

CASE 4080: Application of MONSANTO  
FOR APPROVAL OF THE BLACK RIVER  
UNIT AGREEMENT, EDDY COUNTY.

- case number

4080

Application  
Transcripts.

Small Exhibits

ETC.

DEC 11 1969

..... Date Dec 11, 1969

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Y

Monsanto Company  
101 North Marienfeld  
Midland, Texas 79701

Re: TERMINATION  
Black River Unit  
Eddy County, New Mexico

ATTENTION: Mr. V. M. Basil

Gentlemen:

Your request of December 2, 1969, to terminate the  
Black River Unit pursuant to Section 20 of the Unit Agreement  
for the Development and Operation of the Black River Unit,  
is hereby approved.

We are returning one approved copy of the termination.

Very truly yours,

Ted Bilberry, Director  
Oil and Gas Department

TB/ML/s  
encl.

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

Director  
New Mexico Oil Conservation  
Commission

DEC 3 1969

December 2, 1969

Regional Oil and Gas Supervisor  
United States Geological Survey  
P. O. Drawer 1857  
Roswell, New Mexico 88201

Commissioner of Public Lands  
State of New Mexico  
P. O. Box 1148  
Santa Fe, New Mexico 87501  
Attention: Supervisor, Units Division

Re: Black River Unit  
No. 14-08-001-11571  
Eddy County, New Mexico

REQUEST FOR APPROVAL TO TERMINATE

Gentlemen:

Monsanto Company, designated Unit Operator of the Black River Unit, respectfully requests the approval of the Supervisor, United States Geological Survey and The Commissioner of Public Lands, State of New Mexico, to terminate the Black River Unit Agreement dated January 15, 1969.

Approval to terminate said Unit Agreement is requested pursuant to Section 20 thereof. All working interest owners have been notified and concurrence has been obtained from working interest owners representing more than 75 per centum, on an acreage basis, of the working interest ownership.

Yours very truly,

MONSANTO COMPANY

By

*m. Baul*

UNIT OPERATOR

Page Two.

Black River Unit  
No. 14-08-001-11571  
Eddy County, New Mexico

Request for Approval to Terminate

APPROVED:

EFFECTIVE AS OF:

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UNITED STATES GEOLOGICAL SURVEY

---

COMMISSIONER OF PUBLIC LANDS

✓ cc: Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501  
(Re: Case No. 4080, Order No. R-3715)

**Monsanto**

DEC 22 1969

HYDROCARBONS & POLYMERS DIVISION

Monsanto Company  
101 North Marianfeld  
Midland, Texas 79701  
(915) 683-3306  
December 18, 1969

Mr. Charles N. Allen  
P. O. Box 3848  
Dallas, Texas 75208

Mr. Bruce Anderson  
600 Southwest Tower  
Houston, Texas 77002

Beard Oil Company  
Suite 200, 2000 Classen Building  
2000 Classen Boulevard  
Oklahoma City, Oklahoma 73106  
Attention: Mr. W. M. Beard

Cities Service Oil Company  
800 Vaughn Building  
Midland, Texas 79701  
Attention: Mr. J. Frank Riney

CRA, Inc.  
1410 Fourth National Bank Building  
Tulsa, Oklahoma 74119  
Attention: Mr. D. A. Ouimette

Gulf Oil Corporation  
P. O. Drawer 1938  
Roswell, New Mexico 88201  
Attention: Mr. F. E. Curtis, Jr.

Humble Oil & Refining Company  
P. O. Box 1600  
Midland, Texas 79701  
Attention: Mr. W. H. Leifeste

Sun Oil Company  
P. O. Box 1861  
Midland, Texas 79701  
Attention: Mr. Ray E. Bray

Cabot Corporation  
P. O. Box 4395  
Midland, Texas

Mr. James E. Anthony  
200 Throckmorton Street  
Fort Worth, Texas 76102

Re: Black River Unit  
Termination  
Eddy County, New Mexico

Gentlemen:

Enclosed please find copies of U.S.G.S. letter dated December 16, 1969, and State of New Mexico letter dated December 11, 1969, advising that the Black River Unit Agreement has been terminated effective December 31, 1969.

Very truly yours,

MONSANTO COMPANY

*W. Basil*  
W. Basil  
Regional Landman

VMB:gw

cc: Oil Conservation Commission  
State of New Mexico

Monsanto  
C O M P A N Y

Hydrocarbons Division  
101 North Marlenfeld  
Midland, Texas 79704

December 2, 1969

Regional Oil and Gas Supervisor  
United States Geological Survey  
P. O. Drawer 1857  
Roswell, New Mexico 88201

✓ Commissioner of Public Lands  
State of New Mexico  
P. O. Box 1148  
Santa Fe, New Mexico 87501  
Attention: Supervisor, Units Division

Re: Black River Unit  
No. 14-08-001-11571  
Eddy County, New Mexico

REQUEST FOR APPROVAL TO TERMINATE

Gentlemen:

Monsanto Company, designated Unit Operator of the Black River Unit, respectfully requests the approval of the Supervisor, United States Geological Survey and The Commissioner of Public Lands, State of New Mexico, to terminate the Black River Unit Agreement dated January 15, 1969.

Approval to terminate said Unit Agreement is requested pursuant to Section 20 thereof. All working interest owners have been notified and concurrence has been obtained from working interest owners representing more than 75 per centum, on an acreage basis, of the working interest ownership.

Yours very truly,

MONSANTO COMPANY

By *L. D. Paul*

UNIT OPERATOR

RECEIVED  
DEC 15 1969

U. S. GEOLOGICAL SURVEY  
ROSWELL, NEW MEXICO

RECEIVED  
DEC 3 10 14 AM '69  
STATE LAND OFFICE  
SANTA FE, N.M.

Page Two.


Black River Unit  
No. 14-08-001-11571  
Eddy County, New Mexico

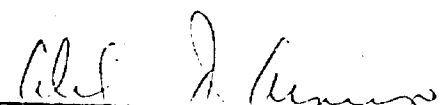
Request for Approval to Terminate

APPROVED:

EFFECTIVE AS OF: September 15, 1969

December 31, 1969

  
UNITED STATES GEOLOGICAL SURVEY

  
COMMISSIONER OF PUBLIC LANDS

cc: Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501  
(Re: Case No. 4080, Order No. R-3715)

RECEIVED  
Dec 3 10 14 AM '69  
STATE LAND OFFICE  
SANTA FE, N.M.



December 11, 1969

C  
O  
P  
Y  
  
Monsanto Company  
101 North Marienfeld  
Midland, Texas 79701

Re: TERMINATION  
Black River Unit  
Eddy County, New Mexico

ATTENTION: Mr. V. M. Basil

Gentlemen:

Your request of December 2, 1969, to terminate the Black River Unit pursuant to Section 20 of the Unit Agreement for the Development and Operation of the Black River Unit, is hereby approved.

We are returning one approved copy of the termination.

Very truly yours,

Ted Bilberry, Director  
Oil and Gas Department

TB/ML/s  
encl.

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

RECEIVED  
DEC 17 1969  
MIDLAND, TEXAS

RECEIVED  
DEC 15 1969  
U. S. GEOLOGICAL SURVEY  
ROSWELL, NEW MEXICO



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Drawer 1857  
Roswell, New Mexico 88201

December 16, 1969

Monsanto Company  
101 North Marienfeld  
Midland, Texas 79701

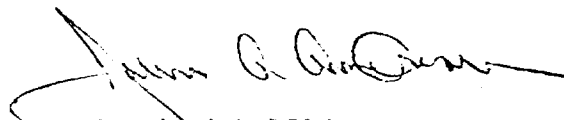
Attention: Mr. V. M. Basil

Gentlemen:

Termination of the Black River unit agreement, Eddy County, New Mexico, pursuant to section 20 thereof was approved effective as of December 31, 1969, the last day of the month in which the application was filed with this office.

Copies of the termination are being distributed to the Federal agencies concerned and one copy is returned herewith. It is requested that you furnish notice of this approval to each party in interest.

Sincerely yours,

  
JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

RECEIVED

DEC 17 1969

MIDLAND, TEXAS

State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO  
COMMISSIONER

May 15, 1969

P. O. BOX 1143  
SANTA FE, NEW MEXICO

Monsanto Company  
101 North Marienfeld  
Midland, Texas 79701

Re: Black River Unit  
Eddy County, New Mexico

ATTENTION: Mr. V. M. Basil

Gentlemen:

The Commissioner of Public Lands has this date approved your Black River Unit, Eddy County, New Mexico, subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Enclosed are twelve (12) Certificates of Approval, as per your request.

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 may process this unit.

Very truly yours,

Ted Bilberry, Director  
Oil and Gas Department

TB/ML/s  
encls.

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

**Monsanto**

Monsanto Company  
101 North Marfenfeld  
Midland, Texas 79701  
(915) 683-3306

HYDROCARBONS & POLYMERS DIVISION

May 29, 1969

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

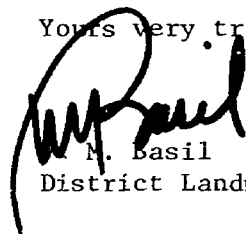
Gentlemen:

In Case No. 4080, Order No. R-3715, the Commission on April 1, 1969 gave their approval for the Black River Unit Agreement.

