

CASE 3430: Application of TENNECO
OIL CO. for approval of the HESS
HILLS UNIT AGREEMENT, EDDY COUNTY.

Case Number

3430

Application
Transcripts.

Small Exhibits

ETC.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

July 23, 1968

Mallard Petroleum, Inc.
1206 V & J Tower
Midland, Texas 79701

Attention: Mr. James A. Davidson

Re: Hess Hills Unit
Eddy County, New Mexico
Termination

Gentlemen:

The New Mexico Oil Conservation Commission has this date approved the termination of the Hess Hills Unit, termination to be effective as of July 18, 1968.

Please furnish this office copies of Certificate of Termination executed by the Commissioner of Public Lands and the United States Geological Survey so that the Commission files will be complete.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/JEK/esk

cc: Commissioner of Public Lands
Santa Fe, New Mexico

United States Geological Survey
Roswell, New Mexico

State of New Mexico



Commissioner of Public Lands



October 16, 1967

GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

Tenneco Oil Company
P. O. Box 1031
1800 Wilco Building
Midland, Texas 79701

Re: Application for Extension of
Well Commencement
Hess Hills Unit
Eddy County, New Mexico

ATTENTION: Mr. R. E. Winckler

OCT 19 1967

Gentlemen:

We have received your letter dated October 9, 1967, whereby, you requested an extension to April 24, 1968, in order to commence the drilling of the second test well, or terminate the Hess Hills Unit, Eddy County, New Mexico.

The Commissioner of Public Lands, hereby, grants this extension of time, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

One approved copy of the plan is enclosed herewith.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:

Eddie Lopez, Supervisor
Unit Division

GBH/TB/EL/s
encl.

cc: USGS-Roswell, New Mexico
OCC-Santa Fe, New Mexico

State of New Mexico



Commissioner of Public Lands



March 22, 1967

GUYTON B. HAYS
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO

'67 MAR 26 PM 7 20

Tenneco Oil Company
P. O. Box 1031
Midland, Texas, 79701

Re: Application for Extension
of Well Commencement
Hess Hills Unit
Eddy County, New Mexico

ATTENTION: Mr. R. E. Winckler

Gentlemen:

Your request for a six month extension in which to drill your second well for the Hess Hills Unit, Eddy County, New Mexico, has been approved as of this date, by the Commissioner of Public Lands, subject to like approval by the United States Geological Survey and the New Mexico Oil Conservation Commission.

This extension is from April 24, 1967, to October 24, 1967, and it is granted in order to enable Tenneco, as operator, to complete negotiations for the drilling of the next exploratory well within the unit area.

We are returning a copy of the application for extension.

Very truly yours,

GBH/RC/s
enclosures

cc: United States Geological Survey
Roswell, New Mexico (ltr. only)
Oil Conservation Commission
Santa Fe, New Mexico (ltr. only)

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

MALLARD PETROLEUM, INC.

1206 V & J TOWER

MIDLAND, TEXAS 79701

July 23, 1968

Area Code 915
PHONE MU 2-8217

Re: Hess Hills Unit
Eddy County, New Mexico

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

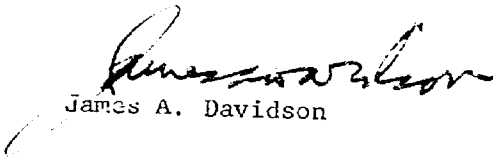
Gentlemen:

With regard to our previous correspondence concerning the termination of the above unit we enclose one executed copy of Request for Termination of this unit executed by CRA, Inc.

This instrument is furnished for the completion of your file.

Yours very truly,

MALLARD PETROLEUM, INC., UNIT OPERATOR


James A. Davidson

JAD:v
encl

63 JUL 29 1968

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY
NEW MEXICO, NO. 14-08-0001-8798

99 JUL 24 1966

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____
C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

WITNESS:

Perry R. Bass

Date _____

ATTEST:

RICHARDSON OILS, INC.

Date _____

By _____

ATTEST:

DELBASIN CORPORATION

Date _____

By _____

ATTEST:

SUN OIL COMPANY

Date _____

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

W. Gordon Leith
Date July 12, 1968
W. Gordon Leith, Secretary

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By _____

SOHIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

E. T. Lindsey
E. T. Lindsey, President

more
REN
JW
MJC

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

TENNECO OIL COMPANY

By _____

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Union Oil Company of California, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Richardson Oils, Inc., a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Delbasin Corporation, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Sun Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968 by Sim B Christy IV, in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Sohio Petroleum Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert Kaderli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF Missouri
COUNTY OF clay

The foregoing instrument was acknowledged before me this 12th day of July, 1968, by E. T. Lindsay President of CRA, Inc., a Kansas corporation, on behalf of said corporation.

My Commission Expires: _____

C. G. Stubbs
Notary Public c.g. Stubbs

7-1-69

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Allied Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Tenneco Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. E. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires:

Notary Public

MALLARD PETROLEUM, INC.

1206 V & J TOWER

MIDLAND, TEXAS 79701

July 18, 1968

Area Code 915
PHONE MU 2-8217

Re: Hess Hills Unit
Eddy County, New Mexico

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Gentlemen:

Please refer to our letter to you of July 17, 1968 enclosing for your file Request for Termination of the above noted unit executed by more than 75% on an acreage basis of the oil and gas leasehold interest committed to the Hess Hills Unit.

For the completion of your file we enclose additional Request for Termination executed by Sohio Petroleum Company which we received today.

Pursuant to our conversation yesterday we enclose copy of letter Dated May 15, 1968 from the USGS approving Mallard as Unit Operator, and copy of Certificate dated May 3, 1968 whereby the Commissioner of Public Lands approved Mallard as Unit Operator.

We have very much appreciated your assistance in this regard, and please let us know in the event that we might furnish anything further at this time.

Yours very truly,

MALLARD PETROLEUM, INC., UNIT OPERATOR


James A. Davidson

JAD:v
encl 3

cc Commissioner of Public Lands
State Land Office Building
Santa Fe, New Mexico 87501
Manager, Santa Fe Land Office
Bureau of Land Management
Department of the Interior
Santa Fe, New Mexico 87501

Regional Supervisor
United States Geological Survey
Federal Building
Roswell, New Mexico 88201

MALLARD PETROLEUM, INC.
1206 V & J TOWER
MIDLAND, TEXAS 79701

July 18, 1968

Area Code 915
PHONE MU 2-8217

Re: Hess Hills Unit
Eddy County, New Mexico
No. 14-08-0001-8798

Regional Supervisor
United States Geological Survey
Federal Building
Roswell, New Mexico 88201

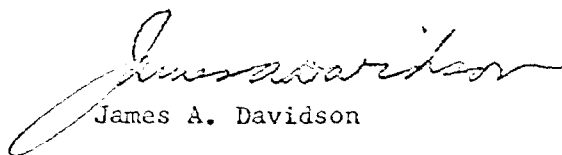
Dear Sir:

With reference to our conversation concerning the request for immediate termination of the above noted unit please find enclosed fully executed and acknowledged original Request for Termination instrument executed by Sohio Petroleum Company with three copies of same for your file.

It would be very much appreciated if you would approve the immediate termination of this unit. Please let us know in the event that we might furnish any further information at this time.

Yours very truly,

MALLARD PETROLEUM, INC., UNIT OPERATOR


James A. Davidson

JAD:v
encl 4

cc Commissioner of Public Lands
State Land Office Building
Santa Fe, New Mexico 87501

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Manager, Santa Fe Land Office
Bureau of Land Management
Department of the Interior
Santa Fe, New Mexico 87501

MALLARD PETROLEUM, INC.
1206 V & J TOWER
MIDLAND, TEXAS 79701

Area Code 915
PHONE MU 2-8217

July 18, 1968

Re: Hess Hills Unit
Eddy County, New Mexico

Commissioner of Public Lands
State Land Office Building
Santa Fe, New Mexico 87501

Dear Sir:

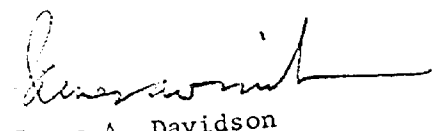
Reference is made to your Certificate of Termination dated July 17, 1968 approving the termination of the above noted unit as of July 18, 1968.

We have today received Request for Termination from Sohio Petroleum Company and enclose original with copy for the completion of your file.

Your assistance in terminating this unit has been very much appreciated.

Yours very truly,

MALLARD PETROLEUM, INC.
UNIT OPERATOR


James A. Davidson

JAD:v
encl 2

cc Regional Supervisor, USGS
Federal Building
Roswell, New Mexico 88201
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501
Manager, Santa Fe Land Office
Bureau of Land Management
Department of the Interior
Santa Fe, New Mexico 87501



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
Drawer 1857
Roswell, New Mexico 88201

May 15, 1968

Griffin & Ross
210 Bank of the Southwest Building
Midland, Texas 79701

Attention: Mr. Kenneth H. Griffin

Gentlemen:

Your letter of May 1, received by this office on May 2, transmits a "Resignation of Unit Operator and Designation of New Operator," executed in thirteen counterparts, by which Tenneco Oil Company resigns and Mallard Petroleum, Inc. is designated as unit operator of the Hess Hills unit, Eddy County, New Mexico. Such instruments were approved by the Commissioner of Public Lands of the State of New Mexico on May 3.

The resignation of Tenneco Oil Company as operator of the Hess Hills unit and the designation of Mallard Petroleum, Inc. as the successor operator of such unit is accepted by this office pursuant to Section 6 of the unit agreement.

Sincerely yours,

CARL C. TRAYWICK
Acting Oil and Gas Supervisor

CERTIFICATE OF APPROVAL

BY

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

The undersigned Commissioner of Public Lands of the State of New Mexico, does hereby approve the Designation of Mallard Petroleum, Inc. as the new Unit Operator to succeed Tenneco Oil Company as Operator under the Unit Agreement for the development and operation of the Hess Hills Unit, Eddy County, New Mexico, heretofore approved by the Commissioner of Public Lands.

DATED this 3rd day of May, 1968.


Commissioner of Public Lands,
State of New Mexico

OPERATION OF THE MESA HILLS UNIT AREA, NEW MEXICO

TERMINATION OF AGREEMENT DATED JULY 8, 1966

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the said agreement for the development and operation of the Mesa Hills Unit Area, Bury County, New Mexico, dated July 8, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

LANDLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____

G. J. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Tasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

WITNESS:

Forney K. Bass

ATTEST:

AMERICAN OILS, INC.

Date _____

By _____

ATTEST:

AMERICAN CORPORATION

Date _____

By _____

Date _____

By _____

Date _____

By _____

WITNESS:

Date _____

ATTORNEY:

Date _____

WITNESS:

Date _____

ATTORNEY:

Date _____

ATTORNEY:

Date _____

ATTORNEY:

Date _____

ATTORNEY:

Date _____

ATTORNEY:

Date _____

STATE OF O. H. HARRIS, JR.

By _____

STATE OF O. H. HARRIS, JR.

By _____

AGENT AND ATTORNEY IN FACT

Robert K. Harris, Jr.

STATE OF O. H. HARRIS, JR.

By _____

O. H. HARRIS, JR.

By _____

STATE OF O. H. HARRIS, JR.

By _____

STATE OF O. H. HARRIS, JR.

By _____

STATE OF O. H. HARRIS, JR.

By _____

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Richardson Oil, Inc., a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Perry R. Tass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Delmarin Corporation, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Sun Oil Company, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of _____, in the capacity of _____.

My Commission Expires: _____

Notary Public

[Signature]
CLIFTON E. STORM, JR.

[Signature]
AGENT AND ATTORNEY IN FACT

[Signature]
1968

[Signature]
16

_____ day of _____, 19____.

_____ day of _____, 19____.

_____ day of _____, 19____, by _____ of _____ Corporation, a _____ corporation, on behalf of said corporation.

By Commission Expires: _____
Notary Public

_____ day of _____, 19____, by _____ of _____ Corporation, a _____ corporation, on behalf of said corporation.

By Commission Expires: _____
Notary Public

STATE OF _____
COUNTY OF _____
_____ day of _____, 19____, by _____ of _____ Corporation, a _____ corporation, on behalf of said corporation.

By Commission Expires: _____
Notary Public

STATE OF _____
COUNTY OF _____
_____ day of _____, 19____, by _____ of _____ Chemical Corporation, a _____ corporation, on behalf of said corporation.

By Commission Expires: _____
Notary Public

_____ day of _____, 19____, by _____ of _____ Corporation, a _____ corporation, on behalf of said corporation.

By Commission Expires: _____
Notary Public

1. *Pharmaceuticals* (1997) 10: 101-102.
 2. *Pharmaceuticals* (1997) 10: 103-104.
 3. *Pharmaceuticals* (1997) 10: 105-106.

The Board of Directors, after reviewing the information provided and the findings of the audit, has approved the financial statements for the year ended December 31, 2011, and has authorized the issuance of the financial statements to the shareholders of the Company.

Henry Public

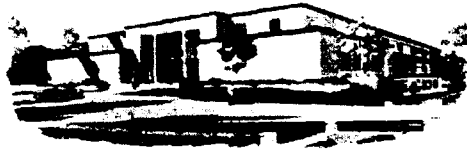
STATE OF
CONNECTICUT

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Tasker.

If Commission Expires:

Notary Public

State of New Mexico



3420

Commissioner of Public Lands

GUYTON B. HAYS
COMMISSIONER



July 17, 1968

P. O. BOX 1148
SANTA FE, NEW MEXICO

Mallard Petroleum, Inc.
1206 V & J Tower
Midland, Texas 79701

60 JUL 19 PM

Re: Hess Hills Unit
Eddy County, New Mexico

ATTENTION: Mr. James A. Davidson

Gentlemen:

The Commissioner of Public Lands has received the ballots of approximately 75% per cent of the Working Interest Owners requesting the termination of the Hess Hills Unit, Eddy County, New Mexico as provided for under Section 20 of the Unit Agreement, and does hereby approve the termination effective as of July 18, 1968.

Please furnish us the date of approval of termination by the United States Geological Survey.

We are enclosing three (3) Certificates of Termination.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Director
Oil and Gas Department

GBH/TB/g
cc: USGS- Roswell, New Mexico
OCC- Santa Fe, New Mexico

MALLARD PETROLEUM, INC.

1206 V & J TOWER

MIDLAND, TEXAS 79701

Area Code 915
PHONE MU 2-8217

July 17, 1968

Re: Request for Voluntary Termination of
Hess Hills Unit, Eddy County, New Mexico

St. Lawrence, July 17, 1968

Executive Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501

Dear Sir:

With regard to the above noted unit we enclose a fully executed and acknowledged original Request for Termination of Unit by operators representing more than 75% on an acreage basis of the oil and gas leasehold interest committed to the Hess Hills Unit.

As Unit Operator the undersigned respectfully requests that you immediately terminate this Unit. Please let us know in the event that we should file anything further at this time in order to effect this immediate termination.

Yours very truly,

MALLARD PETROLEUM, INC., UNIT OPERATOR

James A. Davidson
James A. Davidson

JAD:v

cc United States Geological Survey
Federal Building
Roswell, New Mexico 88201

Manager, Santa Fe Land Office
Bureau of Land Management
Department of the Interior
Santa Fe, New Mexico 87501

Commissioner of Public Lands
State Land Office Building
Santa Fe, New Mexico 87501

encl 11

MALLARD PETROLEUM, INC.

