

FIFTH REVISION
EXHIBIT "B"
DRICKEY QUEEN SAND UNIT
CHAVES COUNTY, NEW MEXICO

TRACTS QUALIFYING FOR PARTICIPATION UNDER UNIT AGREEMENT AS OF November 1, 1961

Tract No.	Description of Land	No. of Acres	No. of Wells	Lease and/or Assignment Number	Basic Royalty	Lessee of Record	Overriding Royalty Owner and Amount	Working Interest Owner and Amount	Percent of Participation in Unit
1	SW/4 NW/4 & SE/4 & E/2 SW/4 Sec. 15, T. 14S, R. 31E.	280	7	LC-060811	12.5%	Union Oil Co. of Calif.	Ernest A. Hanson John A. Barnett Union Oil Co. of Calif.	Neville G. Penrose, Inc. Broseco Corp. John B. Rich Richard S. Anderson, Inc.	58.34% 27.71% 1.45% 12.50%
2	W/2 SW/4 Sec. 15, T. 14S, R. 31E.	80	2	LC-060811	12.5%	Union Oil Co. of Calif.	Ernest A. Hanson John A. Barnett Union Oil Co. of Calif.	Neville G. Penrose, Inc. Broseco Corp. John B. Rich J. M. Leonard Cactus Drilling Co. Richard S. Anderson, Inc.	36.46% 17.32% .91% 21.88% 12.50% 10.95%
3	SE/4 Sec. 10, T. 14S, R. 31E.	160	4	LC-060812-A	12.5%	Gulf Oil Corp.	Virgil C. Hopp, et ux Olen F. Featherstone Elizabeth W. Chaney Rubie C. Bell	Gulf Oil Corp.	100.00%
6	All Sec. 3; N/2 Sec. 10, T. 14S, R. 31E.	960.96	24	LC-068474	12.5%	Cities Service Oil Company	None	Cities Service Pet. Company	100.00%
7	N/2 NW/4 & SW/4 NW/4 Sec. 1, T. 14S, R. 31E.	120.04	1	LC-070336	12.5%	Phillips Pet. Company	Ed Shockley, et ux Olen F. Featherstone Ernest H. Peterson Elizabeth W. Chaney Rubie C. Bell Ada Moran Mills	Phillips Pet. Company	100.00%
8	NE/4 NW/4 Sec. 22, T. 14S, R. 31E.	40	1	LC-070336	12.5%	Phillips Pet. Company	Ed Shockley, et ux Olen F. Featherstone Ernest H. Peterson Elizabeth W. Chaney Rubie C. Bell Ada Moran Mills	Phillips Pet. Company	100.00%

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9	NW/4 NW/4 & S/2 NW/4 Sec. 22, T.14S, R.31E.	120	2	LC-070336-A	12.5%	K. S. Adams, Jr.	Ed Shockley, et ux Olen F. Featherstone Ada Moran Mills Ernest H. Peterson Elizabeth W. Chaney Rubie C. Bell	K. S. Adams, Jr. 100.00%	1.01417
10	SW/4 Sec. 10, T.14S, R.31E.	160	4	LC-070337	12.5%	Phillips Pet. Company	Virgil O. Hopp, et ux Ernest H. Peterson Olen F. Featherstone Rubie C. Bell Elizabeth W. Chaney Ada Moran Mills Phillips Pet. Company	Neville G. Penrose, Inc. Broseco Corp. John B. Rich Richard S. Anderson, Inc. 58.33% 27.71% 1.46% 12.50%	4.56493
11	W/2 E/2 Sec. 11, T.14S, R.31E.	160	4	LC-072006	12.5%	Sinclair Oil & Gas Co.	Sinclair Oil & Gas Company	Neville G. Penrose, Inc. Broseco Corp. John B. Rich Richard S. Anderson, Inc. 43.75% 44.53% 2.34% 9.38%	2.35015
11-1	NE/4 NE/4 & SE/4 SE/4 Sec. 11, T.14S, R.31E.	80	0	LC-072006	12.5%	Sinclair Oil & Gas Co.	None	Sinclair Oil & Gas Co. 100.00%	.14456
12	E/2 NE/4 & SW/4 NE/4 Sec. 33, T13S, R.31E.	120	1	NM-02419	12.5%	Cities Service Oil Company	None	Cities Service Petroleum Company 100.00%	.33460
13	SE/4 Sec. 33; SW/4 Sec. 34, T.13S, R.31E.	320	8	NM-03927	12.5%	Cities Service Oil Company	None	Cities Service Petroleum Company 100.00%	6.52393

