

TURNER, WHITE, ATWOOD, McLANE AND FRANCIS

ATTORNEYS AND COUNSELORS AT LAW

17th FLOOR MERCANTILE BANK BUILDING

DALLAS 1, TEXAS

MAIN OFFICE CCC

10:31 AM 5/8/54

J. GLENN TURNER
W. D. WHITE
FELIX ATWOOD
ALFRED E. McLANE
EDWARD L. FRANCIS
JAMES B. FRANCIS
JULIAN M. MEEP
TREVOR REES-JONES
HARRY S. WELCH
THOS. R. HARTNETT III
H. L. HITCHINS, JR.
WILLIAM L. M. INERNEY
WILLIAM G. WEBB
LEWIS CHANDLER
SNOWDEN M. LEFTWICH, JR.
WILLIAM C. HERNDON, JR.

May 8, 1954

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

Re: San Juan 28-7 Unit Agreement
Rio Arriba County, New Mexico
No. 14-08-001-459

Gentlemen:

By letter dated May 6th we transmitted to you Pubco Development, Inc.'s Notice of Appeal from the Director's Decision with reference to the captioned unit. We have discovered that through a clerical error the initial open flow potential of the San Juan 28-7 Unit Well No. 9 was given as 768 cubic feet while in fact the initial open flow potential of such well should have been given as 768,000 cubic feet of gas per day. We enclose herewith a correct Notice and trust that this error will not unduly inconvenience you and your office.

With best wishes, we are

Yours very truly,

TURNER, WHITE, ATWOOD,
McLANE and FRANCIS

By 
William G. Webb

WGW:ed

enc

UNITED STATES DEPARTMENT OF THE INTERIOR

UNITED STATES GEOLOGICAL SURVEY

**RE: UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE SAN JUAN 28-7 UNIT AREA
COUNTY OF RIO ARriba, STATE OF NEW MEXICO
NUMBER 14-08-001-459, EFFECTIVE AS OF
JANUARY 29, 1953**

**RE: DETERMINATION BY UNIT OPERATOR OF CAPABILITY
OF PRODUCTIVITY IN PAYING QUANTITIES OF SAN
JUAN 28-7 NUMBER 9 WELL, LOCATED
SW/4 SECTION 14, T-28-N, R-7-W, N. M. P. M.
RIO ARriba COUNTY, NEW MEXICO
DATED MARCH 11, 1954**

NOTICE OF APPEAL

Comes now Pubco Development, Inc. (N. S. L.), a New Mexico corporation, whose office and principal place of business is located in Albuquerque, New Mexico, a Working Interest Owner under the captioned Unit Agreement, through its undersigned attorneys and files this its Notice of Appeal from the Decision of the Director of the United States Geological Survey, dated April 9, 1954 and received by Appellant on April 12, 1954, rejecting Appellant's protest of El Paso Natural Gas Company's Determination, dated March 11, 1954, as Unit Operator under the captioned Unit Agreement, that the San Juan 28-7 Unit Well Number 9 was considered capable of producing unitized substances in paying quantities within the scope of the captioned Unit Agreement and alleges the following points of error relative thereto:

ALLEGATIONS OF ERROR

- 1. That the Director of the United States Geological**

Survey, by his rejection of Appellant's protest of the Unit Operator's aforementioned Determination, abused and violated the authority and discretion vested in him by virtue of the terms and provisions of the captioned Unit Agreement as promulgated under the Act of Congress of February 25, 1920, 41 Stat. 437, as amended by the Act of Congress of August 8, 1946, 60 Stat. 950, in that the Director failed to take cognizance of the fact that the San Juan 28-7 Unit Well Number 9, as completed in the Mesaverde Formation with an initial open flow potential of only seven hundred sixty-eight thousand (768,000) cubic feet of gas per day, is not a well which may be deemed capable of producing unitized substances in paying quantities as that term is used in Section 11 of the captioned Unit Agreement, and that, by reason of common knowledge and experience, the Director knew, or should have known, that a well of such character can not be deemed to have a productive life sufficient to justify its inclusion in the participating area for the Mesaverde Formation established under the captioned Unit Agreement.

2. The Director, in failing to uphold Appellant's protest, has refused to recognize the basic intent and purpose of the provisions of the Unit Agreement relative to the disposition of wells incapable of producing unitized substances in paying quantities, and, in so doing, he has erroneously construed as meaningless the provisions of the Unit Agreement relative thereto which are an integral part of the Unit Agreement as executed by the parties thereto and as approved by the Honorable Secretary of the Interior.

3. By the Director's refusal to affirm and approve Appellant's protest, he has abdicated his function as the protective force afforded by the Unit Agreement against the arbitrary and capricious acts of the Unit Operator, and, as a result thereof, the vested

property rights of Appellant have been so violated as to amount to an unlawful appropriation thereof.

Premises considered, Appellant respectfully requests that the Honorable Secretary of the Interior reverse and overrule the aforementioned Decision of the Director of the United States Geological Survey, dated April 9, 1954, and instruct the Director to cause such notices to be issued as may be proper to effectively reject the Determination of the Unit Operator as aforesaid.

Respectfully submitted,

TURNER, WHITE, ATWOOD, McLANE
and FRANCIS

By 

Attorneys for Appellant,
PUBCO DEVELOPMENT, INC. (N. S. L.)

Copies of the foregoing Notice of Appeal have been mailed by registered mail this 6th day of May, 1954 to the Supervisor of the United States Geological Survey at Roswell, New Mexico, the Commissioner of Public Lands of the State of New Mexico at Santa Fe, New Mexico, the Oil Conservation Commission of the State of New Mexico at Santa Fe, New Mexico, all Working Interest Owners within the captioned Unit Area and the Unit Operator under the captioned Unit Agreement.

TURNER, WHITE, ATWOOD, McLANE AND FRANCIS

ATTORNEYS AND COUNSELORS AT LAW

MAIN OFFICE 000

J. GLENN TURNER
W. D. WHITE
FELIX ATWOOD
ALFRED E. McLANE
EDWARD L. FRANCIS
JAMES B. FRANCIS
JULIAN M. MEER
TREVOR REES-JONES
HARRY S. WELCH
THOS. R. HARTNETT III
H. L. HITCHINS, JR.
WILLIAM L. M. NERNEY
WILLIAM G. WEBB
LEWIS CHANDLER
SNOWDEN M. LEFTWICH, JR.
WILLIAM C. HERNDON, JR.

