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5-2-58

AMENDMENT TO UNIT AGREEMENT FOR THE DEVELOPMENT  
AND OPERATION OF THE NOVEMBER STATE UNIT IN  
LEA COUNTY, NEW MEXICO

WHEREAS, as of the 28th day of March, 1958, the undersigned parties hereto entered into a Unit Agreement for the development and operation of the November State Unit area embracing the following described land situated in Lea County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN  
LEA COUNTY, NEW MEXICO - TOWNSHIPS  
10 AND 11 SOUTH - RANGES 37 AND 38 EAST

Section 31-10S-38E:      W/2 W/2  
Section 36-10S-37E:      E/2, N/2 NW/4, SE/4 NW/4, E/2 SW/4  
Section 4-11S-38E:      Lots 1, 2, 3, 4; N/2 SW/4, N/2 SE/4

Containing 913.36 acres, more or less; and

WHEREAS, said Unit Agreement was approved by the Commissioner of Public Lands of the State of New Mexico as to form and context on the 30th day of April, 1958 subject to the execution of the hereinafter described amendments; and

WHEREAS, the undersigned parties to said Unit Agreement, with the approval and consent of the Commissioner of Public Lands of the State of New Mexico, are desirous of amending said Unit Agreement in the particulars hereinafter set forth.

NOW THEREFORE, it is mutually agreed by and between the undersigned parties, and being all of the parties to the original Unit Agreement above referred to, with the consent and approval of the Commissioner of Public Lands of the State of New Mexico, that said Unit Agreement be and the same is hereby amended as follows:

1. That the following paragraph be substituted for Section 8 (Drilling To Discovery) of the said Unit Agreement so that hereafter said Section 8 (Drilling To Discovery) shall be and read as follows:

"8. DRILLING TO DISCOVERY: The Unit Operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, the Unit Operator shall not, in any event, be required to drill said well to a depth in excess of 12,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit), Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonable proven to the satisfaction of the Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee and lessor at their last known addresses, declare this Unit Agreement terminated, and all rights, privileges and obligations granted and assumed by this Unit Agreement shall cease and terminate as of such date."

2. That an additional subparagraph be added to Section 12 (Payments of Rentals, Royalties and Overriding Royalties) of the said Unit Agreement, which subparagraph shall become the third subparagraph of said Section 12:

"All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases, and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto."

3. That the following paragraph be substituted for Section 15 (Drainage) of the said Unit Agreement so that hereafter such Section 15 (Drainage) shall be and read as follows:

"15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, Unit Operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances."

4. That said Unit Agreement, as hereinabove amended, is hereby ratified and confirmed as to all of the terms and provisions thereof.

5. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments in writing specifically referring hereto and shall be binding upon all of those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties having caused this agreement to be executed as of the respective date set forth opposite their signature.

ATTEST:

Richard J. Churchill  
Secretary

UNIT OPERATOR

DATE 5-23-58

NEVILLE G. PENROSE, INC.

BY J. M. [Signature]  
Vice-President

ATTEST:

G. A. Price  
Asst. Secretary G. A. PRICE

GULF OIL CORPORATION

BY M. S. [Signature]  
Attorney in Fact

DATE MAY 9 1958

Law	<u>WPK</u>
Compt.	
Exp.	<u>[Signature]</u>
Prod.	

ATTEST:

\_\_\_\_\_  
Secretary

DATE \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Asst. Secretary

DATE \_\_\_\_\_

ATTEST:

*Edwin M. Elliott*  
\_\_\_\_\_  
Secretary

DATE \_\_\_\_\_

ATTEST:

*Marion Koney*  
\_\_\_\_\_  
Asst. Secy.-Treas.

DATE *May 9, 1958*

\_\_\_\_\_  
Witness

DATE \_\_\_\_\_

\_\_\_\_\_  
Witness

AZTEC OIL & GAS COMPANY

BY \_\_\_\_\_  
Vice-President

AMERADA PETROLEUM COMPANY

BY \_\_\_\_\_  
President

SUNSHINE ROYALTY COMPANY

*Frank D. Cliff*  
BY \_\_\_\_\_  
Vice-President

LEONARD OIL COMPANY

*Robert Leonard*  
BY \_\_\_\_\_  
President

*J. L. Reed*  
\_\_\_\_\_  
J. L. REED

\_\_\_\_\_  
BERTHA L. EVANS

\_\_\_\_\_  
THOMAS W. EVANS

\_\_\_\_\_  
MARY E. EVANS

\_\_\_\_\_  
LORENE E. WHITLEY McClINTON LONGWELL

\_\_\_\_\_  
MEL LONGWELL

\_\_\_\_\_  
ODESSA M. WHITLEY

\_\_\_\_\_  
J. B. WHITLEY

\_\_\_\_\_  
VIRGIL G. FEATHER

TEST: Richard L. Davis  
Secretary

DATE MAY 12 1958

TEST: [Signature]  
Asst. Secretary

DATE May 6, 1958

TEST: \_\_\_\_\_  
Secretary

DATE \_\_\_\_\_

TEST: \_\_\_\_\_  
Asst. Secy.-Treas.