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				Assignment Number	Lease Number					
14	E/2 SW/4 & SW/4 SW/4 Sec. 33, T.13S, R.31E.	120	1	NM-04246	Kerr-McGee Oil Ind., Inc.	12.5%	Kerr-McGee Oil Ind., Inc.	Lilian T. Hinkle 2.50%	Kerr-McGee Oil Ind., Inc. 100.00%	.83593
13 Federal Tracts				2721.00	59	50.99656				
15	E/2 SE/4 & SW/4 SE/4 Sec. 35, T.13S, R.31E.	120	3	B-8822	K. S. Adams, Jr.	12.5%	K. S. Adams, Jr.	F. W. Herms, Jr. 1.50% Lillis B. Morris .75% R. Berkenkamp Est. .75% D. J. Spowart .75% Earl G. Levick, et ux 1.25%	K. S. Adams, Jr. 100.00%	2.60506
16	NW/4 SW/4 Sec. 35, T.13S, R.31E.	40	1	B-8822-4	Neville G. Penrose, Inc.	12.5%	Neville G. Penrose, Inc.	Earl G. Levick, et ux .50% Mrs. Ruth E. Keitzman 2.25% Henry Garland 2.25%	Neville G. Penrose, Inc. 58.34% Broseco Corp. 27.70% John B. Rich 1.46% Richard S. Anderson, Inc. 12.50%	.68657
17	SW/4 NE/4 Sec. 16, T.13S, R.31E.	40	1	B-8828-39	Neville G. Penrose, Inc.	12.5%	Neville G. Penrose, Inc.	Frank & Margaret M. Gray 5.00%	Neville G. Penrose, Inc. 43.75% Richard S. Anderson, Inc. 6.25% Broseco Corp. 47.50% John B. Rich 2.50%	.91763
18	NE/4 SE/4 Sec. 16, T.14S, R.31E.	40	1	B-10417	W. E. Pittman	12.5%	W. E. Pittman	Sunset International Petroleum Corp. 10.94%	W. E. Pittman 100.00%	.94396
19	NE/4 SW/4 Sec. 2, T.14S, R.31E.	40	1	B-10419	Metex Supply Co.	12.5%	Metex Supply Co.	Metex Supply Co. *6.25%	Geo. W. Baker 25.00% Roswell Securities Co. 25.00% Late Oil Company 25.00% John P. McNaughton 10.9375% Richard S. Anderson, Inc. 3.125% J. M. Zachary 10.9375%	1.22907

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20	NW/4 SW/4 Sec. 16, T.14S, R.31E.	40	1	B-10419	12.5%	Neville G. Penrose, Inc.	Lillian H. Coll Ernest A. Hanson John A. Barnett Union Oil Co. of Calif.	Neville G. Penrose, Inc. Broseco Corp. John B. Rich J. M. Leonard Cactus Drilling Co. Richard S. Anderson, Inc.	36.46% 17.32% .91% 21.88% 12.50% 10.93%	.45916
21	SE/4 NE/4 Sec. 2, T.14S, R.31E.	40	1	B-10420	12.5%	Geror Oil Corp.	Vada Spurck	George Amos Robert H. & Gretchen P. Bishop John J. Boland, Jr. Lloyd M. Brown A. E. & Gladys L. Butterfield John D. & Muriel Veeh Cunningham Roy A. Edwards Minnie C. Enstad Filiberto P. Felix Michael E. & Mary A. Flaherty Jules G. Frosell Ralph E. & Florence R. Geror Albert W. Gibson Lewis & Mavis H. Gordon Barbara K. Hutchins Esther B. Irwin Kenneth V. & Cora T. Johnson Joe Miro & Marian E. Kay Mollie Kivel Simon Kivel Harry C. Lautensack E. A. Le Cocq	3.69231% 2.46154% 1.00000% 1.00000% 10.45754% 1.29969% 1.00000% .64985% 1.00000% 1.29969% 2.50000% 10.45754% 1.00000% 1.23077% 1.00000% 2.59938% 1.29969% 1.00000% 6.15385% 6.15385% 1.00000% 4.00000%	.15655