17TH FLOOR MERCANTILE BANK BUILDING

DALLAS 1, TEXAS

1954 MAY 15 AM 9:32

May 6, 1954

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

Re: San Juan 28-7 Unit Agreement
Rio Arriba County, New Mexico
No. 14-08-001-459

Gentlemen:

Please find enclosed herewith copy of Pubco Development, Inc.'s Notice of Appeal in connection with El Paso Natural Gas Company's Determination that the San Juan 28-7 Unit No. 9 Well was deemed capable of producing unitized substances in paying quantities. Such appeal has been today filed with the Secretary of the Interior in Washington and copies of same have been mailed to all interested parties.

With best wishes, we are

Yours very truly,

TURNER, WHITE, ATWOOD,
McLANE and FRANCIS

By

William G. Webb

WGW:ed

enc

UNITED STATES DEPARTMENT OF THE INTERIOR

UNITED STATES GEOLOGICAL SURVEY

RE: UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE SAN JUAN 28-7 UNIT AREA
COUNTY OF RIO ARRIBA, STATE OF NEW MEXICO
NUMBER 14-08-001-459, EFFECTIVE AS OF
JANUARY 29, 1953

RE: DETERMINATION BY UNIT OPERATOR OF CAPABILITY
OF PRODUCTIVITY IN PAYING QUANTITIES OF SAN
JUAN 28-7 NUMBER 9 WELL, LOCATED
SW/4 SECTION 14, T-28-N, R-7-W, N.M.P.M.
RIO ARRIBA COUNTY, NEW MEXICO
DATED MARCH 11, 1954

NOTICE OF APPEAL

Comes now Pubco Development, Inc. (N.S.L.), a New Mexico corporation, whose office and principal place of business is located in Albuquerque, New Mexico, a Working Interest Owner under the captioned Unit Agreement, through its undersigned attorneys and files this its Notice of Appeal from the Decision of the Director of the United States Geological Survey, dated April 9, 1954 and received by Appellant on April 12, 1954, rejecting Appellant's protest of El Paso Natural Gas Company's Determination, dated March 11, 1954, as Unit Operator under the captioned Unit Agreement, that the San Juan 28-7 Unit Well Number 9 was considered capable of producing unitized substances in paying quantities within the scope of the captioned Unit Agreement and alleges the following points of error relative thereto:

ALLEGATIONS OF ERROR

1. That the Director of the United States Geological

Survey, by his rejection of Appellant's protest of the Unit Operator's aforementioned Determination, abused and violated the authority and discretion vested in him by virtue of the terms and provisions of the captioned Unit Agreement as promulgated under the Act of Congress of February 25, 1920, 41 Stat. 437, as amended by the Act of Congress of August 8, 1946, 60 Stat. 950, in that the Director failed to take cognizance of the fact that the San Juan 28-7 Unit Well Number 9, as completed in the Mesaverde Formation with an initial open flow potential of only seven hundred sixty-eight (768) cubic feet of gas per day, is not a well which may be deemed capable of producing unitized substances in paying quantities as that term is used in Section 11 of the captioned Unit Agreement, and that, by reason of common knowledge and experience, the Director knew, or should have known, that a well of such character can not be deemed to have a productive life sufficient to justify its inclusion in the participating area for the Mesaverde Formation established under the captioned Unit Agreement.

2. The Director, in failing to uphold Appellant's protest, has refused to recognize the basic intent and purpose of the provisions of the Unit Agreement relative to the disposition of wells incapable of producing unitized substances in paying quantities, and, in so doing, he has erroneously construed as meaningless the provisions of the Unit Agreement relative thereto which are an integral part of the Unit Agreement as executed by the parties thereto and as approved by the Honorable Secretary of the Interior.

3. By the Director's refusal to affirm and approve Appellant's protest, he has abdicated his function as the protective force afforded by the Unit Agreement against the arbitrary and capricious acts of the Unit Operator, and, as a result thereof, the

vested property rights of Appellant have been so violated as to amount to an unlawful appropriation thereof.

Premises considered, Appellant respectfully requests that the Honorable Secretary of the Interior reverse and overrule the aforementioned Decision of the Director of the United States Geological Survey, dated April 9, 1954, and instruct the Director to cause such notices to be issued as may be proper to effectively reject the Determination of the Unit Operator as aforesaid.

Respectfully submitted,

TURNER, WHITE, ATWOOD, McLANE
and FRANCIS

By 

Attorneys for Appellant,
PUBCO DEVELOPMENT, INC. (N. S. L.)

Copies of the foregoing Notice of Appeal have been mailed by registered mail this 6th day of May, 1954 to the Supervisor of the United States Geological Survey at Roswell, New Mexico, the Commissioner of Public Lands of the State of New Mexico at Santa Fe, New Mexico, the Oil Conservation Commission of the State of New Mexico at Santa Fe, New Mexico, all Working Interest Owners within the captioned Unit Area and the Unit Operator under the captioned Unit Agreement.

PUBCO DEVELOPMENT, INC.

BOX 1360

ALBUQUERQUE, NEW MEXICO

MAIN OFFICE OCC

1954 APR 5 AM 9:25

March 26, 1954

Director
United States Geological Survey
Department of the Interior
Washington, D. C.

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

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

Re: San Juan 28-7 Unit, No. 14-08-001459
Rio Arriba County, New Mexico
NOTICE OF PROTEST

Gentlemen:

By letter dated March 11, 1954, El Paso Natural Gas Company, Unit Operator of the captioned Unit, advised that the San Juan 28-7 #9 well was completed July 8, 1953, for an initial potential of 768 MCFGPD and determined on that date that this well was capable of producing unitized substances in paying quantities. The subject well was included in the Second Expanded Participating Area, Mesaverde Formation, to be effective August 1, 1953.

Although the Unit Agreement does not so state, it is generally accepted that a well capable of producing unitized substances in paying quantities is one which will repay the costs of drilling and equipping the well with a reasonable profit in a reasonable period of time. In the opinion of our company, a Mesaverde gas well in the San Juan 28-7 Unit will have to test above 1,500 MCFGPD in order to be able to produce in paying quantities.

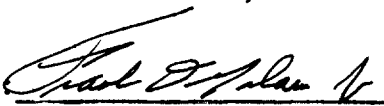
From previous experience, we find the cost of completing and equipping a well in this area to be approximately \$80,000.00. We have found that wells in this field normally deliver, into pipelines under pressure, approximately 20% to 21% of the initial potential. Calculations

based on the \$0.12 per MCF price paid for gas indicate that it will take a minimum of seventeen years to recover the well costs alone out of production. Such a return of investment cannot be considered reasonable. This seventeen-year estimate is based on a full 365-day production year. Certain factors which are intangible at this time, such as ratable take or proration, could very well add several more years to this period. The inclusion of a well or wells into the participating area which is not capable of producing in paying quantities places an unfair and disastrous burden on those wells in other lands within the participating area and violates the original essence and intent of the Unit Agreement.

