

Exhibit "B"

SCHEDULE OF LANDS ENTITLED TO PARTICIPATE

Lease:	SF-078061	
Lessee:	Shell Oil Company	
Participating Acreage:	280.00	
Percentage of Participation:	25.8876%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 17: $\frac{SW}{4}\frac{SE}{4}$, $\frac{S}{2}\frac{SW}{4}$ Section 20: $NW\frac{1}{4}$	
Lease:	SF-078062	
Lessee:	Shell Oil Company	
Participating Acreage:	80.00	
Percentage of Participation:	7.3964%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 18: $S\frac{1}{2}\frac{SE}{4}$	
Lease:	SF-078063	
Lessee:	Shell Oil Company	
Participating Acreage:	321.03	
Percentage of Participation:	29.6810%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 19: Lots 1 and 2, $E\frac{1}{2}NW\frac{1}{4}$, $NE\frac{1}{4}$	
Lease:	SF-078064	
Lessee:	Shell Oil Company	
Participating Acreage:	240.00	
Percentage of Participation:	22.1893%	
Description:	T. 25 N., R. 12 W., N.M.P.M. Section 13: $S\frac{1}{2}\frac{SE}{4}$ Section 24: $NE\frac{1}{4}$	
Lease:	Indian Allotted Lands 14-20-603-1440	
Lessee:	Skelly Oil Company	
Participating Acreage:	80.00	
Percentage of Participation:	7.3964%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 20: $W\frac{1}{2}NE\frac{1}{4}$	
Lease:	Indian Allotted Lands 14-20-603-1285	
Lessee:	Phillips Petroleum Company	
Participating Acreage:	80.57	
Percentage of Participation:	7.4491%	
Description:	T. 25 N., R. 11 W., N.M.P.M. Section 18: Lot 4, $SE\frac{1}{4}SW\frac{1}{4}$	
Summary:	Acres	Percent
Total Federal Lands	921.03	85.1544%
Total Indian Lands	160.57	14.8456%
Total Productive Acreage	1081.60	100.0000%

5-5-34

1085

February 11, 1957

Re: Initial Participating Area
Carson Unit
San Juan County, New Mexico

Mr. J. E. Mohr
Shell Oil Company
33 Richards Street
Salt Lake City, Utah

Dear Mr. Mohr:

This will confirm our wire of February 11, 1957, advising you Phillips Petroleum Company has approved your proposed 1,081.61 acre initial participating area for the Carson Unit in San Juan County, New Mexico.

Phillips Petroleum Company has at this time no proposed locations for inclusion in the Plan for Further Development of the unit area.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

ORIGINAL SIGNED BY
MAX A. PISCHEL, JR.

By

Max A. Fischel, Jr.
Assistant Division Landman

KAP:mas

cc - Mr. R. F. Hood
Humble Oil & Refining Company
El Paso Natural Gas Company
Magnolia Petroleum Company
Mr. John Anderson, U.S.D.S.
Oil Conservation Commission

COPY FOR



SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

February 6, 1957

Proposed Initial Participating Area
Carson Unit - San Juan County,
New Mexico

Mr. E. H. Jahr
Shell Oil Company
Desert News Building
33 Richard Street
Salt Lake City, Utah

Dear Sir:

This is in confirmation of our telegram today advising you that Skelly Oil Company approves the proposed Initial Participating Area for the Gallup Pool in the Carson Unit Area of San Juan County, New Mexico as proposed in your Geological and Engineering Report dated January 12, 1957. It is our understanding that the 1081.61 acres described in such report will be submitted for approval to the Governmental authorities as the original Participating Area.

With regard to our previous proposal for the drilling of a test well on the 80 acres described as the W2 NE4 Section 20-25N-11W, we now withdraw this proposal inasmuch as the original Participating Area when approved will include this tract. We therefore feel that any additional development which might be desired on the Participating Area should be proposed by your company as operator to all parties owning an interest in the Participating Area. We will, therefore, wait word from you concerning any proposed plan of development for 1957.

Yours very truly,

LEASE RECORDS DIVISION

T. F. Thompson

TFT/b

Page 2
February 6, 1957

cc: Phillips Petroleum Company
Bartlesville, Oklahoma

Phillips Petroleum Company
Denver, Colorado
Att: Mr. Fischel

Humble Oil and Refining Company
Box 2180
Houston, Texas

El Paso Natural Gas Company
Box 1452
El Paso, Texas

Magnolia Petroleum Company
245-A Korber Building
Albuquerque, New Mexico

Mr. John Anderson
United States Geological Service
Box 6721
Roswell, New Mexico

Oil Conservation Commission ← **COPY**
State of New Mexico
Santa Fe, New Mexico

*Return to DSU
file
Carson Unit*

GEOLOGICAL AND ENGINEERING REPORT
PROPOSED INITIAL PARTICIPATING AREA
GALLUP (UPPER CRETACEOUS) POOL - CARSON UNIT
SAN JUAN COUNTY, NEW MEXICO

The following data are submitted in support of the application for approval of the proposed initial participating area for the Gallup (Upper Cretaceous) pool in the Carson Unit area. The proposed lands are within the limits of the reasonably proven productive area, based upon the completions of Carson Unit 1 and Carson Unit 4. Since the date of approval of the Carson Unit Agreement was November 15, 1956, only those wells which were completed on or before this date will be considered in establishing an initial participating area.

Well Data (Enclosure I shows the well locations)

Carson Unit 1, located 660' S and 660' W of NE Corner, Section 24, T. 25 N., R 12 W., NMPM, was drilled to a depth of 5983' and completed in the Gallup (Upper Cretaceous) interval 4875'-4895' on September 29, 1956. The initial production rate was 802 B/D oil, cut 0.4%, 38° API gravity, flowing through a 25/64" choke with a tubing pressure of 200 psi.; gas-oil ratio was 520 cu. ft./bbl.

Carson Unit 4, located 660' S and 1850' E of NW Corner, Section 20, T 25 N., R 11 W., NMPM, was drilled to a depth of 5043' and completed in the Gallup (Upper Cretaceous) intervals 4869'-4888', 4900'-4913', 4945'-4949', 4961'-4963', and 4979'-4984' on November 15, 1956. The initial production rate was 643 B/D oil, cut 2.1%, flowing through a 48/64" choke with a tubing pressure of 100 psi.; gas-oil ratio was 645 cu.ft./bbl.

In view of the substantial initial potentials and the reservoir characteristics discussed later in this report, we believe that both Unit 1 and Unit 4 are paying wells. However, neither well has been produced since completion because of the lack of a local market outlet for the crude; thus, no decline data have been obtained. Although the crude could be shipped by truck and railroad to an outside market, the cost of transporting it would be high and production now would result in substantial loss of ultimate revenue to both our lessors as well as Shell. Since the Four Corners Pipe Line Company's crude line (in which Shell has 25% interest) is planned for completion early in 1958, we prefer to leave Unit 1 and Unit 4 shut-in until the pipeline is ready, at which time a considerably more favorable wellhead price will be available.

Two other wells, Carson Unit 2 and Carson Unit 3, had been drilled on the Carson Unit before November 15, 1956, but have not yet been completed for initial rates; on the basis of electrical logs the pay development in these wells appears to be relatively poor. Both Unit 2 and Unit 3 were perforated opposite the Gallup sandstone and sand-oil fraced; load and fracture oil has not been recovered from either well.

Geology and Reservoir

The Upper Cretaceous Gallup strata in the Carson Unit area are composed of a series of hydrocarbon bearing sandstone streaks separated by shales. Sandstone permeabilities range from zero to several hundred millidarcies based on core analysis, and, as might be expected, productivity varies accordingly. It has been our experience that the microlog will delineate the more productive pay while the self potential curve shows additional questionable pay with a low order of permeability which requires fracture treatment to induce production.

There is little structural relief in this area; contours on the top of the Gallup, shown on Enclosure I, display a general dip of approximately $1/2^{\circ}$ to the north. The results of drilling in the Carson Unit - Bisti field area indicate a northwest-southeast trending band of productive sands diagonal to the strike of the beds. Log correlation within this productive band is fairly good, indicating continuity of sands. This is especially true along the central portion of the productive trend where continuous and good pay development is also observed (see cross section A-A' Enclosure II). In a direction transverse to the productive trend pay development varies considerably, ranging from very poor at the north and south edges to good in the center (see cross section C-C' Enclosure III).

Since no decline data are available on our Bisti field wells, all reservoir estimates are based on volumetric analysis and are still quite tentative. Our limited data indicate that an average Bisti well has approximately 25' of net sandstone interval which is composed of 10' of permeable sandstone (that with microlog separation) with an average porosity of 15% and water saturation of 25%, and 15' of poorer quality sandstone interval with an average porosity of 12% and water saturation of 50%. Using a 20% recovery efficiency for the 10' of permeable sandstone and a 10% recovery efficiency for the 15' of less permeable sandstone, an ultimate production of 75,000 barrels is anticipated assuming 40-acre drainage is realized. Thus, Unit 1 with 13' of microlog pay and Unit 4 with 22' of microlog pay should make average or better than average wells.

Conclusion

Carson Unit 1 and Unit 4 with high initial potentials and relatively good pay development are located near the center of the productive trend in the Bisti field. Therefore, lands in the near vicinity of these wells should be considered reasonably proven productive; moreover, because of the high degree of continuity of sands and pay development which has been exhibited by wells drilled along the central portion of the trend, the lands between Carson Unit 1 and 4 should also be considered reasonably proven productive.

Accordingly, we recommend that an area of 1081.60 acres, which includes Carson Unit 1 and 4 and the lands between the two wells, be selected as the initial participating area for the Gallup (Upper Cretaceous) pool of the Carson Unit. The lands selected are described as follows:

Township 25 North, Range 11 West, NMPM

Section 17: SW/4 SE/4, S/2 SW/4

Section 18: Lot 4, SE/4 SW/4, S/2 SE/4

Section 19: Lots 1 and 2, E/2 NW/4, NE/4

Section 20: NW/4, W/2 NE/4

Township 25 North, Range 12 West, NMPM

Section 13: S/2 SE/4

Section 24: NE/4

It is further recommended that the effective date for the establishment of the above described initial participating area be November 15, 1956, which is the date of completion of Carson Unit 4 and also the date of approval of the Carson Unit Agreement.



J. J. Pickell
Exploitation Engineer

BWS:VM

January 18, 1957

Attachments



SHELL OIL COMPANY

SHELL BUILDING

1008 WEST SIXTH STREET
LOS ANGELES 54, CALIFORNIA

TELEPHONE MADISON 5-7341

January 7, 1957

Subject: Carson Area
Carson Unit Agreement
No. 2576

CERTIFIED

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

Gentlemen:

We enclose for your file the documents listed below with photocopies of the execution, acknowledgment and approval pages to complete them in connection with the Carson Unit Agreement which has recently been approved by all of the appropriate agencies and designated as being effective November 15, 1956:

1. Carson Unit Agreement dated June 13, 1956, and designated No. 14-08-001-3485 including the Federal Agencies and New Mexico Oil Conservation Commission approvals.
2. Consent of other parties to Amendment of and Joinder in Unit Agreement.
3. Consent of working interest owners to Amendment of and Joinder in Unit Agreement.
4. Photocopy of U.S.G.S. letter dated December 5, 1956, approving the Unit Agreement.
5. Certificate of Approval by Commissioner of Public Lands, State of New Mexico, approving the Unit as amended.

We are concurrently furnishing the other working interest owners

and Commissioner of Public Lands, State of New Mexico, appropriate notification of the approval.

Yours very truly,

M. R. Harwood

For: M. W. Sheppard, Jr.
Manager, Land Department

HMP:MW

Enclosures

1185-



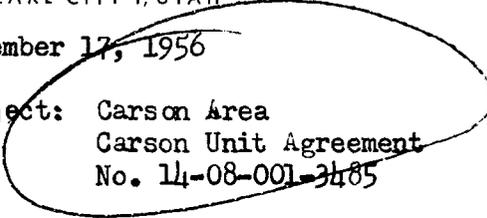
SHELL OIL COMPANY

DESERET NEWS BUILDING
33 RICHARDS STREET
SALT LAKE CITY 1, UTAH

DAvis 2-3471
TELEPHONE ~~3-3471~~

December 17, 1956

Subject: Carson Area
Carson Unit Agreement
No. 14-08-001-3485



file

Oil Conservation Commission
State of New Mexico
125 Maboy Hall
Santa Fe, New Mexico

Gentlemen:

Kindly be advised that the Carson Unit Agreement covering lands in San Juan County, New Mexico, was approved by the Acting Commissioner of Indian Affairs on November 14, 1956, and by the Acting Director of the United States Geological Survey on November 15, 1956. The unit is effective as of November 15, 1956.

A copy of the Unit Agreement showing final approval will be forwarded for your information and files in the near future.

Very truly yours,

Jack D. Jones
For J. E. Mohr
Division Land Manager



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

DEC 5 1956

Shell Oil Company
Deseret News Building
Salt Lake City 1, Utah

Gentlemen:

On November 14 and 15, the Acting Commissioner of Indian Affairs, W. Barton Greenwood, and the Acting Director of the Geological Survey, Arthur A. Heber, respectively, approved the Garcon unit agreement, San Juan County, New Mexico, filed by your company as unit operator. This agreement has been designated No. 14-08-001-3485, and is effective as of November 15, 1956.

Enclosed are four copies of the approved unit agreement for your records. It is requested that you furnish all interested principals with whatever evidence of this approval is deemed appropriate.

Very truly yours,

A. A. Heber
For the Director

Enclosures 4

NOV 17 1956

Arthur A. Heber

BY W. L. B.

TO

	Dir. Insp. Sec.
	Admin.
	Geol.
	Div. Land Mgr.
	Production
	Geophys. Surv.
	Min. Eng.
	Drilling
	Treasury
	F. & I. R.
	Forest Serv.
	Automotive
	Geology
	File

SALT LAKE
DIVISION
DEC 17 1956

CONSERVATION DIVISION
RECEIVED
AUG 15 1956
GEOLOGICAL SURVEY

CONSENT OF OTHER PARTIES TO AMENDMENT OF AND JOINING IN UNIT AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are owners of lands, or interests in lands, or royalties, or other interests in production under the Carson Area Unit Agreement (hereinafter referred to as "said Unit Agreement"), heretofore filed with the United States Geological Survey covering lands in San Juan County, New Mexico.

AND, WHEREAS, in accordance with the United States Geological Survey's request it has been necessary to revise page 3 and to add page 3a to said Unit Agreement for the purpose of modifying the description of the unitized lands thereby reducing the area thereof, to revise pages 9, 10, and to add page 10a, all of which relate to the drilling of unit wells, and to revise Exhibit A (consisting of a map of the unit area), and Exhibit B (consisting of a schedule of ownership of the unitized lands), all of which revised or added pages and Exhibits are attached hereto and are collectively referred to as "said revisions";

AND, WHEREAS, the undersigned desire to execute said Unit Agreement subject to Shell Oil Company, a Delaware corporation, the Unit Operator, making said revisions to said Unit Agreement (said Unit Agreement as so revised being hereinafter referred to as "said revised Unit Agreement");

AND, WHEREAS, in consideration of Shell Oil Company's execution of said revised Unit Agreement and its assumption of the duties and obligations of Unit Operator hereunder, the undersigned hereby authorize Shell Oil Company to make said revisions in said Unit Agreement on file with the United States Geological Survey, and to implement such authorization the undersigned do hereby approve, accept and consent to the terms and provisions of said revised Unit Agreement and join in the execution thereof as "Other Parties" thereto and in any modifications thereof approved by the Secretary of the Interior or his duly authorized representative, applicable to said lands and interests and royalties, and agree that the drilling and development requirements of all leases and other contracts by which the undersigned's rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said revised Unit Agreement, and agree that payment for or delivery (whichever may be required under prior agree-

ments) of oil, and of the proceeds of gas duly made upon the basis of production allocated under said revised Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute the full performance of all such obligations to the undersigned existing under such leases or other contracts.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 1st day of August, 1956.

OTHER PARTIES

Witness: F. W. Wautter
Date: August 1, 1956

E. W. Mudge, Jr.
Address: 2831 Republic Bank Bldg.
Dallas, Texas

Witness: John A. Pace
Date: 8-3-56

Betty Jean Mudge
Betty Jean Mudge
Address: 1735 Republic Bank Bldg.
Dallas, Texas
Tracts: 1, 2 and 3

Witness: Arthur Lee
Date: 8-1-56

Louise M. Phillips
Louise M. Phillips
Robert S. Phillips
Robert S. Phillips
Address: 2831 Republic Bank Bldg.
Dallas, Texas
Tracts: 4, 5 and 6

STATE OF TEXAS }
COUNTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this
3rd day of August, 1956 by _____

E. W. Moke, Jr.

FRANCIS M. RANDELL

Francis M. Randell
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF TEXAS }
COUNTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this
3rd day of August, 1956 by _____

Esther Jean Moke

Miss Virginia Branch

Miss Virginia Branch
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF TEXAS }
COUNTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this
3rd day of August, 1956 by Lucian E. Phillips
and Robert E. Phillips, husband and wife.

Miss Virginia Branch

Miss Virginia Branch
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

OTHER PARTIES (Contd.)

