and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided that nothing herein shall be construed to transfer title to any land, or to any operating agreement or leases, it being understood that under and pursuant to this agreement the Unit Operator shall exercise the rights of possession and use vested in the parties hereto only and exclusively for the purposes herein specified. The Unit Operator shall pay all costs and expenses of operations with respect to the unitized land, and no part thereof shall be charged to the Royalty Owners. The method of handling such

costs and expenses is left to private arrangement between the Unit Operator and the Working Interest Owners.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract.

8. DRILLING TO DISCOVERY: Within six (6) months from the effective date of this agreement, Unit Operator shall begin operations in the unit area to drill an adequate test well at a location upon the Unit Area to be approved by the Supervisor, if such location is upon lands of the United States, and if upon State lands or patented lands, such location shall be approved by the Commission, and having commenced such operations shall continue such drilling diligently until said well shall have been drilled to a depth not less than 5200 feet unless oil or gas which can be produced in paying quantities is encountered in said well at a lesser depth or unless, at a lesser depth, an igneous or metamorphic formation or some other condition or formation is encountered which would render further drilling inadvisable or impracticable. If said first well, drilled as aforesaid, fails to encounter the unitized substances, Unit Operator or his successor shall thereupon commence within six (6) months after the completion of the former well, and drill, one at a time, additional wells until a productive well is completed to the satisfaction of the Supervisor and Commissioner, or until it is reasonably proved that the unitized land is incapable of producing the unitized substances; provided that the Secretary and Commissioner may grant extension of time for the commencement of any such well; and provided further that nothing herein contained shall preclude any Operator from effectively resigning as provided in Section 5 hereof before any obligation to commence a second or subsequent well accrues hereunder, and be relieved of the obligation to commence such well.

9. PLAN OF DEVELOPMENT AND OPERATION: Within sixty (60) days from completion of a well capable of producing the unitized substances as aforesaid, Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission an acceptable plan of development for the Unit area, which plan or a subsequent

Reasonable diligence shall be exercised by the Unit Operator in complying with the drilling and producing obligations of the approved plan of development and said plan shall be modified or supplemented in whole or in part from time to time as may be required to meet changed conditions or to protect the interests of all parties to this agreement, and the further obligations of the Unit Operator shall be conformed thereto;

~~quantities. well drilling operations including well completions, producing practices and well abandonments, shall be in accordance with the Plan of Development and Operation. All operations thereunder shall be subject to the approval of the Supervisor as to wells on federal land any by the Commission for wells on state and private land.~~

During any period when it shall appear than an acceptable plan of development cannot be adopted because of the inability of the Supervisor, the Commissioner and the Commission to agree upon the terms thereof, the Unit Operator may, in accordance with the applicable regulations referred to in Section 1 hereof, proceed with reasonable diligence to drill other wells to determine the limits of production and to develop the productive portion of the unit area, and may and shall operate all productive wells in conformity with good operating practices, and the conservation principles of this agreement.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a productive well as aforesaid, Unit Operator shall submit for the

approval of the Secretary, the Commissioner and the Commission a schedule of lands based on subdivisions of the public land survey then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule, when approved, to constitute a participating area effective as of the date of first production. Said schedule shall set forth the percentage acreage interest of each owner of rights in the participating area thereby established. Such percentage acreage interest shall govern the allocation of production from and after the date the participating area becomes effective. With the approval of the Secretary, Commissioner and the Commission, a separate participating area may be established for any separate deposit of unitized substances or for any group of such deposits. The participating area or areas so established shall be enlarged from time to time in like manner and subject to like approval whenever such action appears proper as a result of further drilling operations to include additional land then regarded as reasonably proved to be productive in paying quantities, and a new schedule of percentage acreage interests conformable thereto shall thereupon be fixed. The effective date of any such enlargement shall be the first of the month next following the month in which the well is completed which demonstrates the propriety of the enlargement, and any unitized substances theretofore produced from such well shall be allocated to the lease on which the well is drilled. A well shall be deemed completed when equipped and successfully tested for production, all of which shall be done diligently. No land once included in a participating area shall be excluded from such participating area on account of depletion of the unitized substances therefrom, or for any cause save loss of title. It is the intent of this Section that a participating area shall at all times represent as nearly as possible the area known or reasonably estimated to be productive in paying quantities; but, regardless of any increase in the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of increase of the participating area.

Until a participating area or areas has or have been established as herein provided, or in the absence of agreement at any time between the Unit Operator, the Secretary, the Commissioner, and the Commission as to the proper boundaries of a participating area, the portion of all payments affected by such absence of agreement, except the royalties due the United States and the State of New Mexico, may be impounded in a mutually acceptable bank.

11. DEVELOPMENT OF LANDS OUTSIDE THE PARTICIPATING AREA: Any exploratory wells drilled on any unitized land outside the boundaries of any then existing participating area shall be drilled by the Unit Operator at the cost of the Participating Area Working Interest Owners as may be provided in the separate operating contract herein referred to. If any such well encounters the unitized substances in paying quantities, the said well and the portion of the unitized lands proved thereby to be productive in paying quantities shall be added to the participating area in manner as provided in Section 10 hereof. If said well encounters a producible quantity of the unitized substances, but not in paying quantity, the owner of the operating rights on the tract covered by the well may at his option within 30 days after notice by the Unit Operator take over said well by making reimbursement to the Operator as provided in said operating contract. Otherwise the Unit Operator may continue to operate the well and appropriate the production therefrom to apply upon the cost of drilling, equipping and operating said well; provided, however, that if and when Unit Operator secures reimbursement therefrom for the cost of drilling, equipping and operating the same, Unit Operator may turn the well over to the owner of the operating rights on the tract on which the well is situated upon compensation for the fair market value of the recoverable equipment. If the Operator shall desire to abandon said well, the owner of the operating rights on said tract may take over and operate said well by reimbursing the Unit Operator for the fair market value of the recoverable casing and other well property necessary to operate the well.

If upon thirty (30) days notice by the owner of the operating rights on any unitized tract of land outside the participating area, Unit Operator shall fail or refuse to commence and drill a well for the testing of the productivity of the tract, the owner of the operating rights on said tract may drill said well at his sole cost, risk, and expense, including cost of abandonment, and if said well encounters the unitized substances in paying quantities, the well and the unitized land proved productive in paying quantities thereby shall be added to the then existing participating area and the participating area shall be enlarged upon a basis of financial adjustment of investment costs between the said owner of the operating rights on the well tract and the Working Interest Owners in the former participating area as may be provided by the operating contract, or otherwise by agreement among said parties. In the event that said well encounters the unitized substances in producible quantity but not in paying quantity, and upon determination thereof by the Unit Operator and the Working Interest Owners, the parties so drilling said well may operate and produce the well at their sole cost and risk and expense and for their sole benefit.

Any operations under this section shall be subject to the drilling, producing and conservation requirements of this agreement and of any plan of development then or thereafter in force, and subject to the payment of the rental and royalty required by the applicable leases or contracts on the production from said well.

12. ALLOCATION OF PRODUCTION--ROYALTIES: Except as provided in Section 11, all unitized substances produced under this agreement, except any part thereof used for production and development purposes thereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of land of the participating area, and, for the purpose of determining any benefits that accrue on an acreage basis as a result of operations under this agreement, each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area. Unitized substances produced from any participating area and used in conformity with good operating practice under an approved plan of operation for repressuring or cycling in any participating area shall be free from any royalty charge.

If Unit Operator introduces gas obtained from sources other than the unitized substances into any participating area hereunder for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan first approved by the Supervisor, the Commissioner, and the Commission, a like amount of gas may be drawn from the formation into which the gas was introduced, royalty free as to dry gas but not as to the products extracted therefrom, provided that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor, the Commissioner and the Commission as conforming to good petroleum engineering practice, and provided further that such right of withdrawal shall terminate on the termination of the unit.

Except as otherwise herein provided, royalties shall be paid or delivered as provided by existing leases or contracts, at the lease or contract rate upon the unitized substances allocated to the lease or tract. Settlement shall be made on or before the 20th day of each month for the unitized substances produced during the preceding calendar month. Such royalties shall be paid by the party operating the wells, but nothing herein shall operate to relieve the lessees, or any of them, of their obligation to pay rentals and royalties under the terms of their respective leases.