1206 V & J TOWER

MIDLAND, TEXAS 79701

July 17, 1968

Area Code 915
PHONE MU 2-8217

Re: Request for Voluntary Termination of
Hess Hills Unit, Eddy County, New Mexico
No. 14-08-0001-8798

United States Geological Survey
Federal Building
Roswell, New Mexico 88201

Attention: Regional Supervisor

Gentlemen:

With regard to the above noted unit we enclose one fully executed and acknowledged original Request for Termination of Unit by Operators representing more than 75% on an acreage basis of the oil and gas leasehold interest committed to the Hess Hills Unit.

Also enclosed for your file are three duplicate original copies of each operator's Request for Termination.

As Unit Operator the undersigned respectfully requests that you immediately terminate this Unit. Please let us know in the event that we should file anything further at this time in order to effect this immediate termination.

Yours very truly,

MALLARD PETROLEUM, INC., UNIT OPERATOR

James A. Davidson

JAD:v

cc Commissioner of Public Lands
State Land Office Building
Santa Fe, New Mexico 87501

Executive Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501

Manager, Santa Fe Land Office
Bureau of Land Management
Department of the Interior
Santa Fe, New Mexico 87501

MALLARD PETROLEUM, INC.

1206 V & J TOWER

MIDLAND, TEXAS 79701

July 17, 1968

Area Code 915
PHONE MU 2-8217

Re: Request for Voluntary Termination of
Hess Hills Unit, Eddy County, New Mexico

Commissioner of Public Lands
State Land Office Building
Santa Fe, New Mexico 87501

Dear Sir:

With regard to the above noted unit we enclose one fully executed and acknowledged original Request for Termination of Unit by operators representing more than 75% on an acreage basis of the oil and gas leasehold interest committed to the Hess Hills Unit.

Also enclosed for your file is one duplicate original copy of each operator's Request for Termination.

As Unit Operator the undersigned respectfully requests that you immediately terminate this Unit. Please let us know in the event that we should file anything further at this time in order to effect this immediate termination.

Yours very truly,

MALLARD PETROLEUM, INC., UNIT OPERATOR

James A. Davidson

JAD:v

cc United States Geological Survey
Federal Building
Roswell, New Mexico 88201

Executive Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501

Manager, Santa Fe Land Office
Bureau of Land Management
Department of the Interior
Santa Fe, New Mexico 87501

encl 22

UNIT OPERATOR
UNIT OPERATOR
UNIT OPERATOR

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent of an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Mesa Hills Unit Area, Sully County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____
C. E. Marsh, II, Chairman of the Board

WITNESS:

Date _____

David Pasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

WITNESS:

Date _____

Perry R. Luce

ATTEST:

RICHARDSON OILS, INC.

Date _____

By _____

ATTEST:

UNITARIL CORPORATION

Date _____

By _____

WITNESS:

SEA OIL COMPANY

Date _____

By _____

WITNESS:

Date _____

ADDRESS:

Date _____

WITNESS:

James A. Wilson
Date *July 8, 1968*

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

JOHN OF S. W. CHURCH, INC.

By _____

SAVO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

Robert Kaderli, Jr.

DEAND OIL COMPANY

By _____

ORA, INC.

By _____

QUEP OIL CORPORATION

By _____

ARMED CHEMICAL CORPORATION

By _____

THINCO OIL COMPANY

By _____

NOTARY PUBLIC
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of _____ Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oil, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Lass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Delmaria Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by _____ in the capacity thereof stated.

My Commission Expires: _____

Notary Public

NOTARY PUBLIC
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

State of _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____, Secretary of the Board of Directors of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

State of _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Pasken.

My Commission Expires: _____

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY

NEW MEXICO, NO. 14-08-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____

C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

WITNESS:

Perry R. Bass

Date _____

ATTEST:

RICHARDSON OILS, INC.

Date _____

By _____

ATTEST:

DELBASIN CORPORATION

Date _____

By _____

ATTEST:

SUN OIL COMPANY

Date _____

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By _____

SOHIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By Roger W. Stoneburne
ATTORNEY-IN-FACT

TENNECO OIL COMPANY

By _____

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Union Oil Company of California, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Richardson Oils, Inc., a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Delbasin Corporation, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Sun Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968 by Sim E Christy IV, in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Sohio Petroleum Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert Kaderli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of CRA, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 10th day of July, 1968, by Roger W. Storeburner, Attorney-in-Fact of Allied Chemical Corporation, a New York corporation, on behalf of said corporation.

My Commission Expires: _____

ADDIE L. BUTEL

Notary Public in and for Harris County, Texas
My Commission Expires Jul 1, 1969

Addie L. Butel
Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Tenneco Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. E. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires: _____

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY
NEW MEXICO, NO. 14-08-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____
C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

WITNESS:

Date _____

Perry R. Bass

ATTEST:

RECHARDSON OILS, INC.

Date _____

By _____

ATTEST:

DELBASIN CORPORATION

Date _____

By _____

ATTEST:

SUN OIL COMPANY

Date _____

By _____

WITNESS:

Mary Ann Daniel

Date June 29, 1968

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By S. B. Christy IV
S. B. Christy IV, Administrator
c/t/a

SONIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

TENNECO OIL COMPANY

By _____

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Union Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oils, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Bulbasin Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 29th day of June, 1968 by Sam L. Christy III, in the capacity therein stated, as Administrator c/t/a of and on behalf of the Estate of S. B. Christy, Jr.

My Commission Expires: _____

Martha Ann Christy
Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of _____ Corporation, a _____ corporation, on behalf of said corporation.

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert Knaerli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of CRA, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Allied Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Tenneco Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS

COUNTY OF MADRID

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. M. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires: _____

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY
NEW MEXICO, NO. 14-08-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____

C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

By _____

John Hansen
John Hansen
Attorney in Fact

Date *July 5, 1968*

WITNESS:

Perry R. Bass

Date _____

ATTEST:

RICHARDSON OILS, INC.

By _____

Date _____

ATTEST:

DELBASIN CORPORATION

By _____

Date _____

ATTEST:

SUN OIL COMPANY

By _____

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By _____

SOHIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

TENNECO OIL COMPANY

By _____

STATE OF NEW MEXICO
COUNTY OF Hidalgo

The foregoing instrument was acknowledged before me this 5th day of July, 1968, by JOHN BLANKIN Attorney in fact of Union Oil Company of California, a California corporation, on behalf of said corporation.

My Commission Expires: June 1, 1974

Elma H. Sloan
Notary Public

ELMA H. SLOAN

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oils, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Delbasin Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by Sim B Christy IV, in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ or Sohio Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by Robert Kaderli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Beard Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of CRA, Inc., a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Gulf Oil Corporation, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Allied Chemical Corporation, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
_____, 1968, by _____,
_____ of Tenneco Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. E. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.
My Commission Expires:

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires:

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY
NEW MEXICO, NO. 14-08-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____
C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

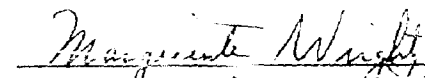
WITNESS:

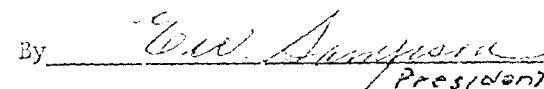

Perry R. Bass

Date 7-8-68

ATTEST:

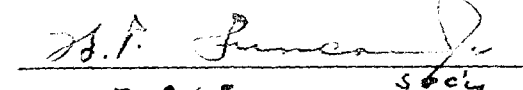
RICHARDSON OILS, INC.

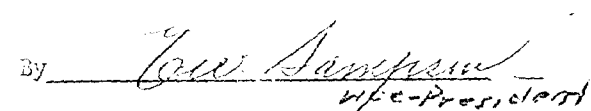

Date 7-8-68

By 
President

ATTEST:

DELBASIN CORPORATION


Date 7-8-68

By 
Vice-President

ATTEST:

SUN OIL COMPANY

Date _____

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By _____

SOHIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

TENNECO OIL COMPANY

By _____

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Union Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS

COUNTY OF ~~MIDLAND~~ Tarrant

The foregoing instrument was acknowledged before me this 8 day of July, 1968, by E. W. Sampson President of Richardson Oils, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

June 1, 1969

Joan Barnhart
Notary Public

STATE OF TEXAS

COUNTY OF ~~MIDLAND~~ Tarrant

The foregoing instrument was acknowledged before me this 8 day of July, 1968, by Perry R. Bass.

My Commission Expires: _____

June 1, 1969

Joan Barnhart
Notary Public

STATE OF TEXAS

COUNTY OF ~~MIDLAND~~ Tarrant

The foregoing instrument was acknowledged before me this 8 day of July, 1968, by E. W. Sampson Vice President of Delbasin Corporation, a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

June 1, 1969

Joan Barnhart
Notary Public

STATE OF TEXAS

COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO

COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by Sim B Christy IV, in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sohio Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert Kaderli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of CRA, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____ of Allied Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Tenneco Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. E. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires: _____

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY
NEW MEXICO, NO. 14-08-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

MALLARD PETROLEUM, INC.
UNIT OPERATOR

By _____
C. E. Marsh, II, Chairman of the
Board

David Fasken

UNION OIL COMPANY OF CALIFORNIA

By _____

Perry R. Bass

RICHARDSON OILS, INC.

By _____

DELBASIN CORPORATION

By _____

SUN OIL COMPANY

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date JUL 8 1968

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By _____

SOHIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By J. W. Kidd

ATTORNEY AT LAW

ALLIED CHEMICAL CORPORATION

By _____

TENNECO OIL COMPANY

By _____

WIT	WIT
WIT	WIT
WIT	WIT
Prod.	

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Union Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oils, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Delbasin Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by Sim B Christy IV, in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sohio Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert Kaderli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of CRA, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this 8th day of July, 1968, by T. W. KIDD ATTORNEY IN FACT of Gulf Oil Corporation, a PENNSYLVANIA corporation, on behalf of said corporation.

My Commission Expires: _____

My Commission Expires August 11, 1970

Eva Marie Cooper
Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Allied Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Tenneco Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. E. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires:

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY

NEW MEXICO, NO. 14-08-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____
C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

WITNESS:

Date _____

Perry R. Bass

ATTEST:

RICHARDSON OILS, INC.

Date _____

By _____

ATTEST:

DELBASIN CORPORATION

Date _____

By _____

ATTEST:

SUN OIL COMPANY

Date _____

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date July 10, 1968

ESTATE OF S. B. CHRISTY, JR.

By _____

SOHIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

TENNECO OIL COMPANY

By J. S. Collins
J. S. Collins
Attorney-in-Fact

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Union Oil Company of California, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Richardson Oils, Inc., a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Delbasin Corporation, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Sun Oil Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968 by Sim E Christy IV, in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of
____, 1968, by _____,
_____ of Sohio Petroleum Company, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert Kaderli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of CRA, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Allied Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF ~~TEXAS~~ COLORADO
CITY & COUNTY OF ~~MIDLAND~~ DENVER

The foregoing instrument was acknowledged before me this 10th day of July, 1968, by J. S. COLLINS Attorney-in-Fact of Tenneco Oil Company, a Delaware corporation, on behalf of said corporation.

My Commission Expires: _____

Elane C. Middaugh
Notary Public Elane C. Middaugh

My Commission expires July 10, 1970

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. E. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO, COUNTY OF EDDY

WITNESSES: J. D. HARRIS, J. D. HARRIS, J. D. HARRIS

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an average basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the West Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MILLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____

C. E. Marsh, II, Chairman of the Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

Date _____

By _____

WITNESS:

Perry R. Bass

Date _____

ATTEST:

RICHARDSON OILS, INC.

Date _____

By _____

ATTEST:

DELMARSE CORPORATION

Date _____

By _____

ATTEST:

ALL OIL COMPANY

Date _____

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

~~WITNESS:~~

Date 7-11-68

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ARMED & D. G. COMPANY, INC.

By _____

STING PARSONS COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By W. M. Beard
Partner

ORA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

BEARDO OIL COMPANY

By _____

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Union Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oils, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Dallasin Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____, of _____, Oklahoma, U.S.A.

My Commission Expires: _____

Notary Public

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

The foregoing instrument was acknowledged before me this 11 day of July, 1968, by W. M. Beard, Partner of Beard Oil Company, a Partnership corporation, on behalf of said corporation, Partnership.

My Commission Expires: _____

1-12-72

Richard D. Dodson
Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of _____, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Union Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by G. W. Tashen, III, Chairman of the Board of Houston Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Tashen.

My Commission Expires: _____

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY
NEW MEXICO, NO. 14-03-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____

C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

By _____

Date _____

WITNESS:

Perry R. Bass

Date _____

ATTEST:

RICHARDSON OILS, INC.

By _____

Date _____

ATTEST:

DELEASIN CORPORATION

By _____

Date _____

ATTEST:

SUN OIL COMPANY

By _____

Agent and Attorney in Fact

Date July 9, 1968

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By _____

SOMIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

TENNECO OIL COMPANY

By _____

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Union Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oils, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Dalbasin Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF *Tarrant*

The foregoing instrument was acknowledged before me this 1st day of July, 1968, by CECIL A. COLVILLE Agent and Attorney in Fact of Sun Oil Company, a New Jersey corporation, on behalf of said corporation.

My Commission Expires: January 1969

John L. ...
Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by SAM B Christy IV, in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Gulf Petroleum Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert Kaderli, Jr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of CRA, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Allied Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Pennco Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by C. E. Marsh, II, Chairman of the Board of Mallard Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires:

Notary Public

TERMINATION OF UNIT AGREEMENT FOR THE HESS HILLS UNIT AND

OPERATOR OF THE HESS HILLS UNIT AREA, EDDY COUNTY

NEW MEXICO, NO. 14-03-0001-8798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

MALLARD PETROLEUM, INC.
UNIT OPERATOR

Date _____

By _____

C. E. Marsh, II, Chairman of the
Board

WITNESS:

Date _____

David Fasken

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

By _____

Date _____

Perry R. Bass

WITNESS:

Date _____

RICHARDSON OILS, INC.

ATTEST:

By _____

Date _____

DALLASIN CORPORATION

WITNESS:

Date _____

By _____

ATTEST:

SUN OIL COMPANY

Date _____

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ASINER OF S. B. CHRISTY, JR.

By _____

SONIC PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

TEENECO OIL COMPANY

By _____

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Union Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oils, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Dalbasin Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by S.M. & Anthony T., in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by Robert K. K. K., Jr.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Heard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of GRI, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Filled Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of _____ Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF CALIFORNIA
COUNTY OF MARIN

The foregoing instrument was acknowledged before me this _____ day of _____, 1988, by G. N. Linton, III, Chairman of the Board of Yallards Petroleum, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

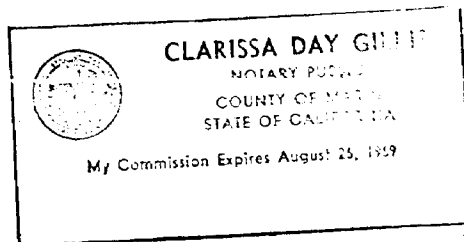
STATE OF CALIFORNIA
COUNTY OF MARIN

The foregoing instrument was acknowledged before me this 5 day of July, 1988, by David Tasken.

