

COPY

SOUTHERN UNION GAS COMPANY

Burt Building  
DALLAS 1, TEXAS

October 25, 1951

Director United States Geological Survey  
Roswell, New Mexico

Dear Sir:

Re: Hope Unit Agreement

Reference is made to the notice of termination, and application for approval thereof, regarding the Hope Unit Agreement, I-Sec. No. 556.

This is to transmit the advice that by letter dated October 11, 1951, Mr. Guy Shepard, Commissioner of Public Lands of the State of New Mexico, indicated approval by the State Land Office of the termination of the said agreement as of September 26, 1951.

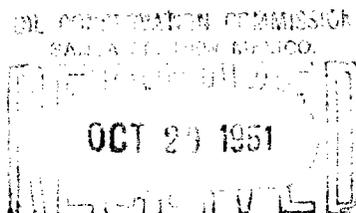
We believe you have been supplied a copy of this letter of approval by Mr. Shepard.

Yours very truly,



RMM:nl

cc: Oil Conservation Commission  
Magnolia Petroleum Company  
State Land Office



October 11, 1951

Southern Union Gas Company  
Burt Building  
Dallas 1, Texas

Attention: Mr. H. M. Martin

Re: Hope Unit agreement

Gentlemen:

We have your letter dated September 17, 1951 together with your application requesting approval of termination of the Hope Unit agreement, L-Sub. No. 556. Please be advised that your request was approved on September 26, 1951.

Very truly yours,

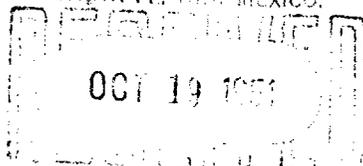
GUY SHEPARD  
Commissioner of Public Lands

cc: U. S. Geological Survey  
Roswell, New Mexico

Oil Conservation Commission  
Santa Fe, New Mexico

Magnolia Petroleum Company  
Dallas, Texas

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.



**ILLEGIBLE**

*Amel  
108*

January 8, 1931

Southern Union Gas Company  
Burt Building  
Dallas, 1, Texas

Attention: Mr. A. H. Martin

Dear Mr. Martin:

I have carefully examined your application for an extension of time within which to commence further exploratory drilling under the Hope Unit Agreement.

I have concluded that the best interests of the State of New Mexico would be served by such requested extension under the appropriate provisions of the original agreement. Therefore, I approve your application for extension of time until July 1, 1931.

This approval is entirely conditioned upon approval of this application for extension being had from the proper officials of the Department of the Interior.

Very truly yours,

*Guy Shepard*  
GUY SHEPARD  
Commissioner

102

SOUTHERN UNION GAS COMPANY

BURT BUILDING  
DALLAS 1, TEXAS

A. S. GRENIER  
QUILMAN B. DAVIS  
R. M. MARTIN, JR.  
CLYDE L. DAVIS

LEGAL DEPARTMENT  
WILLIS L. LEA, JR.  
GENERAL ATTORNEY

August 8, 1950

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

Gentlemen:

We have been advised that on July 27, 1950, the Acting Director of the United States Geological Survey approved two applications filed by Southern Union Production Company as Unit Operator under the Hope Unit Agreement, one of which requested the substitution of Southern Union Gas Company as Unit Operator, and the other requesting the fourth extension of time within which to commence the drilling of a second test well.

The approval relating to the drilling obligation extends the time for drilling a second well until November 13, 1950.

Very truly yours,



RMM:gw

STATE LAND OFFICE

Santa Fe, New Mexico

June 21, 1950

Southern Union Gas Company  
Burt Building  
Dallas, Texas

Attention of Mr. H. W. Martin

Gentlemen:

I have carefully examined the application of Southern Union Gas Company for an extension of time from May 13, 1950, to November 13, 1950, inclusive, within which the company may comply with the further requirements of the unit agreement covering the HOPE UNIT AREA. The agreement is sometimes referred to as I-Sec. No. 556.

I have concluded that the best interests of the State of New Mexico would be served by such extension of time, as provided by Section 8 of said agreement, and I therefore approve said application for extension for a period of six months from May 13, 1950 to and including November 13, 1950. This approval of the application for extension is conditioned, however, upon similar consent and approval in the premises being given by the proper officials of the Department of Interior.

Very truly yours,

*Guy Shepard*  
GUY SHEPARD  
Commissioner of Public Lands

(3) cc.  
S.S.G.S.  
Roswell, N. M.

Oil Conservation Commission  
Santa Fe, N. M.

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RECEIVED  
JAN 19 1950

January 18, 1950

**Southern Union Production Co.  
Burt Building  
Dallas, Texas**

Re: Modification of Hope  
Unit Agreement—Internal  
Revenue Ruling I.T. 3930

Gentlemen: (Attention: Robert M. Martin, Jr.)

This acknowledges receipt of supplemental agreements with  
duplicates modifying Hope Unit Agreement— I-sec. 556, ex-  
ecuted by: Southern Union Production Company, Delhi Oil  
Corporation, Magnolia Petroleum Company, Habel C. Kenny,  
et vir, William Mueller et ux, Victor Bryan Light et ux,  
H. M. Wade et ux, William S. McWhorter et ux, George R.  
Mollington et ux, Annie L. Elliott et vir, Charles Dailey,  
Harold S. Brown, Len E. Ogden et ux, William C. Acton et ux,  
Benjamin D. Luchini et ux, Edward O'Neil et ux, Alice E. West,  
B. H. Keohane, et ux, C. M. Johnson et ux, Harry M. Crouch et  
ux, Roy C. Barton et ux, and George P. Gibson.

After careful examination of the several supplemental agree-  
ments submitted, I find no objection to the modification of  
Hope Unit Agreement I-sec. 556 as set out in said supplemental  
agreements and therefore approve each of them.

Very truly yours,

*Guy Shepard*  
GUY SHEPARD  
Commissioner of Public Lands

CC: 3 to Foster Morell, U.S.G.S., Roswell, N. Mex.  
1 to New Mexico Oil Conservation Commission  
2 to Southern Union Production Co.

GS/dg

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STATE LAND OFFICE  
SANTA FE, NEW MEXICO

November 4, 1949

Southern Union Production Company  
Wart Building  
Dallas 1, Texas

Attention of Legal Department

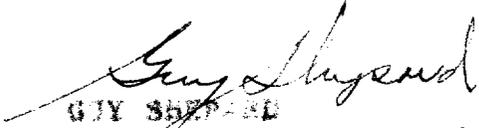
In Re: Extension- HOPE UNIT  
HOPE UNIT to November 13, 1951;  
extension of time for commence-  
ment of additional well to  
May 13, 1950.

Gentlemen:

I have carefully examined your (1) application to extend the Hope Unit agreement from December 31, 1949, to and including November 13, 1951, pursuant to Section 18 a, and (2) your application for extension of time in which to conduct further exploratory drilling on the area, pursuant to Section 8 of the Unit Agreement, received in this office October 27, 1949.

After considering the statements in the respective applications and discussing the matter with Mr. Willis L. Lee, Jr., General Attorney, Southern Union, I hereby approve the application and consent to extension of the Hope Unit Agreement from December 31, 1949, to and including November 13, 1951, and approve the application and consent to extension of time for further drilling from November 13, 1949, to and including May 13, 1950. These approvals and consents are conditioned, however, upon like approvals and consents being had from the United States Geological Survey.

Very truly yours,

  
GUY SHEPARD  
Commissioner of Public Lands

cc. U.S.G.S. (3), Roswell, N.M.  
Oil Conservation Commission of N.M.  
Santa Fe, N. M.

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June 9, 1949



Mr. Allen D. Schrodt  
Land and Lease Department  
Southern Union Production Company  
Bart Building  
Dallas, Texas

In Re: Expiring leases within  
Hope Unit Area, I-Sec.  
No. 556

Dear Mr. Schrodt:

This acknowledges receipt of your inquiry in the matter of extension of leases as indicated in the caption hereof. The Commissioner of Public Lands has heretofore approved the Hope Unit Agreement and has lately agreed to an extension of time within which further drilling may be begun. Section 16 of the Agreement, particularly the last paragraph thereof, seems to authorize modifications of leases to conform to the life of the agreement.

The Commissioner of Public Lands as to state lands is authorized by Section 3 of Chapter 88, N.M. Laws of 1943, to amend state oil and gas leases so as to conform them with the agreement. Since the lessees under the agreement have approved such modification, the Commissioner of Public Lands, also a party to the agreement, would undoubtedly approve an application for the extension of any state lease within the unit area. Apparently this would be true for any lease or assignment within the unit area whether or not it was immediately expiring.

It is suggested that you file an application with the State Land Office for extension of leases that they may be co-extensive with the Agreement. In such application the leases or assignments thereof within the unit area, subject to proper annual rental payments of course, would undoubtedly be extended by proper order of the Commissioner of Public Lands. The foregoing is in line with previous practice, and for purposes of

Page 2  
Mr. Allen D. Schrodt

June 9, 1949

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this office is satisfactory from an administrative point of view, because the Extension Order would be in the files and cause each lease to be extended by notation and the tract-books marked accordingly.

Under Section 3 of Chapter 88, supra, the lessees also have the right to relinquish existing leases and take new leases in lieu. However, by reason of the extra work involved in releasing, posting and issuing new leases, this office has heretofore merely extended leases to conform to the agreement by order based on application. In all probability, Southern Union Production Company holds a majority of the acreage under various leases. This should be the subject matter of one application; each separate lessee, other than Southern Union, should file application for extension of his leases.

Trusting that the foregoing will be of some informational value to you.

Very truly yours,

GEORGE GRAHAM, Attorney  
State Land Office

GAG/mih  
cc. Oil & Gas Division  
State Land Office

STATE LAND OFFICE  
SANTA FE, NEW MEXICO



May 16, 1949

Southern Union Production Company  
Burt Building  
Dallas, Texas

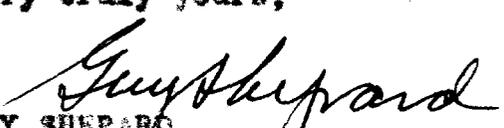
Attention of Mr. Willis L. Lea, Jr.  
General Attorney

Gentlemen:

I have carefully examined the application of Southern Union Production Company for an extension of time from May 13, 1949 to November 13, 1949, inclusive, within which the company may comply with the further requirements of the unit agreement covering the HOPE UNIT AREA. The agreement is sometimes referred to as I-Sec. No. 556.

I have concluded that the best interests of the State of New Mexico would be served by such extension of time, as provided by Section 8 of said agreement, and I therefore approve said application for extension for a period of six months from May 13, 1949 to and including November 13, 1949. This approval of the application for extension is conditioned, however, upon similar consent and approval in the premises being given by the proper officials of the Department of Interior.

Very truly yours,

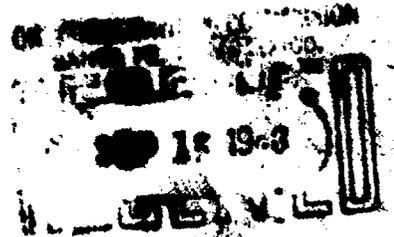
  
GUY SHEPARD  
Commissioner of Public Lands

cc. U.S.G.S.  
Roswell, N.M.

Oil Conservation Commission  
Santa Fe, New Mexico

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STATE LAND OFFICE  
SANTA FE, NEW MEXICO



*Case*  
*108*

September 14, 1948

Mr. Willis L. Lea, Jr.  
Southern Union Production Company  
Burt Building  
Dallas, Texas

Dear Sir:

After having carefully examined the application of Southern Union Production Company for an extension of time within which to conduct further exploratory drilling, pursuant to Section 8 of the Hope Area Unit Agreement, and on the basis of statements therein contained, I have concluded that the best interest of the State of New Mexico will be served by such requested extension.

I, therefore, approve said application for extension of said Hope Area Unit Agreement for a period of six months from and after November 13, 1948. This extension to end May 13, 1949.

My consent to this extension is conditioned, however, upon similar action being taken in the premises by the proper officials of the United States Department of Interior.

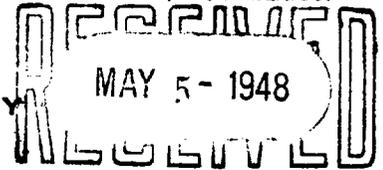
Very truly yours,

JOHN E. MILES  
Commissioner of Public Lands  
of the State of New Mexico

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SOUTHERN UNION PRODUCTION COMPANY  
BURT BUILDING  
DALLAS, TEXAS

SANTA FE, NEW MEXICO.



May 4, 1948

*File in  
Hope Unit Case # 108  
Graham*

Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier,  
State Geologist

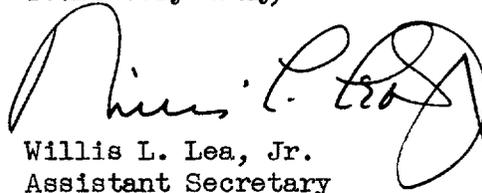
Gentlemen:

There is enclosed and filed herewith one (1) fully executed counterpart of the Hope Area Unit Accounting Agreement which relates to the Unit Agreement dated November 28, 1947.

We are also filing 1 copy of the Accounting Agreement with the New Mexico Commissioner of Public Lands and 3 copies with the Supervisor of the United States Geological Survey.

If additional counterparts of this instrument are required for your purposes, please so advise us in order that they may be supplied.

Yours very truly,

  
Willis L. Lea, Jr.  
Assistant Secretary

WLL:fr  
encl.

**SOUTHERN UNION PRODUCTION COMPANY**  
**BURT BUILDING**  
**DALLAS, TEXAS**

April 28, 1948



*Graham*

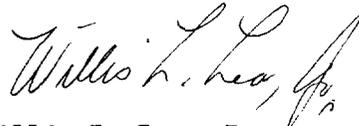
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier,  
State Geologist

Gentlemen:

As provided by the Hope Unit Agreement affecting lands in Eddy County, New Mexico, we are glad to enclose one (1) fully executed and acknowledged counterpart of the ratification by certain overriding royalty owners, being all the subsequent ratifications received to date.

Yours very truly,



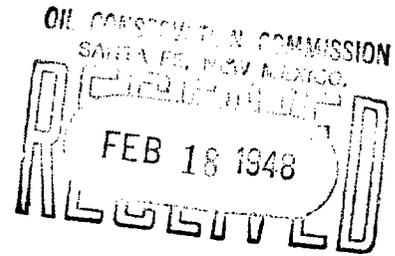
A handwritten signature in cursive script that reads "Willis L. Lea, Jr." with a flourish at the end.

Willis L. Lea, Jr.,  
Assistant Secretary

WLL:fr  
encls.

**SOUTHERN UNION PRODUCTION COMPANY**  
**BURT BUILDING**  
**DALLAS, TEXAS**

February 14, 1948



*file*

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. R. E. Spurrier,  
State Geologist

Gentlemen:

We are glad to enclose an executed copy of the Hope Area Unit Agreement bearing approval of the Secretary of the Interior and also containing the Commission's affirmative Order and the consent of the Commissioner of Public Lands.

This is intended, of course, for your permanent records.

With best regards, I am

Yours very truly,

A handwritten signature in cursive script, appearing to read 'W. L. L. : fr'.

General Attorney

WLL:fr  
encls.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
Geological Survey  
Washington 25, D.C.

Feb 10 1948

Long, St. Lewis & Nyce, Esqs.,  
National Press Building,  
Washington 4, D.C.

Gentlemen:

On February 5, 1948, Acting Assistant Secretary of the Interior Mastin G. White approved the unit agreement for the Hope Area, Eddy County, New Mexico, submitted by the Southern Union Production Company, as unit operator thereunder. The agreement is effective as of the date of approval and has been designated I-Sec. No. 556.

Seven approved counterparts of the agreement are enclosed. One of these counterparts should be forwarded to the State of New Mexico for its record.

Very truly yours,

/s/ H. J. Duncan,

H. J. Duncan,  
For the Director.

Enclosure 370.

copy

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P. O. Box 871  
January 8, 1948

Southern Union Production Company  
Burt Building  
Dallas, Texas

RE: Hope Unit Agreement Order

Gentlemen:

We are forwarding you three additional signed copies of Order No. 737 in Case No. 108, as per your request.

Very truly yours,

Betty Wistrand, Chief Clerk

Class of Service

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or beside the address.