DATE \_\_\_\_\_

\_\_\_\_\_  
Witness

AZTEC OIL & GAS COMPANY

BY [Signature]  
Vice-President

43  
222

AMERADA PETROLEUM CORPORATION

BY [Signature]  
Vice President

APPROVE  
A. P. C.  
[Signature]

SUNSHINE ROYALTY COMPANY

BY \_\_\_\_\_  
Vice-President

LEONARD OIL COMPANY

BY \_\_\_\_\_  
President

\_\_\_\_\_  
J. L. REED

[Signature]  
BERTHA L. EVANS

[Signature]  
THOMAS W. EVANS

[Signature]  
MARY E. EVANS

LORENE E. WHITLEY McCLINTON LONGWELL

\_\_\_\_\_  
MEL LONGWELL

[Signature]  
ODESSA M. WHITLEY

[Signature]  
J. B. WHITLEY

[Signature]  
VIRGIL G. FEATHER

\_\_\_\_\_  
Witness

DATE \_\_\_\_\_

Thomas E Boyd  
THOMAS E. BOYD

Ruby Boyd  
RUBY BOYD

\_\_\_\_\_  
Witness

DATE \_\_\_\_\_

Mabel Field Greathouse  
MABEL FIELD GREATHOUSE

Lloyd Greathouse  
LLOYD GREATHOUSE

\_\_\_\_\_  
Witness

DATE \_\_\_\_\_

\_\_\_\_\_  
ANETA FIELD

\_\_\_\_\_  
Witness

DATE \_\_\_\_\_

Tyson Field  
TYSON FIELD

\_\_\_\_\_  
Witness

DATE \_\_\_\_\_

\_\_\_\_\_  
MATTIE E. FIELD

Mattie E. Field  
ROBERT K. FIELD

Robert K. Field  
SARAH JANE FIELD

Sarah Jane Field

THE STATE OF TEXAS }

COUNTY OF TARRANT }

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of MAY, 1958, by J. M. ZACHARY, Vice President of NEVILLE G. PENROSE, INC., a New Mexico Corporation, on behalf of said Corporation.

TRKELLIS ADAMS, Notary Public  
in and for Tarrant County, Texas  
My Commission Expires June 1, 1959

Trkellis Adams  
Notary Public in and for  
Tarrant County, Texas

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 9<sup>th</sup> day of MAY, 1958, by W. A. SHELLSHEAR, Attorney In Fact of GULF OIL CORPORATION, a Pennsylvania Corporation, on behalf of said Corporation.

L. B. Parker  
Notary Public in and for  
Chaves County, New Mexico

My Commission Expires Oct. 2, 1961

STATE OF TEXAS }

COUNTY OF DALLAS }

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of MAY, 1958, by VAN THOMPSON, Vice President of AZTEC OIL & GAS COMPANY, a Delaware Corporation, on behalf of said Corporation.

NAOMI D. LANGRAN  
Notary Public, Dallas County, Texas  
My commission expires June 1, 1959

Naomi D. Langran  
Notary Public in and for  
Dallas County, Texas

STATE OF OKLAHOMA }

COUNTY OF TULSA }

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of MAY, 1958, by ~~E. H. McCOLLOUGH~~ <sup>A. DENISON</sup>, President of AMERADA PETROLEUM CORPORATION, a Delaware Corporation, on behalf of said Corporation.

My commission expires January 13, 1962

Joseph Lawrence  
Notary Public in and for  
Tulsa County, Oklahoma

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of MAY, 1958, by FRANK O. ELLIOTT, Vice President of SUNSHINE ROYALTY COMPANY, a New Mexico Corporation, on behalf of said Corporation.

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

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of MAY, 1958, by ROBERT J. LEONARD, President of LEONARD OIL COMPANY, a New Mexico Corporation, on behalf of said Corporation.

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

STATE OF NEW MEXICO }

THE COUNTY OF LEA }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of MAY, 1958, by J. L. REED.