The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take their respective royalty shares in kind or value.

13. GOVERNMENT ROYALTIES: Royalty due the United States on account of federal lands subject to this agreement within the Unit Area shall be computed as provided in the operating regulations; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though all the unitized lands within the participating area were a single consolidated lease. During the period of the National Emergency proclaimed by the President upon a determination by the Secretary of the Interior that a new oil or gas field or deposit has been discovered by virtue of a well or wells drilled under this agreement, the royalty on production from such new field or deposit allocated to Federal land subject to this agreement at the time of such discovery shall, during the 10-year period following the date of such discovery, be paid in value or delivered in kind at a flat rate of 12½ per centum unless a lower rate is prescribed in the lease.

pay all rentals of whatsoever kind on his respective leases. Rental for land of the United States subject to this agreement at the rate specified in the respective leases from the United States shall be paid, suspended, or reduced as may be determined by the Secretary pursuant to applicable law and regulations. The Unit Operator may apply the government's allocated royalty share of the unitized substances to repayment for government rentals advanced hereunder to the same extent as otherwise allowed in the case of an individual government lease.

15. CONSERVATION: Operations and production of unitized substances shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. Production of unitized substances shall at all times be without waste as defined by or pursuant to state or federal law.

16. DRAINAGE: Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with the approval of the Secretary as to federal interests and of the Commissioner as to state interests, and at the election of the Unit Operator as to private interests, pay the Royalty Owners a fair and reasonable compensatory royalty, as determined by the Supervisor as to federal interests, and the Commissioner as to state interests subject to this agreement, and by agreement between the Unit Operator and royalty owners, as to private interests.

17. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding interests in leases embracing unitized land of the United States or of the State of New Mexico consent that the Secretary and Commissioner, respectively, may, and said Secretary and Commissioner, by their approval of this agreement, do hereby establish, alter, change or revoke the drilling, producing, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

Owners and lessors of privately owned lands or of interests therein, including royalty interests, and including their heirs, executors, administrators, successors and assigns, by subscribing or consenting to this agreement, in person or by attorney in fact, do hereby severally agree that the respective leases covering their several lands or interests therein, may be and remain in force and effect for the respective primary terms therein stated, and so long thereafter as oil or gas may be produced therefrom in quantities sufficient to justify the cost of production; and also in the event that any of the land embraced in any such lease is during the primary term of such lease included within a participating area duly selected and approved under this unit plan of development, so that each owner becomes entitled to a share in the proceeds of production from the participating area, payable at

the respective lease rates on the production allocated on an acreage basis to the portion of the lease within the participating area, then each such lease is hereby extended, without further delay rental obligation, as to the land embraced therein which is so included in such participating area, for the full term of this unit plan as herein stated.

The Secretary, Commissioner and, except as otherwise provided in the preceding paragraph of this Section, all parties hereto further determine, agree and consent that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases subject hereto:

that no such lease shall be terminated if a discovery of a valuable deposit of unitized substances is made anywhere on the unitized land, each such lease in effect on or after the date of such discovery shall be deemed to continue in force and effect as to lands in the unit area, as long as unitized substances are produced anywhere on unitized land in paying quantities; that prior to such discovery of unitized substances anywhere on unitized land, the expiration date of each Federal unitized lease shall be the date prescribed in such lease, subject to such preferential right to a new lease as may be authorized by law; that suspension or all operations and production on the unitized land pursuant to direction or consent of said Secretary and Commissioner shall be deemed to constitute such suspension pursuant to such direction or consent with respect to each such lease.

The parties hereto or consenting hereto, holding interests in leases subject to this agreement embracing lands other than those of the United States or of the State of New Mexico or holding interests in any other agreements that involve oil and gas rights in lands in the Unit Area, consent and agree, to the extent of their respective interests, that all such leases and agreements shall conform to the provisions of this agreement.

18. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer or lease of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, lessee, or other successor in interest and as to federal land, shall be subject to approval by the Secretary, and as to lands of the State of New Mexico, shall be subject to the approval of the Commissioner. No transfer of any interest in and to any of the unitized lands or affecting the production therefrom shall be binding upon the Unit Operator until the first day of the next calendar month after the Unit Operator has been furnished with an original, photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM: This agreement shall become effective on the first day of the calendar month next following approval by the Secretary and the Commissioner, provided however that nothing herein shall be construed to waive or limit the right of the Commission to approve this agreement pursuant to applicable state law. Except as otherwise provided by the second paragraph of Section 17 hereof, this agreement shall terminate on _____, unless (1) such date of expiration is extended by the Secretary and the Commissioner; or (2) a discovery of unitized substances in paying quantities has been made on the Unit Area, in which case this agreement shall remain in effect as long as unitized substances can be produced from the Unit Area in paying quantities; or (3) it is proved at an earlier date that the Unit Area is incapable of production of unitized substances in paying quantities, and with approval of the Secretary and the Commissioner, notice of termination is given by Unit Operator to all parties in interest by letter addressed to them at their last known places of address; or (4) it is terminated as provided in Section 6 hereof; provided that this agreement may be terminated at any time with the consent of the owners of 75%, on an acreage basis, of the Working Interest Owners signatory hereto with the approval of the

Secretary and the Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION: All production and the disposal thereof, shall be in conformity with allocations, allotments and quotas made or fixed by the Commission under any State Statute; provided however that the Secretary is vested with authority pursuant to the amendatory acts of Congress of March 4, 1931, and August 21, 1935, supra, to alter or modify from time to time in his discretion the rate of prospecting and development, and, within the limits made or fixed by the Commission, to modify the quantity and rate of production under this agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any lands of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. FORCE MAJEURE: Failure or delay in the performance of the terms, conditions, and covenants hereof shall not cause this contract to expire, terminate, or be forfeited in whole or in part, nor subject the Unit Operator or other party otherwise liable therefor to liability in damages, to the extent and so long as such prompt performance is hindered, delayed or prevented by any federal or state law, executive order, rule or regulation, or to the extent and so long as such performance is hindered, delayed, or prevented by an act of God, of the public enemy, governmental interference or restraint, inability to obtain material or equipment, weather conditions, labor disputes, failure of transportation, or other cause, whether similar or dissimilar, beyond the control of the party in interest.

22. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the Working Interest Owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that said Unit Operator, Working Interest Owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of Unit Operator to obtain the joint consent of the representatives of the United States and the representatives of the State of New Mexico in and about any matter or thing concerning which it is required herein that such joint consent be obtained. The parties hereto including the Commission agree that all powers and authority vested in the Commission in any by any provision of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. NON-DISCRIMINATION: The Unit Operator expressly agrees that in any and all operations conducted hereunder, it shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and shall require an identical provision to be included in all subcontracts.

24. SUBSEQUENT JOINTORS: Any person owning rights in the unitized substances within the unit area who does not consent such rights hereto prior to the effective date hereof, may thereafter become parties hereto by subscribing this agreement, and if such parties are working interest owners they shall also subscribe the operating contract and comply with all terms and conditions therein set forth.

25. COUNTERPARTS: This agreement may be executed in any number of counterparts with the same force and effect as if all parties

had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties, owning or claiming an interest in the lands affected hereby.

IN WITNESS WHEREOF the parties have hereunto set their hands and have set opposite their respective names the date of execution.

UNIT OPERATOR

CONTINENTAL OIL COMPANY

By _____
Attorney-in-Fact

COOPERATIVE RANCHMEN ASSOCIATION

By _____

ATTEST

By _____

TRALEY COMPANY

By _____

ATTEST

By _____

STATE OF OKLAHOMA

SS

COUNTY OF KAY

On this _____ day of _____, 1945, before me, a Notary Public in and for said County and State, personally appeared W. E. HAGGARD, to me personally known, who, being by me duly sworn did say that he is Attorney in Fact for CONTINENTAL OIL COMPANY, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said W. E. HAGGARD acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses specified therein.

WITNESS my hand and seal of office this _____ day of _____, 1945.