# WESTERN UNION

1501

JOSEPH L. EGAN  
PRESIDENT

(40)

SPECIALS

DL = Day Letter

NL = Night Letter

LC = Deferred Cable

NLT = Cable Night Letter

Ship Radiogram

The time shown in the first line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

VA94 PD=BU DALLAS TEX 29 1201P

GEORGE GRAHAM=

ATTORNEY OIL CONSERVATION COMMISSION SF=

NO COPIES OF ORDER RECEIVED YET WHERE ARE THEY REGARDS=

SOUTHERN UNION PRODUCTION CO BY WILLIS L LEA JR.

No.	82859	TO	Dadsee
By	D/L	At	1202P
		Be	

*[Handwritten signature]*

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	FULL RATE
DAY LETTER	DEFERRED
NIGHT MESSAGE	NIGHT LETTER
NIGHT LETTER	SHIP RADIOGRAM

Patrons should check class of service desired; otherwise message will be transmitted as a full-rate communication.

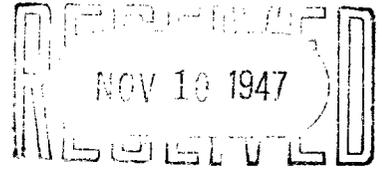
# COPY OF WESTERN UNION TELEGRAM

Dec. 1, 1947

WILLIS L. LEA JR.  
SOUTHERN UNION PRODUCTION CO.  
BURT BLDG.,  
DALLAS, TEXAS

ORDER BY AIRMAIL TODAY. THANKSGIVING INTERFERED. SORRY.

GEORGE A. GRAHAM  
OIL CONSERVATION COMMISSION



NOTICE FOR PUBLICATION

The State of New Mexico, acting by and through the Oil Conservation Commission, pursuant to law, hereby gives notice of the following hearing to be held by the Oil Conservation Commission on November 25, 1947, beginning at 10:00 A.M., on said day at Santa Fe, New Mexico:

Case 108

In the matter of the application of Southern Union Production Company for approval of the Hope Unit Agreement, Eddy County, New Mexico, embracing the following lands:

Sections 17, 18, 19, 20, 29, 30, 31, 32 and the  $S\frac{1}{2}$  and  $NW\frac{1}{4}$  of Section 33, in Township 18 South, Range 24 East, N.M.P.M.; Sections 4, 5 and 6 in Township 19 South, Range 24 East, N.M.P.M.; Sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35 and 36 in Township 18 South, Range 23 East, N.M.P.M.; Sections 1, 2, and 3 in Township 19 South, Range 23 East, N.M.P.M., containing 17,134 acres, more or less.

Given by the Oil Conservation Commission of New Mexico in the name and on behalf of the State of New Mexico, at Santa Fe this \_\_\_\_\_ day of November, 1947.

THE STATE OF NEW MEXICO

By \_\_\_\_\_  
Secretary  
OIL CONSERVATION COMMISSION

(Seal)

P. O. Box 871  
November 21, 1947

Mr. Willis L. Lea, Jr.  
Attorney  
Southern Union Gas Company  
Dallas 1, Texas

Dear Sir:

With reference to your request of November 19,  
Mr. Graham states that he will be very glad to recommend  
to the Commission that Case 108 be heard first.

Very truly yours,

Betty Wistrand, Chief Clerk

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OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.  
RECEIVED  
NOV 21 1947

SOUTHERN UNION GAS COMPANY  
BURT BUILDING  
DALLAS 1, TEXAS

LEGAL DEPARTMENT

WILLIS L. LEA, JR.  
GENERAL ATTORNEY  
A. S. GRENIER  
FRANK M. CARR  
QUILMAN B. DAVIS

November 19, 1947

Air Mail

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

Dear George:

It just fits that I can be in Santa Fe for the Conservation hearing at 10:00 on November 25. As I will have to return by plane the same day my time is quite limited. Would it be possible for our matter to be heard first. I believe it will not take five minutes for the incorporation by reference and for any questions which may arise.

Please let me know if you think this can be handled. Looking forward to seeing you and with best regards, I am

Yours very truly,

*Willis L. Lea, Jr.*

WLL:fr

SOUTHERN UNION PRODUCTION COMPANY  
BURT BUILDING  
DALLAS, TEXAS

November 12, 1947



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

Dear Mr. Graham:

Thanks very much for your advice concerning the hearing of the Commission to be held November 25 at Santa Fe, at which time the Hope Unit matter will be considered.

It is still my desire to attend this hearing, but in the event that is not feasible, I will ask Mr. Manuel A. Sanchez to do the necessary in my absence.

In due course please furnish for our files publishers' affidavits covering the notice of this hearing wherever it is run. We will be glad, of course, to pay the expense incurred in connection with obtaining affidavits of publication.

With thanks for your cooperation and best personal regards, I am

Yours very truly,

Willis L. Lea, Jr.

WLL:fr

cc - Mr. J. R. Cole

F. O. Box 371  
November 10, 1947

Mr. Willis L. Lea, Jr., Attorney  
Southern Union Production Company  
Dallas, Texas

Dear Sir:

This is to advise you that Case 108, as re-  
advertised, will be before the Commission at 10:00  
o'clock a.m. on November 25, 1947. The hearing will  
be held in the Coronado Room of La Fonda Hotel,  
Santa Fe.

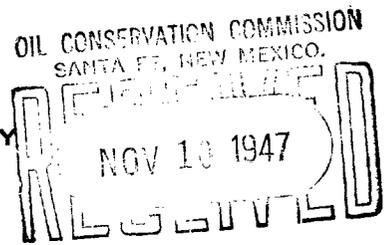
Yours very truly,

bpw

GEORGE A. GRAHAM, Attorney

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SOUTHERN UNION PRODUCTION COMPANY  
BURT BUILDING  
DALLAS, TEXAS



November 8, 1947

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. George Graham,  
Attorney

Gentlemen:

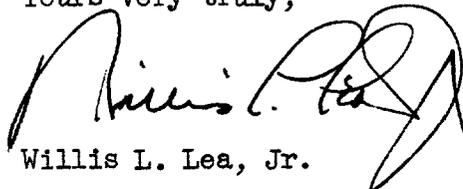
Reference is made to the application of Southern Union Production Company filed on or about May 24, 1947, for approval and consent of the Commission with respect to the Hope Area Unit Agreement and Plan. It is desired that the Commission by regular notice set the matter for hearing at the Commission's regular meeting which is understood to be scheduled for November 25, 1947, in Santa Fe. A suggested form of notice covering this matter is enclosed together with a suggested form of order believed to be suitable for entry by the Commission. Your attention is directed to the fact that the lands involved are located in Eddy County, New Mexico.

This request for hearing is made in an abundance of caution and simply for the purpose of eliminating from the formal record minor defects believed not to be of substance, which occurred incident to the hearing of the Commission held July 15, 1947. In view of the fact that a regular hearing on the same matter has already been held, pursuant to published notice, at which oral testimony and documentary evidence was submitted by the applicant, it is suggested that the November hearing be formally conducted and that the Commission's order be entered with the evidence of the previous hearing incorporated by reference. The Company stipulates that the Commission's attorney, or the Company's own attorney if he be present, may, on behalf of the Company, stipulate into the record of the November hearing the complete transcript of testimony and exhibits thereto taken and introduced at the hearing on July 15, 1947.

We appreciate your cooperation in this matter and will be glad to hear from you if anything further is required in connection with the November hearing. In particular, please advise us if additional filing fees or cost should be paid.

With thanks, we are

Yours very truly,



Willis L. Lea, Jr.

WLL:fr

UNITED STATES  
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY  
Artesia, New Mexico

July 25, 1947

RECEIVED  
JUL 28 1947

U. S. GEOLOGICAL SURVEY  
ROSWELL, NEW MEXICO

Southern Union Production Company  
1104 Burt Building  
Dallas, Texas

Re: L.C. 062226

(Hope Unit Area)

I-SEC. No. 556.

Gentlemen:

Receipt is acknowledged of your "Notice of Intention to Drill" dated July 8, 1947, covering your No. 1 Elliott well on the subject land in the SW $\frac{1}{4}$  SW $\frac{1}{4}$ , section 24, T. 18S., R. 23E., Wildcat Field, Eddy County, New Mexico.

Your proposed work is hereby approved subject to compliance with the provisions of the "Oil and Gas Operating Regulations" revised May 25, 1942, a copy of which will be sent you on request, and subject to the following conditions:

1. Drilling operations so authorized are subject to the attached sheet for general conditions of approval.
2. Copies are requested of the sample log, electric log, or other surveys made.

Yours very truly

*Frank B. Stahl*

FRANK B. STAHL  
Acting District Engineer



STATE ✓

PLEASE READ BEFORE STARTING OPERATIONS

Because suspension of field operations will be required by the District Engineer for failure to comply with the Operating Regulations and the conditions of drilling approval, particular attention is called to these general and special requirements most likely to be overlooked by the operator:

GENERAL

1. All drilling and producing wells shall be permanently marked in a conspicuous place with the name of operator, lease name, well number, and location. Necessary precautions must be taken to preserve such signs.
2. Any desired change of drilling plan or conditions of approval must have the written approval of the District Engineer BEFORE the change is made.
3. Unless otherwise specified in the approval to drill, the production string of casing must be set at the top of the pay zone, and completion shall be made with a reasonable gas-oil ratio.
4. Before work is started written approval must be obtained and after work is completed results must be reported to the U. S. Geological Survey by submitting complete information in triplicate on form 9-331a, covering:
  - a. Mudding or cementing, including proposed date and method of testing water shut-off.
  - b. Drill-stem tests or perforating.
  - c. Casing alterations, packer settings, or repairs of any kind.
  - d. Shooting, acid treatment, deepening or plugging back.
  - e. Gas-lift installations.
  - f. Drilling of water wells.
5. Monthly report of operations in duplicate, on form 9-329, must be submitted promptly each month beginning with spudding of the first well on a lease and continuing until approved abandonment of all drilling and producing operations.
6. Log, in triplicate, on form 9-330, must be submitted within 10 days of reaching temporary or permanent drilling depth. Copies of all electrical logs, cutting logs, drilling-time logs, and any other well information not given on the standard form, should be attached to same.
7. Separate application to drill any water well on federal land is required, and special procedure is necessary for abandonment of any well having a desirable water supply.
8. All wells and lease premises shall be maintained in first class condition with due regard to safety, conservation, appearance, and refuse disposal.
9. The notice of intention to drill any well is rescinded without further notice if drilling is not started within 90 days of approval.
10. Cement must be allowed to set a minimum of 72 hours on all strings of casing prior to drilling the plug.

SPECIAL (none, if so indicated.)

(SUBMIT IN TRIPLICATE)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Land Office Las Cruces  
Lease No. 062226  
Unit \_\_\_\_\_

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	<input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
NOTICE OF INTENTION TO CHANGE PLANS.....		SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....		SUBSEQUENT REPORT OF ALTERING CASING.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....		SUBSEQUENT REPORT OF REDRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....		SUBSEQUENT REPORT OF ABANDONMENT.....	
NOTICE OF INTENTION TO PULL OR ALTER CASING.....		SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....			

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

July 3, 1947, 19

#1, Elliott- Federal  
Well No. 7 is located 660 ft. from N line and 660 ft. from W line of sec. 24

SW 1/4 Section 24      18 South      23 East      N.M.P.M.  
(1/4 Sec. and Sec. No.)      (Twp.)      (Range)      (Meridian)  
Wildcat      3ddy County      New Mexico  
(Field)      (County or Subdivision)      (State or Territory)

The elevation of the derrick floor above sea level is \_\_\_\_\_ ft. -- will be furnished when determined

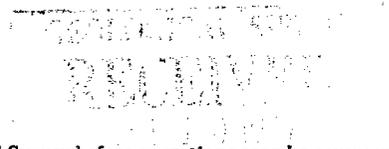
DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

Propose to drill wildcat well to granite. Casing program approximately as follows:

- 13-3/8" O.D. ----- 550 feet ----- cemented
- 9-5/8" O.D. ----- 1700 feet ----- aquogel
- 7" O.D. ----- 7500 feet ----- cemented

Well to be drilled first 2000 feet with Cable Tools, remainder of depth with Rotary.



I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Southern Union Production Company

Address 1104 Burt Building

Dallas, Texas

By E. H. Newman  
E. H. Newman  
Engineer

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

July 8, 1947

Mr. Willis L. Lea, Jr.  
General Attorney  
Southern Union Gas Company  
Burt Building  
Dallas 1, Texas

*Case 108*

Dear Mr. Lea:

Attached you will find evidence of publication from the Santa Fe and Eddy county newspapers as requested in your letter of May 22d.

Very truly yours,

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RRS:bsp

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NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission of New Mexico pursuant to law, hereby gives notice of the following hearings to be held July 15, 1947, beginning at 10:00 A.M., on said day at Santa Fe, New Mexico:

Case 100

In the matter of the petition of American Employers Insurance Company for an order directed to Charles R. Tarkenton, address unknown, W. R. Childers, Hobbs, New Mexico and Gene R. Burke, Hobbs, New Mexico to show cause why a well located in Chaves County, New Mexico in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 33, Township 11 South, Range 25 East, N.M.P.M., should not be declared abandoned and ordered plugged.

Case 101

In the matter of the petition of American Employers Insurance Company for an order directed to Frank Griggs, Lubbock, Texas, John Darden, Lubbock, Texas and John H. Hawkins, Fort Sumner, New Mexico to show cause why a well located in DeBaca County, New Mexico, in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 11, Township 4 North, Range 26 East, should not be declared abandoned and ordered plugged.

Case 102

In the matter of the petition of American Employers Insurance Company for an order directed to San Juan Oil & Gas Co., Inc., 922 North Second Street, Phoenix, Arizona, G. R. Cassady, 922 North Second Street, Phoenix, Arizona, Arthur Wilson, Phoenix, Arizona, L. E. Snavelly, 900 East Van Buren, Phoenix, Arizona, A. H. Vaughn, 2314 Oak St., Phoenix, Arizona, J. A. Dewar, 2138 East Yale Street, Phoenix, Arizona, to show cause why a well located in San Juan County, New Mexico, in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 19, Township 29 North, Range 11 West, should not be declared abandoned and ordered plugged.

Case 103

In the matter of the petition of the Leonard Oil Company, a New Mexico corporation, Roswell, New Mexico for authority to deepen Leonard Oil Company's State Well No. 8, located in Eddy County, New Mexico, 1177 feet north of the south line and 1230 feet west of the east line of Section 21, Township 17 south, Range 29 east to the oil producing horizon or that vicinity.

Case 104

In the matter of the application of Walter Famariss Jr., for permission to purchase and process tank bottoms, Pit Oil, Gasoline Plant "Catchings", and other Oil or Waste not otherwise Merchantable, and to sell the merchantable crude derived therefrom.

Case 105

In the matter of the application of the Panhandle Carbon Company, Inc., for an extension for ten years of its permit heretofore granted November 27, 1944 respecting use of residue and/or flare gas in the manufacture of carbon black.

Case 106

In the matter of application of the Oil Conservation Commission of New Mexico, upon its own motion for an order, as recommended by the New Mexico Nomenclature Committee, supplementing Supplemental Order No. 6 to Order No. 633, and relating to overlap in defining boundaries of Leco Hills and Grayburg-Jackson pools, Eddy County, New Mexico.

Case 107

In the matter of the application of Barney Cockburn, for an unorthodox well location in Eddy County, in the NE $\frac{1}{4}$  SW $\frac{1}{4}$ , Section 29, Township 17 South, Range 33 East, N.M.P.M., on State Lease B-251b in connection with an application for unit operation.

Case 108

In the matter of the application of Southern Union Gas Company for approval of the Hope Unit Agreement, Eddy County, New Mexico, embracing the following lands:

Sections 17, 18, 19, 20, 29, 30, 31, 32 and the S $\frac{1}{2}$  and NW $\frac{1}{4}$  of Section 33, in township 18 South, Range 24 East, N.M.P.M.; Sections 4, 5 and 6, in township 19 South, Range 23 East, N.M.P.M.; Sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35 and 36 in township 18 South, Range 23 East, N.M.P.M.; Sections 1, 2, and 3 in Township 19 South, Range 23 East, N.M.P.M., containing 17,120 acres, more or less.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico on June 27 1947.