Witness: [Signature]

[Signature]
Robert M. [Name]

Date: 5/2/57

Address: 2831 Republic Bank Bldg.
Dallas, Texas

Tract: 7

STATE OF TEXAS }
COURTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this
3rd day of August, 1956 by

Robert Mims

FRANCIS M. RANDALL

Francis M. Randall
Notary Public in and for said
County and State.

My Comission expires June 1, 1957

OTHER PARTIES (Contd.)

Witness: Howard Wilson
Date: 9/21/56

Frankie Pierce
Nah-ti-ye-ca-wood Price

Mrs. Stella Pierce

Address: BOX 217 — FARMINGTON, N. MEX.

Tract: 8

Witness: Howard Wilson
Date: 9/26/56

Jim Pierce Jr
Mrs. Jim Pierce

Address: BOX 217 — FARMINGTON, N. MEX.

Tract: 10

Witness: Howard Wilson
Date: 10/16/56

Jim Pierce # 11144
APC 11619
Mrs. Jim Pierce

Address: BOX 217 — FARMINGTON, N. MEX.

Tract: 29

STATE OF New Mexico }
COUNTY OF McKinley } ss.

The foregoing instrument was acknowledged before me this

21 day of Sept, 1955 by Mr. & Mrs. J. M. Pierce husband and wife

#11149 al 061793
S.D. 722-14-9941

Arnold Wilson
Notary Public in and for said
County and State.

My Commission expires _____ My Commission expires September 1, 1958

STATE OF New Mexico }
COUNTY OF McKinley } ss.

The foregoing instrument was acknowledged before me this

16 day of Oct, 1956 by Mr. & Mrs. J. M. Pierce husband and wife

#11144
al 011619

Arnold Wilson
Notary Public in and for said
County and State.

My Commission expires _____ My Commission expires September 1, 1958

STATE OF New Mexico }
COUNTY OF McKinley } ss.

The foregoing instrument was acknowledged before me this

26 day of Sept, 1956 by Mr. & Mrs. J. M. Pierce husband and wife

#11148 al 061792
S.D. 722-18-3092

Arnold Wilson
Notary Public in and for said
County and State.

My Commission expires _____ My Commission expires September 1, 1958

Witness Howard Wilson
Gallup D. D.
Date _____

Yah-nee-bah or Harriett Jones
C-11152 Allottee-059718
Address BOX 217 — FARMINGTON, N. MEX.

Tract 11 *Her mark*

Witness Howard Wilson
Gallup D. D.
Date _____

Al-so-ah or Dolly
Allottee-059722
Address Gallup D. D.
BOX 217 — FARMINGTON, N. MEX.
Tract 12

Witness Howard Wilson
Gallup D. D.
Date _____

Lena Tasse
Lena Jaques or Jin-nit-pah
C-11292 (Heir of Hi-ge-di-pah
or Hattie Pierce Jaques)
Address Belle Tasse

Tract 13

Witness Howard Wilson
Gallup D. D.
Date _____

Chura Jaques
Walter Water Jaques
Woody or Wilbert Jaques or Hoshu
-ge-ne-wod (Heir of Hi-ge-di-pah
or Hattie Pierce Jaques)
Address _____

Tract 13 *Her mark*

Witness Howard Wilson
Gallup D. D.
Date _____

Pauline Jaques or Tun-wi-pah
(Heir of Hi-ge-di-pah or Hattie
Pierce Jaques)
Address BOX 217 — FARMINGTON, N. MEX.

Tract 13

Witness Howard Wilson
Gallup D. D.
Date _____

Herbert Pietero
Herbert Pietero C-11130
(Heir of Hi-ge-di-pah or Hattie
Pierce Jaques)
Address Mrs. Herbert Pietero
BOX 217 — FARMINGTON, N. MEX.
Tract 13 *Her mark*

his mark

Lawrence Wilson
Gallup
Date _____

Jim Pierce or Jim Price
(Heir of Glip-pah-Price, deceased)

Address Jim Pierce St.

BOX 217 — FARMINGTON, N. MEX.

Tract 14

Lawrence Wilson
Gallup
Date _____

Mrs. Peter Dennison

Glin-ki-ye-ah or Glin-ki-ah or
Mrs. Peter Dempsey, (Heir of
Glip-pah-Price, deceased)

Address Peter Dempsey

Heir

Tract 14

Lawrence Wilson
Gallup
Date _____

Jim Pierce

Hoska-ye-ca-wood-Price or Hoska-
ye-wood or Hoska-ye-ca-wood
(Heir of Glip-pah-Price, deceased)

Address Jim Pierce

BOX 217 — FARMINGTON, N. MEX.
Tract 14

his mark

Lawrence Wilson
Gallup
Date _____

Frankie Pierce

Mah-ti-ye-ca-wood-Price or
Frankie Pierce or Mah-ti-ye-
ca-wood or ye-ca-wood
(Heir of Glip-pah-Price, deceased)

Address Stella Pierce

BOX 217 — FARMINGTON, N. MEX.
Tract 14

Witness _____

Date _____

General Superintendent for Hoska-
ye-ca-wood-Price or Hoska-ye-wood
or Hoska-ye-ca-wood; and Mah-ti-
ye-ca-wood or Ye-ca-wood, miners

Tract 14

STATE OF New Mexico
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Yah-nee-bah or Harriett Jones.

My Commission Expires:

Howard Wilson
Notary Public

My Commission expires September 1, 1958

STATE OF New Mexico
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Al-so-ah or Dolly.

My Commission Expires:

Howard Wilson
Notary Public

My Commission expires September 1, 1958

STATE OF New Mexico
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Lena Jacques or Jin-pit-pah.

My Commission Expires:

Howard Wilson
Notary Public

My Commission expires September 1, 1958

STATE OF New Mexico
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Woody or Wilbert Jacques or Hoaks-ge-ne-wed.

My Commission Expires:

Howard Wilson
Notary Public

My Commission expires September 1, 1958

STATE OF New Mexico
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Pauline Jacques or Tui-ri-tah.

My Commission Expires:

Howard Wilson
Notary Public

My Commission expires September 1, 1958

STATE OF New Mexico }
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Herbert Platano.

My Commission Expires:
My Commission expires September 1, 1958

Howard Wilson
Notary Public

STATE OF New Mexico }
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Jim Pierce or Jim Price.

My Commission Expires:
My Commission expires September 1, 1958

Howard Wilson
Notary Public

STATE OF New Mexico }
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Glin-hi-ne-bah or Glat-hi-bah or Mrs. Peter Dampsey.

My Commission Expires:
My Commission expires September 1, 1958

Howard Wilson
Notary Public

STATE OF New Mexico }
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Hoska-ye-ca-wood-Price or Oshka-ye-wood or Haska-ye-coz-wood.

My Commission Expires:
My Commission expires September 1, 1958

Howard Wilson
Notary Public

STATE OF New Mexico }
COUNTY OF McKinley } ss

The foregoing instrument was acknowledged before me this 12 day of Oct, 1956, by Nah-ti-ye-ca-wood-Price or Frankia Pierce or Nah-ti-ye-cae-wood or yee-coz-wood.

My Commission Expires:
My Commission expires September 1, 1958

Howard Wilson
Notary Public

OTHER PARTIES (Contd.)

Howard Wilson
Date: 9/14/56

Steve Canuto
Uska-ye-ni-sd
Mrs. Steve Canuto

Address: BOX 127 — BLOOMFIELD, N. MEX.

Tract: 17

Howard Wilson
Date: 9/14/56

Ray Canuto
Ray Canuto

Mrs. Mae Canuto

Address: BOX 127 — BLOOMFIELD, N. MEX.

Tract: 18

Witness: _____
Date: _____

John Burroughs

Address: _____

Tract: 19

STATE OF New Mexico }
 McKinley } ss.
COUNTY OF _____

The foregoing instrument was acknowledged before me this
14 day of Sept, 1956 by Walter & Mrs. Steven Counts
and Mrs. Steven Counts husband and wife

Notary Public in and for said
County and State.

My Commission expires _____ My Commission expires September 1, 1958

STATE OF New Mexico }
 McKinley } ss.
COUNTY OF _____

The foregoing instrument was acknowledged before me this
14 day of Sept, 1956 by Ray Counts
and Mae Counts husband and wife

Notary Public in and for said
County and State.

My Commission expires _____ My Commission expires September 1, 1958

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me this
_____ day of _____, 1956 by John Burroughs
and _____ husband and wife

Notary Public in and for said
County and State.

My Commission expires _____

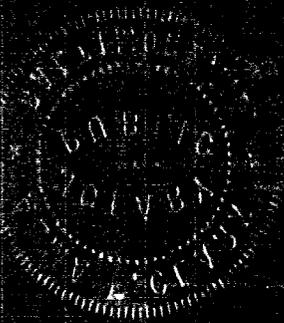
OTHER PARTIES (Contd.)

Witness: Alma F. Clark
Alma F. Clark
Date: August 3, 1956

Henry A. Mylander
Henry A. Mylander
Individually and as surviving
Executor of the Estate of Kate E.
Mylander.

Address: 1213 Fidelity Building
Baltimore 1, Maryland

Tract: 21



STATE OF Maryland }
CITY OF Baltimore } ss.

The foregoing instrument was acknowledged before me this
3rd day of August, 1996 by Henry A. McManus,
Individually and as surviving executor of the Estate of John F. McManus

Alma F. Clark

Alma F. Clark
Notary Public in and for said
County and State.

My Commission expires _____

My Commission Expires May 6, 1997

OTHER PARTIES

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1952 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico:

Witness: F. C. Mautner

Date: August 7, 1956

H. B. Garner
H. B. Garner

Earnie Lou Garner
Earnie Lou Garner

Address: 1206 W. Texas Street
Midland, Texas

Witness: M. E. Bohmer

Date: August 3, 1956

G. E. Hall
G. E. Hall

Christine Hall
Christine Hall

Address: 926 Insuromedic Bldg.
Dallas, Texas

Witness: James W. Smith

Date: August 7, 1956

Ralph Lowe
Ralph Lowe

Erma Lowe
Erma Lowe

Address: Box 832
Midland, Texas

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by N. B. Garner
and Earnie Lou Garner, husband and wife

Ruth Pennycook

Ruth Pennycook

Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF Texas)
COUNTY OF Dallas) ss.

The foregoing instrument was acknowledged before me this
3rd day of August, 1956 by G. E. Hall and
Christine Hall, husband and wife

Elaine Weldon

Elaine Weldon

Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
1st day of August, 1956 by Ralph Lowe
and Erma Lowe, husband and wife

Betty S. King
Notary Public, in and for
Midland County, Texas
My Commission expires June 1, 1957

Betty S. King

Notary Public in and for said
County and State.

My Commission expires June 1, 1957

OTHER PARTIES (Contd.)

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1952 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico:

Witness: W.A. Bauman

Date: AUGUST 5, 1956

J. Ralph Stewart
J. Ralph Stewart

Viola Stewart
Viola Stewart

Address: P.O. Box 1254
San Angelo, Texas

Witness: M.E. Barkin

Date: August 3, 1956

C. B. Harbrough
C. B. Harbrough

Address: Malrose Hotel
Dallas, Texas

Witness: Virginia B. Prebit

Date: August 6, 1956

Katherine B. Harbrough
Katherine B. Harbrough

Address: P.O. Box 1471
Midland, Texas

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1956 by J. Ralph Stewart and Viola Stewart, husband and wife

Notary Public in and for said County and State.

My Commission expires _____

STATE OF Texas)
COUNTY OF Dallas) ss.

The foregoing instrument was acknowledged before me this _____ day of August, 1956 by C. B. Yarbrough

Notary Public in and for said County and State.

My Commission expires June 1, 1957

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1956 by Katherine B. Yarbrough

Notary Public in and for said County and State.

My Commission expires _____

OTHER PARTIES (Contd.)

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1952 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico:

Witness: F. W. Nauts

Date: August 7, 1956

Harry Adams
Harry Adams

Anna Evalyn Adams
Anna Evalyn Adams

Address: P.O. Box 793
Midland, Texas

Witness: F. W. Nauts

Date: August 7, 1956

Leah B. Downey
Leah B. Downey
Sole devisee under the Will of F. J. Downey

Address: 606 West Storey
Midland, Texas

Witness: F. W. Nauts

Date: August 7, 1956

Hal C. Peck
Hal C. Peck

Josie Fay Peck
Josie Fay Peck

Address: P.O. Box 1681
Midland, Texas

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by Harry Adams
and Anna Evalyn Adams, husband and wife

Ruth Pennycook
Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by Leah B. Downer,
sole devisee under the will of F. J. Downer.

Ruth Pennycook
Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1958

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by Hal C. Peck
and Jessie Fay Peck, husband and wife

Ruth Pennycook
Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

OTHER PARTIES (Contd.)

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1952 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico:

Witness: S. Valencia

Date: August 7, 1954

J. F. Postelle
J. F. Postelle

Jessie Postelle
Jessie Postelle

Address: P.O. Box 2326
Odessa, Texas

Witness: F. W. Martin

Date: August 7, 1954

J. R. Martin
J. R. Martin

Lucille Martin
Lucille Martin

Address: P.O. Box 1247
Midland, Texas

Witness: F. W. Martin

Date: August 7, 1954

J. Holt Jowell
J. Holt Jowell

Lillie B. Jowell
Lillie B. Jowell

Address: P.O. Box 67
Midland, Texas

STATE OF Texas)
COUNTY OF Rock) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by J. E. Postelle and
Jessie Postelle, husband and wife

NOT PUBLIC

J. E. Postelle
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by J. B. Martin
and Lucile Martin, husband and wife

Ruth Pennycook

Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by J. Holt Jewell
and Lillie B. Jewell, husband and wife.

Ruth Pennycook

Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

OTHER PARTIES (Contd.)

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1952 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico

Witness: S. Valentis

Date: August 3, 1957

W. H. Sloan
W. H. Sloan

Alberta Sloan
Alberta Sloan

Address: P.O. Box 1178
Midland, Texas

Witness: S. Valentis

Date: August 6, 1957

Robert Murray Fagan
Robert Murray Fagan
Independent Executor and Trustee
under the will of A. Fagan,
deceased.

Address: 1201 Bedford
Midland, Texas

Witness: S. Valentis

Date: August 6, 1957

Gerald Fitz-Gerald
Gerald Fitz-Gerald

Elizabeth Fitz-Gerald
Elizabeth Fitz-Gerald

Address: P.O. Box 1885
Midland, Texas

PROVINCE BC }
OF British Columbia }
COUNTY OF Vancouver } ss.

The foregoing instrument was acknowledged before me this
Third day of August, 1956 by E. H. Sloan
and Alberta Sloan, husband and wife

R. F. Macnaghten

R. F. Macnaghten
Notary Public in and for said
County and ~~State~~ Province.

My Commission expires - Life Time Commission

STATE OF Texas }
COUNTY OF Midland } ss.

The foregoing instrument was acknowledged before me this
4th day of August, 1956 by Robert Harry Fisher,
Independent Executor and Trustee under the Will of A. Fisher, Deceased

Ruth Pennycook

Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF Texas }
COUNTY OF Midland } ss.

The foregoing instrument was acknowledged before me this
4th day of August, 1956 by Gerald Fitz-Gerald
and Elizabeth Fitz-Gerald, husband and wife

Ruth Pennycook

Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

OTHER PARTIES (Contd.)

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1952 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico:

Witness: Don N. Babcock

Date: Aug 6, 1956

Robert D. Duden
Robert D. Duden

Nancy Mae Duden
Nancy Mae Duden

Address: 612 Livestock Exchange Station
Stockyards Station
Kansas City, Missouri

Witness: L. Valentin

Date: August 9, 1956

Rose Cleveland
Rose Cleveland

Bozelle B. Cleveland
Bozelle B. Cleveland

Address: P.O. Box 46
Midland, Texas

Witness: W. M. Barron

Date: Aug 7, 1956

K. M. Barron
K. M. Barron

Lucille C. Barron
Lucille C. Barron

Address: P.O. Box 182
Midland, Texas

STATE OF Missouri }
COUNTY OF Jackson } ss.

The foregoing instrument was acknowledged before me this
6th day of August, 1956 by Robert E. Deane
and Henry Mae Deane, husband and wife.

Francis H. Dornier Francis H. Dornier
Notary Public in and for said
County and State.

My Commission expires My Commission Expires May 14, 1959

STATE OF NEVADA }
COUNTY OF CLARK } ss.

The foregoing instrument was acknowledged before me this
8th day of August, 1956 by Ernest Cleveland
and Rosella B. Cleveland, husband and wife.

Burdette A. Miller

Burdette A. Miller
Notary Public in and for said
County and State.

My Commission expires July 10, 1957

STATE OF Texas }
COUNTY OF Midland } ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by R. E. Deane
and Henrietta E. Deane, husband and wife.

Ruth Pennington

Ruth Pennington
Notary Public in and for said
County and State.

My Commission expires

OTHER PARTIES (Contd.)

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1952 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico:

Witness: J. W. Nauter
Date: AUG 8 1956

P. O. Sill
P. O. Sill

Bertha K. Sill
Bertha K. Sill

Address: P.O. Box 1625
Midland, Texas

Witness: Jacobson Landstad
Date: August 7, 1956

Frank C. Ashby
Frank C. Ashby

Kathryn D. Ashby
Kathryn D. Ashby

Address: P.O. Box ~~1854~~ 1854
Midland, Texas

Witness: J. W. Nauter
Date: 8-6-56

Myrtle Connor
Myrtle Connor

Individually and as Independent
Executrix of the Estate of Frank T.
Connor, Deceased.