My Commission Expires:

Notary Public, Kay County,
Oklahoma

STATE OF

COUNTY OF

On this _____ day of _____, 1945, before me, a Notary Public in and for said County and State, personally appeared _____, to me personally known, who, being by me duly sworn did say that he is the _____ of COOPERATIVE REFINERY ASSOCIATION, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses specified therein.

WITNESS my hand and seal of office this _____ day of _____, 1945.

My Commission Expires:

Notary Public
County,

STATE OF

COUNTY OF

On this _____ day of _____, 1945, before me, a Notary Public in and for said County and State, personally appeared _____, to me personally known, who, being by me duly sworn (I say that he is the _____ of HALBY COMPANY, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument as signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses specified therein.

WITNESS my hand and seal of office this _____ day of _____, 1945.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO

COUNTY OF

On this _____ day of _____, 1945, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My Commission Expires:

Notary Public,
County

STATE OF NEW MEXICO

COUNTY OF

On this _____ day of _____, 1945, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My Commission Expires:

Notary Public,
County

STATE OF NEW MEXICO

COUNTY OF

On this _____ day of _____, 1945, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My Commission Expires:

Notary Public,
County

EXHIBIT "B"

<u>SECTION</u>	<u>SERIAL NO. OR OWNER</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
<u>ALL BEING IN TOWNSHIP 7 SOUTH, RANGE 35 EAST</u>					
7	State	NE/4 NE/4; NW/4 NE/4; SW/4 NE/4; SE/4 NE/4	Roger B. Owings	Cont'l. Oil Co.	160.00
7	State	NE/4 NW/4; Lot 1; Lot 2; SE/4 NW/4	"	"	153.66
7	State	NE/4 SW/4; Lot 3; Lot 4; SE/4 SW/4	"	"	153.62
7	State	NE/4 SE/4; NW/4 SE/4; SW/4 SE/4; SE/4 SE/4	"	"	160.00
8	State	NE/4 NE/4; NW/4 NE/4; SW/4 NE/4; SE/4 NE/4	"	"	160.00
8	State	NE/4 NW/4; NW/4 NW/4; SW/4 NW/4; SE/4 NW/4	"	"	160.00
8	State	NE/4 SW/4; NW/4 SW/4 SW/4 SW/4; SE/4 SW/4	"	"	160.00
8	U.S.#847414	SE/4	Natl. Ref. Co.	Coopera- tive Ref. Assn.	160.00
9	U.S.#847414	S/2	"	"	320.00
15	U.S.#047364	S-3/4	"	"	480.00
16	State	NE/4 NE/4, SW/4 NE/4	Roger B. Owings	Cont'l. Oil Co.	80.00
16	State	NW/4 NW/4	"	"	40.00
16	State	NE/4 SW/4, NW/4 SW/4 SE/4 SW/4 SE/4 SW/4	"	"	160.00
16	State	NE/4 SE/4; NW/4 SE/4 SW/4 SE/4; SE/4 SE/4	"	"	160.00
16	State	NW/4 NE/4; SE/4 NE/4	"	"	80.00
16	State	SW/4 NW/4	"	"	40.00
16	State	NE/4 NW/4; SE/4 NW/4	"	"	80.00
17	U.S.#060502	E/2	H.A. Jacobs	"	320.00
17	State	NE/4 NW/4; NW/4 NW/4 SE/4 NW/4, SW/4 NW/4	J.C. Maxwell, Inc. and Whaley Company	"	160.00
17	State	NE/4 SW/4; NW/4 SW/4 SW/4 SW/4; SE/4 SW/4	Roger B. Owings	"	160.00
18	State	NE/4 NE/4; NW/4 NE/4 SW/4 NE/4; SE/4 NE/4	G. A. Cozby	"	160.00
18	State	NE/4 NW/4; Lot 1; Lo 2, SW/4 NW/4	"	"	153.58

<u>SEC-TION</u>	<u>SERIAL NO. OR OWNER</u>	<u>DESCRIPTION</u>	<u>LESSOR OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
18	State	NE/4 SW/4, Lot 3; Lot 4; SE/4 SW/4	R.B. Owings	Cont'l. Oil Co.	153.54
18	State	NE/4 SE/4; NW/4 SE/4 SW/4 SE/4; SE/4 SE/4	" "	"	160.00
19	State	NE/4 NE/4; NW/4 NE/4 SW/4 NE/4; SE/4 NE/4	" "	"	160.00
19	State	NE/4 NW/4; Lot 1; Lot 2; SE/4 NW/4	" "	"	153.54
19	State	NE/4 SW/4; Lot 3; Lot 4; SE/4 SW/4	" "	"	153.58
19	State	NE/4 SE/4; NW/4 SE/4; SW/4 SE/4; SE/4 SE/4	Cont'l. Oil Co		160.00
20	State	NE/4 NW/4; NW/4 NW/4 SW/4 NW/4; SE/4 NW/4	R.B. Owings	Cont'l. Oil Co.	160.00
20	State	NE/4 SW/4; NW/4 SW/4 SW/4 SW/4; SE/4 SW/4	" "	"	160.00
20	U.S.#060502	NE/4	H.A. Jacobs	"	160.00
20	U.S.#045976	SE/4	V. Glenn	"	160.00
21	U.S.#059804	NW/4	V. Glenn	"	160.00
21	U.S.	E/2 and SW/4	Natl. Ref. Co.	Cooperative Ref. Assn	480.00
22	U.S.#060502	W/2	H.A. Jacobs	Cont'l. Oil Co.	320.00
22	U.S.	E/2	V. Glenn	"	320.00
27	U.S.	All	Natl. Ref. Co.	Cooperative Ref. Assn	640.00
28	U.S.	NE/4	J.B. Headley	Cont'l. Oil Co.	160.00
28	U.S.#060502	NW/4 and S/2	H.A. Jacobs	"	480.00
29	H.T. Dean et al	SE/4	Whaley Inc.	Cont'l. & Coopera- tive Ref. Assn.	160.00
29	H.T. Dean et al	NE/4	Whaley Inc.		160.00
29	State	NE/4 NW/4; NW/4 NW/4 SW/4 NW/4; SE/4 NW/4	C.L. Lwell	Cont'l. Oil Co.	160.00
29	State	NE/4 SW/4; NW/4 SW/4; SW/4 SW/4; SE/4 SW/4			160.00
30	State	NE/4 NE/4; NW/4 NE/4	R.B. Owings	Cont'l. Oil Co.	80.00
30	State	Lot 2	" "	"	36.95

<u>SEC- TION</u>	<u>SERIAL NO. OR OWNER</u>	<u>DESCRIPTION</u>	<u>LESSOR OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
30	State	SW/4 NE/4; SE/4 NE/4	Robt. G. Gibbs	Continental Oil Co.	80.00
30	State	SE/4 SW/4	"	"	40.00
30	State	NE/4 SE/4; SW/4 SE/4 SE/4 SE/4	"	"	120.00
30	State	NE/4 NW/4; SE/4 NW/4 NE/4 SW/4	P. H. Greer		120.00
30	State	Lot 1; Lot 3	J. H. Peck		73.90
30	State	Lot 4	Sun Oil Co.		37.15
30	State	NW/4 SE/4	Continental Oil		40.00

RECAPITULATION:

Federal Land	4,160.00
State Land	4,589.52
Patented Land	<u>320.00</u>
Total	9,069.52

C O N S E N T

In consideration of the execution of the Alston Unit Agreement, Roosevelt County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Plan; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree 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 Unit 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 or other contracts.

Executed this _____ day of January, A. D., 1945.

STATE OF _____
COUNTY OF _____

|
|
|

SS:

On this _____ day of _____, A. D., 1945, before me personally appeared _____

(husband and wife) (a single person) to me known to be the person described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

In WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.
My commission expires _____

Notary Public

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the statutory authority in the Secretary of the Interior, under the act approved March 4, 1931, 46 Stat. 1523, and the act approved August 21, 1935, 49 Stat. 674, amending the act approved February 25, 1920, 41 Stat. 347; 30 U.S.C. 226, 184, and 189, in order to secure the proper protection of the public interest, I, Harold L. Ickes, Secretary of the Interior, this _____ day of _____, 1945, hereby take the following action:

A. Approve the attached agreement for the development and operation of the Alston Unit Area.

B. Determine and certify that the plan of development and operation contemplated in said agreement is for the purpose of more properly conserving the oil or gas resources of said Unit Area and is necessary or advisable in the public interest.

Secretary of the Interior

CERTIFICATE OF APPROVAL

STATE OF NEW MEXICO

The undersigned, having this day examined an agreement for the co-operative or unit operation and development of a prospective oil or gas field or area, which agreement is entitled "Alston Unit Agreement, Roosevelt County, New Mexico," entered into between Continental Oil Company, Operator, and likewise subscribed by numerous Working Interest Owners and Royalty Owners, to which agreement this certificate is attached; and

WHEREAS, upon examination thereof, the Commissioner finds:

a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said field;

b. That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its lands in the area affected;

c. That the agreement is in other respects for the best interest of the State;

d. That the agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis as specified in the agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, as to the lands of the State of New Mexico included in said Alston Unit Agreement, and subject to all the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

Executed this _____ day of _____, A.D., 1945.

Commissioner of Public Lands of
the state of New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. _____

ORDER NO. _____

THE APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN ORDER OF APPROVAL OF
THE ALSTON UNIT AGREEMENT, ROOSEVELT
COUNTY, NEW MEXICO, WITHIN TOWNSHIP
7 SOUTH, RANGE 35 EAST.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at _____ o'clock M.,
_____, 1945, at Santa Fe, New Mexico, before
the Oil Conservation Commission of New Mexico, hereinafter re-
ferred to as the "Commission".

NOW, on this _____ day of _____, 1945, the
Commission having before it for consideration the testimony ad-
duced at the hearing of said case and being fully advised in the
premises;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"ALSTON UNIT AGREEMENT ORDER"

SECTION 1. (a). That the project herein shall be
known as the Alston Unit Agreement and shall hereinafter be re-
ferred to as the Project.

(b) That the plan by which the Project shall be
operated shall be embraced in the form of agreement designated
as the "Alston Unit Agreement", dated January _____, 1945, an-
nexed to petitioner's petition as an exhibit, and such plan
shall be known as the Alston Unit Agreement Plan.

SECTION 2. That the Alston Unit Agreement Plan
shall be and is hereby approved.

SECTION 3. (a). That the Unit Area shall be:

In Township 7 Sout. Range 35 East.

All of sections 7, 8, 16, 17, 18, 19, 20,
21, 22, 27, 28, 29 and 30

Section 9 - S/2

Section 15 - S/2 NE and S/2

Embracing 9069.52 acres

(b) The Unit Area may be enlarged or diminished as provided in said plan.

SECTION 4. That the unit operator shall file with the Commission an executed original of the Alston Unit Agreement on or before the effective date thereof or within a reasonable time thereafter.

SECTION 5. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become parties thereto by subscribing to such Agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 15 days an original of any such counterpart.

SECTION 6. That the order herein shall become effective on the first day of the calendar month next following the approval of Commissioner of Public Lands and the Secretary of the Interior and shall terminate ipso facto on the termination of said Unit Agreement. The Unit Operator shall immediately notify the Commission in writing of such termination.

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

OIL CONSERVATION COMMISSION

JOHN J. DEMPSEY, CHAIRMAN

H. R. RODGERS, MEMBER

JOHN M. KELLY, SECRETARY

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN
ORDER OF APPROVAL OF THE ALSTON
UNIT AGREEMENT, ROOSEVELT COUNTY,
NEW MEXICO, WITHIN TOWNSHIP 7
SOUTH, RANGE 35 EAST, N.M.P.M.

Case No. _____

TO THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE
OF NEW MEXICO:

CONTINENTAL OIL COMPANY, a Delaware Corporation,
duly authorized to transact business in the State of New
Mexico, respectfully submits, pursuant to Chapter 72,
Session Laws of New Mexico, 1935, the Alston Unit Agree-
ment covering lands in Roosevelt County, New Mexico, for
approval, and in support of its application states:

I.

A copy of the Alston Unit Agreement is attached
hereto, marked Exhibit A, and by reference made a part
hereof. By the terms of said agreement, the parties there-
to unitize, pool and combine their respective interests in
all oil, gas, natural gasoline and associated fluid hydro-
carbons, producible from the following described lands
situated in the County of Roosevelt, State of New Mexico,
to-wit:

All of Sections 7, 8, 16, 17, 18, 19, 20
21, 22, 27, 28, 29 and 30, the South Half
of Section 9 and the South Half of the
North Half and the South Half of Section
15, all in Township 7 South, Range 35
East, and containing 9,069.52 acres, more
or less.

The said lands are hereinafter referred to as the Unit
Area, The said Unit Area embraces Federal, State and
privately owned lands, as follows:

Federal	4,160.00 acres,
State	4,589.52 acres and
Privately owned	320.00 acres.

Attached hereto, marked Exhibit B, is a plat of said Unit Area upon which the Federal lands are indicated in red; the State lands, in green; and the privately owned lands, in yellow.

II.

The Unit Area is not now producing oil or gas, nor has the same been tested for oil or gas production. This applicant states, however, that, based upon geologic information and the opinion of its Geologists, the Unit Area embraces and comprises a single geological structure favorable for oil and gas accumulations.

III.

Applicant, Continental Oil Company, is of the opinion, and so alleges, that it is in the best interest of all parties in interest that the lands comprising the Unit Area be developed and operated as a single oil and gas lease, subject to the provisions of the Unit Agreement attached hereto, marked Exhibit A, in that development and operations, pursuant to the terms of said agreement, will permit an early test of said Unit Area for oil and gas; and, in the event such test results in a well capable of producing oil or gas in commercial quantities, the Unit Area may then be developed in an orderly and economic manner, without waste, and will permit the application of improved and modern methods of conservation through the application of repressuring and pressure maintenance and recycling operations, in the event structural conditions justify the application of any of said methods of recovering the underground accumulations of oil or gas.

IV.

Applicant, Continental Oil Company, is of the opinion, and so alleges, that the Alston Unit Agreement

attached hereto, marked Exhibit A, is fair and equitable to each and every owner of an interest in the oil and gas in and under the lands comprising the Unit Area, in that each and every tract comprising the Unit Area will receive its just and equitable share of all oil and gas produced from said land through allocations to each tract of land comprising the Unit Area. Said Unit Agreement further provides for a plan of development and operation upon the Unit Area following the discovery of oil or gas thereon, which plan of development will be submitted for the approval of the Oil Conservation Commission.

V.

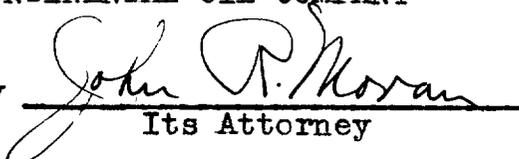
Applicant, Continental Oil Company, is of the opinion, and so alleges, that the Alston Unit Agreement is within the contemplation of the provisions of Chapter 72, Session Laws of New Mexico, 1935, and that it will further the interests of conservation through the prevention of underground waste, as that term is defined in said Act.

WHEREFORE, applicant, Continental Oil Company, respectfully requests the Honorable Oil Conservation Commission of the State of New Mexico to enter an order herein approving the Alston Unit Agreement.

Respectfully submitted,

CONTINENTAL OIL COMPANY

By


Its Attorney

John R. Moran
Oil and Gas Building
Houston, Texas

JRM-JL

EXHIBIT "A"

ALSTON UNIT AGREEMENT ROOSEVELT COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the ____ day of January, 1945, by and between the parties subscribing or consenting hereto;

W I T N E S S E T H:

WHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent avoidable waste and secure other benefits obtainable through development and operation of the Unit Area subject to this agreement under the terms, conditions and limitations herein-after set forth, under and pursuant to the provisions of Sections 17, 27 and 32 of the Act of Congress approved February 25, 1920, entitled: "An Act to Promote the Mining of Coal, Phosphate, Oil, Oil Shale, Gas and Sodium on the Public Domain," 41 Stat. 443, 448, 450 as amended or supplemented by the Acts of March 4, 1931, 46 Stat. 1523, and August 21, 1935, 49 Stat. 676; 30 U.S.C. 226, 184, and 189; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Chap. 72, Laws 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

1. LAWS AND REGULATIONS: The Act of Congress, approved February 25, 1920, supra, as amended, and the Acts of the Legislature of the State of New Mexico (Chap. 72, Laws of 1935 and Chapter 88, Laws 1943) and all pertinent regulations issued thereunder, including operating regulations, are accepted and made a part of this agreement.