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21 (Continued)								George A. & Nevert A. Macer	5.00000%
								Lowell G. & Lucille A. Malmberg	1.29969%
								Howard R. & Gladys P. Mason	1.29969%
								Clair S. & Mary E. Ornburg	1.23077%
								Herbert P. & Louise A. Reisner	1.29969%
								Allen E. Richter	1.00000%
								Joseph N. Royal	2.50000%
								Arthur W. & Rose E. Schultz	1.29969%
								N. Osborne Siegfried	1.00000%
								Arthur E. & Ruth J. Springer	1.00000%
								Charles A. & Mary E. Stewart	1.29969%
								Arver E. & Eleanor V. Thorne	1.29969%
								Elmer L. Townsend	1.00000%
								Thomas F. & Francis J. Wall	2.59938%
								Geraldine M. Walsh	1.00000%
								Florence I. Walters	.64985%
								Helen H. Webster	2.59938%
								Henry & Joyce W. Webster	2.59938%
								Estate of A. F. Wellsley (Deceased)	1.29970%
								Dorothy Powell White	5.16800%
								Thomas W. & Henrietta V. Wiltrout	1.29970%

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				Basic Royalty	Overriding Royalty						
22	NW/4 NE/4 Sec. 16, T. 14S, R. 31E.	40	1	B-10420		12.5%	Cities Service Oil Company	Sinclair Oil & Gas Company	Cities Service Petroleum Company	100.00% .80072	
23	SE/4 NW/4 & SE/4 SW/4 Sec. 16, T. 14S, R. 31E.	80	2	B-10420		12.5%	Geror Oil Corp.	Vada Spurck	George Amos Robert H. & Gretchen P. Bishop John J. Boland, Jr. Lloyd M. Brown A. E. & Gladys L. Butterfield John D. & Muriel Veeh Cunningham Roy A. Edwards Minnie C. Enstad Filiberto P. Felix Michael E. & Mary A. Flaherty Jules G. Frosell Ralph E. & Florence R. Geror Albert W. Gibson Lewis & Mavis H. Gordon Barbara K. Hutchins Esther B. Irwin Kenneth V. & Cora T. Johnson Joe Miro & Marian E. Kay Mollie Kivel Simon Kivel Harry C. Lautensack E. A. Le Cocq George A. & Nevert A. Macer Lowell G. & Lucille A. Malmberg	3.69231% 2.46154% 1.00000% 1.00000% 10.45754% 1.29969% 1.00000% .64985% 1.00000% 1.29969% 2.50000% 10.45754% 1.00000% 1.23077% 1.00000% 2.59938% 1.29969% 1.00000% 6.15385% 6.15385% 1.00000% 4.00000% 5.00000% 1.29969%	1.37937

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23 (Continued)									
							Howard R. & Gladys P. Mason	1.29969%	
							Clair S. & Mary E. Ornborg	1.23077%	
							Herbert P. & Louise A. Reissner	1.29969%	
							Allen E. Richter	1.00000%	
							Joseph N. Royal	2.50000%	
							Arthur W. & Rose E. Schultz	1.29969%	
							N. Osborne Siegfried	1.00000%	
							Arthur E. & Ruth J. Springer	1.00000%	
							Charles A. & Mary E. Stewart	1.29969%	
							Arver E. & Eleanor V. Thorne	1.29969%	
							Elmer L. Townsend	1.00000%	
							Thomas F. & Francis J. Wall	2.59938%	
							Geraldine M. Walsh	1.00000%	
							Florence I. Walters	.64985%	
							Helen H. Webster	2.59938%	
							Henry & Joyce W. Webster	2.59938%	
							Estate of A. F. Wellsley (Deceased)	1.29970%	
							Dorothy Powell White	5.16800%	
							Thomas W. & Henrietta V. Wiltrout	1.29970%	
24	E/2 NE/4 Sec. 16, T.14S, R.31E.	80	2	B-10420-112	12.5%	Neville G. Penrose, Inc.	Vada Spurck Arthur Weirather	4.00% 1.00%	36.46% 17.32% .91% 21.88% 12.50% 10.93%

