

CASE 4573: Appli. of TENNECO OIL
COMPANY FOR APPROVAL OF THE SAND
SPRINGS SOUTH UNIT AGREEMENT.

45 73

Application
Transcripts.

Small Exhibits,

ETC.

Unit Name SAND SPRINGS, SOUTH UNIT (EXPLORATORY)
Operator Tenneco Oil Company
County Lea County, New Mexico

0000
4573

DATE	OCC CASE NO. 4573	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
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APPROVED	OCC ORDER NO. R-4174	7-30-71	2,535.57	2,535.57	none	none	yes	2 yrs.
7-30-71	August 3, 1971							

UNIT AREA

TOWNSHIP 11 SOUTH, RANGE 34 EAST, N.M.P.M.

Section 24: S/2

TOWNSHIP 11 SOUTH, RANGE 35 EAST, N.M.P.M.

Section 19: Lots 3, 4, E/2SW/4, E/2

Section 20: W/2

Section 29: W/2

Section 30: Lots 1, 2, 3, 4, E/2W/2, E/2

Section 31: E/2

Section 32: NW/4

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 Operator Tenneco Oil Company
 County Lea County, N w Mexico

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1	K-1879-2	C.S.	24	11S	34E	S/2	7-2-71	320.00		Cities Service - Aztec Oil & Gas
2	K-1880-2	C.S.	29	11S	35E	NW/4	7-2-71	160.00		Cities Service
3	K-1881-2	C.S.	30	11S	35E	SE/4	7-2-71	160.00		Cities Service
4	K-1882	C.S.	31	11S	35E	E/2	7-2-71	320.00		Cities Service
5	K-1952	C.S.	19 20	11S 11S	35E 35E	Lots 3,4, E/2SW/4 NW/4	7-2-71	311.65		Cities Service
6	K-2038-1	C.S.	30	11S	35E	Lots 1,2,3,4, E/2W/2	7-8-71	303.92		Atlantic Richfield
7	K-2312-4	C.S.	32	11S	35E	NW/4	7-2-71	160.00		Cities Service
8	K-3100-2	C.S.	30	11S	35E	NE/4	7-2-71	160.00		Cities Service
9	K-6104	C.S.	20	11S	35E	SW/4	7-1-71	160.00		Aztec Oil & Gas
10	L-1029	C.S.	29	11S	35E	SW/4	7-1-71	160.00		J. H. Conine, Jr.
11	L-5484	C.S.	19	11S	35E	E/2	7-1-71	320.00		Tenneco Oil Company

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1-25-74
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RECEIVED
 1-2-74

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

July 28, 1971

EXAMINER HEARING

IN THE MATTER OF:

Application of Tenneco Oil Company
for a unit agreement, Lea County,
New Mexico. Applicant, in the
above-styled cause, seeks approval
of the Sand Springs South Unit Area
comprising 2536 acres, more or less,
of state lands in Township 11 South,
Ranges 35 and 34 East, Lea County,
New Mexico.

Case No. 4573

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4573.

2 MR. HATCH: Case 4573. Application of Tenneco Oil
3 Company for a unit agreement, Lea County, New Mexico.

4 MR. KELLY: Booker Kelly of the firm of White,
5 Gilbert, Koch, Kelly and McCarthy, appearing on behalf of the
6 applicants.

7 I have one witness and ask that he be sworn.

8 (Witness sworn.)

9 MR. UTZ: Are there other appearances? You may
10 proceed.

11 MR. KELLY: Mr. Examiner, I was informed that there
12 is not a written application in this case. Would you like me
13 to --

14 MR. UTZ: I believe that's correct.

15 MR. KELLY: Would you like me to send that by a
16 letter?

17 MR. UTZ: Well, I imagine that it would be in
18 order to. Do you think so?

19 MR. HATCH: Why don't you do it?

20 MR. KELLY: All right.

21 N. B. VENUS, JR.

22 having been first duly sworn, according to law, testified
23 upon his oath as follows:

24 DIRECT EXAMINATION

25 BY MR. KELLY:

1 Q Would you state your name, position and employer, please?

2 A My name is N. B. Venus, Jr. I am a senior land man for
3 Tenneco Oil Company; headquartered in Midland, Texas.

4 Q And how long have you been with Tenneco?

5 A Oh, well, over fifteen years.

6 Q And as part of your responsibilities, are you concerned
7 with preparing unit agreements for New Mexico?

8 A Yes, sir.

9 Q And did you prepare the unit agreement which is marked
10 exhibit two in this case?

11 A Yes, sir.

12 Q Now, referring to what has been marked exhibit one, do
13 you have a copy of that plat?

14 A No, sir, I don't.

15 Q Well --

16 MR. HATCH: Why don't you, if you need to testify,
17 why don't you move up here closer to the examiner.

18 THE WITNESS: All right. This will be fine.

19 Q (Mr. Kelly continuing) Well, exhibit one is a plat
20 showing the outline of the units; is that correct?

21 A Yes. The outline of the unit as being presented this
22 morning, and a larger outline of an attempted unit.

23 Q The area edged in red is the proposed unit? Is that
24 correct?

25 A Yes, sir.

1 Q And exhibit number two, which is a copy of the proposed
2 unit agreement, specified the actual acreage on some page?
3 A Page two, yes, sir.
4 Q And what is the total acreage, sir?
5 A 2,535.57 acres.
6 Q And are you unitizing everything below the surface?
7 A From the surface to the base of the Bough "C" formation
8 only.
9 Q In the Permo Penn? Now, is that the base of the Bough "C"
10 formation? Is that established by any particular well?
11 A Well, it is established by, oh, over a half a dozen wells
12 in the immediate area.
13 Q All right. Now, referring to --
14 A Which were drilled to a much deeper depth.
15 Q I see. Referring to exhibit one. You have an overlay
16 there that shows some geology. What were your controls
17 on that?
18 A Let's see, we had ten wells that we used for our subsurface
19 control.
20 Q And all of those wells went through the Bough "C"?
21 A Yes, sir.
22 Q Have any of those Boughs ever tested the Bough "C"?
23 A There were tests on eight of the wells, tested the Bough
24 "C".
25 Q There would have been no production?

1 A No production.

2 Q All right. Is there anything else you wish to add in

3 reference to exhibit number one?

4 A No, sir. I don't -- I can't think of anything.

5 Q So the unit is formed for primary production?

6 A Yes, sir.

7 Q Now, who is the working interest, working operators?

8 A The working operator is Tenneco Oil Company.

9 Q And is all of this land state land?

10 A Every acre is state land.

11 Q Now, could you refer the examiner to the exhibit in the

12 unit agreement which shows your percentage of sign-up?

13 Could you go through that?

14 A That is exhibit B, the last two pages of the unit agree-

15 ment.