Address: 4253 Westmont Court
Fort Worth, Texas

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
24th day of August, 1956 by P. O. Sill and

Bertha E. Sill, husband and wife

RUTH PENNYCOOK,
NOTARY PUBLIC IN AND FOR
MIDLAND COUNTY, TEXAS

Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
7th day of August, 1956 by Frank G. Ashby

and Kathryn D. Ashby, husband and wife

Ruth Pennycook

Ruth Pennycook
Notary Public in and for said
County and State.

My Commission expires June 1, 1957.

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this
6th day of August, 1956 by Wirtie Connor,

Individually and as Independent Executrix of the Estate of Frank T.
Connor, Deceased.

Emma Barnett

Emma Barnett
Notary Public in and for said
County and State.

EMMA BARNETT
Notary Public, Tarrant County, Texas
My Commission Expires June 1, 1957

My Commission expires June 1st, 1957

OTHER PARTIES (Contd.)

The following other parties are the owners of undivided interests in a 3-1/2% overriding-royalty, affecting tracts 1 to 7 inclusive, resulting from that certain Pooling Agreement and Conveyance dated February 23, 1932 recorded at page 51 of book 177 of the Official Records of San Juan County, New Mexico:

Witness: F. W. Nantzer

Date: 8-6-56

Lee Rita Hedberg
Lee Rita Hedberg

H. A. Hedberg
H. A. Hedberg

Address: 3001 Alton Road
Fort Worth, Texas

Witness: F. W. Nantzer

Date: 8-4-56

Frank A. Schultz
Frank A. Schultz

Henrietta E. Schultz
Henrietta E. Schultz

Address: 4644 Park Lane
Dallas, Texas

STATE OF TEXAS }
COUNTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this
6th day of August, 1956 by Leo Edna Hedberg
and H. A. Hedberg, husband and wife

Emma Barnett

Emma Barnett
Notary Public in and for said
County and State.

EMMA BARNETT
Notary Public, Tarrant County, Texas
My Commission Expires June 1, 1957

My Commission expires June 1st, 1957

STATE OF TEXAS }
COUNTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this
4th day of August, 1956 by Frank A. Schultz
and Henrietta E. Schultz, husband and wife

Dirie Virginia Branche

Dirie Virginia Branche
Notary Public in and for said
County and State.

My Commission expires June 1, 1957

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1956 by _____

Notary Public in and for said
County and State.

My Commission expires _____

and recognized as constituting the unit area:

New Mexico Principal Meridian, N.M.

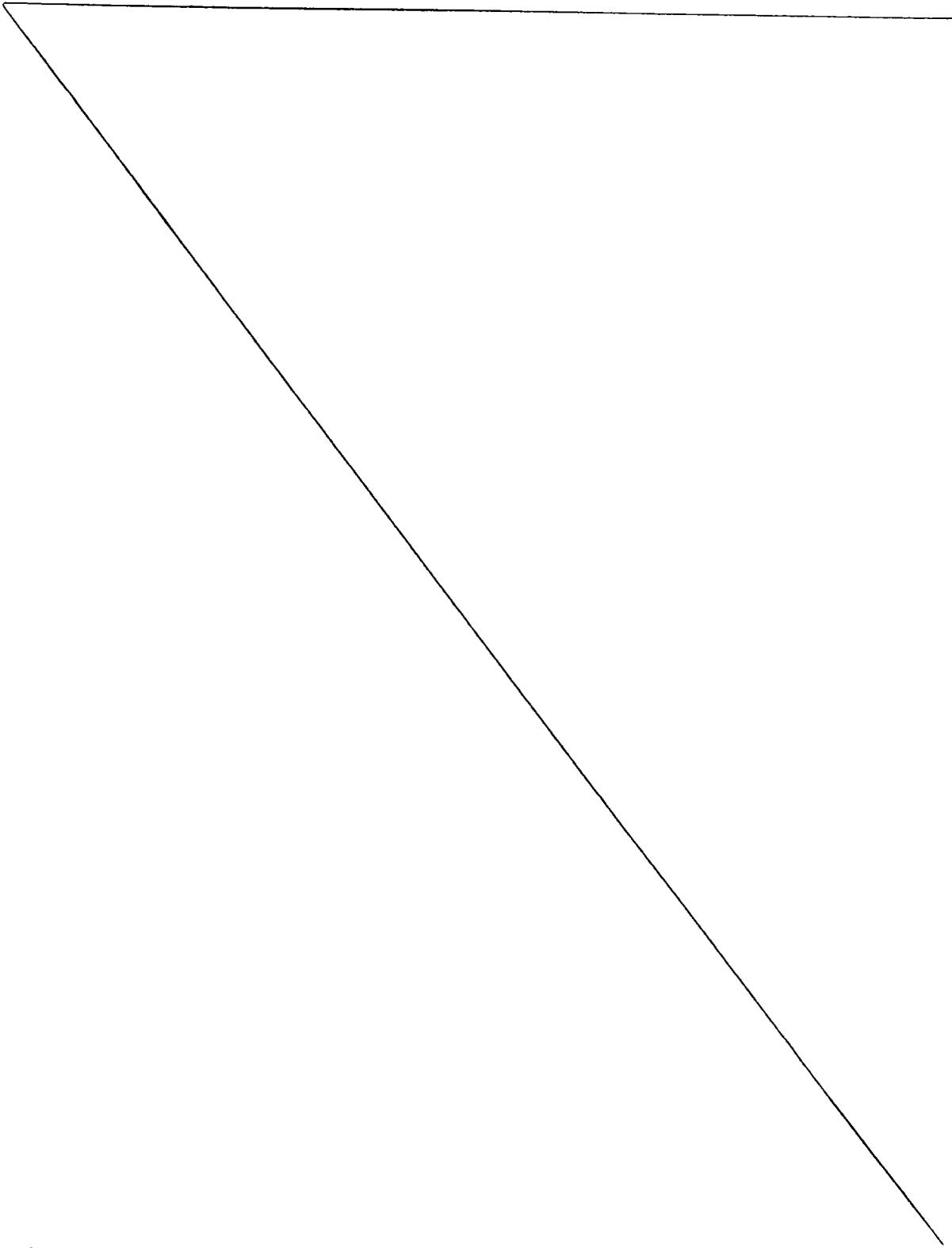
<u>Township 25 North, Range 11 West,</u>	<u>Acres</u>
Sec. 5, Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (all)	641.12
Sec. 6, Lots 1 through 7, S-1/2 NE-1/4, SE-1/4 NW-1/4, E-1/2 SW-1/4, SE-1/4 (all)	640.24
Sec. 7, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	640.26
Secs. 8, 17 (all)	1,280.00
Sec. 18, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	641.84
Sec. 19, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	641.68
Secs. 20, 29 (all)	1,280.00
Sec. 30, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	641.20
Sec. 31, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	640.72
Sec. 32 (all)	640.00
 <u>Township 25 North, Range 12 West,</u>	
Sec. 1, Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (all)	639.60
Sec. 2, Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (all)	639.12
Secs. 11, 12, 13, 14 (all)	2,560.00
Secs. 23, 24, 25, 26 (all)	2,560.00
Secs. 35, 36 (all)	<u>1,280.00</u>
	15,365.78

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 land 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 the unit area render such revision necessary, or when requested by the Oil and Gas supervisor, hereinafter referred to as "Supervisor", or the Commissioner of Public Lands, hereinafter referred to as "State Land Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and at least one copy shall be filed with the State Land Commissioner and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission". The Commissioner of Indian Affairs shall

hereinafter be referred to as the "Indian Commissioner".

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be affected in the following manner:

- (a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as



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.

9. DRILLING TO DISCOVERY. Within 60 days after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently as set forth below or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 5,600 feet. Unit Operator hereby agrees to drill three additional test wells regardless of results, with not more than ninety days elapsing between the completion of one well and the commencement of drilling the next well; three of said four wells shall test the Gallup Sand and at least one shall test the Dakota formation. After completion of said three additional test wells and until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than 6 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 said Supervisor, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. If any or all of said four wells or any additional wells, should be commenced subsequent to

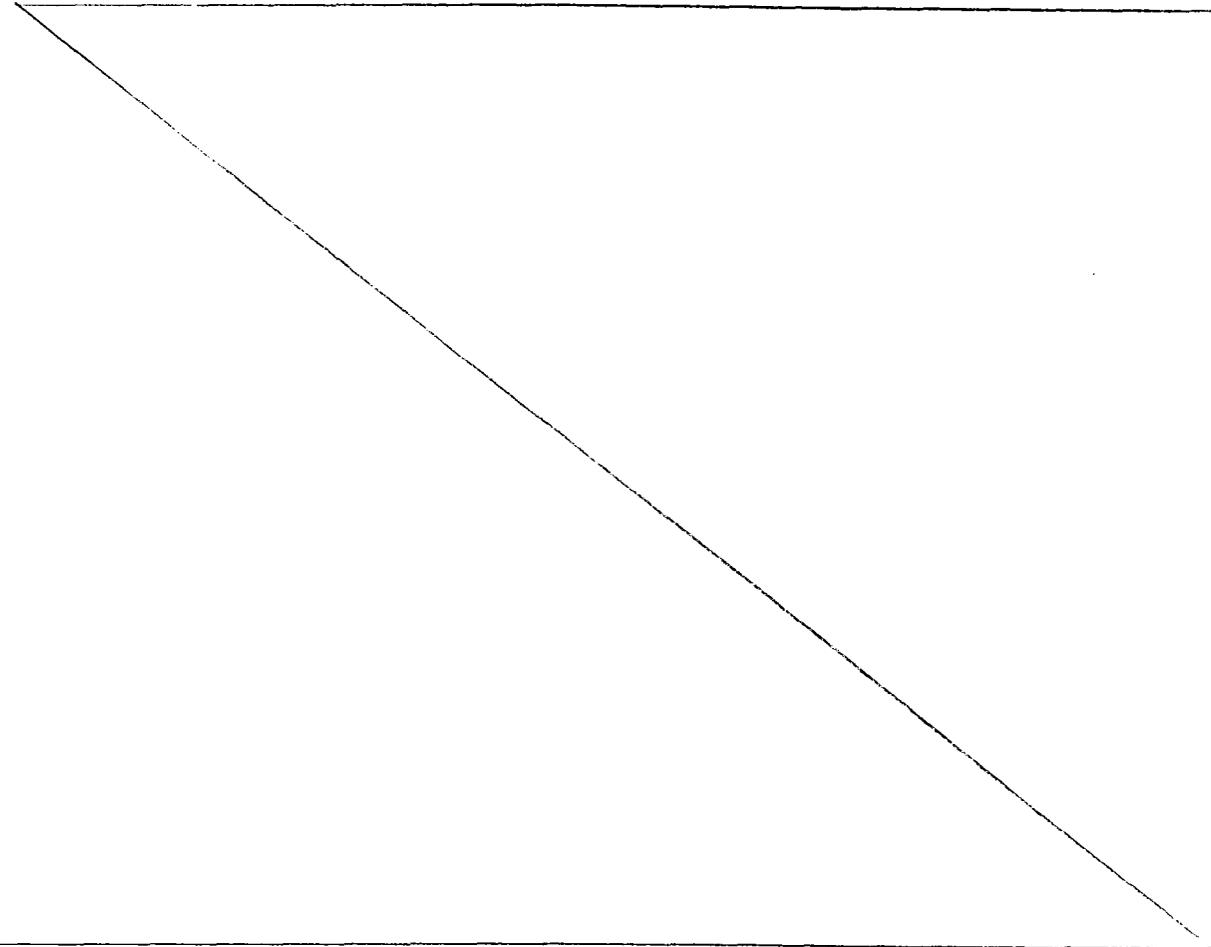
July 15, 1956, and prior to the effective date of this agreement, they shall be considered as drilled in accordance with the provisions hereof and as meeting the requirements hereof, whether dry or producible. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The only extension of time for commencement of drilling of said 2nd, 3rd and 4th test wells which may be granted by the Director shall be for unusual reasons (such as, bad weather, surveying locations in rugged terrain, and time-consuming road building delays) and shall not exceed a single extension of three months for each well. Thereafter, the Director may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted.

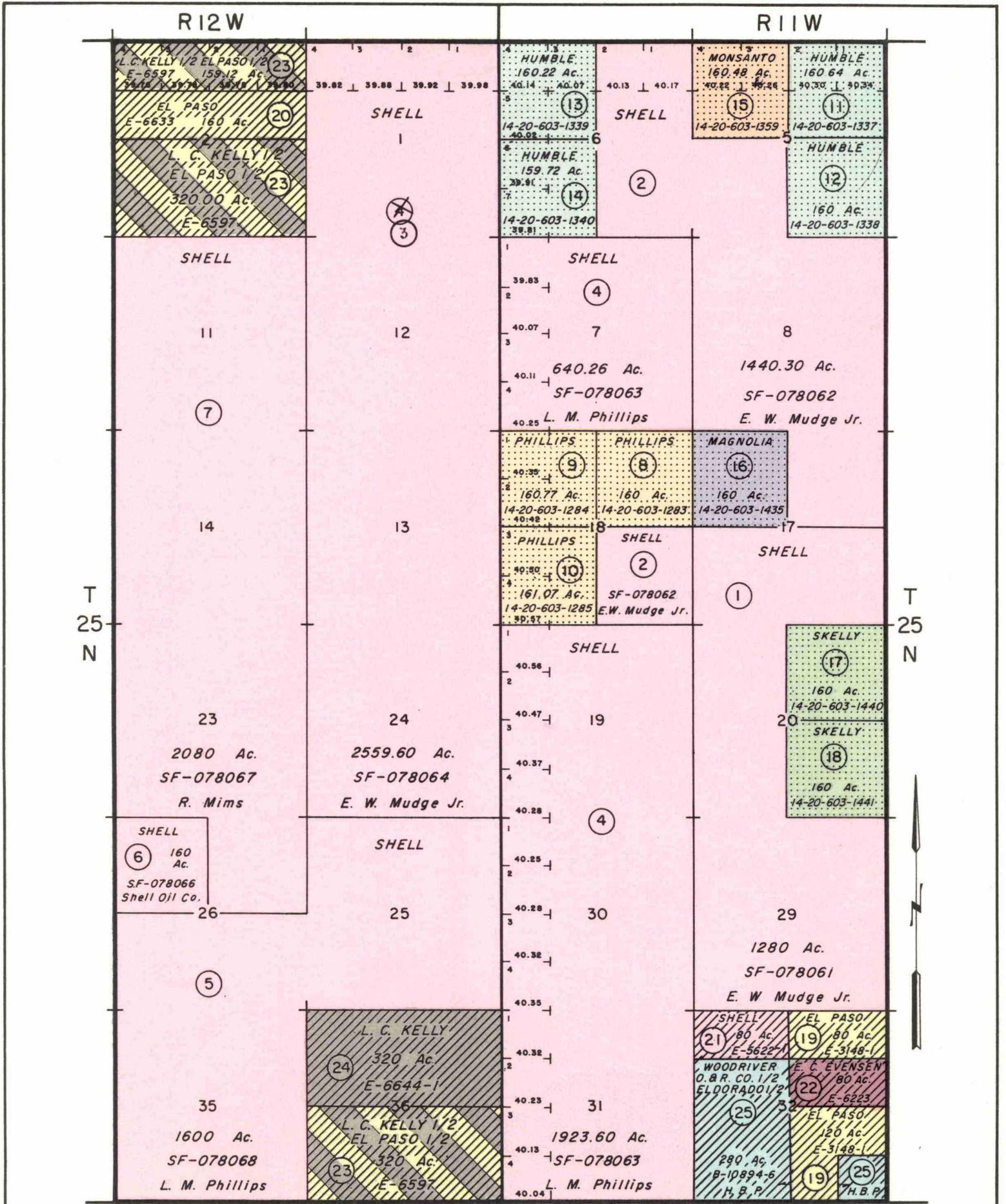
Upon failure to comply with the drilling provisions of this section, the Director may, after reasonable notice to the Unit Operator, and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, shall, subject to the well requirements of section 9 hereof, constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and

shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interest of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor is authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor, shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well





- | | | |
|--|---|---|
|  EL PASO |  MONSANTO |  TRACT NUMBER AS LISTED ON EXHIBIT "B" |
|  EVENSEN |  PHILLIPS |  FEDERAL LANDS |
|  HUMBLE |  SHELL |  STATE LANDS |
|  KELLY |  SKELLY |  INDIAN ALLOTTED LANDS |
|  MAGNOLIA |  WOODRIVER O. & R. 1/2
ELDORADO 1/2 |  UNIT OUTLINE |

EXHIBIT "A"
CARSON UNIT
 SAN JUAN CO., NEW MEXICO

0' 660' 1320' 2640' 5280'
 SCALE IN FEET

CARSON UNIT
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT B

<u>Tract Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>Ser. No. & Date of Lease</u>	<u>Base Royalty & Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty & Percentage</u>	<u>Working Interest & Percentage</u>
<u>FEDERAL LANDS</u>							
1.	T.25 N., R. 11 W., N.M.P.M. Section 17: S-1/2 Section 20: W-1/2 Section 29: All	1280.00	SF-078061 2-1-48	U.S. 12-1/2%	E. W. Mudge, Jr.	N. B. Garner 3-1/2% E. W. Mudge Jr. 1-1/2%**	Shell Oil Company 100%*
2.	T.25 N., R. 11 W., N.M.P.M. Section 5: SW-1/4 Section 6: Lots 1, 2, S-1/2 NE-1/4, SE-1/4 (E-1/2)	1440.30	SF-078062 2-1-48	U.S. 12-1/2%	E. W. Mudge, Jr.	G. E. Hall 3-1/2% E. W. Mudge Jr. 1-1/2%**	Shell Oil Company 100%*
3.	T. 25 N., R. 12 W., N.M.P.M. Section 1: Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (All)	2559.60	SF-078064 2-1-48	U.S. 12-1/2%	E. W. Mudge, Jr.	Ralph Lowe 3-1/2% E. W. Mudge, Jr. 1-1/2%**	Shell Oil Company 100%*
4.	T. 25 N., R. 11 W., N.M.P.M. Section 7: Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (All)	2563.86	SF-078063 2-1-48	U.S. 12-1/2%	Louise M. Phillips	J. Ralph Stewart 3-1/2% Louise M. Phillips 1-1/2%**	Shell Oil Company 100%*
	Section 19: Lots 1, 2, 3, 4 E-1/2 W-1/2, E-1/2 (All)						

Garrison Unit
San Juan County, New Mexico
Exhibit B (Contd.)

