

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPLICATION FOR DESIGNATION OF THE NORTH TEXAS HILLS UNIT AREA AND
FOR APPROVAL OF THE DEPTH OF THE INITIAL TEST WELL TO BE DRILLED
THEREUPON, EDDY COUNTY, NEW MEXICO

Regional Manager
Conservation Division
United States Geological Survey
Denver, Colorado 80202

Attention: Supervisor
United States Geological Survey
Albuquerque, New Mexico

Through: U.S.G.S.
Federal Building
Roswell, New Mexico

Comes the undersigned, Yates Petroleum Corporation, 207 South Fourth Street, Artesia, New Mexico 88210, and hereby makes application for Designation of the North Texas Hills Unit Area, Eddy County, New Mexico, as an area logically subject to development under a Unit Plan of Operation, and for determination of the depth of the Initial Test Well to be drilled upon such Unit Area, and in support thereof respectfully shows:

1. The Area sought to be designated as the North Texas Hills Unit Area comprises 5,120.00 acres of land located in Eddy County, New Mexico, and more particularly described and shown on the plat marked Exhibit "A" attached hereto. Said plat is the initial rough draft of the Exhibit "A" to be attached to the Unit Agreement.

2. That of said lands 3,720.00 acres are Federal Lands being 72.66% of the Unit Area; 1,360.00 acres are State of New Mexico Lands being 26.56% of the Unit Area; and 40.00 acres are Patented (Fee) Lands being 0.78% of the Unit Area.

3. That the Unit Area is located about 27 miles west northwest of the town of Carlsbad, New Mexico.

4. The Plat marked Exhibit "A" attached hereto shows the proposed Unit Area as containing the following lands:

T-21-S, R-21-E, NMPM
Secs. 16, 17, 20, 21, 28, 29, 32, 33; All

5. There is also attached a list, marked Exhibit "B", showing the Serial Numbers of the Federal leases within the Unit Area and the ownership of such leases.

6. There is filed herewith two copies of a Geological Report prepared by Gerald Book, staff Geologist for Applicant. Such Geological Report contains a written report, an upper Morrow Sandstone Isolith Map, a Morrow clastics structure map and two cross sections.

7. The undersigned proposes to use the standard form of Unit Agreement for unproven lands, (1963 reprint), with changes required by the state of New Mexico and with the following additional changes:

A) The formation to be tested and depth of the Initial Test Well will be inserted in Section 9 of the Unit Agreement as follows:

"9. DRILLING TO DISCOVERY. Within 6 (six) months- - - - - continue such drilling diligently until the top 200 feet of the Mississippian Formation has been tested, or until at a lesser depth unitized substances- - - provided however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 8,100 feet."

Yates

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B) The above mentioned standard form will also be changed by adding the words "as amended" after (30 F.R. 12319) in Section 26, Nondiscrimination.

8. In the event any of the Federal leases within the Unit Area contain special stipulations, the appropriate paragraph covering such special stipulations will be inserted in the Unit Agreement in accordance with Federal Regulations.

9. It is felt that all owners of Oil and Gas leases within the proposed Unit Area are willing to cooperate with the undersigned in the formation of this Unit and all have expressed a willingness by letter or verbal conversation. It is also felt that controlled well spacing, and unitization in connection therewith, is in the interest of conservation and prevention of waste as contemplated by the Mineral Leasing Law and the Regulations promulgated thereunder.

10. The undersigned respectfully requests Designation of the foregoing North Texas Hills Unit Area and approval of the depth of the Initial Test Well, as set forth in quoted Section 9, above, to be drilled thereupon.

Dated this 23rd day of January, 1979.

YATES PETROLEUM CORPORATION

By

Randolph M. Richardson, III
Attorney At Law
P. O. Box 819
Roswell, New Mexico 88201

[illegible]

R-21-E.

**** Unit Outline

North Texas Hills Unit Area
Eddy County, N. M.