We enclose at this time for your file a fully executed original copy of the Unit Agreement for the BLACK RIVER UNIT AREA, Eddy County, New Mexico. This instrument has attached to it the Approval Certification of the United States Geological Survey and the Commissioner of Public Lands.

The unit area described was, at the time designated, thought to contain 14,961.23 acres. The acreage in Sections 2 and 3, Township 26 South, Range 23 East, has been recalculated based upon the latest Dependent Resurvey. Section 2 contains 793.52 acres (instead of 640) and The State of New Mexico, on January 25, 1965, amended their lease covering this tract, accordingly. Based upon this same Dependent Resurvey, accepted by the Assistant Commissioner, General Land Office, United States Department of Interior, on May 12, 1945, Section 3 is found to contain 818.10 acres (instead of 640). Therefore, the unit area, as designated, embraces 15,292.85 acres.

Yours very truly,



M. Basil  
District Landman

VMB:bf  
Encls.

CERTIFICATION - DETERMINATION

U. S. GEOLOGICAL SURVEY  
ROSWELL, NEW MEXICO

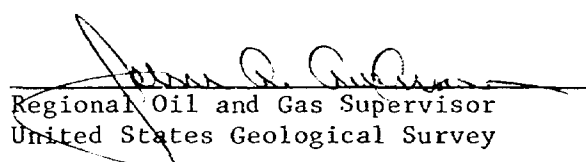
Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Oil and Gas Supervisor of the Geological Survey (33 F.R. 5812), I do hereby:

A. Approve the attached agreement for the development and operation of the BLACK RIVER 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.

Dated 1977 07 10.

  
Regional Oil and Gas Supervisor  
United States Geological Survey

Contract Number 100-000000-1000

U.S. GEOLOGICAL SURVEY

MAY 16 1907

U.S. GEOLOGICAL SURVEY  
TOSWELL, NEW MEXICO

UNIT AGREEMENT

BLACK RIVER UNIT AREA

EDDY COUNTY, NEW MEXICO

UNIT AGREEMENT  
BLACK RIVER UNIT AREA  
EDDY COUNTY, NEW MEXICO

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UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
BLACK RIVER UNIT AREA, EDDY COUNTY, NEW MEXICO

NO. 14,000-11-171

THIS AGREEMENT entered into as of the 15th day of January, 1969, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H :

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

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

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

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Article 3, Chapter 65, Vol. 9, Part 2, 1953 Statutes), to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the BLACK RIVER UNIT AREA covering the land hereinafter described to give reasonably effective control of operations therein; and

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



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

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

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

Township 25 South, Range 23 East, N.M.P.M.

Section 34 - S $\frac{1}{2}$  and NE $\frac{1}{4}$

Section 35 - All

Section 36 - All

Township 25 South, Range 24 East, N.M.P.M.

Section 31 - All

Township 26 South, Range 23 East, N.M.P.M.

Section 1 - All

Section 2 - All

Section 3 - All

Section 4 - All

Section 5 - All

Section 6 - E $\frac{1}{2}$  and SW $\frac{1}{4}$

Section 7 - All

Section 8 - All

Section 9 - All

Section 10 - All

Section 11 - All

Section 12 - All

Section 13 - All

Section 14 - All

Section 15 - All

Section 16 - All

Township 26 South, Range 24 East, N.M.P.M.

Section 6 - All

Section 7 - All

Section 18 - All

Containing 15,292.85 acres, more or less.

EXHIBIT "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. EXHIBIT "B" attached hereto is a schedule

showing to the extent known to the Unit Operator the acreage, percentage and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two copies thereof shall be filed with the Commissioner, and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission".

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

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the Commissioner, after preliminary concurrence by the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

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

(c) Upon expiration of the 30-day period provided in the pre-

ceding item (b) hereof, Unit Operator shall file with the Supervisor, the Commissioner and the Commission evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

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

(e) All legal subdivisions of lands (i.e. 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys; however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof), no parts of which are entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary. Such lands shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days time elapsing between the completion of one such well and the commencement of the next such well. The time allowed for the commencement of the wells required by this section 2(e) shall expire 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay". Determination of creditable "Unavoidable Delay" time shall be made by unit operator and subject to approval of the Supervisor and Commissioner. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. All lands proved productive by diligent drilling operations after

the aforesaid 5-year period shall become participating in the same manner as during said 5-year period. However, when such diligent drilling operations cease, all nonparticipating lands shall be automatically eliminated effective as of the 91st day thereafter. The unit operator shall within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Supervisor and Commissioner and promptly notify all parties in interest. The Supervisor and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when such action is warranted; however, such extensions of time shall be limited to a single extension.

If conditions warrant extension of the 10-year period specified in this subsection 2(e), a single extension of not to exceed 2 years may be accomplished by consent of the owners of 90 percent of working interests in the current nonparticipating unitized lands and the owners of 60 percent of basic royalty interests (exclusive of the basic royalty interests of the United States) of the nonparticipating unitized lands with approval of the Director and Commissioner, provided such extension application is submitted to the Director and Commissioner not later than 60 days prior to the expiration of said 10-year period.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this subsection 2(e) shall not be considered automatic commitment or recommitment of such lands.

3. UNITIZED LAND AND UNITIZED SUBSTANCES: All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR: Monsanto Company with offices at Midland, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in it and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of

an interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Supervisor, the Commissioner and Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the Supervisor as to Federal lands and by the Commission as to State and privately owned lands, unless a new unit operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but in all instances of resignation or removal, until a successor unit operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation or removal become effective appoint a common agent to represent them in any action to be taken hereunder.

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

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

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title or interest as the owner of a working

interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator. Provided, that, if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until:

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

(b) the selection shall have been filed with the Supervisor and approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between

the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the Commissioner, prior to approval of this unit agreement by the Director.

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

9. DRILLING TO DISCOVERY: Within six months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, if on Federal land, or by the Commissioner if on State land, unless on such effective date a well is being drilled

conformably with the terms hereof, and thereafter continue such drilling diligently until the Morrow formation has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if located on Federal lands, the Commissioner if located on State lands, or the Commission if located on fee lands, that further drilling of said well would be unwarranted or impracticable; provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 7,900 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Supervisor if on Federal lands, or the Commissioner if on State lands, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Supervisor and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to commence any well provided for in this section within the time allowed, including any extension of time granted by the Supervisor and Commissioner, this agreement will automatically terminate; upon failure to continue drilling diligently any well commenced hereunder, the Supervisor and Commissioner may, after 15 days notice to the Unit Operator, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner an acceptable plan of development and operation for the



unitized land which, when approved by the Supervisor and the Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified herein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, Commissioner, and the Commission a plan for an additional specified period for the development and operation of the unitized land.

Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

- (a) specify the number and location of wells to be drilled and the proposed order and time for such drilling; and
- (b) to the extent practicable, specify the operating practices regarded as necessary and advisable for proper conservation of natural resources.

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

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the six month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall, within the month of such completion, if practicable, or as soon thereafter as

required by the Supervisor or the Commissioner submit for approval by the Supervisor, Commissioner, and the Commission, a schedule, based on subdivisions of the public land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Supervisor, Commissioner, and the Commission to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of each initial participating area. Said schedule shall also set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director, Commissioner, and the Commission. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated; provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Supervisor, Commissioner, and the Commission. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing

herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Supervisor, Commissioner, and the Commission as to the proper definition or re-definition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, the Supervisor and the Commissioner. Royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal land and the Commissioner for State land and the amount thereof shall be deposited, as directed by the Supervisor and the Commissioner respectively, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor as to wells drilled on Federal land, the Commissioner as to wells drilled on State land, and the Commission as to wells drilled on fee land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the spacing unit on which the well is located, unless such spacing is within the participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION: All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, Commissioner, and Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and,

for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS:

Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may, with the approval of the Supervisor as to Federal land, the Commissioner as to State land, or the Commission as to privately owned land, at such party's sole risk, cost and expense, drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected. . . . .

14. ROYALTY SETTLEMENT: The United States and any State and all royalty owners who, under existing contracts, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in the case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor and the Commissioner, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the plan of operations or as may otherwise be consented to by the Supervisor, the Commissioner, and the Commission as conforming to good petroleum engineering

practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

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

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT: Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

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

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

16. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient

recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE: The Unit Operator shall take such measures as the Supervisor and Commissioner deem appropriate and adequate to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with prior consent of the Director and the Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty, as determined by the Supervisor as to Federal lands and by the Commissioner as to State lands.

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

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every separately owned tract subject to this agreement, regardless of whether there is any development of any particular tract of the unit area.

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

(c) Suspension of drilling or producing operations on all unitized

land pursuant to direction or consent of the Secretary and the Commissioner, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land. A suspension of drilling or producing operations on specified lands shall be applicable only to such lands.

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

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

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

(g) Any lease embracing lands of the State of New Mexico which is made subject to this agreement shall continue in force beyond the term pro-



vided therein as to the lands committed hereto until the termination hereof, subject to the provisions of subsection (e) of Section 2 and subsection (i) of this Section 18.