OIL CONSERVATION COMMISSION

BY:



R. R. SPURRIER, Secretary

NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission of New Mexico pursuant to law, hereby gives notice of the following hearings to be held July 15, 1947, beginning at 10:00 A.M., on said day at Santa Fe, New Mexico:

Case 103

In the matter of the petition of the Leonard Oil Company, a New Mexico corporation, Roswell, New Mexico for authority to deepen Leonard Oil Company's State Well No. 8, located in Eddy County, New Mexico, 1177 feet north of the south line and 1230 feet west of the east line of Section 21, Township 17 south, Range 29 east to the oil producing horizon of that vicinity.

Case 104

In the matter of the application of Walter Famariss Jr., for permission to purchase and process tank bottoms, Pit Oil, Gasoline Plant "Catchings", and other Oil or Waste not otherwise merchantable, and to sell the merchantable crudes derived therefrom.

Case 106

In the matter of application of the Oil Conservation Commission of New Mexico, upon its own motion for an order, as recommended by the New Mexico Nomenclature Committee, supplementing Supplemental Order No. 6 to Order No. 633, and relating to overlap in defining boundaries of Loco Hills and Grayburg-Jackson pools, Eddy County, New Mexico.

Case 107

In the matter of the application of Barney Cockburn, for an unorthodox well location in Eddy County, in the NE $\frac{1}{4}$  of Section 29, Township 17 South, Range 33 East, N.M.P.M., on State Lease B-2516 in connection with an application for unit operation.

Case 108

In the matter of the application of Southern Union Gas Company for approval of the "open Unit Agreement, Eddy County, New Mexico, embracing the following lands:

Sections 17, 18, 19, 20, 29, 30, 31, 32 and the S $\frac{1}{2}$  and NW $\frac{1}{4}$  of Section 33, in township 18 South, Range 24 East, N.M.P.M.; Sections 4, 5 and 6, in township 19 South, Range 23 East, N.M.P.M.; Sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35 and 36 in township 18 South, Range 23 East, N.M.P.M.; Sections 1, 2, and 3 in Township 19 South, Range 23 East, N.M.P.M., containing 17,120 acres, more or less.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico on June 17 1947.

OIL CONSERVATION COMMISSION

BY:

*R. R. Spurrer*

R. R. SPURRER, Secretary

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

June 25, 1947

Mr. Willis T. Lea Jr.  
General Attorney  
Southern Union Gas Company  
Burt Bldg.,  
Dallas 1, Texas

Case No. 108  
RE: Petition of Southern Union  
Gas Company.

Dear Mr. Lea:

This is to advise you that the hearing in the above captioned case has been set by the Commission beginning at 10:00 o'clock A.M. on the 15th day of July in the Coronado Room, La Fonda Hotel, Santa Fe, New Mexico.

Very truly yours,

GEORGE A. GRAHAM  
Attorney,  
Oil Conservation Commission

RRS:bsp

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

May 26, 1947

Mr. Willis L. Lea, Jr.  
General Attorney  
Southern Union Gas Company  
Burt Building  
Dallas 1, Texas

Dear Mr. Lea:

This will acknowledge the arrival of Southern Union petition for approval of the unit agreement applicable to the Hope Area of Eddy County, New Mexico.

Mr. Graham and I will go over this unit agreement together, soon, and will register any complaints with you as soon as we complete our work. I have taken note of your last sentence in your letter and evidence of the publication of notice will be sent to you to complete your files.

Very truly yours,

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RRS:bsp

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SOUTHERN UNION GAS COMPANY  
BURT BUILDING  
DALLAS 1, TEXAS

LEGAL DEPARTMENT

WILLIS L. LEA, JR.  
GENERAL ATTORNEY  
A. S. GRENIER  
FRANK M. CARR  
QUILMAN B. DAVIS

May 22, 1947

Mr. R. R. Spurrier, State Geologist,  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Spurrier:

Confirming our long-distance telephone conversation of this morning we are enclosing herewith Southern Union Production Company's Petition for approval by the Commission of the Unit Agreement applicable to the Hope Area of Eddy County, New Mexico. We trust you will find this in order but will appreciate hearing from you if anything further is desired.

As I indicated this morning, we will desire to have this matter included in your notice of hearing for the July 15 regular session unless it progresses in Washington sufficiently to justify an earlier hearing. We will keep you advised as information reaches us concerning the Washington developments. It is appreciated that sufficient time must be allowed for you to arrange publication in the Santa Fe and Eddy County newspapers. Incidentally, we would like to have in due course evidence of the publication of our notice in both these papers, for the completion of our files.

With thanks for your cooperation, we are

Yours very truly,

*Willis L. Lea, Jr.*

WLL:fr  
encl.

*Bertha :*

*Please note*

UNIT ACCOUNTING AGREEMENT

HOPE UNIT AREA

Eddy County, New Mexico

THIS AGREEMENT, entered into as of the 28th day of November, 1947, by and between SOUTHERN UNION PRODUCTION COMPANY, a Delaware corporation (herein referred to as "Unit Operator" or "Operator") and MAGNOLIA PETROLEUM COMPANY and DELHI OIL CORPORATION, and such other Working Interest Owners who may hereafter subscribe, ratify, adopt or consent to this agreement, in one of the manners herein-after provided, (each herein referred to as a "Non-operator" or collectively as "Non-operators"),

W I T N E S S E T H :

WHEREAS, each of the parties hereto has become, or concurrently with the execution hereof is becoming a party to the Unit Agreement for the Development and Operation of the Hope Unit Area, dated as of November 28, 1947, (herein referred to as the "Unit Agreement"); and

WHEREAS, the Unit Agreement provides for the execution or adoption, by the Working Interest Owners parties thereto, of a Unit Accounting Agreement:

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto agree severally among themselves as follows:

1. By reference the Unit Agreement is incorporated herein and made a part hereof, and the terms defined therein shall have the same meaning in this agreement unless it clearly appears from the context hereof that some other or additional meaning is intended. By becoming a party to this agreement in one of the manners herein provided each party hereto also expressly adopts, ratifies and agrees to be bound by the Unit Agreement with the same force and effect as if such party had subscribed the Unit Agreement or a counterpart thereof. Any owner of a working interest in the unit area is qualified to become a party hereto. This agreement may be executed in any number of counterparts with the same force and effect as if all parties had subscribed the same document, or this agreement may be ratified and adopted by a Working Interest Owner with like force and effect by a separate instrument in writing signed by such party.

2. The test well provided for in Section 8 of the Unit Agreement, located in the southwest quarter (SW $\frac{1}{4}$ ) of Section 24, Township 18 South, Range 23 East, (24-18 S.-23 E.), N.M.P.M., Eddy County, New Mexico shall be drilled and completed and equipped for production of oil and/or gas (or plugged and abandoned as a non-

commercial well) by Operator at its sole cost, risk and expense and free of cost, expense and liability to the other parties hereto except insofar as any such other party shall have expressly agreed with Operator to share therein. If said well is plugged and abandoned as a dry hole or noncommercial well the Operator may salvage and remove all casing, equipment and other material and supplies used in the drilling, completion or testing thereof, all such items to remain the property of the parties who paid for same.

3. If said test well proves to be a dry hole or noncommercial well, there shall be no obligation on Operator to drill a second well, and no additional well shall be drilled unless consented to as provided in Section 7 hereof; provided, however, one or more additional test wells may be drilled prior to the establishment of a participating area if the basis of cost participation in such well(s) is expressly agreed to between Operator and one or more Non-operators and the cost of drilling is expressly assumed by them. In the absence of such consent or agreement the Unit Agreement shall be terminated according to its terms; provided, however, that Operator may, in its discretion, apply for and obtain extensions of time within which to conduct further drilling operations on the unit area, as contemplated by the Unit Agreement. The parties hereto recognize Operator's right to resign, according to the Unit Agreement, and be thereby relieved of all obligations as Unit Operator accruing after the effectiveness of resignation.

4. Upon completion of a well capable of producing one or more of the unitized substances in paying quantities Operator shall, in accordance with the Unit Agreement and subject to the approval of the Director, the Commission and the Commissioner, promptly file and from time to time revise a schedule showing the unitized land in the proposed participating area(s) and the percentage of production from each such area to be allocated on an equal acreage basis to each tract of unitized land included therein. A participating area may be enlarged or diminished only in the manner and to the extent provided in the Unit Agreement.

Operator shall use reasonable diligence in its efforts to market unitized substances from such area(s) whenever any one or more of such substances shall have become available for production and sale by Operator in quantities sufficient to justify a market outlet therefor. Any party hereto claiming the right, on the basis of a separate contract antedating his or its commitment to the Unit Agreement, to receive a share of the unitized substances in kind shall, as a

condition to the exercise of such right, provide his/its own facilities for the receipt or storage thereof and shall regularly pay to Operator cash equal to the additional expense, if any, incurred by Operator in making deliveries in kind. (In this connection, each Magnolia Petroleum Company, Southern Union Production Company and Delhi Oil Corporation has reserved the right, by separate contract antedating commitment to the Unit Agreement, to receive in kind and to use or market its proportionate share of all unitized substances produced from the unit area, subject to the Operator's prior right of use thereof to the extent necessary in development or operation of the unit area; moreover, by the same agreements Magnolia Petroleum Company has certain rights to purchase the proportionate share of each such other in the oil, casinghead gas, distillate and other liquid hydrocarbons and Southern Union Production Company has certain rights to purchase the proportionate share of each such other in the dry gas.)

Any party hereto buying or marketing gas, oil or other liquid hydrocarbon substances from the unitized lands shall buy or market the available production equitably, without favor or preference to any land or person.

Each owner of a unitized interest in unitized land within a duly approved participating area shall be entitled to receive a portion of the proceeds derived from the sale by Operator of unitized substances allocated to the tract or tracts to which his interest(s) pertain (or, a portion of such unitized substances in kind if such owner so elects pursuant to a pre-existing contractual right) equal to the portion to which such owner would be entitled had the unitized substances so allocated to his tract(s) been in fact produced therefrom, and Operator shall render each month to the owners of unitized substances in each participating area an accounting of its operations with respect to such area during the previous calendar month and (to the extent not delivered in kind) shall pay, in value, in conformity with applicable provisions of the Unit Agreement, of the oil and gas leases committed thereto and of this agreement, to each such owner his proportionate and allocated share, determined as aforesaid, of the benefits from unitized substances produced from the participating area and sold during the previous calendar month; provided, that Operator may first deduct proportionately and pay over to the proper governmental authorities any and all taxes due on or because of unitized substances so produced or, in the event of a delivery in kind, may require that the recipient of such benefits either pay or provide security for the payment of any and all such taxes with respect to the products delivered in kind; and

provided further that Operator shall be entitled, to the full extent of any sum(s) owed to it hereunder by any Non-operator, to retain or receive as an off-set against such sum(s) all or any part of the unitized substances, or proceeds from sale thereof, otherwise deliverable to such Non-operator. Insofar as practicable Operator shall arrange for the collection and regular distribution of funds accruing from sale by it of unitized substances during the month ensuing the calendar month in which such substances are sold, but shall not be required to make payment to anyone of moneys representing the proceeds of such sale unless and until actually received by Operator; moreover, to the extent that the distribution of production benefits may be at any time determined by the action finally taken on a proposed participating area, or enlargement or diminution thereof, the distribution of such benefits may, to that extent only, be delayed pending final approval or rejection of the proposed area or enlargement or diminution.

In lieu of accepting payment for one or more of the unitized substances sold from unitized land and thereafter making distribution of such funds to the persons entitled thereto, Operator may permit the purchaser(s) to make distribution of the proceeds of sale, less any applicable taxes, directly to some or all the persons entitled thereto as their interest(s) may appear from division orders executed by them, respectively; provided, if Operator at any time notifies any such purchaser in writing to pay to Operator, on account of indebtedness owing hereunder by any Non-operator, proceeds otherwise due or to become due to such Non-operator, such purchaser shall pay, and shall be protected in paying, the proceeds according to Operator's said notice. On receipt of any such funds Operator shall apply them to the indebtedness of such Non-operator.

5. Except for the costs and expenses of completing the initial test well referred to in Section 2 hereof, all costs and expenses incurred by Operator in connection with development and operation for unitized substances of unitized lands within the participating area, including (without being limited to) the locating, drilling, testing, surveying, plugging, completing or recompleting, and equipping of wells and the management, production and operation thereof as intended by the Unit Agreement, and the handling, treating and marketing of production, shall be borne and paid by the parties hereto in the same proportion that the number of working interest acres, including fractions, belonging to each from time to time in the participating area bears to the total number of working interest acres, including fractions, in the participating area. As ad-

adjustments are made in the schedule and percentages of participation in production from the participating area corresponding adjustments shall be made, effective as of the same time, in the allocation of costs and expenses to the Working Interest Owners in the participating area. The term "working interest acre" shall mean, for purposes of this agreement, the right(s) and interest(s) (whether held by lease, operating agreement, fee mineral title or otherwise) to explore for, develop and produce unitized substances from one or more acres of land equivalent to the entire and exclusive right and interest to explore for, develop and produce such substances from one acre of land.

If there shall be more than one participating area the benefits of production from and the costs and expenses attributable to each such area shall be allocated and shared with respect to it in the same manner as is provided herein for a single participating area.

All such costs, expenses and related matters, as well as the method of accounting and billing with respect thereto, shall be in accordance with the provisions of Accounting Procedure attached hereto, made a part hereof and designated "Exhibit A". Operator shall pay all such costs and expenses and shall charge each of the other Working Interest Owners with a proper proportion thereof, determined as herein provided. In case of any inconsistency or conflict between the provisions of Exhibit A and the other provisions of this agreement such other provisions shall prevail over Exhibit A.

Operator shall render and pay ad valorem taxes on all tangible personal property in any participating area owned by it in its capacity as Operator, and shall charge such ad valorem taxes to the Working Interest Owners in each participating area in proportion to the number of working interest acres owned by each therein. Any and all other ad valorem taxes levied or assessed against unitized lands or interests therein shall be paid by the owner of such interests and each such owner shall prevent the attachment of a tax lien to his interests, and shall, in the event of tax sale, take such action at his or its own expense to redeem the interests sold for taxes.

Operator may at its election from time to time require each of the Non-operators in the participating area to advance periodically an amount estimated by Operator to be equal to each such Non-operator's proportionate part of all costs and expenses to be incurred hereunder with respect to such area, as follows: on or before the 10th day of any calendar month Operator may submit in-

voices to the Non-operators containing a reasonably accurate estimate of such costs and expenses for the then current month, and within ten (10) days after receipt thereof each Non-operator shall pay, as invoiced, its proportionate part of such estimate to Operator; within thirty (30) days after the close of such month Operator shall submit to each of the Non-operators a corrected bill covering their respective parts of the costs and expenses actually incurred during such month, and at such time shall, either by adjusted charge or repayment, reconcile the corrected bill with such estimate.

Any costs and expenses incurred pursuant to this agreement by Operator with respect to lands not within any participating area shall be billed to the Working Interest Owners for whose benefit they are incurred.

With the approval of those holding at least a majority of the working interest acres in unitized federal lands Operator may furnish a collective corporate surety bond covering all such lands, as provided by applicable regulations, and in such event the premium cost thereof shall be distributed and charged by Operator to each party hereto in proportion to the number of working interest acres held in federal lands. Until such time each party shall furnish and keep in effect at his own expense any bond or bonds required with respect to his own federal lease(s).

To the extent not offset by cash funds in Operator's possession, representing proceeds from sale of unitized substances belonging to the respective Non-operators, all invoices rendered by Operator as contemplated in this agreement shall be paid to Operator at its office designated by it within not to exceed fifteen (15) days after receipt thereof by the respective Non-operators, and past due accounts shall bear interest at the rate of five percent (5%) per annum until paid, except that no interest shall accrue on any portion of the net sum owing Operator if such portion is the subject of a bona fide challenge by the Non-operator(s) invoiced therefor. Accounts rendered by Operator and paid by the Non-operators or any of them may be reopened at any time within sixty (60) days after receipt of the pertinent invoice by the Non-operators billed, and if upon reopening any adjustment is found to be due it shall be promptly made between the parties involved.

All invoices to the Non-operators shall be itemized in reasonable detail.