My Commission Expires: _____

Aug 26 1989

Clarissa Day Gillis
Notary Public
Marin County, California



ADMINISTRATIVE ORDER APPROVED FOR THE DEVELOPMENT AND
OPERATION OF THE HESS HILLS UNIT AREA, EDDY COUNTY

NEW MEXICO, NO. 14-03-0001-2798

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the owners of more than seventy-five (75) percent on an acreage basis of the working interests in and to oil and gas leasehold interests committed to the Unit Agreement for the development and operation of the Hess Hills Unit Area, Eddy County, New Mexico, dated July 6, 1966, heretofore approved by the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, do hereby agree to terminate said agreement in accordance with Section 20 thereof, subject to the approval of the said Commissioner of Public Lands and Director of the United States Geological Survey.

This instrument may be executed in counterparts, no one of which need be executed by all parties.

IN WITNESS WHEREOF, this instrument is executed by the undersigned parties hereto as of the respective dates set opposite their signatures.

ATTEST:

James A. Wilson
ASST. SECT.
Date July 3-1968

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

MALLARD PETROLEUM, INC.
UNIT OPERATOR

By *C. E. Marsh*
C. E. Marsh, II, Chairman of the
Board

David Fasken

UNION OIL COMPANY OF CALIFORNIA

By _____

Perry R. Bass

RICHARDSON OILS, INC.

By _____

SHALLSEN CORPORATION

By _____

SUN OIL COMPANY

By _____

WITNESS:

Date _____

ATTEST:

Date _____

WITNESS:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ATTEST:

Date _____

ESTATE OF S. B. CHRISTY, JR.

By _____

SONIO PETROLEUM COMPANY

By _____

Robert Kaderli, Jr.

BEARD OIL COMPANY

By _____

CRA, INC.

By _____

GULF OIL CORPORATION

By _____

ALLIED CHEMICAL CORPORATION

By _____

CHINNECC OIL COMPANY

By _____

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Union Oil Company of California, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Richardson Oil, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by Perry R. Bass.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Delbasin Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of Sun Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968 by Jim C. Christy Jr., in the capacity therein stated.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this ____ day of _____, 1968, by _____ of _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF ILLINOIS
COUNTY OF KANE

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____, Sr.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Beard Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of CRA, Inc., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of Miller Chemical Corporation, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF ILLINOIS
COUNTY OF ILLINOIS

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by _____ of _____ Oil Company, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF TEXAS
COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 3 day of July, 1968, by C. L. Marsh, II, Chairman of the Board of Hallmark Petroleum, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1969

Mary Ward
Notary Public

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1968, by David Fasken.

My Commission Expires:

Notary Public



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1357
Roswell, New Mexico 88201

May 15, 1963

34/300

Griffin & Ross
210 Bank of the Southwest Building
Midland, Texas 79701

Attention: Mr. Kenneth H. Griffin

Gentlemen:

Your letter of May 1, received by this office on May 2, transmits a "Resignation of Unit Operator and Designation of New Operator, executed in thirteen counterparts, by which Tenneco Oil Company resigns and Mallard Petroleum, Inc. is designated as unit operator of the Hess Hills unit, Eddy County, New Mexico. Such instruments were approved by the Commissioner of Public Lands of the State of New Mexico on May 3.

The resignation of Tenneco Oil Company as operator of the Hess Hills unit and the designation of Mallard Petroleum, Inc. as the successor operator of such unit is accepted by this office pursuant to Section 6 of the unit agreement.

Sincerely yours,

CARL G. STANLEY
CARL G. STANLEY
Acting Oil and Gas Supervisor

cc:
Washington (w/ty instruments)
BLM, Santa Fe (lrr. only)
Artesia (lrr. only)
Con. of Pub. Lands, Santa Fe (lrr. only)
BISC, Santa Fe, (lrr. only)

100 MAY 2 1963



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1837
Roswell, New Mexico 88201

April 24, 1968

IN REPLY REFER TO

Griffin and Ross
210 Bank of the Southwest Building
Midland, Texas 79701

Attention: Mr. Kenneth H. Griffin

Gentlemen:

We hereby acknowledge receipt on April 22, 1968, of a ratification and joinder to the Hess Hills unit agreement, No. 14-08-0001-8798, Eddy County, New Mexico, executed by CRA, Inc., a 25 percent record title and working interest owner in Federal unit tracts Nos. 17 and 19.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

Sincerely yours,

(ORIGINAL) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil & Gas Supervisor

cc:
Washington (w/cy. joinder)
Artesia (w/cy. joinder)
BLM, Santa Fe (w/cy. joinder)
Com. of Pub. Lands, Santa Fe (ltr. only)
NMOCC, Santa Fe (ltr. only)

68 APR 24 1968

CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of Interior, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. Secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, I do hereby:

- A. Approve the attached agreement for the development and operation of the Hess Hills Unit Area, State of New Mexico.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Date: _____

Director
United States Geological Survey

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
HESS HILLS UNIT

COUNTY OF EDDY
STATE OF NEW MEXICO

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EXHIBITS

Exhibit "A" - Map of Unit Area

Exhibit "B" - Schedule of Ownership in Lands

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
HESS HILLS UNIT

COUNTY OF EDDY
STATE OF NEW MEXICO

No. _____

1 THIS AGREEMENT, entered into as of the 6th day of July, 1966, by and between the parties
2 subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

W I T N E S S E T H:

3 WHEREAS, the parties hereto are the owners of working, royalty, or other oil and gas interests
4 in the Unit Area subject to this agreement; and

5 WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs.
6 181 et seq., authorized Federal lessees and their representatives to unite with each other, or jointly
7 or separately with others, in collectively adopting and operating a cooperative or unit plan of develop-
8 ment or operation of any oil or gas pool, field, or like area, or any part thereof for the purpose of
9 more properly conserving the natural resources thereof whenever determined and certified by the Secre-
10 tary of the Interior to be necessary or advisable in the public interest; and

11 WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of
12 the Legislature (Sec. 7-11-39 N.M. Statutes 1953 Annotated) to consent to or approve this agreement on
13 behalf of the State of New Mexico, in so far as it covers and includes lands and mineral interests of
14 the State of New Mexico; and

15 WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of
16 the Legislature (Art. 111, Ch. 65; Vol. 9, part 2, Statutes 1953 Annotated) to approve this agreement
17 and the conservation provisions hereof; and

18 WHEREAS, the parties hereto hold sufficient interests in the Hess Hills Unit Area covering the
19 land hereinafter described to give reasonably effective control of operation therein; and

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

23 NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties
24 hereto commit to this agreement their respective interests in the below-defined Unit Area, and agree
25 severally among themselves as follows:

26 1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended,
27 supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore
28 issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accept-
29 ed and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent
30 with the terms of this agreement; and as to State of New Mexico lands, the oil and gas operating re-
31 gulations in effect as of the effective date hereof governing drilling and producing operations, not
32 inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made
33 a part of this agreement.

1 2. UNIT AREA. The following described land is hereby designated and recognized as constituting
2 the Unit Area:

Township 23 South, Range 23 East, N.M.P.M.

Section 33: Lots 1, 2, 3, 4, N/2 S/2, N/2 (All)
Section 34: Lots 1, 2, 3, 4, N/2 S/2, N/2 (All)
Section 35: Lots 1, 2, 3, 4, N/2 S/2, N/2 (All)
Section 36: Lots 1, 2, 3, 4, N/2 S/2, N/2 (All)

Township 23 South, Range 24 East, N.M.P.M.

Section 31: Lots 3, 4, E/2 SW/4, SE/4 (S/2)

Township 24 South, Range 23 East, N.M.P.M.

Section 1: Lots 1, 2, 3, 4, S/2 N/2, S/2 (All)
Section 2: Lots 1, 2, 3, 4, S/2 N/2, S/2 (All)
Section 3: Lots 1, 2, 3, 4, S/2 N/2, S/2 (All)
Section 4: Lots 1, 2, 3, 4, S/2 N/2, S/2 (All)
Section 9: All
Section 10: All
Section 11: All
Section 12: All
Section 13: All
Section 14: All
Section 15: All
Section 22: E/2
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 35: N/2

Township 24 South, Range 24 East, N.M.P.M.

Section 6: Lots 1, 2, 3, 4, 5, 6, 7, SE/4 NW/4,
E/2 SW/4, S/2 NE/4, SE/4 (All)
Section 7: Lots 1, 2, 3, 4, E/2 W/2, E/2 (All)
Section 18: Lots 1, 2, 3, 4, E/2 W/2, E/2 (All)
Section 19: Lots 1, 2, 3, 4, E/2 W/2, E/2 (All)
Section 30: Lots 1, 2, 3, 4, E/2 W/2, E/2 (All)

containing 16,359.51 acres, more or less

3 EXHIBIT "A" attached hereto is a map showing the Unit Area and the boundaries and identity of
4 tracts and leases in said area to the extent known to the Unit Operator. EXHIBIT "B" attached hereto
5 is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of
6 ownership of oil and gas interests in all land in the Unit Area. However, nothing herein or in said
7 schedule or map shall be construed as a representation by any party hereto as to the ownership of any
8 interest other than such interest or interests as are shown in said map or schedule as owned by such
9 party. EXHIBITS "A" and "B" shall be revised by the Unit Operator whenever changes in the Unit Area
10 render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred
11 to as "Supervisor," or when requested by the Commissioner of Public Lands of the State of New Mexico,
12 hereinafter referred to as "Land Commissioner," and not less than six (6) copies of the revised
13 exhibits shall be filed with the Supervisor, and two (2) copies thereof shall be filed with the Land
14 Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred
15 to as "Conservation Commission."

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

1 (a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey,
2 hereinafter referred to as "Director," or on demand of the Land Commissioner, but only after prelimin-
3 ary concurrence by the Director and the Land Commissioner shall prepare a notice of proposed expansion
4 or contraction describing the contemplated changes in the boundaries of the Unit Area, the reasons
5 therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to
6 the date of notice.

7 (b) Said notice shall be delivered to the Supervisor, the Land Commissioner and the Conservation
8 Commission and copies thereof mailed to the last known address of each working interest owner, lessee,
9 and lessor whose interests are affected, advising that thirty (30) days will be allowed for submission
10 to the Unit Operator of any objections.

11 (c) Upon expiration of the thirty (30) day period provided in the preceding item (b) hereof,
12 Unit Operator shall file with the Supervisor and the Land Commissioner evidence of mailing of the notice
13 of expansion or contraction and a copy of any objections thereto which have been filed with the Unit
14 Operator, together with an application in sufficient number, for approval of such expansion or contrac-
15 tion and with appropriate joinders.

16 (d) After due consideration of all pertinent information, the expansion or contraction shall,
17 upon approval by the Director and the Land Commissioner, become effective as of the date prescribed in
18 the notice thereof.

19 (e) All legal subdivisions of Unitized Lands (i.e., 40 acres by Government survey or its nearest
20 lot or tract equivalent in instances of irregular surveys; however, unusually large lots or tracts shall
21 be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of
22 elimination under this subsection), no parts of which are entitled to be in a participating area within
23 five (5) years after the first day of the month following the effective date of the first initial par-
24 ticipating area established under this Unit Agreement, shall be eliminated automatically from this
25 agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the
26 Unit Area and shall no longer be subject to this agreement, unless at the expiration of said 5-year
27 period diligent drilling operations are in progress on Unitized Lands not entitled to participation,
28 in which event all such lands shall remain subject hereto for so long as such drilling operations are
29 continued diligently, with not more than ninety (90) days' time elapsing between the completion of one
30 well and the commencement of the next such well, except that the time allowed between such wells shall
31 not expire earlier than thirty (30) days after the expiration of any period of time during which drilling
32 operations are prevented by a matter beyond the reasonable control of Unit Operator as set forth in the
33 section entitled "Unavoidable Delay;" provided that all legal subdivisions of lands not in a partici-
34 pating area and not entitled to become participating under the applicable provisions of this agreement
35 within ten (10) years after said first day of the month following the effective date of said first
36 initial participating area shall be eliminated as above specified. Determination of creditable "Unavoid-
37 able Delay" time shall be made by Unit Operator and subject to approval of the Director and the Land
38 Commissioner. The Unit Operator shall, within ninety (90) days after the effective date of any eliminat-
39 ion hereunder, describe the area so eliminated to the satisfaction of the Director and the Land Com-
40 missioner and promptly notify all parties in interest.

1 If conditions warrant extension of the 10-year period specified in this subsection 2(e), a single
2 extension of not to exceed two (2) years may be accomplished by consent of the owners of 90% of the
3 current unitized working interests and by consent of the owners of 60% of the current unitized basic
4 royalty interests (exclusive of the basic royalty interests of the United States and the State of New
5 Mexico), on a total-nonparticipating-acreage basis, respectively, with approval of the Director and the
6 Land Commissioner provided such extension application is submitted to the Director and the Land Com-
7 missioner not later than 60 days prior to the expiration of said 10-year period.

8 Any expansion of the Unit Area pursuant to this section which embraces lands heretofore eliminated
9 pursuant to this subsection 2 (e) shall not be considered automatic commitment or recommitment of such
10 lands.

11 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute
12 land referred to herein as "Unitized Land" or "land subject to this agreement". All oil and gas in any
13 and all formations of the Unitized Land are unitized under the terms of this agreement and herein are
14 called "Unitized Substances."

15 4. UNIT OPERATOR. Tenneco Oil Company, a Delaware corporation, with offices in Midland, Texas,
16 is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agree-
17 ment all interests in Unitized Substances vested in it and agrees and consents to accept the duties and
18 obligations of Unit Operator for the discovery, development and production of Unitized Substances as
19 herein provided. Whenever reference is made herein to the Unit Operator, such reference means the
20 Unit Operator acting in that capacity and not as an owner of interest in Unitized Substances, and the
21 term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of
22 a working interest when such an interest is owned by it.

23 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at
24 any time prior to the establishment of a participating area or areas hereunder, but such resignation
25 shall not become effective so as to release Unit Operator from the duties and obligations of Unit
26 Operator and terminate Unit Operator's rights as such for a period of six (6) months after notice of
27 intention to resign has been served by Unit Operator on all working interest owners, the Director and
28 the Land Commissioner and until all wells then drilled hereunder are placed in a satisfactory condition
29 for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the
30 Conservation Commission as to State lands unless a new Unit Operator shall have been selected and ap-
31 proved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the
32 expiration of said period.

33 Unit Operator shall have the right to resign in like manner and subject to like limitations, as
34 above provided, at any time a participating area established hereunder is in existence, but, in all
35 instances of resignation or removal, until a successor unit operator is selected and approved as here-
36 inafter provided, the Working Interest Owners shall be jointly responsible for performance of the duties
37 of Unit Operator, and shall not later than 30 days before such resignation or removal becomes effec-
38 tive appoint a common agent to represent them in any action to be taken hereunder.

1 The resignation of Unit Operator shall not release Unit Operator from any liability for any
2 default by it hereunder occurring prior to the effective date of its resignation.