2. DEFINITIONS: For all purposes of this agreement, certain terms used herein are defined as follows:

(a) "Secretary" shall mean the Secretary of the Interior of the United States and those persons or agencies duly authorized to act for and in his behalf.

(b) "Supervisor" shall mean the Oil and Gas Supervisor of the United States Geological Survey and those persons or agencies duly authorized to act for and in his behalf.

(c) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

(d) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.

(e) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of operations hereunder.

(f) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.

(g) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and operating the well and a small profit in addition thereto.

3. UNIT AREA: The following described lands are hereby designated and recognized as constituting the Unit Area:

In Township 7 South. Range 35 East

All of sections 7, 8, 16, 17, 18, 19, 20, 21,
22, 27, 28, 29 and 30
Section 9 - S/2
Section 15 - S/2 N/2 and S/2

Embracing 9069.52 acres

The Unit Operator with the consent of a majority in interest of the Working Interest, and subject to the approval of the Secretary, the Commissioner and the Commission, may enlarge the unit area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the unit area to exclude lands not in any participating area hereunder which is believed to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein established Unit Area, together with the ownership of the land and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said exhibits shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised exhibits shall be filed with the record of this agreement.

4. UNITIZED SUBSTANCES: All oil, gas, natural gasoline and associated fluid hydrocarbons producible from land subject to this agreement, in any and all sands or horizons, are unitized under the terms of this agreement and hereinafter are called "unitized substances."

5. UNIT OPERATOR: Continental Oil Company is hereby designated as Unit Operator and by signature hereto agrees and consents to accept the duties and obligations of Unit Operator to conduct and manage the operation of said unit area for the discovery and development of unitized substances as hereinafter provided. Hereinafter whenever reference is made to the Unit Operator, such reference is understood to mean the unit operator acting in that capacity and not as an owner of interests in unitized substances, and whenever reference is made to an owner of unitized substances, such a reference shall be understood to include any interests in unitized substances owned by the Unit Operator.

The Unit Operator shall have the right to resign at any time provided that any well drilled hereunder is placed in a satisfactory condition for suspension, or is satisfactorily abandoned under the Federal Oil and Gas Operating Regulations, if on Federal land, and under the laws of the State of New Mexico, and the rules and regulations of the Commission, if on state or patented land, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of three (3) months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto and the Secretary and the Commissioner, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of the Unit Operator prior to the

date on which relinquishment by or removal of Unit Operator becomes effective. The parties hereto or a duly qualified new Unit Operator may purchase at its then depreciated market value all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, owned by the retiring Unit Operator, in its capacity as such operator, or make other arrangements satisfactory to the retiring Unit Operator for the use thereof, provided that no such material, equipment, or appurtenances so selected for purchase shall be removed prior to the effective date of Unit Operator's retirement. Any equipment material, and appurtenances not so purchased or arranged for as to the use thereof within said time limit may be removed by the retiring Unit Operator at any time within six (6) months after his relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of working interest rights in land then subject to this agreement. The termination of any rights as Unit Operator under this agreement shall not of itself terminate any right, title, or interest which the Unit Operator may then have in the unitized substances, but the Unit Operator shall have the right and option in connection with its resignation to reassign or retransfer to its several predecessors in interest all of its interest in the lands and leases severally acquired from them, together with its working interest in the unitized substances, and upon such delivery be discharged from any future liability as a working interest owner hereunder; said reassignments to be effective as to said transferee thereupon, subject, however, to the approval of the Secretary as to transfers of interest in lands of the United States and subject, however, to the approval of the Commissioner as to interests in lands of the State of New Mexico.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall discontinue or relinquish his rights as Unit Operator or shall fail to fulfill his duties and obligations as Unit Operator under this agreement, the owners of the majority of the unitized working interests in the participating area on an acreage basis, or the owners of working interests according to their total acreage interest in the unit area until a participating area shall have been established, shall select a new Unit Operator, provided that if the majority of the working interests rights which are at any time qualified to vote in selecting a new Unit Operator are owned by one party to this agreement then a vote of at least two owners of working interests qualified to vote shall be required to select a new operator. Such selections shall not become effective until (a) a Unit Operator so selected shall agree and consent in writing to accept the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Secretary and the Commissioner. In the absence of the selection of an acceptable Unit Operator by the working interest owners within (6) months after notice by Unit Operator of intention to relinquish its rights as Unit Operator, this unit agreement shall automatically terminate.

The Unit Operator shall be subject to removal by the Working Interest Owners in the same manner as herein provided for the selection of a new Unit Operator.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as hereinafter specified, the exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with the Unit Operator and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided that nothing herein shall be construed to transfer title to any land, or to any operating agreement or leases, it being understood that under and pursuant to this agreement the Unit Operator shall exercise the rights of possession and use vested in the parties hereto only and exclusively for the purposes herein specified. The Unit Operator shall pay all costs and expenses of operations with respect to the unitized land, and no part thereof shall be charged to the Royalty Owners. The method of handling such

costs and expenses is left to private arrangement between the Unit Operator and the Working Interest Owners.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract.

8. DRILLING TO DISCOVERY: Within six (6) months from the effective date of this agreement, Unit Operator shall begin operations in the unit area to drill an adequate test well at a location upon the Unit Area to be approved by the Supervisor, if such location is upon lands of the United States, and if upon State lands or patented lands, such location shall be approved by the Commission, and having commenced such operations shall continue such drilling diligently until said well shall have been drilled to a depth not less than 5200 feet unless oil or gas which can be produced in paying quantities is encountered in said well at a lesser depth or unless, at a lesser depth, an igneous or metamorphic formation or some other condition or formation is encountered which would render further drilling inadvisable or impracticable. If said first well, drilled as aforesaid, fails to encounter the unitized substances, Unit Operator or his successor shall thereupon commence within six (6) months after the completion of the former well, and drill, one at a time, additional wells until a productive well is completed to the satisfaction of the Supervisor and Commissioner, or until it is reasonably proved that the unitized land is incapable of producing the unitized substances; provided that the Secretary and Commissioner may grant extension of time for the commencement of any such well; and provided further that nothing herein contained shall preclude any Operator from effectively resigning as provided in Section 5 hereof before any obligation to commence a second or subsequent well accrues hereunder, and be relieved of the obligation to commence such well.

9. PLAN OF DEVELOPMENT AND OPERATION: Within sixty (60) days from completion of a well capable of producing the unitized substances as aforesaid, Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission an acceptable plan of development for the Unit Area, which plan or a subsequent modification thereof, when so approved, shall constitute the further drilling and operating obligations of Unit Operator. Reasonable diligence shall be exercised by the Unit Operator in complying with the drilling and producing obligations of the approved plan of development and said plan shall be modified or supplemented in whole or in part from time to time as may be required to meet changed conditions or to protect the interests of all parties to this agreement, and the further obligations of the Unit Operator shall be conformed thereto; provided further that in no event shall the Operator under any such plan, or otherwise, be under any obligation to drill any well to any formation that does not afford a fair possibility for encountering the unitized substances in paying quantities. Well drilling operations including well completions, producing practices and well abandonments, shall be in accordance with the Plan of Development and Operation. All operations thereunder shall be subject to the approval of the Supervisor as to wells on federal land and by the Commission for wells on state and private land.

