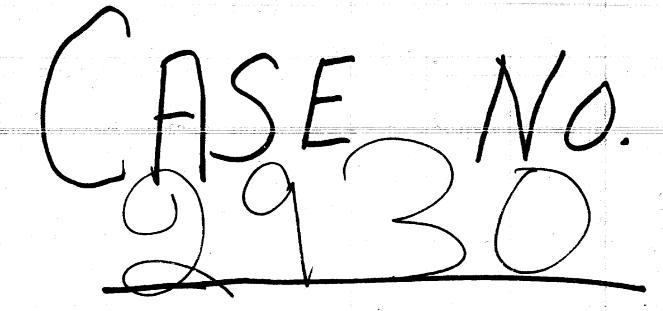
CASE 2930: Application of WILLIAM G. 2088 for approval of the SOUTH SILGRE PARTY WILLIAM THE TAXABLE PARTY.



APPlication,
TYANSCripts,
SMALL Exhibits
ETC.

SOUTH WILSON DEEP UNIT Unit Name WILLIAM G. ROSS Operator County

ELIMINATED HEFRETIVE DATE EFF.

DATE	OCC CASE NO. (2930)	EFFECTIVE	TOTAL	<u> </u>			S
APPROVED	OCC ORDER NO. R-2593	DATE	ACREAGE	STATE	FEDERAL	INDIA	
Commissioner: 10-30-63	occ: 10-31-63	10-30-63	3,920.00	3,880.00	-0-	-0-	40.00
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UNIT AREA				714	MATEL	A .	
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Section 14: SW/4 Section 15: SE/4				<i>U</i>			
Section 21: S/2	v/2						

UNIT AREA

Section 22: SW/4, E/2

Section 23: W/2, SE/4, S/2NE/4

Section 26: N/2

Section 27: ALL Section 28: ALL

Section 33: ALL

ALL ACREAGE ELIMINATED EXCEPT TRACT 15-

Sec. 33, T21s, R34E- W/2, SE/4, N/2NE/4,

Unit Name SOUTH WILSON DEEP UNIT
Operator WILLIAM G. ROSS

ELIMINATED

HELINE DATE ESS. 11.—15-67

OCC CASE NO. (2930)	Bouboovies			20 at 1	-	7		•
OCC ORDER NO. R-2593	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN		EGREGATI	
OCC: 10-31-63	10-30-63	3,920.00	3,880.00	-0-	-0-	40.00	Yes Yes	TERM 2 years or
			••					so long as

TERMINATED-EM: 9-1-76

RANGE 34 EAST, NEW MEXICO PRINCIPAL MERIDIAN

4, E/2 , SE/4, S/2NE/4

ALL ACREAGE ELIMINATED EXCEPT TRACT 15-

Sec. 33, T21S, R34E- W/2, SE/4, N/2NE/4, SE/4NE/4 60

Unit Name SOUTH WILSON DEEP UNIT
Operator WILLIAM G. ROSS
County LEA

	<u></u>				•				
STATE TRACT NO	LEASE NO.	INSTI- TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFI DATE	ED ACRES	ACREAGE NOT RATIFIED
1	B-1484-1	c.s.	. 14	215	34E	SW/2	10-25-63	160.00	
2	B-2287	c.s.	15	215	34E	E/2SE/4	10-23-63	80.00	
3	∞-5590	c.s.	15	21s	34E	W/2SE/4	10-24-63	80.00	
4	E-7573	c.s.	21 28	21s 21s	34E 34E	S/2 W/2, W/2NE/4, SE/4	 10-29-63	320.00 560.00	
5	E-9204	c.s.	22	215	34E	E/2	10-28-63	320.00	
6-	OG-1421	c.s.	22	21s	34E	\$W/4	10-28-63	160.00	
7	E-229-1	c.s.	23	21s	34E	SW/4, SW/4NW/4	10-29-63	200.00	
8 * * * * * * * * * * * * * * * * * * *	B-9084	c.s.	23	215	34E	N/2NW/4,SE/4NW/4	10-29-63	120.00	: -
9	B-1651	c.s.	23	218	34E	SE/4S E/4			40.00
10	B-11610	c.s.	23	215	34E	S/2NE/4, N/2SE/4, SW/4SE/4	10-29-63	200.00	
11	K-2597	c.s.	26	2 1 S	34E	N/2	10-25-63	320.00	
12	K-2666	c.s.	27	21s	34E	E/2	10-25-63	320.00	• • • • • • • • • • • • • • • • • • •
13	E-7420-1	c.s.	27	21s	34E	W/2	10-24-63	320.00	

Unit Name SOUTH WILSON DEEP UNIT
Operator WILLIAM G. ROSS
County LEA

1	2 2 4 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		 						
	insti- Tution	SEC.	TWP.	RGE.	SUBSECTION	RATIFI DATE	ED ACRES	ACREAGE NOT	
The second							·	RATIFIED	LESSEE
	c.s.	. 14	215	34E	SW/2	10-25-63	160.00	**	CITIES SERVICE CO.
The state of	c.s.	15	215	34E	E/2SE/4	10-23-63	80.00		SUN OIL COMPANY
	c.s.	15	215	34E	W/2SE/4	10-24-63	80.00		PURE OIL COMPANY
·	c.s.	21	21 S	34E	s/2	9 ⁴ .	320.00		
(36,000)		28	215	34E	W/2, W/2NE/4, SE/4	10-29-63	560.00	-	WILSON OIL COMPANY
Section.	c.s.	22	21s	34E	E/2	10-28-63	320.00		HUMBLE OIL & REFINI
a stand	•			M			_		COMPANY
dimental of	c.s.	22	218	34E	SW/4	10-28-63	160.00		SOCONY MOBIL OIL
Action Section	The state of the s	•							COMPANY, INC.
Married Belgin	C.S.	23_	21S	34E	SW/4, SW/4NW/4	10-29-63	200.00		WILSON OIL COMPANY
Ash to the contract of	c.s.	23	215	34E	n/2nw/4,se/4nw/4	10-29-63	120.00	•	WILSON OIL COMPANY
Address of the land	C.S.	23	215	34E	SE/4SE/4	· .	•	40.00	TIDEWATER OIL CO.
to share the share	c.s.	23	215	34E	S/2NE/4 N/2SE/4, SW/4SE/4	10-29-63	200.00		WILSON OIL COMPANY
De Repart of	c.s.	26	215	34E	N/2	10-25-63	320.00	•••	PAN AMERICAN PET.
Section 198	c.s.	27	2 1s	34E	E/2	10-25-63	320.00		PAN AMERICAN PET.
e de la constanta									CORPORATION
A Company of the Comp	c.s.	27	215	34E	W/2	10-24-63	320.00		EL PASO NATURAL GAS COMPANY
1		·					1		OOM AMI

Unit Name SOUT
Operator WILL
County LEA

SOUTH WILSON DEEP UNIT
WILLIAM G. ROSS
LEA

STATE TRACT NO.	LEASE NO.	INSTI- TUTION	SEC.	TWP	RGE.		RATIFIED		ACREAGE
			JEC.	IWP.		SUBSECTION	DATE	ACRES	NOT RATIFISD
14	B-1581-6	c.s.	28	215	34E	E/2NE/4	10-28-63	80.00	
15	E-7574	c.s.		21s	34E	W/2, SE/4, N/2NE/4, SE/4NE			SI Co

Unit Name SOUTH WILSON DEEP UNIT
Operator WILLIAM G. ROSS
County LEA

INSTI-	SEC.	TWP.	RGE.	SUBSECTION	RATIF DATE	TED ACRES	ACREAGE NOT	
c.s.	28	215	34E	E/2NE/4	10-28-63	80.00	RATIFIED	LESSEE
C.s.	33	21 s	34E	W/2, SE/4, N/2NE/4, SE/4NE/4	10-29-63		S	INCLAIR OIL & GAS
					20-23-63	600.00	W	ILSON OIL COMPANY





RECEIVED

AUG9 - 197?

DAL CONSERVATION COMMISSION

Commissioner of Public Lands

PHIL R. LUCERO
COMMISSIONER

August 8, 1977

P. O. BOX 1148 SANTA FE, NEW MEXICO 87501

Lieno, Inc. P. O. Brawer 1320 Hobbs, New Mexico 88240

Re: South Wilson Deep Unit Les County, New Mexico TERMINATION

no. 2930

ATTENTION: Mr. G. W. Edwards

Gentlemen:

The South Wilson Deep Unit was approved by this office effective as of October 30, 1963, embracing 3920 acres, more or less, in Les County, New Mexico. On April 15, 1968, effective as of November 15, 1967, the SouthWilson Deep Unit was contracted to the regular well spacing, leaving only Section 33, Township 21 South, Range 34 East, within the South Wilson Deep Unit. On January 26, 1977, you submitted an Amendment to the Grass Diesp Unit. On January 26, 1977, you submitted an Amendment to the Grass Ridge Unit to include those Lands within the South Wilson Deep Unit. due to the fact that the Grass Ridge wells and the South Wilson Deep unit well are in the same reservoir.

In view of the above we have this date terminated the South Wilson Deep Unit effective as of September 1, 1976, the effective date of the emendment to the Grama Ridge Unit including those lands in the South Deep Unit.

Very truly yours,

PHIL R. LUCERO COMMISSIONER OF PUBLIC LANDS

BY: RAY D. GRAHAM, Director Oil and Gas Division

PRL/RDG/s

cc:

OCC-Santa Fe, New Mexico



Commissioner of Public Lands

CONTINUES CONTINUES



P. O. BOX 1148 SANTA FE, NEW MEXICO

Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas 79701

MAIN OFFICE OUT

Re: South Wilson Deep Unit Jan 30 AM 8 36

ATTENTION: Mr. C. R. McClain

Contlemen:

The Commissioner of Public Lands has this date approved your 1968 Plan of Development for the South Wilson Deep Unit, Len County, New Mexico.

This plan provides for the drilling of a 13,400 foot Messew test to be located in Section 28, Township 21-South, Things 34-Shot, said test to be commenced on or before March 1, 1968.

One approved copy of the plan is enclosed.

Very truly yours,
GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS
BY:
Eddie Lopez, Supervisor
Unit Division

GRH/TR/EL/s
encl. 1.
cc: Oil Conservation Commission
Santa Fe, New Mexico



Commissioner of Public Lands

CONTINUE HAYS



2930

P. O. BOX 1148 SANTA FE, NEW MEXICO

Sinclair Oil & Gas Company P. O. Bast 1470 Hidland, Texas 79701

> Re: Contraction of South Wilson Deep Unit Area Lea County, New Mexico

ATTENTION: Mr. C. R. McClain

MAIN OFFICE L

Jentlemen:

260 APR 16 AH 8 3

The Commissioner of Public Lands has this date approved your Supplement to the Unit Agreement for the South Wilson Deep Unit Area so as to effect contraction of all lands with the exception of all of Section 33, Township 21 South, Range 34 East, Les County, New Mexico.

The effective date of this contraction is November 15,

One approved copy of the contraction is enclosed herewith.

Very truly yours,

GUYTOM B. HAYS COMMISSIONER OF PUBLIC LANDS

BY: Eddie Lopez, Supervisor Unit Division

GHH/TB/EL/s encl. cc: OCC-Santa Fe, New Mexico



Commissioner of Public Lands

COPPLESIONER



P. O. BOX 1148 SANTA FE, NEW MEXICO

Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas, 79701

> Re: South Wilson Deep Unit Extension of Time Lea County, New Mexico

ATTENTION: Mr. C. R. McClain

Gentlemen.

The Commissioner of Public Lands has this date approved your extension of time from June 29, 1967, to August 29, 1967, in which to file a Plan of Development for the twelve months period ending June 29, 1968, for the South Wilson Deep Unit, Les County, New Mexico.

One copy, of the letter, approved by the Commissioner is enclosed herewith.

Very truly yours,
GUYTOW B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY: Eddie Lopes, Supervisor Unit Division

GRH/TR/EI/s Enclosure CC: OCC-Santa Fe, New Mexico



12 7

SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

MIDLAND, TEXAS

August 1, 1967

MIDLAND DIVISION

Commissioner of Public Lands State of New Mexico P. O. Box 1148 Santa Fe, New Mexico

Attention Mr. Eddie Lopez Unit Supervisor

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

Attention Mr. A. L. Porter, Jr.

Reference: South Wilson Deep Unit Lea County, New Mexico

Reference is made to our letter of June 26, 1967, per-taining to 1967-68 Plan of Development for captioned unit, and of letter of July 18, 1967, by the Commissioner of Public Lands relative thereto.

Sinclair Oil & Gas Company, as Unit Operator, respect-fully requests an extension of time from June 29, 1967, to August 29, 1967, to file a Plan of Development for the twelve months period ending June 29, 1968. This request is made to allow time for operator to commence, or cause to be commenced, Unit Well No. 3, and is made in good faith with the understanding that if a unit test is not commenced within the prescribed time the Unit Agreement will be terminated.

Your approval of the foregoing is earnestly requested, with the return of one copy of this letter showing your approval thereon.

Richard, S. Gaddy

bec: Mr. R. W. Knopp/encl. C. R. McClain CRMcC/oc

*61 Aug 2 PH 1 13

Commissioner of Public Lands et al August 1, 1967 Page No. 2

APPROVED:

Commissioner of Public Lands State of New Mexico

Date

State of New Murico Oil Conservation Commission Date



SINCLAIR OIL & GAS COMPANY P. O. Box 1470

MIDIAND, TRYAS 79701

August 1, 1967

WEST TEXAS REGION

Commissioner of Public Lands State of New Mexico P. O. Box 1148 Santa Fe, New Mexico

Attention Mr. Eddie Lopez Unit Supervisor

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

Attention Mr. A. L. Porter, Jr.

Reference: South Wilson Deep Unit
Lea County, New Mexico

Reference is made to our letter of June 26, 1967, pertaining to 1967-68 Plan of Development for captioned unit, and of letter of July 18, 1967, by the Commissioner of Public Lands relative thereto.

Sinclair Oil & Gas Company, as Unit Operator, respectfully requests an extension of time from June 29, 1967, to August 29, 1967, to file a Plan of Development for the twelve months period ending June 29, 1968. This request is made to allow time for operator to commence, or cause to be commenced, Unit Well No. 3, and is made in good faith with the understanding that if a unit test is not commenced within the prescribed time the Unit Agreement will be terminated.

Your approval of the foregoing is earnestly requested, with the return of one copy of this letter showing your approval thereon.

Richard S. Gaddy

C. R. McClain

MAIN OFFICE GOO

CRMcC/oc

'67 Aug 2 PH 1 18

Commissioner of Public Lands et al August 1, 1967 Page No. 2

			T.	

Commissioner of Public Lands State of New Mexico

Date

State of New Mexico Oil Conservation Commission

Date



SINCLAIR OIL & GAS COMPANY P. O. Box 1470 MIDLAND, TEXAS 79701

August 1, 1967

WEST TEXAS REGION

Commissioner of Public Lands State of New Mexico P. O. Box 1148 Santa Fe, New Mexico

Attention Mr. Eddie Lopez Unit Supervisor

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

Attention Mr. A. L. Porter, Jr.

Reference: South Wilson Deep Unit Lea County, New Mexico

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Your approval of the foregoing is earnestly requested, with the return of one copy of this letter showing your approval thereon.

Richard S. Gaddy
C. F. McClain

'67 Aug 2 PH 1 18

MAIN OFFICE U

CRMcC/oc

Commissioner of Public Lands et al August 1, 1967 Page No. 2

APPROVED:					
Commissioner of Public La State of New Mexico	ands	 . -	Da	t e	•
	8 17	14) F			- F
State of New Mexico Oil Conservation Commiss:		 -	Da	t e	



SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

MIDLAND, TEXAS

June 26, 1967

MIDLAND DIVISION

Commissioner of the Fublic Land State of New Mexico State Land Office P. O. Box 1148 Santa Fe, Hew Hexico

State of New Mexico Uil Conservation Commission P. O. Bex 2006 Santa Pe, New Mexico Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Re: Report of Development
South Wilson Deep Unit
Lee County, New Maries

The following information is respectfully furnished as a report of the status of development of the unit area and the development contemplated for the next twelve month period as outlined pursuant to Section 9 of the Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, and is to be filed on or before June 29, 1967.

The undersigned, Sincle's Oil & Gas Company, is the Unit Operator designated in the South Wilson Deep Unit Agreement, which has heretofore been approved by the Commissioner of Fublic Lands, effective under Certificate of Approval executed October 30, 1963.

Two unit wells have previously been drilled, the Sinclair So. 1 South Wilson Deep Unit, located in Section 23, T-21-S, R-34-S, drilled to total depth 14,365 feet in the Devonian and plugged back and abandoned in the Borrow formation January 15, 1966.

The Shell No. 2 South Wilson Jeep Unit, located in Section 33, T-21-S, R-34-S, drilled to total depth 13,403 feet and plugged back to 13,350 feet as a dual producer and completed November 29, 1966 in the Bone Springs and Horrow formations. The Bone Springs formation has subsequently been depleted and the well is producing only from the horrow perforations at 13,039' to 13,252' with April, 1967 production tabulated as 37,615 NOS plus 720 berrels of distillate.

51 Jun 20

June 26, 1967

State of New Newico Gil Conservation Commission Attn: Nr. A. L. Forter, Jr. Fage Two

certain new production techniques and to re-evaluate the known genlogical information as a product operator would be in order to arrive at the best development program that would inner to the best benefits of all concerned.

during the enming term, Sinclair, as operator, will propose that a third unit test be drilled or cause case to be drilled, or that the South leached basis.

Singleir Cil & Cas Company respectfully requests that each of you ment obligation for the period June 29, 1967 to June 29, 1968 by returning one

fours very truly,

STADLETA OIL & GAS SCHOOL

The foregoing deport of Development and Operation for the period ending June 29, 1966 is hereby approved this 1967.