<u>Tract Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>Ser. No. & Date of Lease</u>	<u>Base Royalty & Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty & Percentage</u>	<u>Working Interest & Percentage</u>
<u>Federal Lands (Contd.)</u>							
5.	T. 25 N., R. 12 W., N.M.P.M. Section 25: All Section 26: S-1/2 Section 35: All	1600.00	SF-078068 2-1-48	U.S. 12-1/2%	Louise M. Phillips	C. B. Yar- brough 3-1/2% Louise M. Phillips 1-1/2%*	Shell Oil Company 100%*
6.	T. 25 N., R. 12 W., N.M.P.M. Section 26: NW-1/4	160.00	SF-078066 2-1-48	U.S. 12-1/2%	Shell Oil Company	Harry Adams 3-1/2% Louise M. Phillips 1-1/2%*	Shell Oil Company 100%*
7.	T. 25 N., R. 12 W., N.M.P.M. Section 11: All Section 14: All Section 23: All Section 26: NE-1/4	2080.00	SF-078067 2-1-48	U.S. 12-1/2%	Robert Mims	F. J. Downey 3-1/2% Robert Mims 1-1/2%*	Shell Oil Company 100%*
TOTAL FEDERAL LANDS 11,683.76 ACRES							76.03% of Unit Area

INDIAN ALLOTTED LANDS

Tract Number	Description	No. of Acres	Ser. No. & Date of Lease	Base Royalty & Percentage	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
8.	T. 25 N., R. 11 W., N.M.P.M. Section 18: NE-1/4	160.00	14-20-603-1283 ***	Nah-ti-ye-ca-wood Price 12-1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
9.	T. 25 N., R. 11 W., N.M.P.M. Section 18: Lots 1, 2 E-1/2 NW-1/4 (NW-1/4)	160.77	14-20-603-1284 ***	Hoska-ge-hos-wood 12-1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
10.	T. 25 N., R. 11 W., N.M.P.M. Section 18: Lots 3, 4, E-1/2 SW-1/4 (SW-1/4)	161.07	14-20-603-1285 ***	Uska-ye-ni-sa 12-1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
11.	T. 25 N., R. 11 W., N.M.P.M. Section 5: Lots 1, 2, S-1/2 NE-1/4 (NE-1/4)	160.64	14-20-603-1337 ***	Yah-nai-bah or Hattielett 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%
12.	T. 25 N., R. 11 W., N.M.P.M. Section 5: SE-1/4	160.00	14-20-603-1338 ***	Al-so-ah or Dolly 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%
13.	T. 25 N., R. 11 W., N.M.P.M. Section 6: Lots 3, 4, 5, SE-1/4 NW-1/4 (NW-1/4)	160.22	14-20-603-1339 ***	Hi-ge-di-pah or Hattie Pierce Jaquez 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%

Garson Unit
San Juan County, New Mexico
Exhibit B (Contd.)

<u>Tract Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>Ser. No. & Date of Lease</u>	<u>Base Royalty & Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty & Percentage</u>	<u>Working Interest & Percentage</u>
<u>Indian Allotted Lands (Contd.)</u>							
14.	T. 25 N., R. 11 W., N.M.P.M. Section 6: Lots 6, 7, E-1/2 SW-1/4 (SW-1/4)	159.72	14-20-603-1340 ***	Gift-pah Price 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%
15.	T. 25 N., R. 11 W., N.M.P.M. Section 5: Lots 3, 4, S-1/2 NW-1/4 (NW-1/4)	160.48	14-20-603-1359 ***	Yieyth-pah or Ferina 12-1/2%	Monsanto Chemical Company	None	Monsanto Chemical Company 100%
16.	T. 25 N., R. 11 W., N.M.P.M. Section 17: NW-1/4	160.00	14-20-603-1435 ***	Sanda Wall 12-1/2%	Magnolia Petroleum Company	None	Magnolia Petroleum Company 100%
17.	T. 25 N., R. 11 W., N.M.P.M. Section 20: NE-1/4	160.00	14-20-603-1440 ***	Uska-ye-ni-sa 12-1/2%	Skelly Oil Company	None	Skelly Oil Company 100%
18.	T. 25 N., R. 11 W., N.M.P.M. Section 20: SE-1/4	160.00	14-20-603-1441 ***	Ray Ganuto 12-1/2%	Skelly Oil Company	None	Skelly Oil Company 100%
TOTAL INDIAN ALLOTTED LANDS 1,762.90 ACRES 11.47 of Unit Area							

STATE LANDS

19.	T. 25 N., R. 11 W., N.M.P.M. Section 32: N-1/2 NE-1/4, N-1/2 SE-1/4, SW-1/4 SE-1/4	200.00	E-3148-1 12-10-49	State of New Mexico 12-1/2%	El Paso Natural Gas Company	John Burrroughs 5%	El Paso Natural Gas Company 100%
20.	T. 25 N., R. 12 W., N.M.P.M. Section 2: S-1/2 N-1/2	160.00	E-6633 11-10-52	State of New Mexico 12-1/2%	El Paso Natural Gas Company	None	El Paso Natural Gas Company 100%

Garson Unit
San Juan County, New Mexico
Exhibit B (Contd.)

<u>Tract Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>Ser. No. & Date of Lease</u>	<u>Base Royalty & Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty & Percentage</u>	<u>Working Interest & Percentage</u>
<u>State Lands (Contd.)</u>							
21.	T. 25 N., R. 11 W., N.M.P.M. Section 32: N-1/2 NW-1/4	80.00	E-5622-1 10-1-51	State of New Mexico 12-1/2%	Shell Oil Company	Henry A. Mylander, Individually and as Surviving Executor of the Estate of Kate E. Mylander 4%	Shell Oil Company 100%
22.	T. 25 N., R. 11 W., N.M.P.M. Section 32: S-1/2 NE-1/4	80.00	E-6223 5-16-52	State of New Mexico 12-1/2%	Edward C. Evensen	None	Edward C. Evensen 100%
23.	T. 25 N., R. 12 W., N.M.P.M. Section 2: Lots 1,2,3,4; (N-1/2 N-1/2) S-1/2 Section 36: S-1/2	799.12	E-6597 10-7-52	State of New Mexico 12-1/2%	Laurence C. Kelly, Trustee and El Paso Natural Gas Company	J.D. Middleton 1/4 of 1% Laurence C. Kelly 5% in all of lease except S-1/2 of Section 16, T. 25 N., R. 12 W. 17-1/2% in S-1/2 Section 16 above Gallup sandstone formation. 10% in S-1/2 Section 16 below Gallup sand- stone formation.	Laurence C. Kelly 50% El Paso Natural Gas Company 50%

Tract Number	Description	No. of Acres	Ser. No. & Date of Lease	Base Royalty & Percentage	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
<u>State Lands (Contd.)</u>							
24.	T. 25 N., R. 12 W., N.M.P.M. Section 36; N-1/2	320.00	E-6644-1 11-14-52	State of New Mexico 12-1/2%	Laurence C. Kelly, Trustee	Laurence C. Kelly 2%	Laurence C. Kelly 100%
25.	T. 25 N., R. 11 W., N.M.P.M. Section 32; S-1/2 NW-1/4, SW-1/4, SE-1/4, SE-1/4	280.00	B-10894-6 1-1-44 ØØØ	State of New Mexico 12-1/2%	Woodriver Oil and Refining Company, Inc., and Eldorado Refining Company	None	Woodriver Oil and Refining Company 50% Eldorado Refining Company 50%
		TOTAL STATE LANDS 1,919.12 ACRES			12.50% of Unit Area		
		TOTAL UNIT AREA 15,365.78 ACRES					

*Held under option which provides for assignment with a reservation by the Assignor of the overriding royalty shown herein. Upon approval of the within Unit Agreement by the Secretary of the Interior or his delegated representative, Shell will promptly exercise the option to take assignment for the purpose of vesting in it, subject to Bureau of Land Management approval, the 100% working interest shown herein.

**Ø11 payment of 1-1/2% of net proceeds. Not to exceed \$100.00 per acre.

***Lease sold at Navajo Indian Sale No. 54 on October 27, 1955. Effective lease date will be date of approval.

ØThis overriding royalty has been pooled with other individuals involving 18 U. S. Leases by Pooling Agreement and Conveyance dated February 23, 1952. For detail of this undivided interest see signatures of Other Parties.

ØØRefer to Operating Agreement dated April 25, 1955, between Laurence C. Kelly and El Paso Natural Gas Company.

ØØØHeld by Production.

CONSENT OF WORKING INTEREST OWNERS TO AMENDMENT OF AND JOINDER IN UNIT AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of working interests under the Carson Area Unit Agreement, covering lands in San Juan County, New Mexico;

AND, WHEREAS, copies of the Carson Area Unit Agreement executed by Shell Oil Company, a Delaware corporation (hereinafter referred to as "Shell") as Unit Operator, and various other parties owning interests in lands or royalty or other interests in production thereunder have heretofore been filed with the United States Geological Survey;

AND, WHEREAS, in accordance with the United States Geological Survey's request it has been necessary to revise page 3 and to add page 3a to said Unit Agreement for the purpose of modifying the description of the unitized lands thereby reducing the area thereof, to revise pages 9, 10, and to add page 10a, all of which relate to the drilling of unit wells, and to revise Exhibit "A" (consisting of a map of the Unit Area), and Exhibit "B" (consisting of a schedule of ownership of the unitized lands), all of which revised or added pages and Exhibits are attached hereto and are collectively referred to as "said revisions";

AND, WHEREAS, the undersigned desire to execute said Unit Agreement subject to Shell's making said revisions therein (said Unit Agreement as so revised being hereinafter referred to as "said revised Unit Agreement");

NOW, THEREFORE, in consideration of Shell's execution of said revised Unit Agreement and its assumption of the duties and obligations of the Unit Operator thereunder, the undersigned hereby authorize Shell to make said revisions in said Unit Agreement on file with the United States Geological Survey, and to implement such authorization the undersigned do hereby approve, adopt and consent to the terms and provisions of said revised Unit Agreement and join in the execution thereof as owners of working interests thereunder.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 1st day of August, 1956.



WORKING INTEREST OWNERS

Witness: _____

Witness: _____

Date: _____

Witness: J. S. White

Witness: James Garrett

Date: 8-30-56

PHILIPS PETROLEUM COMPANY

By _____
President

By _____
Secretary

Address: Bartlesville, Oklahoma

HUMBLE OIL & REFINING COMPANY

By J. J. Starnes
DIRECTOR IN CHARGE **President**
EXPLORATION DEPARTMENT

By B. B. ...
Ass. Secretary

Address: Box 2063 2180
~~Albuquerque, New Mexico~~
Houston, Texas

APPROVED	
Law	<input checked="" type="checkbox"/>
Acctg	<input type="checkbox"/>
Prod	<input type="checkbox"/>
Expl	<input checked="" type="checkbox"/>

SKELLY OIL COMPANY

By _____
President

By _____
Secretary

Address: Box 1650
Tulsa, Oklahoma

Witness: _____

Witness: _____

Date: _____

EL PASO NATURAL GAS COMPANY

By _____
President

By _____
Secretary

Address: P. O. Box 1492
El Paso, Texas

Witness: _____

Witness: _____

Date: _____

MAGNOLIA PETROLEUM COMPANY

By _____
President

By _____
Secretary

Address: 245 A, Korber Building
Albuquerque, New Mexico

Witness: _____

Witness: _____

Date: _____

WORKING INTEREST OWNERS

PHILLIPS PETROLEUM COMPANY

Witness: _____

By _____
President

Witness: _____

By _____
Secretary

Date: _____

Address: Bartlesville, Oklahoma

HEMBLE OIL & REFINING COMPANY

Witness: _____

By _____
President

Witness: _____

By _____
Secretary

Date: _____

Address: Box 4085
Albuquerque, New Mexico

SEELY OIL COMPANY

Witness: _____

By _____
President

Witness: _____

By _____
Secretary

Date: _____

Address: Box 1650
Tulsa, Oklahoma

ATTEST:

EL PASO NATURAL GAS COMPANY

A. C. Maitch

Assistant Secretary

By *C. J. Perkins*

Vice President

By execution of this instrument it is the intent of El Paso Natural Gas Company to commit only its interest in Tracts 19 and 20 and not to commit any of its interest in Tract 23.

MAGNOLIA PETROLEUM COMPANY

Witness: _____

By _____
President

Witness: _____

By _____
Secretary

Date: _____

Address: 245 A, Korber Building
Albuquerque, New Mexico

WORKING INTEREST CLAIMS

Witness: J. H. Walling

Witness: A. Keller

Date: 5-20-56

PHILIPS PETROLEUM COMPANY

By K. E. Beall ^{new}
VICE President _{claim}

By R. L. ... ^{PAIS}
ASSISTANT Secretary

Address: Bartlesville, Oklahoma

HUMBLE OIL & REFINING COMPANY

By _____
President

By _____
Secretary

Address: Box 4085
Albuquerque, New Mexico

Witness: _____

Witness: _____

Date: _____

SKELLY OIL COMPANY

By W. ... ^{Approved as to}
President _{Form}

By R. L. Cunningham
ASSISTANT Secretary

Address: Box 1650
Tulsa, Oklahoma

Witness: A. ...

Witness: A. Stewart

Date: AUG 22 1956

EL PASO NATURAL GAS COMPANY

By _____
President

By _____
Secretary

Address: P. O. Box 1492
El Paso, Texas

Witness: _____

Witness: _____

Date: _____

MAGNOLIA PETROLEUM COMPANY

By _____
President

By _____
Secretary

Address: 245 A, Korber Building
Albuquerque, New Mexico

Witness: _____

Witness: _____

Date: _____

STATE OF OKLAHOMA }
COUNTY OF TULSA }

On this the 22nd day of August, 19 56, personally appeared A. L. Goshorn to me known, who being by me duly sworn did say that he is the Vice-President of Woolly Mill Company, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said A. L. Goshorn acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

HAZEL M. BRADY
Notary Public Tulsa County Oklahoma
My Commission Expires January 21, 1957

Hazel M. Brady
Notary Public

10-6

NEW MEXICO CORPORATION ACKNOWLEDGEMENT

STATE OF Oklahoma }
COUNTY OF Washington } SS.

On this 23rd day of August, 19 56, before me appeared H.C. Beall to me personally known, who, being by me duly sworn, did say that he is Vice President of Phillips Petroleum Company, a corporation, and that the seal affixed to said instrument is the Corporation seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and that said H.C. Beall acknowledged said instrument to be the free act and deed of said corporation.

Martha Rinehart
Notary Public

My Commission Expires:

R-5

Witness: _____

Witness: _____

Date: _____

Witness: _____

Witness: _____

Date: _____

Witness: _____

Date: _____

Witness: _____

Witness: _____

Date: _____

Witness: _____

Witness: _____

Date: _____

Witness: _____

Date: _____

MONSANTO CHEMICAL COMPANY

By _____
President

By _____
Secretary

Address: P. O. Box 1742
Midland, Texas

SOUTHERN UNION GAS COMPANY

By _____
President

By _____
Secretary

Address: Burt Building
Dallas, Texas

E. C. Evensen
739 Haight Street
San Francisco, California

WOODRIVER OIL AND REFINING COMPANY

By _____
President

By _____
Secretary

Address: 321 West Douglas
Wichita, Kansas

ELDORADO REFINING COMPANY

By _____
President

By _____
Secretary

Address: 306 Koch Building
Wichita 2, Kansas

Lawrence C. Kelly
309 Bank of America Building
Beverly Hills, California

STATE OF TEXAS }
COUNTY OF HARRIS } ss

The foregoing instrument was acknowledged before me this 30th day of August, 1956, by ED. J. HAMNER, DIRECTOR IN CHARGE EXPLORATION DEPARTMENT of Humble Oil & Refining Company, a Texas Corporation, on behalf of said Corporation.

Lilla Smith
Notary Public LILLA SMITH
NOTARY PUBLIC IN AND FOR
HARRIS COUNTY, TEXAS

My Commission Expires:
My Commission Expires June 1, 1962

STATE OF _____ }
COUNTY OF _____ } ss

The foregoing instrument was acknowledged before me this ____ day of _____, 1956, by _____, _____ of _____, a _____ Corporation, on behalf of said Corporation.