During any period when it shall appear that an acceptable plan of development cannot be adopted because of the inability of the Supervisor, the Commissioner and the Commission to agree upon the terms thereof, the Unit Operator may, in accordance with the applicable regulations referred to in Section 1 hereof, proceed with reasonable diligence to drill other wells to determine the limits of production and to develop the productive portion of the unit area, and may and shall operate all productive wells in conformity with good operating practices, and the conservation principles of this agreement.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a productive well as aforesaid, Unit Operator shall submit for the

approval of the Secretary, the Commissioner and the Commission a schedule of lands based on subdivisions of the public land survey then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule, when approved, to constitute a participating area effective as of the date of first production. Said schedule shall set forth the percentage acreage interest of each owner of rights in the participating area thereby established. Such percentage acreage interest shall govern the allocation of production from and after the date the participating area becomes effective. With the approval of the Secretary, Commissioner and the Commission, a separate participating area may be established for any separate deposit of unitized substances or for any group of such deposits. The participating area or areas so established shall be enlarged from time to time in like manner and subject to like approval whenever such action appears proper as a result of further drilling operations to include additional land then regarded as reasonably proved to be productive in paying quantities, and a new schedule of percentage acreage interests conformable thereto shall thereupon be fixed. The effective date of any such enlargement shall be the first of the month next following the month in which the well is completed which demonstrates the propriety of the enlargement, and any unitized substances theretofore produced from such well shall be allocated to the lease on which the well is drilled. A well shall be deemed completed when equipped and successfully tested for production, all of which shall be done diligently. No land once included in a participating area shall be excluded from such participating area on account of depletion of the unitized substances therefrom, or for any cause save loss of title. It is the intent of this Section that a participating area shall at all times represent as nearly as possible the area known or reasonably estimated to be productive in paying quantities; but, regardless of any increase in the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of increase of the participating area.

Until a participating area or areas has or have been established as herein provided, or in the absence of agreement at any time between the Unit Operator, the Secretary, the Commissioner, and the Commission as to the proper boundaries of a participating area, the portion of all payments affected by such absence of agreement, except the royalties due the United States and the State of New Mexico, may be impounded in a mutually acceptable bank.

11. DEVELOPMENT OF LANDS OUTSIDE THE PARTICIPATING AREA:

Any exploratory wells drilled on any unitized land outside the boundaries of any then existing participating area shall be drilled by the Unit Operator at the cost of the Participating Area Working Interest Owners as may be provided in the separate operating contract herein referred to. If any such well encounters the unitized substances in paying quantities, the said well and the portion of the unitized lands proved thereby to be productive in paying quantities shall be added to the participating area in manner as provided in Section 10 hereof. If said well encounters a producible quantity of the unitized substances, but not in paying quantity, the owner of the operating rights on the tract covered by the well may at his option within 30 days after notice by the Unit Operator take over said well by making reimbursement to the Operator as provided in said operating contract. Otherwise the Unit Operator may continue to operate the well and appropriate the production therefrom to apply upon the cost of drilling, equipping and operating said well; provided, however, that if and when Unit Operator secures reimbursement therefrom for the cost of drilling, equipping and operating the same, Unit Operator may turn the well over to the owner of the operating rights on the tract on which the well is situated upon compensation for the fair market value of the recoverable equipment. If the Operator shall desire to abandon said well, the owner of the operating rights on said tract may take over and operate said well by reimbursing the Unit Operator for the fair market value of the recoverable casing and other well property necessary to operate the well.

If upon thirty (30) days notice by the owner of the operating rights on any unitized tract of land outside the participating area, Unit Operator shall fail or refuse to commence and drill a well for the testing of the productivity of the tract, the owner of the operating rights on said tract may drill said well at his sole cost, risk, and expense, including cost of abandonment, and if said well encounters the unitized substances in paying quantities, the well and the unitized land proved productive in paying quantities thereby shall be added to the then existing participating area and the participating area shall be enlarged upon a basis of financial adjustment of investment costs between the said owner of the operating rights on the well tract and the Working Interest Owners in the former participating area as may be provided by the operating contract, or otherwise by agreement among said parties. In the event that said well encounters the unitized substances in producible quantity but not in paying quantity, and upon determination thereof by the Unit Operator and the Working Interest Owners, the parties so drilling said well may operate and produce the well at their sole cost and risk and expense and for their sole benefit.

Any operations under this section shall be subject to the drilling, producing and conservation requirements of this agreement and of any plan of development then or thereafter in force, and subject to the payment of the rental and royalty required by the applicable leases or contracts on the production from said well.

12. ALLOCATION OF PRODUCTION--ROYALTIES: Except as provided in Section 11, all unitized substances produced under this agreement, except any part thereof used for production and development purposes thereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of land of the participating area, and, for the purpose of determining any benefits that accrue on an acreage basis as a result of operations under this agreement, each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area. Unitized substances produced from any participating area and used in conformity with good operating practice under an approved plan of operation for repressuring or cycling in any participating area shall be free from any royalty charge.

If Unit Operator introduces gas obtained from sources other than the unitized substances into any participating area hereunder for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan first approved by the Supervisor, the Commissioner, and the Commission, a like amount of gas may be drawn from the formation into which the gas was introduced, royalty free as to dry gas but not as to the products extracted therefrom, provided that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor, the Commissioner and the Commission as conforming to good petroleum engineering practice, and provided further that such right of withdrawal shall terminate on the termination of the unit.

Except as otherwise herein provided, royalties shall be paid or delivered as provided by existing leases or contracts, at the lease or contract rate upon the unitized substances allocated to the lease or tract. Settlement shall be made on or before the 20th day of each month for the unitized substances produced during the preceding calendar month. Such royalties shall be paid by the party operating the wells, but nothing herein shall operate to relieve the lessees, or any of them, of their obligation to pay rentals and royalties under the terms of their respective leases.

The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take their respective royalty shares in kind or value.

13. GOVERNMENT ROYALTIES: Royalty due the United States on account of federal lands subject to this agreement within the Unit Area shall be computed as provided in the operating regulations; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined for each participating area in accordance with the operating regulations as though all the unitized lands within the participating area were a single consolidated lease. During the period of the National Emergency proclaimed by the President on May 27, 1941, Proclamation No. 2487 (55 Stat. 1647) upon a determination by the Secretary of the Interior that a new oil or gas field or deposit has been discovered by virtue of a well or wells drilled under this agreement, the royalty on production from such new field or deposit allocated to Federal land subject to this agreement at the time of such discovery shall, during the 10-year period following the date of such discovery, be paid in value or delivered in kind at a flat rate of 12½ per centum unless a lower rate is prescribed in the lease.

14. RENTALS: Each lessee shall be responsible for and shall pay all rentals of whatsoever kind on his respective leases. Rental for land of the United States subject to this agreement at the rate specified in the respective leases from the United States shall be paid, suspended, or reduced as may be determined by the Secretary pursuant to applicable law and regulations. The Unit Operator may apply the government's allocated royalty share of the unitized substances to repayment for government rentals advanced hereunder to the same extent as otherwise allowed in the case of an individual government lease.

15. CONSERVATION: Operations and production of unitized substances shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. Production of unitized substances shall at all times be without waste as defined by or pursuant to state or federal law.

16. DRAINAGE: Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with the approval of the Secretary as to federal interests and of the Commissioner as to state interests, and at the election of the Unit Operator as to private interests, pay the Royalty Owners a fair and reasonable compensatory royalty, as determined by the Supervisor as to federal interests, and the Commissioner as to state interests subject to this agreement, and by agreement between the Unit Operator and royalty owners, as to private interests.

17. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding interests in leases embracing unitized land of the United States or of the State of New Mexico consent that the Secretary and Commissioner, respectively, may, and said Secretary and Commissioner, by their approval of this agreement, do hereby establish, alter, change or revoke the drilling, producing, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

Owners and lessors of privately owned lands or of interests therein, including royalty interests, and including their heirs, executors, administrators, successors and assigns, by subscribing or consenting to this agreement, in person or by attorney in fact, do hereby severally agree that the respective leases covering their several lands or interests therein, may be and remain in force and effect for the respective primary terms therein stated, and so long thereafter as oil or gas may be produced therefrom in quantities sufficient to justify the cost of production; and also in the event that any of the land embraced in any such lease is during the primary term of such lease included within a participating area duly selected and approved under this unit plan of development, so that each owner becomes entitled to a share in the proceeds of production from the participating area, payable at

the respective lease rates on the production allocated on an acreage basis to the portion of the lease within the participating area, then each such lease is hereby extended, without further delay rental obligation, as to the land embraced therein which is so included in such participating area, for the full term of this unit plan as herein stated.