Consissioner of Public Lands State of New Estion

The foregoing Asport of Development and Operation for the period ending June 29, 1968 is hereby approved this ______ day of _______

State of Her horiso, 011 Conservation demission



SINCLAIR OIL & GAS COMPANY

P. O. BOX 1470 MIDLAND, TEXAS

June 26, 1967

MIDLAND DIVISION

Jemmissioner of the Public Land State of New Herico State Land Office P. O. Box 1148 Sente Pe. New Herico

MAIN OFFICE

767 Jun 28 AH 8 11

State of New Memico 011 Conservation Commission P. O. Box 2088 Canta Po, New Memico Attention: Mr. A. L. Porter, dr.

Gentlemen:

Re: Report of Development South Wilson Deep Unit Les Sounty, New Merico

The following information is respectfully furnished as a report of the status of development of the unit area and the development contemplated for the next twelve month period as outlined pursuant to Section 9 of the Unit igreement for the Development and Operation of the South Wilson Deep Unit Area, and is to be filed on or before June 29, 1967.

The undersigned, Simulair Sil & Sas Company, is the Unit Operator designated in the South Wilson Seep Unit Agreement, which has heretofore been approved by the Commissioner of Public Lands, effective under Sectificate of Approval executed October 30, 1963.

Two unit wells have previously been drilled, the Sinclair No. 1 South Wilson Deep Unit, located in Section 23, T-21-5, K-34-5, drilled to total depth 14,365 Fest in the Devonian and plugged back and abandoned in the horrow formation January 15, 1966.

T-21-3, N-34-5, drilled to total depth 13,403 foot and plugged bank to 13,350 feet as a dual producer and ecoploied Rovenber 29, 1966 in the Bone Springs and Morrow formations. The Bone Springs formation has subsequently been deploted and the well is producing only from the horrow perforations at 13,029' to 13,252' with april, 1967 production takelated as 39,615 HOF plus 720 barrals of distillate.

Commissioner of the Public Land State of New Hexico

June 26, 1967

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was read

State of New Mexico Wil Honservation Commission Attn: Mr. A. L. Parter, Jr. Page Two

Conservation Comission

Sinclair, as operator, desires additional time in which to evaluate certain new production techniques and to re-evaluate the known geological information as a product operator would be in order to arrive at the best development program that would impre to the best benefits of all conserved.

During the ensuing term, Sinulair, as operator, will propose that a third unit test be drilled or cause some to be drilled, or that the South Wilson Deep Unit be velocaterily terminated and returned to the State on a leasehold basis.

Similair Oil & Cas Jampany respectfully requests that each of you assept and approve the foregoing Report of Development as a reasonable development obligation for the period June 29, 1967 to June 29, 1968 by returning one approved copy of this instrument.

Yours very truly,

SINULAIR OIL & GAS XMPANT



SINCLAIR OIL & GAS COMPANY

P. O. BOX 1470 MIDLAND, TEXAS

June 26, 1967

MIDLAND DIVISION

Consistence of the Public Land State of New Hestico State Land Office P. C. Best 1146 Santa Fe, New Hestico MAIN OFFICE DOG

'67 Jun 28 AH 8 11

State of New Mexico 011 Jenservation Commission P. O. Box 2088 Sunta Pop New Mexico Attention: Mr. A. L. Porter, Jr.

Coret I man

Re: Report of Development South Wilson Deep Unit Lee County, Has Series

The following information is respectfully furnished as a report of the status of development of the unit area and the development contemplated for the next twelve month period as outlined pursuant to dection 9 of the Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, and is to be filed on or before June 29, 1967.

The undersigned, binoler til a Gas Company, is the Unit Operator designated in the South Wilson Deep Unit Agreement, which has heretofore been approved by the Commissioner of Public Lands, effective under Certificate of Approval executed October 30, 1963.

Two unit wells have previously been drilled, the Sinclair No. 1 South Wilson Deep Unit, located in Section 23, T-21-5, R-34-5, drilled to total depth 14,365 feet in the Devoular and plugged back and abandoned in the horrow formation James 15, 1966.

The Shell No. 2 South Alleon deep Buit, leasted in Section 3), Tables, R-14-3, drilled to total depth 13,493 feet and plugged back to 13,350 feet as a dual produces and completed November 29, 1966 in the Rone aprings and horror formations. The Done aprings femation has subsequently been depleted and the well is producing only from the Mourou perforations at 13,029' to 13,252' with april, 1967 production tehnlated as 39,615 hOF plus 720 barrels of distillate.

June 26, 1967

and.

State of New Mexico Cil Conservation Jonalisator Attn: Mr. A. L. Porter, Jr. Page Tuo

Sincleir, as operator, desires additional time in which to evaluate certain new production techniques and to re-evaluate the known geological information as a present operator usual to in order to ensire at the best development program that would inner to the best benefits of all concerned.

During the ensuing tests, Sinelair, as operator, will propose that a third unit test be drilled or cause sume to be drilled, or that the South Wilson Deep Unit be voluntarily terminated and returned to the State on a leasehold boxts.

Sinclair til & des Jospany respectfully requests that each of you except and approve the foregoing Report of Development as a reasonable development obligation for the period June 29, 1967 to June 29, 1968 by returning one approveleggy of this instrument.

Yours very truly,

SINGLAIR OIL 2 US WAYAM

Consissioner of Fublic Lands State of New Mexico

The foregoing Report of Development and Speration for the period ending June 29, 1962 is hereby approved this _______ day of ______, 1967.

State of New Mexico, Cil Jonrervation Jerrission

JRL/hl

OIL CONSERVATION COMMISSION

P. O. BOX-2088

SANTA FE, NEW MEXICO 87501

October 3, 1967

Sinclair Oil & Gas Company P. G. Box 1470 Midland, Tures 79701

Attention: Mr. C. R. McClain

Re: Report of Development South Wilson Beep Unit, Les County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Pian of Development dated August 31, 1967, for the period May 29, 1967 to May 29, 1968, for the South Wilson Deep Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the plan are returned herewith.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/JEK/og cc: Commissioner of Public Lands Santa Fe, New Mexico



Commissioner of Public Lands

CONTINUE B. HAYS



September 6, 1967

P. O. EOX 1148 SANTA FE, NEW MEXICO

P. O. Box 1470
Midland, Texas 79701

Re: South Wilson Deep Unit Plan of Development Lea County, New Mexico

ATTEMPION: Mr. C. R. McClain

Gentlemen:

The Commissioner of Public Lands has this date approved your Plan of Development for the period beginning May 29, 1967, and ending May 29, 1968.

One copy, of the letter, approved by the Commissioner is enclosed herewith.

Very truly yours,

GUYTON B. HAYS COMMISSIONER OF PUBLIC LANDS

BY: Ted Bilberry, Director Oil and Gas Department

GBH/TB/RL/s
Enclosure
cc: OCC-Santa Fe, New Mexico



SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

MIDLAND, TEXAS

August 31, 1967

MIDLAND DIVISION

Ommissioner of Public Lands State of Nor Mexico P. G. Nor 1258 State Po, Nor Mexico Attention Nr. 2001s Lapse, Unit Supervisor

State of New Maximo Cil Conservation Constantes P. O. New 871 Australian Hr. A. L. Porter, Pr. Birector

> Reference: Report of Development South Wilson Deep Unit Los Souths Now Houses

267 SEP 5 AH 8 19

Gentlemen:

Minelair Gil & Ges Company, as that Commiss for the South Vileon Design that Area, pursuant to the possisions of Section 9 of the west agreement for the development and apossision of the South Wilson Deep Area, respectfully make to the approval of the State Lock Commissioner and of the New Maries Oil Generation Commission, this report of development and approxima for the unitied Londo for the period May 29, 1967, to May 29, 1968.

Two unit walls have been drilled. The Simelair Gil & Gas Company's South Wilson Deep Wait Wall #1, lecated in Section 23, 7-215, 8-368, was drilled to a total depth of 14,365' in the Devonion and plumped bank and abandoned in the Herror Commution, Jamesry 15, 1966.

The Shell South Wilson Deep Unit Well #2, located in Section 33, T-215, R-342, was drilled to a total depth of 13,403' and was plugged back to 13,350' and completed Hovenber 29, 1966, as a dual producer in the Bone Spring and Morrow formations. The Bone Spring formation was subsequently depleted and the well is currently producing from the Morrow formation, with April, 1967 production being 39,615 MCF, plus 720 barrels of distillate.

Commissioner of Public Lands et al. August 31, 1967

During the period covered by this report a third unit well is programed, with communement to be on ar before Sevenber 15, 1967, and the completion arthurbed on or about James 1, 1968. This that is scheduled to be drilled to the Morrov formation at approximately 13,500°.

Mariaty bil & Gas Groups respectfully requests your approval of this report of development for the puried beginning My 29, 1968, based on the skilenting My 29, 1968, based on the skilenting My 29, 1968, based on the skilenting for defilling the educational vall. If for one reason beyond our control cold will is not thenly command as shore plated, reliminary contrasting of the South Mileta Deep Butt Agreement will by

We not your approval of the foregoing by returning one approval

Yery truly yours,

STRULAR OIL & GAS GROWING

Richard S. Goldy

C.A. M. Cla

CHING/QQ

C. R. McClain

Approved:

State of New Mexico

Approved:

State of New Manico Oil Conservation

Det 3, 1967

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

2930

June 2, 1967



Sinclair Oil & Gas Company P. O. Box 1470 Hidland, Wests 79701

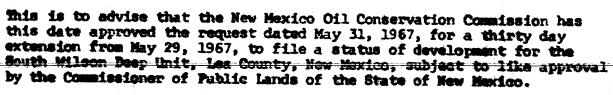


Attention: Mr. C. R. McClain

Re: South Wilson Deep Unit, Lea County, New Mexico



Gentlemen:





One approved copy of the request for extension is returned herewith.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/JEX/og

cc: Commissioner of Public Lands - Santa Fe





Commissioner of Public Lands

CUMPRON B. HAYS



P. O. BOX 1148 SANTA FE, NEW MEXICO

Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas, 79701

> Re: South Wilson Deep Unit Les County, New Mexico

ATTENTION: Mr. C. R. McClain

Gentlemen:

This is to advise that the Commissioner of Public Lands has this date approved a thirty (30) day extension to the South Wilson Deep Unit Agreement for the period from May 29, 1967 to June 29, 1967, in which to file a report with the Commissioner as provided for under section 9 of the Unit Agreement. This approval is subject to like approval by the Oil Conservation Commission.

We are retaining two approved copies and returning one approved copy to you.

There will be a Three (\$3.00) dollar fee for the filing of this instrument.

Very truly yours,

GUYTON B. HAYS COMMISSIONER OF PUBLIC LANDS

BY: Ted Bilberry, Director Oil and Gas Department

GBH/TB/EL/s
encl. 1.
cc: Oil Conservation Commission /
Santa Fe. New Mexico

Sinclair

SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

MIDLAND, TEXAS

May 31, 1967

MIDLAND DIVISION

New Mexico Oil Conversation Commission P. O. Box 871 Santa Fe, New Mexico

> Re: South Wilson Deep Unit Les County, New Maxico

Gentlemen:

The South Wilson Deep Unit Well No. 2 was completed on November 29, 1966, at a location in the HW/4 SE/4 of Section 33, T-218, R-34E, Les County, New Mexico. Completion was from the Morrow formation with potential of 4.635 million cubic feet of gas per day plus 5.5 berrels of condensate per million.

Pursuant to Section 9 of the Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, a report is to be filed with the Commissioner on or before May 29, 1967, of the status of the development of the unit area and the development contemplated for the following twelve-month period. Sinclair, as unit operator, is at this time formulating a proposal to present to the unit members for approval to drill a 13,500' Morrow test at a tentative location in the NW/4 of the SE/4 of Section 28, T-218, R-34E. As there are eleven partners in the unit, it now appears additional time will be needed to poll the members to obtain final approval for this well. It is anticipated all members can be contacted and replies received within 30 days.

We respectfully request a 30 day extension from May 29 to file the above mentioned report of the status of the development of the unit area and the development contemplated for the following twelvemonth period. Return of one (1) approved copy of the enclosed is requested.

Very truly yours,

JRL/CRMcC/so Enclosure

Jo. R. Lodle

Extension Approved:

C. R. McClain

New Mexico Oil Conservation Compission

Date 6. 2-67



SINCLAIR OIL & GAS COMPANY

P. O. BOX 1470 3 MIDLAND. SEXAS 5 May 31, 1967

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MIDLAND DIVISION

New Mexico Oil Conversation Commission P. O. Box 871 Santa Fe, New Mexico

> Re: South Wilson Deep Unit Lee County, Her Mexico

Gentlemen:

The South Wilson Deep Unit Well No. 2 was completed on November 29, 1966, at a location in the HW/4 SE/4 of Section 33, T-215, R-34E, Lea County, New Mexico. Completion was from the Morrow formation with potential of 4.635 million outic feet of gas per day plus 5.5 barrels of condensate per million.

Pursuant to Section 9 of the Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, a report is to be filed with the Commissioner on or before May 29, 1967, of the status of the development of the unit area and the development contemplated for the following twelve-month period. Sinclair, as unit operator, is at this time formulating a proposal to present to the unit members for approval to drill a 13,500' Morrow test at a tentative location in the NV/4 of the SE/4 of Section 26, T-218, 18-34E. As there are eleven partners in the unit, it now appears additional time will be needed to poll the members to obtain final approval for this well. It is anticipated all members can be contacted and replies received within 30 days.

We respectfully request a 30 day extension from May 29 to file the above mentioned report of the status of the development of the unit area and the development contemplated for the following twelvementh period. Return of one (1) approved copy of the enclosed is requested.

Very truly yours,

JRL/CRNcC/so Enclosure Jo. R. Lodle

Extension Approved:

By C. Fin: Clau

C. R. McClain

New Mercico Oil Conservation Commission

TU (P. ()

Date 6.2 - 67

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

December 8, 1966

Sinclair Oil & Gas Company P. O. New 1470 Midland, Towns 79701

Attention: Hr. J. W. Hodges

Re: Extension of the Term of the South Wilson Deep Unit, Lea County, New Mexico

Gentlemen:

This is to advise that the New Muxice Oil Conservation Commission has this date approved the requested six menths extension of the term of the South Wilson Deep Unit, to expire June 1, 1967, subject to like approval by the Commissioner of Public Lands of the State of New Muxico.

Two approved copies of the application for extension are returned herewith.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/JEK/og cc: Commissioner of Public Lands

Santa Fe, New Mexico

December 2, 1966

Simulair Cil & Can Company P. O. Box 1470 Hidland, Texas, 79701

> No: South Wilson Boop Unit Los County, New Maxico

ATTEMETOM: Nr. J. W. Hedges

Centlenes:

This is to advise that the Commissioner of Public Lands has this date approved a six months' extension to the South Wilson Beep Unit Agreement for the period from December 1, 1986 to June 1, 1987, subject to like approval by the Oil Conservation Commission.

We are retaining two approved copies and returning one approved copy to you.

These will be a \$3.00 dellar fee for the filing of this instrument.

Very truly yours,

GUYYON B. HAYS COMMISSIONER OF PUBLIC LANDS BY:

Ted Bilberry, Director Oil and Gas Department

gam/seck/s encl. 1.

cc: Oil Conservation Commission / Santa Fe, New Mexico

Sinclair Oil & Gas Company P. O. Box 14%

MIDLAND, TEXAS 79701

Horesber 26, 1966

WEST TEXAS REGION

State of Nor House Commencer of Public Lands P. G. Son 1266 State Po, Nor House

Attention Hrs. Marion H. Mars Sait Separtion

Nov Musico 611 Conservation Consector 7: 6. Nov 2008 Sente 70, Nov Musico

> Reference: South Wilson Deep Unit Les County, Her Monico

By letter detail June 6, 1966, Similar 611 & One Company, as Unit Counter, requested a six mention extension of the term of the South Vilson Deep Unit Agreement to allow for the completion and toucing of Unit Well No. 2 being drilled 1980 feet from the south and east lines of Section 33, Secondary 21 South, Damp 36 Nort, Les County, Nov Maries. Agreeval of the extension was granted from 7, 1966.

We are now in receipt of a letter from Minil Oil Company, a copy of which is emcloced, advising there is a possibility the well will not be completed prior to the December 1 expiration date of the Unit Agreement.

Latest symilable information indicates the test will be completed as a well asymble of producing unitied substances in paying quantities. It is also possible the well will be completed prior to December 1. However, we respectfully request an extension of the term of the fauth Wilson Deep Unit Agreement for a pariet of six months from Recember 1, 1966, to allow ample time to complete and evaluate the well. If the test is completed as a producing well as expected, the Unit will go on a producing status and the length of extension is, of course, unimportant. If, though, for some remon not have known, the well is completed other than as a commercial producer, the additional time will afford the opportunity to completely evaluate results, thereby natorially assisting us in making plans for further development.

Respectfully submitted, SINCLAIR OIL & GAS COMPANY UNIT COMMATCE

JUE/CHEC/oc

J. W. Holges

State of Nor Mexico et al Sumiosismer of Athlie lends Hersubar II, 1986

Extenden of the South Mileon Deep Walt Agreement approved for the paried Spaniser 1, 1866 to June 1, 1867.

Control of Public London

W. Y. Carly

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c 8, 1966



SHELL OIL COMPANY

WESTERN DIVISION
P. O. BOX 1509
MIDLAND, TEXAS 79701

November 22, 1966

Subject: Shell et al South Wilson

Deep Unit No. 1 Lea County, New Mexico

el llov 30 April 3:

Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas 79701

Attention Mr. C. R. McClain

Gentlemen:

You have inquired regarding the completion status of South Wilson Deep Unit No. 1 as it applies to the extended terms of the Unit, which expires on December 1, 1966.

We are now conducting an extended test on the well after reperforating the Morrow interval 13,246 to 13,252 feet and perforating an additional interval from 13,029 to 13,077 feet. A four point test is tentatively scheduled from November 29 to 30. Following this test, we plan to take a 48-hour buildup. If all goes as scheduled, we should complete the well officially by December 1. Because of unforeseen contingencies, however, we suggest that it might be in order to obtain a conditional extension of the Unit from the Commissioner of Public Lands. Regardless of circumstances, we can assure you that the well will be completed during the month of December.