Operator shall have an express contract lien, hereby granted, upon the interest of each Non-operator in the unitized land, in the unitized substances produced therefrom, and in the materials, equipment and facilities located thereon, to secure the payment by such Non-operator of its proportionate part of the costs

and expenses incurred or paid by Operator hereunder and interest, if any, accrued on such part, and such lien may be at any time enforced and foreclosed as any other contract lien.

6. Operator shall

(a) conduct its operations hereunder in good workmanlike manner consistent with the practices generally followed in southeastern New Mexico by oil and gas producers;

(b) keep accurate accounts and records of its operations hereunder and at reasonable times permit any Non-operator upon his request to examine same and the supporting vouchers; upon request of any Non-operator(s) holding a majority of that part of the working interest not held by Operator in a participating area (or, if none is established, in the unit area), Operator will submit its books and records pertaining to such participating area or unit area, as the case may be, to audit by Barrow, Wade, Guthrie & Co. or by any other accountant or firm satisfactory to it, the cost of such audit to be charged in the same manner as an operating expense;

(c) make bona fide efforts to comply in its operations hereunder with applicable laws and rules, regulations and orders of duly constituted governmental authorities effective from time to time;

(d) keep the interests of others within the unit area free from liens occasioned by its operations except liens expressly herein provided for;

(e) upon request of a Non-operator having an investment in or committed to participate in the cost of any well on the unit area, permit such Non-operator to have at reasonable times access to said well and to the available information pertaining thereto, including cores and cuttings, and copies of the log; provided no information obtained by a Non-operator concerning any such well shall be made available by him to any other for the latter's use or benefit unless such other is similarly interested in the production from such well; and

(f) maintain in effect insurance contracts complying with applicable workman's compensation laws of the State of New Mexico and also providing indemnity in reasonable amounts against the hazards of injury or damage to persons or property resulting from Operator's performance of this agreement; and a fairly allocated amount of Operator's premium cost of

maintaining such insurance coverage shall be apportioned among the parties hereto according to the number of working interest acres, including fractions, held by them from time to time in the participating area(s) or, if none is established, in the unit area.

7. Without first obtaining express consent of those holding at least a majority of the working interest acres in the participating area or areas affected (or, if none is established, in the unit area) including at least one Working Interest Owner in addition to the Operator, the Operator shall not:

(a) submit for approval of governmental authorities any original, supplemental or amended plan of development and operation for unitized land;

(b) drill or let any contract for the drilling of any well unless such well is provided for in a then effective plan of development and operation submitted in accordance with this agreement; provided, when any well is consented to as herein contemplated, either specially or as part of an effective plan of development and operation, all expenses reasonably necessary or appropriate to the locating, drilling, testing, surveying, plugging, completing and equipping thereof, including any necessary lease tankage, treating and gathering facilities, shall be authorized hereunder;

(c) make expenditures aggregating in excess of Twenty-Five Hundred Dollars (\$2,500) for any single project, or acquisition, or unit of equipment, unless such project, acquisition or unit of equipment is expressly provided for in a then effective plan of development and operation submitted in accordance with this agreement, or is otherwise authorized hereunder;

(d) use or make arrangements for the use of any equipment or facilities of a participating area except for the benefit of such area;

(e) abandon any well on account of depletion of unitized substances; provided, if the parties hereto are unable to agree as to abandonment of any well and the owner(s) of at least 25% of the working interest acres then unitized advise Operator that they desire to continue operation of the well proposed to be abandoned, such owner(s) may with the express approval of all governmental authorities having jurisdiction and of each person interested in the royalty production of such well, acquire from

those desiring to abandon (upon payment to them of cash equal to their proportionate shares in the salvage value of materials, facilities and equipment in or connected with such well, determined according to Exhibit A insofar as applicable) an assignment without warranty covering the well and the working interest production obtainable therefrom, and the well shall thereafter be operated, abandoned and/or recompleted by Operator at the sole risk and expense of the parties so acquiring, for their benefit and as they from time to time direct, but in any event consistent with applicable lease provisions and the conservation and other principles of the Unit Agreement and applicable rules and regulations; and provided further that no change shall be made in the unit area or in any participating area or in the allocation of benefits to royalty owners on account of such acquisition, but the working interest production from the well so acquired, notwithstanding that it may be in a participating area, shall be allocated only to the acquiring person(s), their heirs, successors and assigns; and provided, further, if no payment or firm offer of payment of salvage value is made to Operator by the person(s) desiring to acquire a well, as herein provided, within ninety (90) days after notice that it is proposed to be abandoned, Operator may, with the required majority consent of Working Interest Owners, proceed to abandon such well as proposed;

(f) submit for approval of governmental authorities any proposed participating area or enlargement thereof or any proposed consolidation of participating areas;

(g) fix or approve the basis of investment adjustment or the adjusted basis for allocation of future development and operating costs or the adjusted basis of participation, upon enlargement of a participating area or upon contraction thereof for failure of title;

(h) acquire by negotiation any well drilled outside a participating area pursuant to Section 12 of the Unit Agreement by others than the Operator; or

(i) make any arrangement for repressuring or cycling or stimulation of production or any other radical change in the method of operation. When consented to as herein provided by the requisite Working Interest Owners, any such proposed action or expense, including incidental expense reason-

ably necessary or appropriate, should be deemed authorized for all purposes.

8. In the event a well drilled pursuant to Section 12 of the Unit Agreement by some party(ies) hereto other than the Operator results in production of unitized substances such that the land upon which it is situated may properly be included in a participating area, the party(ies) paying the cost of drilling and completing such well shall, unless the Operator by negotiation promptly acquires such well and all its equipment, including any tankage, be entitled to produce and operate same and to retain the benefits of all unitized substances produced therefrom, subject to royalty interests, until such party(ies) shall have recovered from the working interest production thereof an amount equal to twice the cost incurred in drilling, completing and equipping such well (including in such cost all taxes with respect to working interest production during the period of recovery), plus an amount equal to the reasonable and bona fide cost of operating the well during the period of recovery. The land on which any such well is located shall be proposed for inclusion in a participating area as of a date not later than the first day of the calendar month next following that during which Operator acquires such well by negotiation, or during which there shall have accrued to the drilling party(ies) the final sum to be recovered as above specified; provided, if such well is, as it may be, included in a participating area effective as of the first day of the calendar month following completion thereof, or some other more appropriate effective date, as contemplated by the Unit Agreement, all royalty interests payable shall be computed and paid by the party(ies) operating such well on the basis of an allocation of production therefrom to all tracts within such participating area according to the principles of Section 11 of the Unit Agreement without prejudice of the right to such party(ies) to their recovery out of the working interest production, as above specified.

Following acquisition of the well by Operator from the party(ies) drilling same, either as a result of negotiation or of the completion of said recovery by such party(ies), and following inclusion of such well in a participating area, the well and all its equipment, including tankage, shall belong to and be operated by Operator for the account of all unitized interests in the participating area as if it had been originally drilled and equipped by Operator hereunder. Moreover, in the computation of investment in the participating area and in the allocation thereof among Working Interest Owners according to Section 11 hereof, the Working Interest Owners in the participating area prior to such enlargement

shall be credited with an amount equal to the actual cost incurred by the drilling party(ies) in drilling, completing and equipping such well, in proportion to their respective aggregate investments in the participating area prior to enlargement, and the party(ies) having originally paid such cost shall receive no credit under Section 11.

9. In drilling on the unit area any well properly authorized hereunder Operator may, if it so elects, use its own drilling rig and equipment, but in such case (unless the actual cost is to be allocated and billed to the Working Interest Owners participating therein, with indirect charges computed according to Exhibit A) the charges for drilling and completing or abandoning such well shall not exceed the prevailing competitive rate charged by responsible independent contractors regularly engaged in like drilling in southeastern New Mexico; and before commencing any well with its own drilling equipment on an independent contract basis, Operator shall obtain with respect to the rates to be charged by it, including any day-work rates, approval by the parties hereto who will be obligated to pay at least a majority of that portion of the total cost which is not to be borne by Unit Operator in its capacity as a Working Interest Owner.

In any event, the cost of equipment for the well shall be as provided in Exhibit A.

When the cost of any such well is charged on a contract basis, Operator shall be deemed to have assumed all risk and expense in connection with such operations and as to each other party participating in the cost thereof Operator shall be deemed to be an independent contractor in such operations; provided, that Operator in that capacity shall not be liable for any loss, cost, injury or damage resulting (except to its own employees and equipment) from blow-out or cratering of the well, whether or not accompanied by fire, or from loss of the hole. Where the cost of any well is not charged on a contract basis but on a basis of actual cost Operator in that capacity shall assume none of the risks incident to drilling and completing or abandoning the well, all such risk being borne by those participating in the cost of such well.

10. Operator may drill a well or wells not consented to under Section 7 hereof if the total cost and expense thereof is assumed by one or more of the parties under a separate agreement.

11. The participating area(s) may be enlarged, as provided in the Unit Agreement, to include additional land in the unit area then regarded as reason-

ably proved to be productive of unitized substances in paying quantities. Upon any such enlargement becoming effective the aggregate investment in wells, facilities and equipment of the participating area shall be adjusted in the following manner:

Credit for the cost of drilling, completing and equipping the well or wells justifying the enlargement shall be given to the parties hereto at whose cost such well(s) were drilled. Credit shall likewise be given to the Working Interest Owners in the participating area prior to such enlargement in amount equal to their respective aggregate investments in the well or wells in such area, including all internal well equipment and well head valves, but excluding equipment commencing with the outlet of such valves and all other surface equipment of a participating area. Credit shall also be given to such Working Interest Owners in an amount equal to their respective interests in the appraised value of all other physical equipment, facilities and improvements of the participating area not credited as a part of the cost of well(s) located thereon, including drilling and production facilities, gathering and other lines, tanks, separators, boiler stations, treating facilities, buildings and structures, camps, automotive equipment and (without limitation to the types enumerated) other facilities used and useful in the operation or development of such area for unitized substances.

The initial total investment in the enlarged participating area, which is the aggregate of the credits provided for above in this section, shall be charged and invoiced to all Working Interest Owners in the participating area as enlarged, in the proportion that the number of working interest acres owned by each bears to the total number of working interest acres therein, and any and all excess of such total charges over the total credits of each party hereto shall be promptly paid by such party in cash to the Operator which shall with such funds make settlement with those parties hereto having a net credit balance from the adjustments. Until all sums due as a result of such adjustments have been paid in full as herein provided Operator shall have an express contract lien, hereby granted, for the proportionate benefit of all parties hereto occupying a creditor position, upon the interest of each such debtor Working Interest Owner in the unitized land, in the unitized substances produced therefrom and in the materials, equipment and facilities located thereon, to secure the payment due from such Working Interest Owner, and interest, if any, accrued thereon, and the lien may be at any time enforced and foreclosed as any other contract lien.

The appraisal referred to above shall be made by a qualified individual satisfactory to all the parties affected by such appraisal; provided, if they do not concur in the selection of such an appraiser within thirty (30) days after requisite approval of the enlargement, the appraisal shall be conducted by three (3) persons, one selected by a majority in interest of the Working Interest Owners in the participating area before its enlargement, one by a majority in interest of the Working Interest Owners in the enlargement, and a third by the two so selected; and the decision of any two such persons shall be the appraisal contemplated herein. Any person(s) approved or selected as appraiser shall have access to all records pertinent to the original cost of the facilities, equipment and improvements to be appraised, the condition thereof when acquired and the time of installation, and also to records of any prior appraisal(s) of the same items; moreover, such person(s) shall make a personal inspection of the subject items before completing the appraisal.

Nothing herein shall be construed as requiring any retroactive apportionment of any expenses incurred, or of any sums or other benefits accrued or delivered on account of unitized substances produced, prior to the effective date of revision or consolidation of participating areas.

12. Operator may resign or be removed in the manner and with the effect provided in the Unit Agreement. The term "Operator" or "Unit Operator" herein shall mean the Operator from time to time duly appointed according to the Unit Agreement. If the retiring Operator owns in that capacity (as distinguished from an interest in its capacity as a Working Interest Owner) any equipment, material or appurtenance which is subject to a purchase option provided by the Unit Agreement in favor of a successor Operator or of Working Interest Owners, the purchase price of any such item(s) purchased through exercise of the option shall be concurrently paid in cash to the retiring Unit Operator, the amount to be determined in accordance with Exhibit A to the extent applicable, provided, that the purchase option and loss of title provisions in Section 4 of the Unit Agreement shall not apply to any drilling rig or appurtenant equipment of the retiring Operator, but, if such facilities are actually in use on the effective date of removal of or relinquishment by the retiring Operator, the latter shall permit the use to continue until the particular work is completed, but only upon payment of cash to it in an amount equal to the fair rental value of such facilities from and after the effective date and for so long a period thereafter as the retiring Operator is deprived of the use thereof.

As to any property of the retiring Operator which is necessary for the preservation of wells and is, therefore, not removable, unless such property is purchased from the retiring Operator by payment of an amount in cash equal to its then depreciated fair market value, the retiring Operator shall be paid in cash by the person(s) using such property an amount equal to the fair rental value thereof to the extent and for the period(s) that the retiring Operator is deprived of the use thereof.

If the parties are unable to agree on the fair market or rental value of any item belonging to the retiring Operator and subject to purchase or use by one or more other parties pursuant to this section, such value shall be determined by an appraisal conducted as in Section 11 hereof provided, one appraiser to be appointed by the retiring Operator, one by the parties purchasing or using the facilities and one by the two appraisers so selected.

13. Comencing as soon as it has completed the necessary arrangements and system and, in any event, not later than sixty (60) days after effectiveness of this agreement, Operator shall assume the responsibility for paying and shall pay, as provided in the Unit Agreement, all rentals and minimum royalties becoming due

to the United States or the State of New Mexico with respect to unitized land. All rentals and minimum royalties becoming due with respect to unitized land before the date as of which any such land is included in a participating area shall be charged by Unit Operator to the individual Working Interest Owners thereof; all becoming due thereafter shall be charged to the Working Interest Owners in such participating area in the same proportion as operating expenses are charged. If only a part of such rental or minimum royalty is applicable to land within a participating area the expense shall be divided in proportion to acreage within and without the participating area and only that portion applicable to the land within shall be prorated among the Working Interest Owners in such area, the remainder to be charged to the individual Working Interest Owners, respectively, of the land involved.

Unit Operator shall also pay all royalty due on account of unitized interests in a participating area on the basis of production allocated to the tract or tracts to which such royalty relates.

If on request Operator pays any rental or royalty which it is not required to pay by the Unit Agreement or this agreement, it shall receive reimbursement and may, in addition, receive reasonable compensation from the Working Interest Owner(s) requesting such payment.

Before production of unitized substances is obtained Non-operators acknowledge a responsibility to Operator to pay a reasonable amount to be agreed upon, in proportion to their interests, to reimburse Operator for its overhead expenses incurred in accounting for and paying rentals and in performing other functions required by the Unit Agreement or this agreement.

Any compensatory royalty paid by Operator, as contemplated by the Unit Agreement, shall be allocated among and paid by the Working Interest Owners in the participating area (or areas if more than one), in proportion to the total working interest acres held by each in such area(s).

Each party hereto shall deliver to the Operator as soon as practicable after receipt thereof every communication concerning any payment which the Operator is required or requested to make hereunder.

14. If any Working Interest Owner desiring to surrender or suffering to terminate any lease or part thereof within a participating area is prevented from doing so by the failure of consent of other Working Interest Owners, as contemplated by Section 13 of the Unit Agreement, such Working Interest Owner may, when not in default in the performance of his obligations under the Unit Agreement and

this agreement, assign all of his right, title and interest in and to such acreage to the Working Interest Owner or Owners who within thirty (30) days' notice of the request for consent failed to give consent to the surrender, and such Working Interest Owner shall by delivery of his said assignment(s) transfer to such assignee(s) all his duties and liabilities thereafter accruing under the Unit Agreement and this agreement with respect to the interests so transferred.

15. The covenants herein shall be construed to be covenants running with the land with respect to the unitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is made expressly conditioned upon the assumption by the grantee, transferee or other successor in interest of all privileges and obligations hereunder and under the Unit Agreement. Transfer of any working interest in unitized land by a party hereto shall relieve such party of obligations thereafter accruing hereunder with respect to the particular working interest transferred, but no further; provided, Operator shall not be required to take notice for any purpose of any such transfer, whether voluntary or involuntary, unless and until it is furnished with an executed, recorded or acceptable photostatic copy of the instrument(s) effecting the transfer.