16 Q Now, explain to the examiner your percentage of sign-up.

17 A We have assignments of operator rights from the surface

18 through or to the base of the Bough "C", in which the

19 Tenneco Company is one hundred percent working interest

20 owner.

21 Q How about your royalty and overriding royalties?

22 A The overriding royalties are in every case the record

23 title holder if it is not Tenneco Oil Company, and I have

24 -- we have consent and ratifications from these companies

25 to the unit agreement in every case, with the exception of

1 five leases where the maximum override is one percent.

2 Q This is the Boling and Clark interests; is that correct?

3 A Yes. That is set out on exhibit B.

4 Q That is one quarter of one percent in about a five years'

5 lease.

6 A Well, about one half of one percent.

7 Q Is that right?

8 A One quarter of one percent in one.

9 Q Now, I take it that from the exhibit one that you attempted

10 to form a larger unit, but were not able to get some of

11 the other lessees?

12 A That is true. Our initial unit outline took in all of

13 the geology with the exception of an existing South four

14 lakes units, bordering our area on the Southeast.

15 Q You just couldn't work out arrangements with those

16 people?

17 A There was no one would join us.

18 Q I see. Now, you say this is all state acreage? Has the

19 land office looked over this unit agreement and given

20 its approval?

21 A Yes.

22 Q And is the unit agreement as shown in exhibit number two

23 a similar--an agreement similar to those that have been

24 approved by this commission in the past?

25 A Yes. It is a word for word agreement. The only change

1 being the exhibits and descriptions --

2 Q I see. --

3 A Of the line.

4 Q Now, do you have any information on the necessity for this
5 unit as far as the economies in which you expect to get
6 out of the proceeds?

7 A This area, with the ten wells was used for subsurface
8 control. The planning of those wells penetrated the
9 Devonian, a much deeper formation than our B.C. formation,
10 and our initial well will be drilled, a new hole in the
11 Southeast quarter of Section 30, Township 11 South, Range
12 35 East.

13 From our experience in the Bough "C" in an area to
14 the North of this area, primarily in Townships 9 South,
15 Ranges 34, 35, and 36 East, in the North of Township in
16 Lea County.

17 We have found that any economy that you can use in
18 the conservation, especially with the large surface
19 equipment necessary to lift this oil, and large water
20 volumes in most every case that we have encountered, it
21 is just better to put as large an area together as
22 possible.

23 Q I see. Now, in your --

24 A I don't know whether I said that just like I meant to,
25 but --

1 Q Well, in other words, the economies are such that any
2 saving you can make on any of your equipment such as
3 tank batteries and things, easily --

4 A Yes, sir.

5 Q -- Make a more --

6 A Yes, sir.

7 Q -- Feasible project out of this east --

8 A Yes, sir. We are just lucky in this case. I think that
9 it is one hundred percent state land.

10 Q Now, therefore, in your opinion, would the granting of
11 this or approval of this unit agreement promote the
12 development of hydrocarbons in this area?

13 A Boy, there is no question about that, with the ten
14 previously drilled tests that have at least penetrated
15 this formation, and then in every case they were plugged.
16 We just think there is a possibility.

17 Q I see. In exhibit number two, the unit agreement says
18 you have submitted to the commission here, is an executed
19 copy, isn't it?

20 A Yes, sir.

21 Q And was exhibit one prepared by you, or under your
22 supervision?

23 A Exhibit one and exhibit two were prepared by me.

24 Q All right.

25 MR. KELLY: I move the introduction of the two

1 exhibits.

2 MR. UTZ: Without objection, exhibits one and two,
3 will be entered into the record of the state.

4 MR. KELLY: We have no further questions on direct,
5 Mr. Examiner.

6 CROSS EXAMINATION

7 BY MR. UTZ:

8 Q Mr. Venus --

9 A Yes, sir. That is the isopach.

10 Q The best part of the structure, would you say, would that
11 be the parts showing the low in the middle or the --

12 A Yes, sir.

13 Q -- the high part? That would be the thickest section?

14 A Yes, sir.

15 Q It appears that the unit is over to the Northeast.

16 A Yes, sir. Our original unit outline came on down into
17 here, and I have correspondence with me that I have
18 answers from everyone in that area.

19 Now, this is a separate unit here, Mr. Utz.

20 Q Everything within the green outline is shown on this,
21 you tried to get into the unit; isn't that correct?

22 A Yes, sir. Yes, sir.

23 Q And they wouldn't go?

24 A No, sir. I couldn't get an answer out of one company.

25 I sent them a return envelope.

1 Q Duker Oil Company?

2 A Yes. They have a box number here in Santa Fe. Lone Star
3 wanted to give us -- add a foot dry hole money, and
4 didn't want to do anything.

5 Sun have their acreage tied up in a proposed Devonian
6 deal over here to the West, and Flag Redthorne wanted an
7 exorbitant price for the acreage, did not want to join,
8 or did not want to -- if they sold it, they wanted to
9 make a few high priced -- Hubert would not do anything.
10 They have bought that state lease for re-entry possibili-
11 ties on that Devonian dry hole.

12 Q Now, where do you intend to drill this well?

13 A South of East 30, right between these two Devonian wells.
14 Right here. A new hole. If we are successful, then we
15 will attempt re-entry.

16 Q You are looking for production on the Bough "C"?

17 A Yes, sir. Our unit agreement is limited to the base of
18 the Bough "C". These are tests in --

19 Q Judging from your contour here, then, you apparently
20 think that these dry holes should have done something
21 they didn't do --

22 A Yes.

23 Q -- in the way of completion measures?

24 A Right.

25 Q Is that correct?

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1 A Right.

2

3 Q And the real purpose of this unit would be to control

4 the acreage within your yellow outline or red outline,

5 the yellow acreage within the red outline for purposes

6 of spacing?

7 A Spacing and surface equipment.

8 Q Well, will all the area be in a participating area?

9 A Yes.

10 Q It will all participate?

11 A Yes.

12 Q So in effect if you only complete one well, it will be

13 2,500 acre spacing?

14 A Oh, no, sir. That is not -- that is not -- well, I

15 didn't understand your question.

16 Q Well --

17 A No. Our unit agreement calls for continuous development.

18 Q Oh, I see. At regular intervals?

19 A Yes, sir.

20 Q Well, is it compulsory if you think you can get another

21 well, you don't have to drill it now?

22 A No, sir.

23 Q So if you do just draw one complete well, then the entire

24 hundred twenty-five acres will participate in that well;

25 is that correct?

1 A No, sir. Our units will be contracted.

2 Q Oh, I see.

3 A Paragraph eight on page five of the unit agreement, we
4 would have to drill a well at least every six months
5 until a well capable of producing unitized substances
6 is completed to the satisfaction of the commissioner.