Yours very truly,

J. E. R. Sheeler

Division Production Manager



SINCLAIR OIL & GAS COMPANYS

P. O. BOX 1470

MIDLAND. TEXAS

Hovember 28, 1966

VON 88

MIDLAND DIVISION

State of New Mexico Commissioner of Public Lands P. O. Box 1148 Santa Pe, New Mexico

Attention: Mrs. Marian M. Rhea Unit Supervisor

New Mexico Cil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico

> Re: South Wilson Deep Unit Lea County, New Mexico

We enclose request for extension of the term of the South Wilson Deep Unit Agreement to allow time for the completion of the Unit well now drilling.

Your approval and return of one signed copy is respectfully requested.

Jo. R. Lodle

G. R. McClair

GMc/dow Encl. **OIL CONSERVATION COMMISSION**

P. O. BOX 871

PANTA FE, NEW MEXICO

June 7, 1966

Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas 79701

Attention: Mr. J. W. Hodges

Re: Extension - South Wilson Deep Unit Agreement

Gentlemen:

This is to advise that the Oil Conservation Commission has this date approved a six months' extension to the South Wilson Deep Unit Agreement for the period from June 1, 1966 to December 1, 1966.

An approved copy of the extension is being handed Mr. C. R. McClain.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP: DSN:sg

cc: State Land Office - Santa Fe



SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

Midland, Texas 79701

June 6, 1966

WEST TEXAS REGION

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

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

Re: Request for Six Months Extension
of the Term of the South Wilson Deep
Unit Agreement - Lea County,
New Mexico

The South Wilson Deep Unit Agreement dated October 21, 1963, was approved by the Commissioner of Public Lands on October 30, 1963. Pursuant thereto, the South Wilson Deep Unit Well No. 1 was drilled thereon and completed on March 16, 1964, as a gas well capable of producing in paying quantities. Subsequently, production declined and workover operations were not successful and the well was plugged and abandoned January 15, 1966.

By letter of November 26, 1965, Sinclair Oil & Gas Company, as Unit Operator, requested that the Commissioner grant an extension to the South Wilson Deep Unit Agreement of six months from December 1, 1965. This was approved by the Commissioner on November 29, 1965.

During the period of the extension granted, Shell Oil Company, under farmouts from the working interest owners, commenced the drilling of the South Wilson Deep Unit Well No. 2 at a location 1980 feet from the south and east lines of Section 33, Township 21 South, Range 34 East. The well was spudded March 5, 1966, and drilled to a total depth of 13,403 feet. The well now has been plugged back to a depth of 13,350 feet in the Morrow formation. As of June 6, 1966, operator was rigging up pulling unit and installing blowout preventative equipment prior to perforating. Information now available indicates that the test will be completed as a well capable of producing unitized substances in paying quantities.

Commissioner of Public Lands State of New Mexico, et al June 6, 1966

Page 2

To continue the term of the South Wilson Deep Unit Agreement during the period of completion and testing, Sinclair hereby respectfully requests an extension to the Unit Agreement of six months from June 1, 1966. Within the period of extension herein requested, it is expected that the well will be completed after which a plan of development will be filed outlining the development contemplated for the following twelve-month period.

Respectfully submitted

Sinclair Oil & Gas Company

By:

J. W. HODGES Area Supervisor

Extension of the South Wilson Deep Unit Agreement approved for the period June 1, 1966 to December #1, 1966.

New Mexico Oil Conservation Commission

ري.

Date

Jule 7, 1966

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

March 26, 1965

Simelair Gil & Gas Company P. O. Box 1677 Recwell, How Mexico

Attention: Mr. J. W. Hodges

Re: South Wilson Deep Unit, Lea County, New Mexico

Sentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the request for an extension of time to September 16, 1965, in which to file a plan of further development for the South Wilson Deep Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the request for extension is returned herewith.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/JEK/og cc: Commissioner of Public Lands - Santa Fe

March 23, 1965

Sinclair Oil and Gas Company P. O. Box 1677 Resvell, New Marrice

Attention: Mr. J. W. Hodges

Re: South Wilson Deep Unit Les County, New Mexico

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Gentlemen:

The Commissioner of Public Lands approves as of March 23, 1965, your request for a six month extension of time until September 16, 1965, in which to file a Plan of Further Development for the South Wilson Deep Unit, Lea County, New Mexico.

We are returning one approved copy of your request.

Very truly yours,

GUYTOW B. HAYS CONCLESIONER OF PUBLIC LANDS

BY:

(Mr.) Ted Bilberry, Director Oil and Gas Department

GBH/max/6 Enclosure

CC:

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



SINGLAIR OIL & GAS COMPANY

P. O. Box 1677 Roswell, New Mexico

March 9, 1965

Mr. Guyton B. Hays
Commissioner of Public Lands
State of New Mexico
P. O. Ber 1148
Sunta Fe, New Mexico
Attn.: Mrs. Marian M. Rhea
Supervisor, Unit Dept.

Mr. A. L. Porter, Jr. Secretary-Birector State of New Mexico Oil Conservation Commission P. O. Box 871 Santa Fe. New Mexico

> Re: Report of Development South Wilson Deep Unit Lea County, New Mexico

3

Gentlemen:

Pursuant to Section 9 of the Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, Lea County, New Mexico, and approved by the Commissioner of Public Lands on October 30, 1963, and by the New Mexico Oil Conservation Commission on October 31, 1963, Sinclair Oil & Gas Company, Unit Operator, submits the following report on the status of development of the unit area.

On August 18, 1964, the Commissioner of Public Lands of the State of New Mexico approved our request for an extension of time to March 16, 1965, in which to file a plan of development for the South Wilson Deep Unit, Lea County, New Mexico.

Such request was similarly approved on September 21, 1964, by the Secretary-Director of the New Mexico Oil Conservation Commission.

In order to promote further development on the Unit and in the Unit Area, Sinclair, as Operator, recommended and supported, along with other working interest owners of the South Wilson Deep Unit, the Shell Oil Company No. 4-1 "GR" Federal now drilling in the NW/4 of Section 4, Township 22 South, Range 34 East, N.M.P.M.

Additionally, Sinclair as Unit Operator has entered into a contract with Phillips Petroleum Company by contract dated June 11, 1964, to sell gas from the unit well which was heretofore shut-in; however, deliveries could not be started until December 28, 1964, at which time Phillips began taking approximately one million cubic feet of gas per day into their gas plant located in Section 5, Township 21 South, Range 36 East. This contract covered high pressure gas well gas and low pressure oil well gas.

March 9, 1965

Due to the above and in order to make further geological studies and to study the production performance of the Unit well since recent pipeline connection, we respectfully request an extension of time until September 16, 1965, in which to file a report of further development which may be contemplated on the Unit Area.

This report is made in good faith as any reasonable and prudent operator would make in order to efficiently develop the unitied area under the same or similar circumstances.

We respectfully request your early consideration and approval and ask that each of you return one copy hereof showing your departmental approval.

Yours very truly,

SINCLAIR OIL & GAS COMPANY

J. V. Hodges District Hanager

JWH: JRL/mke

Extension to September 16, 1965 approved.

Commissioner of Fublic Lands State of New Mexico

Secretary-Director

Oil Conservation Commission

State of New Mexico

OIL CONSERVATION COMMISSION P. O. BOX 2088

SANTA FE. NEW MEXICO

2930

November 29, 1965

Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas 79701

Attention: Mr. J. W. Hodges

Re: Extension Request for Drilling Commitment South Wilson Deep Unit, Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the request for a sixmonth extension from December 1, 1965, to June 1, 1966, in which to begin drilling a second test well in the South Wilson Deep Unit Area, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

Pive approved copies of the request are handed to Mr. J. R. Lodle.

Very truly yours,

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

ALP/JEK/g cc: Commissioner of Public Lands Santa Fe, New Mexico



SINCLAIR OIL & GAS COMPANY

P. O. Box 1470

MIDLAND, TEXAS 79701

WEST TEXAS REGION

November 26, 1965

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

New Mexico Oil Conservation Commission State of New Mexico Santa Fe, New Mexico STATE TEE N. M.

Re: Request for Six Month's Extension of the Term of the South Wilson Deep Unit Agreement - Lea County, N. M.

Gentlemen:

The South Wilson Deep Unit Agreement dated October 21, 1963, wherein Sinclair Oil & Gas Company is Operator, was approved by the Commissioner on October 30, 1963. Pursuant thereto, the #1 South Wilson Deep Unit Well was drilled thereon and completed on March 16, 1964, as a gas well that appeared upon completion to be a well capable of producing in paying quantities. Subsequently, such well has been either shut in for lack of market, on production, or in the stage of reworking. The well has been a source of production problems since placed on production and information now available indicates that the well may not be capable of producing in paying quantities.

By letter of September 13, 1965, Sinclair Oil & Gas Company filed its plan of development through September 16, 1966, which was approved by the Commissioner on September 23, 1965. However, if the South Wilson Deep Unit Well is actually shown to be a noncommercial well upon completion of present reworking operations, the Unit Agreement will terminate unless drilling operations are then immediately instituted, since it is now beyond the initial two-year term.

Sinclair Oil & Gas Company hereby respectfully requests that the Commissioner grant an extension to the South Wilson Deep Unit Agreement of six months from December 1, 1965. In support of this request, Sinclair advises that Shell Oil Company has obtained farmouts from a sufficient number of working interest owners to drill a well for the discovery of unitized substances in the NW/4 or the SE/4 of Section 33, T-21S, R-34E, commencing the same within the period of extension herein requested and possibly as early as January, 1966. Shell is presently

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

2930

September 28, 1965

Sinclair Oil & Gas Company P. O. Box 1470 Midland, Texas 79701

Attention: Mr. J. W. Hodges

Re: Report of Development and Operation, South Wilson Deep Unit, Les County, New Mexico

Contlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Report of Development and Operation covering the period from September 16, 1965, to September 16, 1966, for the Seuth Wilson Deep Unit, Lea County, New Mexico, subject to like approval by the Commissioner of Public Lands of the State of New Mexico.

Two approved copies of the report are returned herewith.

Very truly yours,

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

ALP/SEE/og cc: Commissioner of Public Lands Santa Fe, New Mexico

September 23, 1965

Sinclair Off & Gas Company Post Office Box 1470 Midland, Texas

Att: J.W. Hodges

In RE: South Wilson Deep Unit Lea County, New Mexico Plan of Development **2**

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Gentlemun:

We have received your Plan of Development for the period ending September 16, 1966.

This Plan provides for the drilling of a 13,000 foot well to be known as Unit Well No. \$2, to be located in the NE/4 of Section 33, T215-R34E.

The Commissioner of Public Lands approves as of this date the aforementioned Plan of Development for the period ending September 16, 1966.

Enclosed you will find one (1) approved copy of such Plan.

Very truly yours,

GUYTON B. HAYS, Commissioner of Public Lands

By

TED BILBERRY, Director, Oil and Gas Department

GBH/TB/MMR/I/Enclosures
w/cc to: New Mexico Oil Conservation Commission

Sinclair

SINCLAIR OIL & GAS, COMPANY

September 13, 1965

Complement of Julie Lands State of the Hunter J. G. See 1368 State De. See States

Attention: Mrs. Muries M. Mes. Supervisor, Well Anthen

661 Concernation Commission State of the Hunter J. 6. Ten 571 State St. Ter Innies

Attention: Mr. A. L. Perter, St.

South Mileon Bosy Well Lan Gounty, New Menico

Contlemen:

Rinclair All & the Company, as this operator for the South Miles Deep But area, pursuent to the provisions of Section 9 of the Suit Agreement for the Sectionary and Operation of the South Miless Deep Unit area, respectfully exempts for the approval of the State Issai Secularisaser and of the Day Maries All Concernation Commission, this Deport of Sevelopeant and Operation for the unitimed lead for the paried September 16, 1965 to September 16, 1966.

The South Milson Boop Unit Well No. 1, leasted 1980 feet from the South line and 660 feet from the Meet line of Souther 23, Yourship 21 South, Range 34 Nest, N. M. P. M., Lea Sounty, Nor Marico, was completed as a well expelle of producing unitized schetaness in paying quantities in the Herror furnation at a plug-back depth of 12,915 feet after drilling to a total depth of 14,365 feet. Calculated open flow potential was 2,052 MEPGPD. Sale of gas from this well is being unde under terms of contract with Phillips Putroleum Company.

cited size of the Company, as Unit Operator, and with the other verting interest everte, has now completed arrangements with Shell Gil Company to drill and complete the South Wilson Doep Unit Well Do. 2 at a location in the contheast quarter of Soutien 33, Township 21 South, Stage 34 Shet, S. H. P. H. Brilling of this well will be communed within the next six menths and it is placed to drill this well to a dayth of approximately 13,000 feet to test the Nation Southern.

This Amount of Development and Operation shall constitute the further drilling chlightians under the South Miles Doep Unit Agreement for the paried colleg September 16, 1966.

Tour approval and roturn of one copy hereof in respectfully requested.

SIMPLATE OFF. & GAS COMMENT

J. V. Rodge

Citieda

Approved

Counterious of Public Looks

Thisanay

New Maries Oll Conservation

Completion

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

2930

September 21, 1964

Simplair Oil & Gas Company P. O. Best 1677 Recordl, New Mestico

Attention: Mr. J. W. Hodges

Re: South Wilson Deep Unit, Lea County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil

Conservation Commission has this date approved the request for an extension of time to March 16, 1965, in
which to file a plan of further development for the South
Wilson Deep Unit, Lea County, New Mexico, subject to like
approval by the Commissioner of Public Lands of the State
of New Mexico.

One approved copy of the request for extension is returned herewith.

Very truly yours,

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

ALP/JEK/og cc: Commissioner of Public Lands - Santa Fe Sinclair

SINCLAIR OIL & GAS COMPANY

P. O. Box 1677

3

Nr. E. S. Johnny Walker Commissioner of Public Lands State of New Merico P. O. Box 791 Santa Pe, New Merico

Attention: Mrs. Marian M. Rhea Supervisor, Unit Dept.

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

> Re: Report of Development South Wilson Deep Unit Lea County, New Mexico

Gentlemen:

Pursuant to Section 9 of the Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, Lea County, New Mexico, approved by the Commissioner of Public Lands on October 30, 1963, and by the New Mexico Oil Conservation Commission on October 31, 1963, Sinclair Oil & Gas Company, Unit Operator of the South Wilson Deep Unit Area, submits the following report of the status of development of the unit area:

Well Designation: South Wilson Deep Unit Well No. 1

Location: 1980 feet from the South line and 660 feet from the West line of Section 23, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

Commencement Date: November 8, 1963

Completion Date: Narch 16, 1964

Results: The Bouth Wilson Deep Unit Well No. 1 was completed at a cost in excess of \$400,000.00 as a well capable of producing unitized substances in the Morrow formation at plug back depth of 12,915 feet after drilling to a total depth of 14,365 feet. Calculated absolute open flow potential was 2,052 MCFGPD

This well is now shut in, awaiting connections. We are presently negotiating a gas contract and expect final approval by all regulatory bodies within six months.

Mr. R. S. Johnny Walker and New Mexico Cil Conservation Commission

Page -2-

Jefore proposing another well in this area, it is our desire to watch production from the initial test for a period of time after conhections are made. Further evaluation of the area based on actual production and a review of additional seismic work conducted will enable us to logically develop the area for the greatest benefit to all inferented parties.

Due to the time required to complete contractual arrangements and establish connections for the initial well, as well as to study production after the well is put on a producing status, we respectfully request on extension to Europe 16, 1965, to file a report of further devialents contemplated on the unit area.

This report is made in good faith as a reasonable and prodout compliance with the terms of the South Wilson Deep Unit Agreement. Sinclair fully intends to develop the unitised area as a reasonably prodout operator weeks develop such tree under the same or similar circumstances.

We respectfully ask your early consideration and approval to this request.

Respectfully submitted

SINCLAIR OIL & GAS COMPANY

 T_{i}

B.

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J. V. Zedges District Manager

JWEIRS

Secretary-Director

NEW MEXICO OIL CONSERVATION CONSIDER NO

August 21, 1964

Sinclair Oil & Gas Company P. O. Box 1677 Roswell, New Mexico

> Re: South Wilson Deep Unit Lea County, New Mexico

Attention: Mr. J. W. Hodges

Gentlemen:

The Commissioner of Public Lands approved as of August 18, 1964, your request for an extension of time to March 16, 1964, in which to file a Plan of Further Development for the South Wilson Deep Unit, Lea County, New Mexico.

I have two copies of this request for extension, which meets our requirements. Please submit additional copies if you wish them approved and returned to your office.

Very truly yours,

E. S. JOHNNY WALKER COMMISSIONER OF PUBLIC LANDS

BY: (Mrs.) Marian M. Rhea, Supervisor Unit Division

ESJW/mmr/mim

Sıncları

SINCLAIR OIL & GAS COMPANY

P. 0. Box 1677 Roswell, New Mexico 07F10E 28

PH

September 17,1964

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

Re: Report of Development South Wilson Deep Unit Lea County, New Mexico

Gentlemen:

Enclosed herewith original and one copy of Report of Development of the South Wilson Deep Unit Area in which request is made for an extension to March 16, 1965, to file a report of further development contemplated on the unit area.

Also enclosed is a copy of subject report approved by the Commissioner of Public Lands, State of New Mexico on August 18, 1964.

We respectfully request your approval of the enclosed report by noting said approval thereon and returning the copy to this office.

Yours very truly,

J. W. Hodges District Manager

C. R. McClain

CRM/mke Encls.

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Mr. E. S. Johnny Walker Commissioner of Public Lands State of New Mexico P. O. Box 791 Santa Pe, New Mexico

Attention: Mrs. Marian M. Rhea Supervisor, Unit Dept.