Accordingly, we wish to protest the inclusion of the captioned well within the Mesaverde participating area of the San Juan 28-7 Unit and respectfully request your consideration of this matter.

Very truly yours,

PUBCO DEVELOPMENT, INC.

By 
Frank D. Gorham, Jr.
Vice President

FDGJr/FGD/h

Schedule Showing the Percentage and Kind of Ownership of Oil and Gas Interests in All Lands in the San Juan 28-7 Unit Agreement

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner of Lease or Application	Overriding Royalty Owner and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest
<u>FEDERAL LANDS</u>							
<u>T-27-N, R-7-W</u>							
1.	Sec. 17: W/2 Sec. 20: W/2	640.00	NM 03521 4-1-48 5 yrs.	U.S.A. 12 $\frac{1}{2}$ % All	Robert F. Thompson	H. K. Riddle Helen Pritchard Davis Richard H. Godfrey Rocky Mtn. Petroleum Gas Co. Robt. F. Thompson 1% to $\frac{1}{2}$ % upon payment of \$25.00 per acre	Gas Rights to Base of Mesa-verde Formation: El Paso Natural Gas Co.-All Gas Rights below Base of Mesa-verde Formation and all Oil Rights: Delhi Oil Corporation-All
2.	Sec. 29: All Sec. 30: All	1,281.44	NM 03560 11-1-49 5 yrs.	U.S.A. 12 $\frac{1}{2}$ % All	H. J. Blackwell	Dena Riddle Rocky Mtn. Petroleum Gas Co. H. J. Blackwell 1% to $\frac{1}{2}$ % upon payment of \$25.00 per acre	Gas Rights to Base of Mesa-verde Formation: El Paso Natural Gas Co.-All Gas Rights below Base of Mesa-verde Formation and all Oil Rights: Delhi Oil Corporation-All
<u>T-28-N, R-7-W</u>							
3.	Sec. 7: S/2 SE/4, SE/4 SW/4 Sec. 8: S/2 SW/4 Sec. 16: S/2 Sec. 17: All Sec. 18: E/2 Sec. 20: NE/4 Sec. 21: N/2, N/2 S/2, SE/4 SE/4	2,160.00	SF 078417 8-1-48 5 yrs.	U.S.A. 12 $\frac{1}{2}$ % All	Nancy Harmon	Ernest Hanson Olen Featherstone Ballard Spencer Leo R. Manning	Gas Rights to Base of Mesa-verde Formation: El Paso Natural Gas Co.-All Gas Rights below Base of Mesa-verde Formation and all Oil Rights: Three States Nat. Gas Co.-All
4.	Sec. 18: E/2 NW/4 Sec. 22: S/2 NW/4, SW/4	320.00	SF 078417-A 8-1-48 5 yrs.	U.S.A. 12 $\frac{1}{2}$ % All	William B. Hardie	Ernest Hanson Olen Featherstone Ballard Spencer Leo R. Manning	Gas Rights to Base of Mesaverde Formation El Paso Natural Gas Co.-All Below Base of Mesaverde Formation:

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner or Application	Overriding Royalty Owner and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest
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(Federal Lands -- continued)
(T-28-N, R-7-W - continued)

4. -- Continued

Thornton Hardie
Allen Grambling
Ben R. Howell
John A. Grambling
William B. Hardie
R. H. Feuille

.25%
.25%
.25%
.10%
.10%
.05%

Gas Rights:
El Paso Natural Gas Co. -7/8
San Jacinto Pet. Corp. -1/8
Oil Rights:
El Paso Natural Gas Co. -3/4
San Jacinto Pet. Corp. -1/4

5. Sec. 27: SE/4, E/2 1,689.94 3F 078496 U.S.A. Leola Cundiff

NE/4
Sec. 34: Lots 3,4, NW/4 5 yrs. All
Sec. 35: Lots 1,2,3,4, N/2 S/2, N/2 (All) 5 yrs. All

Ralph Vanderwart
Ernest Hanson
Leo R. Manning
Olen Featherstone

1.33%
.84%
.50%
.33%

Gas Rights to Base of Mesa-verde Formation:
El Paso Natural Gas Co. -All
Gas Rights below Base of Mesa-verde Formation and all Oil Rights:
Three States Nat. Gas Co. -All

T-27-N, R-7-W

Sec. 3: Lots 1,2,3,4, S/2 N/2 (N/2)
Sec. 5: Lots 1,2, S/2 NE/4

6. Sec. 4: N/2 801.83 SF 078496-A U.S.A. William B. Hardie

T-28-N, R-7-W 5 yrs. All
Sec. 26: SW/4
Sec. 34: Lots 1,2, NE/4 N/2 SE/4, NE/4

Ralph Vanderwart
Ernest Hanson
Leo R. Manning
Olen Featherstone
Thornton Hardie
Allen Grambling
Ben R. Howell
John A. Grambling
William B. Hardie
R. H. Feuille

1.33%
.84%
.50%
.33%
.25%
.25%
.25%
.10%
.10%
.05%

To Base of Mesaverde Formation
El Paso Natural Gas Co. -All
Below Base of Mesaverde Formation:
Gas Rights:
El Paso Natural Gas Co. -7/8
San Jacinto Pet. Corp. -1/8
Oil Rights:
El Paso Natural Gas Co. -3/4
San Jacinto Pet. Corp. -1/4

7. Sec. 7: Lots 1,2,3, 1,639.56 SF 078497 U.S.A. George H. Smith

4,5 7-1-49 12 1/2%
Sec. 8: Lots 1,2,3, 4, S/2 SE/4 All

Ernest Hanson
Olen Featherstone
Floyd Childress
Leo R. Manning

1.17%
.67%
.66%
.50%

Gas Rights to Base of Mesa-verde Formation:
El Paso Natural Gas Co. -All
Gas Rights below Base of Mesa-verde Formation and all Oil Rights:
Three States Nat. Gas Co. -All