The Secretary, Commissioner and, except as otherwise provided in the preceding paragraph of this Section, all parties hereto further determine, agree and consent that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases subject hereto; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; that if a discovery of a valuable deposit of unitized substances is made anywhere on the unitized land, each such lease in effect on or after the date of such discovery shall be deemed to continue in force and effect as to lands in the unit area, as long as unitized substances are produced anywhere on unitized land in paying quantities; that prior to such discovery of unitized substances anywhere on unitized land, the expiration date of each Federal unitized lease shall be the date prescribed in such lease, subject to such preferential right to a new lease as may be authorized by law; that suspension of all operations and production on the unitized land pursuant to direction or consent of said Secretary and Commissioner shall be deemed to constitute such suspension pursuant to such direction or consent with respect to each such lease, and that no lease shall expire on account of such suspension, as to land in the unit area.

The parties hereto or consenting hereto, holding interests in leases subject to this agreement embracing lands other than those of the United States or of the State of New Mexico or holding interests in any other agreements that involve oil and gas rights in lands in the Unit Area, consent and agree, to the extent of their respective interests, that all such leases and agreements shall conform to the provisions of this agreement.

18. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer or lease of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, lessee, or other successor in interest and as to federal land, shall be subject to approval by the Secretary, and as to lands of the State of New Mexico, shall be subject to the approval of the Commissioner. No transfer of any interest in and to any of the unitized lands or affecting the production therefrom shall be binding upon the Unit Operator until the first day of the next calendar month after the Unit Operator has been furnished with an original, photostatic or certified copy of the instrument of transfer,

19. EFFECTIVE DATE AND TERM: This agreement shall become effective on the first day of the calendar month next following approval by the Secretary and the Commissioner, provided however that nothing herein shall be construed to waive or limit the right of the Commission to approve this agreement pursuant to applicable state law. Except as otherwise provided by the second paragraph of Section 17 hereof, this agreement shall terminate on December 31, 1949, unless (1) such date of expiration is extended by the Secretary and the Commissioner; or (2) a discovery of unitized substances in paying quantities has been made on the Unit Area, in which case this agreement shall remain in effect as long as unitized substances can be produced from the Unit Area in paying quantities; or (3) it is proved at an earlier date that the Unit Area is incapable of production of unitized substances in paying quantities, and with approval of the Secretary and the Commissioner, notice of termination is given by Unit Operator to all parties in interest by letter addressed to them at their last known places of address; or (4) it is terminated as provided in Section 6 hereof; provided that this agreement may be terminated at any time with the consent of the owners of 75%, on an acreage basis, of the Working Interest Owners signatory hereto with the approval of the

Secretary and the Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION: All production and the disposal thereof, shall be in conformity with allocations, allotments and quotas made or fixed by the Commission under any State Statute; provided however that the Secretary is vested with authority pursuant to the amendatory acts of Congress of March 4, 1931, and August 21, 1935, supra, to alter or modify from time to time in his discretion the rate of prospecting and development, and, within the limits made or fixed by the Commission, to modify the quantity and rate of production under this agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any lands of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. FORCE MAJEURE: Failure or delay in the performance of the terms, conditions, and covenants hereof shall not cause this contract to expire, terminate, or be forfeited in whole or in part, nor subject the Unit Operator or other party otherwise liable therefor to liability in damages, to the extent and so long as such prompt performance is hindered, delayed or prevented by any federal or state law, executive order, rule or regulation, or to the extent and so long as such performance is hindered, delayed, or prevented by an act of God, of the public enemy, governmental interference or restraint, inability to obtain material or equipment, weather conditions, labor disputes, failure of transportation, or other cause, whether similar or dissimilar, beyond the control of the party in interest.

22. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the Working Interest Owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that said Unit Operator, Working Interest Owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of Unit Operator to obtain the joint consent of the representatives of the United States and the representatives of the State of New Mexico in and about any matter or thing concerning which it is required herein that such joint consent be obtained. The parties hereto and consenting hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provision of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. NON-DISCRIMINATION: The Unit Operator expressly agrees that in any and all operations conducted hereunder, it shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and shall require an identical provision to be included in all subcontracts.

24. SUBSEQUENT JOINDER: Any person owning rights in the unitized substances within the unit area who does not commit such rights hereto prior to the effective date hereof, may thereafter become parties hereto by subscribing this agreement, and if such parties are working interest owners they shall also subscribe the operating contract and comply with all terms and conditions therein set forth.

25. COUNTERPARTS: This agreement may be executed in any number of counterparts with the same force and effect as if all parties

had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties, owning or claiming an interest in the lands affected hereby.

IN WITNESS WHEREOF the parties have hereunto set their hands and have set opposite their respective names the date of execution.

UNIT OPERATOR

CONTINENTAL OIL COMPANY

By _____
Attorney-in-Fact

COOPHRATIVE REFINERY ASSOCIATION

By _____

WHALEY COMPANY

By _____

ATTEST

By _____

ATTEST

By _____

STATE OF OKLAHOMA |
COUNTY OF KAY | ss

On this _____ day of _____, 1945, before me, a Notary Public in and for said County and State, personally appeared W. E. HAGGARD, to me personally known, who, being by me duly sworn did say that he is Attorney in Fact for CONTINENTAL OIL COMPANY, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said W. E. HAGGARD acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses specified therein.
WITNESS my hand and seal of office this _____ day of _____, 1945.

My Commission Expires:

Notary Public, Kay County,
Oklahoma

STATE OF
COUNTY OF

On this _____ day of _____, 1945, before me, a Notary Public in and for said County and State, personally appeared _____, to me personally known, who, being by me duly sworn did say that he is the _____ of COOPERATIVE REFINERY ASSOCIATION, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses specified therein.
WITNESS my hand and seal of office this _____ day of _____, 1945.

My Commission Expires:

Notary Public
County,

STATE OF
COUNTY OF

On this _____ day of _____, 1945, before me, a Notary Public in and for said County and State, personally appeared _____, to me personally known, who, being by me duly sworn did say that he is the _____ of WHALEY COMPANY, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses specified therein.
WITNESS my hand and seal of office this _____ day of _____, 1945.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO

COUNTY OF

On this _____ day of _____, 1945, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My Commission Expires:

Notary Public,
County

STATE OF NEW MEXICO

COUNTY OF

On this _____ day of _____, 1945, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My Commission Expires:

Notary Public,
County

STATE OF NEW MEXICO

COUNTY OF

On this _____ day of _____, 1945, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My Commission Expires:

Notary Public,
County

C O N S E N T

In consideration of the execution of the Alston Unit Agreement, Roosevelt County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Plan; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree 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 Unit 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 or other contracts.

Executed this _____ day of January, A. D., 1945.

