

EXHIBIT "B"

PARTICIPATION - INITIAL PARTICIPATING AREA FOR THE PENNSYLVANIAN MORROW FORMATION, HUAPACHE UNIT,
CONSISTING OF ALL SECTION 10, T-23-S, R-22-E, CONTAINING 640 ACRES, EDDY COUNTY, NEW MEXICO.

| Tract No. | Participating Acreage | Participating Acreage | Lease Serial No. and Lessee of Record | Participation by Percentages | | Area |
|-----------|---|-----------------------|---------------------------------------|---|---|--|
| | | | | Ownership | Tract | |
| 8. | T-23-S, R-22-E Sec. 10: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ | 400 | LC-066097 Humble Oil & Ref. Co. | U.S.A. Humble Oil & Ref. Co. Burl Steward and Trecie Steward | .125000 .845000 \$750.00 per acre payable out of 3% 1.000000 | .078125 .528125 .018750 .625000 |
| 20. | T-23-S, R-22-E Sec. 10: W $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ | 240 | NM-06478 Humble Oil & Ref. Co. | U.S.A. Humble Oil & Ref. Co. Lucile Parker | .125000 .845000 \$750.00 per acre payable out of 3% 1.000000 | .046875 .316875 .011250 .375000 |

RECAPITULATION

| Tract No. | Participating Acreage | Percentage of Participation |
|-----------|-----------------------|-----------------------------|
| 8 | 400 | .625000 |
| 20 | 240 | .375000 |
| 2 tracts | 640 | 1.000000 |

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Y

749

MAIN OFFICE OCC

September 27, 1963

1963 SEP 28 PM 4:35

In re: Initial Participating Area
Pennsylvanian Morrow Formation
Huapache Unit
Eddy County, New Mexico

Commissioner of Public Lands
P. O. Box 781
Santa Fe, New Mexico

Attention: Mrs. Marion K. Shea
Supervisor, Unit Division

Dear Sir:

In connection with the above caption, we wish to advise that our application for approval of the Initial Participating Area for the Pennsylvanian Morrow Formation was approved by the Executive Secretary, New Mexico Oil Conservation Commission on August 7, 1963, and by the Acting Director of the United States Geological Survey on September 18, 1963, effective as of May 21, 1963. Attached hereto is a copy of the second page of said application showing the approval of all three governmental agencies.

If you should have any questions regarding this matter or if we may be of further assistance, please let us know.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

By:

John S. Cron

JSC:am
Encl.

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

MAIN OFFICE 000

Drawer 1857

1963 SEP 27 AM 8:14 Roswell, New Mexico 88201

September 24, 1963

Humble Oil & Refining Company
P. O. Box 1597
Roswell, New Mexico

Attention: John S. Cron

Gentleman:

Your application of July 15, 1963, for the initial Pennsylvanian Morrow participating area, Huapachic unit agreement, No. 14-08-001-1668, New Mexico, was approved on September 18, 1963, by the Acting Director, Geological Survey, effective as of May 21, 1963.

Enclosed are five copies of the approved application. It is assumed that you will furnish all interested parties with appropriate evidence of the approval.

Sincerely yours,

10/2/63

CARL C. TRAYWICK
Acting Oil & Gas Supervisor

cc:
Washington (ltr. only)
Artesia (w/cy appd. appln.)
BLM - Santa Fe (w/cy appd. appln.)
KMOCC - Santa Fe (ltr. only)
Com. Pub. Lands - Santa Fe (ltr. only)
Accounts

The proposed initial participating area is predicated upon the knowledge and information obtained from the completion of the following well capable of producing gas in paying quantities under the terms of the unit agreement, to-wit:

The Huapache No. 10 well, located 1980 feet from the north and west lines of Section 10, T-23-S, R-22-E, which was completed May 21, 1963, as a discovery well capable of producing gas from the Pennsylvanian Morrow formation at a depth from 9930 feet to 9942 feet with an initial potential of 5.7 MMCF gas per day plus 6 BW. This well is now shut in as at this time there is no available market for gas in this area.

Unit Operator respectfully requests the Commissioner of Public Lands, State of New Mexico, Oil Conservation Commission, State of New Mexico, the Director of the United States Geological Survey, approve this schedule of acreage to constitute the initial Pennsylvanian Morrow participating area to be effective as of May 21, 1963, the date of completion of the Huapache Unit No. 10 Well.

Dated this 15th day of July, 1963.

HUMBLE OIL & REFINING COMPANY

By [Signature]
Agent And Attorney-in-Fact
UNIT OPERATOR

| APPROVED | |
|----------|----|
| Desc. | BC |
| Acreage | BC |
| Int. | BC |
| Form | BC |
| Trade | BC |

Date Approved July 30, 1963
[Signature]
Commissioner of Public Lands

Date Approved Aug 7, 1963
[Signature]
Executive Secretary
New Mexico Oil Conservation Commission

Date Approved SEP 18 1963
[Signature]
Acting Director
United States Geological Survey

MAIN OFFICE OCC
1963 SEP 25 PM 4:35

RECEIVED
SEP 23 1963
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO