

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF AMOCO PRODUCTION COMPANY, )  
FOR APPROVAL OF TRAIL CANYON UNIT )  
AGREEMENT, EDDY COUNTY, NEW MEXICO.)

Case No. 5181

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter of Roswell, New Mexico, hereby enter their appearance herein for the Applicant, Amoco Production Company, with Guy Buell, Esquire, of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER

By *Charles Malone*  
Attorneys for Amoco Production  
Company  
P. O. Drawer 700  
Roswell, New Mexico 88201

Unit Name TRAIL CANYON UNIT (EXPLORATORY)  
 Operator Amoco Production Company  
 County Eddy County

DATE	OCC CASE NO.	5181	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	<del>MINN</del> -FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-4748							
4-9-74	3-15-74		(April 15, 1974)	5,758.4	4,838.4	640.00	280.00	Yes	5 yrs.

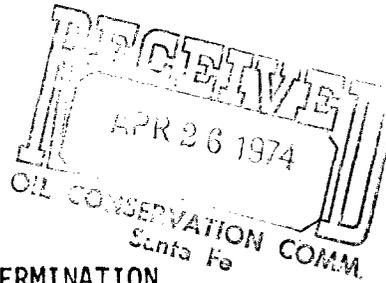
UNIT AREA  
TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM  
 Sections 1 through 3: All  
 Sections 9 through 11: All  
 Sections 14 through 16: All

**TERMINATED**  
 1-8-75  
 EM

Unit Name TRAIL CANYON UNIT (EXPLORATORY)  
 Operator Amoco Production Company  
 County Eddy

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	DATE	RATIFIED ACRES	ACREAGE		LESSEE
									NOT	RATIFIED	
3	K-4046	D.D.&B	11	24S	23E	A11	3-6-74	640.00			Amoco Production Co.
4	K-4255	D.D.&B	15	24S	23E	N/2, N/2S/2, S/2SW/4	<del>4-8-74</del>	560.00			Southland Royalty Co.
5	LG-277	C.S.	2	24S	23E	Lots 1, 2, 3, 4, S/2N/2, S/2	3-6-74	639.2			Amoco Production Co.
6	LG-278-1	D.D.&B	3	24S	23E	Lots 1, 2, 3, 4, S/2NE/4, SE/4NW/4, NE/4SW/4, S/2SW/4, SE/4	3-13-74	559.2			Inexco Oil Company
7	LG-280-1	D.D.&B	9	24S	23E	W/2NW/4, E/2NE/4, SW/4NE/4, S/2	3-13-74	520.00			Inexco Oil Company
8	LG-282-1	D.D.&B	10	24S	23E	A11	3-13-74	640.00			Inexco Oil Company
9	LG-283	D.D.&B	14	24S	23E	NW/4, N/2NE/4, SW/4NE/4, SE/4, <u>NOT COMMITTED</u>		640.00			P. R. Bass
			15	24S	23E	N/2SW/4, SE/4SW/4, S/2SE/4					
10	LG-284-1	C.S.	16	24S	23E	A11	3-13-74	640.00			Inexco Oil Company

TERMINATED  
 1-8-75  
 EDD



## CERTIFICATION - DETERMINATION

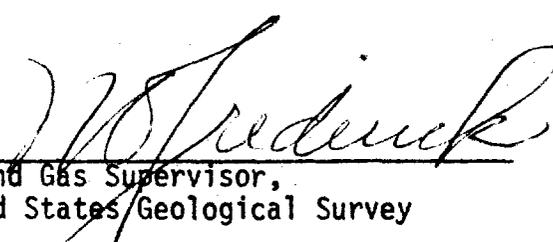
Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Oil and Gas Supervisor of the Geological Survey (33 F.R. 5812), I do hereby:

A. Approve the attached agreement for the development and operation of the Trail Canyon Unit Area, State of New Mexico.

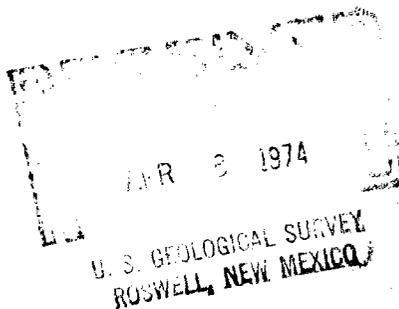
B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated: April 15, 1974

  
Oil and Gas Supervisor,  
United States Geological Survey

Contract Number: 14-08-0001-14161



RATIFICATION AND JOINDER OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
TRAIL CANYON UNIT AREA  
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned owner (whether one or more) of royalty, overriding royalty, or production payment interests hereby acknowledges receipt of a true copy of the "Unit Agreement for the Development and Operation of the Trail Canyon Unit Area, County of Eddy, State of New Mexico", dated February 1, 1974, hereinafter referred to as the "Unit Agreement", and the undersigned owner (whether one or more) of working interests hereby acknowledges receipt of a true copy of said Unit Agreement and a true copy of the "Unit Operating Agreement, Trail Canyon Unit Area, County of Eddy, State of New Mexico", dated February 1, 1974, hereinafter referred to as the "Unit Operating Agreement"; and

WHEREAS, Exhibits "A" and "B" attached to said Unit Agreement identify the tracts which may become a part of the Trail Canyon Unit Area; and

WHEREAS, the undersigned represents that it is the owner of a royalty, overriding royalty or production payment interest, or of a working interest, or both, in one or more of the tracts identified by said Exhibits.

NOW, THEREFORE, the undersigned owner of royalty, overriding royalty or production payment interests only desires to and does hereby ratify, confirm and become a party to said Unit Agreement, and the undersigned owner or working interests only, or the owner of both working interests and royalty, overriding royalty or production payment interests desires to and does hereby ratify, confirm and become a party to said Unit Agreement and said Unit Operating Agreement with respect to all of its interests in all of the tracts identified by said exhibits.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth in its acknowledgement.

ATTEST:

*[Signature]*  
Notary Public

INEXCO OIL COMPANY  
*[Signature]*

Conditionally accepted by  
Letter dated March 13, 1974

William G. Goodwin, Vice President

STATE OF Texas |

COUNTY OF Harris |

The foregoing instrument was acknowledged before me this 13th day of March, 1974, by William G. Goodwin, Vice President of Inexco Oil Company.

My Commission expires:

June 1, 1975

*Donna S. Burgess*  
Notary Public in and for  
Harris County, Texas  
Donna S. Burgess

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

COUNTY OF \_\_\_\_\_ |

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1974, by \_\_\_\_\_ of \_\_\_\_\_.

My Commission expires:

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

RATIFICATION AND JOINDER OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
TRAIL CANYON UNIT AREA  
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned owner (whether one or more) of royalty, overriding royalty, or production payment interests hereby acknowledges receipt of a true copy of the "Unit Agreement for the Development and Operation of the Trail Canyon Unit Area, County of Eddy, State of New Mexico", dated February 1, 1974, hereinafter referred to as the "Unit Agreement", and the undersigned owner (whether one or more) of working interests hereby acknowledges receipt of a true copy of said Unit Agreement and a true copy of the "Unit Operating Agreement, Trail Canyon Unit Area, County of Eddy, State of New Mexico", dated February 1, 1974, hereinafter referred to as the "Unit Operating Agreement"; and

WHEREAS, Exhibits "A" and "B" attached to said Unit Agreement identify the tracts which may become a part of the Trail Canyon Unit Area; and

WHEREAS, the undersigned represents that it is the owner of a royalty, overriding royalty or production payment interest, or of a working interest, or both, in one or more of the tracts identified by said Exhibits.

NOW, THEREFORE, the undersigned owner of royalty, overriding royalty or production payment interests only desires to and does hereby ratify, confirm and become a party to said Unit Agreement, and the undersigned owner or working interests only, or the owner of both working interests and royalty, overriding royalty or production payment interests desires to and does hereby ratify, confirm and become a party to said Unit Agreement and said Unit Operating Agreement with respect to all of its interests in all of the tracts identified by said exhibits.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth in its acknowledgement.

\_\_\_\_\_  
SOUTHLAND ROYALTY COMPANY

John C. Harvey  
JOHN C. HARVEY Vice President

STATE OF Texas |

COUNTY OF Tarrant |

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of April, 1974, by JOHN C. HARVEY  
Vice President

My Commission expires:

Theresa Wrzesinski  
Notary Public in and for  
Tarrant County, Texas

TERESSA WRZESINSKI, Notary Public  
in and for Tarrant County, Texas  
My commission expires June 1, 1975

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

COUNTY OF \_\_\_\_\_ |

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1974, by \_\_\_\_\_ of \_\_\_\_\_.

My Commission expires:

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

RATIFICATION AND JOINDER OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
TRAIL CANYON UNIT AREA  
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned owner (whether one or more) of royalty, overriding royalty, or production payment interests hereby acknowledges receipt of a true copy of the "Unit Agreement for the Development and Operation of the Trail Canyon Unit Area, County of Eddy, State of New Mexico", dated February 1, 1974, hereinafter referred to as the "Unit Agreement", and the undersigned owner (whether one or more) of working interests hereby acknowledges receipt of a true copy of said Unit Agreement and a true copy of the "Unit Operating Agreement, Trail Canyon Unit Area, County of Eddy, State of New Mexico", dated February 1, 1974, hereinafter referred to as the "Unit Operating Agreement"; and

WHEREAS, Exhibits "A" and "B" attached to said Unit Agreement identify the tracts which may become a part of the Trail Canyon Unit Area; and

WHEREAS, the undersigned represents that it is the owner of a royalty, overriding royalty or production payment interest, or of a working interest, or both, in one or more of the tracts identified by said Exhibits.

NOW, THEREFORE, the undersigned owner of royalty, overriding royalty or production payment interests only desires to and does hereby ratify, confirm and become a party to said Unit Agreement, and the undersigned owner or working interests only, or the owner of both working interests and royalty, overriding royalty or production payment interests desires to and does hereby ratify, confirm and become a party to said Unit Agreement and said Unit Operating Agreement with respect to all of its interests in all of the tracts identified by said exhibits.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth in its acknowledgement.

MARATHON OIL COMPANY

By: W. L. Parker

W. L. Parker, Division Manager

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

COUNTY OF \_\_\_\_\_ |

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1974, by \_\_\_\_\_

My Commission expires:

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

STATE OF TEXAS |

COUNTY OF HARRIS |

The foregoing instrument was acknowledged before me this third day of March, 1974, by W. L. Parker,  
Division Manager of MARATHON OIL COMPANY

My Commission expires:

June 1, 1975

M. J. RICHARDSON

Notary Public in and for Harris County, Texas

My Commission Expires June 1, 1975

M. J. Richardson  
Notary Public in and for

Harris County, Texas

CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Oil and Gas Supervisor of the Geological Survey (33 F.R. 5812), I do hereby:

A. Approve the attached agreement for the development and operation of the Trail Canyon Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated: \_\_\_\_\_.

\_\_\_\_\_  
Oil and Gas Supervisor,  
United States Geological Survey

Contract Number: \_\_\_\_\_

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>2</u>
CASE NO.	<u>5181</u>
Submitted by	<u>Amoco</u>
Hearing Date	<u>3-13-74</u>



# United States Department of the Interior

GEOLOGICAL SURVEY  
Drawer 1857  
Roswell, New Mexico 88201

April 15, 1974

Memorandum

To: Chief, Branch of Lands and Minerals Operations, Bureau  
of Land Management, Santa Fe, New Mexico

From: Acting Area Oil and Gas Supervisor, Southern Rocky  
Mountain Area

Subject: Trail Canyon unit agreement, No. 14-08-0001-14161,  
Eddy County, New Mexico

One approved copy of the subject unit agreement is enclosed. Such agreement has been assigned No. 14-08-0001-14160, and is effective as of April 15, 1974, the date approved. The basic information of this agreement is itemized as follows:

1. The unit agreement is dated February 1, 1974.
2. The unit operator is Amoco Production Company.
3. The unit area was designated by the Acting Director on February 14, 1974.
4. The text of the agreement is identical to the 1968 reprint of the Standard Form of Unit Agreement modified for inclusion of State land, fee land, and special lease stipulations.
5. Unitization covers all formations within the unit area.
6. No oil or gas has been discovered within the unit area.
7. The unit area embraces 5,758.4 acres, composed of 640 acres Federal land, 4,833.4 acres of State land, and 280 acres of fee land.
8. The following Federal leases embrace lands included within the unit area:  
NM 10584                      NM 12391
9. All lands and interests are effectively committed except tract No. 9 which is in no part committed. This tract comprises 640 acres or 11 percent of the unit total.

cc:  
Com. Pub. Lands, Santa Fe  
✓ NMOCC, Santa Fe  
Artesia

CARL C. TRAYWICK

JFSims:ds



United States Department of the Interior

GEOLOGICAL SURVEY

Drawer 1857  
Roswell, New Mexico 88201

February 10, 1975

Amoco Production Company  
Attention: Mr. Joe C. Pulido  
P.O. Box 3092  
Houston, Texas 77001

5181

Gentlemen:

This letter acknowledges receipt of your letter of December 19, 1974, advising that Amoco Production Company, as operator of the Trail Canyon unit agreement, does not intend to drill a second test well to prevent automatic termination of the unit under the terms of the agreement.

The Trail Canyon unit agreement, No. 14-08-0001-14160, was approved on April 15, 1974, effective as of the date of approval. The term of the agreement is contingent upon the unit operator drilling one well at a time, allowing not more than six months time 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.

Our records show the first test well was completed as a dry hole on July 8, 1974. The second test well was due to be commenced by January 8, 1975. Inasmuch as the second test well was not commenced, the Trail Canyon unit agreement is considered to have terminated automatically as of January 8, 1975, pursuant to Section 9 of the agreement.

Sincerely yours,

CARL C. TRAYWICK  
Acting Area Oil and Gas Supervisor

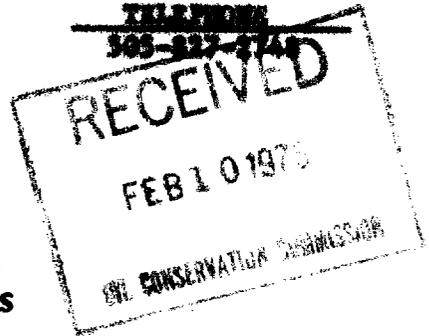
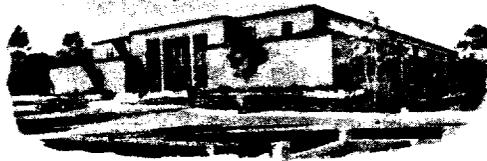
cc:  
BLM, Santa Fe  
Com. Pub. Lands, Santa Fe  
✓ NMOCC, Santa Fe  
Area Geologist, Roswell  
Artesia

Note to BLM: All committed Federal leases within the Trail Canyon unit area should be considered for two year extension pursuant to 43 CFR 3107.5, as applicable.

ARStall:ds

5181

State of New Mexico



Commissioner of Public Lands

February 11, 1975

PHIL R. LUCERO  
COMMISSIONER

P. O. BOX 1148  
SANTA FE, NEW MEXICO 87501

**REGISTERED MAIL**

Amoco Production Company  
P. O. Box 3092  
Houston, Texas 77001

Re: Trail Canyon Unit  
**TERMINATION**  
Eddy County, New Mexico

ATTENTION: Mr. Joe Pulido

Gentlemen:

This letter acknowledges receipt of your reply to our letter of January 29, 1975, advising that Amoco Production Company, as operator of the Trail Canyon Unit agreement, does not intend to drill a second test well to prevent automatic termination of the unit under the terms of the agreement.

The Trail Canyon Unit agreement was approved on April 9, 1974, effective as of April 15, 1974. The term of the agreement is contingent upon the unit operator drilling one well at a time, allowing not more than six months time 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.

Our records show the first test well was completed July 8, 1974 as a dry hole. The second test well was due to be commenced by January 8, 1975. Inasmuch as the second test well was not commenced, the Trail Canyon unit agreement is automatically terminated as of January 8, 1975.

Please notify all interested parties of this action.

Very truly yours,

PHIL R. LUCERO  
COMMISSIONER OF PUBLIC LANDS

BY:  
RAY D. GRAHAM, Director  
Oil and Gas Division

PRL/RDG/s

cc: USGS-Roswell, New Mexico  
OCC- Santa Fe, New Mexico



United States Department of the Interior

GEOLOGICAL SURVEY  
Drawer 1857  
Roswell, New Mexico 88201

5181

April 15, 1974

Amoco Production Company  
P.O. Box 3092  
Houston, Texas 77001

Attention: Mr. Jack D. Anderson

Gentlemen:

One approved copy of the Trail Canyon unit agreement, Eddy County, New Mexico, with Amoco Production Company as operator, is enclosed. Such agreement has been assigned No. 14-08-0001-14160 and is effective April 15, 1974, the same date as approved.

You are requested to furnish the New Mexico Oil and Gas Conservation Commission and all other interested principals with appropriate evidence of this approval.