My Commission Expires:

Notary Public

STATE OF _____ }
COUNTY OF _____ } ss

The foregoing instrument was acknowledged before me this ____ day of _____, 1956, by _____, _____ of _____, a _____ Corporation, on behalf of said Corporation.

My Commission Expires:

Notary Public

STATE OF _____ }
COUNTY OF _____ } ss

The foregoing instrument was acknowledged before me this ____ day of _____, 1956, by _____, _____ of _____, a _____ Corporation, on behalf of said Corporation.

My Commission Expires:

Notary Public

STATE OF _____ }
COUNTY OF _____ } ss

The foregoing instrument was acknowledged before me this ____ day of _____, 1956, by _____, _____ of _____, a _____ Corporation, on behalf of said Corporation.

NEW MEXICO

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____.

Notary Public in and for said
County and State

My Commission expires _____

STATE OF TEXAS }
COUNTY OF EL PASO } ss.

The foregoing instrument was acknowledged before me this 30th day of August, 1956, by G. L. PERKINS

(name of officer), Vice President (title of officer or agent), of EL PASO NATURAL GAS COMPANY (name of corporation), a Delaware (State or County of incorporation) corporation, on behalf of said corporation.

HELEN ADAMS
Notary Public, in and for El Paso County, Texas
My commission expires June 7, 1957

Helen Adams
Notary Public in and for said
County and State

My Commission expires _____

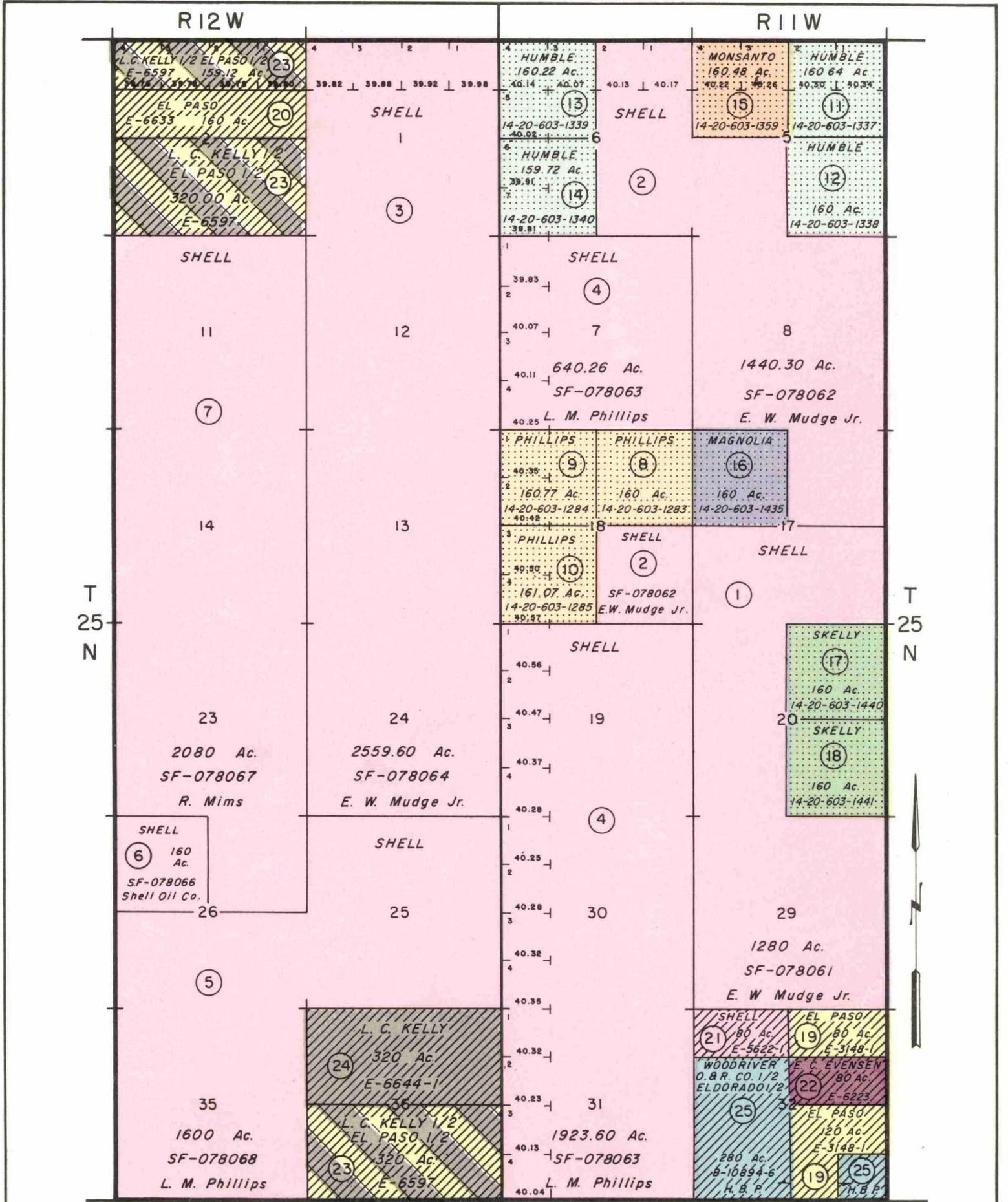
STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by M. W. SHEPPARD, JR., Manager, Land Department, Los Angeles Office of Shell Oil Company, a Delaware corporation, on behalf of said corporation.

Notary Public in and for said
County and State

My Commission expires _____

159



- | | | |
|--|--|---|
|  EL PASO |  MONSANTO |  TRACT NUMBER AS LISTED ON EXHIBIT "B" |
|  EVENSEN |  PHILLIPS |  FEDERAL LANDS |
|  HUMBLE |  SHELL |  INDIAN ALLOTTED LANDS |
|  KELLY |  SKELLY |  UNIT OUTLINE |
|  MAGNOLIA |  WOODRIVER O & R. 1/2
ELDORADO 1/2 | |

EXHIBIT "A"
CARSON UNIT
 SAN JUAN CO., NEW MEXICO

0' 660' 1320' 2640' 5280'
 SCALE IN FEET

CARSON UNIT
SAN JUAN COUNTY, NEW MEXICO

EXHIBIT B

<u>Tract Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>Ser. No. & Date of Lease</u>	<u>Base Royalty & Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty & Percentage</u>	<u>Working Interest & Percentage</u>
<u>FEDERAL LANDS</u>							
1.	T. 25 N., R. 11 W., N.M.P.M. Section 17: S-1/2 Section 20: W-1/2 Section 29: All	1280.00	SF-078061 2-1-48	U.S. 12-1/2%	E. W. Mudge, Jr.	N. B. Garner 3-1/2% E. W. Mudge Jr. 1-1/2%***	Shell Oil Company 100%*
2.	T. 25 N., R. 11 W., N.M.P.M. Section 5: SW-1/4 Section 6: Lots 1, 2, S-1/2 NE-1/4, SE-1/4 (E-1/2)	1440.30	SF-078062 2-1-48	U.S. 12-1/2%	E. W. Mudge, Jr.	G. E. Hall 3-1/2% E. W. Mudge Jr. 1-1/2%***	Shell Oil Company 100%*
3.	T. 25 N., R. 12 W., N.M.P.M. Section 1: Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (All) Section 12: All Section 13: All Section 24: All	2559.60	SF-078064 2-1-48	U.S. 12-1/2%	E. W. Mudge, Jr.	Ralph Love 3-1/2% E. W. Mudge, Jr. 1-1/2%***	Shell Oil Company 100%*
4.	T. 25 N., R. 11 W., N.M.P.M. Section 7: Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (All) Section 19: Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (All)	2563.86	SF-078063 2-1-48	U.S. 12-1/2%	Louise M. Phillips	J. Ralph Stewart 3-1/2% Louise M. Phillips 1-1/2%***	Shell Oil Company 100%*

Carson Unit
 San Juan County, New Mexico
 Exhibit B (Contd.)

Tract Number	Description	No. of Acres	Ser. No. & Date of Lease	Base Royalty & Percentage	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
<u>Federal Lands (Contd.)</u>							
	Section 30: Lots 1,2,3,4, E-1/2 W-1/2, E-1/2 (All)						
	Section 31: Lots 1,2,3,4, E-1/2 W-1/2, E-1/2 (All)						
5.	T. 25 N., R. 12 W., N.M.P.M. Section 25: All Section 26: S-1/2 Section 35: All	1600.00	SF-078068 2-1-48	U.S. 12-1/2%	Louise M. Phillips	C. B. Yar- brough 3-1/2% Louise M. Phillips 1-1/2%**	Shell Oil Company 100%*
6.	T. 25 N., R. 12 W., N.M.P.M. Section 26: NW-1/4	160.00	SF-078066 2-1-48	U.S. 12-1/2%	Shell Oil Company	Harry Adams 3-1/2% Louise M. Phillips 1-1/2%**	Shell Oil Company 100%*
7.	T. 25 N., R. 12 W., N.M.P.M. Section 11: All Section 14: All Section 23: All Section 26: NE-1/4	2080.00	SF-078067 2-1-48	U.S. 12-1/2%	Robert Mims	F. J. Downey 3-1/2% Robert Mims 1-1/2%**	Shell Oil Company 100%*

TOTAL FEDERAL LANDS 11,683.76 ACRES 76.03% of Unit Area

INDIAN ALLOTTED LANDS

<u>Tract Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>Ser. No. & Date of Lease</u>	<u>Base Royalty & Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty & Percentage</u>	<u>Working Interest & Percentage</u>
8.	T. 25 N., R. 11 W., N.M.P.M. Section 18: NE-1/4	160.00	14-20-603-1283 ***	Nah-ti-ye-ca-wood Price 12-1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
9.	T. 25 N., R. 11 W., N.M.P.M. Section 18: Lots 1, 2 E-1/2 NW-1/4 (NW-1/4)	160.77	14-20-603-1284 ***	Hoska-ge-hos-wood 12-1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
10.	T. 25 N., R. 11 W., N.M.P.M. Section 18: Lots 3, 4, E-1/2 SW-1/4 (SW-1/4)	161.07	14-20-603-1285 ***	Uska-ye-ni-sa 12-1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company 100%
11.	T. 25 N., R. 11 W., N.M.P.M. Section 5: Lots 1, 2, S-1/2 NE-1/4 (NE-1/4)	160.64	14-20-603-1337 ***	Yah-nei-bah or Harrjett 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%
12.	T. 25 N., R. 11 W., N.M.P.M. Section 5: SE-1/4	160.00	14-20-603-1338 ***	Al-so-ah or Dolly 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%
13.	T. 25 N., R. 11 W., N.M.P.M. Section 6: Lots 3, 4, 5, SE-1/4, NW-1/4 (NW-1/4)	160.22	14-20-603-1339 ***	Hi-ge-di-pah or Hattle Pierce Jaquez 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%

Carrson Unit
San Juan County, New Mexico
Exhibit B (Contd.)

<u>Tract Number</u>	<u>Description</u>	<u>No. of Acres</u>	<u>Ser. No. & Date of Lease</u>	<u>Base Royalty & Percentage</u>	<u>Lessee of Record</u>	<u>Overriding Royalty & Percentage</u>	<u>Working Interest & Percentage</u>
<u>Indian Allotted Lands (Contd.)</u>							
14.	T. 25 N., R. 11 W., N.M.P.M. Section 6: Lots 6, 7, E-1/2 SW-1/4 (SW-1/4)	159.72	14-20-603-1340 ***	Gift-pah Price 12-1/2%	Humble Oil Company	None	Humble Oil Company 100%
15.	T. 25 N., R. 11 W., N.M.P.M. Section 5: Lots 3, 4, S-1/2 NW-1/4 (NW-1/4)	160.48	14-20-603-1359 ***	Tenth-pah or Farina 12-1/2%	Monsanto Chemical Company	None	Monsanto Chemical Company 100%
16.	T. 25 N., R. 11 W., N.M.P.M. Section 17: NW-1/4	160.00	14-20-603-1435 ***	Sanda Wall 12-1/2%	Magnolia Petroleum Company	None	Magnolia Petroleum Company 100%
17.	T. 25 N., R. 11 W., N.M.P.M. Section 20: NE-1/4	160.00	14-20-603-1440 ***	Uska-ye-nt-sa 12-1/2%	Skelly Oil Company	None	Skelly Oil Company 100%
18.	T. 25 N., R. 11 W., N.M.P.M. Section 20: SE-1/4	160.00	14-20-603-1441 ***	Ray Ganuto 12-1/2%	Skelly Oil Company	None	Skelly Oil Company 100%
TOTAL INDIAN ALLOTTED LANDS 1,762.90 ACRES 11.47 of Unit Area							
<u>STATE LANDS</u>							
19.	T. 25 N., R. 11 W., N.M.P.M. Section 32: N-1/2 NE-1/4, N-1/2 SE-1/4, SW-1/4 SE-1/4	200.00	E-3148-1 12-10-49	State of New Mexico 12-1/2%	El Paso Natural Gas Company	John Burroughs 5%	El Paso Natural Gas Company 100%
20.	T. 25 N., R. 12 W., N.M.P.M. Section 2: S-1/2 N-1/2	160.00	E-6633 11-10-52	State of New Mexico 12-1/2%	El Paso Natural Gas Company	None	El Paso Natural Gas Company 100%

Carson Unit
 San Juan County, New Mexico
 Exhibit B (Contd.)

Tract Number	Description	No. of Acres	Ser. No. & Date of Lease	Base Royalty & Percentage	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
<u>State Lands (Contd.)</u>							
21.	T. 25 N., R. 11 W., N.M.P.M. Section 32: N-1/2 NW-1/4	80.00	E-5622-1 10-1-51	State of New Mexico 12-1/2%	Shell Oil Company	Henry A. Mylander, Individually and as Surviving Executor of the Estate of Kate E. Mylander 4%	Shell Oil Company 100%
22.	T. 25 N., R. 11 W., N.M.P.M. Section 32: S-1/2 NE-1/4	80.00	E-6223 5-16-52	State of New Mexico 12-1/2%	Edward C. Evensen	None	Edward C. Evensen 100%
23.	T. 25 N., R. 12 W., N.M.P.M. Section 2: Lots 1,2,3,4; (N-1/2 N-1/2) S-1/2 Section 36: S-1/2	799.12	E-6597 10-7-52	State of New Mexico 12-1/2%	Laurence C. Kelly, Trustee and El Paso Natural Gas Company	J.D. Middleton 1/4 of 1% Laurence C. Kelly 5% in all of lease except S-1/2 of Section 16, T. 25 N., R. 12 W. 17-1/2% in S-1/2 Section 16 above Gallup sandstone formation. 10% in S-1/2 Section 16 below Gallup sand- stone formation.	Laurence C. Kelly 50% El Paso Natural Gas Company 50%

Tract Number	Description	No. of Acres	Ser. No. & Date of Lease	Base Royalty & Percentage	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
<u>State Lands (Contd.)</u>							
24.	T. 25 N., R. 12 W., N.M.P.M. Section 36; N-1/2	320.00	E-6644-1 11-14-52	State of New Mexico 12-1/2%	Laurence C. Kelly, Trustee	Laurence C. Kelly 2%	Laurence C. Kelly 100%
25.	T. 25 N., R. 11 W., N.M.P.M. Section 32; S-1/2 NW-1/4, SW-1/4, SE-1/4, SE-1/4	280.00	B-10894-6 1-1-44 ppp	State of New Mexico 12-1/2%	Woodriver Oil and Refining Company, Inc., and Eldorado Refining Company	None	Woodriver Oil and Refining Company 50% Eldorado Refining Company 50%

TOTAL STATE LANDS 1,919.12 ACRES

12.50% of Unit Area

TOTAL UNIT AREA 15,365.78 ACRES

*Held under option which provides for assignment with a reservation by the Assignor of the overriding royalty shown herein. Upon approval of the within Unit Agreement by the Secretary of the Interior or his delegated representative, Shell will promptly exercise the option to take assignment for the purpose of vesting in it, subject to Bureau of Land Management approval, the 100% working interest shown herein.

**Oil payment of 1-1/2% of net proceeds. Not to exceed \$100.00 per acre.

***Lease sold at Navajo Indian Sale No. 54 on October 27, 1955. Effective lease date will be date of approval.

†This overriding royalty has been pooled with other individuals involving 18 U. S. Leases by Pooling Agreement and Conveyance dated February 23, 1952. For detail of this undivided interest see signatures of Other Parties.

‡Refer to Operating Agreement dated April 25, 1955 between Laurence C. Kelly and El Paso Natural Gas Company.

§§Held by Production.

and recognized as constituting the unit area:

New Mexico Principal Meridian, N.M.