Sec. 16: N/2
Sec. 19: Lot 1, E/2 W/2, E/2
Sec. 20: N/2 SE/4
Sec. 29: W/2

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner of Lease or Application	Overriding Royalty Owner and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest
(Federal Lands - continued) (T-28-N, R-7-W - continued)							
8.	Sec. 9: Lots 1, 2, 3, 4, S/2 S/2 (All)	844.40	SF 078497-A 7-1-49	U.S.A. 12 1/2%	William B. Hardie	Ernest Hanson Olen Featherstone Floyd Childress Leo R. Manning Thornton Hardie Allen Grambling Ben R. Howell John A. Grambling William B. Hardie R. H. Feuille	To Base of Mesaverde Formation El Paso Natural Gas Co.-All Below Base of Mesaverde Formation: Gas Rights: El Paso Natural Gas Co.-7/8 San Jacinto Pet. Corp. -1/8 Oil Rights: El Paso Natural Gas Co.-3/4 San Jacinto Pet. Corp. -1/4
	Sec. 18: Lots 1, 2, 3, 4, E/2 SW/4		5 yrs.	All			
	Sec. 20: W/2						
9.	Sec. 27: W/2, W/2 NE/4	1,988.00	SF 078498 9-1-50	U.S.A. 12 1/2%	Guy W. Nickson	Guy W. Nickson Ernest Hanson Leo R. Manning Olen Featherstone	Gas Rights to Base of Mesa-verde Formation: El Paso Natural Gas Co.-All Gas Rights below Base of Mesa-verde Formation and all Oil Rights: Three States Nat. Gas Co.-All
	Sec. 28: W/2		5 yrs.	All			
	Sec. 29: E/2						
	Sec. 32: Lots 1, 2, N/2 SE/4, NE/4						
	Sec. 33: Lots 1, 2, 3, 4, N/2 S/2, N/2 (All)						
9(a)	Sec. 28: SE/4, NE/4 NE/4	515.36	SF 078498 9-1-50	U.S.A. 12 1/2%	Guy W. Nickson	Guy W. Nickson Ernest Hanson Leo R. Manning Olen Featherstone Thornton Hardie Allen Grambling Ben R. Howell John A. Grambling William B. Hardie R. H. Feuille	To Base of Mesaverde Formation El Paso Natural Gas Co.-All Below Base of Mesaverde Formation: Gas Rights: El Paso Natural Gas Co.-7/8 San Jacinto Pet. Corp. -1/8 Oil Rights: El Paso Natural Gas Co.-3/4 San Jacinto Pet. Corp. -1/4
	Sec. 32: Lots 3, 4, N/2 SW/4, NW/4		5 yrs.	All			
10.	Sec. 19: Lots 2, 3, 4, W/2 NE/4, NW/4 NE/4, S/2 SE/4	925.36	SF 078500 2-1-51	U.S.A. 12 1/2%	San Jacinto Pet. Corp. as Successor in interest to Largo Nat. Gas Co. 1/4 Three States Nat. Gas Co. 3/4	Ernest Hanson Olen Featherstone Leo R. Manning Emma T. Russell	Gas Rights to Base of Mesa-verde Formation: El Paso Natural Gas Co.-All Gas Rights below Base of Mesa-verde Formation and all Oil Rights: Three States Nat. Gas Co.-All
	Sec. 31: Lots 1, 2, 3, 4, 5, 6, 7, E/2 NW/4, NE/4, SW/4, NW/4, NE/4, N/2 SW/4 (All)		5 yrs.	All			

July 30, 1953

EXHIBIT 'B'

(Page 4)

Working Interest Owner Under
Option Agreement, Operating
Agreement or Assignment and
Percentage of Interest

(Federal Lands - continued)
(T-28-N, R-7-W - continued)

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner of Lease or Application	Overriding Royalty Owner and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest
10(a)	Sec. 30: Lots 1,2,3, E/2 NW/4	189.30	SF 078500 2-1-51 5 yrs.	U.S.A. 12 1/2% All	San Jacinto Pet. Corp. as Successor in interest to Largo Nat. Gas Co. 1/4 Three States Nat. Gas Co. 3/4	Ernest Hanson 1.40% Olen Featherstone .90% Leo R. Manning .50% Thornton Hardie .25% Allen Grambling .25% Ben R. Howell .25% Emma T. Russell .20% John A. Grambling .10% William B. Hardie .10% R. H. Feuille .05%	To Base of Mesaverde Formation El Paso Natural Gas Co.-All Below Base of Mesaverde Formation: Gas Rights: El Paso Natural Gas Co.-7/8 San Jacinto Pet. Corp. -1/8 Oil Rights: El Paso Natural Gas Co.-3/4 San Jacinto Pet. Corp. -1/4

T-27-N, R-7-W

11.	Sec. 5: SE/4 Sec. 8: NW/4	320.00	SF 078565 4-1-48 5 yrs.	U.S.A. 12 1/2% All	Elizabeth Storey	M. J. Florance 10.50% Elizabeth T. Storey 1.00% to 1/2 upon payment of \$25.00 per acre Ralph A. Johnston .1330000% Phil E. Davant .6068125% Hortense E. Davant .1163750% W. A. Romero .0332500% W. R. Archer .0665000% Roy Rowntree .0166250% Lewis R. VanSant .0166250% Waters S. Davis, Jr. .0498750% Gladys D. Davis .0249375% South Texas Nat'l. Bank, Trustee & F. L. Tucker & Co. .0249375% G. E. Thompson .0332500% George R. Reese, Jr. .0332500% A. W. Ashley .0332500% Eldridge C. Thompson .1496250% son Johnston Oil & Gas Co. 2.2338750%	Gas Rights to Base of Mesa-verde Formation: El Paso Natural Gas Co.-All Gas Rights below Base of Mesa-verde Formation and all Oil Rights: Delhi Oil Corporation-All
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Tract No. Description No. of Acres Serial No. and Lease Date Land Owner Percentage of Royalty Record Owner of Lease or Application Overriding Royalty Owner and Percentage Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest

(Federal Lands - continued)
(T-27-N, R-7-W - continued)

11. - Continued

						B. H. Bristow Draper		
						.0665000%		
						Lorene R. Smith	.0415625%	
						L. A. Nordan	.0831250%	
						Dan W. Johnston	.0831250%	
						Wesley West	.0997500%	
						Wesley West, Co-Trustee	.2493750%	
						Wesley West, Co-Trustee	.2493750%	
						R. E. Beamon	.0866250%	
						Ewel H. Stone	.0601562%	
						D. Franklin Jones	.0601563%	
						Jas. A. Williams	.0577500%	
						Margaret Draper	.0288750%	
						Alfred E. McLane	.1312500%	
						Sue Reeder Turner	.1312500%	
						Gladys Watford	.9989375%	
12.	Sec. 5: Lots 3,4, S/2 NW/4, SW/4	320.52	SF 078565-A 4-1-48 5 yrs.	U.S.A. 12 $\frac{1}{2}$ % All	John A. Grambling			El Paso Natural Gas Co.-All
					Thornton Hardie	.25%		
					Allen Grambling	.25%		
					Ben R. Howell	.25%		
					John A. Grambling	.10%		
					William B. Hardie	.10%		
					R. H. Feuille	.05%		
13.	Sec. 8: NE/4, SW/4	320.00	SF 078569 4-1-48 5 yrs.	U.S.A. 12 $\frac{1}{2}$ % All	W. H. Riddle			W. H. Riddle-All
					None			
14.	Sec. 4: S/2 SE/4 NW/4	640.00	SF 078570 4-1-48 5 yrs.	U.S.A. 12 $\frac{1}{2}$ % All	Bay Petroleum Corp.			Bay Petroleum Corp.-All
					H. K. Riddle	2.00%		
					Helen Prichard	2.00%		
					Richard H. Godfrey	1.00%		