7 Let's see, then, there is one place in here about
8 the contract.

9 MR. KELLY: And make that Number 10 participate.

10 Number 10 is the participation agreement.

11 Q (Mr. Utz continuing) Well, just glancing at this,
12 paragraph eleven would indicate that the entire
13 participating area or entire unit area would participate
14 in the revenue from the production, but on the other hand,
15 paragraph 10 gives you the right to sell off or contract
16 the unit; is that right?

17 A What was the last section?

18 Q Paragraph 10.

19 A Yes.

20 Q The right to sell or otherwise dispose of a proportional
21 share of any working interest without specific authoriza-
22 tion from time to time to do so?

23 A Yes.

24 Q So rather than to dilate the thing, you will probably
25 contract the unit?

1 A Yes, sir.

2 Q At least that is your plan?

3 A Yes, sir.

4 MR. UTZ: Are there other questions?

5 MR. KELLY: Nothing further.

6 MR. UTZ: Witness may be excused.

7 (Witness excused)

8 MR. UTZ: Statements in the case? Case will be
9 taken under advisement.

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I N D E X

WITNESS

PAGE

N. B. VENUS, JR.

Direct Examination by Mr. Kelly

2

Cross Examination by Mr. Utz

9

OFFERED AND
ADMITTED

EXHIBIT

MARKED

Applicant's
Exhibits 1
and 2.

8 and 9

1 STATE OF NEW MEXICO)
2)
3 COUNTY OF BERNALILLO)

4 I, LINDA MALONE, Court Reporter, do hereby certify that
5 the foregoing and attached Transcript of Hearing before the
6 New Mexico Oil Conservation Commission was reported by me; and
7 that the same is a true and correct record of the said
8 proceedings, to the best of my knowledge, skill, and ability.

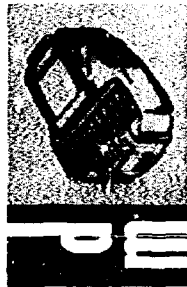
9 Linda Malone
10 Court Reporter
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22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Bernalillo hearing of Case No. 4823,
25 made by me on July 28, 1971
John D. [Signature]
New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

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9 Q And did you prepare the unit agreement which is marked
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5 A 2,535.57 acres.

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7 A From the surface to the base of the Bough "C" formation
8 only.

9 Q In the Permo Penn? Now, is that the base of the Bough "C"
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14 A Which were drilled to a much deeper depth.

15 Q I see. Referring to exhibit one. You have an overlay
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17 on that?

18 A Let's see, we had ten wells that we used for our subsurface
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20 Q And all of those wells went through the Bough "C"?
21 A Yes, sir.

22 Q Have any of those Boughs ever tested the Bough "C"?
23 A There were tests on eight of the wells, tested the Bough
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25 Q There would have been no production?

1 A No production.

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5 Q So the unit is formed for primary production?

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7 Q Now, who is the working interest, working operators?

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10 A Every acre is state land.

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12 unit agreement which shows your percentage of sign-up?
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3 A Yes. That is set out on exhibit B.

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6 Q Is that right?

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9 A That is true. Our initial unit outline took in all of the geology with the exception of an existing South four lakes units, bordering our area on the Southeast.

10 Q You just couldn't work out arrangements with those people?

11 A There was no one would join us.

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14 Q And is the unit agreement as shown in exhibit number two a similar--an agreement similar to those that have been approved by this commission in the past?

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5 unit as far as the economies in which you expect to get
6 out of the proceeds?

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8 control. The planning of those wells penetrated the
9 Devonian, a much deeper formation than our B.C. formation,
10 and our initial well will be drilled, a new hole in the
11 Southeast quarter of Section 30, Township 11 South, Range
12 35 East.

13 From our experience in the Bough "C" in an area to
14 the North of this area, primarily in Townships 9 South,
15 Ranges 34, 35, and 36 East, in the North of Township in
16 Lea County.

17 We have found that any economy that you can use in
18 the conservation, especially with the large surface
19 equipment necessary to lift this oil, and large water
20 volumes in most every case that we have encountered, it
21 is just better to put as large an area together as
22 possible.

23 Q I see. Now, in your --

24 A I don't know whether I said that just like I meant to,
25 but --

1 Q Well, in other words, the economies are such that any
2 saving you can make on any of your equipment such as
3 tank batteries and things, easily --

4 A Yes, sir.

5 Q -- Make a more --

6 A Yes, sir.

7 Q -- Feasible project out of this east --

8 A Yes, sir. We are just lucky in this case. I think that
9 it is one hundred percent state land.

10 Q Now, therefore, in your opinion, would the granting of
11 this or approval of this unit agreement promote the
12 development of hydrocarbons in this area?

13 A Boy, there is no question about that, with the ten
14 previously drilled tests that have at least penetrated
15 this formation, and then in every case they were plugged.
16 We just think there is a possibility.

17 Q I see. In exhibit number two, the unit agreement says
18 you have submitted to the commission here, is an executed
19 copy, isn't it?

20 A Yes, sir.

21 Q And was exhibit one prepared by you, or under your
22 supervision?

23 A Exhibit one and exhibit two were prepared by me.

24 Q All right.

25 MR. KELLY: I move the introduction of the two

1 exhibits.

2 MR. UTZ: Without objection, exhibits one and two,
3 will be entered into the record of the state.

4 MR. KELLY: We have no further questions on direct,
5 Mr. Examiner.

6 CROSS EXAMINATION

7 BY MR. UTZ:

8 Q Mr. Venus --

9 A Yes, sir. That is the isopach.

10 Q The best part of the structure, would you say, would that
11 be the parts showing the low in the middle or the --

12 A Yes, Sir.

13 Q -- the high part? That would be the thickest section?

14 A Yes, sir.

15 Q It appears that the unit is over to the Northeast.

16 A Yes, sir. Our original unit outline came on down into
17 here, and I have correspondence with me that I have
18 answers from everyone in that area.

19 Now, this is a separate unit here, Mr. Utz.

20 Q Everything within the green outline is shown on this,
21 you tried to get into the unit; isn't that correct?

22 A Yes, sir. Yes, sir.

23 Q And they wouldn't go?

24 A No, sir. I couldn't get an answer out of one company.

25 I sent them a return envelope.

1 Q Duker Oil Company?

2 A Yes. They have a box number here in Santa Fe. Lone Star
3 wanted to give us -- add a foot dry hole money, and
4 didn't want to do anything.

5 Sun have their acreage tied up in a proposed Devonian
6 deal over here to the West, and Flag Redthorne wanted an
7 exorbitant price for the acreage, did not want to join,
8 or did not want to -- if they sold it, they wanted to
9 make a few high priced -- Hubert would not do anything.
10 They have bought that state lease for re-entry possibili-
11 ties on that Devonian dry hole.