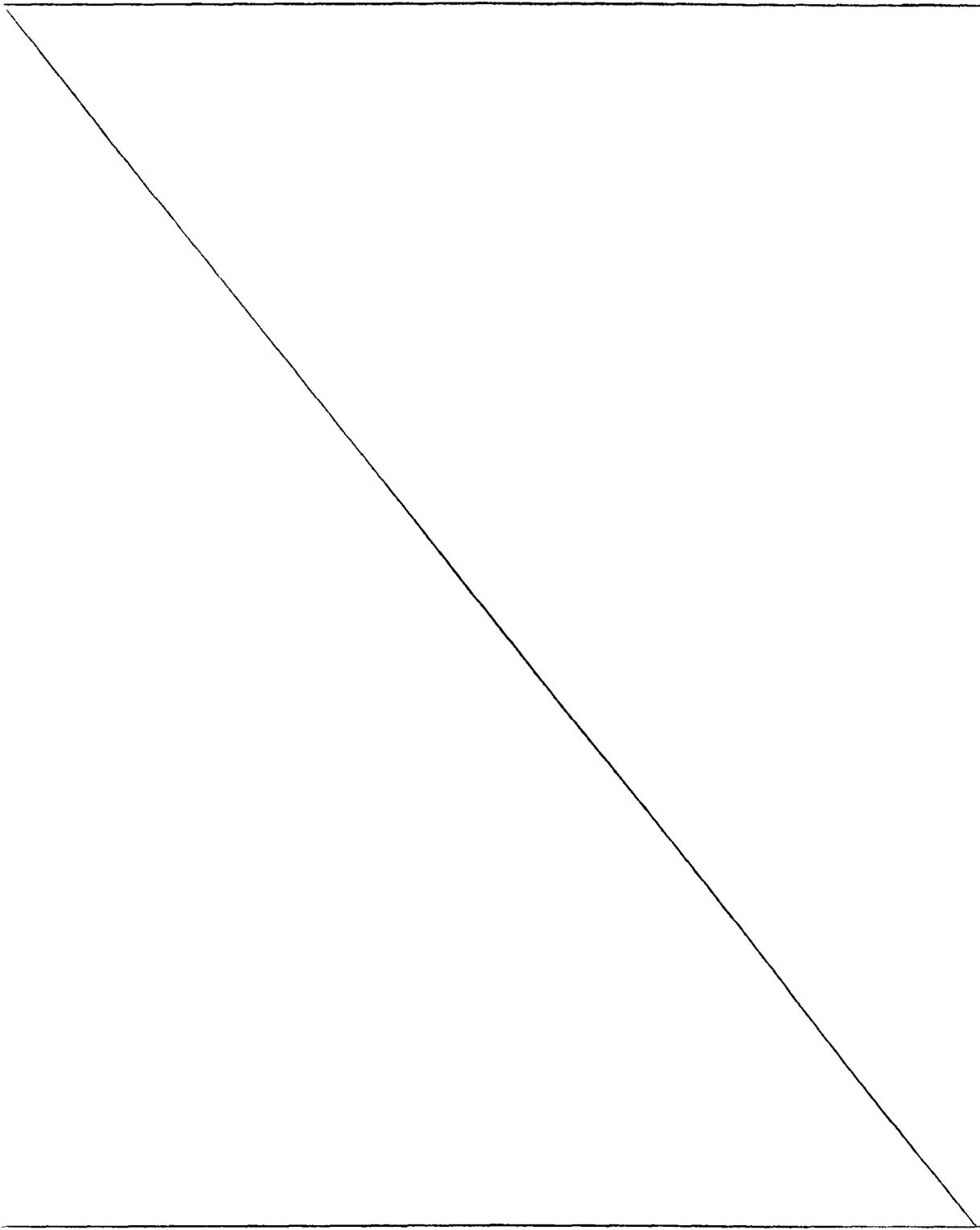
<u>Township 25 North, Range 11 West,</u>	<u>Acres</u>
Sec. 5, Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (all)	641.12
Sec. 6, Lots 1 through 7, S-1/2 NE-1/4, SE-1/4 NW-1/4, E-1/2 SW-1/4, SE-1/4 (all)	640.24
Sec. 7, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	640.26
Secs. 8, 17 (all)	1,280.00
Sec. 18, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	641.84
Sec. 19, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	641.68
Secs. 20, 29 (all)	1,280.00
Sec. 30, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	641.20
Sec. 31, Lots 1, 2, 3, 4, E-1/2 W-1/2, E-1/2 (all)	640.72
Sec. 32 (all)	640.00
 <u>Township 25 North, Range 12 West,</u>	
Sec. 1, Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (all)	639.60
Sec. 2, Lots 1, 2, 3, 4, S-1/2 N-1/2, S-1/2 (all)	639.12
Secs. 11, 12, 13, 14 (all)	2,560.00
Secs. 23, 24, 25, 26 (all)	2,560.00
Secs. 35, 36 (all)	<u>1,280.00</u>
	15,365.78

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 land 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 the unit area render such revision necessary, or when requested by the Oil and Gas supervisor, hereinafter referred to as "Supervisor", or the Commissioner of Public Lands, hereinafter referred to as "State Land Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and at least one copy shall be filed with the State Land Commissioner and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission". The Commissioner of Indian Affairs shall

hereinafter be referred to as the "Indian Commissioner".

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be affected in the following manner:

- (a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as



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.

9. DRILLING TO DISCOVERY. Within 60 days after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently as set forth below or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 5,600 feet. Unit Operator hereby agrees to drill three additional test wells regardless of results, with not more than ninety days elapsing between the completion of one well and the commencement of drilling the next well; three of said four wells shall test the Gallup Sand and at least one shall test the Dakota formation. After completion of said three additional test wells and until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than 6 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 said Supervisor, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. If any or all of said four wells or any additional wells, should be commenced subsequent to

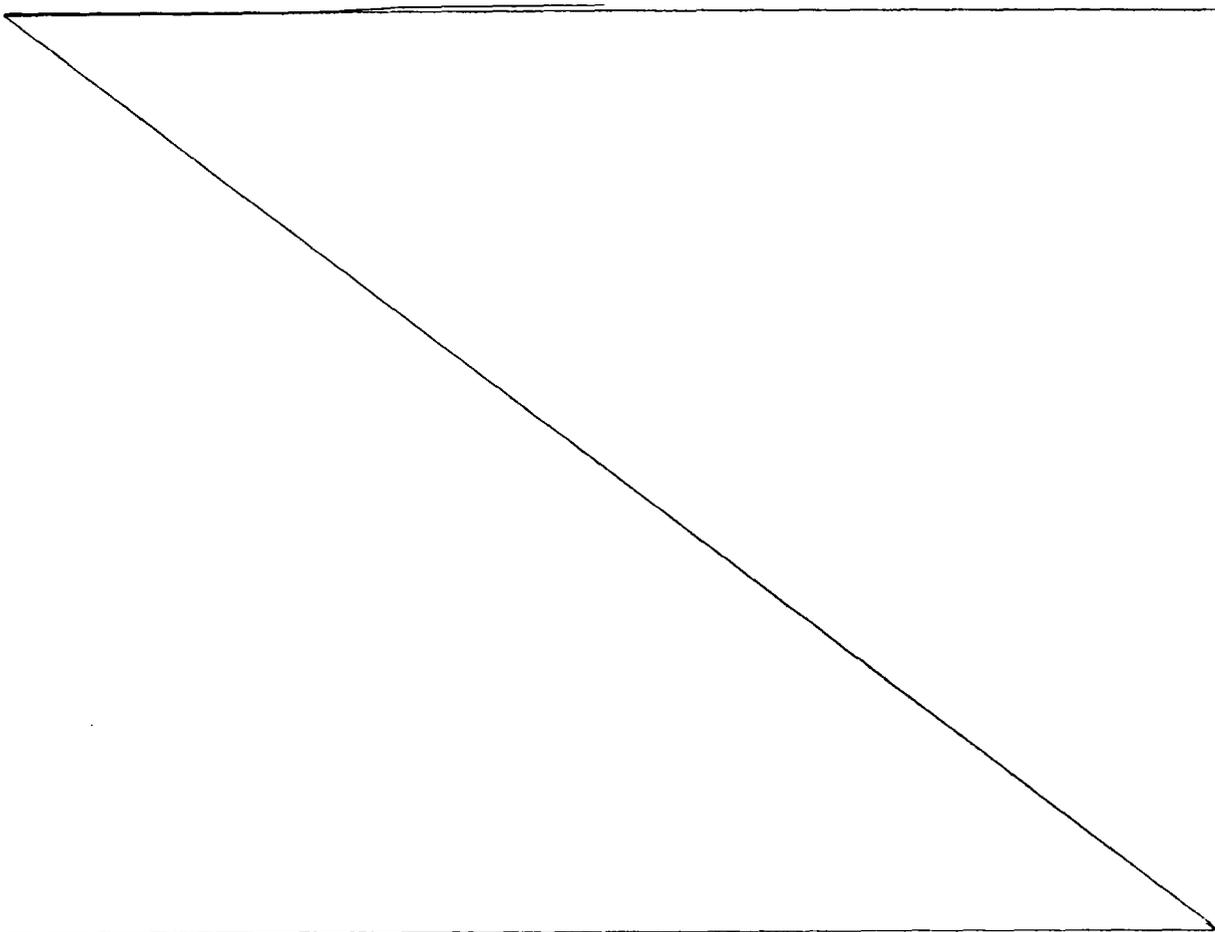
July 15, 1956, and prior to the effective date of this agreement, they shall be considered as drilled in accordance with the provisions hereof and as meeting the requirements hereof, whether dry or producible. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The only extension of time for commencement of drilling of said 2nd, 3rd, and 4th test wells which may be granted by the Director shall be for unusual reasons (such as, bad weather, surveying locations in rugged terrain, and time-consuming road building delays) and shall not exceed a single extension of three months for each well. Thereafter, the Director 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 section, the Director 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.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, shall, subject to the well requirements of section 9 hereof, constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and

shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interest of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor is authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor, shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well



In reply refer to:
Unit Division

1958 OCT 23 AM 8:53

October 23, 1956

*File Coas
1085*

C
O
P
Y

Shell Oil Company
705 W. Municipal Drive
Farmington, New Mexico

Re: Second Amendment to the
Fifth Supplemental Plan of
Development-Carson Unit
Agreement

ATTENTION: Mr. R. R. Robinson

Gentlemen:

We are approving the above designated Plan as of
the date of this letter.

You sent us only one copy of this Plan which we are
keeping for our file. May we please have another copy of
this document at your earliest convenience..

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

BY:
Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MMR/m
cc:

OCC-Santa Fe ✓
USGS-Roswell

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

CARSON UNIT AGREEMENT

(As Amended)

San Juan County, N.M.

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreements amending the original Carson Unit Agreement and the lands covered by it, and the amended agreement provides for the development and operation of acreage which is described within the attached Agreements, which have been executed or are to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described.

The attached agreements are "Consent of Working Interest Owners to Amendment of and Joinder in Unit Agreement" and "Consent of Other Parties to Amendment of and Joinder in Unit Agreement". These agreements set forth the reasons for amending the original Carson Unit Agreement, what the amendments intend to accomplish and there are attached the actual amendments to the Unit Agreement to be accomplished by the substitution of the pages attached for those in the original Unit Agreement.

Upon examination of said Agreements the Commissioner finds:

- (a) That the Carson Unit Agreement, as amended, will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, as amended, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the proposed area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement, as amended, is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chap. 88 of the Laws of the State of New Mexico, 1943, as amended by Chap. 162 of the Laws of New Mexico, 1951, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, as amended, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform

with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid Chap. 88 of the Laws of the State of New Mexico, 1943, as amended by Chap. 162 of the Laws of the State of New Mexico, 1951.

IN WITNESS WHEREOF, this Certificate of Approval is executed with seal affixed, this 21st day of September, 1956.



Commissioner of Public Lands of the
State of New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 14, 1956

C

O

P

Y

Seth and Montgomery
Mr. Oliver Seth
111 E. San Francisco
Santa Fe, New Mexico

Dear Sir:

In behalf of your client, Shell Oil Company, we enclose a copy of Order No. R-828-A issued on September 13, 1956, by the Oil Conservation Commission in Case No. 1085, which was heard on September 9, 1956.

Very truly yours,

A. L. Porter, Jr.
Secretary-Director

jh
encl.

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
JUSTIN T. REID

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT-LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

August 10, 1956

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

Gentlemen:

Please find herewith application of
Shell Oil Company for an amendment
to the Carson Unit Agreement. If pos-
sible, we would like this matter set
down for hearing before an Examiner
in Santa Fe.

Very truly yours,



OS:ms
Enc.

*copy
10/25*

MAIN OFFICE OCC

1956 JUN 25 AM 10:08

June 25, 1956

In reply refer to:
Unit Division

file

Shell Oil Co.
1901 Main Avenue
Durango, Colorado

Re: (Carson Unit Area,
San Juan County, N. Mex.)

Attention: Mr. F. W. Nantker

Gentlemen:

The Commissioner of Public Lands has today approved the Carson Unit Agreement, subject to like approval by the United States Geological Survey and the New Mexico Oil Conservation Commission.

Our Official Receipt in the amount of \$180.00 is also attached herewith.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

MMR/m
enc: 3

cc: USGS-Roswell
OCC-Santa Fe

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 22, 1956

Mr. F. W. Nantker
Shell Oil Company
Durango, Colorado

Dear Sir:

We enclose two copies of Order R-828 issued June 22, 1956, by the Oil Conservation Commission in Case 1085, which was heard on June 21st in Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encls.

C

O

P

Y

MAIN OFFICE QQQQ



AM 8:10

SHELL OIL COMPANY

DESERET NEWS BUILDING
33 RICHARDS STREET
SALT LAKE CITY 1, UTAH

May 31, 1956

Subject: Carson Unit Agreement

*Examined by WUN
@ Santa Fe
@ 10 AM on 6/14/56
DAvis 2-0471
TELEPHONE*

Case # 1055

Mr. D. S. Nutter
Oil and Gas Inspector
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Reference is made to your conversation of May 28, 1956, with the undersigned concerning the subject Unit Agreement, and further reference is made to our letter of May 18, 1956, same subject.

In accordance with your instructions of May 28, 1956, we hereby make application for a hearing before you on June 21, 1956, and enclose, in support of our request, the following material:

1. Application, in triplicate.
2. Geologic Report, in triplicate.
3. Structure contour map, in triplicate.
4. Land exhibit, in triplicate.
5. Land area map showing proposed unit outline, in triplicate.
6. Proposed Unit Agreement, in triplicate, showing changes interlineated by the U. S. G. S., Washington D. C.
7. Decision of the Acting Director, U. S. G. S., Washington D. C., designating the proposed Carson Unit Area as an area logically subject to unitization.

*Sent copy of
Report on 6/4/56
① to Director
② Salt Lake
City*

Mr. D. S. Nutter
Oil and Gas Inspector

2

If any material, in addition to that listed above, is needed,
we will be happy to attempt to supply it.

Very truly yours,


J. E. Mohr
Division Land Manager

Enclosure

cc - Mr. E. S. Walker (W. Encl.)
Commissioner of Public Lands
P. O. Box 791
Santa Fe, New Mexico



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
CASE 108-1
EXHIBIT No. 5

SKELLY OIL COMPANY

May 18, 1956

LAND AND LEASE DEPARTMENT
SAN JUAN BASIN DISTRICT
J. W. LOOFBOURROW, MANAGER

Address reply to:

P. O. Box 4115, STATION A
ALBUQUERQUE, NEW MEXICO

Re: Carson Unit Area
Unit Agreement and Unit
Operating Agreement:
San Juan County, New Mexico.

Mr. J. E. Mohr
Division Land Manager
Shell Oil Company
Deseret News Building
33 Richards Street
Salt Lake City 1, Utah

Dear Mr. Mohr:

Skelly Oil Company has considered the above captioned Unit and we have decided that we do not desire to join Shell Oil Company's Carson Unit at the present time.

Very truly yours,

J. W. Loofbourrow

JWL:skf
SALT LAKE
DIVISION
MAY 21 1956

Div. Expl. Mgr.	
Geophys.	
Survey	
Soil	
Div. Land Mgr.	
Production	
Exploit. Engr.	
Mech. Engr.	
Drilling	
Treasury	
P. & I. R.	
Purch. Stores	
Automotive	
Drafting	
File	

LAND MAY 21 1956 DEPT.
RECEIVED - REFERRED
BY J. W. Loofbourrow TO file DATE 5-21
BY _____ TO _____ DATE _____
BY _____ TO _____ DATE _____

LION OIL COMPANY

A DIVISION OF MONSANTO CHEMICAL COMPANY



PRODUCTION & EXPLORATION
SOUTHWESTERN REGION

REPLY TO:
602 W. MISSOURI ST.
MIDLAND, TEXAS

DURANGO, ARKANSAS

June 13, 1956

LAND JUN 18 1956 DEPT.	
RECEIVED - REFERRED	
BY <i>J. B. Chase</i>	DATE 6-18
BY _____	DATE _____
BY _____	DATE _____

Mr. John E. Mohr
Division Landman
Shell Oil Company
Deseret News Building
33 Richard Street
Salt Lake City, Utah.

Dear Mr. Mohr:

Our Company has seriously considered committing its leases to the proposed Carson Unit, centering in T-25-N, R-11 & 12-W, San Juan County, New Mexico. After considerable deliberation it is our final opinion that Monsanto should not commit its leases to this unit.

In making this reply to your request that our leases be committed to the unit we wish to point out that Monsanto is very much in favor of drilling units of the nature proposed in the Carson Unit. We feel that the unit as proposed will enhance development and discovery of possible oil reserves in the area covered by the unit. Our principal reason for withholding the small amount of acreage which Monsanto has under lease in the proposed area stems from our lease expiration date, which is beyond most leases in the immediate area, and our small amount of leasehold, which encourages us to acquire additional acreage in the area by spending wildcat drilling money.

We hope you fully understand our position in this matter, and we wish you success in the formation of this proposed Carson Unit.