16. Any communications or other instruments required or contemplated to be delivered to one of the parties hereto may be delivered as provided in Section 23 of the Unit Agreement.

17. Upon Operator's request for an abstract covering any unitized land addressed to the party(ies) owning the working interest in such land, such party(ies) shall, as soon as practicable, furnish to Unit Operator for examination a complete abstract of title and other title papers and status reports, all in form customarily furnished for examination of title to lands of the type involved. After completion of its examination Operator will furnish to such other party(ies) a copy of the title opinion and of any supplemental opinion thereafter rendered, specifying the title defects noted and the requirements, if any. Thereafter, supplemental abstracts, title papers and status reports will likewise be furnished Operator on its request from time to time. Each Working Interest Owner shall be responsible for curing title defects with respect to his or its own working interest.

Upon the approval of those holding at least a majority of the working interest acres in the participating area or areas affected, including at least one Working Interest Owner in addition to Operator, the Operator may incur and charge in the same manner as operating costs, expenses in the defense of title to any working interest within a participating area. Notwithstanding defense by the Operator, each Working Interest Owner shall be obligated to the others to take reasonable actions in the defense of his own titles.

Each party hereto agrees to indemnify and hold harmless each of the others, including Unit Operator in that capacity, from and against all expense, liability and loss (except loss of expected future profits) resulting directly or indirectly from defect in the title to or from invalidity of any interest represented by such party to be owned by him or it in the unit area and no examination of or reliance upon abstracts of title shall impair such covenant.

Delay or forbearance by Operator in enforcing any right or in invoking any provision hereof designed for the protection of itself or other parties hereto shall not be deemed a waiver of such right or provision.

Operator shall not be liable to any Working Interest Owner for any loss or damage occasioned by an erroneous payment or delivery of benefits hereunder if it is the result of an honest mistake or omission not caused by failure to use that degree of care used in the conduct of Operator's own private business. Any such loss shall be borne by all Working Interest Owners in the participating area affected in proportion to the number of working interest acres owned therein.

18. This agreement shall be subject to all applicable laws and rules, regulations and orders of governmental authorities which may be effective from time to time, and Operator shall not be held liable in damages, nor shall this agreement be terminated by judicial proceedings, if Operator's failure to comply with this agreement is occasioned by its compliance or attempted compliance with any such law or regulation which it in good faith believes to be valid and applicable. Substantive rights hereunder and the interpretation of this agreement shall be governed by and determined in accordance with the laws of the State of New Mexico.

The rights of the parties hereunder shall be individual and not joint or collective. Each party hereto shall be responsible only for its obligations as set out herein and in the Unit Agreement, and shall be liable only for costs and expenses as expressly provided. It is not the purpose or intention of this agree-

ment to create as between the parties, nor shall it be construed as creating, any mining partnership, commercial partnership or other partnership relation, nor shall the operations hereunder be construed as a joint venture.

19. This agreement shall become effective with effectiveness of the Unit Agreement and shall remain in effect until termination of the Unit Agreement, as it may be amended or extended, and for such additional period as may be reasonably necessary for Operator to wind up operations in good workmanlike manner and make disposition of assets remaining or of the proceeds from the sale thereof; provided, that termination of this agreement or of the Unit Agreement shall not relieve any party of duties or obligations theretofore accrued.

20. All obligations of Operator hereunder shall be suspended while but only so long as Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations in whole or in part by labor disturbances, fire, explosion, acts of God, federal, state or municipal laws or regulations, or authorities, accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the ability of Unit Operator reasonably to anticipate or control, whether similar to matters herein enumerated or not.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed so as to be binding upon and inure to the benefit of himself and his heirs, personal representatives, successors and assigns (all of whom are included within the term "parties").

A T T E S T :

[Signature]  
Secretary

SOUTHERN UNION PRODUCTION COMPANY

By [Signature]  
President  
Unit Operator  
(and Working Interest Owner)

①  
wl

A T T E S T :

[Signature]  
Asst. Secretary

MAGNOLIA PETROLEUM COMPANY

By [Signature]  
Vice-President

A.S.E.  
Sam of R. J. W. B. J.

A T T E S T :

[Signature]  
Secretary

DELHI OIL CORPORATION

By [Signature]  
President  
Non-operators

705

STATE OF TEXAS )  
 ) SS  
COUNTY OF DALLAS )

On this 12th day of April, 1948, before me appeared Scott Hughes, to me personally known, who, being by me duly sworn did say that he is the Vice President of Southern Union Production 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 Scott Hughes acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this 12th day of April, 1948.

Arlene Rawls Watt  
Notary Public in and for  
Dallas County, Texas.

My Commission Expires:  
**ARLENE RAWLS WATT**  
Notary Public, Dallas County, Texas  
My Commission Expires June 1, 1949

STATE OF TEXAS )  
 ) SS  
COUNTY OF DALLAS )

On this 21 day of April, 1948, before me appeared A. E. Chester, to me personally known, who, being by me duly sworn did say that he is the Vice President of Magnolia Petroleum 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 A. E. Chester acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this 21 day of April, 1948.

Aere ZutaVERN  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:  
**JUN 1 1949**

**AERE ZUTAVERN, Notary Public**  
in and for Dallas County, Texas

STATE OF TEXAS )  
                  ) SS  
COUNTY OF DALLAS )

On this 27<sup>th</sup> day of April, 1948, before me appeared C. W. Murchison, to me personally known, who, being by me duly sworn did say that he is the \_\_\_\_\_ President of Delhi Oil Corporation 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 C. W. Murchison acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this 27 day of April, 1948.

Frances Stripling  
Notary Public in and for  
Dallas County, Texas      FRANCES STRIPLING

My Commission Expires:  
June 1, 1949

SOUTHERN UNION GAS COMPANY  
BURT BUILDING  
DALLAS 1, TEXAS

LEGAL DEPARTMENT  
WILLIS L. LEA, JR.  
GENERAL ATTORNEY

A. S. GRENIER  
QUILMAN B. DAVIS  
R. M. MARTIN, JR.  
CLYDE L. DAVIS

November 22, 1950

*108*

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

There is enclosed herewith for your information a conformed copy of application made to the Commissioner of Public Lands of the State of New Mexico relative to drilling obligation under the Hope Unit Agreement.

This application is in substitution for the one which was transmitted to you by letter dated November 7, 1950, and we have requested the Commissioner and the Director of the United States Geological Survey to consider the former application withdrawn.

Very truly yours,

*R. M. Martin, Jr.*

RMM:gw  
Encl.

November 13, 1950

Commissioner of Public Lands of the State of New Mexico  
Santa Fe, New Mexico

In re: Hope Area Unit Agreement, Eddy County, New Mexico, I-Sec. No. 556; Application of Unit Operator, Southern Union Gas Company, for extension of time within which to conduct further exploratory drilling pursuant to Section 8 of the Unit Agreement.

Dear Sir:

Reference is made to the Hope Unit Agreement dated as of November 28, 1947, as extended, providing for the development and operation of the Hope Unit Area in Eddy County, New Mexico. Section 8 of the Unit Agreement provides in substance that until paying production of unitized substances is obtained the undersigned, Unit Operator, shall continue drilling one well at a time, allowing not more than six months between the completion of one well and the beginning of the next. Section 8 also provides that the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico concurring may modify said drilling requirement by granting reasonable extensions of time when, in their opinion, such action is warranted.

Southern Union Production Company, as Unit Operator, diligently prosecuted the drilling of a first test well on the Unit Area located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 24, Township 18 South, Range 23 East, N.M.P.M. Drilling of this well was concluded on May 13, 1948, at a depth of approximately 9885 feet because the well had reached at that depth igneous or metamorphic formations which renders further drilling impractical. No commercial production of oil or gas having been encountered, this well was plugged and abandoned.

Further extension of time under Section 8 is needed prior to drilling of a second well within the Unit Area because of two factors which will indicate whether further drilling is practicable and, if so, where it should be attempted:

(1) Magnolia Petroleum Company is drilling in the Black Hills Unit in Section 31, Township 17 South, Range 20 East, Chaves County, New Mexico, a well known as the Magnolia No. 1 Headley-Federal and the results of this well will greatly influence further exploration and will have a direct effect upon any drilling which would be done within the Hope Unit Area.

(2) Magnolia Petroleum Company has also accomplished considerable geophysical work in this area and such information, together with the results of the Black Hills unit test will enable the Operator of the Hope Unit to decide upon the justification of the drilling of another well within the Unit Area.

Under these circumstances the undersigned, Unit Operator, requests that the date within which the drilling of a second test well under the Hope Unit Agreement is required to be commenced be postponed and extended until July 1, 1951. If this application is granted, Operator and Magnolia Petroleum Company, the owners of more than seventy-five percent (75%) of the interest in the Hope Unit Area, agree to commence a well prior to July 1, 1951, or in the alternative, agree to terminate the Hope Unit Agreement at the request of the Director of the United States Geological Survey. A similar request for extension of time pursuant to Section 8 of the Unit Agreement is being filed with the Director of United States Geological Survey, and upon receipt of his definitive action a copy of the pertinent decision will be supplied for your records.

If additional information is needed in connection with this application, the undersigned, Unit Operator, will be glad to furnish it upon receipt of your request.

Your prompt consideration and advice will be appreciated.

Respectfully submitted,

SOUTHERN UNION GAS COMPANY

(seal)

ATTEST:

By /s/ J. C. Reid

Vice President

/s/ H. V. McConkey

Secretary

UNIT OPERATOR

Agreed to and concurred in,

MAGNOLIA PETROLEUM COMPANY

By /s/ E. C. Seymour

Vice President

E. C. Seymour

ATTEST:

(seal)

/s/ H. W. Clark

Asst. - Secretary H. W. Clark

SOUTHERN UNION GAS COMPANY

BURT BUILDING

DALLAS 1, TEXAS

LEGAL DEPARTMENT

WILLIS L. LEA, JR.  
GENERAL ATTORNEY

A. S. GRENIER  
QUILMAN B. DAVIS  
R. M. MARTIN, JR.  
CLYDE L. DAVIS

November 7, 1950

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

There is enclosed herewith for your information a copy of the application being made concurrently to The Director of the United States Geological Surveys and to the Commissioner of Public Lands of the State of New Mexico, to further extend the time within which to conduct further exploratory drilling in the Hope Unit Area pursuant to the terms of the Hope Unit Agreement, I-Sec-556.

The action of the Director and the Commissioner in response to this application will be communicated to you when received.

Very truly yours,



RMM:FG  
Encl.

November 13, 1950

Commissioner of Public Lands of the State of New Mexico  
Santa Fe, New Mexico

In re: Hope Area Unit Agreement, Eddy County, New Mexico, I-Sec. No. 556;  
Application of Unit Operator, Southern Union Gas Company, for extension of time within which to conduct further exploratory drilling pursuant to Section 8 of the Unit Agreement.

Dear Sir:

Reference is made to the Hope Unit Agreement dated as of November 28, 1947, as extended, providing for the development and operation of the Hope Unit Area in Eddy County, New Mexico. Section 8 of the Unit Agreement provides in substance that until paying production of unitized substances is obtained the undersigned, as Unit Operator, shall continue drilling one well at a time, allowing not more than six months between the completion of one well and the beginning of the next. Section 8 also provides that the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico concurring may modify said drilling requirement by granting reasonable extensions of time when, in their opinion, such action is warranted.

Southern Union Production Company, as Unit Operator, diligently prosecuted the drilling of a first test well on the Unit Area located in the SW $\frac{1}{4}$  of Section 24, Township 18 South, Range 23 East, N.M.P.M. Drilling of this well was concluded on May 13, 1948, at a depth of approximately 9885 feet because the well had reached at that depth igneous or metamorphic formations which renders further drilling impractical. No commercial production of oil or gas having been encountered, this well was plugged and abandoned.

Further extension of time under Section 8 is needed prior to drilling of a second well within the Unit Area because of two factors which will indicate whether further drilling is practicable and, if so, where it should be attempted:

- (1) Magnolia Petroleum Company is drilling in the Black Hills Unit in Section 31, Township 17 South, Range 20 East, Chaves County, New Mexico. a well known as the Magnolia No. 1 Headley-Federal and

the results of this well will greatly influence further exploration and will have a direct effect upon any drilling which would be done within the Hope Unit Area.

(2) Magnolia Petroleum Company has also accomplished considerable geophysical work in this area and such information, together with the results of the Black Hills unit test will enable the Operator of the Hope Unit to decide upon the justification of the drilling of another well within the Unit Area.

Under these circumstances the undersigned, Unit Operator, requests that the date within which the drilling of a second test well under the Hope Unit Agreement is required to be commenced be postponed and extended for a period of six months from November 13, 1950, to May 13, 1951. A similar request for extension of time pursuant to Section 8 of the Unit Agreement is being filed with the Director of the United States Geological Survey, and upon receipt of his definitive action a copy of the pertinent decision will be supplied for your records.

If additional information is needed in connection with this application, the undersigned, Unit Operator, will be glad to furnish it upon receipt of your request.

Your prompt consideration and advice will be appreciated.

Respectfully submitted,

SOUTHERN UNION GAS COMPANY

By   
Vice President

UNIT OPERATOR

A T T E S T :

  
Secretary

SOUTHERN UNION GAS COMPANY

BURT BUILDING

DALLAS 1, TEXAS

LEGAL DEPARTMENT

WILLIS L. LEA, JR.

GENERAL ATTORNEY

A. S. GRENIER  
QUILMAN B. DAVIS  
R. M. MARTIN, JR.  
CLYDE L. DAVIS

May 25, 1950

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

Gentlemen:

For your information there are enclosed  
herewith two copies of a revised Exhibit B  
to the Hope Unit Agreement, I-Sec. No. 556.

Yours very truly,



RMM:gw

Encl.

cc - Commissioner of Public Lands  
Santa Fe, New Mexico

cc - United States Geological Survey  
Roswell, New Mexico

SOUTHERN UNION GAS COMPANY

May 25, 1950

Mr. Foster Morrell  
United States Geological Survey  
Roswell, New Mexico

Dear Mr. Morrell:

In further reply to your letter of May 1, 1950, there are enclosed herewith ten copies of the revised Exhibit B, relating to the Hope Unit Agreement, I-Sec. No. 556. Since the Unit Agreement specifies that "not less than six copies" shall be submitted, this number will probably be sufficient; however, additional copies are available and if you have need for more, please advise.

Copies of the revised Exhibit B are also being transmitted to the Commissioner of Public Lands of the State of New Mexico and to the Oil Conservation Commission of the State of New Mexico.

I trust that this will complete the requirements of your letter of May 1, 1950.

Very truly yours,



WCM:gw

Encl.

cc - Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico

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

COPY

SOUTHERN UNION GAS COMPANY

May 26, 1950

Commissioner of Public Lands  
State Land Office  
Santa Fe, New Mexico

Dear Sir:

There are enclosed herewith ten copies of the revised Exhibit B to the Hope Unit Agreement, I-Sec. No. 556, prepared in accordance with the request of Mr. Morrell of the U. S. Geological Survey. Copies are being sent to the U. S. Geological Survey in Roswell, as required by the Unit Agreement, and also information copies are being sent to the Oil Conservation Commission.