3 The Unit Operator may, upon default or failure in the performance of its duties or obligations
4 hereunder, be subject to removal by the affirmative vote of at least eighty percent (80%) of the owners
5 of working interest remaining after excluding the voting interest of Unit Operator. Such removal shall
6 be effective upon notice thereof to the Director and the Land Commissioner.

7 The resignation or removal of Unit Operator under this agreement shall not terminate its right,
8 title, or interest as the owner of a working interest or other interest in Unitized Substances, but
9 upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver
10 possession of all equipment, materials, and appurtenances used in conducting the unit operations and
11 owned by the Working Interest Owners to the new duly qualified successor Unit Operator or to the owners
12 thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations
13 hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and
14 appurtenances needed for the preservation of any wells.

15 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as
16 Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated
17 by Working Interest Owners, the owners of the working interests in the participating area or areas
18 according to their respective acreage interests in such participating area or areas, or, until a par-
19 ticipating area shall have been established, the owners of the working interests according to their
20 respective acreage interests in all Unitized Land, shall by majority vote select a successor Unit
21 Operator: provided, that, if a majority but less than seventy-five percent (75%) of the working inter-
22 ests qualified to vote are owned by one party to this agreement, a concurring vote of one or more
23 additional Working Interest Owners shall be required to select a new operator. Such selection shall
24 not become effective until:

25 (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of
26 Unit Operator, and

27 (b) the selection shall have been filed with the Supervisor and approved by the Land Commission-
28 er. If no successor Unit Operator is selected and qualified as herein provided, the Director and Land
29 Commissioner at their election may declare this Unit Agreement terminated.

30 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole
31 owner of working interests, cost and expenses incurred by Unit Operator in conducting unit operations
32 hereunder shall be paid and apportioned among and borne by the owners of working interests, all in
33 accordance with the agreement or agreements entered into by and between the Unit Operator and the owners
34 of working interests, whether one or more, separately or collectively. Any agreement or agreements
35 entered into between the Working Interest Owners and the Unit Operator as provided in this section,
36 whether one or more, are herein referred to as the "Unit Operating Agreement." Such Unit Operating
37 Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to
38 receive their respective proportionate and allocated share of the benefits accruing hereto in conform-
39 ity with their underlying operating agreements, leases, or other independent contracts, and such other

1 rights and obligations as between Unit Operator and the Working Interest Owners as may be agreed upon
2 by Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be
3 deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit
4 Operator of any right or obligation established under this Unit Agreement, and in case of any incon-
5 sistency or conflict between the Unit Agreement and the Unit Operating Agreement, this Unit Agreement
6 shall prevail. Three (3) true copies of any Unit Operating Agreement executed pursuant to this section
7 should be filed with the Supervisor and one (1) true copy with the Land Commissioner, prior to approval
8 of this Unit Agreement.

9 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein,
10 the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which
11 are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the
12 Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein pro-
13 vided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and,
14 together with this agreement, shall constitute and define the rights, privileges, and obligations of
15 Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any
16 lease or operating agreement, it being understood that under this agreement the Unit Operator, in its
17 capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto
18 only for the purposes herein specified.

19 9. DRILLING TO DISCOVERY. Within six (6) months after the effective date hereof, the Unit
20 Operator shall begin to drill an adequate test well at a location approved by the Supervisor if on
21 Federal land or by the Land Commissioner if on State Land, or by the Conservation Commission if on
22 privately owned land, if any, unless on such effective date a well is being drilled conformably with
23 the terms hereof, and thereafter continue such drilling diligently until the Morrow formation has been
24 tested or until at a lesser depth Unitized Substances shall be discovered which can be produced in
25 paying quantities (to wit: quantities sufficient to repay the costs of drilling, and producing opera-
26 tions, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction
27 of the Supervisor if on Federal land, of the Land Commissioner if on State land, or of the Conservation
28 Commission if on privately owned land, that further drilling of said well would be unwarranted or im-
29 practicable, provided, however, that Unit Operator shall not in any event be required to drill said
30 well to a depth in excess of Ten Thousand Two Hundred feet (10,200'). Until the discovery of a deposit
31 of Unitized Substances capable of being produced in paying quantities, the Unit Operator shall continue
32 drilling diligently one well at a time, allowing not more than six (6) months between the completion
33 of one well and the beginning of the next well, until a well capable of producing Unitized Substances
34 in paying quantities is completed to the satisfaction of said Supervisor if it be on Federal land or
35 of the Land Commissioner if on State land or the Conservation Commission if on privately owned land or
36 until it is reasonably proved that the Unitized Land is incapable of producing Unitized Substances in
37 paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit
38 the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator
39 to commence or continue any drilling during the period pending such resignation becoming effective in
40 order to comply with the requirements of this section. The Director and Land Commissioner of the State of

1 drilling requirements of this section by granting reasonable extensions of time when, in their opinion,
2 such action is warranted.

3 Upon failure to comply with the drilling provisions of this section, the Director and Land Com-
4 missioner may, after reasonable notice to the Unit Operator, and each Working Interest Owner, lessee,
5 and lessor at their last known addresses, declare this Unit Agreement terminated.

6 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six (6) months after completion of a well
7 capable of producing Unitized Substances in paying quantities, the Unit Operator shall submit for the
8 approval of the Supervisor and the Land Commissioner an acceptable plan of development and operation
9 for the Unitized Land which, when approved by the Supervisor and the Land Commissioner, shall constitute
10 the further drilling and operating obligations of the Unit Operator under this agreement for the period
11 specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit
12 Operator shall submit for the approval of the Supervisor and the Land Commissioner a plan for an addi-
13 tional specified period for the development and operation of the Unitized Land. Any plan submitted pur-
14 suant to this section shall provide for the exploration of the Unitized Area and for the diligent drill-
15 ing necessary for determination of the area or areas thereof capable of producing Unitized Substances
16 in paying quantities in each and every productive formation and shall be as complete and adequate as the
17 Supervisor and the Land Commissioner may determine to be necessary for timely development and proper
18 conservation of the oil and gas resources of the Unitized Area and shall:

19 (a) specify the number and location of wells to be drilled, the proposed order and time for such
20 drilling; and

21 (b) to the extent practicable specify the operating practices regarded as necessary and advisable
22 for proper conservation of natural resources.

23 Separate plans may be submitted for separate productive zones, subject to the approval of the
24 Supervisor and the Land Commissioner.

25 Plans shall be modified or supplemented when necessary to meet changed conditions or to protect
26 the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying
27 with the obligations of the approved plan of development. The Supervisor and Land Commissioner are
28 authorized to grant a reasonable extension of the six (6) month period herein prescribed for submission
29 of an initial plan of development where such action is justified because of unusual conditions or cir-
30 cumstances. After completion hereunder of a well capable of producing any Unitized Substance in paying
31 quantities, no further wells, except such as may be necessary to afford protection against operations
32 not under this agreement or such as may be specifically approved by the Supervisor and the Land Com-
33 missioner, shall be drilled except in accordance with a plan of development approved as herein provided.

34 11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing Unitized
35 Substances in paying quantities or as soon thereafter as required by the Supervisor or the Land Com-
36 missioner the Unit Operator shall submit for approval by the Director and the Land Commissioner a
37 schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all Unitized
38 Land then regarded as reasonably proved to be productive of Unitized Substances in paying quantities;
39 all lands in said schedule on approval of the Director and the Land Commissioner to constitute a par-
40 ticipating area, effective as of the date of completion of such well or the effective date of the

1 Unit Agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based
2 upon appropriate computations from the courses and distances shown on the last approved public-land
3 survey as of the effective date of the initial participating area. Said schedule also shall set forth
4 the percentage of Unitized Substances to be allocated as herein provided to each unitized tract in the
5 participating area so established, and shall govern the allocation of production from and after the
6 date the participating area becomes effective. A separate participating area shall be established in
7 like manner for each separate pool or deposit of Unitized Substances or for any group thereof produced
8 as a single pool or zone, and any two or more participating areas so established may be combined into
9 one with the consent of the owners of all working interests in the lands within the participating areas
10 so to be combined, on approval of the Director and the Land Commissioner. The participating area or
11 areas so established shall be revised from time to time, subject to like approval, whenever such action
12 appears proper as a result of further drilling operations or otherwise, to include additional land then
13 regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded
14 as reasonably proved not to be productive in paying quantities and the percentage of allocation shall
15 also be revised accordingly. The effective date of any revision shall be the first of the month in
16 which is obtained the knowledge or information on which such revision is predicated, provided, however,
17 that a more appropriate effective date may be used if justified by the Unit Operator and approved by
18 the Director and the Land Commissioner. No land shall be excluded from a participating area on account
19 of depletion of the Unitized Substances.

20 It is the intent of this section that a participating area shall represent the area known or
21 reasonably estimated to be productive in paying quantities; but, regardless of any revision of the
22 participating area, nothing herein contained shall be construed as requiring any retroactive adjust-
23 ment for production obtained prior to the effective date of the revision of the participating area.

24 In the absence of agreement at any time between the Unit Operator and the Director and the
25 Land Commissioner as to the proper definition or redefinition of a participating area, or until a
26 participating area has, or areas have, been established as provided herein, the portion of all payments
27 affected thereby may be impounded in a manner mutually acceptable to the owners of working interests,
28 except royalties due the United States and the State of New Mexico, which shall be determined by the
29 Supervisor for Federal lands and the Land Commissioner for State lands and the Conservation Commission
30 as to privately owned lands and the amount thereof deposited, as directed by the Supervisor and the
31 Land Commissioner respectively, to be held as unearned money until a participating area is finally
32 approved and then applied as earned or returned in accordance with a determination of the sum due as
33 Federal and State royalty on the basis of such approved participating area.

34 Whenever it is determined, subject to the approval of the Supervisor, as to wells drilled on
35 Federal land and of the Land Commissioner as to wells drilled on State land and the Conservation Com-
36 mission as to wells on privately owned lands, that a well drilled under this agreement is not capable
37 of production in paying quantities and inclusion of the land on which it is situated in a participating
38 area is unwarranted, production from such well shall, for the purposes of settlement among all parties
39 other than Working Interest Owners, be allocated to the land on which the well is located or land in
40 such land is not within a participating area established for the pool or deposit from which such pro-
41 duction is obtained. Settlement for working interest benefits from such a well shall be made as pro-
42 vided in the Unit Operating Agreement.

1 12. ALLOCATION OF PRODUCTION. All Unitized Substances produced from each participating area
2 established under this agreement, except any part thereof used in conformity with good operating prac-
3 tices within the Unitized Area for drilling, operating, camp and other production or development pur-
4 poses, for repressuring or recycling in accordance with a plan of development approved by the Supervisor
5 and the Land Commissioner, or unavoidably lost, shall be deemed to be produced equally on an acreage
6 basis from the several tracts of Unitized Land of the participating area established for such produc-
7 tion and, for the purpose of determining any benefits accruing under this agreement, each such tract
8 of Unitized Land shall have allocated to it such percentage of said production as the number of acres
9 of such tract included in said participating area bears to the total acres of Unitized Land in said
10 participating area, except that allocation of production hereunder for purposes other than for settle-
11 ment of the royalty, overriding royalty, or payment out of production obligations of the respective
12 Working Interest Owners, shall be on the basis prescribed in the Unit Operating Agreement whether in
13 conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that pro-
14 duction of Unitized Substances from a participating area shall be allocated as provided herein regardless
15 of whether any wells are drilled on any particular part or tract of said participating area. If any
16 gas produced from one participating area is used for repressuring or recycling purposes in another par-
17 ticipating area, the first gas withdrawn from such last-mentioned participating area for sale during
18 the life of this agreement shall be considered to be the gas so transferred until an amount equal to
19 that transferred shall be so produced for sale and such gas shall be allocated to the participating
20 area from which initially produced as constituted at the time of such final production.

21 13. DEVELOPMENT OR OPERATION OF NONPARTICIPATING LAND OR FORMATIONS. Any party or parties hereto
22 owning or controlling the working interest in any Unitized Land having thereon a regular well location
23 may with the approval of the Supervisor as to Federal land, the Land Commissioner as to State land,
24 and the Conservation Commission as to privately owned land, and subject to the non-conflicting provisions
25 of the Unit Operating Agreement, at such party's or parties' sole risk, cost, and expense drill a well
26 at such location on such land to test any formation for which a participating area has not been estab-
27 lished or to test any formation for which a participating area has been established if such location
28 is not within said participating area, unless within ninety (90) days of receipt of notice from said
29 party of his intention to drill the well the Unit Operator elects and commences to drill such a well
30 in like manner as other wells are drilled by the Unit Operator under this agreement.

31 If any well drilled as aforesaid by a Working Interest Owner results in production such that the
32 land upon which it is situated may properly be included in a participating area, such participating
33 area shall be established or enlarged as provided in this agreement and the well shall thereafter be
34 operated by the Unit Operator in accordance with the terms of this agreement and the Unit Operating
35 Agreement.

36 If any well drilled as aforesaid by a Working Interest Owner obtains production in quantities im-
37 sufficient to justify the inclusion in a participating area of the land upon which such well is situated,
38 such well may be operated and produced by the party drilling the same subject to the conservation re-
39 quirements of this agreement. The royalties in amount or value of production from any such well shall
40 be paid as specified in the underlying lease and agreements affected.

1 14. ROYALTY SETTLEMENT. The United States, the State of New Mexico and other royalty owners
2 who, under existing contract, are entitled to take in kind a share of the substances now unitized here-
3 under produced from any tract, shall hereafter be entitled to the right to take in kind their share of
4 the Unitized Substances allocated to such tract, and Unit Operator, or in case of the operation of a
5 well by a Working Interest Owner as herein in special cases provided for, such Working Interest Owner,
6 shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts,
7 laws, and regulations. Settlement for royalty interest not taken in kind shall be made by Working
8 Interest Owners responsible therefor under existing contracts, laws, and regulations on or before the
9 last day of each month for Unitized Substances produced during the preceding calendar month; provided,
10 however, that nothing herein contained shall operate to relieve the lessees of any land from their re-
11 spective lease obligations for the payment of any royalties due under their leases.

12 If gas obtained from lands not subject to this agreement is introduced into any participating
13 area hereunder, for the use in repressuring, stimulation of production, or increasing ultimate recovery,
14 which shall be in conformity with a plan first approved by the Supervisor and the Land Commissioner, a
15 like amount of gas, after settlement as herein provided for any gas transferred from any other parti-
16 cipating area and with due allowance for loss or depletion from any cause, may be withdrawn from the
17 formation into which the gas was introduced, royalty free as to dry gas, but not as to the products
18 extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the plan
19 of operations or as may otherwise be consented to by the Supervisor and the Land Commissioner as con-
20 forming to good petroleum engineering practice; and provided further, that such right of withdrawal
21 shall terminate on the termination of this Unit Agreement.

22 Royalty due the United States shall be computed as provided in the operating regulations and
23 paid in value or delivered in kind as to all Unitized Substances on the basis of the amounts thereof
24 allocated to unitized Federal land as provided herein at the rates specified in the respective Federal
25 leases, or at such lower rate or rates as may be authorized by law or regulation; provided, that for
26 leases on which the royalty rate depends on the daily average production per well, said average pro-
27 duction shall be determined in accordance with the operating regulations as though each participating
28 area were a single consolidated lease.