Very truly yours,

MONSANTO CHEMICAL COMPANY

By: *J. B. Chase*

J. B. Chase - Regional Landman
Lion Oil Company Division

JBC:dc

cc: Mr. Fred Nantker, SOC, Durango, Colo.

Edward C. Evensen
 739 Haight St.
 San Francisco 17
 California
 May 31, 1956

*Carson area
 Carson unit agent*

Shell Oil Company
 Deseret News Building
 33 Richards St.
 Salt Lake City 1, Utah
 Attn: J. E. Mohr
 Division Land Manager

Re: S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 32-25N-11W,
 San Juan County, New
 Mexico, Carson Unit.

Dear Mr Mohr:

Your letter of April 27, 1956 advises me that you are including the above described acreage in the proposed Carson Unit Area of San Juan County, New Mexico.

As the above described eighty (80) acres is a State of New Mexico lease and is in the extreme southeast edge of your proposed Carson Unit area, I can see no advantage to me as an individual lease owner to join the proposed unit at this time.

**SALT LAKE
 DIVISION
 JUN 1 1956**

Very truly yours,
Edward C. Evensen
 Edward C. Evensen

Div. Expl. Mgr.	
Geophys.	
Strat.	
Scout	
Div. Land Mgr.	
Production	
Exploit. Engr.	
Mech. Engr.	
Drilling	
Treasury	
P. & I. R.	
Purch. Stores	
Automotive	
Drafting	
File	

LAND JUN 1 1956 DEPT.
 RECEIVED - REFERRED
 BY *M. J. T. A. T. 6-1* DATE *6-1*
 BY *[Signature]* TO *[Signature]* DATE *[Signature]*
 BY *[Signature]* TO *[Signature]* DATE *[Signature]*

GENERAL OFFICES
120 BROADWAY NEW YORK

AMERADA PETROLEUM CORPORATION

BEACON BUILDING
P. O. BOX 2040

TULSA 2, OKLA.

May 7, 1956

Re: Carson Unit Area
San Juan County
New Mexico

LAN	MAY 10 1956	DEPT.
RECEIVED - REFERRED		
BY	SG TO SDS	DATE 5-10
BY	TO	DATE
BY	TO	DATE 5-17
BY	TO	DATE

Shell Oil Company,
Deseret News Building,
33 Richards Street,
Salt Lake City 1, Utah.

Attention: Mr. J. E. Mohr - Division Land Manager

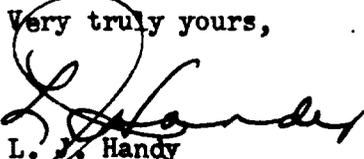
Gentlemen:

Reference is made to your letter of April 27, 1956, inviting us to commit our leases, situated in Township 25 North, Range 12 West, San Juan County, New Mexico, to the proposed Carson Unit comprising parts of Townships 25 North, Ranges 11 and 12 West, San Juan County, New Mexico.

While we have always been strong proponents of the formation of federal units where practical, we do not feel that any interest would be served beneficial to ourselves, the unit or other participants by our joining the unit you propose. The reason for this decision is based on the following:

1. Part of our acreage included within the outline of the proposed unit is productive, and we are proceeding with the orderly development of the property.
2. Our acreage is located in the extreme northwest corner of the proposed unit and the inclusion of these lands cannot be considered to be necessary to the successful formation or operation of the proposed unit.
3. The effective control by the operator over the lands within the unit, and the development thereof will not be impaired by the failure of our leasehold to be included therein.

Very truly yours,


L. J. Handy
Land Department

LJH/ah



IN REPLY REFER TO:

Case # 1085

MAIN OFFICE OCC
1956 JUN 4 AM 8:10
UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

MAY 24 1956

Shell Oil Company
Deseret News Building
Salt Lake City 1, Utah

Gentlemen:

Reference is made to your application of February 24, 1956, filed with the Oil and Gas Supervisor, Roswell, New Mexico, requesting designation of 23,044.86 acres, more or less, in San Juan County, New Mexico, as an area logically subject to development under the unitization provisions of the Mineral Leasing Act, as amended. On April 5, 1956, Mr. F.W. Nantker of your Durango, Colorado, office submitted seven copies of a proposed form of agreement for preliminary approval, three copies of which were forwarded by the Supervisor to the Superintendent, Navajo Indian Agency, Window Rock, Arizona.

Pursuant to the regulations of December 22, 1950, 30 CFR, 226.3, the following land is designated as a logical unit area, to be known as the Carson unit area:

New Mexico Principal Meridian, New Mexico

<u>T. 25 N., R. 11 W.</u>	<u>Acres</u>
secs. 5 thru 8 (all)	2561.62
secs. 17 thru 20 (all)	2563.52
secs. 29 thru 32 (all)	2561.92
<u>T. 25 N., R. 12 W.</u>	
secs. 1 thru 4 (all)	2557.80
secs. 9 thru 16 (all)	5120.00
secs. 21 thru 28 (all)	5120.00
secs. 33 thru 36 (all)	2560.00
<hr/>	
Total	23,044.86

Two wells capable of producing unitized substances in paying quantities from the Gallup sandstone have already been completed within the unit area. The plan to drill four test wells to the Gallup sandstone and one test well to the Dakota formation appears adequate.

The form of agreement has been reviewed and found to follow substantially other New Mexico unit agreements which include Indian and State lands. Certain changes deemed advisable have been made in red pencil and attached riders. One copy so marked is returned herewith, one copy is being furnished the Oil and Gas Supervisor, and one copy is being retained.

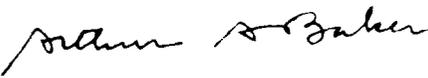
In the absence of any objections not now apparent, a duly executed agreement identical with said enclosure as modified will be approved if submitted within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement which, in my opinion, does not have the full commitment of sufficient lands to afford effective control of unit operations.

When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all Federal and Indian acreage, showing the current record owner and the effective date of leases issued, and the current status of lease applications, if any.

In connection with Indian leases committed to unit agreements, appropriate consents of surety incident to the change of contractual obligations should accompany the executed agreement when submitted for final approval.

The Bureau of Indian Affairs has endorsed this letter.

Very truly yours,


Acting Director

Enclosure

PHILLIPS PETROLEUM COMPANY

1200 DENVER CLUB BUILDING

LAND AND GEOLOGICAL DEPARTMENT
DENVER DIVISION

DENVER 2, COLORADO

June 15, 1956

LAND JUN 18 1956 DEPT.		
RECEIVED - REFERRED		
BY <i>M. J. E. Mohr</i>	TO	DATE 6-18
BY <i>J. M. Spleth</i>	TO	DATE
BY	TO	DATE

Re: Carson Unit
Portion of T.25N.-R.11 & 12W.
San Juan County, New Mexico

Shell Oil Company
Deseret News Building
33 Richards Street
Salt Lake City 1, Utah

Attention: Mr. J. E. Mohr

Gentlemen:

This is to confirm our recent telephone conversation with regard to your inquiry as to whether or not we elect to join the above unit.

We have given your unit every consideration and are unable to justify joining same. Also we do not believe that our refusal to join the unit will prevent the unit from being formed inasmuch as our percentage of acreage is very small.

We wish to thank you for conferring with us on this.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

By

L. M. Spleth
L. M. Spleth
Division Landman

LMS:mas
cc: Mr. G. E. Benskin

Div. Expl. Mgr.	
Geophys.	
Strat.	
Scout	
Div. Land Mgr.	
Production	
Exploit. Engr.	
Mech. Engr.	
Drilling	
Treasury	
P. & I. R.	
Purch. Stores	
Automotive	
Drafting	
File	

SALT LAKE
DIVISION
JUN 18 1956

It's Performance That Counts
FLITE FUEL — TROP-ARTIC

MAIN OFFICE OCC

1956 JUN 12 PM 1:20

LAURENCE C. KELLY TRUST
OIL AND GAS PRODUCERS
309 BANK OF AMERICA BUILDING
BEVERLY HILLS, CALIFORNIA

LAURENCE C. KELLY
TRUSTEE

June 11, 1956

TELEPHONES
CRESTVIEW 6-7078
BRADSHA 2-2501

Oil Conservation Commission
Mabry Hall - State Capitol
Santa Fe, New Mexico

Case No. 1085

Dear Sirs:

I wrote under date of May 14th, 1956, registered mail to the Director of U. S. Geological Survey, at Roswell, the Commissioner of Public Lands, State of New Mexico, at Santa Fe, and the Shell Oil Company, at Los Angeles, formally notifying them of my refusal to join the Carson Unit proposed by Shell Oil Company.

I am the holder of Lease #E-6597 from the State of New Mexico covering 3,500 acres, of which 1,760 acres are within the boundaries of the proposed Carson Unit.

Section 16, Township 25 North, Range 12 West, under my Lease being operated by El Paso Natural Gas Company has already been fully proven, having seven oil wells, on 80-acre spacing on production and one cased and cemented awaiting completion. In view of this I do not deem it necessary to list the innumerable reasons for my refusal to join the Unit. In my opinion it would be confiscatory.

Yours truly,

LAURENCE C. KELLY TRUST

LCK:m

By Laurence C. Kelly
Laurence C. Kelly, Trustee

S. J. Mohr

HUMBLE OIL & REFINING COMPANY

EXPLORATION DEPARTMENT

P. O. BOX 1287

ROSWELL, NEW MEXICO

June 7, 1956

In re: Shell Oil Company Proposed Carson Unit
San Juan County, New Mexico

Shell Oil Company
Deseret News Building
33 Richardson Street
Salt Lake City, Utah

LANGUIN 11 1956 DEPT.	
RECEIVED - REFERRED	
BY <u>MSO/T</u> DATE <u>6-11</u>	
BY <u>MSO</u> TO <u>MSO</u> DATE <u>✓</u>	
BY <u>J</u> TO <u>NHA</u> DATE <u>✓</u>	
BY <u> </u> TO <u> </u> DATE <u> </u>	

ATTENTION: Mr. J. E. Mohr

Gentlemen:

After attending your meeting in Albuquerque, May 16, 1956, covering the proposed Carson Unit, Humble has considered carefully your unit plan, and the problem has been discussed with our management. As we have advised previously, Humble is very much in favor of unitization and feel that unit projects, such as your Carson Unit, are necessary. Without units such as this, most of the major oil companies doing business in the San Juan Basin would be forced to stop operations, largely due to the acreage limitation imposed by Federal regulations. Consequently, we are in perfect sympathy with you in the formation of this unit.

We have authority to join the unit provided we can agree on the following:

1. The Rocky Mountain form of operating contract and Los Angeles accounting procedure for several reasons are not acceptable to us. Humble, Gulf, Magnolia, Shell, Sunray, Skelly, Sinclair, Phillips, and numerous other companies have been and are now operating under a form of unit operating agreement which has been studied and discussed by the unitization committees of all of these companies and this form is acceptable to the managements of most operators in New Mexico. If you do not have a copy of these forms we will be pleased to send them to you.
2. We are also concerned about the joinder of our Indian lessors and our agreement to join the unit will depend on whether we are able to secure their permission to include their acreage and their joinder.

Shell Oil Company

Page 2

June 7, 1956

Our acreage, as you know, represents a very small percentage of the unit area and is located in such a position that we doubt if our joinder will affect the approval of your unit by the U.S.G.S. From what experience we have had with units, if you can show reasonably effective control, the unit will be approved.

In the event you do not desire to change operating contracts, accounting procedures, etc., and your unit is approved, which appears likely, we will cooperate in any way practical and possible as to development, spacing, etc., when production approaches our acreage.

Yours very truly,



R. M. Richardson

RMR:mb;fd

cc: Shell Oil Company
Land Department
Durango, Colorado
Attention: Mr. Fred Nantker

Case 1085

El Paso Natural Gas Company
HEAD OFFICE

1956 JUN 11 AM 8:36 El Paso Texas
June 7, 1956

file

Shell Oil Company
1901 Main Avenue
Durango, Colorado

Attention: Mr. F. W. Nantker

Re: (Proposed Carson Unit
San Juan County, N.M.)

Gentlemen:

As we have previously advised you, we regret that we will be unable to commit our acreage in the proposed Carson Unit Area to your Unit Agreement and Unit Operating Agreement.

All of our acreage in the proposed Unit Area is State of New Mexico leases. They were acquired under a Farmout Agreement from Mr. L. C. Kelly, who retains a working interest in these leases and has previously advised you that he will not commit his interest in the leases to your Unit Agreement.

Our Farmout Agreement from Mr. Kelly further provided that we cannot commit this acreage to any Unit Agreement without his consent thereto. Therefore, we do not see how we can commit our acreage to your proposed Carson Unit.

We have now completed eight oil wells on Section 16, Township 26 North, Range 12 West. This section contains the majority of completed wells within the proposed Unit Area. We object to the proposed Unit Area as (1) containing a large unproven, unproductive area, and (2) excluding a large area of proven acreage located to the northwest of the proposed Area. This objection would remain even if we were not bound by our existing contract.

COPY

Page 2
Shell Oil Company
June 7, 1956

We regret that under these circumstances we will be unable to join the proposed Unit Agreement. In general, we are in favor of the principle of unitization, inasmuch as we feel that it does promote conservation and prevent waste.

Yours very truly,

EL PASO NATURAL GAS COMPANY

By R. L. Hamblin
R. L. Hamblin, Manager
Lease Department

RLH:ms

cc: Mr. John Anderson
Regional Oil & Gas Supervisor
United States Geological Survey
P. O. Box 6721
Roswell, New Mexico

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

Mr. E. S. Walker
Commissioner of Public Lands
Box 791
Santa Fe, New Mexico

CLASS OF SERVICE
 This is a fast message unless its delayed character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

SYMBOLS
 DL = Day Letter
 NL = Night Letter
 LT = International Letter Telegram

1201

The filing time shown in the date is in Standard Time at point of origin. Time of receipt is STANDARD TIME at point of destination.

LB383 KA395

(42)

K WZC152 PD-FAX WICHITA KANS 18

SHELL OIL CO, ATTN NEIL ADAMS

1956 JUN 18 PM 3 28

DESERT NEWS BLDG SALT LAKE CITY UTAH

SORRY DO NOT BELIEVE WE WILL JOIN CARSON UNIT AN
 JUAN COUNTY, NEW MEXICO AT THIS TIME. PREFER OPERATE OUR
 OWN LEASES WHEN POSSIBLE TO DO SO.
 WOOD RIVER OIL & REFINING CO INC C C CHAPIN

THE COMPANY WILL APPRECIATE YOUR FEEDBACK THROUGH OUR CUSTOMER SERVICE

CLASS OF SERVICE
 This is a fast message unless its deferred character is indicated by the class symbol.

WESTERN UNION TELEGRAM

SYMBOLS
 DL = Day Letter
 NL = Night Letter
 LT = International Letter Telegram

1201

Time of receipt to STANDARD TIME at point of destination

NA379

(29)

L AYBOS1 PD=ABUQUERQUE NMEX 12 1109AMM=

SHELL OIL CO=

33 RICHARD ST SALT LAKE CITY UTAH=

ATTN JOHN E MOHR AFTER DUE CONSIDERATION WE WOULD NOT BE INTERESTED IN JOINING WITH YOU IN THE CARSON UNIT SAN JUAN COUNTY NEW MEXICO AS PRESENTED TO US=

MAGNOLIA PETROLEUM CO WILLIAM M KAY LAND AND LEASE DEPT=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

LAURENCE C. KELLY TRUST

OIL AND GAS PRODUCERS

BEVERLY HILLS CALIFORNIA

May 14, 1956

TELEPHONE
BRADSHAW 2-2550

Shell Oil Company
1008 West Sixth Street
Los Angeles 54, California

Attention: Manager Land Department

Dear Sirs:

You are hereby formally notified that I, as Trustee, refuse to join your proposed Carson Area Unit, in San Juan County, New Mexico.

Enclosed please find copies of letters we have written to the Director of the United States Geological Survey, and to the Commissioner of Public Lands in New Mexico, advising them of my refusal to join your proposed Carson Area Unit.

Yours truly,

LAURENCE C. KELLY TRUST

By Laurence Kelly
Laurence C. Kelly, Trustee

LCK:n
Enclosures

- cc United States Geological Survey, Roswell, N. Mex.
- cc New Mexico Commissioner of Public Lands, Santa Fe, N. Mex.
- cc El Paso Natural Gas Company, El Paso, Tex.

REGISTERED MAIL - RETURN RECEIPT REQUESTED

LAWRENCE C. KELLY TRUST

10000 10000 10000 10000

May 16, 1958

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

Attention: Mr. E. S. Walker, Commissioner

The Shell Oil Company is proposing the formation of a unit known as the Carson Unit area which takes in the major portion of Township 25 North, Range 12 West, San Juan County, New Mexico, and the twelve westerly sections of Township 25 North, Range 11 West, and have invited me to join this Unit agreement.

I, as Trustee, hold all the Overriding Royalty and am the joint owner with the Esso Natural Gas Company of all the working interest in 1,760 acres which would come within this proposed Unit Area.

Description of this acreage is as follows:

	<u>ACRES</u>
Township 25 North, Range 12 West, San Juan Co., N. Mex.	
Section 16: All	640
Section 2: North Half of North Half	160
Section 2: South Half	320
Section 36: South Half	320
All under State of New Mexico Oil & Gas Lease #E-6597	
and	
Section 36: North Half	320
Under State of New Mexico Oil & Gas Lease #E-6644-1	
Total Acres	1,760

This is to formally notify you that I refuse to join this Unit.