My Commission Expires:

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

STATE OF TEXAS }

COUNTY OF DALLAS }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of MAY, 1958, by VAN THOMPSON, Vice President of AZTEC OIL & GAS COMPANY, a Delaware Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public in and for  
Dallas County, Texas

STATE OF OKLAHOMA }

COUNTY OF TULSA }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of MAY, 1958, by E. H. McCOLLOUGH, President of AMERADA PETROLEUM CORPORATION, a Delaware Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public in and for  
Tulsa County, Oklahoma

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of MAY, 1958, by FRANK O. ELLIOTT, Vice President of SUNSHINE ROYALTY COMPANY, a New Mexico Corporation, on behalf of said Corporation.

My Commission Expires 12-20-59.

Maria Crane  
Notary Public in and for  
Chaves County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of MAY, 1958, by ROBERT J. LEONARD, President of LEONARD OIL COMPANY, a New Mexico Corporation, on behalf of said Corporation.

My Commission Expires 3-14-59

Robert J. Leonard  
Notary Public in and for  
Chaves County, New Mexico

STATE OF NEW MEXICO }

THE COUNTY OF LEA }

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of MAY, 1958, by J. L. REED.

My Commission Expires:  
12/30/59

Lynne Woodard  
Notary Public in and for  
Lea County, New Mexico

THE STATE OF TEXAS }

COUNTY OF LUBBOCK }

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of MAY, 1958, by BERTHA L. EVANS, a widow.

My Commission Expires:

5-31-59

M. Shelton

Notary Public in and for  
Lubbock County, Texas

THE STATE OF TEXAS }

COUNTY OF LUBBOCK }

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of MAY, 1958, by THOMAS W. EVANS and MARY E. EVANS, his wife.

My Commission Expires:

5-31-59

M. Shelton

Notary Public in and for  
Lubbock County, Texas

THE STATE OF UTAH }

COUNTY OF \_\_\_\_\_ }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of MAY, 1958, by LORENE E. WHITLEY McCLINTON LONGWELL and MEL LONGWELL, her husband.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for

STATE OF NEW MEXICO }

THE COUNTY OF LEA }

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of MAY, 1958, by ODESSA M. WHITLEY and J. B. WHITLEY, her husband.

My Commission Expires:

4-29-60

Eda J. Foreman

Notary Public in and for  
Lea County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF ROOSEVELT }

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of MAY, 1958, by THOMAS E. BOYD and RUBY BOYD, his wife.

My commission expires  
4-10-60

Smith Wright

Notary Public in and for  
Roosevelt County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF SIERRA }

The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of MAY, 1958, by MABEL FIELD GREATHOUSE and LLOYD GREATHOUSE, her husband.

My Commission Expires:  
Dec. 12, 1961

David H. Rummel  
Notary Public in and for  
Sierra County, New Mexico

STATE OF NEW MEXICO }

COUNTY OF \_\_\_\_\_ }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1958, by ANETA FIELD, a feme sole.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for

STATE OF TEXAS }

COUNTY OF YORKUM TERRY }

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of MAY, 1958, by TYSON FIELD and MATTIE E. FIELD, his wife.

My Commission Expires:

Maurcene Phillips  
Notary Public in and for  
Terry County, Texas  
YORKUM

STATE OF TEXAS }

COUNTY OF YORKUM TERRY }

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of MAY, 1958, by ROBERT K. FIELD and SARAH JANE FIELD, his wife.

My Commission Expires:

Maurcene Phillips  
Notary Public in and for  
Terry County, Texas  
YORKUM

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of May, 1958, by VIRGIL G. FEATHER.

My Commission Expires:

8/31/59

C. Swain  
Notary Public in and for  
Midland County, Texas

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE NOVEMBER STATE UNIT IN  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 28th day of March, 1958, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico (hereinafter referred to as "Commissioner") is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951. (Chap. 7, Art. 11, Sec. 39, N. M. Statutes 1953 Annotated), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N. M. Statutes 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of

such agreements for the unit operation and development of part of or all of any oil or gas pool, field or area; and,

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N. M. Statutes 1953 Annotated), to approve this agreement and the conservation provisions hereof; and,

WHEREAS, the parties hereto hold sufficient interests in the November State Unit area, covering the land hereinafter described, to give reasonably effective control of operations therein; and,

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

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

1. UNIT AREA - The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN

LEA COUNTY, NEW MEXICO - TOWNSHIPS

10 AND 11 SOUTH - RANGES 37 AND 38 EAST

Section 31-10S-38E: W/2 W/2

Section 36-10S-37E: E/2, N/2 NW/4, SE/4 NW/4, E/2 SW/4

Section 4-11S-38E: Lots 1, 2, 3, 4; N/2 SW/4; N/2 SE/4

Containing 913.36 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in ownership in the unit area render such revision necessary, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

All lands committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

2. UNITIZED SUBSTANCES - All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR - Neville G. Penrose, Inc., with offices at Fort Worth, Texas, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR - Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor Unit Operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working and unleased mineral interests determined in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the Commissioner.