Sincerely yours,

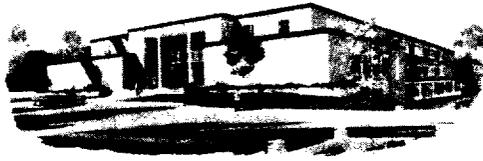
CARL C. TRAYWICK  
Acting Area Oil and Gas Supervisor

cc:  
NMOCC, Santa Fe (ltr only)  
Area Geologist, Roswell (ltr only)  
Artesia (w/cy appln)

JFSims:ds

State of New Mexico

TELEPHONE  
505-827-2748



Commissioner of Public Lands

April 9, 1974

ALEX J. ARMIJO  
COMMISSIONER

P. O. BOX 1148  
SANTA FE, NEW MEXICO

Amoco Production Company  
500 Jefferson Building  
P. O. Box 3092  
Houston, Texas 77001

Re: Trail Canyon Unit  
Eddy County, New Mexico

ATTENTION: Mr. Jack D. Anderson

Gentlemen:

The Commissioner of Public Lands has this date given final approval to your Trail Canyon Unit, Eddy County, New Mexico. This approval is subject to like approval by the United States Geological Survey.

As stated in your letter, tract 9 will not be committed to the unit.

Enclosed are five (5) Certificates of approval. We are sending a copy of this letter as well as a copy of the Certificate to the United States Geological Survey.

Please advise this office when the USGS approves this unit so that we may finish processing the agreement and ascertain the effective date.

Very truly yours,

RAY D. GRAHAM, Director  
Oil and Gas Department

AJA/RDG/s  
encs.  
cc:

USGS-Roswell, New Mexico  
OCC- Santa Fe, New Mexico



**Amoco Production Company**

500 Jefferson Building  
P.O. Box 3092  
Houston, Texas 77001

April 23, 1974

Re: EA 47,154  
Trail Canyon Unit  
Eddy County, New Mexico

5181

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Dear Sir:

On March 13, 1974, the NMOCC held a hearing concerning the captioned unit. In accordance with your Case Number 5181, Order Number R-4748, we enclose copy of the Unit Agreement pertaining to the Trail Canyon Unit along with copies of Ratifications from each of the working interest owners who ratified the Unit Agreement. We also enclose for your files a copy of the United States Geological Survey approval stating that the captioned unit was approved effective April 15, 1974.

We wish to advise that tract 9 of the unit is not committed to the unit agreement as Perry R. Bass refused to ratify the Unit Agreement. This was pointed out to you during the hearing of March 13, 1974. Thank you very much for your prompt attention in granting your approval as of March 15, 1974.

Yours truly,

Jack D. Anderson  
Land Department

JDA/dgh  
2/6671

Enclosures



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
FEDERAL CENTER, DENVER, COLORADO 80225

IN REPLY REFER TO:

FEB 14 1974

Anoco Production Company  
P.O. Box 3092  
Houston, Texas 77001

2181

Gentlemen:

Your application dated January 10, 1974, filed with the Oil and Gas Supervisor, Roswell, New Mexico on January 14, 1974, requests the designation of the Trail Canyon unit area embracing 5,750.60 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. The unit area involves 640.00 acres (11.11 percent) of Federal land, 4,838.60 acres (84.02 percent of State land, and 280.00 acres (4.87 percent) of fee land.

Pursuant to the unit plan regulations of December 23, 1950, 30 CFR 226.3, the land requested, as described on your plat marked "Exhibit A, Trail Canyon unit area, Eddy County, New Mexico," is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for a well to be drilled to test all formations of Pennsylvanian age or to a depth of 10,800 feet. Use of the Form of Agreement for Unproved Areas modified as proposed in your application will be acceptable.

In the absence of any other type of land requiring special provisions or any objection not now apparent, a duly executed agreement identical to said form, modified as indicated above, will be approved if submitted in approvable status within a reasonable time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have full commitment of sufficient land to afford effective control of operations in the unit area.

When the agreement is transmitted to the Oil and Gas Supervisor for approval, include the latest status of all acreage. The format of the sample exhibits attached to the 1968 reprint of the aforementioned form of agreement should be followed closely in the preparation of Exhibits A and B.

Sincerely yours,

*George W. Horn*

Conservation Manager, Central Region  
For the Director

cc:  
Com. Pub. Lands, Santa Fe  
NMOCC, Santa Fe  
Roswell (2)  
Cons. Div. Reading File

JFSims:ds