29 Royalty due the State of New Mexico shall be computed and paid on the basis of the amounts
30 allocated to unitized State land as provided herein at the rate specified in the State oil and gas
31 lease.

32 Royalty due on account of privately owned lands shall be computed and paid on the basis of all
33 Unitized Substances allocated to such lands.

34 15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid
35 by Working Interest Owners responsible therefor under existing contracts, laws, and regulations, pro-
36 vided that nothing herein contained shall operate to relieve the lessees of any land from their res-
37 pective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under
38 their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall
39 be paid at the rate specified in the respective leases from the United States unless such rental or
40 or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly
41 authorized representative.

1 Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates
2 specified in the respective leases.

3 With respect to any lease on non-Federal land containing provisions which would terminate such
4 lease unless drilling operations were within the time therein specified commenced upon the land covered
5 thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required
6 thereby shall, notwithstanding any other provision of this agreement be deemed to accrue and become
7 payable during the term thereof as extended by this agreement and thereafter until the required drill-
8 ing operations are commenced upon the land covered thereby or some portion of such land is included
9 within a participating area.

10 16. CONSERVATION. Operations hereunder and production of Unitized Substances shall be conducted
11 to provide for the most economical and efficient recovery of said substances without waste, as defined
12 by or pursuant to State or Federal law or regulations.

13 17. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage
14 of Unitized Substances from Unitized Land by wells on land not subject to this agreement, or, with the
15 prior consent of the Director and the Land Commissioner, pursuant to applicable regulations pay a fair
16 and reasonable compensatory royalty as determined by the Supervisor as to Federal leases and the Land
17 Commissioner as to State leases.

18 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all
19 leases, subleases, and other contracts relating to exploration, drilling development, or operation for
20 oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent
21 necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and
22 effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the Land Com-
23 missioner as to State leases shall and each by his approval hereof, or by the approval hereof by his
24 duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing,
25 rental, minimum royalty, and royalty requirements of Federal and State leases committed hereto and the
26 regulations in respect thereto to conform said requirements to the provisions of this agreement, and,
27 without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly
28 modified in accordance with the following:

29 (a) The development and operation of lands subject to this agreement under the terms hereof
30 shall be deemed full performance of all obligations for development and operation with respect to each
31 and every part or separately owned tract subject to this agreement, regardless of whether there is any
32 development of any particular part or tract of the Unit Area, notwithstanding anything to the contrary
33 in any lease, operating agreement or other contract by and between the parties hereto, or their res-
34 pective predecessors in interest, or any of them.

35 (b) Drilling and producing operations performed hereunder upon any tract of Unitized Lands will
36 be accepted and deemed to be performed upon and for the benefit of each and every tract of Unitized
37 Land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated
38 on the land therein embraced.

1 (c) Suspension of drilling or producing operations on all Unitized lands pursuant to direction
2 or consent of the Secretary and the Land Commissioner, or their duly authorized representatives, shall
3 be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract
4 of Unitized Land.

5 (d) Each lease, sublease or contract relating to the exploration, drilling development or opera-
6 tion for oil or gas of lands, other than those of the United States and State of New Mexico, committed
7 to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby
8 extended beyond any such term so provided therein so that it shall be continued in full force and effect
9 for and during the term of this agreement.

10 (e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part
11 of such lease which is made subject to this agreement shall continue in force beyond the term provided
12 therein until the termination hereof. Any other Federal lease committed hereto shall continue in force
13 beyond the term so provided therein or by law as to the land committed so long as such lease remains
14 subject hereto, provided that production is had in paying quantities under this Unit Agreement prior
15 to the expiration date of the term of such lease, or in the event actual drilling operations are com-
16 menced on Unitized Land, in accordance with the provisions of this agreement, prior to the end of the
17 primary term of such lease and are being diligently prosecuted at that time, such lease shall be ex-
18 tended for two years and so long thereafter as oil or gas is produced in paying quantities in accord-
19 ance with the provisions of the Mineral Leasing Act Revision of 1960.

20 (f) Each sublease or contract relating to the operation and development of Unitized Substances
21 from lands of the United States committed to this agreement, which by its terms would expire prior to
22 the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire,
23 is hereby extended beyond any such term so provided therein so that it shall be continued in full force
24 and effect for and during the term of the underlying lease as such term is herein extended.

25 (g) Any lease embracing lands of the State of New Mexico which is made subject to this agree-
26 ment, shall continue in force beyond the term provided therein as to the lands committed hereto until
27 the termination hereof, subject to the provisions of subsection (e) of Section 2, and subsection (i)
28 of this Section 18.

29 (h) The segregation of any Federal lease committed to this agreement is governed by the follow-
30 ing provision in the fourth paragraph of Sec. 17 (j) of the Mineral Leasing Act, as amended by the Act
31 of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to
32 any such (unit) plan embracing lands that are in part within and in part outside of the area covered
33 by any such plan shall be segregated into separate leases as to the lands committed and the lands not
34 committed as of the effective date of unitization: Provided, however, that any such lease as to the
35 non-unitized portion shall continue in force and effect for the term thereof but for not less than
36 two (2) years from the date of such segregation and so long thereafter as oil or gas is produced in
37 paying quantities."

1 (i) Any lease embracing lands of the State of New Mexico having only a portion of its lands
2 committed hereto, shall be segregated as to the portion committed and the portion not committed, and
3 the provisions of such lease shall apply separately to such segregated portions commencing as of the
4 effective date hereof; provided, however, notwithstanding any of the provisions of this agreement to
5 the contrary any lease embracing lands of the State of New Mexico having only a portion of its lands
6 committed hereto shall continue in full force and effect beyond the term provided therein as to all
7 lands embraced in such lease, if oil or gas is discovered and is capable of being produced in paying
8 quantities from some part of the lands embraced in such lease at the expiration of the secondary term
9 of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then
10 engaged in bonafide drilling or reworking operations on some part of the lands embraced in such lease,
11 the same, as to all lands embraced therein, shall remain in full force and effect so long as such op-
12 erations are being diligently prosecuted, and if they result in the production of oil or gas, said
13 lease shall continue in full force and effect as to all of the lands embraced therein, so long there-
14 after as oil or gas in paying quantities is being produced from any portion of said lands.

15 19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running
16 with the land with respect to the interest of the parties hereto and their successors in interest
17 until this agreement terminates, and any grant, transfer, or conveyance, of interest in land or leases
18 subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations
19 hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of
20 any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator
21 until the first day of the calendar month after Unit Operator is furnished with the original, photo-
22 static, or certified copy of the instrument of transfer.

23 20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Secre-
24 tary and the Land Commissioner or their duly authorized representatives as of the date of approval by
25 the Secretary and shall terminate five (5) years from said effective date unless:

26 (a) such date of expiration is extended by the Director and the Land Commissioner, or

27 (b) it is reasonably determined prior to the expiration of the fixed term or any extension
28 thereof that the Unitized Land is incapable of production of Unitized Substances in paying quantities
29 in the formations tested hereunder and after notice of intention to terminate the agreement on such
30 ground is given by the Unit Operator to all parties in interest at their last known addresses, the
31 agreement is terminated with the approval of the Director and Land Commissioner, or

32 (c) a valuable discovery of Unitized Substances has been made or accepted on Unitized Land
33 during said initial term or any extension thereof, in which event the agreement shall remain in effect
34 for such term and so long as Unitized Substances can be produced in quantities sufficient to pay for
35 the cost of producing same from wells on Unitized Land within any participating area established here-
36 under and, should production cease, so long thereafter as diligent operations are in progress for the
37 restoration of production or discovery of new production and so long thereafter as the Unitized Sub-
38 stances so discovered can be produced as aforesaid, or

1 (d) it is terminated as heretofore provided in this agreement.

2 This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis,
3 of the owners of working interests signatory hereto, with the approval of the Director and Land Com-
4 missioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

5 21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The Director is hereby vested with
6 authority to alter or modify from time to time in his discretion the quantity and rate of production
7 under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does
8 not conform to any state-wide voluntary conservation or allocation program, which is established, re-
9 cognized, and generally adhered to by the majority of operators in such State, such authority being
10 hereby limited to alteration or modification in the public interest, the purpose thereof and the public
11 interest to be served thereby to be stated in the order of alteration or modification. Without regard
12 to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time
13 in his discretion the rate of prospecting and development and the quantity and rate of production under
14 this agreement when such alteration or modification is in the interest of attaining the conservation
15 objectives stated in this agreement and is not in violation of any applicable Federal or State law;
16 provided, further, that no such alteration or modification shall be effective as to any land of the
17 State of New Mexico, as to the rate of prospecting and developing in the absence of the specific written
18 approval thereof by the Land Commissioner and as to any lands of the State of New Mexico or privately
19 owned lands subject to this agreement as to the quantity and rate of production in the absence of
20 specific written approval thereof by the Conservation Commission.

21 Powers in this section vested in the Director shall only be exercised after notice to Unit
22 Operator and opportunity for hearing to be held not less than 15 days from notice.

23 22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the Working Interest Owners nor
24 any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or
25 under any leases or contracts subject hereto, or to any penalty or liability on account of delay or
26 failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit
27 Operator, Working Interest Owners or any of them are hindered, delayed or prevented from complying
28 therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the
29 concurrence of proper representatives of the United States and proper representatives of the State of
30 New Mexico in and about any matters or thing concerning which it is required herein that such concurrence
31 be obtained. The parties hereto, including the Conservation Commission, agree that all powers and
32 authority vested in the Conservation Commission in and by any provisions of this agreement are vested
33 in the Conservation Commission and shall be exercised by it pursuant to the provisions of the laws of
34 the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter
35 be provided by the laws of the State of New Mexico.

36 23. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right
37 to appear for and on behalf of any and all interests affected hereby before the Department of the Inter-
38 ior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation
39 Commission and to appeal from orders issued under the regulations of said Department, the Conservation
40 Commission or Land Commissioner or to apply for relief from any of said regulations or in any proceedings

1 relative to operations before the Department of the Interior, the Land Commissioner, or Conservation
2 Commission or any other legally constituted authority: provided, however, that any other interested
3 party shall also have the right at his own expense to be heard in any such proceeding.

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

10 25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall be construed as a
11 waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the
12 validity or invalidity of any law of the State wherein said Unitized Lands are located, or of the United
13 States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such
14 party of any right beyond his or its authority to waive.

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

23 27. NONDISCRIMINATION. In connection with the performance of work under this agreement, Unit
24 Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive
25 Order 11246, 30 FR 12319, which are hereby incorporated by reference in this agreement.

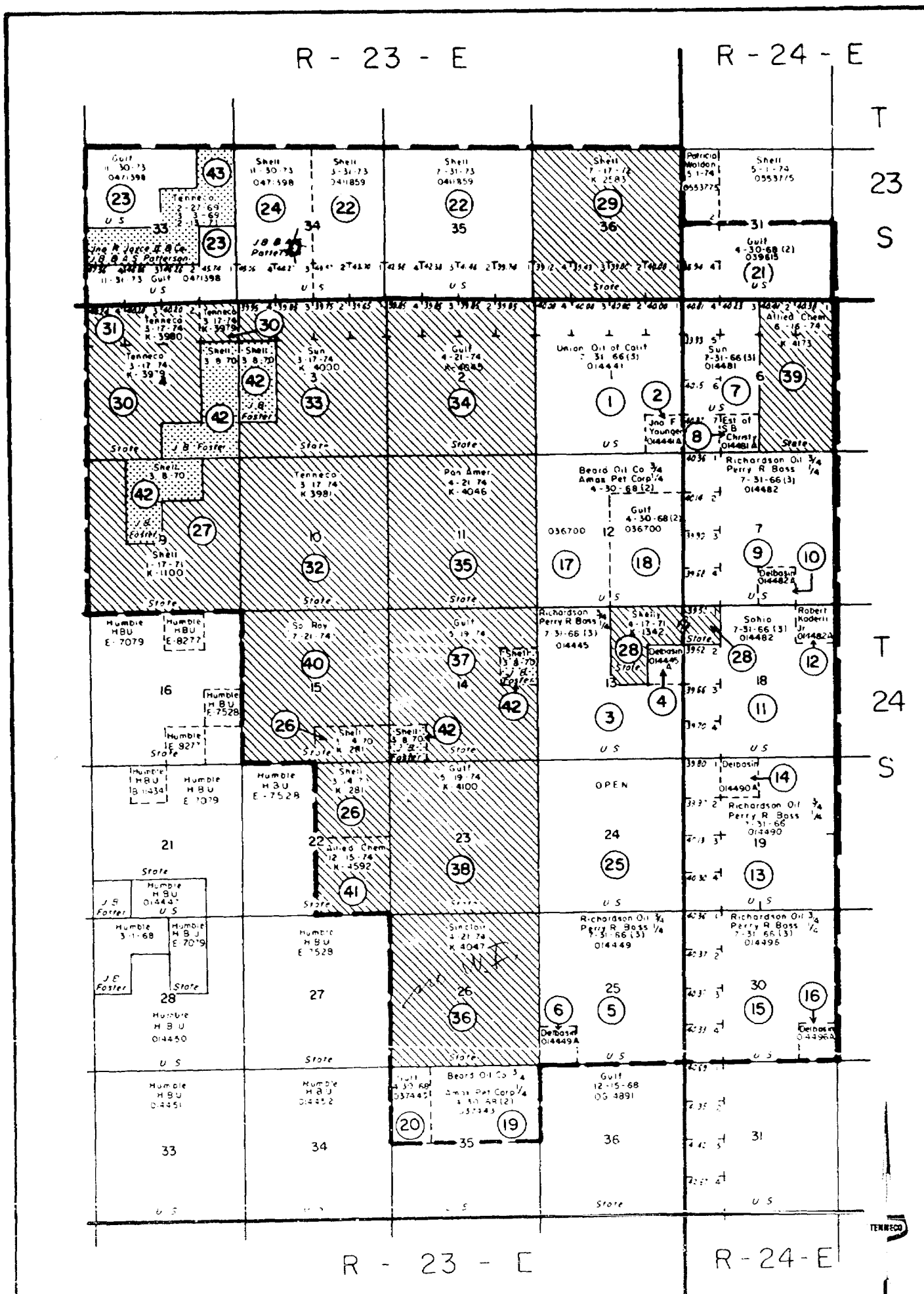
26 28. LOSS OF TITLE. In the event title to any tract of Unitized Land shall fail and the true
27 owner cannot be induced to join in this Unit Agreement, such tract shall be automatically regarded as
28 not committed hereto and there shall be such readjustment of future costs and benefits as may be re-
29 quired on account of the loss of such title. In the event of a dispute as to title as to any royalty,
30 working interest, or other interests subject thereto, payment or delivery on account thereof may be
31 withheld without liability for interest until the dispute is finally settled; provided, that, as to
32 Federal and State land or leases, no payments of funds due the United States or the State of New Mexico
33 should be withheld, but such funds of the United States shall be deposited as directed by the Super-
34 visor and such funds of the State of New Mexico shall be deposited as directed by the Land Commissioner
35 to be held as unearned money pending final settlement of the title dispute, and then applied as earned
36 or returned in accordance with such final settlement.