The resignation or removal of the Unit Operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working and unleased mineral interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the production of any wells.

5. SUCCESSOR UNIT OPERATOR - Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the owners of the working and unleased mineral interests according to their respective acreage interests in all unitized land shall by a majority

vote select a successor Unit Operator; provided that, if a majority but less than seventy-five (75%) percent of the working and unleased mineral interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five (75%) percent of the total working and unleased mineral interests, shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS - The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working and unleased mineral interests in accordance with an operating agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working and unleased mineral interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any rights or obligations established under this unit agreement, and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR - Except as otherwise specifically provided herein, the exclusive right, privilege and duty of

exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY - The Unit Operator shall, within 30 days from the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, the Unit Operator shall not, in any event, be required to drill said well to a depth in excess of 12,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities is made, Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, unless it is reasonably proven to the satisfaction of the

Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES - Should unitized substances in paying quantities be discovered upon the unit area the Unit Operator shall on or before six months from the time of the completion of the initial discovery well and within 30 days after the expiration of each twelve months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, Unit Operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the Unit Operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the Unit Operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N. M. Statutes 1953 Annotated of intention to cancel on account of any alleged breach of said covenant for reasonable development and any

decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N. M. Statutes 1953 Annotated and, provided further, in any event the Unit Operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY - Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working and unleased mineral interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold or unleased mineral interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been so produced from the respective leasehold or unleased mineral interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provision contained herein to the contrary, each working interest and unleased mineral interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working or unleased mineral interest owner without specific authorization

from time to time so to do.

11. ALLOCATION OF PRODUCTION - All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have been allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES - All rentals due the State of New Mexico and other lessors shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico and other lessors under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind, if desired, its share of the unitized substances allocated to the respective leases, and in such case the Unit Operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If the Unit Operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry

gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty payment out of production or other charge in addition to the usual 1/8th royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INsofar AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA - The terms, conditions and provisions of all leases, subleases, operating agreements, and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement shall, upon approval hereof by the Commissioner, as to lands of the State of New Mexico and by the other lessors as to privately owned lands, be, and the same are hereby expressly modified, and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the length of the term of said leases will be extended insofar as necessary to coincide with the term of this agreement and the approval of the agreement by the Commissioner and/or the lessee shall be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided, drilling operations upon the initial test well pro-

vided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws shall continue in full force and effect thereafter. The commencement, completion, operation or production of a well on any part of the unit area shall be respectively construed and considered as the commencement or completion or operation or production of a well within the terms and provisions of each of the oil and gas leases to the same extent as though such commencement, completion, operation or production was carried on, conducted on or obtained from any such leased tract.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and to the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil or gas, or either of them, are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, or either of them, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as

oil or gas, or either of them, are being produced in paying quantities from any portion of said lands.

14. CONSERVATION - Operations hereunder and production of unitized substances shall be produced to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to state laws or regulations.

15. DRAINAGE - The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized lands by wells on lands not subject to this agreement.

16. COVENANTS RUN WITH LAND - The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance, of interest in land or lease subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any working, royalty or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM - This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new pro-

duction and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working and unleased mineral interests signatory hereto with the approval of the Commissioner. Likewise, as provided in Section 8 hereof, the failure to comply with the drilling provisions of this unit agreement shall as of the date of any such default, automatically terminate this unit agreement.

18. RATE OF PRODUCTION - All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES - Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings relative to operations pending before the Commissioner or Commission; provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

20. NOTICES - All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given, if given in writing and personally delivered to the party or sent by postpaid, registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending

the notice, demand or statement.

21. UNAVOIDABLE DELAY - All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or Municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE - In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER - Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval either by the Commission or Commissioner may be

committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, or owner of an unleased mineral interest by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. After the operations are commenced hereunder, the right of subsequent joinder by a working interest owner shall be subject to all the requirements of any applicable operating agreement between the working and unleased mineral interest owners relative to the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the filing with the Commissioner and the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to Unit Operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the Unit Operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

23. COUNTERPARTS - This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

ATTEST:  
Richard J. Chmelie  
Secretary

DATE April 23, 1958

ATTEST:  
[Signature]  
DATE APR 20 1958

ATTEST:  
[Signature]  
DATE APR 24 1958

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

ATTEST:  
Edna M. Elliott  
Secretary  
DATE 4-26

ATTEST:  
Marion Roney  
ASST SECY-TREAS.  
DATE April 25, 1958

WITNESS:  
[Signature]

NEVILLE G. PENROSE, INC.