STATE OF |
 | SS:
COUNTY OF |

On this _____ day of _____, A. D., 1945, before me personally appeared _____

(husband and wife) (a single person) to me known to be the person described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.
My commission expires _____

Notary Public

R-34-E

R-35-E

J.F. Henderson	6	5	4	3	2	
W.H. Landers	State	State	State			
W.H. Landers 12	7	8	State 9	State 10		11
M.E. Moore	State	State	U.S.	U.S.	U.S. D.P. Thrane	
U.S. 13	16	17	16	15	D.P. Thrane	R.I. Batts
R.B. Turner	State	State	U.S.	State	U.S.	U.S.
M.E. Howard 24	19	20	U.S.	U.S.	21	22
K. Alston	State	State	U.S.	U.S.	U.S.	U.S.
25	30	Alston 29	28	U.S.	27	26
H. Howard H. Howard	State	State Alston	U.S.	U.S.	U.S.	U.S.
26	31	32	33	34	35	
State	State	State	State	State	State	

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EXHIBIT "A"

EXHIBIT "B"

<u>SECTION</u>	<u>SERIAL NO. OR OWNER</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
<u>ALL BEING IN TOWNSHIP 7 SOUTH, RANGE 35 EAST</u>					
7	State	NE/4 NE/4; NW/4 NE/4; SW/4 NE/4; SE/4 NE/4	Roger B. Owings	Cont'l. Oil Co.	160.00
7	State	NE/4 NW/4; Lot 1; Lot 2; SE/4 NW/4	"	"	153.66
7	State	NE/4 SW/4; Lot 3; Lot 4; SE/4 SW/4	"	"	153.62
7	State	NE/4 SE/4; NW/4 SE/4; SW/4 SE/4; SE/4 SE/4	"	"	160.00
8	State	NE/4 NE/4, NW/4 NE/4; SW/4 NE/4; SE/4 NE/4	"	"	160.00
8	State	NE/4 NW/4; NW/4 NW/4; SW/4 NW/4; SE/4 NW/4	"	"	160.00
8	State	NE/4 SW/4; NW/4 SW/4 SW/4 SW/4; SE/4 SW/4	"	"	160.00
8	U.S.#847414	SE/4	Natl. Ref. Co.	Coopera- tive Ref. Assn.	160.00
9	U.S.#847414	S/2	"	"	320.00
15	U.S.#047364	S-3/4	"	"	480.00
16	State	NE/4 NE/4, SW/4 NE/4	Roger B. Owings	Cont'l. Oil Co.	80.00
16	State	NW/4 NW/4	"	"	40.00
16	State	NE/4 SW/4, NW/4 SW/4 SW/4 SW/4 SE/4 SW/4	"	"	160.00
16	State	NE/4 SE/4; NW/4 SE/4 SW/4 SE/4; SE/4 SE/4	"	"	160.00
16	State	NW/4 NE/4; SE/4 NE/4	"	"	80.00
16	State	SW/4 NW/4	"	"	40.00
16	State	NE/4 NW/4; SE/4 NW/4	"	"	80.00
17	U.S.#060502	E/2	H.A. Jacobs	"	320.00
17	State	NE/4 NW/4; NW/4 NW/4 SE/4 NW/4, SW/4 NW/4	J.C. Maxwell, Inc. and Whaley Company	"	160.00
17	State	NE/4 SW/4; NW/4 SW/4 SW/4 SW/4; SE SW/4	Roger B. Owings	"	160.00
18	State	NE/4 NE/4; NW/4 NE/4 SW/4 NE/4; SE/4 NE/4	G. A. Cozby	"	160.00
18	State	NE/4 NW/4; Lot 1; Lot 2, SW/4 NW/4	"	"	153.58

<u>SECTION</u>	<u>SERIAL NO. OR OWNER</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
18	State	NE/4 SW/4, Lot 3; Lot 4; SE/4 SW/4	R.B. Owings	Cont'l. Oil Co.	153.54
18	State	NE/4 SE/4; NW/4 SE/4 SW/4 SE/4; SE/4 SE/4	" "	"	160.00
19	State	NE/4 NE/4; NW/4 NE/4 SW/4 NE/4; SE/4 NE/4	" "	"	160.00
19	State	NE/4 NW/4; Lot 1; Lot 2; SE/4 NW/4	" "	"	153.54
19	State	NE/4 SW/4; Lot 3; Lot 4; SE/4 SW/4	" "	"	153.58
19	State	NE/4 SE/4; NW/4 SE/4; SW/4 SE/4; SE/4 SE/4	Cont'l. Oil Co		160.00
20	State	NE/4 NW/4; NW/4 NW/4 SW/4 NW/4; SE/4 NW/4	R.B. Owings	Cont'l. Oil Co.	160.00
20	State	NE/4 SW/4; NW/4 SW/4 SW/4 SW/4; SE/4 SW/4	" "	"	160.00
20	U.S.#060502	NE/4	H.A. Jacobs	"	160.00
20	U.S.#045976	SE/4	V. Glenn	"	160.00
21	U.S.#059804	NW/4	V. Glenn	"	160.00
21	U.S.	E/2 and SW/4	Natl. Ref. Co.	Cooperative Ref. Assn	480.00
22	U.S.#060502	W/2	H.A. Jacobs	Cont'l. Oil Co.	320.00
22	U.S.	E/2	V. Glenn	"	320.00
27	U.S.	All	Natl. Ref. Co.	Cooperative Ref. Assn	640.00
28	U.S.	NE/4	J.B. Headley	Cont'l. Oil Co.	160.00
28	U.S.#060502	NW/4 and S/2	H.A. Jacobs	"	480.00
29	H.T. Dean et al	SE/4	Whaley Inc.	Cont'l. & Coopera- tive Ref. Assn.	160.00
29	H.T. Dean et al	NE/4	Whaley Inc.		160.00
29	State	NE/4 NW/4; NW/4 NW/4 SW/4 NW/4; SE/4 NW/4	C.L. Ewell	Cont'l. Oil Co.	160.00
29	State	NE/4 SW/4; NW/4 SW/4; SW/4 SW/4; SE/4 SW/4			160.00
30	State	NE/4 NE/4; NW/4 NE/4	R.B. Owings	Cont'l. Oil Co.	80.00
30	State	Lot 2	" "	"	36.95

<u>SEC-TION</u>	<u>SERIAL NO. OR OWNER</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
30	State	SW/4 NE/4; SE/4 NE/4	Robt. G. Gibbs	Continental Oil Co.	80.00
30	State	SE/4 SW/4	" "	"	40.00
30	State	NE/4 SE/4; SW/4 SE/4 SE/4 SE/4	" "	"	120.00
30	State	NE/4 NW/4; SE/4 NW/4 NE/4 SW/4	P. H. Greer		120.00
30	State	Lot 1; Lot 3	J. H. Peck		73.90
30	State	Lot 4	Sun Oil Co.		37.15
30	State	NW/4 SE/4	Continental Oil		40.00

RECAPITULATION:

Federal Land	4,160.00
State Land	4,589.52
Patented Land	<u>320.00</u>
Total	9,069.52

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the statutory authority in the Secretary of the Interior, under the act approved March 4, 1931, 46 Stat. 1523, and the act approved August 21, 1935, 49 Stat. 674, amending the act approved February 25, 1920, 41 Stat. 347; 30 U.S.C. 226, 184, and 189, in order to secure the proper protection of the public interest, I, Harold L. Ickes, Secretary of the Interior, this _____ day of _____, 1945, hereby take the following action:

A. Approve the attached agreement for the development and operation of the Alston Unit Area.

B. Determine and certify that the plan of development and operation contemplated in said agreement is for the purpose of more properly conserving the oil or gas resources of said Unit Area and is necessary or advisable in the public interest.

Secretary of the Interior

CERTIFICATE OF APPROVAL

STATE OF NEW MEXICO

The undersigned, having this day examined an agreement for the co-operative or unit operation and development of a prospective oil or gas field or area, which agreement is entitled "Alston Unit Agreement, Roosevelt County, New Mexico," entered into between Continental Oil Company, Operator, and likewise subscribed by numerous Working Interest Owners and Royalty Owners, to which agreement this certificate is attached; and

WHEREAS, upon examination thereof, the Commissioner finds:

a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said field;

b. That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its lands in the area affected;

c. That the agreement is in other respects for the best interest of the State;

d. That the agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis as specified in the agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, as to the lands of the State of New Mexico included in said Alston Unit Agreement, and subject to all the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

Executed this _____ day of _____, A.D., 1945.

Commissioner of Public Lands of
the State of New Mexico

R-34-E

R-35-E

J.F. Henderson	6	5	4	3	2
W.H. Landers	State	State	State		
W.H. Landers 12	7	8	9	10	11
M.E. Moore	State	State	U.S.	U.S.	U.S. D.P. Thrane
U.S. 13	18	17	16	15	R.I. Betts 14
R.B. Turner	State	State	U.S.	State	U.S.
M.E. Howard 24	19	20	U.S.	U.S.	21
K. Alston	State	State	U.S.	U.S.	U.S.
25	30	29	Alston	U.S.	27
M. Howard H. Howard	State	State	Alston	U.S.	U.S.
36	31	32	33	34	35
State	State	State	State	State	State

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EXHIBIT "B"