July 30, 1953

EXHIBIT "B"

(Page 6)

Working Interest Owner Under
Option Agreement, Operating
Agreement or Assignment and
Percentage of Interest

Tract No. Description No. of Acres Serial No. and Lease Date Land Owner Percentage of Royalty Record Owner of Lease or Application Overriding Royalty Owner and Percentage

15. Sec. 9: SW/4 2,560.00 SF 078640 U.S.A. J. R. Sharp Brookhaven Oil Co.) 5% El Paso Natural Gas Co.-All
 Sec. 15: W/2 2-1-48 12 1/2% Dacresa Oil Corp.)
 Sec. 17: E/2 5 yrs. All
 Sec. 20: E/2
 Sec. 21: All
 Sec. 22: W/2
 Sec. 27: NW/4
 Sec. 28: N/2

16. Sec. 6: Lots 3,4, S/2 640.20 SF 078835 U.S.A. Ben R. Howell Alice S. Bolack 2.50% El Paso Natural Gas Co.-All
 NW/4, SW/4 10-1-48 12 1/2% Thornton Hardie .25%
 Sec. 7: E/2 5 yrs. All Allen Grambling .25%
 Ben R. Howell .25%
 John A. Grambling .10%
 William B. Hardie .10%
 R. H. Feuille .05%

17. Sec. 6: Lots 1,2, S/2 640.86 SF 078835-A U.S.A. Burchell Allinson M. J. Florance 10.20% Gas Rights to Base of Mesa-
 NE/4, SE/4 10-1-48 12 1/2% Alice S. Bolack 2.50% verde Formation:
 Sec. 7: Lots 1,2,3,4, E/2 W/2 5 yrs. All Burchell Allinson 1.00% El Paso Natural Gas Co.-All
 to 1/2 upon payment of Gas Rights below Base of Mesa-
 \$25.00 per acre verde Formation and all Oil
 Ralph A. Johnston .1292000% Rights:
 Phil E. Davant .5894750% Delhi Oil Corporation-All
 Hortense E. Davant .1130500%
 W. A. Romero .0323000%
 W. R. Archer .0646000%
 Roy Rowntree .0161500%
 Lewis R. VanSant .0161500%
 Waters S. Davis, Jr. .0484500%
 Gladys D. Davis .0242250%
 South Texas Nat'l
 Bank, Trustee .0242250%
 F. L. Tucker &
 G. E. Thompson .0323000%
 Geo. R. Reese, Jr. .0323000%
 A. W. Ashley .0323000%

Working Interest Owner Under
Option Agreement, Operating
Agreement or Assignment and
Percentage of Interest

(Federal Lands - continued)
(T-27-N, R-7-W - continued)

17. - Continued

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner or Application	Overriding Royalty Owner and Percentage
						Eldridge C. Thompson, 1453500%
						Johnston Oil & Gas Co. 2,1700500%
						B.H. Bristow Draper, 0646000%
						Lorene R. Smith .0403750%
						L. A. Nordan .0807500%
						Dan W. Johnston .0807500%
						Wesley W. West .0969000%
						Wesley W. West, Co-Trustee for Betty Ann West .2422500%
						Wesley W. West, Co-Trustee for James Wendell West .2422500%
						R. E. Beamon .0841500%
						Ewel H. Stone .0584375%
						D. Franklin Jones .0584375%
						Jas. A. Williams .0561000%
						Margaret Draper .0280500%
						Alfred E. McLane .1275000%
						Sue Reeder Turner .1275000%
						Gladys Watford 1,9418250%

18.	Sec. 18: Lots 1, 2, 3, 4, 1, 281.51	SF 078840	U.S.A. 12 ^{1st}	C. C. Peters	M. J. Florance 10.20%	Gas Rights to Base of Mesa-verde Formation:
	E/2 W/2, E/2 (All)	10-1-48	12 ^{1st}		Tom Bolack 2.50%	El Paso Natural Gas Co.-All
	Sec. 19: Lots 1, 2, 3, 4, E/2 W/2, E/2 (All)	5 yrs.	All			Gas Rights below Base of Mesa-verde Formation and all Oil Rights:
						Delhi Oil Corporation-All

Phil E. Davant .5894750%

Hortense E. Davant .1130500%

W. A. Romero .0323000%

W. R. Archer .0646000%

Roy Rowntree .0161500%

Lewis R. VanSant .0161500%

Waters S. Davis, Jr. .0484500%

Gladys D. Davis .0242250%

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner or Application	Overriding Royalty and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment Percentage of Interest
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(Federal Lands - continued)
(F-27-N, R-7-W - continued)

18. - Continued

	South Texas Nat'l Bank, Trustee					.02422500%	
	F. L. Tucker & G. E. Thompson					.03230000%	
	Geo. R. Reese, Jr.					.03230000%	
	A. W. Ashley					.03230000%	
	Eldridge C. Thompson.					.14535000%	
	Johnston Oil & Gas Co.					.21700500%	
	B.H. Bristow Draper					.06460000%	
	Lorene R. Smith					.04037500%	
	L. A. Nordan					.08075000%	
	Dan W. Johnston					.08075000%	
	Wesley W. West					.09690000%	
	Wesley W. West, Co-Trustee for Betty Ann West					.24225000%	
	Wesley W. West, Co-Trustee for James Wendell West					.24225000%	
	R. E. Beamon					.08415000%	
	Ewel H. Stone					.05843750%	
	D. Franklin Jones					.05843750%	
	Jas. A. Williams					.05610000%	
	Margaret Draper					.02085000%	
	Alfred E. McLane					.12750000%	
	Sue Reeder Turner					.12750000%	
	Gladys Watford					.19418250%	