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

Re: Report of Development South Wilson Deep Uais Lea County, New Mexico

Pursuant to Section 9 of the Unit Agreement for the Development Gentlemen: and Operation of the South Wilson Deep Unit Area, Lea County, New Mexico, approved by the Commissioner of Public Lands on Ostober 30, 1963, and by the New Mexico Oil Conservation Commission on October 31, 1963, Sinclair Oil & Gas Company, Unit Operator of the South Wilson Deep Unit Area, submits the following report of the status of development of the unit area:

Well Designation: South Wilson Deep Unit Well No. 1

Location: 1986 feet from the South line and 660 feet from the West line of Section 23, Township 21 South, Range 34 East, W.M.P.H., Les County, Kev Mexico.

Consencement Date: November 8, 1963

Completion Date: March 16, 1964

Results: The South Wilson Deep Unit Well No. 1 was completed at a cost in excess of \$400,000.00 as a well capable of producing unitised substances in the Morrow formation at plug back depth of 12,915 feet after drilling to a total depth of 14,365 feet. Calculated absolute open flow potential was

This well is now shut in, awaiting connections. We are presently negotiating a gas contract and expect final approval by all regulatory bodies within six months.

. S. Johnny Walker and New Mexico Oil Conservation

Before proposing another well in this area, it is our desire to watch production from the initial test for a period of time efter connections are made. Further evaluation of the area based on actual production and a review of additional seismic work conducted will enable us to logically develop the area for the greatest benefit to all interested parties.

Due to the time required to complete contractual arrangements and establish connections for the initial well, as well as to study production after the well is put on a producing status, we respectfully request as extension to March 16, 1965, to file a report of further development contemplated on the unit area.

This report is made in good faith as a reasonable and prudent compliance with the terms of the South Wilson Deep Unit Agreement. Similar fully intends to develop the unitized area as a reasonably predent operator would develop such area under the same or similar circumstances.

We respectfully ask your early consideration and approval to this request.

> Respectfully submitted SINCLAIR OIL & GAS COMPANY

COPY (BRIGHAR) J. W. Hodges

By:

J. W. Hodges District Manager

JWH:at

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. 2930

Order No. R-252

APPLICATION OF WILLIAM G. ROSS FOR APPROVAL OF THE SOUTH WILSON DEEP 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 October 30, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3/s7 day of November, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter ___, 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, William G. Ross, seeks approval of the South Wilson Deep Unit Agreement covering 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, NMPM, Lea County, New Mexico.
- (3) That approval of the proposed South Wilson Deep Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

- (1) That the South Wilson Deep Unit Agreement is hereby approved.
- (2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the

development and operation of the South Wilson Deep Unit Area, and such plan shall be known as the South Wilson Deep Unit Agreement Plan.

- 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 Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the South Wilson Deep Unit, or relative to the production of oil or gas therefrom.
 - (4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

LEA COUNTY, NEW MEXICO TOWNSHIP 21 SOUTH, RANGE 34 EAST

Detron 18: 5E/4

Detron 21: \$12

Detron 22: 5W/4 and E/2

Detron 23: W/2, 5E/9 and 5/2 NE/4

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Outrie 27: All Outrie 28: All Outrie 33: All

containing 3,920 acres, more or less.

- (b) That the unit area may be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.
- (5) That the unit operator shall file with the Commission an executed original or executed counterpart of the South Wilson Deep Unit Agreement within 30 days after the effective date thereof. 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.

- of said unit agreement by the Commissioner of Public Lands for the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.
- (7) 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.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico October 30, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of William G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Wilson Deep Unit Area comprising 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, Lea Case No. 2930 County, New Mexico.

BEFORE:

DEARNLEY-MEIER REPORTING SERVICE,

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING



WILKINS and CROWNOVER DEARNLEY, MEIER,

MR. NUTTER: We will call Case 2930.

MR. DURRETT: Application of William G. Ross for a unit agreement, Lea County, New Mexico.

MR. BRATTON: Howard Bratton on behalf of the applicant. We have one witness.

> (Whereupon, Applicant's Exhibits Nos. 1 through 5 marked for identi fication.)

(Witness sworn.)

JOHN TURNER,

called as a witness, having been first duly sworn, testified as

follows:

DIRECT EXAMINATION

BY MR. BRATTON:

- State your name and your occupation.
- A John Turner, Consultant Geologist of Midland, Texas.
- Have you ever testified before this Commission? Q
- No, sir.
- State briefly your professional and educational background.
- I graduated from the University of Texas in 1950; been constantly in geological work since that date and I am now in the firm of Penn, Hills and Turner in Midland.
- Are you the consulting geologist on the South Wilson Deep Unit Area?

MEIER,

MR. PRATTON: Are the witness's qualifications acceptab

MR. NUTTER: Yes, sir.

Exhibit No. 1, Mr. Turner, is the unit agreement for the South Wilson Deep Unit Area, is that correct?

That's correct.

The Unit Area is shown on Page 2, consisting of 3,920 acres, and on Exhibit A to the Unit, does it reflect that all of the acreage on that exhibit is State Acreage with the exception of one 40-acre tract?

That's right.

That one 40-acre tract in the southwest of the northeast of Section 33 is a Fee tract?

That's correct.

Is the unit agreement a standard form of State unit agreement?

It is.

Has it been approved as to form and area by the Land Commission?

A Yes, sir.

This is a deep unit, unitizing substances below 5,200 feet, is that correct?

Α That's correct.

And the Unit calls for the drilling of a Devonian well, is that correct?

That's correct.



Q.	To what depth?
A	14,000 feet.
Q	And at what cost do you expect that well?
A	Approximately \$427,000.00.
Q Q	What percentage of commitment do you have to this Unit?
${f A}_{ij}$	Just a little less than 99 percent.
Q.a	The one tract that is not committed to date is a 40-
acre Tidew	ater tract in the southeast of the southeast of Section
23, is tha	t correct?
A	That's correct.
 Q	And you are hopeful that it will be committed?
A	They are recommending at this date to join the Unit.
Q.	Where is the well to be located?
A	In the southwest-southwest of 23, Section 23 I'll
have to co	rrect that, northwest of the southwest of 23.
Q	Exhibit No. 2 is a written geological outline of this
area, is t	hat correct?
A	That's right.
Q ₂	But going to Exhibits 3, 4 and 5, those are contour
maps from	which you can explain the geology upon which the Unit
is being f	ormed, is that correct?
A	Yes, sir.
Q	And this is what's contained in written form in Exhibit
No. 2?	

Phone 243.6691

DEARNLEY, MEIER, WILKINS and CROWNOVER
General Court Reporting Service

Suite 1120 Simms Building Albuqueraus, New Maxico



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WILKINS	Court Reporting
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	A	Sub	surf	ace W	ork.			·•			±	

- A Subsurface work.
- Q And basically it's on the basis of subsurface control that you have on the top of the Yates, isn't that correct?
 - A That's right.
- Q Which is reflected on Exhibit No. 3. What does that show you as to our Yates, Mr. Turner?

A That I have a northeast-southwest trend, and I'm drilling on the axis of this Yates-High, in relationship to the Pure well that was drilled in Section 13. The Pure well is about a hundred feet higher, structurally than the Ohio Well in Section 24.

- Q Has there been a general correlation of the Yates and the Devonian in this portion of Lea County?
- A Yes, there seems to be a reflection of the deeper beds on these Yates-Highs.
- Q So you do have sufficient control to show this type of a Yates High running in this northeast-southwest axis?
 - A I definitely believe we do.
- Q Then your Exhibit No. 4 is contoured on the top of the Bone Springs, is that correct?
 - A That's right.
 - Q And what does that generally reflect?
 - Well, on the Bone Springs, in here my control is very



DEARNLEY, MEIER, WILKINS and CROWNOVER General Cour. Reporting Service Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-66

Springs, I had about 80 feet of thinning. The Pure well is about 80 feet higher when they get to the Bone Springs, and now I am playing, my High is coming from my Yates, right in trend, northeast southwest trend, punching right on out, coming closer to the Capitan reef front, but here in the Delaware and playing a younger reef in on the Bone Springs.

Q So that you possibly could have Bone Springs production in this Unit?

A Oh, yes, looking forward for that and my Pennsylvanian in there.

Q Then go to your Exhibit No. 5, which is your Devonian structure. This is what you very much hope it will look like, is that correct?

A That is correct. There again I'm working with two deep wells, and I have made a reversal from my structure map between the Pure well and the Ohio well and still running in trend on the axis of my Yates Wilson High.

- Q And this runs your Devonian structure in a --
- A Northeast-southwest.
- Q -- northeast-southwest trend. You are locating your well in what you hope to be the --
 - A On the crest.
 - Q Just the exact high of it, is that true?
 - A The crest of my Yates High.



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DEARNLEY, MEIER, WILKINS and CROWNOVER		
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Q	But	it	could	be	actually	farther	southwest?
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A Yes, definitely. I think definitely yes. My Yates map reflects that I could have another high building up right out here.

Q Mr. Turner, in your opinion does the outline of the Unit Area correspond to the outline of the geologic formation you can anticipate on the basis of the available information?

- A My subsurface work, I definitely think it does.
- Q In your opinion will the granting of this application be in the interest of conservation and the prevention of waste?
 - A It definitely will.

Q Were Exhibits I through 5 prepared by you or under your supervision?

A They were under my supervision.

MR. BRATTON: We would offer in evidence Exhibits 1

MR. NUTTER: Exhibits 1 through 5 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1 through 5 were admitted in evidence.)

MR. BRATTON: We have nothing further to offer.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Turner, did I understand you to say that the well will be located in the northwest?



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A Of the southwest quarter.

Q Of Section 23?

A Yes, sir.

Q You say that's on the High as far as the Yates is conrned?

A Well', right on my crest of my northeast-southwest trend

Q It would be approximately the point there on this Yates contour of the plus 163, wouldn't it?

A That's right.

Q About that area?

A Right.

Q Then you would be also within the closure of your minus 4,500 feet on the Bone Springs.

A Yes, sir.

Q Just within that?

A Right.

Q But your actual high, which is your target formation, you are right in the middle of your uppermost closure on the Devonian?

A That's right, that's what I'm trying to do.

Q It appears that the structure as far as the Devonian is concerned, does not extend very far westward, and that there's about three sections between in there in the west end of the Unit which are not in the structure as far as the Devonian is concerned?



DEARNLEY, MEIER, WILKINS and CROWNOVER General Court Reporting Service Suite 1120 Simms Building Albuquerque, New Maxico Phone 243-66

A I could open it back up but I do not have the control to put it back there. I could build up another high, but I didn'think I should do it with my only structure points back to the east there.

- Q How much control do you have in building this contour map of the Bone Springs?
 - A Well, just exactly what I have on my Devonian.
 - Q It's all a reflection of The Yates, actually?
- A In my geological report I stressed the fact that the Ohio Deep Unit up here in 20, 34 is producing Bone Springs, and Devonian and then we drop down here to the south of our proposed area and we have a Bell Lake Unit. I'm trying to get out here with this Bone Springs man to pick that up. I think it's all in trend. I think it's just an echelon deal.
- Q Well, the Bone Springs is one of the unitized formations?
 - A Yes.
- Q And you do have a structure coming out here on the west end of the unit in the Bone Springs?
 - A Yes, sir.
- Q And you have all the acreage committed with the exception of that one 40-acre tract?
 - A One percent.
 - Q And Tidewater has indicated that they will come in?
 - A Yes, as of today they did.



WILKINS and CROWNOVER DEARNLEY, MEIER, Suite 1120 Simms

MR. NUTTER: Any other questions of Mr. Turner? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Bratton:

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in 2930? We will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO

COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 18th day of November, 1963.

My Commission Expires: June 19, 1967

I do hereby certify that the foregoing is a complete record of the proceedings in the Expliner hearing of Case to 2930, heard by he on 1963.

Mitteum, Examiner dew Mexico Oll Conservation Commission



BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico October 30, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of William G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Wilson Deep Unit Area comprising 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, Lea County, New Mexico.

Case No. 2930

ERFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING



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Suite 1120

MR. DURRETT: Application of William G. Ross for a unit agreement, Lea County, New Mexico.

MR. BRATTON: Howard Bratton on behalf of the applicant. We have one witness.

(Whereupon, Applicant's Exhibits Nos. 1 through 5 marked for identification.)

(Witness sworn.)

JOHN TURNER,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BRATTON

- Q State your name and your occupation.
- A John Turner, Consultant Geologist of Midland, Texas.
- Q Have you ever testified before this Commission?
- A No, sir.
- Q State briefly your professional and educational back-ground.
- A I graduated from the University of Texas in 1950; been constantly in geological work since that date and I am now in the firm of Penn, Hills and Turner in Midland.
- Q Are you the consulting geologist on the South Wilson.

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Suite 1120 Simms Building

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	Q	To what depth?
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In the southwest-southwest of 23, Section 23 -- I'll

That's right.

But going to Exhibits 3, 4 and 5, those are contour maps from which you can explain the geology upon which the Unit is being formed, is that correct?

A Yes, sir.

And this is what's contained in written form in Exhibit No. 2?

CROWNOVER		Phone 243-669
, WILKINS and CRC	General Court Reporting Service	Albuquerque, New Mexico
DEARNLEY, MEIER, WILKINS and (General	Suite 1120 Simms Building

Q Is	this Unit f	ormed on the bas	is of seis	Smic wor	ck, or
subsurface?			, *		

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- And basically it's on the basis of subsurface control that you have on the top of the Yates, isn't that correct?
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DEARNLEY, MEIER, WILKINS and CROWNOVER General Court Reporting Service

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- In your opinion will the granting of this application be in the interest of conservation and the prevention of waste?
 - A It definitely will.
- Were Exhibits 1 through 5 prepared by you or under your supervision?
 - They were under my supervision.

MR. BRATTON: We would offer in evidence Exhibits 1 through 5, inclusive.

MR. NUTTER: Exhibits 1 through 5 will be admitted in evidence.

> (Whereupon, Applicant's Exhibits Nos 1 through 5 were admitted in evidence.)

MR. BRATTON: We have nothing further to offer.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Turner, did I understand you to say that the well will be located in the northwest?



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 - Q You say that's on the High as far as the Yates is con-
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 - A Yes, sir.
 - Q Just within that?
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DEARNLEY, MEIER, WILKINS and CROWNOVER General Court Reporting Service Suite 1120 Simms Building Albuquerque, New Mexico Phone 243.66

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- A In my geological report I stressed the fact that the Ohio Deep Unit up here in 20, 34 is producing Bone Springs, and Devonian and then we drop down here to the south of our proposed area and we have a Bell Lake Unit. I'm trying to get out here with this Bone Springs map to pick that up. I think it's all in trend. I think it's just an echelon deal.
- Q Well, the Bone Springs is one of the unitized formations?
 - A Yes.
- Q And you do have a structure coming out here on the west end of the unit in the Bone Springs?
 - A Yes, Bir.
- Q And you have all the acreage committed with the exception of that one 40-acre tract?
 - A One percent.
 - Q And Tidewater has indicated that they will come in?
 - Yes, as of today they did.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Resporting Service

Suite 1120 Simms Building Albuquercus, New Maxico Phone 243.66

MR. NUTTER: Any other questions of Mr. Turner? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Bratton

MR. BRATTON: No. sir.

MR. NUTTER: Does anyone have anything they wish to effer in 2930? We will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO

88.

COUNTY OF BERNALILLO)

I, ADA DEARMLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner is a true and correct record to the best of my knowledge, skill and ability.

IN WITHESS WHEREOF I have affixed my hand and notarial seal this 18th day of November, 1963.

Notary Public - Court Reporter

My Commission Expires: June 19, 1967

I do hereby certify that the foregoing is a complete record of the proceedings in the Exeminer hearing of Mass 1. 2730, heard by me on 1963.

new Mexico Oll Conservation Commission



MAIN OFFICE OCC.

1963 GOT 23 PM 1:18

October 22, 1963

Hervey, Dow & Hinkle P. O. Box 10 Roswell, New Mexico

Re: Proposed South Wilson Deep Unit

Attention: Mr. Howard C. Bratton

Gentlemen:

Pursuant to Mr. Hinkle's letter dated October 18, 1963 and my telephone conversation with him on October 21, 1963.

We wish to advise you that this office approves as to form and context the proposed form for the South Wilson Deep Unit, lea County, New Mexico.

Very truly yours,

E. S. JOHNNY WALKER COMMISSIONER OF PUBLIC LANDS

AY: (Ars.) Marian M. Rhea, Supervisor Unit Division

SSW/mmr/v

(1) (2) (300) 8:20

PROPOSITION

NY: PREM, MILLS & TURNER COMMULTING GROLOGISTS 711 Midland Tower Midland, Texas

October 18, 1963

October 18, 1963

Mr. W. G. Ross Gulf Building Midland, Terms

Res Proposed "South Wilson Deep Unit" T-218, R-348, Lee County, New Mexico

You have asked us for our opinion as to the prospects and geological situation of the proposed "South Milacon Deep Units which is outlined on the ancommentation of the proposed "South Milacon Deep Units which is outlined on the ancommentation of the proposed "South Milacon Deep Units which is outlined on the ancommentation of the proposed "South Milacon Deep Units which is outlined on the ancommentation of the proposed "South Milacon Deep Units which is outlined on the ancommentation of the proposed "South Milacon Deep Units which is outlined on the ancommentation of the proposed "South Milacon Deep Units which is outlined on the ancommentation of the proposed "South Milacon Deep Units Which is outlined on the ancommentation of the proposed "South Milacon Deep Units Which Is outlined on the ancommentation of the proposed "South Milacon Deep Units Which Is outlined on the ancommentation of the proposed "South Milacon Deep Units Which Is outlined on the ancommentation of the proposed "South Milacon Deep Units Which Is outlined on the ancommentation of the proposed "South Milacon Deep Units Which Is outlined on the ancommentation of the proposed "South Milacon Deep Units Which Is outlined on the ancommentation of the proposed "South Milacon Deep Units Which Is outlined Is which is outlined on the accompanying maps which cover Township 215, Range 345, Lee County, New Mexico and vicinity.