BY [Signature]  
President

UNIT OPERATOR

ADDRESS: 1813 Fair Building  
Fort Worth 2, Texas

GULF OIL CORPORATION

BY [Signature]  
Attorney In Charge  
ADDRESS: GULF OIL CORPORATION  
P. O. Box 669  
ROSWELL, NEW MEXICO

AZTEC OIL & GAS COMPANY

BY [Signature]  
VICE PRESIDENT

ADDRESS: AZTEC OIL & GAS COMPANY  
920 MERCANTILE BLDG.  
DALLAS, TEXAS

AMERADA PETROLEUM CORPORATION

BY \_\_\_\_\_

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

SUNSHINE ROYALTY COMPANY

BY [Signature]  
Vice-President

ADDRESS: Box 5669  
Roswell N. Mex.

LEONARD OIL COMPANY

BY [Signature]  
PRESIDENT

ADDRESS: LEONARD OIL CO.  
BOX 703  
ROSWELL, N. MEX.

[Signature]  
J. L. REED

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

Law NRK  
Comptr.  
Exp. 5/15

ADD  
WAS

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

ATTEST:

\_\_\_\_\_  
Secretary

DATE \_\_\_\_\_

ATTEST:

\_\_\_\_\_

DATE \_\_\_\_\_

ATTEST:

\_\_\_\_\_

DATE \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
*[Signature]*  
Assistant Secretary

DATE April 25, 1958

ATTEST:

\_\_\_\_\_

DATE \_\_\_\_\_

ATTEST:

\_\_\_\_\_

DATE \_\_\_\_\_

WITNESS:

\_\_\_\_\_

NEVILLE G. PENROSE, INC.

BY \_\_\_\_\_  
UNIT OPERATOR President

ADDRESS: 1813 Fair Building  
Fort Worth 2, Texas

GULF OIL CORPORATION

BY \_\_\_\_\_

ADDRESS:

AZTEC OIL & GAS COMPANY

BY \_\_\_\_\_

ADDRESS:

AMERADA PETROLEUM CORPORATION

✓ BY *[Signature]*  
President

ADDRESS: AMERADA PETROLEUM CORP.  
P. O. BOX 2040  
TULSA 2, OKLAHOMA

APPROVED
A. P. C.
<i>[Signature]</i>

SUNSHINE ROYALTY COMPANY

BY \_\_\_\_\_

ADDRESS:

LEONARD OIL COMPANY

BY \_\_\_\_\_

ADDRESS:

J. L. READ

ADDRESS:

WITNESS:

C. L. Ware

Bertha L. Evans.  
BERTHA L. EVANS

ADDRESS: 1709 Avenue O  
Lubbock, Texas

WITNESS:

C. L. Ware

Thomas W. Evans  
THOMAS W. EVANS

Mary E. Evans  
MARY E. EVANS

ADDRESS: 2110 23rd Street  
Lubbock, Texas

WITNESS:

\_\_\_\_\_

LORENE E. WHITLEY McCLINTON LONGWELL

\_\_\_\_\_ MEL LONGWELL

ADDRESS: Aztec, New Mexico

WITNESS:

C. L. Ware

Odessa M. Whitley  
ODESSA M. WHITLEY

J. B. Whitley  
J. B. WHITLEY

ADDRESS: P. O. Box 214  
Tatum, New Mexico

WITNESS:

C. L. Ware

Thomas E. Boyd  
THOMAS E. BOYD

Ruby Boyd  
RUBY BOYD

Box 248.  
ADDRESS: Portales, New Mexico

WITNESS:

C. L. Ware

Mabel Field Greathouse  
MABEL FIELD GREATHOUSE

Lloyd Greathouse  
LLOYD GREATHOUSE

Box 125 Williamsburg,  
ADDRESS: Bronco, New Mexico

WITNESS:

\_\_\_\_\_

ANETA FIELD

ADDRESS: Bronco, New Mexico

WITNESS:

L. Swan

Tyson Field  
TYSON FIELD

Mattie E. Field  
MATTIE E. FIELD

ADDRESS: Bronco, New Mexico

WITNESS:

L. Swan

Robert K. Field  
ROBERT K. FIELD

Sarah Jane Field  
SARAH JANE FIELD

ADDRESS: Bronco, New Mexico

THE STATE OF TEXAS }

COUNTY OF LUBBOCK }

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of April, 1958, by BERTHA L. EVANS, a widow.