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25	NW/4 SE/4 Sec. 16, T.14S, R.31E.	40	1	B-10420-134	12.5%	Neville G. Penrose, Inc.	Vada Spurck Arthur Weirather	4.00% Neville G. Penrose, Inc. Broseco Corp. John B. Rich Richard S. Anderson, Inc.	58.34% 27.70% 1.46% 12.50%
27	SW/4 NW/4 Sec. 16, T.14S, R.31E.	40	1	E-478	12.5%	Texas Pacific Coal & Oil Co.	None	Texas Pacific Coal & Oil Co.	100.00%
28	SE/4 SW/4 Sec. 35, T.13S, R.31E.	40	1	E-521	12.5%	Ambassador Oil Company	Miss Florence K. Metzger, Special Adm. for the Est. of Lillian V. Brown, (Dec'd.)	Ambassador Oil Co.	100.00%
29	SE/4 Sec. 2, T.14S, R.31E.	160	2	E-1380	12.5%	Texas Pacific Coal & Oil Co.	None	Texas Pacific Coal & Oil Co.	100.00%
30	SW/4 SE/4 Sec. 16, T.14S, R.31E.	40	1	E-1467	12.5%	Texas Pacific Coal & Oil Co.	None	Texas Pacific Coal & Oil Co.	100.00%
31	SW/4 SW/4 Sec. 35, T.13S, R.31E.	40	1	E-2635	12.5%	L. B. Hodges & Featherstone Corp.	None	L. B. Hodges Featherstone Corp.	50.00% 50.00%
32	NW/4 NE/4 Sec. 2, T.14S, R.31E.	40.13	1	E-2855	12.5%	Gulf Oil Corp.	Gulf Oil Corp.	20.00% K. S. Adams, Jr. Mineral Projects, Inc. Ada Oil Company	25.00% 50.00% 25.00%
33	NE/4 SW/4 Sec. 16, T.14S, R.31E.	40	1	E-2858	12.5%	Neville G. Penrose, Inc.	Union Oil Co. of Calif.	5.47% Neville G. Penrose, Inc. Broseco Corp. John B. Rich J. M. Leonard Cactus Drilling Co. Richard S. Anderson, Inc.	36.46% 17.32% .91% 21.88% 12.50% 10.93%

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34	NW/4 NW/4 Sec. 16, T. 14S, R. 31E.	40	1	E-4810	12.5%	Pure Oil Co.	Ralph Nix	Pure Oil Co.	100.00%	1.06226
35	NE/4 NE/4 Sec. 2, T. 14S, R. 31E.	40.05	1	E-5665	12.5%	Gulf Oil Corp.	Gulf Oil Corp.	Cities Service Petroleum Company	100.00%	.20045
36	SE/4 SE/4 Sec. 16, T. 14S, R. 31E.	40	1	E-5665	12.5%	Gulf Oil Corp.	None	Gulf Oil Corp.	100.00%	.73751
37	NE/4 & S/2 NW/4 Sec. 35, T. 13S, R. 31E.	240	6	E-5988	12.5%	Texas Pacific Coal & Oil Co.	None	Texas Pacific Coal & Oil Co.	100.00%	5.84997
38	NE/4 SW/4 & NW/4 SE/4 Sec. 35, T. 13S, R. 31E; W/2 W/2 Sec. 2, T. 14S, R. 31E.	240.27	6	E-6401	12.5%	Cities Service Oil Company	None	Cities Service Petroleum Company	100.00%	5.26437
40	SE/4 NW/4 & SE/4 SW/4 Sec. 2, T. 14S, R. 31E.	80	2	E-7661	12.5%	Neville G. Penrose, Inc. J. M. Zachary	None	Neville G. Penrose, Inc. Broseco Corp. John B. Rich J. M. Zachary J. M. Zachary, Trustee for Betty Jo Slaughter Adeline Marks, Ind. and as Adm. of Est. Tom V. Marks Richard S. Anderson, Inc.	29.16% 13.85% .73% 21.88% 16.41% 5.47% 12.50%	2.10207