This area lies in central Lea County at the southwest end of the Wilson field, eighteen miles west of the town of Bunice and ten miles west of the Bunice portion of the Jalmat field as well as six miles southeast of the Lynch field.

The geological structure of this area, contoured on the Yates sand of the upper Permian system, is shown on Map No. 1. It is a generally high area and the proposed unit lies southwest of and en echelon to the anticline of the shallow Wilson that the field discoursed in 1928, needless from sand. field. This field, discovered in 1928, produces from sand-stones and limestones in the Yates formation at a depth of about 3700 feet. The structural high under the "South Wilson Deep Unit" is also related to the West Wilson field structure. The West Wilson field has produced from 3800 feet since 1948.

In the vicinity of these fields, many shallow wildcats have been drilled so that the structure of the upper Permian beds is very well known. Information gained from these wells shows that the "South Wilson Deep Unit" lies just back of the upper Permian Capitan reef zone some four and one-half miles. northeast of the edge of the Delaware basin and along the west edge of the San Simon syncline which extends from the Delaware basin north along the west edge of the Monument and Eunice fields. A local high area southwest of the "South Wilson Deep Unit" seems to be the result of intense growth of the Capitan

reef controlled by an earlier depositional high which in turn was localized by still earlier structural uplift.

In considering the deeper prospects of this proposed unit, we are hempered by the fact that only two wells in the immediate area were drilled below the upper Permian beds. The first was the Ohio #1 Wilson-State, total depth 14,073 feet in Section 24, Township 218, Range 348, a dry hole which tested the Devonian beds. The other well is the Pure #1 Wilson "Deep Unit", total depth 13,862 feet in Section 13, Township 218, Range 348. This well tested the Devonian beds but plugged back to the Morrow sand of lower Pennsylvanian age at 12,320 feet and was recently completed as a gas well with a potential of twenty million cubic feet per day. The Pure well was drilled on the highest part of the Wilson shallow structure and was ever 100 feet higher than the Chio-Wilson, a mile and one-half to the south. This structural difference indicates that the Wilson upper Permian structure is underlain by a deep anticline in the pre-Permian beds.

At approximately \$200 feet in the Ohio well and \$000 feet in the Pure well a brown to grey limestone section some 250 feet thick was encountered. This appears to be the top of the Leonard series commonly called Bone Spring in this area. Since neither one of these wells is in the area of the proposed unit, the structure of this unit on the Bone Springs zone, as shown on Map No. 2, must be inferred from the information derived from shallower beds. As already pointed out, the Pure well was higher than the Ohio well on this some indicating that the shallow structure persists at that depth. Thus, it is logical to suppose that the shallow structure of the Wilson field continues to the southwest.

Information derived from the outerops in the Guadalupe Mountains and in numerous deep test holes in southeastern New Mexico makes it reasonable to presume that there may be a Leonard reef in this area some three miles northeast of and behind the younger Capitan reef. If such a reef exists under this unit, it could develop porosity in limestones and dolomites. If these porous beds were capped by impervious shales and finely crystalline dolomites conditions would be favorable for oil and gas accumulation. This is especially true in view of oil discoveries in rocks of the same age and sedimentary facies some fifteen miles to the north in the Big Six area and approximately eight miles to the northwest in the Ohio-Deep Unit which are also on the west edge of the north extension of the San Simon syncline.

At about 10,500 feet under the proposed unit one may expect beds of lower Permian Wolfcamp age which have produced oil and gas from porous limestones in other areas in southeastern New Mexico. On a local anticline such as we believe exists here these rocks may contain commercial oil and gas.

Below the Permian beds lie beds of the Pennsylvanian system which may be expected from about 11,000 to 13,000 feet. The Morrow beds of this system are producing in the Pure well. Accumulation in these rocks may be expected in sandstones which pinch out to the north along the northeast edge of the Delaware basin with present accumulation partly formed by compaction over pre-Permian folds. Accumulation in several zones of the Pennsylvanian may be expected in this area.

Under the Pennsylvanian at 13,000 to 13,700 feet lie the Mississippian beds, the upper part of which consist of black and brown shales and shaley limestones underlain by brown crystalline limestone. Beds of this age generally have been poor producers in the Permian Basin area although it is possible hydrocarbon accommutation may be found here. Underneath the Mississippian lie the Woodford black shales of lower Mississippian and upper Devonian age.

The Devonian rocks in this area were tested by both of the deep wells in the vicinity of the proposed unit and yield important gas production in the Bell Lake field, seven miles to the south. These rocks also form an oil reservoir under the Ohio Deep Unit, eight miles to the northwest. Both the deep wells in the Wilson area found this zone to be a grey to tan dolomite with some porosity. Here again, the structure as shown on Map No. 3 is inferred from the structure of the shallow beds, but it seems probable that the deep structure in the old Wilson field will extend to the southwest.

From the evidence thus presented, it is our opinion that the area outlined on the accompanying maps as the proposed "South Wilson Deep Unit" has a very good change of producing from zones ranging from the middle and lower Permian to Devonian and deeper beds.

Yours very truly,

PENN, HILLS & TURNER

By: John E. Turner

PROPOSED

"SOUTH VILSON DEEP UNIT"
T-GLS - R-342
LEA COUNTY, NEW MEXICO

Fr. PERS, HILLS & TURNER CONSULTING GROLOGISTS 711 Kidlend Town Midland, Toxas

October 18, 1963

CASE NO.

October 18, 1963

Mr. W. G. Ross Gulf Building Midland, Texas

> Res Proposed "South Wilson Deep Unit" T-218, R-348, Lea County, New Mexico

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-3.

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Yours very truly, Ponn, HILLS & TURNER

By: John E. Turner

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DOCKET: EXAMINER HEARINGS OCTOBER 18, 1963, AND OCTOBER 30, 1963

BOTH HEARINGS 9:00 A.M. OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

Examiner: Daniel S. Nutter; Alternate Examiner: Elvis A. Utz

DOCKET NO. 30-63 - OCTOBER 18, 1963:

CASE 2910: (Continued from the October 9, 1963, examiner hearing)

Application of Big (6) Drilling Company for extension of an existing oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Scharb Bone Spring Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico, and for special rules therefor, including 80-acre spacing and proration units to comprise any two contiguous 40-acre tracts, and for fixed well locations.

DOCKET NO. 31-63 - OCTOBER 30, 1963:

CASE 2678: (Reopened and continued from the October 9, 1963, examiner hearing)

In the matter of Case No. 2678 being reopened pursuant to provisions of Order No. R-2359, which order established temporary 160-acre proration units for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2903: (Continued from the October 9, 1963, examiner hearing)

Application of Coastal States Gas Producing Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Gulf State Well No. 1, located in Unit F of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico, to produce oil from the Double-A Abo Pool and an undesignated Lower Leonard pool through parallel strings of tubing.

CASE 2921:

Application of Robert G. Hanagan for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the S/2 SW/4 of Section 1 and the N/2 NW/4 of Section 12, Township 12 South, Range 34 East, Four Lakes-Devonian Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South and West lines of said Section 1.

Docket No. 30-63 Docket No. 31-63

CASE 2922:

Application of Consolidated Oil & Gas, Inc. for an unorthodox location and a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Jicarilla No. C-1-11 to produce gas from the Blanco Mesaverde and Basin Dakota Gas Pools. Said well is at an unorthodox Blanco Mesaverde Pool location 890 feet from the South line and 990 feet from the East line of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 2923:

Application of Cities Service Oil Company for a special gaslift gas allocation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce Blinebry gas from its State "S" Well No. 1 located in Unit E of Section 15, Township-21 South, Range 37 East, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 located in said Unit E. Gas produced from said State "S" Well No. 1 would be metered and charged to the Blinebry Oil Pool casinghead gas production from applicant's State "S" Well No. 6 also located in the said Unit E.

CASE 2924:

Application of Socony Mobil Oil Company for a dual completion and for a tubing exception. Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its State Bridges No. 58-DD in Unit M of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum Glorieta and Vacuum Blinebry Oil Pools through parallel strings of tubing. Applicant further seeks an exception to Commission Rule 107(d) 4 to produce the Glorieta formation through the casing-tubing annulus from perforations at approximately 6000 feet up to 2 3/8-inch tubing landed in a dual packer at approximately 4020 feet.

CASE 2925:

Application of Sunray DX Oil Company for the creation of a Strawn Gas Pool and for Special Temporary Pool Rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn Gas Pool for its New Mexico State "AH" Well No. 1, located in Unit K of Section 30, Township 18 South, Range 23 East, Eddy County, New Mexico, and the establishment of temporary pool rules therefor, including a provision for 640-acre proration units and for fixed well locations.

Docket No. 30-63 Docket No. 31-63

CASE 2926:

Application of Sinclair Oil & Gas Company for an exception to Order No. R-1670, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order permitting its Barber Gas Unit Well No. 1, located in Unit E of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to produce 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order No. R-1670, Southeast New Mexico Gas Pool Rules, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Lease.

CASE 2927:

Application of Skelly Oil Company for gas commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of Order No. R-1670, Northwest New Mexico Gas Pool Rules, to permit the commingling of gas produced from its Jicarilla "C" Wells Nos. 3, 7, 4, 8 and 6, located in Units M and P of Section 21, Unit A of Section 28 and Units E and J of Section 27 respectively, Township 25 North, Range 5 West, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico, allocating said gas to the individual wells on the basis of periodic testing. Applicant further proposes to meter said commingled gas and to commingle it with commingled casinghead gas produced from seven Otero-Gallup oil wells on its Jicarilla "C" lease.

CASE 2928:

Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (combination) of its State of New Mexico "O" NCT-1 Well No. 14, located in Unit J of Section 36, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum-Wolfcamp and North Vacuum-Abo Pools through parallel strings of 2-7/8 inch casing and to produce oil from the Vacuum-Rlinebry Pool through 1-1/2 inch tubing run inside 3-1/2 inch casing, all casing strings to be cemented in a common well bore.

CASE 2929:

Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Basal San Andres formation through its State of New Mexico "O" NCT-1 Well No. 12 located in Unit J of Section 36, Township 17 South, Range 34 East, Vacuum Field, Lea County, New Mexico.

PAGE -4-

Docket No. 30-63 Docket No. 31-63

CASE 2930:

Application of William G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Wilson Deep Unit Area comprising 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, Lea County, New Mexico.

State of New Mexico Oil Conservation Commission

JACK M. CAMPBELL CHAIRMAN

State of New Mexico

Bil Conserbation Commission

LAND STIMMINGHOUR
E. S. JOHNNY WALKER
MEMBER



A L PONTER, JR. MEDRETARY - SMEETS

BANTA FE

October 31, 1963

Res	Case No	2930
٠.	Order No	R-2593
	Applicant:	
	William G	. Ross

Dear Sire

Mr. Howard Bratton Hervey, Dow & Hinkle Attorneys at Law Post Office Box 10 Roswell, New Mexico

(1)

Enclosed herewith are two copies of the above-referenced Cosmission order recently entered in the subject case.

Very truly yours,

L. Porter,

A. L. PORTER, Jr.

Secretary-Director

ir/					
Carbon o	opy of order	also se	nt to:		
Bobbs 00	S X		. ,,,,,		
Artesia	occ				
Astec OC	C				
OTEER	One copy h	anded to	Mr. Ross	on this	date.

Please expelite

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

-				Date_	101	31/63
CASE	2930	-14	Hearing	Date	9 am	10/30/43
- Touristan	My recommendations for	r an order	 		DSA cases are	as follows:

Entre order approving South Wilson

Handweller

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

September 21, 1964

Sinclair Oil & Gas Company P. O. Box 1677 Roswell, Hew Mexico

Attention: Mr. C. R. McClain

Gentlemen:

The South Wilson Deep Unit Agreement was approved on Getcher 31, 1963, by New Mexico Oil Conservation Commission Green No. R-2593, the order to become effective upon approval of the unit agreement by the Commissioner of Public Lands. Oil Conservation Commission Order No. R-2593, paragraph (5) states as follows: "That the unit operator shall file with the Commission an executed original or executed counterpart of the South Wilson Deep Unit Agreement Within 30 days after the effective date thereof." Paragraph (5) has not been complied with nor has notification of Commissioner's approval been received by this office. Also, approval of Sinclair Oil & Gas Company as Unit Operator by the Commissioner has not been filed with the Commission. It would be appreciated if you would provide the above correspondence and documents so that the file of Commission Case No. 2930 will be complete.

Very truly yours,

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

ALP/JEK/og

BEFORE THE CIL COMSERVATION COMMISSION OF THE STATE OF MEN MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL COMSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF COMSIDERING:

> CASE No. 2930 Order No. R-2593

APPLICATION OF WILLIAM G. ROSS FOR APPROVAL OF THE SOUTH WILSON DEEP UNIT AGRESMENT, LEA COUNTY, MEN MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1963, at santa Pe, New Humico, before Daniel S. Rutter, Examiner daly appointed by the Gil Conservation Commission of New Humico, hereinsites referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

MOW, on this <u>31st</u> day of October, 1963, the Commission, a quorum being present, having considered the application, the evidence addresd, and the recommendations of the Examiner, Daniel S. Mutter, 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, William G. Ross, seeks approval of the South Wilson Deep Unit Agreement covering 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, HMPM, Lea County, New Mexico.
- (3) That approval of the proposed South Wilson Deep Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

- (1) That the South Wilson Deep Unit Agreement is hereby approved.
- (2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the

-2-CASE No. 2930 Order No. R-2593

development and operation of the South Wilson Deep Unit Area, and such plan shall be known as the South Wilson Deep Unit Agreement Plan.

(3) That the South Wilson Deep Unit Agreement Plan 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, daty, or obligation which is now, or may hereafter be, vested in the Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the South Wilson Deep Unit, or relative to the production of oil or gas therefrom.

(4) (a) That the unit area shall be:

HEN MEXICO PRINCIPAL MERIDIAN

TORNERIP 21 SOUTH, RANGE 34 RAST
Section 14: SW/4
Section 21: SE/4
Section 21: S/2
Section 22: SW/4 and E/2
Section 23: W/2. SE/4 and S/2 NE/4
Section 26: E/2
Section 27: All
Section 28: All
Section 33: All

containing 3,920 acres, more or less.

- (b) That the unit area may be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.
- an executed original or executed counterpart of the South Wilson Deep Unit Agreement within 30 days after the effective date thereof. 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.
- (6) 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 shall terminate ipso facto upon the

-3-CASE No. 2930 Order No. R-2593

termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Countsion may does necessary.

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

> STATE OF HIM MIXICO OIL COMMINVATION COMMISSION

JOEKH GUNDELL CHALTMAN

Al Penter L

A. L. PORTER, Jr., Momber & Secretary

HUMBLE OIL & REFINING COMPANY SOUTHWEST REGION THE ANGENIES OF THE CONTROL OF THE PROPERTY OF

P. O. BOX 1597
ROSWELL, NEW MEXICO

November 15, 1963

New Mexico Oil Conservation Commission Attention: Mrs. Ida Rodriguez P. O. Box 871 Santa Fe, New Mexico

Dear Ida:

Enclosed are the documents I borrowed from your unit files Friday. Thanks again for your help.

Very truly yours,

James C. West

JCW:mm

Encl.

REGISTERED MAIL

J. M. HERVEY 1874-1083 HIRAM M. DOW
CLAMENCE E. HIMKLE
W. E. BONDURANT, JR.
GEORGE H. HUNNER, JR.
HOWARD C. BRATTON
B. B. CHRISTY IV.
LEWIS C. COX, JR.
PAUL W. EATON, JR.

HERVEY, DOW & HINKLE HINKLE BUILDING

MAIN OFFICE OCC

ROSWELL, NEW MEXICO

TELEPHONE 622-6510

AND CODE 5029

Post Office Box 10 1963 NOV

November 6, 1963

Mr. A. L. Porter, Jr. Secretary-Director New Mexico Oil Conservation Commission P.O. Box 871 Santa Fe, New Mexico

> Re: South Wilson Deep Unit Agreement, Lea County, New Mexico

Dear Mr. Porter:

We enclose executed copy of Consent and Ratification of the South Wilson Deep Unit Agreement, by the Merchant Livestock Company and the L.B.M. Cattle Company, the owners of the royalty interest in and to Tract 16 committed to the Unit Agreement by the Wilson Oil Company and Wyoming Oil Company. Please file this copy with the approved copy of the Unit Agreement which we forwarded to you.

Yours very truly,

HERVEY, DOW & HINKLE

CEH: ev

Encl.

cc: Mr. Wm. G. Ross Box 1094 Midland, Texas

Hiram M. Dow Clarence E. Hinkle W. E. Bondurant, Jr Ceorge H. Hunker, CONRAD E. COFFIELD HAROLD L. HENSLEY, JR MICHAEL R. WALLER

LAW OFFICES HERVEY, DOW & HINKLE MAIN OFFICE OCC

HINKLE BUILDING

ROSWELL, NEW MEXICES COT 19 PH

October 18, 1963

Bac 2930

Mr. Daniel S. Nutter New Mexico Oil Conservation Commission P.O. Box 871 Santa Fe, New Mexico

Re: South Wilson Deep Unit, Lea County, New Mexico

Dear Mr. Nutter:

We enclose in triplicate application of William G. Ross for approval of the South Wilson Deep Unit Agreement embracing lands situated in Township 21 South, Range 34 East, N.M.P.M. and which you have set down on the Examiner's Hearing for October 30. You will also find enclosed three copies of the proposed form of unit agreement.