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

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

(j) Any lease, other than a Federal or State lease, having

only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

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

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

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

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

(c) a valuable discovery of unitized substances has been made or accepted on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating

area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or

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

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests satisfactory hereto, with the approval of the Supervisor and Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

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

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

22. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the

working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this agreement are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. APPEARANCES: Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the Commission or Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

25. NO WAIVER OF CERTAIN RIGHTS: Nothing in this agreement contained

shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the state wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

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

27. NONDISCRIMINATION: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246, as amended (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

28. LOSS OF TITLE: In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided that, as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico shall be deposited as directed by the Commissioner to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

29. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. A non-working interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working interest owner is involved, in order for the interest to be regarded as committed to this unit agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor and the Commissioner of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Supervisor, provided, however, that as to State land all subsequent joinders must be approved by the Commissioner.

30. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be

ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

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

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

ATTEST:

MONSANTO COMPANY,  
By Frank R. Anderson  
Attorney-in-Fact

Address: 1301 Post Oak Tower  
5051 Westheimer, Houston, Texas 77027

Date: August 1, 1969

UNIT OPERATOR AND  
WORKING INTEREST OWNER

WORKING INTEREST OWNERS

ATTEST:

CRA, INC.

\_\_\_\_\_

By \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

BEARD OIL COMPANY,

\_\_\_\_\_

By \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

BRUCE ANDERSON

Date: \_\_\_\_\_

Address: \_\_\_\_\_

ATTEST:

GULF OIL CORPORATION,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

SUN OIL COMPANY,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

HUMBLE OIL & REFINING COMPANY,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

CITIES SERVICE OIL COMPANY,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

CABOT CORPORATION,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

CHARLES N. ALLEN

Date: \_\_\_\_\_

Address: \_\_\_\_\_

PERRY A. POOLE

Date: \_\_\_\_\_

Address: \_\_\_\_\_



STATE OF TEXAS  
COUNTY OF HARRIS

X  
X  
X

SS

The foregoing instrument was acknowledged before me this 1st  
day of April, 1969, by Frank Richardson  
ATTORNEY-IN-FACT of MONSANTO COMPANY, a Delaware Corporation, on behalf of  
said corporation.

Mary F. Lipscomb  
Notary Public

My Commission Expires:

June 1, 1969

# BLACK RIVER UNIT Eddy County, New Mexico

Containing 15,292.85 Acres of Land

## Exhibit "A"

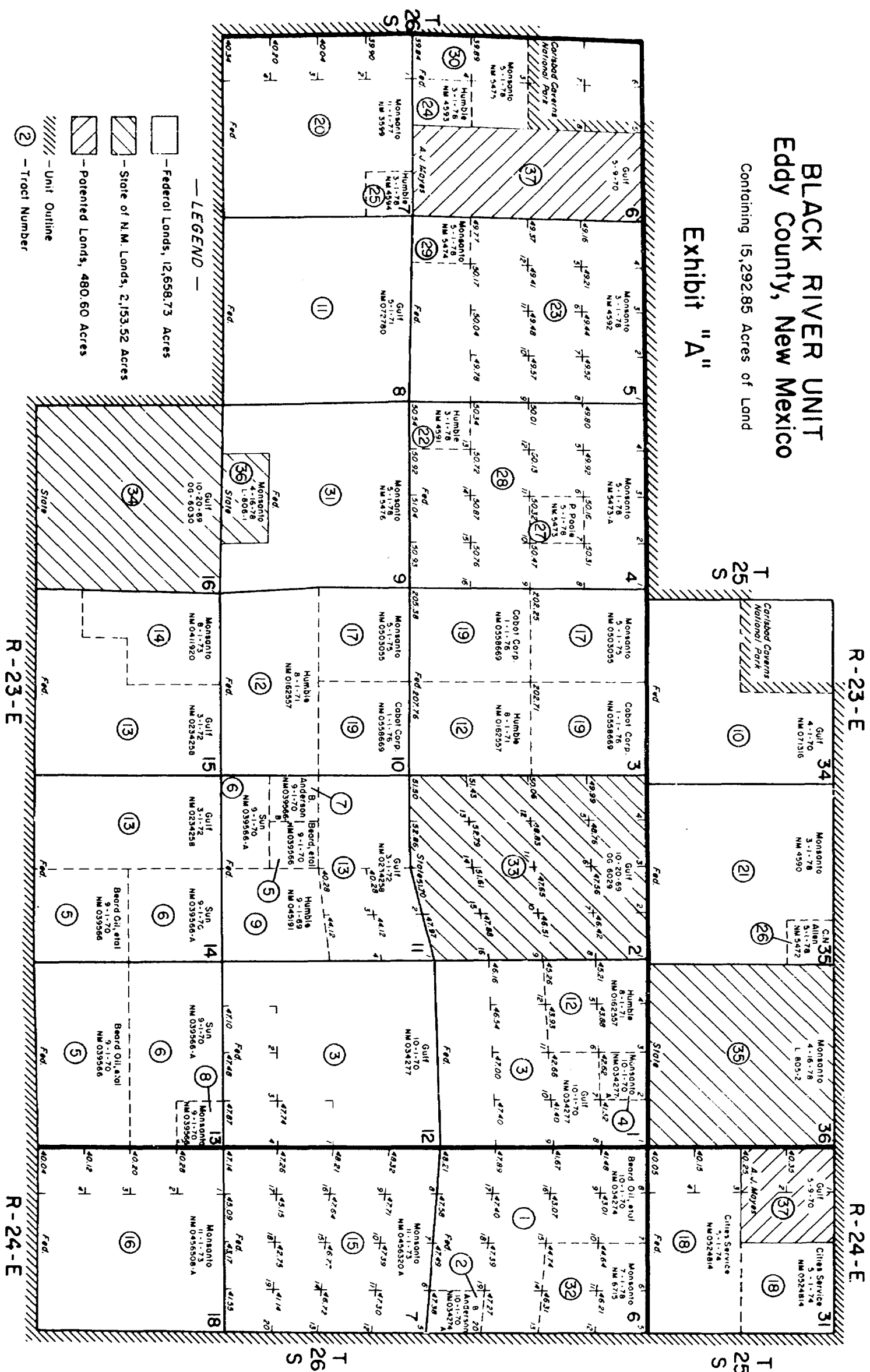


EXHIBIT "B"  
SCHEDULE SHOWING ALL LANDS AND OWNERSHIP  
WITHIN THE UNIT AREA  
BLACK RIVER UNIT, EDDY COUNTY, NEW MEXICO

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
<b>FEDERAL LANDS</b>							
1.	T-26-S, R-24-E N.M.P.M. Section 6: Lots 7, 8, 9, 10 13, 14, 15, 16, 17, 18, 19	502.46	NM-034274 9/30/70	U.S.A. All	CRA, Inc. Beard Oil Co.	50% Bruce Anderson 2%	CRA, Inc. Beard Oil Co. 50%
2.	T-26-S, R-24-E N.M.P.M. Section 6: Lot 20	47.38	NM-034274-A 9/30/70	U.S.A. All	Bruce Anderson	None	Bruce Anderson All
3.	T-26-S, R-23-E N.M.P.M. Section 1: Lots 1, 7, 8, 9, 10 11, 12, S½ S½; Section 12: All	1,142.67	NM-034277 9/30/70	U.S.A. All	Gulf Oil Corporation	Ed. C. Donohue \$750 per acre out of 5%	Gulf Oil Corporation All
4.	T-26-S, R-23-E N.M.P.M. Section 1: Lot 2	42.62	NM-034277-A 9/30/70	U.S.A. All	Monsanto Company	Ed. C. Donohue \$750 per acre out of 5%	Monsanto Company All
5.	T-26-S, R-23-E N.M.P.M. Section 11: NE¼ SW¼ Section 13: S½ Section 14: SE¼	520.00	NM-039566 8/31/70	U.S.A. All	Beard Oil Co.	None	Beard Oil Co. All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
6.	T-26-S, R-23-E N.M.P.M. Section 11: S $\frac{1}{2}$ SW $\frac{1}{4}$ Section 13: NW $\frac{1}{4}$ NE $\frac{1}{4}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ Section 14: NE $\frac{1}{4}$	20.00	NM-039566-A 8/31/70	U.S.A. All	Sun Oil Company	Eugenia Bate 3%	Sun Oil Co. All
7.	T-26-S, R-23-E N.M.P.M. Section 11: NW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	NM-039566-B 8/31/70	U.S.A. All	Bruce Anderson		Bruce Anderson All
8.	T-26-S, R-23-E N.M.P.M. Section 13: NE $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	NM-039566-C 8/31/70	U.S.A. All	Monsanto Company	Eugenia Bate 3%	Monsanto Company All
9.	T-26-S, R-23-E N.M.P.M. Section 11: SE $\frac{1}{4}$	160.00	NM-045191 9/1/69	U.S.A. All	Stephen C. Helbing	Senemex, Inc. and ) 3% Vola V. Horst ) * Stephen C. Helbing (Optioned to Humble Oil & Refining Co.)	All
10.	T-25-S, R-23-E N.M.P.M. Section 34: E $\frac{1}{2}$ , SW $\frac{1}{4}$	480.00	NM-071316 4/1/70	U.S.A. All	Gulf Oil Corporation	Ed. B. Benjamin, Jr. W. Mente Benjamin \$300 per acre out of 3%	Gulf Oil Corporation All
11.	T-26-S, R-23-E N.M.P.M. Section 8: All	640.00	NM-072780 5/1/71	U.S.A. All	Gulf Oil Corporation	S. Howard and ) \$300 per H. R. Corder ) acre out of 3%	Gulf Oil Corporation All