Total, 5,120.00 Acres

EXHIBIT "B"
Schedule Showing All Lands and Leases
Within the North Texas Hills Unit Area
Eddy County, New Mexico

TRACT NO.	DESCRIPTION OF LANDS	ACRES	SERIAL NO. AND EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
<u>All lands are in T-21-S, R-21-E, N.M.P.M.</u>							
1.	Sec. 20; E $\frac{1}{2}$ Sec. 21; All Sec. 28; E $\frac{1}{2}$ N $\frac{1}{2}$ W $\frac{1}{2}$, NE $\frac{1}{4}$	1,200.00	NM-3047 8-31-79	U.S.A. 12.5	Pennzoil Company Wainoco Oil & Gas Co.	Don F. Shreve	2.5% Same as lessee of Record
2.	Sec. 20; W $\frac{1}{2}$ S $\frac{1}{2}$ N $\frac{1}{2}$ W $\frac{1}{2}$, NW $\frac{1}{4}$ Sec. 28; NW $\frac{1}{4}$ N $\frac{1}{2}$ W $\frac{1}{2}$	280.00	NM-8417 H.B.P.	U.S.A. 12.5	Pennzoil Company Wainoco Oil & Gas Co.	William H. Short, Jr. and Rita Short	3.0% Same as lessee of Record
3.	Sec. 29; NW $\frac{1}{2}$	160.00	NM-9529 5-31-79	U.S.A. 12.5	Pennzoil Company Wainoco Oil & Gas Co.	Mary F. Richardson	3.0% Same as lessee of Record
4.	Sec. 28; SW $\frac{1}{4}$ Sec. 29; S $\frac{1}{2}$ N $\frac{1}{2}$ W $\frac{1}{2}$, SW $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ E $\frac{1}{2}$ A Sec. 33; E $\frac{1}{2}$, SW $\frac{1}{4}$	1,120.00	NM-9799 6-30-79	U.S.A. 12.5	Pennzoil Company Wainoco Oil & Gas Co.	W. T. Clay	4.0% Same as lessee of Record

*B.L.M. records indicate that the actual percentages of ownership will be Pennzoil Company 50.01628% and Wainoco Oil & Gas Company 49.98372%.

5. Sec. 17; All	640.00	NM-13968 6-30-81	U.S.A. J. M. Huber Corp. 12.5	All	Bonnie J. Sorenson \$3000 per acre out of 5.0%	Same as Lessee of Record
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6. Sec. 29; S½NW¼, N½SE¼ Sec. 33; NW¼	320.00	NM-32160 1-31-88	U.S.A. Robert K. Hillin 12.5	All	Scope Industries 5.0%	Same as Lessee of Record
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Total: 3,720.00 Acres Federal Lands, 72.66% of Unit Area

State of New Mexico Lands

7. Sec. 16; All	640.00	L-2635-2 3-18-79	State Stetco 69 Ltd. 12.5	All	None	Stetco 69 Ltd. All
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8. Sec. 20; E½SW¼	80.00	L-2636-2 3-18-79	State Stetco 69 Ltd. 12.5	All	None	Stetco 69 Ltd. All
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9. Sec. 32; All	640.00	L-2637-2 3-18-79	State Stetco 69 Ltd. 12.5	All	None	Stetco 69 Ltd. All
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Total: 1,360.00 Acres State of New Mexico Lands, 26.56% of Unit Area

Patented (Fee) Lands

10. Sec. 28; S½NW¼	40.00	6-29-82	Armstrong Marvin Gross & Armstrong 12.5	All	None	Marvin Gross All
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Recapitulation:

3,720.00 Acres Federal Lands,	72.66% of Unit Area
1,360.00 Acres State Lands	26.56% of Unit Area
<u>40.00 Acres Patented (Fee) Lands</u>	<u>0.78% of Unit Area</u>
5,120.00 Acres	100.00% of Unit Area