Yours sincerely,

HERVEY, DOW & HINKLE

CEH: ev

Encls.

cc: Mr. Wm. G. Ross P.O. Box 1094 Midland, Texas

DOCKET MAHED

Mar 2930

BEFORE THE OIL CONSERVATION COMMISSION OFFICE OCCU

APPLICATION FOR APPROVAL OF CCT 19 PM 4:43
SOUTH WILSON DEEP UNIT
Lea County, New Mexico

New Mexico Oil Conservation Commission Santa Fe, New Mexico

Comes the undersigned, William G. Ross, Midland, Texas, acting by and through the undersigned attorneys, Hervey, Dow & Hinkle of Roswell, New Mexico, and files herewith three copies of the proposed Unit Agreement for the South Wilson Deep Unit Area, Lea County, New Mexico, and hereby makes application for the approval of said Unit Agreement as provided by law and the rules and regulations of the New Mexico Oil Conservation Commission, and in support thereof states:

1. That the proposed unit area embraces 3,920 acres, situated in Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and which is more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN

Township 21 South, Range 34 East

Section 14: SWZ Section 15: SEŁ Section 21: S1/2. Section 22: SWZ and Ez ₩2, SE% and S%NE% Section 23: Section 26: N⅓ Section 27: Ali Section 28: A11 Section 33: A11

containing 3,920 acres, more or less.

- 2. That applicant is informed and believes and upon such information and belief states that the proposed unit area covers all or substantially of a geophysical feature or anomaly and that in the event of the discovery of oil or gas, that said unit agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of unitized substances.
- 3. The applicant proposes to cause a test well to be drilled in the SW2 of Section 23, Township 21 South, Range 34 East, N.M.P.M., to a depth sufficient to test the Devonian Formation expected to be encountered

at a depth of approximately 14,000 feet, but applicant is not to be obligated in any event to drill said well to a depth in excess of 14,100 feet.

- 4. That the proposed form of unit agreement is substantially the same as that heretofore used and approved by the Oil Conservation Commission and the Commissioner of Public Lands where State lands are involved.
- 5. That applicant believes that in the event oil or gas in paying quantities should be discovered on the lands within the unit area that the pool or field will be developed more economically and efficiently under the terms of the said unit agreement to the end that the maximum recovery of unitized substances will be obtained and that said unit agreement is in the interest of conservation and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes and regulations.
- 6. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement, and after approval
 thereof by the Commissioner of Public Lands, an approved copy will be filed
 with the Commission.

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of the approval of said unit agreement and that upon said hearing, said unit agreement be approved by the Commission as being in the interest of conservation and the prevention of waste.

DATED this the /8 day of October, 1963.

Respectfully submitted,

WILLIAM G. ROSS

Attorney

HERVEY, DOW & HINKLE

Attorneys for Applicant

P. O. Box 10

Roswell, New Mexico

BEFORE THE OIL CONSERVATION CONMISSION STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF SOUTH WILSON DEEP UNIT Lea County, New Mexico

New Nexico Oil Conservation Commission SANCA Pe, Mew Mexico

Comes the undersigned, William G. Ross, Midland, Texas, acting by and through the undersigned attorneys, Hervey, Dow & Hinkle of Roswell, New Mexico, and files herewith three copies of the proposed Unit Agreement for the South Wilson Deep Unit Area, Lea County, New Mexico, and hereby makes application for the approval of said Unit Agreement as provided by law and the rules and regulations of the New Mexico Oil Conservation Commission, and in suspect thereof states:

1. That the proposed unit area embraces 3,920 acres, situated in Township 21 South, Range 34 East, M.M.P.M., Les County, New Mexico, and which is more particularly described as follows:

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Township 21 South, Rance 34 Hast

Section 14: SWA

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Section 26:

Section 27: All

Section 28: All

Section 33: **A11**

containing 3,920 acres, more or less.

- 2. That applicant is informed and believes and upon such information and belief states that the proposed unit area covers all or substantially of a geophysical feature or anomaly and that in the event of the discovery of oil or gas, that said unit agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of unitized substances.
- 3. The applicant proposes to cause a test well to be drilled in the SWk of Section 23, Township 21 South, Range 34 East, N.M.P.M., to a depth sufficient to test the Devonian Formation expected to be encountered

at a depth of approximately 14,000 feet, but applicant is not to be obligated in any event to drill said well to a depth in excess of 14,100 feet.

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BATED this the /8 day of October, 1963.

Respectfully submitted,

WILLIAM G. ROSS

Attorney

HERVEY, DOW & HIMKLE

Actorneys for Applicant

P. O. Box 10

Roswell, New Mexico

STATE OF MEN MEXICO

APPLICATION FOR APPROVAL OF 4: 43
SOUTH WILSON DREP UNIT
Lee County, New Menico

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New Maries Oil Conservation Commission Santa Pe, New Mexico

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DATED this the | & day of October, 1963.

Respectfully submitted,

WILLIAM G. ROSS

Attorney

HERVEY, DOW & HINKLE

Actorneys for Applicant

P. O. Box 10

Roswell, New Mexico

Sinclair

SINCLAIR OIL & GAS COMPANY

P. O. Box 1677 Roswell, New Mexico

September 23,1964

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

Attention: Mr. A. L. Porter, Jr.

Secretary-Director

Re: South Wilson Deep Unit Lea County, New Mexico

Gentlemen:

In connection with your letter of September 21, 1964, and in order that you may close the Commission file on Case No. 2930, we submit the following:

- 1. Executed counterpart of South-Wilson Deep Unit.
- Verifax copy of letter dated November 8, 1963, from W. G. Ross to Mr. E. S. Walker, Commissioner, wherein Mr. Ross filed photostatic copies with the Commissioner's office of instruments amounting to 90.8% concurrence of members of unit electing Sinclair as Unit Operator.
- 3. Verifax copy of letter dated November 8, 1963 from Mr. R. M. Kobdish, vice president of Sinclair, to Mr. E. S. Walker, Commissioner, wherein Sinclair accepted the duties and responsibilities of Unit Operator in accordance with paragraph 5 of the Unit Agreement.

We trust the enclosed is sufficient to close your file and deeply regret the oversight and any inconvenience caused your department. We had assumed that Mr. Ross, the initial operator, had accomplished these filings with the Commission.

Yours very truly

Jo R. Lodle / District Landman

JRL/mke Encls.

Hon. S. S. Walker Commissioner of Public Lands State of New Mexico Santa Ps, New Mexico

> Re: South Wilson Deep Unit Lea County, New Mexico

Deer Sire

Reference is made to Unit Agreement and Unit Operating Agreement for the Development and Operation of the South Wilson Deep Unit Area, Les County, New Maxico, each agreement being dated October 21, 1963. This unit was approved by your office as evidenced by Cartificate of approval dated October 30, 1963.

Mr. Wm. G. Ross is designated as unit operator under these agreements and desires to resign and name Sinclair Oil & Ges Gementy as successor unit operator.

This letter is to advise that Sinclair Oil & Gas Company agrees to accept all the duties and responsibilities of unit eperator in accordance with sumerical paragraph 5 of the Unit Agreement in the event the Commissioner approves the selection of Sinclair Oil & Gas Company as successor unit operator.

It is our understanding that Mr. Mm. G. Ross is today forwarding to you by separate letter evidence that more than 75% of the working interest owners agree to select Simulair Oil & Gas Company as successor unit operator.

Your early consideration and approval of this matter will be greatly appreciated.

Yours truly,

SINCLAIR CIL & GAS COMPANT

COTY OF BIGNED R. M. KOBDISH

R. M. Kobdish Vice President

RLO:bje
ce: Mr. Wn. G. Ross
bec: Mr. R. W. Knopp
Mr. Jo. R. Lodle ...

DIST A THE TREATMENT

WM. G. ROSS

MIDLAND, TEXAS

BUS. PHONE MU 3-1418 RES. PHONE MU 2-2963

November 8, 1963

In re: Ny 6310 Lee County, New Mexico South Wilson Deep Unit Township 21-South, Reage 35-Rest

Mr. E. S. Walker Land Commissioner New Mexico State Land Office Senta Fe, New Mexico

Deer Stre

With reference to the above captioned, and that certain Unit Agreement for the development and operation of said unit dated October 21, 1963, Section 5, it is my desire to turn the operation of this unit over to Sinclair Oil & Gas Company, whose address is Box 11/70, Midland, Texas. With further regard to this matter, I am emelosing photostate of the following listed instruments:

	PERCENTAGE OF ACREAGE CONSULTED	TIPS
	TO UNIT-AGREEMENT	Testines.
Cities Service Oil Company El Paso Natural Cas Company Humble Oil & Refining Company Pan American Petroleum Corporation	ધ .08163 દેગે00. મ ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉક્કાર્ય ઉ	Vire Letter Letter Vire
Sinclair Gil & Cas Company Wilson Gil Company Wyoming Gil Company	2.01062 26.02011 30.10801	See Note Relar Letter Letter
	90.81632	

It will be noted that Sinclair Oil & Gas Company's letter is not included in the above listed instruments, however, as of this date this company is forwarding your office a letter in which it will accept in writing the duties and responsibilities of unit operator.

I would greatly ampreciate receiving from your office a letter accepting Simulair Oil & Gas Company as unit operator at your earliest convenience.

M M

WOR/he

um. G. Ross

CC: Jo. R. Lodle, Sinclair Oil & Gas Company - Rossell, New Pexico R. L. Osborn, Sinclair Oil & Gas Company - Midland, Texas

PS: Fure, Sun and obil have agreed for Sinclair to overate, however, I have not received letters from these companies to date.

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

some wilder they will

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which described within the attached Agreement, dated enter which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

now, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this day of 19

of the State of New Mexico

UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON DEEP UNIT AREA LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the <u>2/</u> day of October, 1963, by and berween the parties subscribing, ratifying or consenting hereto, and herein sometimes referred to as the "parties hereto,"

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other oil and gas interest 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 (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 153 Annot.), to consent to and approve the development and 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 (Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annot.) 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. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annot.) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the South Wilson Deep 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. <u>UNIT AREA</u>: The following described land is hereby designated and recognized as constituting the unit area:

Township 21 South, Range 34 East, N.M.P.M.

Section 14: SWk Section 15: SEk

Section 21: St

Section 22: SW and E2

Section 23: Wa, SEt and StNEt

Section 26: N2

Section 27: All

Section 28: All

Section 33: All

containing 3,920 acres, more or less.

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 know 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 rights 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 the unit area render such revisions necessary or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner."

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

- 2. <u>UNITIZED SUBSTANCES</u>: All oil, gas and associated hydrocarbon substances in any and all formations of the unitized lands, below a depth of 5,200 feet below the surface, are unitized under the terms of this agreement and herein are called "unitized substances."
- 3. <u>UNIT OPERATOR</u>: Wm. G. Ross of Midland, Texas, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in him 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 provided herein. 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 him hereunder occurring prior to the effective date of his resignation.

Unit operator may, upon default or failure in the performance of his duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interest 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.

- 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 interest 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 the 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 his 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, on or before November 10, 1963, 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 Devonian 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 14,100 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 (6) months from the time of the completion of the initial discovery well and within thirty (30) days after the expiration of each twelvemonth period thereafter file a report with the Commissioner and the Commission of the status of the development of the unit area and the development contemplated for the following twelve-month 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 greates 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 interest 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.

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 now, or should hereafter be, 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 providied 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 term of each such lease as to lands within the unitized area to the provisions and term of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insolar as it applied to lands within the unitized area, shall continue in force beyond the term provided therein so 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 may be 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 commencing 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 capable of 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 if 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. <u>CONSERVATION:</u> 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.
- or gas in paying quantities should be brought in on land adjacent to the unit area and 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.
- 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 by the grantee, transferee or other successor in interest. No assignment or transfer of 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 operator is furnished with the original, photostatic or certified copy of the recorded instrument or 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 can be produced from the unitized land in paying quantities, 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 percent (75%) on an acreage basis of the owners of the working interest 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 interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

- 20. <u>NOTICES</u>: 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 the 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; provided, however, after operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. A subsequent joinder shall be effective as of the first day of the month following the filing with and approval by the Commissioner 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 of 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 by separate instruments 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.

		WM, G, ROSS
		ВУ:
		Address:
		Unit Operator
	WORKING INTEREST	
ATTEST:		CITIES SERVICE OIL COMPANY
		BY:
Secre	tary	
Date		Address:

ATTEST:		EL PASO NATURAL GAS COMPANY
		BY:
	Secretary	
	Date	Address:
ATTEST:		HUMBLE OIL & REFINING COMPANY
	· · · · · · · · · · · · · · · · · · ·	BY:
	Secretary	
	Date	Address:
ATTEST:		PAN AMERICAN PETROLEUM CORPORATI
		BY:
	Secretary	
	Date	Address:
ATTEST:		THE PURE OIL COMPANY
	-	BY:
	Secretary	·
	Date	Address:
ATTEST:		SINCLAIR OIL & GAS COMPANY
		BY:
	Secretary	
	Date	Address:

ATTEST:		SOCONY MOBIL OIL COMPANY, INC.
		BY:
	Secretary	
	Date	Address:
ATTEST:		SUN OIL COMPANY
		BY:
	Secretary	
	Date	Address:
	Date	Address:
 ATTEST:		TIDEWATER OIL COMPANY
AllESI:		
	Secretary	BY:
	Date	Address:
 ATTEST:		WILSON OIL COMPANY
•		BY:
	Secretary	
	Date	Address:
		FRANCES P. BOLTON, D.B.A. WYOMING OIL COMPANY
		BY:
		Address:

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•	□ STA	ATE 3,880.00 A. 98.97959 E 40.00 1.02041 3,920.00 A. 100.0000	<u> </u>	SOUTH WILSON (REVISE LEA COUNTY, NE	M MEXICO

- UNIT OUTLINE

LAND OWNERSHIP MAP

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EXHIBIT

EXHIBIT "B"
SOUTH WILSON DEEP UNIT
LEA COUNTY, NEW MEXICO

						LEA	MONTI	MEM WEX	TCO	the second second second	- 481 341 44
	Tract		cri La	ption nd		Serial No. & Date of Lease	Basic	Royalty		Overriding Royalty & Percentage	Working Int
	(STATE	LANDS	- /	All in Tow	mship 21 S	South, Range 34	East,	N.M.P.M.	<u>):</u>		
	1	Sec.	14:	SWZ	160.00	B-1484 12-19-32 H.B.P.	State	- A11	Cities Service Oil Company	None	Citles Sacrati Company
	2	Sec.	15:	Eżseż	80.00	B-2287 H.B.P.	State	- A11	Sun Oil Company	None	Sun O ₁ 1 Can
	3	Sec.	15:	Wzseż	80.00	OG 5590 6-16-59	State	- A11	The Pure Oil Company	None	The Pure 0il
		Sec.		Sł Wł, Włneł Seł	880.00	E-7573 History & 11-17-53		- A11	Wilson Oil Company	None	Wilson 0il 4 1/2 *Wyoming 0il 1/2
	5	Sec.	22:	E½	320.00	E-9204 7-19-55	State	- All	Humble Oil & Re- fining Company	None	Humble Oil & fining Comp
		Sec.	22:	SW₹	160.00	0G-1421 10-15-57	State	- A11	Socony Mobil Oil Company, Inc.	None	Socony Mobil Company, In
	→ 7 :	Sec. : SW૱			200.00	E-229 3-10-45 H.B.P.	State	- A11	Wilson Oil Company	None	Wilson Oil C 1/2 *Wyoming Oil 1/2
	8	Sec. 2 SEŁI		nżnwł,	120.00 ~	B-9084 App. 4 4-10-41 P	State	- A11	Wilson Oil Company	None	Wilson Oil Co 1/2 *Wyoming Oil 1/2
-	9 8	Sec. 2	23:	SE\SE\	40.00	B-1651 1-23-33 H.B.P.	State	- A11	Tidewater Oil Company	None	Tidewater Oi

EXHIBIT "B"
SOUTH WILSON DEEP UNIT
LEA COUNTY, NEW MEXICO

			LEA	COUNTY, NEW MEXI	Overriding		
i) i)ei	ón	Number	Serial No. & Date of Lease	Basic Royalty	Lessee of Record	Royalty & Percentage	Working Interest & Percentage
	in Ton	of Acres aship 21 S	outh, Range 34	East, N.M.P.M.	<u>):</u>	1 · · · · · · · · · · · · · · · · · · ·	Cities Service 0il
		160.00	B-1484 12-19-32 H.B.P.	State - All	Cities Service Oil Company	None '	Company All
		80.00	B-2287	State - All	Sun Oil Company	None	Sun Oil Company All
			H.B.P. OG=5590	State - All	The Pure Oil	None	The Pure 0il Company All
5: W	≱ SE≹	80.00	6-16-59		Company		Wilson Oil Company
žį.	sł ł, w <u></u> neł seł	880.00	E-7573	State - All	Wilson 0il Company	None	*Wyoming Oil Company 1/2
		320.00	E-9204	State - All	Humble Oil & Re-	None	Humble Oil & Re- fining Company All
12 :	Ež	320.00	7-19-55		fining Company		
22:	SWZ	160.00	0G-1421 10-15-57	State - All	Socony Mobil Oil Company, Inc.	None	Socony Mobil Oil Company, Inc All
23:	SWZ,	200.00	E-229 3-10-45 H.B.P.	State - All	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
23: NWZ	N½NW½,	120.00	B-9084 	State - All	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
23:	SE\SE\	40.00	B-1651 1-23-33 H.B.P.	State - All	Tidewater 0il Company	None	Tidewater Oil Company All

Trac No.	t Description of Land		Serial No & Date of Lease	Basic Royalty	Lessee of Record	Overriding Royalty & Percentage	Workin & Pe
(STAT	E LANDS - All in	Twp. 21 S.	, Rge. 34 F	E., N.M.P.M., Cont'd):			
	Sec. 23: S\u00e4Ne\u00e4, N\u00e4SE\u00e4, S\u00fc\u00e4SE\u00e4		B-11610 11-10-44 H.B.P.	State - All	Wilson Oil Company	None	Wilson *Wyomi
11	Sec. 26: N ¹ ₂	320.00	K-2597 7-12-62	State - All	Pan American Petrol- eum Corporation	- None	Pan An
12	Sec. 27: E⅓	320.00	K-2666 8-21-62	State - All	Pan American Petrol- eum Corporation	· None	Pan An eum
13	Sec. 27: ₩½	320.00	E-7420 9-15-53 H.B.P.	State - All		1/16th of 8/8ths M. A. Machris	E1 Pas Comp ∺Wyomi
14	Sec. 28: E½NE½	80.00	B-1581 1-4-33	State All	Sinclair Oil & Gas Company		Sincla
15	Sec. 33: W½, SE½, N½NE½, SE½NE½	, 600.00	H.B.P. E-7574 11-17-53	illed	Wilson Oil Company	None	Compa Wilson *Wyomi
GEE !	LANDS - Township 2	21 South,	Range 34 Ea	st, N.M.P.M.:			a S. 142 a series of the serie
16	Sec. 33: SWZNEZ	40.00		Merchant Livestock Company: 67.63% L. B. M. Cattle Co.: 32.37%	Wilson Oil Company	None	Wilson *Wyomi
	RECAPITULATION:	Tracts: 15 State 1 Fee Tr	ract	Acres: 3,880.00 40.00	Percent of Unit A 98.97959 1.02040	Area:	
	TOTAL:			3,920.00	99.99999		

Exhibit "B" - South Wilson Deep Unit - Page 2

^{*} Working interests shown in Wyoming Oil Company are held by Frances P. Bolton, d/b/a Wyoming Oil Company.