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				Assignment Number	Record						
41	NE/4 NW/4 Sec. 16, T. 14S, R. 31E.	40	1	E-7662	Gulf Oil Corp.	12.5%	Gulf Oil Corp.	None	Gulf Oil Corp.	100.00%	79591
42	NE/4 NW/4 Sec. 2, T. 14S, R. 31E.	40.19	1	E-8333-1	Neville G. Penrose, Inc.	12.5%	Neville G. Penrose, Inc.	None	Neville G. Penrose, Inc. Broseco Corp. John B. Rich Richard S. Anderson, Inc.	58.34% 27.70% 1.46% 12.50%	1.07490
26 State Tracts 1760.64 42 34.44419											
43	NW/4 SE/4 & E/2 NE/4 Sec. 22, T. 14S, R. 31E.	120	3	Patented Land	Morris R. Antweil, et al	12.5%	Morris R. Antweil, et al	Hondo Oil & Gas Co.	Frank Morris	100.00%	2.97741
45	SW/4 Sec. 11, T. 14S, R. 31E.	160	4	Patented Land	Gulf Oil Corp.	12.5%	Gulf Oil Corp.	None	Gulf Oil Corp.	100.00%	2.45385
47	NW/4 Sec. 11, T. 14S, R. 31E.	160	4	Patented Land	Gulf Oil Corp.	12.5%	Gulf Oil Corp.	5.47%	Neville G. Penrose, Inc. Broseco Corp. John B. Rich Adeline Marks, Ind. & as Adm. of Est. Tom V. Marks Richard S. Anderson, Inc.	41.01% 39.99% 1.03% 5.47% 12.50%	3.91781
48	NW/4 NW/4 & S/2 NW/4 Sec. 14, N/2 NE/4 & NW/4 NW/4 & SE/4 NW/4 Sec. 15, T. 14S, R. 31E.	280	5	Patented Land	Union Oil Co. of Calif.	12.5%	Union Oil Co. of Calif.	5.47%	Neville G. Penrose, Inc. Broseco Corp. John B. Rich J. M. Leonard Cactus Drilling Co. Richard S. Anderson, Inc.	36.46% 17.32% .91% 21.88% 12.50% 10.93%	2.50763

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				Assignment Number	Patented Land						
49	NE/4 NW/4 Sec. 15, T.14S, R.31E.	40	1	Patented Land	12.5%	Union Oil Co. of Calif.	Union Oil Co. of Calif.	*5.47%	Neville G. Penrose, Inc. Cactus Drilling Co. Broseco Corp. John B. Rich Richard S. Anderson, Inc.	43.75% 21.88% 20.78% 1.09% 12.50%	1.06112
50	S/2 NE/4 Sec. 15, T.14S, R.31E.	80	2	Patented Land	12.5%	Union Oil Co. of Calif.	Union Oil Co. of Calif.	*5.47%	Neville G. Penrose, Inc. Broseco Corp. John B. Rich Richard S. Anderson, Inc.	58.34% 27.71% 1.45% 12.50%	.82912
51	NW/4 NE/4 & NE/4 NW/4 & N/2 SW/4 & SW/4 SW/4 Sec. 14, T.14S, R.31E.	200	2	Patented Land	12.5%	Union Oil Co. of Calif.	None		Union Oil Co. of Calif.	100.00%	.81231

*Sliding Scale Overriding Royalty Interests shown on minimum interest basis.

FOURTH AMENDMENT TO DECLARATION

WHEREAS, under dates of October 12, 1959, February 12, 1960, March 31, 1960, and March 17, 1961, Cities Service Petroleum Company executed a Declaration and three Amendments to Declaration in accordance with the provisions of the Unit Agreement covering the Drickey Queen Sand Unit, Caprock Field, Chaves County, New Mexico, which Declaration is recorded in Book 71, Page 216, and which Amendments to Declaration are recorded in Book 74, Page 85, Book 74, Page 467, and Book 79, Page 43, respectively, of the records of Chaves County, New Mexico;

WHEREAS, said Declaration and Amendments to Declaration, among other things, describe the lands to be included in the Drickey Queen Sand Unit, Caprock Field, Chaves County, New Mexico;

NOW, THEREFORE, it is the desire of Cities Service Petroleum Company, as Unit Operator, and pursuant to the terms of said Unit Agreement to amend the Declaration and Amendments to Declaration to enlarge the Drickey Queen Sand Unit, Caprock Field, Chaves County, New Mexico, effective November 1, 1961, by including the following described lands, to-wit:

NE/4 NE/4 Section 2, Township 14 South, Range 31 East, all in Chaves County, New Mexico.