19. Sec. 3: S/2 1,600.00 SF 0788972 U.S.A. Pubco Development, Inc.
 Sec. 10: All 2-1-48 12 1/2%
 Sec. 11: All 5 yrs. All

Helen K. Peterson & Joseph L. Peterson	Pubco Development, Inc.-All
Ray R. Taylor & Betty Taylor	
Harry O. Schmidt & Frances V. Schmidt	
H. A. MacIntosh & Faye M. MacIntosh	4.75%
Marie Porter	.25%

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner or Application	Lease of Lease	Overriding Royalty Owner and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest
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(Federal Lands - continued)
(F-27-N, R-7-W - continued)

20.	Sec. 9: E/2	320.00	SF 078972-A 2-1-48 5 yrs.	U.S.A. 12 1/2% All	W. C. McCord J. Glenn Turner Alfred E. McLane	1/3 1/3 1/3	Helen K. Peterson & Joseph L. Peterson Ray R. Taylor & Betty Taylor Harry O. Schmidt & Frances V. Schmidt H. A. MacIntosh & Faye M. MacIntosh Marie Porter	W. C. McCord 1/3 J. Glenn Turner 1/3 Alfred E. McLane 1/3
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4.75%
.25%

F-28-N, R-7-W

21.	Sec. 10: Lots 1,2,3,4, 1,304.48 S/2 S/2	SF 079289 5-1-48	U.S.A. 12 1/2% All	Elizabeth T. Storey	M. J. Florance Elizabeth T. Storey	10.50% 1.00%	Gas Rights to Base of Mesa- verde Formation: El Paso Natural Gas Co.-All Gas Rights below Base of Mesa- verde Formation and all Oil Rights: Delhi Oil Corporation-All
	Sec. 12: Lots 1,2,3,4, S/2 S/2	5 yrs.	All				
	Sec. 14: E/2						
	Sec. 15: E/2						
	Sec. 22: N/2 NW/4						

to 1/2% upon payment of
\$25.00 per acre
Ralph A. Johnston .13300000%
Phil E. Davant .60681250%
Hortense E. Davant .11637500%
W. A. Romero .03325000%
W. R. Archer .06650000%
Roy Rowntree .01662500%
Lewis R. Vansant .01662500%
Waters S. Davis, Jr. .04987500%
Gladys D. Davis .02493750%
South Texas Nat'l
Bank, Trustee .02493750%
F. L. Tucker &
G. E. Thompson .03325000%
George R. Reese, Jr. .03325000%
A. W. Ashley .03325000%
Eldridge C. Thomp- .14962500%
son
Johnston Oil & Gas
Co. 2.23387500%

Tract No. Description No. of Acres Serial No. and Lease Date Land Owner Percentage of Royalty Record Owner of Lease or Application Overriding Royalty Owner and Percentage Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest

(Federal Lands - continued)
(T-28-N, R-7-W - continued)

21. - Continued

B. H. Bristow Draper
.0665000%
Lorene R. Smith .0415625%
L. A. Nordan .0831250%
Dan W. Johnston .0831250%
Wesley West .0997500%
Wesley West, Co-Trustee
.2493750%
Wesley West, Co-Trustee
.2493750%
R. E. Beamon .0866250%
Ewel H. Stone .0601562%
D. Franklin Jones
.0601563%
Jas. A. Williams .0577500%
Margaret Draper .0288750%
Alfred E. McLane .1312500%
Sue Reeder Turner
.1312500%
Gladys Watford 1.9989375%

22. Sec. 11: Lots 1, 2, 3, 4, 1, 252.80 SF 079289-A U.S.A. D. J. Simmons
S/2 S/2 5-1-48 12 1/2%
Sec. 14: W/2 5 yrs. All
Sec. 15: W/2
Sec. 22: E/2

Wood River Oil & Ref. Co., Inc. D. J. Simmons-All and Rock Hill Oil Co. have a production payment equivalent to 21.875% which terminates upon payment of certain sums upon this & other acreage

23. Sec. 13: E/2 1, 280.00 SF 079290 U.S.A. Elizabeth T. Storey
Sec. 23: W/2 5-1-48 12 1/2%
Sec. 24: W/2 5 yrs. All
Sec. 26: N/2

M. J. Florance 10.50% Gas Rights to Base of Mesa-Elizabeth T. Storey 1.00% verde Formation:
to 1/2% upon payment of El Paso Natural Gas Co.-All
\$25.00 per acre Ralph A. Johnston .1330000% Gas Rights below Base of Mesa-Phil E. Davant .6068125% Rights:
Hortense E. Davant .1163750% verde Formation and all Oil
W. A. Romero .0332500% Delhi Oil Corporation-All
W. R. Archer .0665000%

July 30, 1953

EXHIBIT "B"

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner or Application	Lease and Overriding Royalty Owner and Percentage
(Federal Lands - continued)						
(T-28-N, R-7-W - continued)						
23. -	Continued					
						Roy Rowntree .0166250%
						Lewis R. Vansant .0166250%
						Waters S. Davis, Jr. .0498750%
						Gladys D. Davis .0249375%
						South Texas Nat'l. Bank, Trustee .0249375%
						F. L. Tucker & G. E. Thompson .0332500%
						George R. Reese, Jr. .0332500%
						A. W. Ashley .0332500%
						Eldridge C. Thompson .1496250%
						son
						Johnston Oil & Gas Co. 2.2338750%
						B. H. Bristow Draper .0665000%
						Lorene R. Smith .0415625%
						L. A. Nordan .0831250%
						Dan W. Johnston .0831250%
						Wesley West .0997500%
						Wesley West, Co-Trustee .2493750%
						Wesley West, Co-Trustee .2493750%
						R. E. Beamon .0866250%
						Ewel H. Stone .0601562%
						D. Franklin Jones .0601563%
						Jas. A. Williams .0577500%
						Margaret Draper .0288750%
						Alfred E. McLane .1312500%
						Sue Reeder Turner .1312500%
						Gladys Watford 1.9989375%

Tract No. Description No. of Acres Serial No. and Lease Date Land Owner Percentage of Royalty Record Owner of Lease or Application Overriding Royalty Owner and Percentage Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest

(Federal Lands - continued)
(T-28-N, R-7-W - continued)

24. Sec. 13: W/2 1,280.00 SF 079290-A U.S.A. D. J. Simmons
 Sec. 23: E/2 5-1-48 12½%
 Sec. 24: E/2 All
 Sec. 25: N/2
 Wood River Oil & Ref. Co., Inc. and Rock Hill Oil Co. have a production payment equivalent to 21.875% which terminates upon payment of certain sums upon this & other acreage.