\*Humble will exercise its option promptly upon final approval of the Unit Agreement

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest (Ownership) and Percentage
12.	T-26-S, R-23-E N.M.P.M. Section 1: Lots 3,4,5,6 Section 3: SE $\frac{1}{4}$ Section 10: S $\frac{1}{2}$	706.04	NM-0162557 8/1/71	U.S.A. All	Humble Oil & Refining Co.	Chas. C. Langdon 3%	Humble Oil & Refining Co. All
13.	T-26-S, R-23-E N.M.P.M. Section 11: Lots 1,2,3,4, NW $\frac{1}{4}$ Section 14: W $\frac{1}{2}$ Section 15: E $\frac{1}{2}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$	1,088.80	NM-0234258 3/1/72	U.S.A. All	Gulf Oil Corporation	A. W. Rutter 3%	Gulf Oil Corporation All
14.	T-26-S, R-23-E N.M.P.M. Section 15: NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$	200.00	NM-0411920 8/1/73	U.S.A. All	Monsanto Company	W. H. Brown 5%	Monsanto Company All
15.	T-26-S, R-24-E N.M.P.M. Section 7: Lots 5 thru 20 (All)	733.31	NM-0456320-A 11/1/73	U.S.A. All	Monsanto Company	Edward Poitevent \$750 per acre out of 5%	Monsanto Company All
16.	T-26-S, R-24-E N.M.P.M. Section 18: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ (All)	640.64	NM-0456508-A 11/1/73	U.S.A. All	Monsanto Company	Evelyn Lawwill Erving Wolf 3% 2%	Monsanto Company All
17.	T-26-S, R-23-E N.M.P.M. Section 3: NW $\frac{1}{4}$ Section 10: NW $\frac{1}{4}$	362.25	NM-0503055 5/1/75	U.S.A. All	Monsanto Company	John L. O'Brien 5%	Monsanto Company All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
18.	T-25-S, R-24-E N.M.P.M. Section 31: Lots 3,4, E $\frac{1}{2}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$	480.20	NM-0524814 5/1/74	U.S.A. All	Cities Service Oil Co.	Harry P. Smith Yvona A. Stephens 3% 2%	Cities Service Oil Company All
19.	T-26-S, R-23-E N.M.P.M. Section 3: NE $\frac{1}{4}$ , SW $\frac{1}{4}$ Section 10: NE $\frac{1}{4}$	568.09	NM-0558669 1/1/76	U.S.A. All	Cabot Corporation	Joseph Homan Yvona A. Stephens 3% 2%	Cabot Corporation Assigned to Monsanto Co. 3/31/69 All
20.	T-20-S, R-23-E N.M.P.M. Section 7: Lots 1,2,3,4, SE $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$	600.48	NM-3599 11/1/77	U.S.A. All	Monsanto Company	G. F. Muller \$750 per acre out of 5%	Monsanto Company All
21.	T-25-S, R-23-E N.M.P.M. Section 35: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ N $\frac{1}{2}$ , S $\frac{1}{2}$	600.00	NM-4590 3/1/78	U.S.A. All	Monsanto Company	Howard G. Olsen 5%	Monsanto Company All
22.	T-26-S, R-23-E N.M.P.M. Section 4: Lot 13	50.54	NM-4591 3/1/78	U.S.A. All	Humble Oil & Refining Co.	Pauline F. Stevens 3%	Humble Oil & Refining Co. All
23.	T-26-S, R-23-E N.M.P.M. Section 5: Lots 1 thru 12, incl. SE $\frac{1}{4}$ SW $\frac{1}{4}$ S $\frac{1}{2}$ SE $\frac{1}{4}$	714.92	NM-4592 3/1/78	U.S.A. All	Monsanto Company	John H. Vagelos 5%	Monsanto Company All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
24.	T-26-S, R-23-E N.M.P.M. Section 6: SE½ SW½	40.00	NM-4593 3/1/78	U.S.A. All	Humble Oil & Refining Co.	Chas. A. Ledbetter 3%	Humble Oil & Refining Co. All
25.	T-26-S, R-23-E Section 7: NE½ NE½	40.00	NM-4594 3/1/78	U.S.A. All	Humble Oil & Refining Co.	Otto G. Green 3%	Humble Oil & Refining Co. All
26.	T-25-S, R-23-E N.M.P.M. Section 35: NE½ NE½	40.00	NM-5472 5/1/78	U.S.A. All	Chas. N. Allen	None	Chas. N. Allen All
27.	T-26-S, R-23-E N.M.P.M. Section 4: Lot 7	50.32	NM-5473 5/1/78	U.S.A. All	Perry A. Poole	None	Perry A. Poole All
28.	T-26-S, R-23-E N.M.P.M. Section 4: Lots 1,2,3,4,5, 6,8,9,10,11, 12,14,15,16	706.38	NM-5473-A 5/1/78	U.S.A. All	Monsanto Company	Perry A. Poole 5%	Monsanto Company All
29.	T-26-S, R-23-E N.M.P.M. Section 5: SW½ SW½	40.00	NM-5474 5/1/78	U.S.A. All	Monsanto Company	Paula R. Wright 5%	Monsanto Company All
30.	T-26-S, R-23-E N.M.P.M. Section 6: Lots 3,4, NE½ SW½	119.73	NM-5475 5/1/78	U.S.A. All	Monsanto Company	G. W. Allen 5%	Monsanto Company All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
31.	T-26-S, R-23-E N.M.P.M. Section 9: N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$	560.00	NM-5476 5/1/78	U.S.A. All	Monsanto Company	John N. Walter \$100 per acre out of 1/2 of 1% Central Southwest Oil Corp. 4 $\frac{1}{2}$ %	Monsanto Company All
32.	T-26-S, R-24-E N.M.P.M. Section 6: Lots 5,6,11,12	181.90	NM-6715 7/1/78	U.S.A. All	Monsanto Company	Virginia S. Rutter 6 $\frac{1}{2}$ %	Monsanto Company All

32 Tracts, Federal Lands, 12,658.73 Acres, 82.8% of the Unit Area

STATE OF NEW MEXICO LANDS

33.	T-26-S, R-23-E N.M.P.M. Section 2: All	793.52	OG-6029 10/20/65	State All	Gulf Oil Corporation	None	Gulf Oil Corporation All
34.	T-26-S, R-23-E N.M.P.M. Section 16: All	640.00	OG-6030 10/20/69	State All	Gulf Oil Corporation	None	Gulf Oil Corporation All
35.	T-25-S, R-23-E N.M.P.M. Section 36: All	640.00	L-805-2 4/16/78	State All	Monsanto Company	None	Monsanto Company All
36.	T-26-S, R-23-E N.M.P.M. Section 9: SE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$	80.00	L-806-1 4/16/78	State All	Monsanto Company	None	Monsanto Company All

4 Tracts, State of New Mexico Lands, 2,153.52 Acres, 14.1% of the Unit Area.



Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
<u>PATENTED (FEE) LANDS</u>							
37.	T-25-S, R-24-E Section 31: Lots 1,2, E½ NW¼	480.60	Fee 5/9/70	A. J. Mayes All	Gulf Oil Corporation	None	Gulf Oil Corporation All
	T-26-S, R-23-E Section 6: E½						

1 Tract, Patented (FEE) Lands, 480.60 Acres, 3.1% of the Unit Area

# RECAPITULATION

32 Tracts Federal Lands	12,658.73 Acres	82.8% of the Unit Area
4 Tracts State of New Mexico Land	2,153.52 Acres	14.1% of the Unit Area
1 Tract Patented (FEE) Lands	480.60 Acres	3.1% of the Unit Area
37 Tracts	15,292.85 Acres	100% of the Unit Area

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: 1410 Fourth National  
Bank Building  
Tulsa, Oklahoma 74103

CRA, Inc.

By: E. T. Lindsey

E. T. Lindsey, President  
ATTEST:

W. Gordon Leith  
W. Gordon Leith, Secretary

MR  
REN  
JOW  
MJC

CORPORATE

1

STATE OF MISSOURI      X  
   X  
COUNTY OF CLAY      X

The foregoing instrument was acknowledged before me this 3rd day of March, 1969, by E. T. Lindsey who is President of CRA, Inc. a Kansas (State) corporation, for and on behalf of said corporation.