Except as hereby amended, said Declaration and Amendments to Declaration are to be and remain in full force and effect.

IN WITNESS WHEREOF, this instrument is executed on this 2nd day of October, 1961, by Mark F. Payton, Attorney-in-Fact for Cities Service Petroleum Company.

CITIES SERVICE PETROLEUM COMPANY
BY Mark F. Payton
Attorney-in-Fact

STATE OF OKLAHOMA)
) SS
COUNTY OF WASHINGTON)

On this 2nd day of October, 1961, before me personally appeared Mark F. Payton, to me known to be the person who executed the foregoing instrument as Attorney-in-Fact in behalf of Cities Service Petroleum Company, and acknowledged that he executed the same as the free act and deed of said Cities Service Petroleum Company.

My Commission Expires:
April 4, 1965

B. D. Hoover
B. D. Hoover, Notary Public



CITIES SERVICE PETROLEUM COMPANY

CITIES SERVICE BUILDING
BARTLESVILLE, OKLAHOMA

August 24, 1961

Whaley Company, Incorporated
Continental Life Building
Fort Worth 2, Texas

Attention: Mr. William D. Morris

Re: Drickey Queen Sand Unit
Chaves County, N. M.

Gentlemen:

Thank you for your letter of August 17, 1961, and for the invitation to lunch with you in Fort Worth soon.

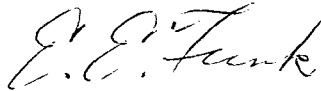
It appears that a personal meeting is necessary if we are ever going to resolve the problem about which we have had considerable correspondence. Even this holds little promise since once in 1958 I visited you in your office. I came away from that visit with the understanding that you desired to cooperate in the water injection program when the Drickey Unit flood development approached your lease. When such time was reached, we drew a cooperative agreement and submitted it for your approval. You have told us that you will not execute our proposed cooperative agreement and by letter have asked us to draw another agreement covering an arrangement which evidently I cannot understand since it appears decidedly unfair to the Drickey Unit. To make matters worse, your letter of August 17, 1961, seems to mildly place a 30 day deadline upon our drawing your agreement and getting it executed. With numerous owners in the Drickey Unit, it takes 30 days to get the most routine matters approved.

Having already drawn agreements which you rejected, it seems only fair that you draw the agreement covering your counter proposal. Nevertheless, if you will specifically state the locations you want used for input to fairly divide the secondary oil reserves between your 40 acre tract and the surrounding 40 acre tracts of the Drickey Unit, we will try

Whaley Company, Inc.
Page Two
August 24, 1961

again. A meeting with you will surely be more productive if we have something more than our rejected agreement to guide discussion.

Very truly yours,



E. E. Funk
Chief Secondary Recovery Engineer

EEF:bp

cc Oil Conservation Commission ← THIS COPY FOR →
Santa Fe, N. M.

Oil Conservation Commission
Hobbs, N. M.

New Mexico State Engineer
Santa Fe, N. M.

Cities Service Petroleum Co.
Hobbs, N. M.

Ryder Scott Company
Midland, Texas

Mr. H. B. Phillips
Whaley Company, Inc.
Kermit, Texas

WHALEY COMPANY, INCORPORATED

CONTINENTAL LIFE BUILDING
FORT WORTH 2, TEXAS

WILLIAM D. MORRIS
PRESIDENT

August 17, 1961

OIL AND GAS PRODUCTION
TEXAS AND NEW MEXICO

Cities Service Petroleum Company
Cities Service Building
Bartlesville, Oklahoma

Attention: Mr. E. E. Funk
Chief Secondary Recovery Engineer

Re: Drickey Queen Sand Unit
Chaves County, New Mexico

Dear Mr. Funk:

Accept our thanks for your letter of August 15, 1961. Actually, we do not quite understand the second paragraph of your letter as to just what you do mean or even say. Perhaps this is our own fault. We, of course, do not agree with you that we are about to get the oil from under 80 acres of land. We are further of the opinion that the 40 acres immediately east of us has never had any worthwhile amounts of oil and that its only value and merit is that a well has already been drilled on it which can be flushed with water and prevent migration of oil outside of the perimeters of the waterflood unit. It is our wish not to engage in any kind of a controversy with you or anyone else.