Yours truly,

LAWRENCE C. KELLY TRUST

By Laurence C. Kelly
Laurence C. Kelly, Trustee

cc: Esso

Esso Natural Gas Company
United States Geological Survey, Roswell
The Shell Oil Company

LAURENCE C. KELLY TRUST
OIL AND GAS PRODUCERS
 308 BANK OF AMERICA BUILDING
 BEVERLY HILLS, CALIFORNIA

MAY 14, 1956

LAURENCE C. KELLY
 TRUSTEE

TELEPHONES
 CRESTVIEW 6 7078
 BRADSHAW 2 2501

Director of U. S. Geological Survey
 Roswell
 New Mexico

Dear Sir:

Attention: Mr. John A. Anderson

The Shell Oil Company is proposing the formation of a unit known as the Carson Unit Area which takes in the major portion of Township 25 North, Range 12 West, San Juan County, New Mexico, and the twelve westerly sections of Township 25 North, Range 11 West, and have invited me to join this Unit Agreement.

I, as Trustee, hold all the overriding royalty and am the joint owner with El Paso Natural Gas Company of all the working interest in 1,760 acres which would come within this proposed Unit Area.

Description of this acreage is as follows:

	<u>ACRES</u>
Township 25 North, Range 12 west, San Juan Co., N. Mex.	
Section 16: All	640
Section 2: North Half of North Half	160
Section 2: South Half	320
Section 36: South Half	320
All under State of New Mexico Oil & Gas Lease #E-6597	
and	
Section 36: North Half	320
Under State of New Mexico Oil & Gas Lease #E-6044-1	
Total Acres	1,760

This is to formally notify you that I refuse to join this Unit.

Yours truly,

LAURENCE C. KELLY TRUST

by Laurence C. Kelly
 Laurence C. Kelly, Trustee

LCK:15

cc: El Paso Natural Gas Company
 New Mexico Commissioner of Public Lands
 The Shell Oil Company



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

MAC	MWS	MMC	RWW
JUL 24 1956	JUL 31 1956		MRH
JBM	LAND DEPT.		Digest
	STAMPED IN BY:		Colp.
R/W	9 50 A.M.		File
Ownership	FILE		607

Mr. H. F. Crandall
Shell Oil Company
Shell Oil Building
Los Angeles, California

My dear Mr. Crandall:

Reference is made to the Carson unit agreement, San Juan County, New Mexico, dated June 13, 1956, and submitted for final approval with letter of June 20 from your Salt Lake City office.

Upon completion of a review of the unit agreement, it is deemed advisable to reduce the unit area and to tailor sections 2, 9, and 10 of the unit agreement to conform to such reduction, as there are so many producible oil wells in the original designated area and so many uncommitted tracts that effective control of unit operations would be lacking. Accordingly, in order to eliminate the area already proved productive and the complications incident thereto in the light of such lack of commitments and definite refusals to commit, the two western tiers of sections should be eliminated from the unit area. The remaining area is described as follows:

New Mexico Principal Meridian, N. M.

T. 25 N., R. 11 W.	Acres
sec. 5, lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ (All)	641.12
sec. 6, lots 1 through 7, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ (All)	640.24
sec. 7, lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ (All)	640.26
sec. 8, 17 (All)	1,280.00
sec. 18, lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ (All)	641.84
sec. 19, lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ (All)	641.68
sec. 20, 29(All)	1,280.00
sec. 30, lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ (All)	641.20
sec. 31, lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ (All)	640.72
sec. 32, (All)	640.00

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Shell EXHIBIT No. 6
CASE 1085

2

T. 25 N., R. 12 W.		Acres
sec. 1, lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ (All)		639.60
sec. 2, lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ (All)		639.12
sec. 11,12,13,14 (All)		2,560.00
sec. 23,24,25,26 (All)		2,560.00
sec. 35,36 (All)		1,280.00
Total		<u>15,365.78</u>

Upon effectuation of the foregoing changes and the resubmission of the executed unit agreement in approvable status, the Survey will, in the absence of any objections not now apparent, approve such agreement if submitted within a reasonable time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in my opinion, does not have the full commitment of sufficient lands to afford effective control of unit operations.

Sincerely yours,

William A. Baker

Acting Director

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Shell EXHIBIT No. *8*
CASE *1085*

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, President

1201

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

B106

(50)

045 PD ROSWELL NMEX \$1 949MM

OIL COMPANY

DESERT NEWS BLDG SALT LAKE CITY UTAH

ATTENTION MR J E MOHR, HUMBLE OIL AND REFINING COMPANY,
HAS EXECUTED UNIT AGREEMENT, UNIT OPERATING AGREEMENT,
AMENDMENTS AND RATIFICATIONS THERETO. THESE INSTRUMENTS
FULLY EXECUTED MAY BE PICKED UP IN OUR HOUSTON OFFICE.
HUMBLE OIL AND REFINING COMPANY R N RICHARDSON

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



LAND FILES ONLY SKELLY OIL COMPANY

LAND AUG 24 1956 DEPT.	
RECEIVED - REFERRED	
<i>M. F. Thompson</i> DATE <i>8-24</i>	
BY <i>RF</i> TO LEM DATE	
BY <i>RF</i> TO File DATE	
BY TO DATE	

LAND AND LEASE DEPARTMENT
 A. L. CASHMAN, VICE PRESIDENT
 B. N. HILL, MGR. CENTRAL DIVISION
 A. J. O'Rourke, MGR. NORTHERN DIVISION
 W. W. SIMPSON, MGR. SOUTHERN DIVISION
 T. F. THOMPSON, MGR. LEASE RECORDS

TULSA 2, OKLAHOMA
 August 22, 1956

BEFORE THE
 OIL CONSERVATION COMMISSION
 SANTA FE, NEW MEXICO
Shell EXHIBIT No. *9*
 CASE *1085*

Carson Unit Area
 Unit Agreement and
 Unit Operating Agreement
 San Juan County, New Mexico

Mr. J. E. Mohr
 c/o Shell Oil Company
 33 Richards Street
 Salt Lake City, Utah

Dear Sir:

In accordance with your request, we have executed and hand you herewith one copy of the Unit Operating Agreement dated August 1, 1956, together with seven (7) copies of the signature page to be attached to additional copies of the Operating Agreement. Also attached you will find twelve (12) copies of the Amendment to the Unit Operating Agreement and fourteen (14) copies of Consent of Working Interest Owners to Amendment of the Joinder in Unit Agreement.

It is our understanding that we will eventually be furnished with a completely executed copy of both the Unit Agreement, Unit Operating Agreement and the Amendment thereto.

Yours very truly,

LEASE RECORDS DIVISION

T. F. Thompson

TFT/b
 Attchs.

cc: Phillips Petroleum Company
 Bartlesville, Oklahoma
 Att: Bob Rood

SALT LAKE
 DIVISION
 AUG 24 1956

Div. Expl. Mgr.	
Geophys.	
Strat.	
Scout	
Div. Land Mgr.	
Production	
Exploit. Engr.	
Mech. Engr.	
Drilling	
Treasury	
P. & I. R.	
Purch. Stores	
Automotive	
Drafting	
File	

LAND FILES ONLY

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

August 20, 1956

LAND AND GEOLOGICAL DEPARTMENT

C. O. STARK, VICE PRESIDENT
D. E. LOUNSBERY, ASST. TO VICE PRESIDENT
D. C. HEMSELL, DEPARTMENT MANAGER
W. B. WEEKS, ASST. DEPARTMENT MANAGER
A. J. HINTZE, EXPLORATION DIRECTOR

LAND AUG 24 1956 DEPT.	
RECEIVED - REFERRED	
BY <i>[Signature]</i>	DATE <i>8-24</i>
BY <i>[Signature]</i>	DATE
BY <i>[Signature]</i>	DATE

BEFORE THE
OIL CONS. AND COMMISSION
SANTA FE, NEW MEXICO
Shell EXHIBIT No. *10*
CASE *1085*

Re: GF 8777
Carson Unit
San Juan County, New Mexico

Shell Oil Company
Shell Building
1008 West Sixth Street
Los Angeles 54, California

Attention: Mr. Don Babcock

Gentlemen:

We hand you herewith fourteen copies of the Consent of Working Interest Owners to Amendment of and Joinder in Unit Agreement, which have been executed on behalf of Phillips Petroleum Company. Such execution is conditioned upon the execution by all the Carson Unit working interest owners of the Unit Operating Agreement on the form as presented to us with your letter of August 1, 1956, and the Amendment to Unit Operating Agreement on the form prepared by us.

We also hand you herewith twenty copies of the Amendment to Unit Operating Agreement for the Development and Operation of the Carson Unit Area, San Juan County, New Mexico. If this Agreement meets with your approval and also the approval of all the other working interest owners in the Carson Unit, upon presentation of all copies of the Unit Operating Agreement, together with the Amendment, we shall obtain the execution of both instruments on behalf of Phillips, on the condition that both instruments are executed by all the parties of the unit.

It is our understanding that upon completion of the execution of all of these instruments, and the approval of the Director of the Unit Agreement, we will be furnished a fully executed copy of the Unit Operating Agreement and the Amendment to such Agreement, and a fully executed and approved copy of the Unit Agreement. We understand that you will furnish us with the recording data as soon as the Unit Agreement has been recorded in San Juan County, New Mexico.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

R. F. Rood
R. F. ROOD, Manager
Northwest Region
Land and Geological Department

JHW/rs

El Paso Natural Gas Company

El Paso, Texas

August 10, 1956

BEFORE THE
OIL CONS. COM. OF NEW MEXICO
SHELL EXHIBIT NO. 11
CASE 1085

LAND AUG 14 1956 DEPT.		
RECEIVED - REFERRED		
BY <i>[Signature]</i>	TO <i>[Signature]</i>	DATE 8-14
BY <i>[Signature]</i>	TO <i>[Signature]</i>	DATE 8-24
BY _____	TO _____	DATE _____

Mr. J. E. Mohr
Shell Oil Company
33 Richards Street
Salt Lake City, Utah

Re: Carson Unit

Dear Mr. Mohr:

In accordance with our understanding, we are enclosing herewith the following executed instruments:

- (a) Two executed copies of a Unit Operating Agreement dated August 1, 1956, with seven executed signature pages.
- (b) Fifteen executed copies of a Consent of working interest owners to Amendment of and Joinder in Unit Agreement.

Please note that this ratification and joinder to the Carson Unit has been restricted to Tracts 19 and 20 only, and does not apply to Tract 23.

It is our understanding that you will furnish us with one fully executed copy each of the Unit Agreement and the Unit Operating Agreement as soon as all of the signatures and approvals have been obtained.

Yours very truly,

R L Hamblin
R. L. Hamblin, Manager
Lease Department

RLH:ms
Encl.

MAIN OFFICE OCC

1956 JUN 4

AM 8:18

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
 OF SHELL OIL COMPANY FOR THE)
 APPROVAL OF THE CARSON UNIT,)
 EMBRACING 23,044.87 ACRES,)
 MORE OR LESS, LOCATED IN TOWNSHIP)
 25 NORTH, RANGE 11 WEST, AND)
 TOWNSHIP 25 NORTH, RANGE 12)
 WEST, N.M.P.M., SAN JUAN)
 COUNTY, NEW MEXICO)

CASE NO.

1085

APPLICATION

NOW COMES applicant, Shell Oil Company, a Delaware Corporation, with offices in Salt Lake City, Utah, and files herewith three (3) copies of the proposed Unit Agreement for the development and operation of the Carson Unit Area, San Juan County, New Mexico, and hereby makes application for the approval of said Unit Agreement as provided by Law, and in support thereof shows:

1.

That the proposed Unit Area covered by said Agreement embraces 23,044.87 acres, more or less, more particularly described as follows:

T. 25 N., R. 11 W., N.M.P.M.

Section 5: All

Section 6: All

Section 7: All

Section 8: All

Section 17: All

Section 18: All
Section 19: All
Section 20: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All

T. 25 N., R. 12 W., N.M.P.M.

Section 1: All
Section 2: All
Section 3: All
Section 4: All
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 16: All
Section 21: All
Section 22: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 27: All
Section 28: All

Sections 33 thru 36: all. FWO
situated in San Juan County, New Mexico.

2.

Handwritten note:
All shall oil Co

That the lands embraced within the proposed Unit Area are Federal, State, and Indian Allotted Lands; that there are 17,122.92

acres, more or less, of Federal land within the Unit Area comprising 74.30% of said Unit Area; that there are 2,559.12 acres, more or less, of State land within the Unit Area comprising 11.10% of said Unit Area; and that there are 3,362.83 acres, more or less, of Indian Allotted Land within the Unit Area comprising 14.59% of said Unit Area.

3.

That the United States Geological Survey, Department of the Interior has approved the Unit Area as being suitable for unitization, and that it has also approved the Unit Agreement as to form.

4.

That applicant is informed and believes and, upon such information and belief, states that the Unit Area embraces substantially all of the geological feature involved, and that the Unit Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of oil and gas.

5.

That applicant, Shell Oil Company, is designated as Unit Operator in said Unit Agreement, and, as such, is given authority under the terms thereof to carry on all operations necessary for the development and operation of the Unit Area for the production of oil and/or gas, subject to all applicable laws and regulations. That said Unit Agreement provides for the commencement of a well for oil and/or gas to be commenced within 60 days from the effective date of said Unit Agreement and for the commencement of four (4) additional wells, each not more than 90 days after the completion or plugging and abandonment of the preceding well. That four of said wells shall be drilled to a depth sufficient to test the Gallup sandstone and that the other well shall be drilled to a depth sufficient to test the Dakota formation; provided, however, that Unit Operator shall not be required to drill any of said wells to a depth in excess of 5,600 feet.

6.

That development and operation of the Unit Area will be conducted in accordance with a plan of development and operation having the joint approval of State and Federal authorities; that under this Agreement the State of New Mexico will receive its fair share of the oil and gas; and that this Unit Agreement in all respects tends to prevent waste and promote conservation of oil and gas.

7.

That the names and addresses of all of the working interest owners other than Shell Oil Company are as follows:

Amerada Petroleum Company
612 Kittredge Building
Denver, Colorado

El Paso Natural Gas Company
El Paso, Texas

Mr. E. C. Evensen
739 Haight Street
San Francisco, California

Humble Oil and Refining Company
P. O. Box 4085
Albuquerque, New Mexico

Magnolia Petroleum Company
245-A Korber Building
Albuquerque, New Mexico

Monsanto Chemical Company
P. O. Box 4145
Albuquerque, New Mexico

Phillips Petroleum Company
301 Korber Building
Albuquerque, New Mexico

Skelly Oil Company
P. O. Box 4083
Albuquerque, New Mexico

Southern Union Gas Company
Burt Building
Dallas, Texas

Stanolind Oil and Gas Company
309 Korber Building
Albuquerque, New Mexico

Woodriver Oil and Refining Company
K-F-H Building
Wichita, Kansas

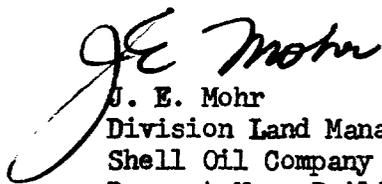
8.

That application is being made for the approval of said Unit Agreement by the Commissioner of Public Lands of the State of New Mexico.

9.

That within ten (10) days from the effective date of the Unit Agreement an executed copy of the Unit Agreement will be filed with the Commission.

WHEREFORE, applicant, Shell Oil Company, respectfully requests that a public hearing be held before an Examiner in Santa Fe, New Mexico, on the matter of the approval of said Unit Agreement and that upon said hearing said Unit Agreement be approved by the New Mexico Oil Conservation Commission.



J. E. Mohr
Division Land Manager
Shell Oil Company
Deseret News Building
33 Richards Street
Salt Lake City, Utah



SHELL OIL COMPANY
 DESERET NEWS BUILDING
 33 RICHARDS STREET
 SALT LAKE CITY 1, UTAH

MAIN OFFICE OCC

MAY 21 AM

8:35

DAvis 2-0471

PHONE

May 18, 1956

Subject: Carson Unit Agreement

Mr. D. S. Nutter
 Oil and Gas Inspector
 P. O. Box 871
 Santa Fe, New Mexico

Gentlemen:

In accordance with Chapter 88, Laws 1943, we enclose herewith for consideration and approval by the Commission or the Inspector, whichever may conveniently consider these instruments at the earliest date, three copies of the proposed Unit Agreement for the Carson Unit Area covering lands in San Juan County, New Mexico.

In connection with the Unit Agreement, kindly be advised that the language for paragraph 9, Discovery Well, and paragraph 10, Plan for Further Development and Operation, was proposed by the United States Geological Survey and provides for the drilling of five wells within the Unit Area with automatic termination of the Unit Agreement in the event we do not obtain production in paying quantities. We have also incorporated special language throughout the Agreement where reference is made to the New Mexico Oil Conservation Commission as well as to the Commissioner of Indian Affairs with regard to Indian lands, and have attached a form of Certificate of Approval by Commissioner of Public Lands.

After considering the enclosed documents would you kindly advise us of your decision regarding the acceptability of this form.

Yours very truly,

J. E. Mohr
 J. E. Mohr
 Division Land Manager

Enclosures

Examined by Santa Fe on 6/2/56 @ 10 am 1/1/56
Sent copy of Doc of 6/4/56 to [unclear] 2 [unclear]