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

1 29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract
2 within the Unit Area fails or refuses to subscribe or consent to this agreement, the owner of the
3 working interest in that tract may withdraw said tract from this agreement by written notice to the
4 Director, the Land Commissioner, and the Unit Operator prior to the approval of this agreement by the
5 Land Commissioner and the Director. Any oil and gas interests in lands within the Unit Area not com-
6 mitted hereto prior to submission of this agreement for final approval may thereafter be committed
7 hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest
8 is a working interest, by the owner of such interest also subscribing to the Unit Operating Agreement.
9 After operations are commenced hereunder, the right of subsequent joinder, as provided in this section,
10 by a Working Interest Owner is subject to such requirements or approvals, if any, pertaining to such
11 joinder, as may be provided for in the Unit Operating Agreement. After final approval hereof joinder
12 by a non-Working Interest Owner must be consented to in writing by the Working Interest Owner committed
13 hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-
14 working interest. Joinder by any owner of a non-working interest, at any time, must be accompanied by
15 appropriate joinder by the owner of the corresponding working interest in order for the interest to be
16 regarded as committed hereto. Joinder to the Unit Agreement by a Working Interest Owner, at any time,
17 must be accompanied by appropriate joinder to the Unit Operating Agreement, if more than one committed
18 Working Interest Owner is involved, in order for the interest to be regarded as committed to this Unit
19 Agreement. Except as may otherwise herein be provided subsequent joinders to this agreement shall be
20 effective as of the first day of the month following the filing with the Supervisor and the Land Com-
21 missioner of duly executed counterparts of all or any papers necessary to establish effective commitment
22 of any tract to this agreement unless objection to such joinder is duly made within sixty (60) days by
23 the Director or the Land Commissioner, provided, that as to State lands all subsequent joinders must be
24 approved by the Land Commissioner.

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

31 31. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that
32 of independent contractors and nothing in this agreement contained, expressed or implied, nor any
33 operations conducted hereunder, shall create or be deemed to have created a partnership or association
34 between the parties hereto or any of them.



UNIT BOUNDARY LINE

8,282.49 ACRES FEDERAL LAND
7,398.02 ACRES ST. OF NEW MEXICO LAND
680.00 ACRES FEE LAND

16,360.51 TOTAL

FEDERAL ACREAGE
STATE ACREAGE
FEE ACREAGE

BEFORE EXAMINER UTZ

FILE NO.

EXHIBIT NO.

CASE NO.

TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO CORPORATION

HESS HILLS UNIT
EDDY CO., NEW MEXICO

EXHIBIT "A"

SCALE IN FEET

4000 2000 0 4000

EXHIBIT B - HESS-HILLS UNIT AREA, EDDY COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 23 EAST; TOWNSHIP 24 SOUTH, RANGE 23 EAST;
TOWNSHIP 23 SOUTH, RANGE 24 EAST; TOWNSHIP 24 SOUTH, RANGE 24 EAST;
N.M.P.M.

TRACT NO.	DESCRIPTION OF LEASE	NUMBER OF ACRES	SER. NO. & EXP. DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
Federal land							
1	Lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$,SW $\frac{1}{2}$, N $\frac{1}{2}$ SE $\frac{1}{2}$, SW $\frac{1}{2}$ SE $\frac{1}{2}$ Section 1, Township 24 South, Range 23 East	600.00	NM-014441 7-31-66	12 $\frac{1}{2}$ %	Union Oil Company of California	Robert C. Thomas 2 $\frac{1}{2}$ %	*Union Oil Company of California - All
2	SE $\frac{1}{2}$ SE $\frac{1}{2}$, Sec. 1, Township 24 South, Range 23 East	40.00	NM-014441(A) 7-31-66	12 $\frac{1}{2}$ %	John F. Younger	Robert C. Thomas 2 $\frac{1}{2}$ %	*John F. Younger All
3	W $\frac{1}{2}$ & SE $\frac{1}{2}$ Sec.13, Township 24 South, Range 23 East	480.00	NM-014445 7-31-66	12 $\frac{1}{2}$ %	Richardson Oil, Inc.-75% Perry R. Bass - 25%	Martha C. Gillespie - 1/2 of 1% Edward M. Muse - 1/2 of 1%	*Richardson Oil, Inc. - 75% *Perry R. Bass - 25%
4	SE $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 13, Township 24 South, Range 23 East	40.00	NM-014445(A) 7-31-66	12 $\frac{1}{2}$ %	Delbasin Corporation	Martha C. Gillespie- 1/2 of 1% Edward M. Muse-1/2 of 1%	*Delbasin Corporation - All
5	N $\frac{1}{2}$, SE $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{2}$, SE $\frac{1}{2}$ SW $\frac{1}{2}$ Sec. 25, Township 24 South, Range 23 East	600.00	NM-014449 7-31-66	12 $\frac{1}{2}$ %	Richardson Oil, Inc. - 75% Perry R. Bass - 25%	Leona T. Feather - 1/2 of 1% Edward M. Muse - 1/2 of 1%	*Richardson Oil, Inc. - 75% *Perry R. Bass - 25%
6	SW $\frac{1}{2}$ SW $\frac{1}{2}$ Sec.25, Township 24 South, Range 23 East	40.00	NM-014449(A) 7-31-66	12 $\frac{1}{2}$ %	Delbasin Corporation	Leona T. Feather - 1/2 of 1% Edward M. Muse - 1/2 of 1%	*Delbasin Corporation - All
7	Lots 3,4,5,6, 7, SE $\frac{1}{2}$ NW $\frac{1}{2}$, NE $\frac{1}{2}$ SW $\frac{1}{2}$ Sec.6, Township 24 South, Range 24 East	281.49	NM-014481 7-31-66	12 $\frac{1}{2}$ %	Sun Oil Company	T.M.Hobday - 3%	Sun Oil Company- All
8	SE $\frac{1}{2}$ SW $\frac{1}{2}$ Sec.6, Township 24 South, Range 24 East	40.00	NM-014481(A) 7-31-66	12 $\frac{1}{2}$ %	Estate of S. B. Christy, Jr.	T.M.Hobday - 3%	Estate of S. B. Christy, Jr. - All
9	Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$, NE $\frac{1}{2}$, N $\frac{1}{2}$ SE $\frac{1}{2}$, SE $\frac{1}{2}$ SE $\frac{1}{2}$ Section 7, Township 24 South, Range 24 East	600.08	NM-014482 7-31-66	12 $\frac{1}{2}$ %	Richardson Oil, Inc. - 3/4 Perry R. Bass - 1/4	Mattie B.Lang- 1/2 of 1% Edward M.Muse - 1/2 of 1%	*Richardson Oil, Inc. - 75% *Perry R.Bass- 25%
10	SW $\frac{1}{2}$ SE $\frac{1}{2}$ Sec.7, Township 24 South, Range 24 East	40.00	NM-014482(A) 7-31-66	12 $\frac{1}{2}$ %	Delbasin Corporation	Mattie B.Lang- 1/2 of 1% Edward M.Muse - 1/2 of 1%	*Delbasin Corporation - All
11	Lots 2,3,4,E $\frac{1}{2}$ W $\frac{1}{2}$, SE $\frac{1}{2}$, S $\frac{1}{2}$ NE $\frac{1}{2}$, NW $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 18, Township 24 South, Range 24 East	558.98	NM-014489 7-31-66	12 $\frac{1}{2}$ %	Sohio Petroleum Company	Blanche V. White and Emmett White - \$750.00 per acre oil payment out of 27	*Sohio Petroleum Company - All

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. _____

EXHIBIT B - HESS-HILLS UNIT AREA, EDDY COUNTY, NEW MEXICO
(Page 2)

TRACT NO.	DESCRIPTION OF LEASE	NUMBER OF ACRES	SER. NO. & EXP. DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
12	NE $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 18, Township 24 South, Range 24 East	40.00	NM-014489(A) 7-31-66	12 $\frac{1}{2}$ %	Robert Kaderli, Jr.	Blanche V. White & Emmett White - \$750.00 per acre oil payment out of 27.	*Robert Kaderli, Jr. - All
13	Lots 1, 2, 3, 4, SE $\frac{1}{2}$ NW $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{2}$, E $\frac{1}{2}$ Sec. 19, Township 24 South, Range 24 East	600.20	NM-014490 7-31-66	12 $\frac{1}{2}$ %	Richardson Oil, Inc. - 75% Perry R. Bass - 25%	Helen T. Boone - 1/2 of 1% Edward M. Muse - 1/2 of 1%	*Richardson Oil, Inc. - 75% *Perry R. Bass - 25%
14	NE $\frac{1}{2}$ NW $\frac{1}{2}$ Sec. 19, Township 24 South, Range 24 East	40.00	NM-014490(A) 7-31-66	12 $\frac{1}{2}$ %	Delbasin Corporation	Helen T. Boone - 1/2 of 1% Edward M. Muse - 1/2 of 1%	*Delbasin Corporation - All
15	Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, NE $\frac{1}{2}$, N $\frac{1}{2}$ SE $\frac{1}{2}$, SW $\frac{1}{2}$ SE $\frac{1}{2}$ Sec. 30, Township 24 South, Range 24 East	601.48	NM-014496 7-31-66	12 $\frac{1}{2}$ %	Richardson Oil, Inc. - 75% Perry R. Bass - 25%	E. E. Unger - 1/2 of 1% Edward M. Muse - 1/2 of 1%	*Richardson Oil, Inc. - 75% *Perry R. Bass - 25%
16	SE $\frac{1}{2}$ SE $\frac{1}{2}$ Sec. 30, Township 24 South, Range 24 East	40.00	NM-014496(A) 7-31-66	12 $\frac{1}{2}$ %	Delbasin Corporation	E. E. Unger - 1/2 of 1% Edward M. Muse - 1/2 of 1%	*Delbasin Corporation - All
17	W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 12, Township 24 South, Range 23 East	400.00	NM-036700 4-30-68	12 $\frac{1}{2}$ %	Beard Oil Company - 75% Amax Petroleum Corporation - 25%	Vola V. Horst - 1/2 of 1% payable out of Beard Oil Company's & Amax Petroleum Corporation's Interest - Bruce Anderson - 3 $\frac{1}{2}$ % payable out of Amax Petroleum Corporation's 25%	Beard Oil Company - 75% Amax Petroleum Corporation - 25%
18	S $\frac{1}{2}$ NE $\frac{1}{2}$, SE $\frac{1}{2}$ Sec. 12, Township 24 South, Range 23 East	240.00	NM-036700(A) 4-30-68	12 $\frac{1}{2}$ %	Gulf Oil Corporation	Vola V. Horst - 1/2 of 1% Bruce Anderson - 4 $\frac{1}{2}$ %	Gulf Oil Corporation - All
19	NE $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{2}$ Sec. 35, Township 24 South, Range 23 East	240.00	NM-037443 4-30-68	12 $\frac{1}{2}$ %	Beard Oil Company - 75% Amax Petroleum Corporation - 25%	Vola V. Horst - 1/2 of 1% payable out of Beard Oil Company's & Amax Petroleum Corporation's Interest - Bruce Anderson - 3 $\frac{1}{2}$ % payable out of Amax Petroleum Corporation's 25%	Beard Oil Company - 75% Amax Petroleum Corporation - 25%
20	W $\frac{1}{2}$ NW $\frac{1}{2}$ Sec. 35, Township 24 South, Range 23 East	80.00	NM-037443(A) 4-30-68	12 $\frac{1}{2}$ %	Gulf Oil Corporation	Vola V. Horst - 1/2 of 1% Bruce Anderson - 4 $\frac{1}{2}$ %	*Gulf Oil Corporation - All

EXHIBIT B - HESS-PILLS UNIT AREA, EDDY COUNTY, NEW MEXICO
(Page 3)

TRACT NO.	DESCRIPTION OF LEASE	NUMBER OF ACRES	SER. NO. & EXP. DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
21	Lots 3,4,E $\frac{1}{2}$ SW $\frac{1}{2}$, SE $\frac{1}{2}$ Sec. 31, Township 23 South, Range 24 East	311.76	NM-039615(A) 4-30-68	12 $\frac{1}{2}$ %	Gulf Oil Corporation	Hoover Wright-3%; Senemex, Inc.-\$500.00 per acre oil payment out of 2%.	*Gulf Oil Corporation - All
22	Lots 1,2,N $\frac{1}{2}$ SE $\frac{1}{2}$, NE $\frac{1}{2}$ Sec. 34; Lots 1,2,3,4,N $\frac{1}{2}$ S $\frac{1}{2}$, N $\frac{1}{2}$ Sec. 35, Township 23 South, Range 23 East	972.81	NM-0411859 7-31-73	12 $\frac{1}{2}$ %	Shell Oil Company	Velma M.Duncan and Walter Duncan - 5%	*Shell Oil Company - All
23	Lots 1,2,3,4, NE $\frac{1}{2}$ SE $\frac{1}{2}$,NW $\frac{1}{2}$,NW $\frac{1}{2}$ NE $\frac{1}{2}$, Sec. 33, Township 23 South, Range 23 East	426.41	NM-0471398 11-30-73	12 $\frac{1}{2}$ %	Gulf Oil Corporation	Patricia Boyle-5%	*Gulf Oil Corporation- All
24	Lots 3,4,N $\frac{1}{2}$ SW $\frac{1}{2}$, NW $\frac{1}{2}$ Sec. 34, Township 23 South, Range 23 East	329.28	NM-0471398(A) 11-30-73	12 $\frac{1}{2}$ %	Shell Oil Company	Patricia Boyle - 5%	*Shell Oil Company - All
25	All Section 24, Township 24 South, Range 23 East	640.00	UNLEASED		UNLEASED		UNLEASED
25 Federal Tracts 8,282.49 Acres or 50.6% of Unit Area							
State land							
26	S $\frac{1}{2}$ SE $\frac{1}{2}$ Sec.15, NE $\frac{1}{2}$ Sec. 22, Township 24 South, Range 23 East	240.00	K-281 3-14-70	12 $\frac{1}{2}$ %	Shell Oil Company	NONE	*Shell Oil Company - All
27	NE $\frac{1}{2}$ NE $\frac{1}{2}$, S $\frac{1}{2}$ NE $\frac{1}{2}$, W $\frac{1}{2}$ NW $\frac{1}{2}$, S $\frac{1}{2}$ Sec. 9, Township 24 South, Range 23 East	520.00	K-1106 1-16-71	12 $\frac{1}{2}$ %	Shell Oil Company	NONE	*Shell Oil Company - All
28	N $\frac{1}{2}$ NE $\frac{1}{2}$, SW $\frac{1}{2}$ NE $\frac{1}{2}$ Sec. 15, Township 24 South, Range 23 East; Lot 1, Sec. 18, Township 24 South, Range 24 East.	159.58	K-1342 4-18-71	12 $\frac{1}{2}$ %	Skelly Oil Company	NONE	Skelly Oil Company - All
29	Lots 1,2,3,4, N $\frac{1}{2}$ S $\frac{1}{2}$, N $\frac{1}{2}$ Sec. 36, Township 23 South, Range 23 East	638.49	K-2583 7-17-72	12 $\frac{1}{2}$ %	Shell Oil Company	NONE	*Shell Oil Company - All
30	Lot 1, SW $\frac{1}{2}$ NE $\frac{1}{2}$, NW $\frac{1}{2}$ SE $\frac{1}{2}$,S $\frac{1}{2}$ NW $\frac{1}{2}$, SW $\frac{1}{2}$ Sec. 4, Township 24 South, Range 23 East	360.04	K-3979 3-17-74	12 $\frac{1}{2}$ %	Tenneco Oil Company	NONE	Tenneco Oil Company - All
31	Lots 2,3,4, Sec. 4, Township 24 South, Range 23 East	120.52	K-3980 3-17-74	12 $\frac{1}{2}$ %	Tenneco Oil Company	NONE	Tenneco Oil Company - All

(Page 4)

~~Tenneco Oil Company will earn from indicated Working Interest Owners 1/2 record title and 1/2 working interest upon completion of first well.~~

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PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 19, 1966

EXAMINER HEARING

IN THE MATTER OF: Application of Tenneco Oil
Company for a unit agreement, Eddy County,
New Mexico.