12 Q Now, where do you intend to drill this well?

13 A South of East 30, right between these two Devonian wells.
14 Right here. A new hole. If we are successful, then we
15 will attempt re-entry.

16 Q You are looking for production on the Bough "C"?

17 A Yes, sir. Our unit agreement is limited to the base of
18 the Bough "C". These are tests in --

19 Q Judging from your contour here, then, you apparently
20 think that these dry holes should have done something
21 they didn't do --

22 A Yes.

23 Q -- in the way of completion measures?

24 A Right.

25 Q Is that correct?

1 A Right.

2

3 Q And the real purpose of this unit would be to control

4 the acreage within your yellow outline or red outline,

5 the yellow acreage within the red outline for purposes

6 of spacing?

7 A Spacing and surface equipment.

8 Q Well, will all the area be in a participating area?

9 A Yes.

10 Q It will all participate?

11 A Yes.

12 Q So in effect if you only complete one well, it will be

13 2,500 acre spacing?

14 A Oh, no, sir. That is not -- that is not -- well, I

15 didn't understand your question.

16 Q Well --

17 A No. Our unit agreement calls for continuous development.

18 Q Oh, I see. At regular intervals?

19 A Yes, sir.

20 Q Well, is it compulsory if you think you can get another

21 well, you don't have to drill it now?

22 A No, sir.

23 Q So if you do just draw one complete well, then the entire

24 hundred twenty-five acres will participate in that well;

25 is that correct?

1 A No, sir. Our units will be contracted.

2 Q Oh, I see.

3 A Paragraph eight on page five of the unit agreement, we
4 would have to drill a well at least every six months
5 until a well capable of producing unitized substances
6 is completed to the satisfaction of the commissioner.

7 Let's see, then, there is one place in here about
8 the contract.

9 MR. KELLY: And make that Number 10 participate.

10 Number 10 is the participation agreement.

11 Q (Mr. Utz continuing) Well, just glancing at this,
12 paragraph eleven would indicate that the entire
13 participating area or entire unit area would participate
14 in the revenue from the production, but on the other hand,
15 paragraph 10 gives you the right to sell off or contract
16 the unit; is that right?

17 A What was the last section?

18 Q Paragraph 10.

19 A Yes.

20 Q The right to sell or otherwise dispose of a proportional
21 share of any working interest without specific authoriza-
22 tion from time to time to do so?

23 A Yes.

24 Q So rather than to dilate the thing, you will probably
25 contract the unit?

1 A Yes, sir.

2 Q At least that is your plan?

3 A Yes, sir.

4 MR. UTZ: Are there other questions?

5 MR. KELLY: Nothing further.

6 MR. UTZ: Witness may be excused.

7 (Witness excused)

8 MR. UTZ: Statements in the case? Case will be
9 taken under advisement.

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I N D E XWITNESSPAGE

N. B. VENUS, JR.

Direct Examination by Mr. Kelly

2

Cross Examination by Mr. Utz

9

EXHIBITMARKEDOFFERED AND
ADMITTEDApplicant's
Exhibits 1
and 2.

8 and 9

1 STATE OF NEW MEXICO)
2)
3 COUNTY OF BERNALILLO)

4 I, LINDA MALONE, Court Reporter, do hereby certify that
5 the foregoing and attached Transcript of Hearing before the
6 New Mexico Oil Conservation Commission was reported by me; and
7 that the same is a true and correct record of the said
8 proceedings, to the best of my knowledge, skill, and ability.

9 Linda Malone
10 Court Reporter

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21
22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Executive Hearing of Case No. 4573,
25 heard by me on July 28, 1971.

New Mexico Oil Conservation Commission

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4573
Order No. R-4174

APPLICATION OF TENNECO OIL
COMPANY FOR APPROVAL OF THE
SOUTH SAND SPRINGS UNIT AGREE-
MENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
July 28, 1971, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this 3rd day of August, 1971, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Tenneco Oil Company, seeks app-
of the South Sand Springs Unit Agreement covering 2,535.57 acres,
more or less, of State lands described as follows:

LEA COUNTY, NEW MEXICO

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 24: S/2

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM
Section 19: SW/4 and E/2
Section 20: W/2
Section 29: W/2
Section 30: All
Section 31: E/2
Section 32: NW/4

-2-

CASE NO. 4573

Order No. R-4174

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the South Sand Springs Unit Agreement is hereby approved.

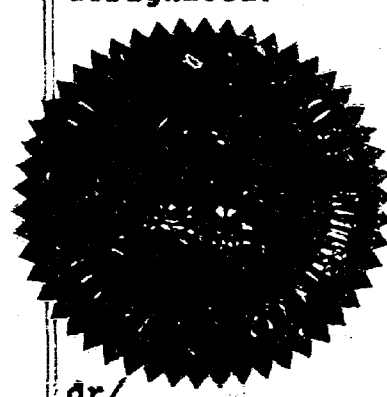
(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

dr/

RECEIVED
AUG 3 1971
OIL CONSERVATION COM^{AL}

July 30, 1971

Tenneco Oil Company
P. O. Box 2410
Denver, Colorado 80201

Re: Sand Springs, South Unit
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your Sand Springs, South Unit, Lea County, New Mexico. The effective date to be as of the Commissioner's approval.

Enclosed are five (5) Certificates of Approval.

Please submit to this office all well records when available.

Very truly yours,

RAY D. GRAHAM, Director
Oil and Gas

AJA/EDG/s
encls.

cc: OCC- Santa Fe, New Mexico

WHITE, GILBERT, KOCH & KELLY
(GILBERT, WHITE AND GILBERT)

ATTORNEYS AND COUNSELORS AT LAW

LINCOLN BUILDING

SANTA FE, NEW MEXICO 87501

CARL H. GILBERT (1891-1963)

L. C. WHITE

WILLIAM W. GILBERT

SUMNER S. KOCH

WILLIAM BOOKER KELLY

JOHN F. MCCARTHY, JR.

KENNETH BATEMAN

BENJAMIN PHILLIPS

July 30, 1971

POST OFFICE BOX 787

TELEPHONE 982-4301
(AREA CODE 505)

Mr. A. L. Porter
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Tenneco Oil Company Application for
Unit Agreement Case #4573

Dear Mr. Porter:

At the request of Examiner Elvis Utz, I submit the following written application to complete your file in the above-referred to matter. Tenneco Oil Company wishes approval for a unit agreement covering 2,535.57 acres in Township 11 South, Ranges 34 and 35 East, Lea County, New Mexico.

All the land involved is state land and the New Mexico Land Office has given its approval. The unitized depth would be from the surface down to and including the base of the Bough "C" formation. Tenneco Oil Company will be the operator of the unit and controls all of the working interest. All overriding royalty interests have agreed with the exception of two fractional interests that represent from one-fourth of one percent to one-half of one percent of some of the leases within the unit area.

If you need any additional information on this matter, please advise.

Sincerely,

W. B. KELLY

wbk:cc
Enclosure

Case 4573

Heard 7-28-71

Re: 7-28-71

Re: Tenneco's request for
approval of the "Sand Springs
South" Unit agreement.

Eric D. [Signature]

Docket No. 16-71

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 28, 1971

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4539: (Continued from the June 30, 1971, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

Atlantic State AC-1	Well No. 1	Unit N
Atlantic State AC-2	Well No. 2	Unit M
Atlantic State AC-2	Well No. 3	Unit O
Atlantic State AC-3	Well No. 4	Unit L
Atlantic State AC-3	Well No. 5	Unit J
Atlantic State AC-4	Well No. 6	Unit P
Atlantic State AC-4	Well No. 7	Unit I

CASE 4558: (Continued from the June 30, 1971, Examiner Hearing)

Application of Midwest Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Little Inbe (Bough "C") Unit Area comprising 2,240 acres, more or less, of state lands in Sections 10, 11, 14 and 15 of Township 10 South, Range 33 East, Inbe Permo-Pennsylvanian Pool, Lea County, New Mexico.

CASE 4559: (Continued from the June 30, 1971, Examiner Hearing)

Application of Midwest Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Little Inbe (Bough "C") Unit Area, Inbe Permo-Pennsylvanian Pool, Lea County, New Mexico, by the injection of water through three wells located in Sections 11 and 14 of Township 10 South, Range 33 East, Lea County, New Mexico.

CASE 4563: (Continued from the June 30, 1971, Examiner Hearing)

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4561: (Continued and readvertised from the June 30, 1971, Examiner Hearing)

Application of Great Plains Land Company for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by its well located in the NW/4 NW/4 of Section 31, Township 18 South, Range 31 East, Shugart Field, Eddy County, New Mexico.

CASE 4570: Application of Shenandoah Oil Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 1760 feet to 1840 feet by injection down the annulus of its Read & Stevens "M" Federal Well No. 1 located in Unit K of Section 28, Township 6 South, Range 27 East, Haystack-Cisco Gas Pool, Chaves County, New Mexico.

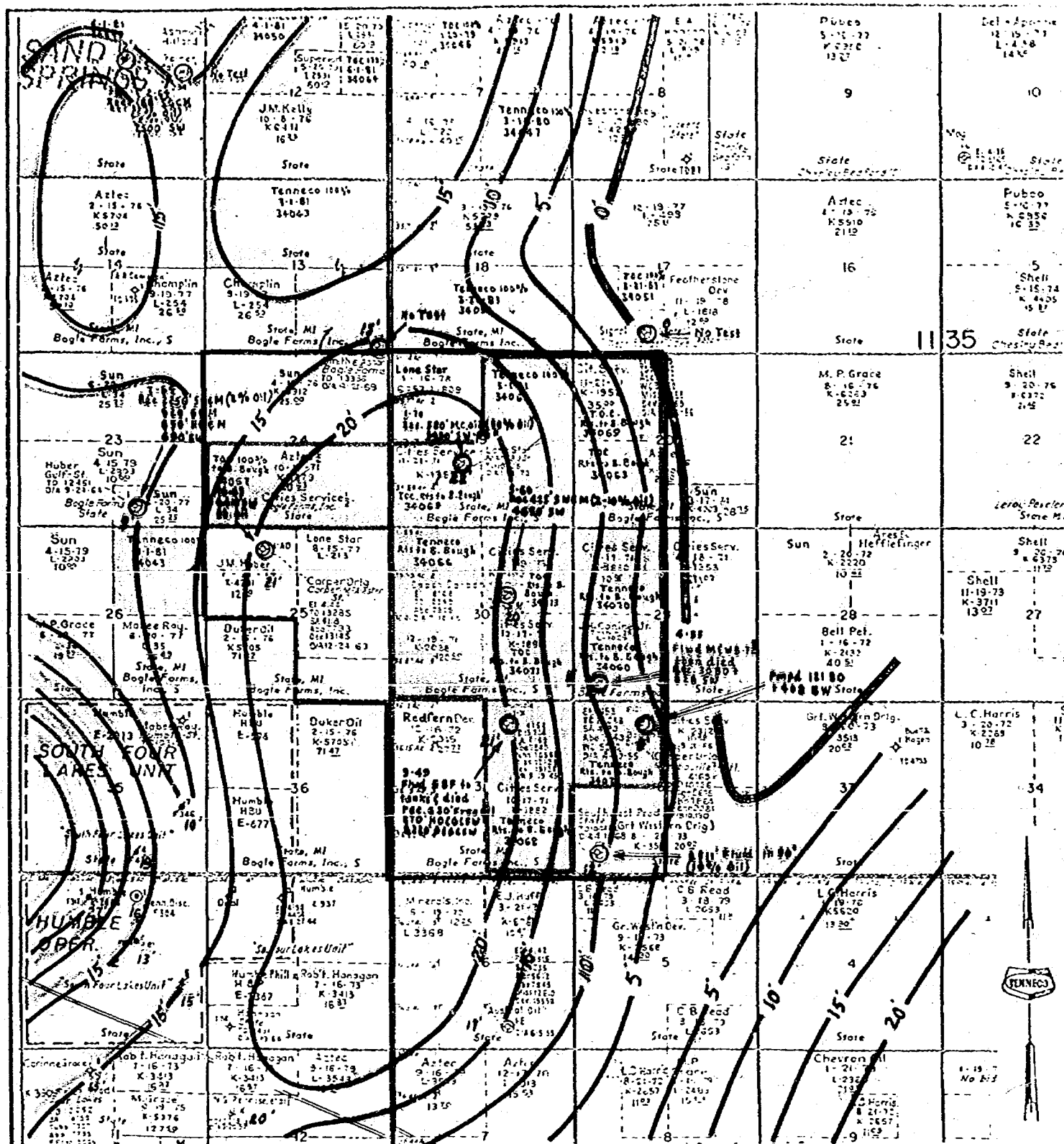
CASE 4571: Application of Read & Stevens for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Buffalo Valley-Pennsylvanian Gas Pool to permit the drilling of a well at an unorthodox gas well location 990 feet from the South and West lines of Section 5, Township 15 South, Range 28 East, Chaves County, New Mexico, the S/2 of said Section 5 to be dedicated to the well.

CASE 4572: Application of Franklin, Aston & Fair, Inc., for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the "B" zone of the Slaughter section of the San Andres formation in its Cook State Well No. 1 located in Unit L of Section 32, Township 7 South, Range 36 East, Todd-San Andres Field, Roosevelt County, New Mexico.

CASE 4573: Application of Tenneco Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sand Springs South Unit Area comprising 2536 acres, more or less, of state lands in Township 11 South, Ranges 34 and 35 East, Lea County, New Mexico.

CASE 4574: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tenneco Oil Company to appear and show cause why it should not take immediate action to repair the production casing in its Bolack "B" Well No. 5 located in Unit J of Section 31, Township 27 North, Range 8 West, Basin-Dakota Pool, San Juan County, New Mexico.

CASE 4569: (Continued from the July 14, 1971, Examiner Hearing)
Application of Barber Oil, Inc., for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 1326 feet from the South line and 5 feet from the West line of Section 13, Township 20 South, Range 28 East, as an infill well in its waterflood project in the Russell (Yates) Pool, Eddy County, New Mexico.



- ORIGINAL PROPOSED UNIT OUTLINE
- PRESENT REQUESTED SAND SPRINGS SOUTH (BOUGH "C") UNIT
- 100% TOC W.I.

TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO CORPORATION

SAND SPRINGS, SOUTH AREA
LEA CO., NEW MEXICO

ISOPACH MAP
NET BOUGH "C" POROSITY
E.I. = 5'

SCALE IN FEET
4000 2000 0 4000 8000

MILOANO, TEXAS 7-16-71

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

SAND SPRINGS, SOUTH UNIT AREA

LEA COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 1st day of
JULY 1971 by and between the parties subscribing,
ratifying or consenting hereto, and herein referred to as the
"parties hereto;"

WITNESSETH:

WHEREAS, the parties hereto are the owners of working,
royalty or other oil or gas interests in the unit area subject
to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State
of New Mexico is authorized by an Act of the Legislature (Sec. 3,
Chap. 88, Laws 1943) as amended by Dec. 1 of Chapter 162, Laws
of 1951, (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953 Annot.),
to consent to and approve the development or operation of State
lands under agreements made by lessees of State land jointly or
severally with other lessees where such agreements provide for
the unit operation or development of part of or all of any oil or
gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State
of New Mexico is authorized by an Act of the Legislature (Sec. 1,
Chap. 162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N.M. Statutes
1953 Annotated) to amend with the approval of lessee, evidenced
by the lessee's execution of such agreement or otherwise, any
oil and gas lease embracing State lands so that the length of the
term of said lease may coincide with the term of such agreements
for the unit operation and development of part or all of any oil
or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State

of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the SAND SPRINGS, SOUTH Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, N.M.P.M.

Section 24: S/2 (320.00 acres)

TOWNSHIP 11 SOUTH, RANGE 35 EAST, N.M.P.M.

Section 19: Lots 3, 4, E/2 SW/4, E/2 (471.65 acres)

Section 20: W/2 (320.00 acres)

Section 29: W/2 (320.00 acres)

Section 30: Lots 1, 2, 3, 4, E/2 W/2, E/2 (623.92 acres)

Section 31: E/2 (320.00 acres)

Section 32: NW/4 (160.00 acres)

containing 2,535.57 acres, more or less; Lea County, New Mexico.

(Limited, however, to those depths down to and including the Base of the Bough "C" formation only, and no deeper)

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 lands 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 on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land from the surface down to and including the base of the Bough "C" formation, only, and no deeper, are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR.

Tenneco Oil Company

whose address is P. O. Box 2410,

Denver, Colorado 80201

is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit

operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five per cent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five per cent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating 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.

8. DRILLING TO DISCOVERY. The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient

to test the Bough "C" (Permo-Penn.) formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall 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 10,350 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six 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 the Commissioner, or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner 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 article the Commissioner 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, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the

expiration of each twelve months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N. M. Statutes 1953 Annotated of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N. M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production

therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development

or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not

committed and the terms of such leases shall apply separately as to such segregated portions committed as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease, or if, at the expiration of the secondary term, the lessee or the unit operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them, are being produced in paying quantities from any portion of said lands.

14. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder the grantee, transferee or other successor

in interest. No assignment or transfer or any working, royalty or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five per cent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interest party

shall also have the right at his own expense to appear and to participate in any such proceeding.

20 NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld.

shall also have the right at his own expense to appear and to participate in any such proceeding.

20 NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld.

Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to be separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto
have caused this agreement to be executed as of the respective
dates set forth opposite their signatures.

UNIT OPERATOR

TENNECO OIL COMPANY

Date July 1st, 1971

By

L. L. Parish

L. L. Parish

Attorney-In-Fact

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 1st
day of July, 1971, by L. L. Parish
Attorney-In-Fact for TENNECO OIL COMPANY, a Delaware corporation,
on behalf of said corporation.

My Commission expires:

June 1st, 1973

Jeanne Ozmun
Notary Public in and for Midland
County, State of Texas

R-34-E

R-35-E

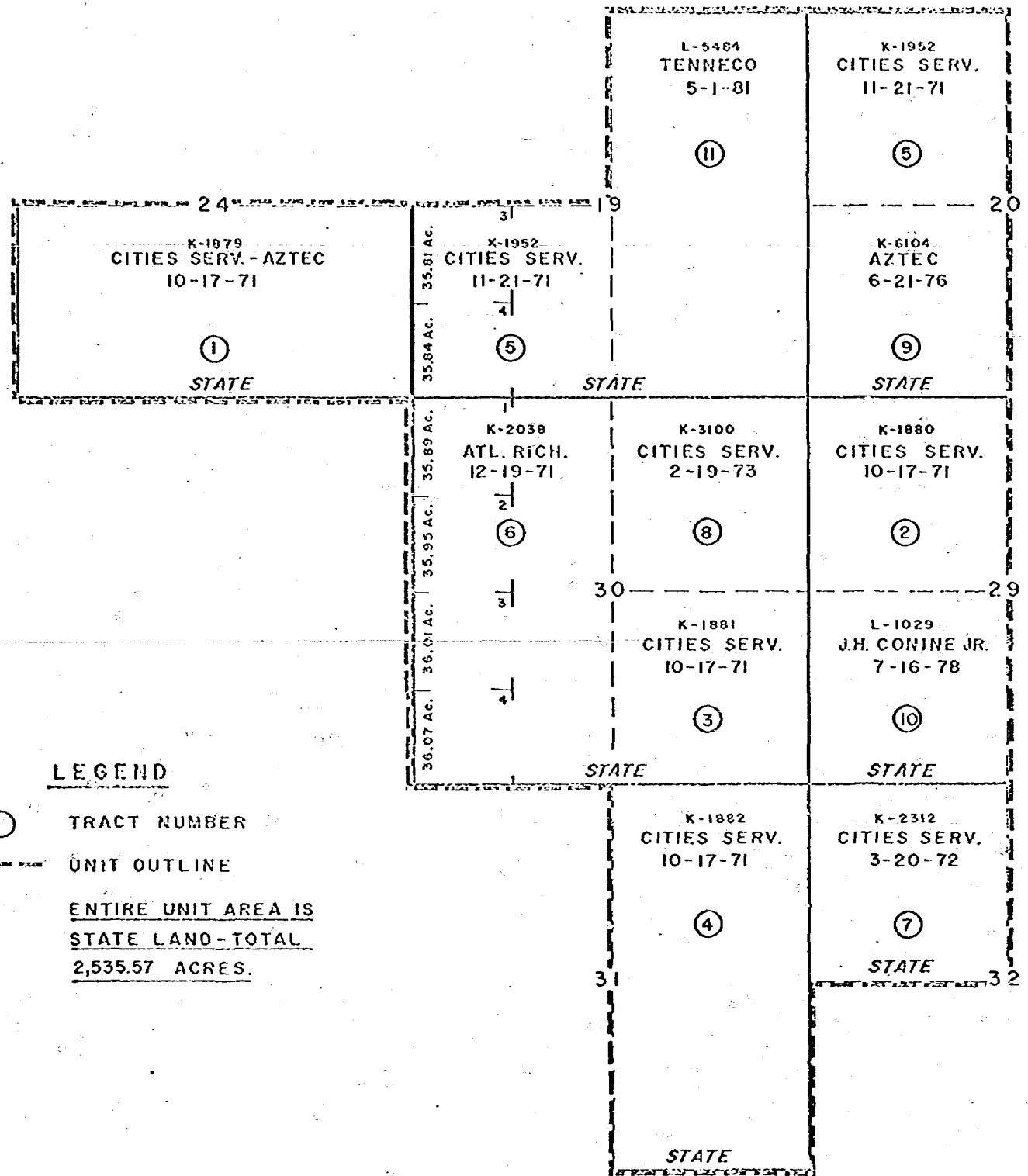


EXHIBIT "A"

SAND SPRINGS, SOUTH UNIT AREA
LEA COUNTY, NEW MEXICO

EXHIBIT "B"

ALL LANDS & OWNERSHIP IN UNIT AREA
SAND SPRINGS, SOUTH UNIT, LEA COUNTY, NEW MEXICO

(Limited to depths down to and including the base of the Bough "C" formation, and no deeper)
All land is State of New Mexico minerals & all leases
carry basic royalty of 12-1/2%

TRACT NO.	DESCRIPTION	NO. ACRES	ISE. NO. & EXP. DATE	LESSEE OF RECORD	ORR & %	WORKING INT. & %
1.	In T-11-S, R-34-E Sec. 24: S/2	320.00	K-1879 10-17-71	Cities Service- Aztec Oil & Gas	Cities Service 2% Aztec 2-1/2% Robert B. Boling 1/4 of 1% Tracy P. Clark 1/4 of 1%	Tenneco to 100' below Base Bough "C" 100%
2.	In T-11-S, R-35-E Sec. 29: NW/4	160.00	K-1880 10-17-71	Cities Service	Cities Service 4% Robert B. Boling 1/2 of 1% Tracy P. Clark 1/2 of 1%	Tenneco to 100' below Base Bough "C" 100%
3.	Sec. 30: SE/4	160.00	K-1881 10-17-71	Cities Service	Cities Service 4% Robert B. Boling 1/2 of 1% Tracy P. Clark 1/2 of 1%	Tenneco to 100' below Base Bough "C" 100%
4.	Sec. 31: E/2	320.00	K-1882 10-17-71	Cities Service	Cities Service 5%	Tenneco to 100' below Base of Bough "C" 100%
5.	Sec. 19: Lots 1, 2, E/2 SW/4 Sec. 20: NW/4	311.65	K-1952 11-21-71	Cities Service	Cities Service 5%	Tenneco to 100' below Base of Bough "C" 100%
6.	Sec. 30: Lots 1, 2, 3, 4, E/2 W/2	303.92	K-2038 12-19-72	Atlantic Richfield	Atlantic Richfield 6 1/4%	Tenneco to 10,350' 100%
7.	Sec. 32: NW/4	160.00	K-2312 3-20-72	Cities Service	Cities Service 4% Robert B. Boling 1/2 of 1% Tracy P. Clark 1/2 of 1%	Tenneco to 100' below Base Bough "C" 100%

In T-11-S, R-35-E, cont'd.

TRACT NO.	DESCRIPTION	NO. ACRES	ISE. NO. & EXP. DATE	LESSEE OF RECORD	ORR & %	WORKING INT. & %
8.	Sec.30: NE/4	160.00	K-3100 2-19-73	Cities Service	Cities Service 4% Robert B. Boling 1/2 of 1% Tracy P. Clark 1/2 of 1%	Tenneco to 100' below Base Bough "C" 100%
9.	Sec.20: SW/4	160.00	K-6104 6-21-76	Aztec Oil & Gas	Aztec 5%	Tenneco to 10350' 100%
10.	Sec.29: SW/4	160.00	L-1029 7-16-78	J.H. Conine, Jr.	Conine 5%	Tenneco to 10350' 100%
11.	Sec.19: E/2	320.00	L-5484 5-1-81	Tenneco Oil Co.	None	Tenneco 100%

RECAPITULATION

State Lands 2,535.57 acres 100% Unit Area

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4573

Order No. R-4174

APPLICATION OF TENNECO OIL COMPANY
FOR APPROVAL OF THE SAND SPRINGS SOUTH UNIT AREA
UNIT AGREEMENT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
July 28, 1961, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this Aug. day of July, 1961, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Tenneco Oil Company,
seeks approval of the South Sand Springs South Unit Unit Agreement
covering 2,535.57 acres, more or less, of State lands
and Fee
described as follows:

LEA COUNTY, NEW MEXICO
TOWNSHIP 11 SOUTH RANGE 35 East NMPM

Section 24: S/2

Township 11 South, Range 35 East, NMPM

Section 19: Lots 3, 4, E/2 SW/4, and E/2 SW/4 and E/2

Section 20: W/2

Section 29: W/2

Section 30: Lots 2, 3, and 4, E/2 W/2, and E/2 All

Section 31: E/2

Section 32: NW/4

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the ^{South} Sand Springs ~~South~~ Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; ~~and the Director of the United States Geological Survey~~; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

TENNECO OIL COMPANY A Major Component of Tenneco Inc.
P.O. BOX 1031 • 1800 WILCO BUILDING • ATLANTA, TEXAS 79701



RECEIVED
AUG 1 1971
OIL CONSERVATION COMM

August 10, 1971

Oil Conservation Commission
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 4573
Order No. R-4174
Sand Springs South Unit
Lea County, New Mexico

Gentlemen:

As per Order (3) in the captioned, find attached Consent and Ratification to this Unit by the following:

Aztec Oil & Gas Company
Atlantic Richfield Company
Cities Service Oil Company
J. H. Conine, Jr.

The foregoing are titleholders of record.

An original executed counterpart of the Unit Agreement (Tenneco 100 percent working interest owner) was previously handed your office.

Yours truly,


N. B. Venus, Jr.
Senior Landman

NBV:jo

Attachment

RECEIVED
AUG 1 1971
OIL CONSERVATION COMM

CONSENT AND RATIFICATION
SAND SPRINGS SOUTH UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

Aztec Oil & Gas Company hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Sand Springs South Unit Area dated as of the 1st day of July, 1971, embracing lands situated in Lea County, New Mexico. The undersigned acknowledges that the undersigned has read the same and is familiar with the terms and conditions thereof. The undersigned is the official record title owner of a lease or leases from the State of New Mexico as lessor, as such ownership is reflected in the offices of the Commissioner of Public Lands for the State of New Mexico. The lease or leases so owned by the undersigned is indicated on the schedule attached to said Unit Agreement as Exhibit "B". The undersigned does hereby commit all of its said title from the surface to the base of the Bough "C" Formation to the Sand Springs South Unit Agreement and does hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in the acknowledgement below.

AZTEC OIL & GAS COMPANY

By Quilman B. Davis
Executive Vice President

STATE OF TEXAS)
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 1st day of July, 1971 by Quilman B. Davis, Executive Vice President for Aztec Oil & Gas Company, a Delaware corporation, on behalf of said corporation.

My Commission expires:
June 1, 1973

Kathryn Craft
Notary Public

RECEIVED
JUL 11 1971
JUL 11 1971

CONSENT AND RATIFICATION
SAND SPRINGS SOUTH UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

Atlantic Richfield Company hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Sand Springs South Unit Area dated as of the 1st day of July, 1971, embracing lands situated in Lea County, New Mexico. The undersigned acknowledges that the undersigned has read the same and is familiar with the terms and conditions thereof. The undersigned is the official record title owner of a lease or leases from the State of New Mexico as lessor, as such ownership is reflected in the offices of the Commissioner of Public Lands for the State of New Mexico. The lease or leases so owned by the undersigned is indicated on the schedule attached to said Unit Agreement as Exhibit "B". The undersigned does hereby commit all of its said title from the surface to the base of the Bough "C" Formation to the Sand Springs South Unit Agreement and does hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in the acknowledgement below.

ATLANTIC RICHFIELD COMPANY

By

S. L. Smith
S. L. Smith

Attorney-in-Fact

(Power of Attorney filed in NM 0558100)

APPROVED
RECEIVED
FILED
INDEXED

STATE OF TEXAS)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 8 day of July, 1971 by S. L. SMITH, Attorney-in-Fact of Atlantic Richfield Company, a corporation, on behalf of said corporation, and in the capacity therein expressed.

My Commission expires:

June 1st, 1973

Eileen Morrow EILEEN MORROW
Notary Public in and for Midland County,
Texas

RECEIVED
JUL 11 1971
JUL 11 1971

CONSENT AND RATIFICATION
SAND SPRINGS SOUTH UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

Cities Service Oil Company hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Sand Springs South Unit Area dated as of the 1st day of July, 1971, embracing lands situated in Lea County, New Mexico. The undersigned acknowledges that the undersigned has read the same and is familiar with the terms and conditions thereof. The undersigned is the official record title owner of a lease or leases from the State of New Mexico as lessor, as such ownership is reflected in the offices of the Commissioner of Public Lands for the State of New Mexico. The lease or leases so owned by the undersigned is indicated on the schedule attached to said Unit Agreement as Exhibit "B". The undersigned does hereby commit all of its said title from the surface to the base of the Bough "C" Formation to the Sand Springs South Unit Agreement and does hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in the acknowledgement below.

CITIES SERVICE OIL COMPANY

By

Sam W. Franklin

Attorney-in-Fact

STATE OF OKLAHOMA

COUNTY OF WASHINGTON

} SS

On this 2nd day of July, 1971, before me personally appeared Sam W. Franklin, to me known to be the person who executed the foregoing instrument as Attorney-in-Fact in behalf of CITIES SERVICE OIL COMPANY, a Delaware corporation, and acknowledged that he executed the same as the free act and deed of said Cities Service Oil Company.

Jim Galloway
Notary Public

My Commission Expires:

My Commission Expires April 23, 1974

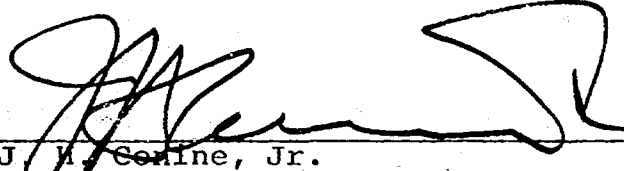
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CONSENT AND RATIFICATION
SAND SPRINGS SOUTH UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

J. H. Conine, Jr. hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Sand Springs South Unit Area dated as of the 1st day of July, 1971, embracing lands situated in Lea County, New Mexico. The undersigned acknowledges that the undersigned has read the same and is familiar with the terms and conditions thereof. J. H. Conine, Jr. is the official record title owner of a lease or leases from the State of New Mexico as lessor, as such ownership is reflected in the offices of the Commissioner of Public Lands for the State of New Mexico. The lease or leases so owned by J. H. Conine, Jr. is indicated on the schedule attached to said Unit Agreement as Exhibit "B". J. H. Conine, Jr. does hereby commit all of its said title to the Sand Springs South Unit Agreement and does hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

Martha B. Conine, wife of J. H. Conine, Jr. joins herein in order to bind and benefit any community property interest she may have in said lease or leases owned or held in the name of J. H. Conine, Jr.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in the acknowledgement below.

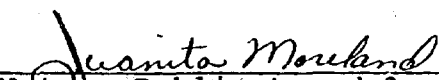

J. H. Conine, Jr.


Martha B. Conine

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 1st day of July, 1971 by J. H. Conine, Jr. and Martha B. Conine, his wife.

My Commission expires:
June 1st, 1973


Notary Public in and for Midland County,
Texas

Tenneco Oil Company
Unit Agreement
Lea Co

Sand Springs South
Unit Area

comprises

2535.57 acres

all State Land

Township 11 South

Range 34 and 35 East

Lea Co

Tenneco Oil

N.B. Venus

Box 1031 Midland 79701

DOCKET MAILED

Date 7-16-71

CASE 4574: TENNECO SHOW CAUSE
FOR CASING REPAIRS, SAN JUAN
COUNTY, NEW MEXICO.

*Provided letter to
Gavin*