My Commission Expires:  
7-1-69

C. A. Stubbs  
Notary Public      C. A. Stubbs

INDIVIDUAL

STATE OF \_\_\_\_\_ X  
   X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_

My Commission Expires:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

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IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
Address: \_\_\_\_\_  
2000 Classen Blvd. (Suite 200-South), Oklahoma City, Oklahoma 73106

W. M. Beard Mrs. Jess McBee, John M. Beard,  
& Emily Jo Watts, d/b/a BEARD OIL COMPANY  
By W. M. Beard  
W. M. Beard, Acting individually & as attorney-in-fact  
for Mrs. Jess McBee, John M. Beard & Emily Jo Watts

Power of Attorney previously filed in NM 0315901-Oklahoma & is still in effect

CORPORATE

1

5

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF OKLAHOMA X  
COUNTY OF OKLAHOMA X

The foregoing instrument was acknowledged before me this 26 day of February, 1969, by W. M. Beard, acting individually & as Attorney-in-fact for Mrs. Jess McDoe, John M. Beard & Emily Jo Watts, d/b/a BEARD OIL COMPANY.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

1-12-72

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

600 SOUTHWEST TOWER, HOUSTON, TEXAS 77002

Address: \_\_\_\_\_

CORPORATE

1      2      7

STATE OF \_\_\_\_\_ X

COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF Texas X

COUNTY OF El Paso X

The foregoing instrument was acknowledged before me this 19th day of February, 1969, by Reuben Anderson & Jacqueline Anderson

My Commission Expires: \_\_\_\_\_

Notary Public

JEAN LUNDIEN  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1969

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

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IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

~~ATTEST~~

*Harold*  
Assistant Secretary  
Address: P. O. BOX 100  
ROSWELL, NEW MEXICO 88201

GULF OIL CORPORATION

*P. E. Wyche*  
ATTORNEY IN FACT

8	10	11	13
33	34	37	

CORPORATE

STATE OF NEW MEXICO X  
COUNTY OF CHAVES X

The foregoing instrument was acknowledged before me this 18th day of April, 1969, by P. E. WYCHE who is ATTORNEY IN FACT of GULF OIL CORPORATION a PENNSYLVANIA (State) corporation, for and on behalf of said corporation.

My Commission Expires:  
My Commission Expires August 15, 1970

*Eva Marie Cooper*  
Notary Public

INDIVIDUAL

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

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IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: P. O. Box 2880

Dallas, Texas 75221

SUN OIL COMPANY

By: *[Signature]*

Agent and Attorney-in-fact

CORPORATE

6

STATE OF TEXAS X

COUNTY OF DALLAS X

The foregoing instrument was acknowledged before me this 4th day of March, 1969, by CECIL A. COLVILLE who is Agent and Attorney-in-fact of Sun Oil Company a New Jersey corporation, for and on behalf of said corporation. (State)

My Commission Expires:

June 1, 1969

*[Signature]*  
Notary Public in and for Dallas County,  
Texas

Alf Burr

INDIVIDUAL

STATE OF \_\_\_\_\_ X

COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_

My Commission Expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

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IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

HUMBLE OIL & REFINING COMPANY

Bill R. Payne  
Agent and Attorney in Fact

FORM APVD.  
BY QJS

Address: \_\_\_\_\_

9 12 22 24 25

CORPORATE

STATE OF TEXAS      X  
                                 X  
COUNTY OF MIDLAND      X

The foregoing instrument was acknowledged before me this 13th day of May, 1969, by Bill R. Payne who is Agent and Attorney in Fact of HUMBLE OIL & REFINING COMPANY a Delaware corporation, for and on behalf of said corporation. (State)

My Commission Expires:  
June 1, 1969

Patricia L. Proctor  
Notary Public

INDIVIDUAL

STATE OF \_\_\_\_\_      X  
                                 X  
COUNTY OF \_\_\_\_\_      X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_

My Commission Expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

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IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: Cities Service Building  
Bartlesville, Oklahoma 74003

CITIES SERVICE OIL COMPANY

Mark F. Payton  
Mark F. Payton, Attorney-in-Fact

18

CORPORATE

STATE OF OKLAHOMA X  
COUNTY OF WASHINGTON X

The foregoing instrument was acknowledged before me this 5th day of May, 1969, by Mark F. Payton who is Attorney-in-Fact of CITIES SERVICE OIL COMPANY a Delaware corporation, for and on behalf of said corporation. (State)

My Commission Expires:  
April 23, 1970

Sue Galloway  
Notary Public - Sue Galloway

INDIVIDUAL

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_

My Commission Expires:

Notary Public



CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

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IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: \_\_\_\_\_

Charles N. Allen

Charles N. Allen, a single man  
P.O. Box 3848

Dallas, Texas 75208

CORPORATE

26

STATE OF \_\_\_\_\_ X

COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF TEXAS X

COUNTY OF DALLAS X

The foregoing instrument was acknowledged before me this 14th day of April, 1969, by Raymond H. Baker

My Commission Expires:

June 1, 1969

Raymond H. Baker  
Notary Public  
Dallas County, Texas

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Perry A. Poole  
Address: 3565 Frow Ave.  
Miami, Fla. 33133

CORPORATE

27      28

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF Florida X  
COUNTY OF Dade X

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of February, 1969, by Perry A. Poole

My Commission Expires: \_\_\_\_\_

Notary Public

NOTARY PUBLIC  
STATE OF FLORIDA at LARGE  
COMMISSION EXPIRES DEC. 30, 1969  
FRED W. DIESTELHORST

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments

<p><i>Estate of Edward C. Donohue</i> <u>By Helma Donohue Moberg</u> Co-Trustee Address: <u>20. Dramer 1370</u> <u>El Paso, Texas 79948</u></p>	<p><i>Estate of Helma Elliott Donohue</i> <u>By Helma Donohue Moberg</u> Under Executive</p>
---	--

3      4

CORPORATE

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_ Notary Public

INDIVIDUAL

STATE OF Texas X  
COUNTY OF El Paso X

The foregoing instrument was acknowledged before me this 21st day of April, 1969, by Helma Donohue Moberg

My Commission Expires: \_\_\_\_\_ Notary Public  
OTILIA HOLGUM, Notary Public  
In and for the County of El Paso, Texas  
My commission expires June 1, 1969

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Eugenia Bate, a widow  
Address: Bx 86  
Mayer, Calif 94333  
CORPORATE 6 8

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_ Notary Public

INDIVIDUAL

STATE OF Arizona  
COUNTY OF Maricopa

The foregoing instrument was acknowledged before me this 25th day of February, 1969, by Eugenia Bate, a widow

My Commission Expires: \_\_\_\_\_  
My Commission Expires July 21, 1971  
Marian A. Lopez  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: Box 1057,  
Santa Fe, New Mexico  
87501

John V. Hest  
INDIVIDUALLY AND ON BEHALF OF  
SENEDEX, INC.

CORPORATE                      9

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF N.M. X  
COUNTY OF Santa Fe X

The foregoing instrument was acknowledged before me this 20th day of February, 1969, by John V. Hest

My Commission Expires: \_\_\_\_\_

Gene C. Corbett  
Notary Public

8-15-72

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

WITNESS:

Margaret L. Benjamin      Edward B. Benjamin, Jr.  
Address: 2728 Whaley Highway      Monte Benjamin  
Del Rio, TX 78840

CORPORATE

10

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF LOUISIANA X  
PARISH \_\_\_\_\_ X  
COUNTY OF ORLEANS X

The foregoing instrument was acknowledged before me this 26th day of February, 1969, by Edward B. Benjamin, Jr. and W. Monte Benjamin

My Commission Expires: \_\_\_\_\_

Notary Public

CORINNE LEE WIENER  
NOTARY PUBLIC  
CLAYTON, MISSISSIPPI  
MY COMMISSION IS FOR LIFE

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

<u>S. Howard</u> <u>Bernice Howard</u>	<u>Mary Allen Corder</u> <u>307 BETZ PLACE</u>
Address: <u>109 BELLAIR DR.</u>	<u>307 BETZ PLACE</u>
<u>NEW ORLEANS, LA. 70124</u>	<u>METairie, LA. 70005</u>

CORPORATE

11

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public \_\_\_\_\_

INDIVIDUAL

STATE OF LOUISIANA )  
COUNTY OF ORLEANS )

The foregoing instrument was acknowledged before me this 24th day of FEBRUARY, 1969, by S. Howard, Bernice Howard, H.R. Corder and Mary Allen Corder.

My Commission Expires: \_\_\_\_\_  
AT MY DEATH

Bladys A. Baither  
Notary Public Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: P.O. Box 9317

FT. WORTH, TEXAS, 76107

Charles C. Langdon

CORPORATE

12

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public \_\_\_\_\_

INDIVIDUAL

STATE OF Texas X  
COUNTY OF Tarrant X

The foregoing instrument was acknowledged before me this 18 day of February, 1969, by Charles C. Langdon

My Commission Expires: June 1, 1969

Notary Public Dean Baker

DEAN BAKER

Notary Public for State of Texas  
My Comm. Expires June 1, 1969



The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

Dorothy Sipp Rutter.      Eric Rutter.  
 Address: \_\_\_\_\_      500 North Big Spring Street  
 \_\_\_\_\_      Midland, Texas 79701

13

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is  
\_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_  
(State)  
corporation, for and on behalf of said corporation.