Case No. 3430

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

dearnley-meier court reporting services, inc.

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

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MR. UTZ: The Hearing will come to order. Case 3430.

MR. HATCH: Application of Tenneco Oil Company for a unit agreement, Eddy County, New Mexico.

(Whereupon, Exhibits A through F marked for identification.)

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly, on behalf of the Applicant Tenneco. I have two witnesses and ask that they be sworn.

(Witnesses sworn.)

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

* * *

K. H. G R I F F I N, called as a witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name and position, please, and residence?

A K. H. Griffin, Midland, Texas. Independent operator working in behalf of Tenneco in this particular case.

Q You have previously testified before this Commission?

A I have.

Q Would you state briefly what Tenneco seeks by this application?



A We are seeking to form a 16,460 acre exploratory type unit, Western Eddy County, constitutes 25 tracts of Federal land, 16 tracts of State land, 2 tracts of Fee land.

Q Now, referring to what has been marked Tenneco's Exhibit A, would you show the Examiner the outline area of the proposed unit?

A Yes. I believe he has Exhibit A.

Q Yes, he has all the Exhibits. What is the area that will be included in the Unit Agreement?

A It's an area shown on the plat in the dashed outline, constitutes acreage out of 23 South, 23 East and 24 East, 24 South and 23 and 24 East.

MR. UTZ: Is that complete description within the Unit Agreement somewhere?

A Yes, and the Exhibit B there is a tabulated description, all the tracts by acreage content, lots and so forth.

MR. UTZ: By operator?

A By operator.

MR. UTZ: What we will need is a complete description of the unit. It's in here --

A That is shown on Exhibit A and tabulated on Exhibit B. I believe toward the front of the Unit Agreement itself there is a tabulation of the acreage, or the description.

Q (By Mr. Kelly) Attached to Exhibits A and B is the



proposed Unit Agreement, is that correct?

A Correct.

Q Does this Unit Agreement constitute an offer similar to that which was made to all proposed operators?

A Yes. The same agreement was submitted to all 18 operators in the unit area.

Q Referring to your Unit B, what is your sign-up at the present time?

A We have 92.1 per cent of the working interest owners, and today we have over 60 per cent of the overriding royalty.

Q Have you had any turn-downs?

A No turn-down on the overriding royalty. We have had one company decline to join as a working interest owner in Tract 36.

Q Give the section and range on that.

A Section 26, Township 24 South, Range 23 East.

Q How about the Fee interest?

A We are in the processes of securing the ratification by the royalty owners there at the present time. Each operator is getting their own. We have encountered no difficulty to date. We anticipate approximately 100 per cent.

Q Is there any Federal or State land under this unit?

A Yes.



Q What is your dealings with the Federal and State?

A We have discussed this with Mrs. Rhea, we have also discussed it with USGS in Roswell. We have the Washington preliminary approval dated June 7th.

Q Have you been unable to contact any of the royalty owners?

A We have located them all.

Q And you don't anticipate any objection by them?

A No. We do not.

Q What formations will be unitized?

A This is a unit to all horizons, all depths.

Q Can you describe this as a basically standard Unit Agreement?

A This Unit Agreement was prepared from the standard print from the State Land Office, which is patterned after the '61 reprint of the Government, with the changes that Mrs. Rhea requires for the State.

Q Could you show the location of your proposed discovery well?

A The initial test is to be located in the northeast quarter of the southwest quarter, Section 34, Township 23 South, Range 23 East.

Q What zone are you going for?

A It's scheduled to be a Morrow test at approximately



10,200 feet.

MR. KELLY: I have no further questions of this witness. We have a further witness to testify to the geology.

MR. UTZ: What is the location of the initial well, again?

A The northeast of the southwest of 34.

MR. KELLY: One other question.

Q (By Mr. Kelly) Is there any deadline, as far as endangering your leases, for getting this well drilled?

A It must be commenced by the 31st day of this month.

Q Do you then request if this application be granted it be granted immediately?

A Correct.

MR. KELLY: That's all I have.

MR. UTZ: Are there questions of the witness? He may be excused.

(Witness excused.)

* * *

RAYMOND W. RALL, called as a witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

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



A I am Raymond W. R-a-l-l. I am senior geologist in the Midland, Texas District of Tenneco Oil Company.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

A No, sir, I have not.

Q Would you give the Examiner a brief statement as to your professional education and qualifications?

A I'm a graduate of the University of Illinois with a Bachelor of Science and Master of Science degree in geology. I have been working as a petroleum geologist since 1951 immediately after graduation from school. During that time I have been with the Pure Oil Company for eight years, and I have been with Tenneco for seven.

Q Has part of your work involved the study of the geology in the proposed unit?

A Yes, sir, it has.

MR. KELLY: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Kelly) Referring to Exhibit C, which is a cross section, would you explain the relevance of that to the Examiner?

A The cross section is a northwest southeast section immediately north of the proposed unit. It is made to illustrate



the correlations made through the area and to show the primary potential pay zone. The unit designated on the cross section as Reef is the primary zone from which the well will be drilled.

Q That's in the Strawn?

A Yes, sir.

Q Now, referring to what you have marked Exhibits D, E, and F, which are structure maps and isopach, would you explain their relevance to the Examiner?

A Exhibit D is a structure map on top of the Devonian which is shown on the cross section as the lowermost correlation point on the cross section. This map shows a structural trend extending to the southeast in the vicinity of the Indian Basin Gas Field. The structure becomes important in the area because we think in this area the Strawn Reef crosses a structural trend and at that point there should be an oil or gas trap.

Exhibit E is a structure map drawn on top of the first identifiable Pennsylvanian, actually it's the top of the Pennsylvanian limestone in the area. This map likewise shows a structural trend extending to the southeastward from the Indian Basin Gas Field. The reefing that we expect in the area enters the unit from the northwest and as it crosses this previously mentioned Devonian structure that's where the



trap should be.

Now, the Wolfcamp isopach, Exhibit F, is a map of the thickness of the Wolfcamp overlying the Pennsylvanian. This is an indirect method here of mapping reef structure or reef growth in that in the areas that have the greatest amount of reef growth. The overlying unit should be the thinnest and a thin does extend through this area. That supports the contention of a reef buildup in the area.

Q I believe it was your testimony earlier that the unit was designed primarily to produce from the Strawn, is that correct?

A That is right, yes.

Q However, you do feel that these two other zones of Pennsylvanian would be productive of oil or gas?

A Yes. It is rather difficult in the area to know specifically how high the reefing may occur. We expect it to be at least Strawn but it could extend higher up into the section as is the case in the Indian Basin Field.

Q Now, in your opinion, would the approval of this unit prevent waste and promote the efficient production of oil and gas in this unit and protect the correlative rights of the various operators?

A Yes, sir, it would.

Q Now, I believe that you, yourself, did not prepare



the Exhibits you have testified to?

A That's right. I did not prepare the maps myself. However, I have reviewed all of the geology in the area and I am in agreement with those that are depicted and I have reviewed the geology, have constructed maps of my own, and they are in agreement.

MR. KELLY: I didn't get the first three Exhibits in, do you want me to recall the witness for that?

MR. UTZ: No.

MR. KELLY: They were just factual items. I would move the introduction of Exhibits A through F.

MR. UTZ: Without objection they will be entered into the record.

(Whereupon, Exhibits A through F offered and admitted in evidence.)

MR. KELLY: That's all we have on direct examination.

MR. UTZ: Any questions of the witness?

MR. PORTER: Your proposed first test well --

MR. UTZ: It's in Section 34?

A Section 34 of 23 South, 23 East.

MR. PORTER: And you propose to go to the Devonian, through the Devonian?

A Well, the well is proposed to be a 10,200 foot Morrow test.



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MR. PORTER: That's all I had.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? The case will be taken under advisement.



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I N D E X

WITNESSES	PAGE
K. H. GRIFFIN	
Direct Examination by Mr. Kelly	2
RAYMOND W. RALL	
Direct Examination by Mr. Kelly	6

E X H I B I T S

EXHIBIT	MARKED FOR IDENTIFICATION	OFFERED	ADMITTED
Exs. A through F	2	10	10

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

Witness my Hand and Seal this 28th day of July, 1966.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:
June 19, 1967.

I do hereby certify that the foregoing is a correct record of the proceedings in the Bernalillo County of Case No. 3430, heard by me on *July 18*, 19*66*.
Thurston, Supervisor
New Mexico Oil Conservation Commission

2030
36
JUL 27 1966
July 26, 1966

Griffin & Ross
216 1st State Bank Building
Midland, Texas 79701

Re: Hess Hills Unit
Eddy County, New Mexico

Gentlemen:

The Commissioner of Public Lands approved as of July 25, 1966, the Hess Hills Unit Agreement, Eddy County, New Mexico; subject to like approval by the United States Geological Survey.

We handed to Mr. Ken Griffin fourteen originally executed Certificates of Approval.

This Unit Agreement is effective upon approval by the United States Geological Survey, therefore, please furnish us a copy of their Certificate of Determination immediately, so we can process this unit.

We are enclosing Official Receipt No. H 22000 in the amount of One Hundred Thirty Five (\$135.00) Dollars which covers the filing fee.

Very truly yours,

GUYTON B. HAYE
COMMISSIONER OF PUBLIC LANDS
BY:

Red Wilberly, Director
Oil and Gas Department

GBH/MMR/c
cc: Oil Conservation
Commission
Santa Fe, New Mexico
United States Geological Survey
Reston, New Mexico



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Box 1857
Laswell, New Mexico 88241

IN REPLY REFER TO

October 5, 1966

Texaco Oil Company
Fourth Floor, 201 Hall Building
Midland, Texas 79701

Attention: Mr. A. L. Frostman

Gentlemen:

Your letter of September 29 received on September 30, 1966, transmits four copies of a ratification and joinder to the Mess Hills unit agreement, No. 14-06-0001-8790, Eddy County, New Mexico, executed by Reese and Rozelle L. Cleveland, who will become the lessee of record and working interest owner of tract No. 25 upon issuance of Federal lease 14-485.

Pursuant to Section 23 of the Mess Hills unit agreement, unit tract No. 25 (lease offer 14-485) will be considered effectively committed to the Mess Hills unit agreement as of the effective date of the lease.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

Sincerely yours,

(S)

W. L. ...
... ..

cc:
Lubbock (w/cy joinder)
Artesia (w/cy joinder)
SLR - Santa Fe (w/cy joinder)
Com. of Pub. Lands - Santa Fe (ltr. only)
DPOCC - Santa Fe (ltr. only)



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

IN REPLY REFER TO:

Order 1007

March 10, 1907

1007

1007

1007

March 10, 1907

William A. Rouse
218 First State Bank Building
Midland Texas 79701

Attention: Mr. Robert E. Ross

Gentlemen:

We hereby acknowledge receipt of deposit of \$100.00 in contribution
on behalf of the Rock Hills and the surrounding area, and the
fifty thirty New Mexico, donated by the Rock Hills and the
surrounding area to the Rock Hills and the surrounding area.

Copies of the contribution and the receipt of the same are
being forwarded to the appropriate Federal officials.

Very respectfully,

(ORIGINAL OF THIS LETTER)

Very truly yours,

W. A. Rouse
W. A. Rouse (Mr. Rouse)
W. A. Rouse (Mr. Rouse)
W. A. Rouse (Mr. Rouse)
W. A. Rouse (Mr. Rouse)
W. A. Rouse (Mr. Rouse) ✓



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer 1357
Roswell, New Mexico 88201

IN REPLY REFER TO:

August 26, 1966

Griffin & Koss
216 First State Bank Building
Midland, Texas 79701

Attention: Mr. Ken H. Griffin

Gentlemen:

We hereby acknowledge receipt on August 26, 1966, of a ratification and joinder to the Hess Hills unit agreement, No. 14-08-0001-3793, Eddy County, New Mexico, executed by Robert C. Thomas, overriding royalty owner in Federal unit tracts Nos. 1 and 2.

Copies of the ratification and joinder are being distributed to the appropriate Federal offices.

Sincerely yours,

(ORIG. SIGNED JOHN A. ANDERSON)

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Washington (w/cy of joinder)
Artesia (w/cy of joinder)
BLM, Santa Fe (w/cy of joinder)
Com. of Public Lands, Santa Fe (ltr. only)
NMOCC, Santa Fe (ltr. only)



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Drawer: 1437
Reservoir: New Mexico 26231

IN REPLY REFER TO:

August 12 1936

Griffin & Ross
216 First State Bank Building
Midland Texas 79701

Attention: Mr. Robert B. Ross

Gentlemen:

We hereby acknowledge receipt on August 10, 1936, of a ratification and joinder to the Bass Hills unit agreement, No. 14-05-0001-876, Sady County, New Mexico, executed by J. E. Foster and wife Madeline Foster, basic royalty owners in the Bass Hills unit tract No. 22.

Section 20 of the Bass Hills unit agreement provides that subsequent joinders to the agreement shall be effective as of the first day of the month following the filing with the Supervisor and the Commissioner of Public Lands, State of New Mexico. Our records show that receipt of the joinder by the Commissioner was acknowledged by letter of August 10. Accordingly, the above described joinder is considered effective as of September 1, 1936.

Copies of the ratification and joinder are being distributed to the appropriate Federal officials.

Very truly yours,

(Signed) CARL C. JENNINGS

Chief, New Mexico

Division of Oil and Gas Operations

86 Aug 18 1936

cc:
Hickinson (w/ry of oil only)
Artistic (w/ry of oil only)
Bldg. Santa Fe (w/ry of oil only)
Gen. of Pub. Lands, Santa Fe (ltd. only)
HRCO Santa Fe (ltd. only) ✓

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 2088
SANTA FE

July 20, 1966

Mr. Booker Kelly
White, Gilbert, Koch & Kelly
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 3430
Order No. R-3093
Applicant:
Tenneco Oil Company

Dear Sir:

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

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

OTHER Mr. Ken Griffin, Griffin & Ross
1st State Bank Building, Midland, Texas

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. 3430
Order No. R-3093

APPLICATION OF TENNECO OIL COMPANY
FOR APPROVAL OF THE HESS HILLS UNIT
AGREEMENT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 19, 1966,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 20th day of July, 1966, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Tenneco Oil Company, seeks approval
of the Hess Hills Unit Agreement covering 16,360.51 acres, more or
less, of State, Federal and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Sections 33 through 36: All

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 31: S/2

TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM
Sections 1 through 4: All
Sections 9 through 15: All
Section 22: E/2
Sections 23 through 26: All
Section 35: N/2

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Sections 6 and 7: All
Sections 18 and 19: All
Section 30: All

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

IT IS THEREFORE ORDERED:

(1) That the Hess Hills Unit Agreement is hereby approved.