We believe our letter of July 24 was reasonably clear and to the point as to our offer in this situation. From our standpoint, under the circumstances it seems eminently fair. If you do not think it is fair we are, of course, agreeable to listening to any counter proposition you have to make or might if you demonstrate to us our proposition is clearly unfair, we might modify it to some extent ourselves.

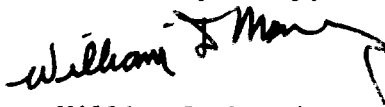
Since it is our understanding that Cities Service Petroleum Company owns by far the larger interest under the Drickey Queen Sand Unit, we see no point in submitting any kind of a contract that does not meet with the approval of Cities Service. Also, in this connection we do not expect you to accept any kind of a proposition which you do not feel like is good business for Cities Service Petroleum Company. We, therefore, suggest you let us know whether or not it is your desire to accept the offer made in our letter of July 24, 1961, or one along similar grounds. If you can see your way clear to accept this kind of a deal, we will be happy to work with you on filling in the details and if we cannot get together on any kind of a deal, we will try to get along the best way we can without any kind of an agreement.

Page 2
Cities Service Petroleum Company
August 17, 1961

We believe the matter has been allowed to drag far too long already. We notice from a field inspection you are already prepared to inject water in the well to the east of us. We will continue to make every effort to arrive at a satisfactory solution of the problem with you but our proposition of July 24 is we feel about the furthestest we can go in the matter and if a mutually satisfactory arrangement is not worked out within the next 30 days, we wish it understood that we may withdraw this proposition entirely.

It is our understanding that you make frequent trips to Fort Worth and if such is the case, we suggest you visit our office in person and we will thoroughly explore the situation with the maps and other data available and at the same time we will be happy to have you as our guest for lunch any day you can be here.

Yours very truly,



William D. Morris

WDM:dbk

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

cc: Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico.

cc: New Mexico State Engineer
P. O. Box 1069
Santa Fe, New Mexico

cc: Cities Service Petroleum Company
P. O. Box 97
Hobbs, New Mexico

cc: Ryder Scott Company
Petroleum Engineers
408 Wilkins-Foster Building
Midland, Texas
Attention: Mr. William E. Fickert

cc: Mr. H. B. Phillips, Superintendent
Whaley Company, Inc.
P. O. Box 925
Kermit, Texas



CITIES SERVICE PETROLEUM COMPANY

CITIES SERVICE BUILDING
BARTLESVILLE, OKLAHOMA

August 15, 1961

Whaley Company, Incorporated
Continental Life Building
Fort Worth 2, Texas

Attention: Mr. William D. Morris

Re: Drickey Queen Sand Unit
Chaves County, N. M.

Gentlemen:

This will acknowledge receipt of your letter of July 24, 1961 which came while I was away on vacation.

While you did not send an agreement, you did make a general suggestion on the conduct of waterflood by the Drickey Unit around your 40 acre "Window" tract. Briefly your suggestion seems to say that you want the Drickey Unit to flood the oil under 80 acres (40 acres from the Unit and 40 acres from your tract) to your well, as a producer, for which you would pay the Drickey Unit \$.75 per barrel of oil recovered. If we ignore sand quality variations and say that one-half of such oil comes from the Drickey Unit, your suggestion values oil in the tank at \$1.50 per barrel instead of the current market price of about \$2.90 per barrel.

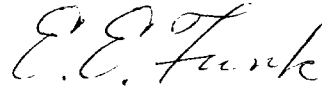
After correcting for the discrepancy in oil value, your suggestion is a novel approach which just might be acceptable to the owners of the Drickey Unit. Please submit an agreement covering your suggestion. We will then be able to determine if it is something we can recommend and circulate to the Unit ownership for approval.

I trust you will understand our request that you prepare the agreement. In review, we prepared unitization instruments after negotiation meetings started three years ago among prospective unit owners (Whaley was invited but was not represented). The Unit Agreements were submitted to you early in 1958 but you refused to sign and did not join the Unit. We next apparently irritated you by suggesting that the Unit Working

Whaley Company, Inc.
Page Two
August 16, 1961

Interest Owners buy your 40 acre tract. Much later we prepared and submitted to you a cooperative injection agreement. In other words, your repeated rejection of agreements drawn by us makes us extremely reluctant to spend time and money drawing additional instruments.

Very truly yours,



E. E. Funk
Chief Secondary Recovery Engineer

EEF:bp

cc Oil Conservation Commission
Santa Fe, N. M.

Oil Conservation Commission
Hobbs, N. M.

New Mexico State Engineer
Santa Fe, N. M.

Cities Service Petroleum Co.
Hobbs, N. M.

Ryder Scott Company
Midland, Texas

Mr. H. B. Phillips
Whaley Company, Inc.
Hermit, Texas

U. S. CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 27, 1961

Cities Service Oil Company
c/o Mr. Jason Kellianin
Attorney at Law
P. O. Box 1717
Santa Fe, New Mexico

Administrative Order UK-2

Gentlemen:

Pursuant to the authority granted me in Order No. R-1477, administrative approval to expand the Drickey Queen Sand Unit to include the following described additional acreage is hereby granted:

Township 13 South, Range 31 East, NMPM, Chaves County
Section 35: SE/4 SW/4

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/OEP/og

cc: Mr. James E. Kapteina
Oil Conservation Commission
Santa Fe, New Mexico

Mr. Joe Ramey
Oil Conservation Commission
Hobbs, New Mexico

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

Conservation Dept.

1744

March 27, 1961

Cities Service Oil Company
c/o Mr. Jason Kellahin
Attorney at Law
P. O. Box 1713
Santa Fe, New Mexico

Administrative Order UX-2

Gentlemen:

Pursuant to the authority granted me in Order No. R-1477, administrative approval to expand the Drickey Queen Sand Unit to include the following described additional acreage is hereby granted *effective Nov. 1, 1961:*

Township 13 South, Range 31 East, NMPM, Chaves County
Section 35: SE/4 SW/4

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/OEP/og

cc: Mr. James E. Kapteina
Oil Conservation Commission
Santa Fe, New Mexico

Mr. Joe Ramey
Oil Conservation Commission
Hobbs, New Mexico

March 20, 1961

Cities Service Oil Company
Cities Service Building
Bartlesville, Oklahoma

Attention: Mr. D. A. Hamilton, Jr.

Re: Drickey Queen Sand Unit
Commitment of Tract 28
Caprock Field
Chaves County, New Mexico

Gentlemen:

We acknowledge receipt of your letter dated March 3, 1961, regarding State Tract No. 28, described as the SE/4SW/4 of Section 35, Township 13-South, Range 31-East.

The Commissioner of Public Lands has this date approved the commitment of said Tract 28, to become effective April 1, 1961.

Very truly yours,
E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Supervisor
Oil and Gas Division

ESW/mm/s

cc: US Geological Survey
Roswell, New Mexico

Oil Conservation Commission
Santa Fe, New Mexico

ILLEGIBLE

State of New Mexico



Commissioner of Public Lands

MAR 22 1961

LAND & WATER DEPT.
DEFERRED

E. S. JOHNNY WALKER
COMMISSIONER



March 20, 1961

P. O. BOX 791
SANTA FE, NEW MEXICO

CITIES SERVICE PETROLEUM COMPANY

Cities Service Oil Company
Cities Service Building
Bartlesville, Oklahoma

Attention: Mr. D. A. Hamilton, Jr.

Re: Drickey Queen Sand Unit
Commitment of Tract 28
Caprock Field
Chaves County, New Mexico

Gentlemen:

We acknowledge receipt of your letter dated March 3, 1961, regarding State Tract No. 28, described as the SE/4SW/4 of Section 35, Township 13-South, Range 31-East.

The Commissioner of Public Lands has this date approved the commitment of said Tract 28, to become effective April 1, 1961.

Very truly yours,
E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

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

ESW/mmr/s

cc: US Geological Survey
Roswell, New Mexico

Oil Conservation Commission
Santa Fe, New Mexico

Handwritten notes:
read ad.
original
of Johnson
Case 1744
R-1477