Notary Public

STATE OF TEXAS  
COUNTY OF MIDLAND

Notary Public

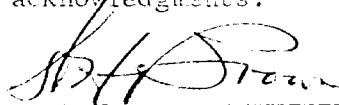
6/1/69

UNITED STATES OF AMERICA  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
NATURAL RESOURCES DIVISION  
WASHINGTON, D. C. 20250

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: 512 Petroleum Building  
Casper, Wyoming

  
W. H. Brown

CORPORATE

14

STATE OF \_\_\_\_\_ Y  
COUNTY OF \_\_\_\_\_ Y

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

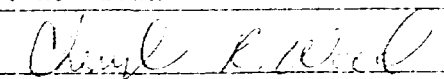
Notary Public

INDIVIDUAL

STATE OF WYOMING Y  
COUNTY OF NATRONA Y

The foregoing instrument was acknowledged before me this 11th day of February, 1969, by W. H. Brown

My Commission Expires: \_\_\_\_\_

  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

<u>Edw. Poitevent</u>	<u>Bruce B. Poitevent</u>
Address: <u>6015 Prytania St.</u>	<u>6015 Prytania St.</u>
<u>New Orleans, La. 70118</u>	<u>New Orleans, La. 70118</u>

CORPORATE

15

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF Louisiana X  
~~Parish~~ OF Orleans X

The foregoing instrument was acknowledged before me this 24th day of February, 1969, by Edward Poitevent and Bruce B. Poitevent

My Commission Expires: \_\_\_\_\_

Notary Public

at death

Walter B. Gallie  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Evelyn Sawwell  
Address: Box 2237  
Cheyenne Wyo. 82001

CORPORATE

16

STATE OF \_\_\_\_\_ ☒  
COUNTY OF \_\_\_\_\_ ☒

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF Wyoming ☒  
COUNTY OF Taramie ☒

The foregoing instrument was acknowledged before me this 11th day of Feb, 1969, by Evelyn Sawwell

My Commission Expires: \_\_\_\_\_

Notary Public

1-2-72

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: 308 Lincoln Tower Building  
Denver, Colorado 80203

ERVING WOLF  
JOYCE WOLF, spouse

CORPORATE

16

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF COLORADO X  
COUNTY OF DENVER X

The foregoing instrument was acknowledged before me this 13th day of February, 1969, by Erving Wolf, and Joyce Wolf, his wife.

My Commission Expires: \_\_\_\_\_

Notary Public

November 20, 1972

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
Address: 914 Patterson Building  
Denver, Colorado 80202

John L. O'Brien  
\_\_\_\_\_  
\_\_\_\_\_

CORPORATE

17

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF COLORADO X  
COUNTY OF DENVER X

The foregoing instrument was acknowledged before me this 18th day of March, 1969, by John L. O'Brien

My Commission Expires: \_\_\_\_\_

William M. O'Brien  
Notary Public

Nov. 1, 1970

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: 318 West 2nd Ave.  
Cheyenne, Wyoming 82001

Harry P. Smith  
Mildred A. Smith

CORPORATE

18

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF WYOMING X  
COUNTY OF LARAMIE X

The foregoing instrument was acknowledged before me this 12th day of February, 1969, by Harry P. Smith and Mildred A. Smith (husband and wife)

My Commission Expires: 3-6-72

Notary Public

Claire M. Miller

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
Address: Box 709  
Roswell, New Mexico

CORPORATE

18 19

STATE OF N ☒  
COUNTY OF \_\_\_\_\_ ☒

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF New Mexico ☒  
COUNTY OF Chaves ☒

The foregoing instrument was acknowledged before me this 10th day of February, 1969, by Yvonne A. Stephens, Individually and Executrix of Estate of James R. Stephens.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

9/15/69



CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
Address: Box 1458  
ROSWEU. N.M.

Edgar L. Powell

CORPORATE

19

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF N.M. X  
COUNTY OF CHAVEZ X

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of MARCH, 1969, by EDGAR L. POWELL

My Commission Expires: \_\_\_\_\_

James M. Butler  
Notary Public

Feb 10, 1972

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: 205 W. Wacker Drive

Chicago, Illinois 60606

Joseph Homan  
Alice Homan

CORPORATE

19

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF Illinois X  
COUNTY OF Cook X

The foregoing instrument was acknowledged before me this 6th day of March, 1969, by JOSEPH HOMAN & ALICE HOMAN, his wife

My Commission Expires: \_\_\_\_\_

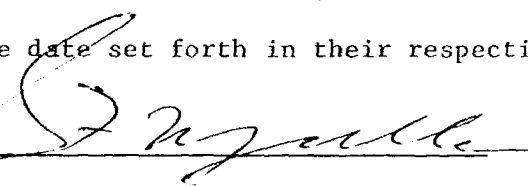
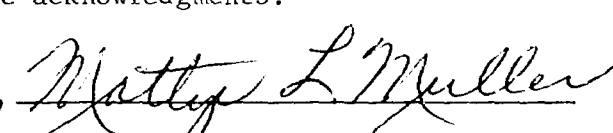
Eleanor D. Mattison  
Notary Public

Dec. 4, 1972

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

	
Address: <u>2 Broadway</u>	<u>2 Broadway</u>
<u>New York, N.Y. 10004</u>	<u>New York, N.Y. 10004</u>

CORPORATE

20

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

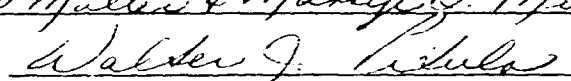
INDIVIDUAL

STATE OF New York X  
COUNTY OF New York X

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of February, 1969, by J. F. Muller & Matthew L. Muller

My Commission Expires: \_\_\_\_\_

Notary Public

  
WALTER J. PITULA  
NOTARY PUBLIC, State of New York  
No. 41-8335073  
Qualified in Queens County  
Cert. Recd in New York County  
Commission Expires March 30, 1970

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: POST OFFICE BOX 1618  
LA JOLLA, CALIFORNIA 92037

CORPORATE

21

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

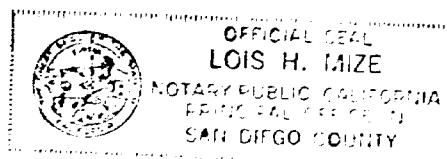
STATE OF California X  
COUNTY OF San Diego X

The foregoing instrument was acknowledged before me this 25th day of March, 1969, by Howard J. Olson

My Commission Expires: \_\_\_\_\_

Notary Public

LOIS H. MIZE - Notary Public - Cal.  
COMM. EXP. MAY 13, 1971 - SAN DIEGO CO.  
7946 Ivanhoe St., Suite 202, La Jolla, Calif. 92037



CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

<u>Pauline F. Stevens</u>	<u>Boyd A. Stevens</u>
Address: <u>2069 Westlawn, S.W.</u>	<u>2069 Westlawn, S.W.</u>
<u>Warren, Ohio.</u>	<u>Warren, Ohio.</u>

CORPORATE

22

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

X  
X  
X  
X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF Ohio  
COUNTY OF Cambria

X  
X  
X  
X

The foregoing instrument was acknowledged before me this 25th day of February, 1969, by Pauline F. and Boyd A. Stevens

My Commission Expires: Oct. 16, 1973

Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

John H. Vogel  
 Address: 363 Corlies Ave.  
Allenhurst, N.J. 07711

Demetra C. Vogel  
303 Corlies Avenue  
Allenhurst, New Jersey 07711

CORPORATE

23

STATE OF \_\_\_\_\_ X  
 COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF New York X  
 COUNTY OF New York X

The foregoing instrument was acknowledged before me this 13 day of FEB, 1969, by John H. Vogel & Demetra C. Vogel

My Commission Expires: \_\_\_\_\_

Notary Public

FRANKLIN D. [illegible]  
 Notary Public  
 New York  
 69

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Charles A. Sellitto  
Address: 3037 Knick Avenue  
Andover, Alaska

Walter for Sellitto  
3037 Knick Avenue  
Andover, Alaska

CORPORATE

24

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Y  
X  
X  
X  
X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF Alaska  
COUNTY OF \_\_\_\_\_

Y  
X  
X  
X

The foregoing instrument was acknowledged before me this 3rd day of April, 1969, by Charles A. & Margaret Sellitto

My Commission Expires: \_\_\_\_\_  
6-11-72

Walter D. Harlan  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

<u><i>Creta M. Green</i></u> Address: _____ <u>P. O. Box 1571 - Oakland, Calif. 94604</u>	<u><i>Otto M. Green</i></u> _____ <u>P. O. Box 1571 - Oakland, Calif. 94604</u>
---	---

CORPORATE

25

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

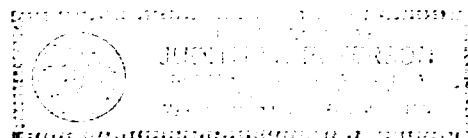
My Commission Expires: \_\_\_\_\_ Notary Public  
\_\_\_\_\_

INDIVIDUAL

STATE OF California X  
COUNTY OF Alameda X

The foregoing instrument was acknowledged before me this 18th day of March, 1969, by Otto G. Green and Creta M. Green, his wife

My Commission Expires: \_\_\_\_\_ Notary Public  
*Julia W. Peterson*  
Aug. 10, 1972





CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same, and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Mrs. Pauline H. Wright Charles A. Wright  
Address: \_\_\_\_\_  
\_\_\_\_\_

CORPORATE

29

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF TEXAS X  
COUNTY OF MIDLAND X

The foregoing instrument was acknowledged before me this 14th day of February, 1969, by Paul R. Wright and Charles A. Wright

My Commission Expires: \_\_\_\_\_

Notary Public

June 1, 1969

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

G. W. Allen  
Address: 326 Highland Village Dr.  
Mesquite, Texas 75149

Juanita Allen

CORPORATE

30

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF Texas X  
COUNTY OF Dallas X

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of March, 1969, by G. W. Allen and his wife, Juanita Allen

My Commission Expires: June, 1969

David Benson  
Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
Address: P.O. Box 1231  
Roswell, New Mexico 88201

BY: *Dee Arrott*  
DEE ARROTT

CORPORATE

31

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF New Mexico X  
COUNTY OF Chaves X

The foregoing instrument was acknowledged before me this 22nd day of April, 1969, by Dee Arrott

My Commission Expires: April 1, 1973

*Dee Arrott*  
Notary Public

Notary Public

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Virginia S. Rutter  
Address: 1505 North "C" Street  
Midland, Texas 79701

A.W. Rutter, Jr.