Very truly yours,



RMM:gw

Encl.

cc - United States Geological Survey  
Roswell, New Mexico

cc - Oil Conservation Commission ✓  
Santa Fe, New Mexico

Exhibit showing ownership of oil and gas interests  
in the Hope Unit Area, insofar as known to the  
Unit Operator. (Revised to May 1, 1950)

Federal Lands

<u>Serial No.</u>	<u>Lessee</u>	<u>T. 18 S., R. 23 E., N.M.P.M.</u>	<u>Overriding Royalty</u>
L.C.062859	Wm. S. McWhorter	Sec. 13: $W\frac{1}{2}NE\frac{1}{4}$ ; $SE\frac{1}{4}NW\frac{1}{4}$	
L.C.062226	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation	Sec. 15: $W\frac{1}{2}SE\frac{1}{4}$	(Annie L. Elliott and Elmer E. Elliott, 1%; (L. E. Elliott and Edna M. Elliott, 1/2%; (Sunshine Royalty Company, 1 1/2%.
		Sec. 13: $S\frac{1}{2}$ ; $E\frac{1}{2}NE\frac{1}{4}$	(Annie L. Elliott and Elmer E. Elliott, 1%;
		Sec. 14: $E\frac{1}{2}SE\frac{1}{4}$	(Sunshine Royalty Company, 2%.
		Sec. 24: All	
		Sec. 25: All	
L.C.062770	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation	Sec. 15: $SE\frac{1}{4}SW\frac{1}{4}$	(Mary E. Orton and Charles M. Orton, 1%;
		Sec. 23: $W\frac{1}{2}$ ; $W\frac{1}{2}E\frac{1}{2}$ ; $NE\frac{1}{4}SE\frac{1}{4}$ ; $SE\frac{1}{4}NE\frac{1}{4}$	(L. E. Elliott and Edna M. Elliott, 1/2%; (Sunshine Royalty Company, 1 1/2%.
		Sec. 15: $SW\frac{1}{4}NW\frac{1}{4}$ ; $W\frac{1}{2}SW\frac{1}{4}$	(Mary E. Orton and Charles M. Orton, 1%;
		Sec. 23: $NE\frac{1}{4}NE\frac{1}{4}$ ; $SE\frac{1}{4}SE\frac{1}{4}$	(Sunshine Royalty Company, 2%.
		Sec. 26: All	
L.C.062230	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation	Sec. 22: $NE\frac{1}{4}$ ; $E\frac{1}{2}SE\frac{1}{4}$	(Gertrude L. Parcell and Charlie W. Parcell, 1%; (L. E. Elliott and Edna M. Elliott, 1/2%; (Sunshine Royalty Company, 1 1/2%.
		Sec. 22: $W\frac{1}{2}$ ; $W\frac{1}{2}SE\frac{1}{4}$	(Gertrude L. Parcell and Charlie W. Parcell, 1%;
		Sec. 27: $N\frac{1}{2}$	(Sunshine Royalty Company, 2%.
		Sec. 34: $S\frac{1}{2}$	
L.C.067508	B. M. Kechane	Sec. 27: $S\frac{1}{2}$	
		Sec. 34: $N\frac{1}{2}$	
<u>T. 19 S., R. 23 E., N.M.P.M.</u>			
N.M.0510	Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 18 S., R. 24 E.)	Sec. 1: $SW\frac{1}{4}$ ; $W\frac{1}{2}SE\frac{1}{4}$	(Joe M. Simmons and Eloise Simmons, 1%;
		Sec. 2: Lots 3,4; $S\frac{1}{2}NW\frac{1}{4}$ ; $S\frac{1}{2}$ (480.00 ac.)	(Sunshine Royalty Company, 2%.
		Sec. 3: Lots 1,2,3,4; $S\frac{1}{2}NW\frac{1}{4}$ ; $S\frac{1}{2}$ (640.48 ac.)	
L.C.062206	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 18 S., R. 24 E.)	Sec. 1: Lots 1,2,3,4; $S\frac{1}{2}NW\frac{1}{4}$ ; $E\frac{1}{2}SE\frac{1}{4}$ (400.22 ac.)	(Ora R. Hall, Jr. and Edna Ione Hall, 1%; (Sunshine Royalty Company, 2%.

T. 18 S., R. 24 E., N.M.P.M.

N.M.0510	Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 19 S., R. 23 E.)	Sec. 18: $N\frac{1}{2}SE\frac{1}{4}$ Sec. 20: $NW\frac{1}{4}$	(Joe M. Simmons and (Eloise Simmons, 1%; (Sunshine Royalty Company, 2%.
L.C.062206	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 19 S., R. 23 E.)	Sec. 19: Lots 3,4; $E\frac{1}{2}SW\frac{1}{4}$ (160.35ac) Sec. 29: $SW\frac{1}{4}$ Sec. 30: All (641.60 ac.) Sec. 31: All (645.08 ac.) Sec. 33: $W\frac{1}{2}$ ; $SE\frac{1}{4}$	(Ora R. Hall and Edna (Ione Hall, 1%; (Sunshine Royalty Company, 2%.
L.C.062340	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 19 S., R. 24 E.)	Sec. 20: $W\frac{1}{2}E\frac{1}{2}$	(Eloise S. Simmons and (Joe M. Simmons, 1%; (Sunshine Royalty Company, 2%.
L.C.062852	A. J. Barnes	Sec. 17: $N\frac{1}{2}SW\frac{1}{4}$	
L.C.062706	Francis Nix	Sec. 20: $NE\frac{1}{4}SW\frac{1}{4}$	

T. 19 S., R. 24 E., N.M.P.M.

L.C.062340	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 18 S., R. 24 E.)	Sec. 4: All (639.88 ac.) Sec. 5: All (641.88 ac.) Sec. 6: All (645.84 ac.)	(Eloise S. Simmons and (Joe M. Simmons, 1%; (Sunshine Royalty Company, 2%.
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NOTE: All tracts are regular unless otherwise indicated.

\*Approvals of assignments pending.

STATE LANDS

State Lease	Lessee	T. 18 S., R. 23 E., N.M.P.M.	Overriding Royalty
B-7936-4	SUGCo., Mag., D.O.C.	Sec. 36: NW <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	G. C. Parker 5%
B-9280-36	SUGCo., Mag., D.O.C.	Sec. 36: NE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	Geo. R. Hollington 3%
B-8694	Helen M. Brewer	Sec. 36: NW <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
E-743	Barnsdall Oil Company	Sec. 36: NE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
B-9058	Tulsa Oil & Mineral Co.	Sec. 36: SW <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	
B-11325	Richfield Oil Corp.	Sec. 36: SE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub> ; SE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
B-9245	De Kalb Agricultural Association, Inc.	Sec. 36: SW <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
B-10335	Abel Johnson	Sec. 36: SE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
B-8126-13	SUGCo., Mag., D.O.C.	Sec. 36: NW <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub>	Fay Ferris 3%
B-8832	Belle Morse Sutton	Sec. 36: NE <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub>	
B-9426-37	SUGCo., Mag., D.O.C.	Sec. 36: NW <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	Katharine R. Holmes 3%
B-8832	Belle Morse Sutton	Sec. 36: NE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
B-10102	Intercoast Pet. Corp.	Sec. 36: S <sup>1</sup> / <sub>2</sub> SW <sup>1</sup> / <sub>4</sub> ; SW <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
T. 18 S., R. 24 E., N.M.P.M.			
B-9667-30	SUGCo., Mag., D.O.C.	Sec. 17: N <sup>1</sup> / <sub>2</sub> NW <sup>1</sup> / <sub>4</sub>	
B-8728-38	SUGCo., Mag., D.O.C.	Sec. 17: NW <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub> ; SW <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	Victor Bryan Light 3%
B-8903-23	SUGCo., Mag., D.O.C.	Sec. 17: NE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	George P. Holman 3%
B-8903-24	SUGCo., Mag., D.O.C.	Sec. 17: NE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	Alice E. West 3%
B-1245	SUGCo., Mag., D.O.C.	Sec. 17: SE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	
B-11643	Richfield Oil Corp.	Sec. 17: SW <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
B-11643	SUGCo., Mag., D.O.C.	Sec. 19: NE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
B-8903-22	SUGCo., Mag., D.O.C.	Sec. 17: SE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	Alice G. Spanton 3%
B-9280	De Kalb Agricultural Association, Inc.	Sec. 17: NW <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
B-11109-28	SUGCo., Mag., D.O.C.	Sec. 17: SW <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub>	Charles L. Butterfield 5%
E-571-2	SUGCo., Mag., D.O.C.	Sec. 17: SE <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub>	
	SUGCo., Mag., D.O.C.	Sec. 18: NW <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub> (39.76 ac.)	
	SUGCo., Mag., D.O.C.	Sec. 18: SW <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub> (39.88 ac.)	
	SUGCo., Mag., D.O.C.	Sec. 19: SE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
	SUGCo., Mag., D.O.C.	Sec. 20: NE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
	SUGCo., Mag., D.O.C.	Sec. 32: N <sup>1</sup> / <sub>2</sub> NW <sup>1</sup> / <sub>4</sub>	
	SUGCo., Mag., D.O.C.	Sec. 32: NE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
B-7656	Vida M. Heelan	Sec. 17: S <sup>1</sup> / <sub>2</sub> SE <sup>1</sup> / <sub>4</sub>	
B-8630-24	SUGCo., Mag., D.O.C.	Sec. 18: NE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	Charles Dailey 5%
B-11325	Richfield Oil Corp.	Sec. 18: NW <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
	Richfield Oil Corp.	Sec. 29: SE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	
	Richfield Oil Corp.	Sec. 29: SW <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
B-10672	William Mueller	Sec. 18: NE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
B-10327	David L. Stewart	Sec. 18: SW <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub> (39.80 ac.)	
E-1245-2	SUGCo., Mag., D.O.C.	Sec. 18: SE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	
	SUGCo., Mag., D.O.C.	Sec. 18: SE <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub>	
	SUGCo., Mag., D.O.C.	Sec. 18: SW <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	
	SUGCo., Mag., D.O.C.	Sec. 20: SE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub> ; NW <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub>	
B-11116-28	SUGCo., Mag., D.O.C.	Sec. 18: S <sup>1</sup> / <sub>2</sub> NE <sup>1</sup> / <sub>4</sub>	Lilla Bond Markel 3%
B-9798-28	SUGCo., Mag., D.O.C.	Sec. 18: NW <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub> (39.84 ac.)	Roy G. Barton 3%
B-8903-21	SUGCo., Mag., D.O.C.	Sec. 18: NE <sup>1</sup> / <sub>4</sub> SW <sup>1</sup> / <sub>4</sub>	Dora I. May 3%
B-7650-3	SUGCo., Mag., D.O.C.	Sec. 18: SE <sup>1</sup> / <sub>4</sub> SE <sup>1</sup> / <sub>4</sub>	Est. of Guy A. Gowen 3%
B-8755-42	SUGCo., Mag., D.O.C.	Sec. 19: NW <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub> (39.94 ac.)	Banj. D. Luchini 3%
B-10064-9	SUGCo., Mag., D.O.C.	Sec. 19: NE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	
B-9845-24	SUGCo., Mag., D.O.C.	Sec. 19: NW <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	Edward O'Neil 3%
B-11106-50	SUGCo., Mag., D.O.C.	Sec. 19: SW <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub> (40.03 ac.)	Harry W. Crouch 5%
B-10899	Rose F. Wilson	Sec. 19: SE <sup>1</sup> / <sub>4</sub> NW <sup>1</sup> / <sub>4</sub>	
E-1390-1	SUGCo., Mag., D.O.C.	Sec. 19: SW <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	
B-7623-48	SUGCo., Mag., D.O.C.	Sec. 19: SE <sup>1</sup> / <sub>4</sub> NE <sup>1</sup> / <sub>4</sub>	(Keith E. Crouse (and L. E. Manseau 3%

<u>State Lease</u>	<u>Lessee</u>	<u>T. 18 S., R. 24 E., N.M.P.M.</u>	<u>Overriding Royalty</u>	
B-10255-35	SUGCo., Mag., D.O.C.	Sec. 19: NW-SE	Wm. C. Acton	5%
B-10255	Richfield Oil Corp.	Sec. 19: NE-SE		
B-10946	Richfield Oil Corp.	Sec. 19: SW-SW		
B-8828	L. L. Heinen	Sec. 20: NE-NE		
B-9933	Richfield Oil Corp.	Sec. 20: SW-SW		
B-9667-29	SUGCo., Mag., D.O.C.	Sec. 20: SE-SW	(Wm. C. Uphoff and (Louis C. Williams	5%
B-9667	Mrs. E. B. Winkler	Sec. 20: SE-SE		
B-9663	K. W. Hewitt and Sam Emerson	Sec. 29: NW-NW		
B-10190	Richfield Oil Corp.	Sec. 29: NE-NW		
B-10666-27	SUGCo., Mag., D.O.C.	Sec. 29: W-NE	(Len R. Ogden and (Jennie Ogden	5%
B-9845-2	SUGCo., Mag., D.O.C.	Sec. 29: NE-NE	Margaret K. Also- brook, et al	3%
B-9878-22	SUGCo., Mag., D.O.C.	Sec. 29: SW-NW	Elvira Ude	3%
B-9667-28	SUGCo., Mag., D.O.C.	Sec. 29: SE-NE	Mabel C. Kenney	5%
B-9545-20	SUGCo., Mag., D.O.C.	Sec. 29: NW-SE	(Abel Johnson and (Ziegner Swanson	3%
B-9093-22	SUGCo., Mag., D.O.C.	Sec. 29: SE-SE	Howard M. Wade	5%
B-11013	Richfield Oil Corp.	Sec. 32: NW-NE		
E-647-2	SUGCo., Mag., D.O.C.	Sec. 32: NE-NE		
B-10945-20	SUGCo., Mag., D.O.C.	Sec. 32: SW-NW	Harold S. Brown	3%
B-9413-20	SUGCo., Mag., D.O.C.	Sec. 32: SE-NW		
B-8328-14	SUGCo., Mag., D.O.C.	Sec. 32: SW-NE	Lucy A. Morris	3%
B-9884-19	SUGCo., Mag., D.O.C.	Sec. 32: SE-NE	C. M. Johnson	3%
B-8230-25	SUGCo., Mag., D.O.C.	Sec. 32: NW-SW	George P. Gibson	3%
B-9981-30	SUGCo., Mag., D.O.C.	Sec. 32: NE-SW		
B-10499	Frank J. Wissink	Sec. 32: NW-SE		

NOTE: All tracts are regular in area unless otherwise shown.

The interest of Southern Union Gas Company, Magnolia Petroleum Company and Delhi Oil Corporation in all cases where shown as joint owners of the leasehold estate is 7/16, 1/2 and 1/16, respectively.

The ownership of Southern Union Gas Company is by virtue of assignment from Southern Union Production Company. At the date of this revision the assignments from Southern Union Production Company to Southern Union Gas Company have been filed with the State Land Office, but approval thereof has not yet been received.

FREE LANDS

<u>Lessee</u>	<u>T. 18 S., R. 23 E., N.M.P.M.</u>	<u>Mineral and Royalty Owners</u>
Richfield Oil Corporation	Sec. 13: $\frac{1}{2}$ NE $\frac{1}{4}$ ; SW $\frac{1}{4}$	(Fred Gray (G. E. Self
Richfield Oil Corporation	Sec. 14: NW $\frac{1}{4}$	W. M. Coats
Richfield Oil Corporation	Sec. 14: $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 14: SW $\frac{1}{4}$	G. E. Self G. E. Self
Martin Yates, III	Sec. 14: SW $\frac{1}{4}$	F. B. Chambers
SUGCo., Mag., and D. O. C.	Sec. 14: $\frac{1}{2}$ SW $\frac{1}{4}$	J. S. Covert and Ruth K. Covert
SUGCo., Mag., and D. O. C.	Sec. 14: $\frac{1}{2}$ SW $\frac{1}{4}$	S. P. Johnson and Geraldine O. Johnson
Richfield Oil Corporation	Sec. 14: $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15: $\frac{1}{2}$ SW $\frac{1}{4}$	(Catherine Williams (Robert E. Williams (Elizabeth Ann Williams (M. W. Coll (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams
Richfield Oil Corporation	Sec. 15: NE $\frac{1}{4}$ ; NW $\frac{1}{4}$	(Viera Collier (Catherine Williams (M. W. Coll (Bruce K. Matlock (Marshall & Winston (Elizabeth Ann Williams (Robert E. Williams (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams
Richfield Oil Corporation	Sec. 15: $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 15: NE $\frac{1}{4}$ SW $\frac{1}{4}$	W. M. Coates W. M. Coates
<u>T. 18 S., R. 24 E., N.M.P.M.</u>		
Richfield Oil Corporation	Sec. 32: $\frac{1}{2}$ SW $\frac{1}{4}$	(Viera Collier (Catherine Williams (Robert E. Williams (Elizabeth Ann Williams (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams (M. W. Coll (Bruce K. Matlock
<u>T. 19 S., R. 23 E., N.M.P.M.</u>		
Richfield Oil Corporation	Sec. 2: NE $\frac{1}{4}$ (160.16 ac.)	(Viera Collier (Catherine Williams (M. W. Coll (Bruce K. Matlock (Elizabeth Ann Williams (Robert E. Williams (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams

NOTE: All tracts are regular in area unless otherwise shown.