25. Sec. 25: S/2 1,136.88 SF 079294 U.S.A. Pubco Development, Inc. -All
 Sec. 26: SE/4 7-1-48 12½%
 Sec. 36: All 5 yrs. All
 T-27-N, R-7-W
 Pubco Development, Inc. Wilma Appell 2.00%

26. Sec. 12: All 640.00 SF 079298-B U.S.A. W. A. Kernaghan
 7-1-48 12½%
 5 yrs. All
 E. P. Ripley 2.50%
 W. A. Kernaghan 1% to ½% upon payment of \$25.00 per acre
 Gas Rights to Base of Mesa-verde Formation:
 El Paso Natural Gas Co.-All
 Gas Rights below Base of Mesa-verde Formation and all Oil Rights:
 Delhi Oil Corporation-All

- E. W. Ingram .06533457%
- T. J. Ahern .23520444%
- Dan W. Johnston .06250000%
- L. C. Oldham, Jr. .02722248%
- E. F. Kalb .05444497%
- Phil E. Davant .05444497%
- A. W. Ashley .01677597%
- Geo. R. Reese, Jr. .01677597%
- Cannon B. McKahan .03355195%
- Jas. A. Williams .03355195%
- W. C. McKahan .08387988%
- Waters S. Davis, Jr. .04793136%
- Gladys D. Davis .02396568%
- South Texas Nat'l Bank, Trustee .02396568%
- William G. Johnston .28098958%
- L. A. Nordan .09586272%
- Alma Mae Beamon .13940971%
- R. E. Beamon III .08711196%
- Wm. Ray Kitchel .27500000%

Working Interest Owner Under
Option Agreement, Operating
Agreement or Assignment and
Percentage of Interest

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner or Application	Overriding Royalty Owner and Percentage
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26. - Continued

(Federal lands - continued)
(T-27-N, R-7-W - continued)

Johnston Oil & Gas Co. .28098958%
Gladys Watford .05572916%
C.A. Porterfield .08916664%
Lyle E. Carbaugh .05015624%
L. M. Harrison .04458332%
Glenn Porterfield.04458332%
Joe Glenn Patton .02786458%
Ed Koy .02786458%
Charles W. Machemehl .03901040%
Durant Indjidjian.02786458%

27. Sec. 1: Lots 1,2,3,4, 639.20 SF 079321-A U.S.A. Robert Storey, Jr.

S/2 N/2, S/2 (All) 7-1-49 12 1/2%
5 yrs. All

Madeline Lane Robinson 2.50% Gas Rights to Base of Mesa-
verde Formation:
Robert Storey, Jr. 1.00% El Paso Natural Gas Co.-All
to 1/2% upon payment of \$25.00 Gas Rights below Base of Mesa-
verde Formation and all Oil
per acre Rights:
E. W. Ingram .06533457% Delhi Oil Corporation-All
T. J. Ahern .23520444%
Dan W. Johnston .06250000%
L. C. Oldham, Jr. .02722248%
E. F. Kalb .05444497%
Phil E. Davant .05444497%
A. W. Ashley .01677597%
Geo. R. Reese, Jr. .01677597%
Cannon B. McMahan.03355195%
Jas. A. Williams .03355195%
W. C. McMahan .08387988%
Waters S. Davis, Jr. 04793136%
Gladys D. Davis .02396568%
South Texas Nat'l.
Bank, Trustee .02396568%
William G. Johnston
L. A. Nordan .28098958%
Alma Mae Beamon .09586272%
.13940971%

July 30, 1953

EXHIBIT "B"

(Page 14)

Working Interest Owner Under
Option Agreement, Operating
Agreement or Assignment and
Percentage of Interest

Tract No.	Description	No. of Acres	Serial No. and Lease Date	Land Owner Percentage of Royalty	Record Owner or Application	Lease Owner and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest
(Federal Lands - continued)								
(T-27-N, R-7-W - continued)								

27. -- Continued

	R. E. Beamon III						.08711196%	
	Wm. Ray Kitchel						.27500000%	
	Johnston Oil & Gas Co.						.28098958%	
	Gladys Watford						.05572916%	
	C.A. Porterfield						.08916664%	
	Lyle E. Carbaugh						.05015624%	
	L. M. Harrison						.04458332%	
	Glenn Porterfield						.04458332%	
	Joe Glenn Patton						.02786458%	
	Ed Koy						.02786458%	
	Charles W. Machemehl						.03901040%	
	Durant Indjidjian						.02786458%	

TOTAL FEDERAL LANDS: 29,171.64 or 94.0833047% of Unit Area

July 30, 1953

EXHIBIT "B"

(Page 15)

Tract No.	Description	No. of Acres	State No. and Lease Date	Land Owner Percentage of Royalty	Record Owner of Lease or Application	Overriding Royalty and Percentage	Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest
<u>STATE LANDS</u> <u>T-27-N, R-7-W</u>							
28.	Sec. 2: Lots 3,4,SW/4, SW/4 SE/4	279.06	State NM E-290-21 5-2-45 10 yrs.	State NM 12 $\frac{1}{2}$ % All	Johnston Oil & Gas Co.	Francis L. Harvey 5.00%	Johnston Oil & Gas Co. R. E. Beamon 1/6
29.	Sec. 2: Lot 2, SW/4 NE/4, NW/4 SE/4	119.44	State NM E-290-3 5-2-45 10 yrs.	State NM 12 $\frac{1}{2}$ % All	Southern Petroleum Exploration, Inc.	None	Southern Petroleum Exploration, Inc.-All
30.	Sec. 2: Lot 1, SE/4 NE/4, NE/4 SE/4	119.58	State NM E-290-20 5-2-45 10 yrs.	State NM 12 $\frac{1}{2}$ % All	Johnston Oil & Gas Co.	None	Johnston Oil & Gas Co. R. E. Beamon 1/6
31.	Sec. 2: SE/4 SE/4, S/2 NW/4	120.00	State NM E-290-6 5-2-45 10 yrs.	State NM 12 $\frac{1}{2}$ % All	Malco Refineries, Inc.	None	Malco Refineries, Inc. All
32.	Sec. 16: NW/4 NW/4	40.00	State NM E-4425-25 10-13-50 10 yrs.	State NM 12 $\frac{1}{2}$ % All	EI Paso Natural Gas Co.	Jorgen P. Jorgenson 4.00%	Brookhaven Oil Co. EI Paso Natural Gas Co. 1/2
33.	Sec. 16: NE/4 NW/4	40.00	State NM E-4425-27 10-13-50 10 yrs.	State NM 12 $\frac{1}{2}$ % All	Clyde G. Harvey	None	Clyde G. Harvey All
34.	Sec. 16: SW/4 NW/4	40.00	State NM E-4425-9 10-13-50 10 yrs.	State NM 12 $\frac{1}{2}$ % All	Pubco Development, Inc.	Genevieve Hazard 3.00%	Pubco Development, Inc. All
35.	Sec. 16: SE/4 NW/4, SW/4	520.00	State NM R-2825-2 7-14-49 10 yrs.	State NM 12 $\frac{1}{2}$ % All	Pubco Development, Inc.	Francis L. Harvey 1.00% Clyde G. Harvey 3.00% F. H. Gose & Venus Gose 1.00%	Pubco Development, Inc. All