Exhibit "B" - South Wilson Deep Unit - Page 2

estador e	Number of Acres	Serial No & Date of Lease	Basic Royalty	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
	wp.,21 S.	Rge. 34 E	., N.M.P.M., Cont'd		eli erre li oga i ompakijna a hurata s om	Miller in der Miller Australie im der Bereit in der Abert von Anteren eine Anteren Steine Andere der Andere A Miller in der Miller Auftrag der Anteren Anteren Anteren Anteren Anteren Anteren Anteren Anteren Anteren Anter
	200.00	B-11610 11-10-44 H.B.P.	State - All	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
	320.00	K-2597 7-12-62	State - All	Pan American Petrol- eum Corporation	- None	Pan American Petrol- eum Corporation All
	320.00	K-2666 8-21-62	State - All	Pan American Petrol- eum Corporation	- None	Pan American Petrol- eum Corporation All
	4	E-7420 9-15-53 H.B.P.	State - All	El Paso Natural Gas Company	1/16th of 8/8ths M. A. Machris	El Paso Natural Gas Company 1/2 *Wyoming Oil Company 1/2
	Manual Control of the	B-1581 1-4-33 H.B.P.	State - All	Sinclair Oil & Gas Company	None	Sinclair Oil & Gas Company All
	600.00	E-7574 11-17-53	State - All	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
dp 2	1 South, R	Range 34 Eas	st, N.M.P.M.:			
	40.00 E		Merchant Livestock Company: 67.63% . B. M. Cattle Co.: 32.37%	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
	Tracts: 15 State 1 Fee Tr 16 Tracts	act	Acres: 3,880.00 40.00 3,920.00	Percent of Unit 98.97959 1.02040 99.99999	Area:	

sts shown in Wyoming Oil Company are held by Frances P. Bolton, d/b/a Wyoming Oil Company.

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 of revenue.

any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instruments 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.

BY: State of the s
Address: Box 1099
Address: 108 109 15899 Unit Operator

WORKING INTEREST OWNERS

ACTESTS	CITIES SERVICE OIL COMPANY
·	BY: #5
Secretary	H. Scott Thompson
October 25, 1963	Attorney-in-Fact
Date	Address: Cities Service building
	Bartlesville, Oklehoma

ATTEST:		EL PASO NATURAL GAS COMPANY
		BY: - Mari fruits
	Secretary	ATTORNEY-IN-FACT
oct	24,1963	
	Date'	Address: P O Rox 1402
. eallows / . / /		El Paso, Texas
ATTEST:		HUMBLE OIL & REFINING COMPANY
1		BY:
!	Secretary	
	Date	Address:
ATTEST:		PAN AMERICAN PETROLEUM CORPORATION
		BY: SEE ATTROHED
	Secretary	RATIFICATION
	Date	Address:
ATTEST:		THE PURE OIL COMPANY
		BY:
	Secretary	D.L.
	Date	Address:
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ATTEST:		SINCLAIR OIL & GAS COMPANY
	2/2	APPROV
CA	Secretary	BY: Vice-President
	TO A SACRET	S Pw
	1,000 OCT 28 1933	P. O. BOX 1470 MIDLAND, TEXAS

ATTEST:	SOCONY MOBIL OIL COMPANY, INC.
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Date	Address:
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	BY:
Secretary	
Date	Address:
ATTEST:	TIDEWATER OIL COMPANY
	BY:
Secretary	
Date	Address:
ATTEST:	WILSON OIL COMPANY
Socration	BY:
Secretary	
Date	Address:
	FRANCES P. BOLTON, D.B.A. WYOMING OIL COMPANY
	BY: CEF ATTACHED
	RATIFICATION

ATTEST:		EL PASO NATURAL GAS COMPANY
	To Book was a series	with BY: The entropy of the control of the contro
Secretary		
Date		Address:
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ATTEST:	Desc. 21	HUMBLE OIL & REFINING COMPANY
	Int h.l.V	BY: Almand Here, Done
Secretary	Acctg.	Agent And Attorney-in-Fred
10-28-63	Prod. //	Address: Houston, Texas, After Empl. &
Date		Frod. Acctg. Office
		(2) All Others: 7. 0. Box 1400, red-land, Texas, Arth: read. Mg
ATTEST: 777		PAN AMERICAN PETROLEUM CORPORATION
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Date		Address:
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Secretary		BY: Gullamach Form
Secretary OCT 2 4 1963		BY: Desc. Form Division Managor, Terms, Southern Producing Division
Secretary		BY: Desc. Form Division Managor, Terms, Southern Producing Division
Secretary OCT 2 4 1963		BY: Desc. Form Division Managor, Terms, Southern Producing Division
Secretary OCT 2 4 1963		BY: Desc. Form Division Manager. Terms. Southern Producing Division Address: First City National Bank Bldg.
Secretary OCT 2 4 1963		BY: Desc. Form Division Manager. Terms. Southern Producing Division Address: First City National Bank Bldg.
OCT 2 4 1963 Date		Desc., Form Division Manager., Terms, Southern Producing Division Address: First City National Bank Bldg. Houston 2, Texas SINCLAIR OIL & GAS COMPANY
OCT 2 4 1963 Date		Division Manager, Southern Producing Division Address: First City National Bank Bldg. Houston 2, Texas
OCT 2 4 1963 Date ATTEST:		BY: Division Managor. Southern Producing Division Address: First City National Bank Bldg. Houston 2, Texas SINCLAIR OIL & GAS COMPANY

ATTEST:	SOCONY MOBIL OIL COMPANY, INC.
Secretary	BY:
Date	Address:
ATTEST:	SUN OIL COMPANY BY: Sold Colle Agent and Attorney in Fact
Ocronet v3 1963 Date	Address: PO Boy Vilo
	DALLAS TOXAS
ATTEST:	TIDEWATER OIL COMPANY BY:
Secretary	
OIL COMPANY	Address:
ATTEST: E	WILSON OIL COMPANY BY: Quick Silver
Secretary 10/29/63 Date	Address: Box 6
	SANTE PR NEW MERKS
	FRANCES P. BOLTON, D.B.A. WYOMING OIL COMPANY
	BY:
	Address:

ATTEST!	SOCONY MOBIL OIL COMPANY, INC.
Secretary OCT 28 1963	BY: Kennell 7. Keller Attorney-in-fact
Date	Address: P. O. Box 633 Midland, Tex
ATTEST:	SUN OIL COMPANY
Secretary	BY:
Date	Address:
ATTEST:	TIDEWATER OIL COMPANY
Secretary	BY:
Date	Address:
ATTEST:	WILSON OIL COMPANY
Secretary	BY:
Date	Address:
	FRANCES P. BOLTON, D.B.A. WYOMING OIL COMPANY
	BY:
	Address:

RATIFICATION OF AGREEMENTS ENTITLED "UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON DEEP UNIT AREA, LEA COUNTY, NEW MEXICO", AND "UNIT OPERATING AGREEMENT, SOUTH-WILSON DEEP UNIT AREA, LEA COUNTY, NEW MEXICO"

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, PAN AMERICAN PETROLEUM CORPORATION hereby acknowledges receipt of a true and correct copy of that certain agreement dated October 21, 1963, entitled "Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, Lea County, New Mexico", which agreement is hereinafter referred to as the "Unit Agreement", and a true and correct copy of that certain agreement dated October 21, 1963, entitled "Unit Operating Agreement, South Wilson Deep Unit Area, Lea County, New Mexico", which agreement is hereinafter referred to as the "Unit Operating Agreement"; and

WHEREAS, Exhibits "A" and "B" attached to and made a part of said Unit Agreement identify the separately owned tracts within the unit area covered by said agreements, and Pan American Petroleum Corporation is a working interest owner in one or more of said tracts; and

WHEREAS, Pan American Petroleum Corporation, being familiar with the contents of said Unit Agreement and said Unit Operating Agreement desires to ratify and confirm said agreements.

NOW, THEREFORE, PAN AMERICAN PETROLEUM CORPORATION does hereby ratify and confirm said Unit Agreement and Unit Operating Agreement with respect to all of its interests in the tracts identified by said Exhibits "A" and "B", thereby becoming a party to each of said agreements.

PAT AMERICAN PETROLEUM CORPORATION

EXECUTED, this 24th day of October, 1963.

ARdinikh	By Area A	PPRO
Assistant Secretary	D. B. Mason, Jr. Attorney in Fact) n
STATE OF TEXAS) COUNTY OF TARRANT)		
On this John day of Latitus, D. B. Mason, Jr. did say that he is the Attorney in Fact of PAN that the seal affixed to said instrument is the and that said instrument was signed and sealed authority of its Board of Directors, and said	y known, who, being by me duly swo AMERICAN PETROLEUM CORPORATION, ar corporate seal of said corporation in behalf of said corporation by D. B. Moson, Jr.	nd
acknowledged said instrument to be the free act in witness whereof, I have hereunto set this, the day and year first above written. My Commission expires:	-	<u></u>

CONSENT AND RATIFICATION
OF UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH
WILSON DEEP UNIT AREA, LEA COUNTY, NEW MEXICO

East, N.M.P.M., Lea County, New Mexico, have been committed to the South Wilson Deep Unit Agreement which designates W. G. Ross as the Unit Operator; and

WHEREAS, Frances P. Bolton, doing business as Wyoming Oil Company, is one of the lessees of record of certain State of New Mexico oil and gas leases and a private lease committed to the South Wilson Deep Unit Area and described in Exhibit "B" attached to the Unit Agreement; and

WHEREAS, the South Wilson Deep Unit Agreement has not been submitted for final approval to the Director and to the Commissioner, and pursuant to its terms, the undersigned owner desires to subscribe and consent to the Unit Agreement and Unit Operating Agreement for the Development and Operation of the South Wilson Deep Unit Area, Lea County, New Mexico.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCES P. BOLTON, doing business as Wyoming Oil Company, does hereby ratify and consent to all of the terms and provisions of the South Wilson Deep Unit Agreement and Unit Operating Agreement for all intents and purposes the same as if she had executed the original instruments. This Consent and Ratification of Unit Agreement and Unit Operating Agreement shall be construed as

a covenant running with the land affected hereby and as such the same shall be binding upon and inure to the benefit of Frances P. Bolton, doing business as Wyoming Oil Company, her heirs and assigns.

EXECUTED this 2/st day of October, 1963.

Trac	ts o	COM	nit	ted	by
this	rat	if	ica	tior	1:

race nos	XTranses 1
	Frances P. Bolton, dba
	Wyoming Oil Company

DISTRICT OF COLUMBIA, ss.

The foregoing instrument was acknowledged before me this 2/st day of October, 1963, by FRANCES P. BOLTON, doing business as Wyoming Oil Company.

My commission expires:

My Commission Expires Nov. 14, 1967

2. La Venne Tunke Notary Public

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CONSENT AND RATIFICATION SOUTH WILSON DEEP UNIT AGREEMENT EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the South Wilson Deep Unit Area, Lea County, New Mexico, which said agreement is dated October 21, 1963 and acknowledge that they are familiar with the terms and conditions thereof. The undersigned also being the lessors under the terms of a certain oil and gas lease held by the Wilson Oil Company as lessee covering the SWANEL of Section 33, Township 21 South, Range 34 East, N.M.P.M. and being described as Tract No. 16 on Exhibit "B" attached to the Unit Agreement, do hereby commit their royalty and mineral interests in and to said tract to the South Wilson Deep Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof exactly the same as if each of 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 their respective acknowledgments.

MERCHANT LIVESTOCK COMPANY

ATTEST: E. M. Learson	By JD Menchant
Secretary.	President
	L. B. M. CATTLE COMPANY
Mattie Seech Muchant	By BMerchaux
Secretary	President
STATE OF NEW MEXICO)	
COUNTY OF EDDY) ss.	
The foregoing instruction day of Mounter, of Merchant Livestock Company, behalf of said corporation.	ment was acknowledged before me this 1963, by Merchant, President a corporation, on Nutt P. Saunder
My Commission Expires:	Notary Public
March 22, 1964.	
STATE OF NEW MEXICO)) ss. COUNTY OF EDDY)	
The foregoing instruction of Movember,	ment was acknowledged before me this 1963, by <u>L.b. Trenshant</u> , President
of L. B. M. Cattle Company, a behalf of said corporation.	Town Mefect corporation, on
My Commission Expires:	Notary Public



SINCLAIR OIL & GAS COMPANY

P. O. Box 1677 Roswell, New Mexico

April 27, 1964

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

> Re: South Wilson Deep Unit Lea County, New Mexico Case No. 2930 Order No. R-2593

MAIN OFFICE OF

Gentlemen:

Enclosed herewith for your information and files the following:

- Reproduced copy of executed Consent and Ratification instrument signed by M. A. Machris and Paquita Lick Machris, his wire; El Paso Natural Gas Company; Sinclair Oil & Gas Company; and, Frances P. Bolton d/b/a Wyoming Oil Company.
- 2. Executed copy of Consent and Ratification instrument signed by Myles A. Colligan and Coralee E. Colligan, his wife; El Paso Natural Gas Company; Sinclair Oil & Gas Company; and, Frances P. Bolton d/b/a Wyoming Oil Company.
- Reproduced copy of executed Consent and Ratification instrument signed by Frank Lake and Estelle L. Lake, his wife.

Yours very truly,

Jo. R. Lodle District Landman

By:

C. R. McClain

CRM/mke Encls.

CONSENT AND RATIFICATION

TO

UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON DEEP UNIT AREA, COUNTY OF LEA, STATE OF MEW MEXICO

In consideration of the execution of that certain Unit Agreement for the Development and Operation of the South Wilson Deep Unit Area, County of Lea, State of New Mexico, dated 21st of October, 1963 (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Unit Area described and designated in said Unit Agreement, hereby severally, each to the extent of his, her or its particular ownership or interest, comsent to commitment of said lands to said Unit Agreement, approve, adopt ratify, and confirm the terms of said Unit Agreement and any modifica 2 tions thereof approved by the Commissioner of Public Lands for the State of New Mexico or other State officer authorised to approve Unit Agree as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly discuted said Unit Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Unit Args, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Unit Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Unit Area, be deemed fully performed by performance of the provisions of said Unit Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the besis of production, allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefron, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said South Wilson Deep Unit Agreement) effective as of the first day of the month following the filling with the Commissioner of Public Lands of the State of New Mexico or other officer authorised to approve Enit Agreements.

EXECUTED the day and year hereinbelow set forth.

ADDRESS

11681 San Vicente Boulevard Los Angeles, California 90049 SIGNATURE

11681 San Vicente Boulevard

Los Angeles, California 90049

Pagolta Lick

ACERIS, his wife

Date: November 21, 1963

(Joint Acknowledgment for New Mexico)

COUNT OF California)

COUNTY OF Los Angeles)

On this 21st day of November, 1963, before me appeared M. A. MCMRIS and Paquita Lick MCMRIS, his wife, to me known to be the persons described in and who executed the foregoing instrument, and plantaledged to me they executed the same as their free act and deed.

Comitación expires logues 20, 1964

Hotary Public

Helen T. Edwards, Notary Public in and for Los Angeles County, California

COMMENTED TO AND ACCEPTED BY:

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CONSENT AND RATIFICATION

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UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON DEEP UNIT AREA, COUNTY OF LEA, STATE OF NEW MEXICO

In consideration of the execution of that certain Unit Agreement for the Development and Operation of the South Wilson Deep Unit Arek County of Les, State of New Mexico, dated 21st of October, 1963 (a Depy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests is production from lands, lying within the boundaries of the Unit Area described and designated in said Unit Agreement, hereby severally, each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Unit Agreement, approve, adopt, ratify, and confirm the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands for the State of New Mexico or other State officer authorized to approve Unit Agreement as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Unit Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Unit Ares, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Unit Agreement; that the drilling and development requirements of all lesses, sublesses, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Unit Area, be decared fully performed by performance of the provisions of said Unit Agreement, and that payment for or delivery of (whichever may be required under prior-agreements)-oil-and-of-the-proceeds-of-gas-duly-made-upon-the-basof production, allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, sublesses or other contracts,

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said South Wilson Deep Unit Agreement) effective as of the first day of the month following the filing with the Commissioner of Public Lands of the State of New Mexico or other officer authorized to approve Unit Agreements.

EXECUTED the day and year hereinbelow set forth.

2004/2/m De	Myles A. Colligan
Address The dland, In to, Date: 2-14-69	Myles A. Colligan
	Coulse & Callinar Collinson, his wife
1411 COUNTRY CLUB MIDLAND, TEXAS	0001111
MIDLAND TEXAS	C.L. Milburn a surgle war
Date 2-14-64	
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The foregoing instrument was acknowledged before me this 13th day of , 1964, by FRANCES P. BOLTON d/b/a WYOMING OIL COMPANY to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

Witness my hand and official seal.