Clayton Carter  
Notary Public

THE STATE OF TEXAS }

COUNTY OF LUBBOCK }

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of April, 1958, by THOMAS W. EVANS and MARY E. EVANS, his wife.

Clayton Carter  
Notary Public

THE STATE OF UTAH }

COUNTY OF \_\_\_\_\_ }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1958, by LORENE E. WHITLEY McCLINTON LONGWELL and MEL LONGWELL, her husband.

\_\_\_\_\_  
Notary Public

THE STATE OF TEXAS X

COUNTY OF TARRANT X

The foregoing instrument was acknowledged before me this 23rd day of April, 1958, by ~~NEVILLE G. PENROSE~~ <sup>NEVILLE G. PENROSE</sup>, President of NEVILLE G. PENROSE, INC., a New Mexico Corporation, on behalf of said Corporation.

TRELLIS ADAMS, Notary Public  
in and for Tarrant County, Texas  
My Commission Expires June 1, 1959

Trellis Adams  
Notary Public in and for Tarrant  
County, Texas

THE STATE OF NEW MEXICO X

COUNTY OF CHAVES X

The foregoing instrument was acknowledged before me this 29 day of April, 1958, by W. A. SHELLSHEAR, Attorney In Fact of GULF OIL CORPORATION, a PENN. Corporation, on behalf of said Corporation.

My Commission Expires Oct. 8, 1961

L. B. Parker  
Notary Public

THE STATE OF Texas X

COUNTY OF Dallas X

The foregoing instrument was acknowledged before me this 24th day of April, 1958, by VAN THOMPSON, MANAGER of AZTEC OIL & GAS COMPANY, a Delaware Corporation, on behalf of said Corporation.

MAURIE D. LANGRAN  
Notary Public  
My Commission Expires 1959

Maurie D. Langran  
Notary Public

THE STATE OF X

COUNTY OF X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of April, 1958, by \_\_\_\_\_, \_\_\_\_\_ of AMERADA PETROLEUM CORPORATION, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public

THE STATE OF TEXAS }  
COUNTY OF TARRANT }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of April, 1958, by NEVILLE G. PENROSE, President of NEVILLE G. PENROSE, INC., a New Mexico Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public in and for Tarrant County, Texas

THE STATE OF }  
COUNTY OF }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of April, 1958, by \_\_\_\_\_, \_\_\_\_\_ of GULF OIL CORPORATION, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public

THE STATE OF }  
COUNTY OF }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of April, 1958, by \_\_\_\_\_, \_\_\_\_\_ of AZTEC OIL & GAS COMPANY, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public

THE STATE OF OKLAHOMA }  
COUNTY OF TULSA }

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of April, 1958, by E. H. McCOLLOUGH, President of AMERADA PETROLEUM CORPORATION, a Delaware Corporation, on behalf of said Corporation.

J. Rosette Wilson  
Notary Public

My commission expires October 25, 1960

THE STATE OF NEW MEXICO }  
COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 25  
day of April, 1958, by Frank O. Elliott, Vice President  
of SUNSHINE ROYALTY COMPANY, a New Mexico Corporation, on behalf of  
said Corporation.

My Commission Expires:

Dec. 20, 1959

Theresa Crout  
Notary Public

THE STATE OF NEW MEXICO }  
COUNTY OF CHAVES }

The foregoing instrument was acknowledged before me this 25  
day of April, 1958, by Robert J. Leonard, President  
of LEONARD OIL COMPANY, a New Mexico Corporation, on behalf of said  
Corporation.

My commission expires 3-14-59

Margaret McCutchen  
Notary Public in and for Chaves  
County, New Mexico

STATE OF NEW MEXICO }  
THE COUNTY OF LEA }

The foregoing instrument was acknowledged before me this 26<sup>th</sup>  
day of April, 1958, by J. L. ~~READ~~. REED

My Commission expires 2-9-59.

Lester V. Thompson  
Notary Public

STATE OF NEW MEXICO }  
THE COUNTY OF LEA }

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1958, by ODESSA M. WHITLEY and J. B. WHITLEY, her  
husband.

\_\_\_\_\_  
Notary Public

STATE OF NEW MEXICO }  
COUNTY OF ROOSEVELT }

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1958, by THOMAS E. BOYD and RUBY BOYD, his wife.