July 30, 1953

EXHIBIT "B"

(page 16)

Tract No. Description No. of Acres Land Owner and Percentage of Royalty Lessee and Date of Lease Overriding Royalty Owner & Percentage Working Interest Owner Under Option Agreement, Operating Agreement or Assignment and Percentage of Interest

PATENTED LANDS
F-28-N, R-7-W

36. Sec. 28: W/2 NE/4, SE/4 NE/4 236.46 G. H. Lobato 6 1/4% El Paso Natural Gas Co. None To Base of Mesaverde Formation: El Paso Natural Gas Co.-All Below Base of Mesaverde Formation:
Gas Rights:
El Paso Natural Gas Co.-7/8 San Jacinto Pet. Corp. -1/8 Oil Rights:
El Paso Natural Gas Co.-3/4 San Jacinto Pet. Corp. -1/4

36(a) Sec. 20: S/2 SE/4 320.00 G. H. Lobato 6 1/4% El Paso Natural Gas Co. None Gas Rights to Base of Mesa-verde Formation:
El Paso Natural Gas Co.-All Gas Rights below Base of Mesa-verde Formation and all Oil Rights:
Three States Nat. Gas Co.-All

TOTAL FEE LANDS: 556.46 or 1.7946757% of Unit Area

TOTAL LANDS: 31,006.18

RECAPITULATION

<u>Land</u>	<u>Acres in Unit</u>	<u>Percentage of Unit Area</u>
Federal	29,171.64	94.0833047%
State	1,278.08	4.1220196%
Fee	556.46	1.7946757%
TOTAL:	31,006.18	100.0000000%

RECEIVED
JAN 21 1953
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

That the undersigned, [Name], is the present owner of the following described land situated in [County], New Mexico, to-wit:

Township 27 North, Range 7 West, N4th
Section 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 1/2 of Section 13,
Section 14, 15, 16, 17, 18, 19, 20, 21, 1/2 of Section 22,
Section 23 and 24, 1/2 of Section 25 and 26 of

by virtue of that certain assignment of oil and gas lease dated December 17, 1951 and recorded in Book 170, Page 215 of the Records of San Juan County, New Mexico, and,

and that, the undersigned desires to be a party to that certain Unit Agreement for the development and operation of the San Juan 13-7 Unit Area, County of Rio Arriba, State of New Mexico, which has been previously executed under date of _____ and hereinafter called the Unit Agreement and described as follows:

New Mexico Principal Participants:

- Township 27 North, Range 7 West
All of sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 1/2 of Section 13,
All of Sections 14, 15, 16, 17, 18, 19, 20, 21, 1/2 of Section 22,
All of Sections 23 and 24, 1/2 of Section 25 and 26 of
Section 27
- Township 26 North, Range 7 West
All of this township
containing 36,000.75 acres, more or less.

WHEREAS, it is the desire of the undersigned to join in said unit agreement as though he had been a party thereto and this instrument is executed for the purpose of ratifying and joining said unit agreement.

AND WHEREAS, for and in consideration of the sum of ten dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby solemnly deplored, the above mentioned unit agreement is hereby ratified and approved, the same as if the undersigned had been a party thereto.

Witness my hand and seal this 20th day of January, 1953.

[Signature]

ILLEGIBLE

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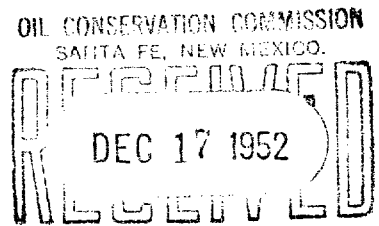
I, the undersigned, do hereby certify that on the 20 day of January, 1953, before me personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

Katherine Vaughn
Katherine Vaughn

KATHERINE VAUGHN
Notary Public, Tarrant County, Texas
My Commission Expires June 1, 1953

ILLEGIBLE

PUBCO DEVELOPMENT, INC.
P.O. Box 1360
Albuquerque, New Mexico



December 16, 1952

New Mexico Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Attention: Mr. Dick Spurrier

Re: Case 445 of December 16, 1952,
El Paso Natural's application
for approval of 28-7 Unit Area
embracing 30,684.76 acres of
land in Rio Arriba County,
New Mexico, Townships 27 and 28
North, Range 7 West.

Gentlemen:

You will recall that the writer testified, this date, on the case referred to above. Pubco Development, Inc., a New Mexico corporation, is a working interest holder of Federal leases within the proposed unit and is also the majority working interest holder in State Section 16, Township 27 North, Range 7 West (Re: El Paso Exhibit A). To further clarify the position of Pubco Development, Inc., as presented in the testimony verbally submitted this date, we hereby submit the following:

Pubco Development, Inc., believes that the unit agreement as submitted for approval will more properly conserve natural resources and is in the public interest.

It should be specifically stressed, however, that Federal Lease 078640 has not as yet been committed to the unit by the working interest holder, Mr. J. R. Sharpe. Since Federal Lease 078640 virtually surrounds State Section 16, Township 27 North, Range 7 West, there would be no purpose in committing State Section 16, Township 27 North, Range 7 West, to the unit and would, in actuality, be detrimental to the development of said Section and would in no way comply with the stipulated purposes of unitization.

The Unit Operator, El Paso Natural Gas Company, is in accord with this contention and has agreed to cooperate in the withdrawal of State Section 16, Township 27 North, Range 7 West, in the event Federal Lease 078640 does not become a part of Unit 28-7.

Approved
12-16-52

PUBCO DEVELOPMENT, INC.
Albuquerque, New Mexico

New Mexico Oil Conservation Commission
December 16, 1952
Page two

In that we believe it to be in the public interest, our company would like to recommend that the Oil Conservation Commission approve Unit 28-7 with a specific provision, however, that State Section 16, Township 27 North, Range 7 West, be withdrawn if Federal Lease 078640 does not become a part of the unit.

Very truly yours,



Frank D. Gorham, Jr.
Vice President

FDGjr:bm

cc: Mr. W. A. Keleher