Exhibit showing ownership of oil and gas interests  
in the Hope Unit Area, insofar as known to the  
Unit Operator. (Revised to May 1, 1950)

Federal Lands

Serial No.	Lessee	T. 18 S., R. 23 E., N.M.P.M.	Overriding Royalty
L.C.062859	Wm. S. McWhorter	Sec. 13: $W\frac{1}{2}NE\frac{1}{4}$ ; $SE\frac{1}{4}NW\frac{1}{4}$	
L.C.062226	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation	Sec. 15: $W\frac{1}{2}SE\frac{1}{4}$	(Annie L. Elliott and Elmer E. Elliott, 1%; (L. E. Elliott and Edna M. Elliott, 1/2%; (Sunshine Royalty Company, 1 1/2%.
		Sec. 13: $S\frac{1}{2}$ ; $E\frac{1}{2}NE\frac{1}{4}$	(Annie L. Elliott and Elmer E. Elliott, 1%;
		Sec. 14: $E\frac{1}{2}SE\frac{1}{4}$	(Sunshine Royalty Company, 2%.
		Sec. 24: All	
		Sec. 25: All	
L.C.062770	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation	Sec. 15: $SE\frac{1}{4}SW\frac{1}{4}$	(Mary E. Orton and Charles M. Orton, 1%;
		Sec. 23: $W\frac{1}{2}$ ; $W\frac{1}{2}E\frac{1}{4}$ ; $NE\frac{1}{4}SE\frac{1}{4}$ ; $SE\frac{1}{4}NE\frac{1}{4}$	(L. E. Elliott and Edna M. Elliott, 1/2%; (Sunshine Royalty Company, 1 1/2%.
		Sec. 15: $SW\frac{1}{4}NW\frac{1}{4}$ ; $W\frac{1}{2}SW\frac{1}{4}$	(Mary E. Orton and Charles M. Orton, 1%;
		Sec. 23: $NE\frac{1}{4}NE\frac{1}{4}$ ; $SE\frac{1}{4}SE\frac{1}{4}$	(Sunshine Royalty Company, 2%.
		Sec. 26: All	
L.C.062230	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation	Sec. 22: $NE\frac{1}{4}$ ; $E\frac{1}{2}SE\frac{1}{4}$	(Gertrude L. Parcell and Charlie W. Parcell, 1%; (L. E. Elliott and Edna M. Elliott, 1/2%; (Sunshine Royalty Company, 1 1/2%.
		Sec. 22: $W\frac{1}{2}$ ; $W\frac{1}{2}SE\frac{1}{4}$	(Gertrude L. Parcell and Charlie W. Parcell, 1%;
		Sec. 27: $N\frac{1}{2}$	(Sunshine Royalty Company, 2%.
		Sec. 34: $S\frac{1}{2}$	
L.C.067508	B. M. Keohane	Sec. 27: $S\frac{1}{2}$	
		Sec. 34: $N\frac{1}{2}$	
<u>T. 19 S., R. 23 E., N.M.P.M.</u>			
N.M.0510	Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 18 S., R. 24 E.)	Sec. 1: $SW\frac{1}{4}$ ; $W\frac{1}{2}SE\frac{1}{4}$	(Joe M. Simmons and Eloise Simmons, 1%;
		Sec. 2: Lots 3,4; $S\frac{1}{2}NW\frac{1}{4}$ ; $S\frac{1}{2}$ (480.00 ac.)	(Sunshine Royalty Company, 2%.
		Sec. 3: Lots 1,2,3,4; $S\frac{1}{2}NE\frac{1}{4}$ ; $S\frac{1}{2}$ (640.48 ac.)	
L.C.062206	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 18 S., R. 24 E.)	Sec. 1: Lots 1,2,3,4; $S\frac{1}{2}NE\frac{1}{4}$ ; $E\frac{1}{2}SE\frac{1}{4}$ (400.22 ac.)	(Ora R. Hall, Jr. and Edna Ione Hall, 1%; (Sunshine Royalty Company, 2%.

T. 18 S., R. 24 E., N.M.P.M.

N.M.0510	Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 19 S., R. 23 E.)	Sec. 18: $N\frac{1}{2}SE\frac{1}{4}$ Sec. 20: $NW\frac{1}{4}$	(Joe M. Simmons and (Eloise Simmons, 1%; (Sunshine Royalty Company, 2%.
L.C.062206	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 19 S., R. 23 E.)	Sec. 19: Lots 3,4; $E\frac{1}{2}SW\frac{1}{4}$ (160.35ac) Sec. 29: $SW\frac{1}{4}$ Sec. 30: All (641.60 ac.) Sec. 31: All (645.08 ac.) Sec. 33: $W\frac{1}{2}$ ; $SE\frac{1}{4}$	(Ora R. Hall and Edna (Ione Hall, 1%; (Sunshine Royalty Company, 2%.
L.C.062340	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 19 S., R. 24 E.)	Sec. 20: $W\frac{1}{2}E\frac{1}{2}$	(Eloise S. Simmons and (Joe M. Simmons, 1%; (Sunshine Royalty Company, 2%.
L.C.062852	A. J. Barnes	Sec. 17: $N\frac{1}{2}SW\frac{1}{4}$	
L.C.062706	Francis Nix	Sec. 20: $NE\frac{1}{4}SW\frac{1}{4}$	

T. 19 S., R. 24 E., N.M.P.M.

L.C.062340	*Southern Union Gas Company, Magnolia Petroleum Company, Delhi Oil Corporation (and see T. 18 S., R. 24 E.)	Sec. 4: All (639.88 ac.) Sec. 5: All (641.88 ac.) Sec. 6: All (645.84 ac.)	(Eloise S. Simmons and (Joe M. Simmons, 1%; (Sunshine Royalty Company, 2%.
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NOTE: All tracts are regular unless otherwise indicated.

\*Approvals of assignments pending.

STATE LANDS

<u>State Lease</u>	<u>Lessee</u>	<u>T. 18 S., R. 23 E., N.M.P.M.</u>	<u>Overriding Royalty</u>
B-7936-4	SUGCo., Mag., D.O.C.	Sec. 36: NW $\frac{1}{4}$ -NW $\frac{1}{4}$	G. C. Parker 5%
B-9280-36	SUGCo., Mag., D.O.C.	Sec. 36: NE $\frac{1}{4}$ -NW $\frac{1}{4}$	Geo. R. Hollington 3%
B-8694	Helen M. Brewer	Sec. 36: NW $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-743	Barnsdall Oil Company	Sec. 36: NE $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-9058	Fulsa Oil & Mineral Co.	Sec. 36: SW $\frac{1}{4}$ -NW $\frac{1}{4}$	
B-11325	Richfield Oil Corp.	Sec. 36: SE $\frac{1}{4}$ -NW $\frac{1}{4}$ ; SE $\frac{1}{4}$ -SE $\frac{1}{4}$	
B-9245	De Kalb Agricultural Association, Inc.	Sec. 36: SW $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-10335	Abel Johnson	Sec. 36: SE $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-8126-13	SUGCo., Mag., D.O.C.	Sec. 36: NW $\frac{1}{4}$ -SW $\frac{1}{4}$	Fay Ferris 3%
B-8832	Belle Morse Sutton	Sec. 36: NE $\frac{1}{4}$ -SW $\frac{1}{4}$	
B-9426-37	SUGCo., Mag., D.O.C.	Sec. 36: NW $\frac{1}{4}$ -SE $\frac{1}{4}$	Katharine R. Holmes 3%
B-8832	Belle Morse Sutton	Sec. 36: NE $\frac{1}{4}$ -SE $\frac{1}{4}$	
B-10102	Intercoast Pet. Corp.	Sec. 36: S $\frac{1}{2}$ -SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ -SE $\frac{1}{4}$	
<u>T. 18 S., R. 24 E., N.M.P.M.</u>			
B-9667-30	SUGCo., Mag., D.O.C.	Sec. 17: N $\frac{1}{2}$ -NW $\frac{1}{4}$	
B-8728-38	SUGCo., Mag., D.O.C.	Sec. 17: NW $\frac{1}{4}$ -NE $\frac{1}{4}$ ; SW $\frac{1}{4}$ -NW $\frac{1}{4}$	Victor Bryan Light 3%
B-8903-23	SUGCo., Mag., D.O.C.	Sec. 17: NE $\frac{1}{4}$ -NE $\frac{1}{4}$	George P. Holman 3%
B-8903-24	SUGCo., Mag., D.O.C.	Sec. 17: NE $\frac{1}{4}$ -SE $\frac{1}{4}$	Alice E. West 3%
B-1245	SUGCo., Mag., D.O.C.	Sec. 17: SE $\frac{1}{4}$ -NW $\frac{1}{4}$	
B-11643	Richfield Oil Corp.	Sec. 17: SW $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-11643	SUGCo., Mag., D.O.C.	Sec. 19: NE $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-8903-22	SUGCo., Mag., D.O.C.	Sec. 17: SE $\frac{1}{4}$ -NE $\frac{1}{4}$	Alice G. Spanton 3%
B-9280	De Kalb Agricultural Association, Inc.	Sec. 17: NW $\frac{1}{4}$ -SE $\frac{1}{4}$	
B-11109-23	SUGCo., Mag., D.O.C.	Sec. 17: SW $\frac{1}{4}$ -SW $\frac{1}{4}$	Charles L. Butterfield 5%
E-571-2	SUGCo., Mag., D.O.C.	Sec. 17: SE $\frac{1}{4}$ -SW $\frac{1}{4}$	
	SUGCo., Mag., D.O.C.	Sec. 18: NW $\frac{1}{4}$ -NW $\frac{1}{4}$ (39.76 ac.)	
	SUGCo., Mag., D.O.C.	Sec. 18: SW $\frac{1}{4}$ -SW $\frac{1}{4}$ (39.88 ac.)	
	SUGCo., Mag., D.O.C.	Sec. 19: SE $\frac{1}{4}$ -SE $\frac{1}{4}$	
	SUGCo., Mag., D.O.C.	Sec. 20: NE $\frac{1}{4}$ -SE $\frac{1}{4}$	
	SUGCo., Mag., D.O.C.	Sec. 32: N $\frac{1}{2}$ -NW $\frac{1}{4}$	
	SUGCo., Mag., D.O.C.	Sec. 32: NE $\frac{1}{4}$ -SE $\frac{1}{4}$	
B-7656	Vida M. Heelan	Sec. 17: S $\frac{1}{2}$ -SE $\frac{1}{4}$	
B-8630-24	SUGCo., Mag., D.O.C.	Sec. 18: NE $\frac{1}{4}$ -NW $\frac{1}{4}$	Charles Dailey 5%
B-11325	Richfield Oil Corp.	Sec. 18: NW $\frac{1}{4}$ -NE $\frac{1}{4}$	
	Richfield Oil Corp.	Sec. 29: SE $\frac{1}{4}$ -NW $\frac{1}{4}$	
	Richfield Oil Corp.	Sec. 29: SW $\frac{1}{4}$ -SE $\frac{1}{4}$	
B-10672	William Mueller	Sec. 18: NE $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-10327	David L. Stewart	Sec. 18: SW $\frac{1}{4}$ -NW $\frac{1}{4}$ (39.80 ac.)	
E-1245-2	SUGCo., Mag., D.O.C.	Sec. 18: SE $\frac{1}{4}$ -NW $\frac{1}{4}$	
	SUGCo., Mag., D.O.C.	Sec. 18: SE $\frac{1}{4}$ -SW $\frac{1}{4}$	
	SUGCo., Mag., D.O.C.	Sec. 18: SW $\frac{1}{4}$ -SE $\frac{1}{4}$	
	SUGCo., Mag., D.O.C.	Sec. 20: SE $\frac{1}{4}$ -NE $\frac{1}{4}$ ; NW $\frac{1}{4}$ -SW $\frac{1}{4}$	
B-11116-28	SUGCo., Mag., D.O.C.	Sec. 18: S $\frac{1}{2}$ -NE $\frac{1}{4}$	Lilla Bond Markel 3%
B-9798-28	SUGCo., Mag., D.O.C.	Sec. 18: NW $\frac{1}{4}$ -SE $\frac{1}{4}$ (39.84 ac.)	Roy G. Barton 3%
B-8903-21	SUGCo., Mag., D.O.C.	Sec. 18: NE $\frac{1}{4}$ -SW $\frac{1}{4}$	Dora I. May 3%
B-7650-3	SUGCo., Mag., D.O.C.	Sec. 18: NE $\frac{1}{4}$ -SE $\frac{1}{4}$	Est. of Guy A. Gowen 3%
B-8755-42	SUGCo., Mag., D.O.C.	Sec. 19: NW $\frac{1}{4}$ -NW $\frac{1}{4}$ (39.94 ac.)	Banj. D. Luchini 3%
B-10064-9	SUGCo., Mag., D.O.C.	Sec. 19: NE $\frac{1}{4}$ -NW $\frac{1}{4}$	
B-9845-24	SUGCo., Mag., D.O.C.	Sec. 19: NW $\frac{1}{4}$ -NE $\frac{1}{4}$	Edward O'Neil 3%
B-11106-50	SUGCo., Mag., D.O.C.	Sec. 19: SW $\frac{1}{4}$ -NW $\frac{1}{4}$ (40.03 ac.)	Harry W. Crouch 5%
B-10899	Rose F. Wilson	Sec. 19: SE $\frac{1}{4}$ -NW $\frac{1}{4}$	
E-1390-1	SUGCo., Mag., D.O.C.	Sec. 19: SW $\frac{1}{4}$ -NE $\frac{1}{4}$	
B-7623-48	SUGCo., Mag., D.O.C.	Sec. 19: SE $\frac{1}{4}$ -NE $\frac{1}{4}$	(Keith E. Crouse and L. E. Manseau 3%

<u>State Lease</u>	<u>Lessee</u>	<u>T. 18 S., R. 24 E., N.M.P.M.</u>	<u>Overriding Royalty</u>
B-10255-35	SUGCo., Mag., D.O.C.	Sec. 19: NW $\frac{1}{4}$ SE $\frac{1}{4}$	Wm. C. Acton 5%
B-10255	Richfield Oil Corp.	Sec. 19: NE $\frac{1}{4}$ SE $\frac{1}{4}$	
B-10946	Richfield Oil Corp.	Sec. 19: SW $\frac{1}{4}$ SE $\frac{1}{4}$	
B-8828	L. L. Heinen	Sec. 20: NE $\frac{1}{4}$ NE $\frac{1}{4}$	
B-9933	Richfield Oil Corp.	Sec. 20: SW $\frac{1}{4}$ SW $\frac{1}{4}$	
B-9667-29	SUGCo., Mag., D.O.C.	Sec. 20: SE $\frac{1}{4}$ SW $\frac{1}{4}$	(Wm. C. Uphoff and Louis C. Williams 5%
B-9667	Mrs. E. B. Winkler	Sec. 20: SE $\frac{1}{4}$ SE $\frac{1}{4}$	
B-9663	K. W. Hewitt and Sam Emerson	Sec. 29: NW $\frac{1}{4}$ NW $\frac{1}{4}$	
B-10190	Richfield Oil Corp.	Sec. 29: NE $\frac{1}{4}$ NW $\frac{1}{4}$	
B-10666-27	SUGCo., Mag., D.O.C.	Sec. 29: W $\frac{1}{2}$ NE $\frac{1}{4}$	(Len R. Ogden and Jennie Ogden 5%
B-9845-2	SUGCo., Mag., D.O.C.	Sec. 29: NE $\frac{1}{4}$ NE $\frac{1}{4}$	Margaret K. Also- brook, et al 3%
B-9878-22	SUGCo., Mag., D.O.C.	Sec. 29: SW $\frac{1}{4}$ NW $\frac{1}{4}$	Elvira Ude 3%
B-9667-28	SUGCo., Mag., D.O.C.	Sec. 29: SE $\frac{1}{4}$ NE $\frac{1}{4}$	Mabel C. Kenney 5%
B-9545-20	SUGCo., Mag., D.O.C.	Sec. 29: NW $\frac{1}{4}$ SE $\frac{1}{4}$	(Abel Johnson and Ziegner Swanson 3%
B-9093-22	SUGCo., Mag., D.O.C.	Sec. 29: SE $\frac{1}{4}$ SE $\frac{1}{4}$	Howard M. Wade 5%
B-11013	Richfield Oil Corp.	Sec. 32: NW $\frac{1}{4}$ NE $\frac{1}{4}$	
E-647-2	SUGCo., Mag., D.O.C.	Sec. 32: NE $\frac{1}{4}$ NE $\frac{1}{4}$	
B-10945-20	SUGCo., Mag., D.O.C.	Sec. 32: SW $\frac{1}{4}$ NW $\frac{1}{4}$	Harold S. Brown 3%
B-9413-20	SUGCo., Mag., D.O.C.	Sec. 32: SE $\frac{1}{4}$ NW $\frac{1}{4}$	
B-8328-14	SUGCo., Mag., D.O.C.	Sec. 32: SW $\frac{1}{4}$ NE $\frac{1}{4}$	Lucy A. Morris 3%
B-9884-19	SUGCo., Mag., D.O.C.	Sec. 32: SE $\frac{1}{4}$ NE $\frac{1}{4}$	C. M. Johnson 3%
B-8230-25	SUGCo., Mag., D.O.C.	Sec. 32: NW $\frac{1}{4}$ SW $\frac{1}{4}$	George P. Gibson 3%
B-9981-30	SUGCo., Mag., D.O.C.	Sec. 32: NE $\frac{1}{4}$ SW $\frac{1}{4}$	
B-10499	Frank J. Wissink	Sec. 32: NW $\frac{1}{4}$ SE $\frac{1}{4}$	

NOTE: All tracts are regular in area unless otherwise shown.