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

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

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

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

Docket No. 18-66

DOCKET: EXAMINER HEARING - TUESDAY - JULY 19, 1966

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

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

CASE 3428: Application of Continental Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Eumont-Hardy Unit Area comprising 1,930 acres, more or less, of State, Federal and Fee lands in Township 20 South, Ranges 37 and 38 East, and Township 21 South, Ranges 36 and 37 East, Lea County, New Mexico.

CASE 3429: Application of Continental Oil Company for two waterflood projects, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates, Seven Rivers, and Queen formations, Eumont Pool, through 28 wells in its Eumont Hardy Unit. Applicant further seeks the approval of an offsetting cooperative waterflood project to be conducted on its SEMU Eumont lease by the injection of water into two wells in Section 25, Township 20 South, Range 37 East, all in Lea County, New Mexico.

CASE 3430: Application of Tenneco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Hess Hills Unit Area comprising 16,801 acres, more or less, of State, Federal and Fee lands in Townships 23 and 24 South, Ranges 23 and 24 East, Eddy County, New Mexico.

CASE 3431: Application of Sinclair Oil & Gas Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the dual completion of its W. H. Turner Well No. 1 located in Unit L of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico, to produce oil from the Drinkard Oil Pool through 2-inch tubing and to produce oil from the Blinebry Oil Pool through the casing-tubing annulus.

CASE 3432: Application of Gulf Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle in the well-bore marginal oil production from the Arrowhead Drinkard Pool and an undesignated Blinebry Pool in its Harry Leonard (NCT-C) Well No. 11 located in Unit K of Section 36, Township 21 South, Range 36 East, Lea County, New Mexico.

CASE 3252 (Reopened):

In the matter of Case No. 3252 being reopened pursuant to the provisions of Order No. R-2917, which order established 640-acre spacing units for the McMillan-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year after first pipeline connection in the pool. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

JULY 19, 1966 EXAMINER HEARING

CASE 3433: Application of Skelly Oil Company for an exception to Rule 104, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C I of the Commission Rules and Regulations to permit the production of oil from two wells located less than 660 feet apart in the West Dollarhide-Drinkard Pool, Lea County, New Mexico. Applicant's Mexico "L" Well No. 18 located 1656 feet from the North line and 990 feet from the East line of Section 5, Township 25 South, Range 38 East, is presently completed in said pool, and applicant proposes to recomplate its Well No. 2, located 1980 feet from the North line and 660 feet from the East line of said Section 5 in said pool, with the assignment of a single 40-acre allowable to both wells.

CASE 3259 (Reopened):

In the matter of Case No. 3259 being reopened pursuant to the provisions of Order No. R-2929, which order established 160-acre spacing units for the Nonombre-Upper Pennsylvanian and Nonombre-Lower Pennsylvanian Pools, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pools should not be developed on 40-acre or 80-acre spacing units.

CASE 3434: Application of Shell Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the dual completion (conventional) of its South Wilson Deep Unit Well No. 2 located in Unit J of Section 33, Township 21 South, Range 34 East, Lea County, New Mexico, to produce oil from an undesignated Bone Springs Oil Pool and to produce gas from the Grama Ridge-Morrow Gas Pool through parallel strings of tubing.

CASE 3435: Application of Tidewater Oil Company for a capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a capacity allowable to its CO State "J" Well No. 1 located in Unit H of Section 7, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico. Said well offsets the waterflood project operated by Great Western Drilling Company on its Malmar Unit in said Section 7.

CASE 3436: Application of Leonard Latch for a gas injection project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas injection project in the Empire Yates-Seven Rivers Pool, Eddy County, New Mexico, by the injection of gas into the Yates formation through his Berry "A" Wells Nos. 11 and 26, located in Units K and O, respectively, of Section 24, Township 17 South, Range 27 East.

KEN H. GRIFFIN
906 Vaughn Building
Midland, Texas

June 23, 1966

New Mexico Oil Conservation Commission
P. O. Box 2038
Santa Fe, New Mexico

Attention: Mrs. Ida Rodriguez

Re: Proposed Hess Hills Unit
Eddy County, New Mexico

Gentlemen:

K. H. Griffin, 906 Vaughn Building, Midland, Texas, acting in behalf of Tenneco Oil Company, requests that a hearing be set to consider application for approval of the Hess Hills Unit, Eddy County, New Mexico. The unit area for this exploratory type unit will consist of seventeen state tracts, twenty-six federal tracts and two fee tracts out of Township 23 South, Ranges 23 and 24 East and Township 24 South, Ranges 23 and 24 East as outlined on the attached plat, containing in all 16,801.32 acres.

Your consideration in setting this matter for hearing on the July 20, 1966 Examiner hearing docket will be appreciated. If additional information is desired, please do not hesitate to advise.

Yours very truly,

K. H. Griffin
K. H. Griffin

KHG/be

DOCKET MAILED

Date 7-3-66

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DRAFT

GMH/esr

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. 3430

Order No. R- 3092

APPLICATION OF TENNECO OIL COMPANY
FOR APPROVAL OF THE HESS HILLS
UNIT AGREEMENT, EDDY, COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 ~~o'clock~~ a.m. on
July 19, 1966, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of July, 1966, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Tenneco Oil Company,
seeks approval of the Hess Hills Unit Agreement
16,360.51 State,
covering ~~16,801~~ acres, more or less, of Federal lands
and Fee
described as follows:

EDDY COUNTY, NEW MEXICO

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Sections 33 through 36: All

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 31: S/2

TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM
Sections 1 through 4: All
Sections 9 through 15: All
Section 22: E/2
Sections 23 through 26: All
Section 35: N/2

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Sections 6 and 7: All
Sections 18 and 19: All
Section 30: All

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

IT IS THEREFORE ORDERED:

(1) That the Hess Hills Unit Agreement is hereby approved.

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

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

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

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

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

Case 3430

Recd 6-19-66

Rev. 6-19-66

1. approve Tenneco's Hess Hills
unit agreement as described in
unit agreement.

Shirley R.



BEFORE: ELVIS A. UTZ, Examiner

EXAMINER HEARING

Case No. 3430

TRANSCRIPT OF HEARING



MR. UTZ: The Hearing will come to order. Case 3430.

MR. HATCH: Application of Tenneco Oil Company for a unit agreement, Eddy County, New Mexico.

(Whereupon, Exhibits A through F marked for identification.)

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly, on behalf of the Applicant Tenneco. I have two witnesses and ask that they be sworn.

(Witnesses sworn.)

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

* * *

K. H. G R I F F I N, called as a witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name and position, please, and residence?

A K. H. Griffin, Midland, Texas. Independent operator working in behalf of Tenneco in this particular case.

Q You have previously testified before this Commission?

A I have.

Q Would you state briefly what Tenneco seeks by this application?



A We are seeking to form a 16,460 acre exploratory type unit, Western Eddy County, constitutes 25 tracts of Federal land, 16 tracts of State land, 2 tracts of Fee land.

Q Now, referring to what has been marked Tenneco's Exhibit A, would you show the Examiner the outline area of the proposed unit?

A Yes. I believe he has Exhibit A.

Q Yes, he has all the Exhibits. What is the area that will be included in the Unit Agreement?

A It's an area shown on the plat in the dashed outline, constitutes acreage out of 23 South, 23 East and 24 East, 24 South and 23 and 24 East.

MR. UTZ: Is that complete description within the Unit Agreement somewhere?

A Yes, and the Exhibit B there is a tabulated description, all the tracts by acreage content, lots and so forth.

MR. UTZ: By operator?

A By operator.

MR. UTZ: What we will need is a complete description of the unit. It's in here --

A That is shown on Exhibit A and tabulated on Exhibit B. I believe toward the front of the Unit Agreement itself there is a tabulation of the acreage, or the description.

Q (By Mr. Kelly) Attached to Exhibits A and B is the



proposed Unit Agreement, is that correct?

A Correct.

Q Does this Unit Agreement constitute an offer similar to that which was made to all proposed operators?

A Yes. The same agreement was submitted to all 18 operators in the unit area.

Q Referring to your Unit B, what is your sign-up at the present time?

A We have 92.1 per cent of the working interest owners, and today we have over 60 per cent of the overriding royalty.

Q Have you had any turn-downs?

A No turn-down on the overriding royalty. We have had one company decline to join as a working interest owner in Tract 36.

Q Give the section and range on that.

A Section 26, Township 24 South, Range 23 East.

Q How about the Fee interest?

A We are in the processes of securing the ratification by the royalty owners there at the present time. Each operator is getting their own. We have encountered no difficulty to date. We anticipate approximately 100 per cent.

Q Is there any Federal or State land under this unit?

A Yes.



Q What is your dealings with the Federal and State?

A We have discussed this with Mrs. Rhea, we have also discussed it with USGS in Roswell. We have the Washington preliminary approval dated June 7th.

Q Have you been unable to contact any of the royalty owners?

A We have located them all.

Q And you don't anticipate any objection by them?

A No. We do not.

Q What formations will be unitized?

A This is a unit to all horizons, all depths.

Q Can you describe this as a basically standard Unit Agreement?

A This Unit Agreement was prepared from the standard print from the State Land Office, which is patterned after the '61 reprint of the Government, with the changes that Mrs. Rhea requires for the State.

Q Could you show the location of your proposed discovery well?

A The initial test is to be located in the northeast quarter of the southwest quarter, Section 34, Township 23 South, Range 23 East.

Q What zone are you going for?

A It's scheduled to be a Morrow test at approximately



10,200 feet.

MR. KELLY: I have no further questions of this witness. We have a further witness to testify to the geology.

MR. UTZ: What is the location of the initial well, again?

A The northeast of the southwest of 34.

MR. KELLY: One other question.

Q (By Mr. Kelly) Is there any deadline, as far as endangering your leases, for getting this well drilled?

A It must be commenced by the 31st day of this month.

Q Do you then request if this application be granted it be granted immediately?

A Correct.

MR. KELLY: That's all I have.

MR. UTZ: Are there questions of the witness? He may be excused.

(Witness excused)

* * *

RAYMOND W. RALL, called as a witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

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

A I am Raymond W. R-a-l-l. I am senior geologist in the Midland, Texas District of Tenneco Oil Company.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

A No, sir, I have not.

Q Would you give the Examiner a brief statement as to your professional education and qualifications?

A I'm a graduate of the University of Illinois with a Bachelor of Science and Master of Science degree in geology. I have been working as a petroleum geologist since 1951 immediately after graduation from school. During that time I have been with the Pure Oil Company for eight years, and I have been with Tenneco for seven.

Q Has part of your work involved the study of the geology in the proposed unit?

A Yes, sir, it has.

MR. KELLY: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Kelly) Referring to Exhibit C, which is a cross section, would you explain the relevance of that to the Examiner?

A The cross section is a northwest southeast section immediately north of the proposed unit. It is made to illustrate

the correlations made through the area and to show the primary potential pay zone. The unit designated on the cross section as Reef is the primary zone from which the well will be drilled.

Q That's in the Strawn?

A Yes, sir.

Q Now, referring to what you have marked Exhibits D, E, and F, which are structure maps and isopach, would you explain their relevance to the Examiner?

A Exhibit D is a structure map on top of the Devonian which is shown on the cross section as the lowermost correlation point on the cross section. This map shows a structural trend extending to the southeast in the vicinity of the Indian Basin Gas Field. The structure becomes important in the area because we think in this area the Strawn Reef crosses a structural trend and at that point there should be an oil or gas trap.

Exhibit E is a structure map drawn on top of the first identifiable Pennsylvanian, actually it's the top of the Pennsylvanian limestone in the area. This map likewise shows a structural trend extending to the southeastward from the Indian Basin Gas Field. The reefing that we expect in the area enters the unit from the northwest and as it crosses this previously mentioned Devonian structure that's where the

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trap should be.

Now, the Wolfcamp isopach, Exhibit F, is a map of the thickness of the Wolfcamp overlying the Pennsylvanian. This is an indirect method here of mapping reef structure or reef growth in that in the areas that have the greatest amount of reef growth. The overlying unit should be the thinnest and a thin does extend through this area. That supports the contention of a reef buildup in the area.

Q I believe it was your testimony earlier that the unit was designed primarily to produce from the Strawn, is that correct?

A That is right, yes.

Q However, you do feel that these two other zones of Pennsylvanian would be productive of oil or gas?

A Yes. It is rather difficult in the area to know specifically how high the reefing may occur. We expect it to be at least Strawn but it could extend higher up into the section as is the case in the Indian Basin Field.

Q Now, in your opinion, would the approval of this unit prevent waste and promote the efficient production of oil and gas in this unit and protect the correlative rights of the various operators?

A Yes, sir, it would.

Q Now, I believe that you, yourself, did not prepare



the Exhibits you have testified to?

A That's right. I did not prepare the maps myself. However, I have reviewed all of the geology in the area and I am in agreement with those that are depicted and I have reviewed the geology, have constructed maps of my own, and they are in agreement.

MR. KELLY: I didn't get the first three Exhibits in, do you want me to recall the witness for that?

MR. UTZ: No.

MR. KELLY: They were just factual items. I would move the introduction of Exhibits A through F.

MR. UTZ: Without objection they will be entered into the record.

(Whereupon, Exhibits A through F offered and admitted in evidence.)

MR. KELLY: That's all we have on direct examination.

MR. UTZ: Any questions of the witness?

MR. PORTER: Your proposed first test well --

MR. UTZ: It's in Section 34?

A Section 34 of 23 South, 23 East.

MR. PORTER: And you propose to go to the Devonian, through the Devonian?

A Well, the well is proposed to be a 10,200 foot Morrow test.



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MR. PORTER: That's all I had.

MR. UTZ: Any other questions? The witness may be
excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? The
case will be taken under advisement.

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I N D E X

WITNESSES

K. H. GRIFFIN

PAGE

Direct Examination by Mr. Kelly

2

RAYMOND W. RALL

Direct Examination by Mr. Kelly

6

E X H I B I T S

EXHIBIT

MARKED FOR
IDENTIFICATION

OFFERED

ADMITTED

Exs. A through F

2

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STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

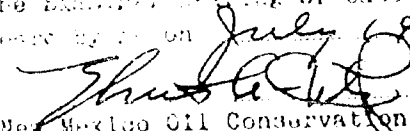
I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

Witness my Hand and Seal this 28th day of July, 1966.


NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a true and correct record of the proceedings in the Examiner's Hearing of Case No. 3430, heard by me on July 18, 1966.

Examiner
New Mexico Oil Conservation Commission