\_\_\_\_\_  
Notary Public

THE STATE OF I

COUNTY OF I

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of April, 1958, by \_\_\_\_\_, \_\_\_\_\_ of SUNSHINE ROYALTY COMPANY, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public

THE STATE OF I

COUNTY OF I

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of April, 1958, by \_\_\_\_\_, \_\_\_\_\_ of LEONARD OIL COMPANY, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

\_\_\_\_\_  
Notary Public

STATE OF NEW MEXICO I

THE COUNTY OF LEA I

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of April, 1958, by J. L. READ.

\_\_\_\_\_  
Notary Public

STATE OF NEW MEXICO I

THE COUNTY OF LEA I

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of April, 1958, by ODESSA M. WHITLEY and J. B. WHITLEY, her husband.

Lda J. Forman  
Notary Public

*my Commission expires  
April 29, 1960*

STATE OF NEW MEXICO I

COUNTY OF ROOSEVELT I

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of April, 1958, by THOMAS E. BOYD and RUBY BOYD, his wife.

Smith Wright  
Notary Public

*my Commission expires  
April 10, 1960*

STATE OF Mississippi |  
COUNTY OF Siema |

The foregoing instrument was acknowledged before me this 28  
day of April, 1958, by MABEL FIELD GREATHOUSE and LLOYD GREATHOUSE,  
her husband.

*My Comm. Exp. 7/6/59*

*Rafael A. Jafar*  
Notary Public

STATE OF |  
COUNTY OF |

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1958, by ANETA FIELD, a feme sole.

\_\_\_\_\_  
Notary Public

STATE OF Texas |  
COUNTY OF Terry |

The foregoing instrument was acknowledged before me this 25<sup>th</sup>  
day of April, 1958, by TYSON FIELD and MATTIE E. FIELD, his wife.

*J. J. Jendrick*  
Notary Public

STATE OF Texas |  
COUNTY OF Terry |

The foregoing instrument was acknowledged before me this 25<sup>th</sup>  
day of April, 1958, by ROBERT K. FIELD and SARAH JANE FIELD, his  
wife.

*J. J. Jendrick*  
Notary Public

**EXHIBIT "B"**  
 NOVEMBER STATE UNIT - LEA COUNTY, NEW MEXICO  
 EAST ECHOL FIELD - TOWNSHIPS 10 & 11 SOUTH, RANGES 37 & 38 EAST  
 SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP  
 OF OIL AND GAS INTERESTS IN ALL LANDS IN UNIT AREA

TRACT DESCRIPTION NO. OF LAND	NO. OF ACRES	LEASE EXPIRATION DATE	NO. AND LESSOR	RECORD LESSEE	ROYALTY OWNER AND AMOUNT	OVERRIDING ROYALTY AND PERCENT	WORKING INT. OWNER
1. T-10S,R-38-E W/2 NW/4 of Section 31	80	a) 12-21-60(1/8)	Tyson Field	Sohio	Tyson Field-1/8	7/1024	*Penrose et al
		b) 12-21-60(1/8)	Robt. K. Field	"	R. K. Field-1/8	7/1024	"
		c) 12-21-60(1/8)	Mabel F. Greathouse	"	M. F. Greathouse-1/8	7/1024	"
		d) 12-21-60(1/8)	Aneta Field	"	Aneta Field-1/8	7/1024	"
			(1/4) Sunshine Royalty Co.	None	unleased	none	Sunshine Roy. Co.
			(1/4) Leonard Oil Co.	"	unleased	"	Leonard Oil Co.
2. T-10S,R-38-E W/2 SW/4 of Section 31	80	a) 5-5-60(1/8)	Thos L. Boyd	Sohio	T. L. Boyd-1/8	none	*Penrose et al
		b) 12-21-60(1/8)	Bertha Evans	"	B. Evans-(5/64)-1/8	35/4096	"
			(1/4) J. L. Read	None	unleased	none	J. L. Read
			(1/4) Sunshine Royalty Co.	"	unleased	"	Sunshine Roy. Co.
			(1/4) Leonard Oil Co.	"	unleased	"	Leonard Oil Co.
4. T-10S,R-37-E Se/4 of Sec- tion 36	160	OG - 362	State	NGP, Inc.	State - 1/8	V. G. Feather	NGP, Inc.
		11-20-66				1/40	
5. T-10S,R-37-E NW/4 NE/4 of Section 36	40	E-6979	State	Aztec O&G	State - 1/8	none	Aztec O&G Co.
		3-10-63					