The interest of Southern Union Gas Company, Magnolia Petroleum Company and Delhi Oil Corporation in all cases where shown as joint owners of the leasehold estate is 7/16, 1/2 and 1/16, respectively.

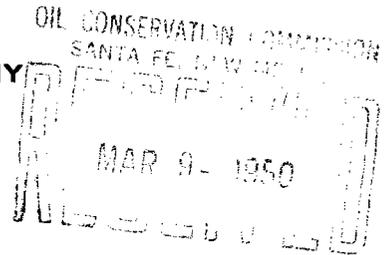
The ownership of Southern Union Gas Company is by virtue of assignment from Southern Union Production Company. At the date of this revision the assignments from Southern Union Production Company to Southern Union Gas Company have been filed with the State Land Office, but approval thereof has not yet been received.

HOE LANDS

<u>Lessee</u>	<u>T. 18 S., R. 21 E., N.M.P.M.</u>	<u>Mineral and Royalty Owners</u>
Richfield Oil Corporation	Sec. 13: $\frac{1}{2}$ SW $\frac{1}{4}$ ; S $\frac{1}{2}$ SW $\frac{1}{4}$	(Fred Gray (G. E. Self
Richfield Oil Corporation	Sec. 14: NE $\frac{1}{4}$	W. M. Coats
Richfield Oil Corporation	Sec. 14: NE $\frac{1}{4}$ Sec. 14: S $\frac{1}{2}$ SW $\frac{1}{4}$	G. E. Self G. E. Self
Martin Yates, III	Sec. 14: S $\frac{1}{2}$ SW $\frac{1}{4}$	F. B. Chambers
SUGCo., Mag., and D. O. C.	Sec. 14: W $\frac{1}{2}$ SE $\frac{1}{4}$	J. S. Covert and Ruth K. Covert
SUGCo., Mag., and D. O. C.	Sec. 14: E $\frac{1}{2}$ SW $\frac{1}{4}$	S. P. Johnson and Geraldine O. Johnson
Richfield Oil Corporation	Sec. 14: W $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 15: S $\frac{1}{2}$ SW $\frac{1}{4}$	(Catherine Williams (Robert E. Williams (Elizabeth Ann Williams (M. W. Coll (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams
Richfield Oil Corporation	Sec. 15: NE $\frac{1}{4}$ ; NW $\frac{1}{4}$ NW $\frac{1}{4}$	(Viera Collier (Catherine Williams (M. W. Coll (Bruce K. Matlock (Marshall & Winston (Elizabeth Ann Williams (Robert E. Williams (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams
Richfield Oil Corporation	Sec. 15: E $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 15: NE $\frac{1}{4}$ S $\frac{1}{2}$ SW $\frac{1}{4}$	W. M. Coates W. M. Coates
<u>T. 18 S., R. 24 E., N.M.P.M.</u>		
Richfield Oil Corporation	Sec. 32: S $\frac{1}{2}$ S $\frac{1}{2}$	(Viera Collier (Catherine Williams (Robert E. Williams (Elizabeth Ann Williams (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams (M. W. Coll (Bruce K. Matlock
<u>T. 19 S., R. 23 E., N.M.P.M.</u>		
Richfield Oil Corporation	Sec. 2: NE $\frac{1}{4}$ (160.16 ac.)	(Viera Collier (Catherine Williams (M. W. Coll (Bruce K. Matlock (Elizabeth Ann Williams (Robert E. Williams (Catherine Williams, guardian ( of Estates of John Finlay ( Williams and Barbara Jane ( Williams

NOTE: All tracts are regular in area unless otherwise shown.

SOUTHERN UNION PRODUCTION COMPANY  
BURT BUILDING  
DALLAS, TEXAS



March 7, 1950

Oil Conservation Commission of New Mexico  
Santa Fe, New Mexico

Gentlemen:

For your information, there is enclosed herewith a copy of a Supplemental Agreement, dated as of June 21, 1949, modifying the Hope Unit Agreement, designated I-Sec. No. 556. This instrument has been executed by the various owners of oil and gas interests within the unit area for the purpose of complying with the Treasury Decision known as I.T. 3930, in order to avoid the treatment of the unit operation as an association taxable as a corporation.

Also enclosed herewith is a list of the names and addresses of the various owners of presently existing oil and gas interests in the area whose interests are committed to the Unit Agreement. The signatures of all of these parties have been secured on counterparts identical to the one enclosed.

Signed counterparts of the Supplemental Agreement have been furnished to the Director of the United States Geological Survey and to the Commissioner of Public Lands of the State of New Mexico for their approval in accordance with the terms of the Unit Agreement.

Yours very truly,



R. M. Martin, Jr.  
Legal Department

RMM:FG  
Encl.

<u>Name</u>	<u>Address</u>
Southern Union Production Company (Unit Operator and Working Interest Owner)	Burt Building Dallas 1, Texas
Magnolia Petroleum Company	Magnolia Building Dallas, Texas
Delhi Oil Corporation	1315 Pacific Dallas, Texas
Mrs. Mabel C. Kenney and her husband, Clarence Kenney	504 Hemlock-Milbrae Highlands Milbrae, California
William Mueller and Anna Mueller, his wife	134 Harding Avenue Clifton, New Jersey
Victor Bryan Light and Pearl R. Light, his wife	1840 Ripple Street Los Angeles 26, California
Howard M. Wade and Rosalie T. Wade, his wife	c/o Wade Manufacturing Company, Charlotte, North Carolina
Wm. S. McWhorter and Edith D. McWhorter, his wife	22 Tracy Place Carlsbad, New Mexico
George R. Hollington and Marie E. Hollington, his wife	1247 Fifth Street Santa Monica, California
Annie L. Elliott and Elmer E. Elliott, her husband	Santa Maria, California
Charles Dailey, a single man	Box 385 Fort Dodge, Iowa
Harold S. Brown, a single man	1340 West 30th Street Los Angeles, California
Len R. Ogden and Jennie Ogden, his wife	309 South First Street Council Bluffs, Iowa
William C. Acton and Julia M. Acton, his wife	106 Calhoun Street Marysville, Kansas
Benjamin D. Luchini and Margaret W. Luchini, his wife	P. O. Box 1301 Albuquerque, New Mexico
Edward O'Neil and Bessie O'Neil, his wife	Eckerman, Michigan

<u>Name</u>	<u>Address</u>
Alice E. West	2017 - 15th Street Sacramento, California
B. M. Keohane and Margie T. Keohane, his wife	Box 522 Roswell, New Mexico
C. M. Johnson and Edna E. Johnson, his wife	620 North Tyler Street Dallas, Texas
Harry W. Crouch and Eleanor Crouch, his wife	1010 $\frac{1}{2}$ First Avenue, South Fort Dodge, Iowa
Roy G. Barton and Opal Barton, his wife	401 E. Broadway Hobbs, New Mexico
George P. Gibson, a single man	1113 North Marengo Avenue Pasadena 3, California
L. E. Elliott and Edna M. Elliott, his wife	Box 147, Roswell, New Mexico
Sunshine Royalty Company	Box 147, Roswell, New Mexico
Gertrude L. Parcell and Charlie W. Parcell	Box 1415 Santa Fe, New Mexico
Mary E. Orton and Chas. M. Orton	411 So. Mesa Street Carlsbad, New Mexico
Ora R. Hall, Jr. and Edna Ione Hall	Santa Fe, New Mexico

ACKNOWLEDGMENT

STATE OF NEW MEXICO    §  
                                  §    SS  
COUNTY OF \_\_\_\_\_ §

On this \_\_\_\_\_ day of \_\_\_\_\_, 1950, before me personally appeared \_\_\_\_\_, to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

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

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_  
County, New Mexico

My Commission Expires \_\_\_\_\_

CORPORATION ACKNOWLEDGMENT

STATE OF NEW MEXICO    §  
                                  §    SS  
COUNTY OF \_\_\_\_\_ §

On this \_\_\_\_\_ day of \_\_\_\_\_, 1950, before me appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn did say that he is the \_\_\_\_\_ President of \_\_\_\_\_ 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 the free act and deed of said corporation.

IN WITNESS WHEREOF, I have set my hand and seal of office on this \_\_\_\_\_ day of \_\_\_\_\_ 1950.

\_\_\_\_\_  
Notary Public in and for  
\_\_\_\_\_  
County, New Mexico

My Commission Expires \_\_\_\_\_

SUPPLEMENTAL AGREEMENT  
to  
UNIT AGREEMENT

FOR THE DEVELOPMENT AND OPERATION OF THE HOPE UNIT AREA  
EDDY COUNTY, STATE OF NEW MEXICO

I-Sec. No. 556

THIS AGREEMENT, entered into as of the 21st day of June, 1949, by and between the parties subscribing, ratifying and consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

WHEREAS, under date of November 28, 1947, the parties hereto or their predecessors in interest entered into or consented by separate instrument to the Unit Agreement for the Development and Operation of the Hope Unit Area, Eddy County, New Mexico, wherein Southern Union Production Company was designated unit operator; and

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

WHEREAS, the parties hereto desire to amend and supplement the said Hope Unit Agreement in certain respects;

NOW THEREFORE, in consideration of the premises and the promises herein contained the parties hereto agree severally among themselves as follows:

Notwithstanding any provision to the contrary in Section 7, or any other Section, of the Hope Unit Agreement, all parties hereto hereby agree that each and every one of the owners of the working interests in lands unitized under the agreement shall have (1) the right to take in kind that proportionate share of the unitized substances which is allocated or allocable to his working interest in accordance with the provisions of the agreement, (2) the right to personally sell such proportionate share, and (3) the right to revoke at will any authorization in the Hope Unit Agreement empowering a representative (or representatives) to sell his proportionate share of the unitized substances if that representative (or representatives) is authorized to sell the share of more than one owner. An owner who also acts in a representative capacity shall be regarded as being "authorized to sell the shares of more than one owner," as the phrase is used in the foregoing sentence, if he also sells or directs the sale of any part of his own share.

IN WITNESS WHEREOF, each of the parties hereto has caused this supplemental agreement to be executed so as to be binding (without regard to execution or not by other parties hereto) upon himself and his heirs, personal representatives, successors and assigns (all of whom are included within the term "parties hereto"), and has set opposite his name the date of such execution.

DATE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

DATE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

DATE: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

May 13, 1950

Commissioner of Public Lands of the State of New Mexico  
Santa Fe, New Mexico

In re: Hope Area Unit Agreement, Eddy County, New Mexico, I-Sec. No. 556;  
Application of Unit Operator, Southern Union Gas Company, for extension of time within which to conduct further exploratory drilling pursuant to Section 8 of the Unit Agreement.

Dear Sir:

Reference is made to the Hope Unit Agreement dated as of November 28, 1947, providing for the development and operation of the Hope Unit Area in Eddy County, New Mexico. Section 8 of the Unit Agreement provides in substance that until paying production of unitized substances is obtained the undersigned, as Unit Operator, shall continue drilling one well at a time, allowing not more than six months between the completion of one well and the beginning of the next. Section 8 also provides that the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico concurring may modify said drilling requirement by granting reasonable extensions of time when, in their opinion, such action is warranted.

Southern Union Production Company, as Unit Operator, diligently prosecuted the drilling of a first test well on the Unit Area located in the SW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 24, Township 18 South, Range 23 East, N.M.P.M. Drilling of this well was concluded on May 13, 1948, at a depth of approximately 9885 feet because the well had reached at that depth igneous or metamorphic formations which renders further drilling impractical. No commercial production of oil or gas having been encountered, this well was plugged and abandoned.

Additional time is needed under Section 8 because Magnolia Petroleum Company, which is the owner of approximately one-half of the working interest committed to the Hope Unit Agreement, has not yet completed the present seismic work, which indicates a need for additional sub-surface geological mapping and sub-surface correlation.

Under these circumstances the undersigned, Unit Operator, requests that the date within which the drilling of a second test well under the Hope

Unit Agreement is required to be commenced be postponed and extended for a period of six months from May 13, 1950, to November 13, 1950. A similar request for extension of time pursuant to Section 8 of the Unit Agreement is being filed with the Director of United States Geological Survey, and upon receipt of his definitive action a copy of the pertinent decision will be supplied for your records.

If additional information is needed in connection with this application, the undersigned, Unit Operator, will be glad to furnish it upon receipt of your request.

Your prompt consideration and advice will be appreciated.

Respectfully submitted,

SOUTHERN UNION GAS COMPANY

By  Vice President

UNIT OPERATOR

September 10, 1948

Commissioner of Public Lands  
of the State of New Mexico  
Santa Fe, New Mexico

In re: Hope Area Unit Agreement, Eddy County, New Mexico, I-Sec No. 556;  
Application of Unit Operator, Southern Union Production Company,  
for Extension of Time in Which to Conduct Further Exploratory  
Drilling Pursuant to Section 8 of the Unit Agreement.

Dear Sir:

Reference is made to the Hope Unit Agreement dated as of November 28, 1947, providing for the development and operation of the Hope Unit Area in Eddy County, New Mexico. Section 8 of the Unit Agreement provides in substance that until paying production of unitized substances is obtained the undersigned, as Unit Operator, shall continue drilling one well at a time, allowing not more than six months between the completion of one well and the beginning of the next. Section 8 also provides that the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico concurring may modify said drilling requirement by granting reasonable extensions of time when, in their opinion, such action is warranted.

Southern Union Production Company, as Unit Operator, diligently prosecuted the drilling of a first test well on the Unit Area located in the SW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 24, Township 18 South, Range 23 East, N.M.P.M. Drilling of this well was concluded on May 13, 1948, at a depth of approximately 9885 feet because the well had reached at that depth igneous or metamorphic formations which renders further drilling impractical. No commercial production of oil or gas having been encountered, this well was plugged and abandoned.

Prior to any further drilling activity, it will be necessary for the Unit Operator to engage in additional geophysical work and in analysis of data from wells drilled and/or drilling in the general area in an effort to determine whether the drilling of an additional test well on the Unit Area is justified economically or otherwise; and, if justified, in an effort to determine where upon the Unit Area such well should be most advantageously located. Among pertinent circumstances in this connection is the early prospect for an additional test well to be drilled in the general area under

the Foster Unit Agreement, the unit area of which is reported to lie within a reasonable distance south of the Hope Unit Area.

Under these circumstances the undersigned, Unit Operator, requests that the date within which the drilling of a second test well under the Hope Unit Agreement is required to be commenced be postponed and extended for a period of six months from November 13, 1943, to May 13, 1949.

A similar application for extension of time pursuant to Section 8 of the Unit Agreement is being concurrently filed with the Director of the United States Geological Survey. As we are required to submit to the Department of the Interior, in due course, a copy of the Commissioner's decision in connection with this extension, we will appreciate your early advice.

Respectfully submitted,

SOUTHERN UNION PRODUCTION COMPANY

By   
Vice President

UNIT OPERATOR