My commission expires:

STATE OF TEXAS

My Commission Expires Nov. 14, 1967

J. La Venne Linkerton Notary Public

RATIFICATION AND JOINDER

OF

UNIT AGREEMENT FOR THE DEVELOPMENT AND OFERATION OF THE SOUTH WILSON DEEP UNIT AREA LEA COUNTY, NEW NEXICO

In consideration of the execution of the UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, by the working interest owners named therein (a copy of which has been delivered to the undersigned), in form approved on behalf of the Secretary of the Interior, the undersigned owner or owners of lands or leases, or interests therein, or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his, her or its ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, join, approve, ratify and adopt the terms and provisions of said Unit Agreement to the same extent as if said owner had signed the original agreement and any modifications thereof approved by the Secretary of the Interior or his duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall become effective and be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby upon the approval of said Unit Agreement by the Secretary of the Interior, or his duly authorized representative, or otherwise as provided in the Unit Agreement for subsequent joinder, and when so executed shall be binding upon the undersigned, his, her or its respective heirs, devisees, assigns or successors in interest.

Each married person is joined herein by his or her res-

THE STATE OF TEXAS

OF MIDLAND

The foregoing instrument was acknowledged before me this LAKE, his wife.

saida Expires:

Wotery Public in and for Midland Midlan dounty, Texas

UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON DEEP UNIT AREA LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 2/ day of October, 1963, by and between the parties subscribing, ratifying or consenting hereto, and herein sometimes referred to as the "parties hereto,"

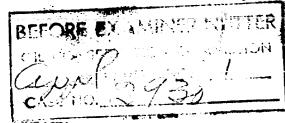
WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other oil and gas interest 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 (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 153 Annot.), to consent to and approve the development and 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 (Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annot.) 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. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annot.) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the South Wilson Deep 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. <u>UNIT AREA</u>: The following described land is hereby designated and recognized as constituting the unit area:

Township 21 South, Range 34 East, N.M.P.M.

Section 14: SW2 Section 15: SE2

Section 21: St

Section 22: SWk and Ek

Section 23: Wa, SE and SanE

Section 26: N_2^1 Section 27: All Section 28: All Section 33: All

containing 3,920 acres, more or less.

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 know to the unit operator.

extent known to the unit operator, the acreage, percentage and kind of ownership of oil and gas rights 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 the unit area render such revisions necessary or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner."

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

- 2. <u>UNITIZED SUBSTANCES</u>: All oil, gas and associated hydrocarbon substances in any and all formations of the unitized lands, below a depth of 5,200 feet below the surface, are unitized under the terms of this agreement and herein are called "unitized substances."
- 3. <u>UNIT OPERATOR</u>: Wm. G. Ross of Midland, Texas, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in him 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 provided herein. 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 him hereunder occurring prior to the effective date of his resignation.

Unit operator may, upon default or failure in the performance of his duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interest 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.

- 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 interest 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.

- 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 unitipoperator as herein provided. Acceptable evidence of the 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 his 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, on or before November 10, 1963, 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 Devonian 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 14,100 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 (6) months from the time of the completion of the initial discovery well and within thirty (30) days after the expiration of each twelvementh period thereafter file a report with the Commissioner and the Commission of the status of the development of the unit area and the development contemplated for the following twelve-month 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 greates 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.

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 interest 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.

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 now, or should hereafter be, 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.

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 term of each such lease as to lands within the unitized area to the provisions and term of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applied to lands within the unitized area, shall continue in force beyond the term provided therein so 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 may be 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 commencing 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 capable of 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 if 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. <u>CONSERVATION:</u> 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.
- or gas in paying quantities should be brought in on land adjacent to the unit area and 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.
- 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 by the grantee, transferee or other successor in interest. No assignment or transfer of 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 operator is furnished with the original, photostatic or certified copy of the recorded instrument or 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 can be produced from the unitized land in paying quantities, 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 percent (75%) on an acreage basis of the owners of the working interest 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.
- 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 interested 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 the party sending the notice, demand or statement.
- 21. <u>UNAVOIDABLE DELAY</u>: 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.

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; provided, however, after operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. A subsequent joinder shall be effective as of the first day of the month following the filing with and approval by the Commissioner 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 of 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 by separate instruments 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.

· ·	WM. G. ROSS
	BY:
	Address:
	Unit Operator
WORKING INT	EREST OWNERS
ATTEST:	CITIES SERVICE OIL COMPANY
	ВҮ:
Secretary	
Date	Address:

ATTEST:		EL PASO NATURAL GAS COMPANY
		BY:
	Secretary	
	Date	Address:
ATTEST:		HUMBLE OIL & REFINING COMPANY
	Secretary	BY:
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ATTEST:		PAN AMERICAN PETROLEUM CORPOKAT
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ATTEST:		SOCONY MOBIL OIL COMPANY, INC
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ATTEST:		TIDEWATER OIL COMPANY
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	Secretary	
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ATTEST:		WILSON OIL COMPANY
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	Secretary	
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	Date	Address:
		FRANCES P. BOLTON, D.B.A. WYOMING OIL COMPANY
	entropy and a second se	BY:
		Address:

STATE OF	
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COUNTY OF	
The foregoing instrument was acknown day of, 1963, by WM. G. ROSS	
wife.	
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STATE OF	
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EXHIBIT "B"
SOUTH WILSON DEEP UNIT
LEA COUNTY, NEW MEXICO

						I.EA	COUNTY	Y, NEW MEX	.ICO		
	Tract		scri f La	iption and	Number of Acres	Serial No. &	Basic	c Royalty	7 Lessee of Record	Overriding Royalty & Percentage	Working Lad & Percent
	(STATE	LAND	s -	All in Tow	mship 21	South, Range 34	East,	N.M.P.M.):		
	1	Sec.	14:	Swł	160.00	8-1484 12-19-32 H.B.P.	State	e - All	Cities Service Oil Company	None	Cities Servi Company -
. . 	2	Sec.	15:	EZSEZ	80.00	B-2287 H.B.P.	State	e - All	Sun Oil Company	None	Sum Of 1 Came
-	3	Sec.	15:	₩¥SE¥	80.00	OG 5590 6-16-59	State	<u>- A11</u>	The Pure 0i1	None	The Pure 011
	4	Sec	21:	S}	· 	: 			A		Wilson Oil C
**				SEZ	880.00	E-7573 11-17-53	State	e - A11	Wilson Oil Company	None	1/2 *Wyoming 0il 1/2
	. 5	Sec.	22:	$\mathbf{E}_{\mathbf{Z}}^{1}$	320.00	E-9204	State	e - All	Humble Oil & Re-	None	Humble 011 &
						7-19-55		, , , , , , , , , , , , , , , , , , ,	fining Company		fining Comp
		Sec.	22:	SW 2	160.00	0G-1421 10-15-57	State	e - A11	Socony Mobil Oil Company, Inc.	None	Socony Mobil Company, In
-	7	Sec. SW3	23: ŁNWŁ	~ /	200.00	E-229 3-10-45 H.B.P.	State	e - All	Wilson Oil Company	None	Wilson Oil C 1/2 *Wyoming Oil 1/2
	8		23: \text{kNW} \text{k}	n≩nwł,	120.00	B-9084 4-10-41 H.B.P.	State	e - All	Wilson Oil Company	None	Wilson Oil Co 1/2 *Wyoming Oil 1/2
	• 9 ···	Sec.	23:	SE\\$SE\\$	40.00	B-1651 1-23-33 H.B.P.	State	e - A11	Tidewater 0i1 Company	None	Tidewater Oi All

EXHIBIT "B" SOUTH WILSON DEEP UNIT LEA COUNTY, NEW MEXICO

Number of Acro comship 2	Serial No. & es Date of Leas	e All (123%)	ty Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
160.00	5	-acc, M.M.F.	<u>M.):</u>		
100.00	B-1484 12-19-32 H.B.P.	State - All	Cities Service Oil Company	None	Cities Service Oil Company All
80.00	B-2287 H.B.P.	State - All	Sun Oil Company	None	Sun O ₁ 1 Company A11
80.00	OG 5590 6-16-59	State - All	The Pure Oil Company	None	The Pure Oil Company
					All
880.00	E-7573 11-17-53	State - All	Wilson 0il Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
320.00	E-9204 7-19-55	State - All	Humble Oil & Re- fining Company	None	Humble Oil & Re- fining Company All
160.00	0G-1421 10-15-57	State - All	Socony Mobil 0il Company, Inc.	None	Socony Mobil Oil Company, Inc All
200.00	E-229 3-10-45 H.B.P.	State - All	Wilson 0il Company	None	Wilson Oil Company
P-					*Wyoming Oil Company
120.00	B-9084 4-10-41 H.B.P.	State - All	Wilson Oil Company	None	1/2 Wilson Oil Company 1/2 *Wyoming Oil Company
40.00	B-1651 1-23-33 H.B.P.	State - All	Tidewater Oil Company	None	1/2 Tidewater Oil Company All

Tract Descrip	1 05 4	~ nate		Exhibit "B" - South Wi		Page 2
(STATE LANDS - A	11 in Twp. 21	res of Lea	se All (12½%) E., N.M.P.M., Cont	Lessee of Record	Overriding Royalty &	Woı
10 Sec. 23: S	inei	-1 rge. 34	E., N.M.P.M., Cont	'd):	Percentage	6
N\(\frac{1}{2}\)SE\(\frac{1}{2}\), SW	200. ₀₀	11-10-44 H.B.P.		Wilson Oil Compa	ny None	Wil
	320.00	//			in the second se	*Wyc
12 Sec. 27: E ¹ 2	320.00	7-12-62 K-2666	State - All	Pan American Petr eum Corporation		Pan
13 Sec. 27: W½	320.00	8-21-62 E-7420 9-15-53	State - All	Pan American Petre eum Corporation	ol- None	Pan /
14 Sec. 28: E	E½ 80.00	H.B.P. B-1581	State - All	El Paso Natural Gas Company	1/16th of 8/8th M. A. Machris	ns El Pa Com
15 Sec. 33: W½, N½NE½, SE½NI	後 600.00	1-4-33 H.B.P. E-7574 11-17-53	State - All State - All	Sinclair Oil & Gas Company	None	*Wyom Sincla Compa
E LANDS - Townsh	in 21 0			Wilson Oil Company	None	Wilson
E LANDS - Townsh 6 Sec. 33: Swan	EL 21 South, R	ange 34 East	, N.M.P.M.:			*Wyomi
RECAPITULATION	E.	T.	derchant Livestock Company: 67.63% B. M. Cattle Co.: 32.37%	Wilson Oil Company	None	Wilson
TOTA	15 State T	racts	Acres: 3,880.00 40.00 3,920.00	Percent of Unit 2 98.97959 1.02040	lrea:	*Wyomin

^{*} Working interests shown in Wyoming Oil Company are held by Frances P. Bolton, d/b/a Wyoming Oil Company.

		A CONTRACTOR OF THE PROPERTY O	Exh	ibit "B" - South Wilson	Deep Unit - Page	2
	Number of Acres	Serial No & Date s of Lease	Basic Royalty	Lessee of Record	Overriding Royalty & Percentage	Working Interest & Percentage
de T	tep. 21 S	., Rge. 34 I	N.M.P.M., Cont'd):		
2 000 2003.	200.00	B-11610 11-10-44 H.B.P.	State - All	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
	320.00	K-2597 7-12-62	State - All	Pan American Petrol- eum Corporation	• None	Pan American Petrol- eum Corporation All
	320.00	K-2666 8-21-62	State - All	Pan American Petrol- eum Corporation	None	Pan American Petrol- eum Corporation All
	320.00	E-7420 9-15-53 H.B.P.	State - All	El Paso Natural Gas Company	1/16th of 8/8ths M. A. Machris	El Paso Natural Gas ——Gompany == 1/2
EL .	80.00	B-1581 1-4-33 H.B.P.	State - All	Sinclair Oil & Gas Company	None	*Wyoming Oil Company 1/2 Sinclair Oil & Gas Company All
SB	600.00	E-7574 11-17-53	State - All	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
ip 2	1 South,	Range 34 Ea	st, N.M.P.M.:		3	
	40.00	- 3	Merchant Livestock Company: 67.63% L. B. M. Cattle Co.: 32.37%	Wilson Oil Company	None	Wilson Oil Company 1/2 *Wyoming Oil Company 1/2
B:	Tracts: 15 State 1 Fee T 16 Tract	ract	Acres: 3,880.00 40.00 3,920.00	Percent of Unit 98.97959 1.02040 99.99999	Area:	

ts shown in Wyoming Oil Company are held by Frances P. Bolton, d/b/a Wyoming Oil Company.

PROPOSED

*SOUTH VILSON BREE SWITT

T-218 - R-348

LEA COUNTY, HEN MEXICO

HT: PERE, HILLS & TURNER CONSULTING GROLOGISTS 711 Midland Towns Midland, Texas

October 18, 1963

October 18, 1963

Mr. W. G. Ross Gulf Building Midland, Texas

> Re: Proposed "South Wilson Deep Unit" T-21S, R-34E, Lea County, New Mexico

Door Sir:

You have asked us for our opinion as to the prospects and geological situation of the proposed "South Wilson Deep Unit" which is outlined on the accompanying maps which cover Township 218, Range 348, Lea County, New Mexico and vicinity.

This area lies in central Lea County at the southwest end of the Wilson field, eighteen miles west of the town of Bunice and ten miles west of the Bunice portion of the Jalmat field as well as six miles southeast of the Lynch field.

The geological structure of this area, contoured on the Yates sand of the upper Permian system, is shown on Map No. 1. It is a generally high area and the proposed unit lies southwest of and en schelcen to the anticline of the shallow Wilson field. This field, discovered in 1928, produces from sandstones and limestones in the Yates formation at a depth of about 3700 feet. The structural high under the "South Wilson Deep Unit" is also related to the West Wilson field structure. The West Wilson field has produced from 3800 feet since 1948.

In the vicinity of these fields, many shallow wildcats have been drilled so that the structure of the upper Permian beds is very well known. Information gained from these wells shows that the "South Wilson Deep Unit" lies just back of the upper Permian Capitan reef zone some four and one-half miles northeast of the edge of the Delaware basin and along the west edge of the San Simon syncline which extends from the Delaware basin north along the west edge of the Monument and Bunice fields. A local high area southwest of the "South Wilson Deep Unit" seems to be the result of intense growth of the Capitan

reef controlled by an earlier depositional high which in turn was localized by still earlier structural uplift.

In considering the deeper prospects of this proposed unit, we are hampered by the fact that only two wells in the immediate area were drilled below the upper Permian beds. The first was the Ohio #1 Wilson-State, total depth 14,073 feet in Section 24, Township 218, Range 348, a dry hole which tested the Devonian beds. The other well is the Pure #1 Wilson "Deep Unit", total depth 13,862 feet in Section 13, Township 218, Range 348. This well tested the Devonian beds but plugged less the Morrew sand of lower Pennsylvanian age at 12,320 of twenty million cubic feet per day. The Pure well was and was recently completed as a gas well with a potential drilled on the highest part of the Wilson shallow structure and was ever 100 feet higher than the Ohio-Wilson, a mile and that the Wilson upper Permian structure is underlain by a deep anticline in the pre-Permian beds.

feet in the Pure well a brown to grey limestone section some 250 feet thick was encountered. This appears to be the top of the Leonard series commonly called Hone Spring in this area. Since neither one of these wells is in the area of the proposed unit, the structure of this unit on the Hume Springs formation derived from shallower beds. As already pointed out, the Pure well was higher than the Ohio well on this some indicating that the shallow structure persists at that depth. Thus, it is logical to suppose that the shallow structure of the Wilson field continues to the southwest.

Information derived from the outerops in the Guadalupe Mountains and in numerous deep test holes in southeastern New Mexico makes it reasonable to presume that there may be a Leonard reef in this area some three miles northeast of and behind the younger Capitan reef. If such a reef exists under this unit, it could develop porosity in limestones and dolomites. If these porous beds were capped by impervious shales and finely crystalline dolomites conditions would be favorable for oil and gas accumulation. This is especially true in view of oil discoveries in rocks of the same age and sedimentary approximately eight miles to the north in the Hig Six area and Unit which are also on the west edge of the north extension of the San Simon Syncline.

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At about 10,500 feet under the proposed unit one may expect beds of lower Permian Wolfesmp age which have preduced oil and gas from porous limestones in other areas in south-eastern New Mexico. On a local anticline such as we believe exists here these rocks may contain commercial oil and gas.

Below the Permian beds lie beds of the Pennsylvanian system which may be expected from about 11,000 to 13,000 feet. The Morrow beds of this system are producing in the Pure well. Accumulation in these rocks may be expected in sandstenes which pinch out to the north along the northeast edge of the Delaware basin with present accumulation partly formed by compaction over pre-Permian folds. Accumulation in several mones of the Pennsylvanian may be expected in this area.

Under the Pennsylvanian at 13,000 to 13,700 feet lie the Mississippian beds, the upper part of which consist of black and brown shales and shaley limestones underlain by brown crystalline limestone. Beds of this age generally have been poor producers in the Permian Basin area although it is possible hydrocarbon accumulation may be found here. Underneath the Mississippian lie the Woodford black shales of lower Mississippian and upper Devonian age.

The Devomian rocks in this area were tested by both of the deep wells in the vicinity of the proposed unit and yield important gas production in the Bell Lake field, seven miles to the south. These rocks also form an oil reservoir under the Ohio Deep Unit, eight miles to the northwest. Both the deep wells in the Wilson area found this zone to be a grey to tan dolomite with some porosity. Here again, the structure as shown on Map No. 3 is inferred from the structure of the shallow beds, but it seems probable that the deep structure in the old Wilson field will extend to the southwest.

From the evidence thus presented, it is our opinion that the area outlined on the accompanying maps as the proposed "South Wilson Deep Unit" has a very good change of producing from zones ranging from the middle and lover Permian to Devonian and deeper beds.

Yours very truly, PENN, HILLS & TURNER

By: John E. Turner

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