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	LEASE EXPIRATION DATE	AND	LESSOR	RECORD LESSEE	ROYALTY AND AMOUNT	AND	OVERRIDING ROYALTY AND PERCENT	WORKING INT. OWNER
6.	T-10S,R-37-E N/2 NW/4 of Section 36	80	OG-1317	9-17-67	State	Aztec O&G Co. & NGP, Inc.	State - 1/8		V.G. Feather 1/80	Aztec O&G Co. & NGP, Inc.
7.	T-10S,R-37-E SE/4 NW/4 and SW/4 NE/4 of Section 36	80	E-1860	5-10-58	State	Sunray-- Seaboard	State - 1/8		none	NGP, Inc.
8.	T-11S,R-38-E Lots 1, 2, 3 and 4 of Sec- tion 4	73.36	OG-2300	3-18-68	State	NGP, Inc.	State - 1/8		none	*Penrose etal
9.	T-11S,R-38-E N/2 SW/4 of Section 4	80	E-9179	7-19-65	State	Atlantic Refg.	State - 1/8		none	*Penrose etal and Atlantic Refg. Co.
10.	T-11S,R-38-E N/2 SE/4 of Section 4	80	E-9440	10-18-65	State	Amerada Petr. Corp.	State - 1/8		none	Amerada Petr. Corp.

\* Designates Neville G. Penrose, Inc., Aztec Oil and Gas Company, Amerada Petroleum Corporation, Leonard Oil Company and Sunshine Royalty Company.

8 State Tracts, containing 753.36 acres and 2 Fee Tracts, containing 160 acres for a total of 913.36 acres

# STATE LAND OFFICE

*Santa Fe, New Mexico*

*File  
1450*

In reply refer to:  
Unit Division



MURRAY E. MORGAN  
COMMISSIONER OF PUBLIC LANDS

February 26, 1959

Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Termination of November  
Unit Agreement  
Lea County, New Mexico  
(Your Order # R-1195)

Gentlemen:

We wish to advise you that the November Unit was terminated by this office effective February 18, 1959. Termination was in accordance with the terms of Section 17 of the unit agreement, which provides for automatic termination for default under Section 8.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY: *Ted Bilberry*  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/m

- File case  
1450

NEVILLE G. PENROSE, INC.

FAIR BUILDING  
FORT WORTH 2, TEXAS

December 17, 1958

Commissioner  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

The Commission's Order No. R-1195 of June 18, 1958, known as the November State Unit Agreement Order, approved a unit embracing 913 acres in T10S, R37E and 38E, and T11S, R38E, NMPM, Lea County, New Mexico.

Among other provisions, the Order requires a "Statement of Progress" report summarizing operations on the Unit to be filed each six months period during the term of the Unit Agreement. This letter is to report progress for the first six months period.

A well was spudded on May 8, 1958, with cable tools. On June 12, 1958, rotary drilling commenced. The well was drilled to 12,140 feet TD. Commercial production was not found, therefore, the well was plugged and abandoned August 20, 1958.

Because this test well was dry, the unit members have agreed to terminate the unit as soon as approval to do so has been obtained from the Commissioner of Public Lands. The Oil Conservation Commission will be notified when this approval has been secured.

Very truly yours,

NEVILLE G. PENROSE, INC.

  
Geo. M. Slaughter, III

GMS/mm

cc: Gulf Oil Corporation  
Roswell, New Mexico

Aztec Oil & Gas Company, Inc.  
Dallas, Texas

Leonard Oil Company  
Roswell, New Mexico

Amerada Petroleum Corporation  
Midland, Texas

Sunshine Royalty Company  
Roswell, New Mexico

Mr. J. L. Reed  
Lovington, New Mexico

NEVILLE G. PENROSE, INC.  
MAIN OFFICE SEC  
FAIR BUILDING

FORT WORTH 2, TEXAS

1958 JUL 14 AM 8:38

July 10, 1958

Oil Conservation Commission  
State of New Mexico  
P. O. Box 871  
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Re: November State Unit Area - Lea County, New Mexico

Gentlemen:

In accordance with your order No. 1195 entered in Case No. 1450 and referring to the above unit, we enclose executed counterpart original of the November State Unit Agreement and Amendment thereto, together with certificate of approval of such Unit Agreement and Amendment by the Commissioner of Public Lands for the State of New Mexico.

By way of information the Unit well No. 1 was spudded at 12 noon on May 8, 1958 and is presently drilling below a depth of 8100 feet.

Cordially,

NEVILLE G. PENROSE, INC.

By   
R. T. Churchill

RTC/ta