CORPORATE

32

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF TEXAS X  
COUNTY OF MIDLAND X

The foregoing instrument was acknowledged before me this 20th day of February, 1969, by A.W. Rutter, Jr., and wife, Virginia S. Rutter.

My Commission Expires: \_\_\_\_\_

Notary Public

6/1/69

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Address: Highway Route  
Carlsbad New Mexico  
28520

John A. Mayer  
Agatha Mayer

CORPORATE

37

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF New Mexico X  
COUNTY OF Eddy X

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of March, 1969, by John A. Mayer & Agatha Mayer his wife

My Commission Expires: \_\_\_\_\_

Edmond  
Notary Public

1-8-70

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Eunice Alice Ballard Harley Ballard  
Address: Angelo Route  
Carlsbad, N.M. 88220

CORPORATE

37

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

INDIVIDUAL

STATE OF New Mexico X  
COUNTY OF Eddy X

The foregoing instrument was acknowledged before me this 27th day of March, 1969, by Eunice Alice Ballard

My Commission Expires: \_\_\_\_\_

Notary Public

May 13, 1970

CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

<u>Amelia J. Miller</u>	<u>Thomas C. Miller</u>
Address: <u>4001 Jones</u>	<u>4001 Jones St.</u>
<u>Carlsbad, N. Mex. 88220</u>	<u>Carlsbad, N. Mex. 88220</u>

CORPORATE

37

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF New Mexico X  
COUNTY OF Eddy X

The foregoing instrument was acknowledged before me this 18<sup>th</sup> day of March, 1969, by Amelia J. Miller and Thomas C. Miller

My Commission Expires: \_\_\_\_\_

Notary Public

April 10, 1973



CONSENT AND RATIFICATION  
BLACK RIVER UNIT AGREEMENT  
EMBRACING LANDS IN EDDY COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the BLACK RIVER UNIT AREA embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of January, 1969, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the said Unit Agreement as EXHIBIT "B", do hereby commit all of their said interests to the Black River Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

<u>Thurman A. Mayer</u> Address: <u>P.O. Box 117</u> <u>Williams, Arizona</u>	<u>Mahala O. Mayer</u> <u>Box 117</u> <u>Williams, Arizona</u>
---	--

CORPORATE

37

STATE OF \_\_\_\_\_ X  
COUNTY OF \_\_\_\_\_ X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ (State) corporation, for and on behalf of said corporation.

My Commission Expires: \_\_\_\_\_

Notary Public

INDIVIDUAL

STATE OF Arizona X  
COUNTY OF Coconino X

The foregoing instrument was acknowledged before me this 21st day of March, 1969, by Mahala O. and Thurman A. Mayer

My Commission Expires:  
March 2, 1973

Vera E. Blant  
Notary Public

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

**BLACK RIVER UNIT**

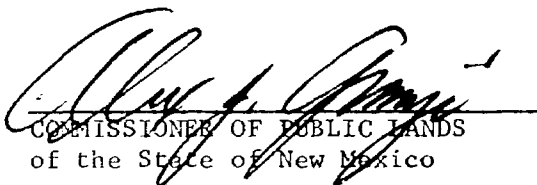
**EDDY COUNTY, NEW MEXICO**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated January 15, 1969, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, and 7-11-48, New Mexico Statutes Annotated, 1953 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the afore-said statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 15th day of May, 1969.

  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

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. 4080  
Order No. R-3715

APPLICATION OF MONSANTO COMPANY  
FOR APPROVAL OF THE BLACK RIVER  
UNIT AGREEMENT, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 26, 1969,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of April, 1969, 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, Monsanto Company, seeks approval of  
the Black River Unit Agreement covering 14,961.23 acres, more or  
less, of State, Federal, and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 25 SOUTH, RANGE 23 EAST, NMPM  
Section 34: S/2 and NE/4  
Sections 35 and 36: All

TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM  
Section 31: All

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CASE No. 4080

Order No. R-3715

TOWNSHIP 26 SOUTH, RANGE 23 EAST, NMPM

Sections 1 through 5: All

Section 6: E/2 and SW/4

Sections 7 through 16: All

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM

Sections 6 and 7: All

Section 18: 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 Black River 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.

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CASE No. 4080  
Order No. R-3715

(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

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

esr/

255 MAR 4 1970

UNIT AGREEMENT

BLACK RIVER UNIT AREA

EDDY COUNTY, NEW MEXICO

Case 4080

UNIT AGREEMENT  
BLACK RIVER UNIT AREA  
EDDY COUNTY, NEW MEXICO

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UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
BLACK RIVER UNIT AREA, EDDY COUNTY, NEW MEXICO

NO. \_\_\_\_\_

THIS AGREEMENT entered into as of the 15th day of January, 1969, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H :

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

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

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

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Article 3, Chapter 65, Vol. 9, Part 2, 1953 Statutes), to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the BLACK RIVER UNIT AREA covering the land hereinafter described to give reasonably effective control of operations therein; and

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



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

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

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

Township 25 South, Range 23 East, N.M.P.M.

Section 34 - S $\frac{1}{2}$  and NE $\frac{1}{4}$

Section 35 - All

Section 36 - All

Township 25 South, Range 24 East, N.M.P.M.

Section 31 - All

Township 26 South, Range 23 East, N.M.P.M.

Section 1 - All

Section 2 - All

Section 3 - All

Section 4 - All

Section 5 - All

Section 6 - E $\frac{1}{2}$  and SW $\frac{1}{4}$

Section 7 - All

Section 8 - All

Section 9 - All

Section 10 - All

Section 11 - All

Section 12 - All

Section 13 - All

Section 14 - All

Section 15 - All

Section 16 - All

Township 26 South, Range 24 East, N.M.P.M.

Section 6 - All

Section 7 - All

Section 18 - All

Containing 14,961.23 acres, more or less.

EXHIBIT "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. EXHIBIT "B" attached hereto is a schedule

showing to the extent known to the Unit Operator the acreage, percentage and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party.. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two copies thereof shall be filed with the Commissioner, and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission".

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

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the Commissioner, after preliminary concurrence by the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

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

(c) Upon expiration of the 30-day period provided in the pre-

ceding item (b) hereof, Unit Operator shall file with the Supervisor, the Commissioner and the Commission evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

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

(e) All legal subdivisions of lands (i.e. 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys; however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof), no parts of which are entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary. Such lands shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days time elapsing between the completion of one such well and the commencement of the next such well. The time allowed for the commencement of the wells required by this section 2(e) shall expire 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay". Determination of creditable "Unavoidable Delay" time shall be made by unit operator and subject to approval of the Supervisor and Commissioner. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. All lands proved productive by diligent drilling operations after

the aforesaid 5-year period shall become participating in the same manner as during said 5-year period. However, when such diligent drilling operations cease, all nonparticipating lands shall be automatically eliminated effective as of the 91st day thereafter. The unit operator shall within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Supervisor and Commissioner and promptly notify all parties in interest. The Supervisor and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when such action is warranted; however, such extensions of time shall be limited to a single extension.

If conditions warrant extension of the 10-year period specified in this subsection 2(e), a single extension of not to exceed 2 years may be accomplished by consent of the owners of 90 percent of working interests in the current nonparticipating unitized lands and the owners of 60 percent of basic royalty interests (exclusive of the basic royalty interests of the United States) of the nonparticipating unitized lands with approval of the Director and Commissioner, provided such extension application is submitted to the Director and Commissioner not later than 60 days prior to the expiration of said 10-year period.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this subsection 2(e) shall not be considered automatic commitment or recommitment of such lands.

3. UNITIZED LAND AND UNITIZED SUBSTANCES: All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR: Monsanto Company with offices at Midland, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in it and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of

an interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Supervisor, the Commissioner and Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment, whichever is required by the Supervisor as to Federal lands and by the Commission as to State and privately owned lands, unless a new unit operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but in all instances of resignation or removal, until a successor unit operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation or removal become effective appoint a common agent to represent them in any action to be taken hereunder.

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

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

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title or interest as the owner of a working

interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator. Provided, that, if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until:

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

(b) the selection shall have been filed with the Supervisor and approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between

the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement". Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the Commissioner, prior to approval of this unit agreement by the Director.

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

9. DRILLING TO DISCOVERY: Within six months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, if on Federal land, or by the Commissioner if on State land, unless on such effective date a well is being drilled

conformably with the terms hereof, and thereafter continue such drilling diligently until the Morrow formation has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if located on Federal lands, the Commissioner if located on State lands, or the Commission if located on fee lands, that further drilling of said well would be unwarranted or impracticable; provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 7,900 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Supervisor if on Federal lands, or the Commissioner if on State lands, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Supervisor and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to commence any well provided for in this section within the time allowed, including any extension of time granted by the Supervisor and Commissioner, this agreement will automatically terminate; upon failure to continue drilling diligently any well commenced hereunder, the Supervisor and Commissioner may, after 15 days notice to the Unit Operator, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner an acceptable plan of development and operation for the



unitized land which, when approved by the Supervisor and the Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified herein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, Commissioner, and the Commission a plan for an additional specified period for the development and operation of the unitized land.

Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

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

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

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

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the six month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall, within the month of such completion, if practicable, or as soon thereafter as

required by the Supervisor or the Commissioner submit for approval by the Supervisor, Commissioner, and the Commission, a schedule, based on subdivisions of the public land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Supervisor, Commissioner, and the Commission to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of each initial participating area. Said schedule shall also set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director, Commissioner, and the Commission. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated; provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Supervisor, Commissioner, and the Commission. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing

herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Supervisor, Commissioner, and the Commission as to the proper definition or re-definition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, the Supervisor and the Commissioner. Royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal land and the Commissioner for State land and the amount thereof shall be deposited, as directed by the Supervisor and the Commissioner respectively, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor as to wells drilled on Federal land, the Commissioner as to wells drilled on State land, and the Commission as to wells drilled on fee land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the spacing unit on which the well is located, unless such spacing is within the participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION: All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, Commissioner, and Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and,

for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS:

Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may, with the approval of the Supervisor as to Federal land, the Commissioner as to State land, or the Commission as to privately owned land, at such party's sole risk, cost and expense, drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT: The United States and any State and all royalty owners who, under existing contracts, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in the case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor and the Commissioner, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the plan of operations or as may otherwise be consented to by the Supervisor, the Commissioner, and the Commission as conforming to good petroleum engineering

practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

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

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT: Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

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

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

16. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient

recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE: The Unit Operator shall take such measures as the Supervisor and Commissioner deem appropriate and adequate to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with prior consent of the Director and the Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty, as determined by the Supervisor as to Federal lands and by the Commissioner as to State lands.

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

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every separately owned tract subject to this agreement, regardless of whether there is any development of any particular tract of the unit area.

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

(c) Suspension of drilling or producing operations on all unitized

land pursuant to direction or consent of the Secretary and the Commissioner, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land. A suspension of drilling or producing operations on specified lands shall be applicable only to such lands.

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

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

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

(g) Any lease embracing lands of the State of New Mexico which is made subject to this agreement shall continue in force beyond the term pro-



vided therein as to the lands committed hereto until the termination hereof, subject to the provisions of subsection (e) of Section 2 and subsection (i) of this Section 18.

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

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

(j) Any lease, other than a Federal or State lease, having

only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

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

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

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

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

(c) a valuable discovery of unitized substances has been made or accepted on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating

area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or

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

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

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

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

22. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the

working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this agreement are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. APPEARANCES: Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the Commission or Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

25. NO WAIVER OF CERTAIN RIGHTS: Nothing in this agreement contained

shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the state wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

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

27. NONDISCRIMINATION: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246, as amended (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

28. LOSS OF TITLE: In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided that, as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico shall be deposited as directed by the Commissioner to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

29. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. A non-working interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working interest owner is involved, in order for the interest to be regarded as committed to this unit agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor and the Commissioner of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Supervisor, provided, however, that as to State land all subsequent joinders must be approved by the Commissioner.

30. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be

ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

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

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

MONSANTO COMPANY,

ATTEST:

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

UNIT OPERATOR AND  
WORKING INTEREST OWNER

WORKING INTEREST OWNERS

ATTEST:

CRA, INC.

By \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

ATTEST:

BEARD OIL COMPANY,

By \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

BRUCE ANDERSON

Date: \_\_\_\_\_

Address: \_\_\_\_\_

ATTEST:

GULF OIL CORPORATION,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

SUN OIL COMPANY,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

HUMBLE OIL & REFINING COMPANY,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

CITIES SERVICE OIL COMPANY,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

CABOT CORPORATION,

By \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

CHARLES N. ALLEN

Date: \_\_\_\_\_

Address: \_\_\_\_\_

PERRY A. POOLE

Date: \_\_\_\_\_

Address: \_\_\_\_\_



STATE OF TEXAS                   X  
                                  X       SS  
COUNTY OF HARRIS               X

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1969, by \_\_\_\_\_  
ATTORNEY-IN-FACT of MONSANTO COMPANY, a Delaware Corporation, on behalf of  
said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

Containing 14,961.23 Acres of Land

525



EXHIBIT "B"  
SCHEDULE SHOWING ALL LANDS AND OWNERSHIP  
WITHIN THE UNIT AREA  
BLACK RIVER UNIT, EDDY COUNTY, NEW MEXICO

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
<u>FEDERAL LANDS</u>							
1.	T-26-S, R-24-E N.M.P.M. Section 6: Lots 7, 8, 9, 10 13, 14, 15, 16, 17, 18, 19	502.46	NM-034274 9/30/70	U.S.A. All	CRA, Inc. Beard Oil Co. 50%	Bruce Anderson 2%	CRA, Inc. Beard Oil Co. 50%
2.	T-26-S, R-24-E N.M.P.M. Section 6: Lot 20	47.38	NM-034274-A 9/30/70	U.S.A. All	Bruce Anderson	None	Bruce Anderson All
3.	T-26-S, R-23-E N.M.P.M. Section 1: Lots 1, 7, 8, 9, 10 11, 12, S $\frac{1}{2}$ S $\frac{1}{2}$ ; Section 12: All	1,142.67	NM-034277 9/30/70	U.S.A. All	Gulf Oil Corporation	Ed. C. Donohue \$750 per acre out of 5%	Gulf Oil Corporation All
4.	T-26-S, R-23-E N.M.P.M. Section 1: Lot 2	42.62	NM-034277-A 9/30/70	U.S.A. All	Monsanto Company	Ed. C. Donohue \$750 per acre out of 5%	Monsanto Company All
5.	T-26-S, R-23-E N.M.P.M. Section 11: NE $\frac{1}{2}$ SW $\frac{1}{2}$ Section 13: S $\frac{1}{2}$ Section 14: SE $\frac{1}{2}$	520.00	NM-039566 8/31/70	U.S.A. All	Beard Oil Co.	None	Beard Oil Co. All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
6.	T-26-S, R-23-E N.M.P.M. Section 11: S $\frac{1}{2}$ SW $\frac{1}{2}$ Section 13: NW $\frac{1}{2}$ NE $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{2}$ , NW $\frac{1}{2}$ Section 14: NE $\frac{1}{2}$	520.00	NM-039566-A 8/31/70	U.S.A. All	Sun Oil Company	Eugenia Bate 3%	Sun Oil Co. All
7.	T-26-S, R-23-E N.M.P.M. Section 11: NW $\frac{1}{2}$ SW $\frac{1}{2}$	40.00	NM-039566-B 8/31/70	U.S.A. All	Bruce Anderson		Bruce Anderson All
8.	T-26-S, R-23-E N.M.P.M. Section 13: NE $\frac{1}{2}$ NE $\frac{1}{2}$	40.00	NM-039566-C 8/31/70	U.S.A. All	Monsanto Company	Eugenia Bate 3%	Monsanto Company All
9.	T-26-S, R-23-E N.M.P.M. Section 11: SE $\frac{1}{2}$	160.00	NM-045191 9/1/69	U.S.A. All	Stephen C. Helbing	Sanemex, Inc. and ) 3% Vola J. Horst )	Stephen C. Helbing (Optioned to Humble Oil & Refining Co.) All
10.	T-25-S, R-23-E N.M.P.M. Section 34: E $\frac{1}{2}$ , SW $\frac{1}{2}$	480.00	NM-071316 4/1/70	U.S.A. All	Gulf Oil Corporation	Ed. B. Benjamin, Jr. W. Mente Benjamin \$300 per acre out of 3%	Gulf Oil Corporation All
11.	T-26-S, R-23-E N.M.P.M. Section 8: All	640.00	NM-072780 5/1/71	U.S.A. All	Gulf Oil Corporation	S. Howard and ) \$300 per H. R. Corder ) acre out of 3%	Gulf Oil Corporation All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
12.	T-26-S, R-23-E N.M.P.M. Section 1: Lots 3,4,5,6 Section 3: SE $\frac{1}{4}$ Section 10: S $\frac{1}{4}$	658.28	NM-0162557 8/1/71	U.S.A. All	Humble Oil & Refining Co.	Chas. C. Langdon 3%	Humble Oil & Refining Co. All
13.	T-26-S, R-23-E N.M.P.M. Section 11: Lots 1,2,3,4, NW $\frac{1}{4}$ Section 14: W $\frac{1}{2}$ Section 15: E $\frac{1}{2}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$	1,088.80	NM-0234258 3/1/72	U.S.A. All	Gulf Oil Corporation	A. W. Rutter 3%	Gulf Oil Corporation All
14.	T-26-S, R-23-E N.M.P.M. Section 15: NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$	200.00	NM-0411920 8/1/73	U.S.A. All	Monsanto Company	W. H. Brown 5%	Monsanto Company All
15.	T-26-S, R-24-E N.M.P.M. Section 7: Lots 5 thru 20 (All)	733.31	NM-0456320-A 11/1/73	U.S.A. All	Monsanto Company	Edward Poitevent \$750 per acre out of 5%	Monsanto Company All
16.	T-26-S, R-24-E N.M.P.M. Section 18: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ (All)	640.64	NM-0456508-A 11/1/73	U.S.A. All	Monsanto Company	Evelyn Lawwill Erving Wolf 3% 2%	Monsanto Company All
17.	T-26-S, R-23-E N.M.P.M. Section 3: NW $\frac{1}{4}$ Section 10: NW $\frac{1}{4}$	320.00	NM-0503055 5/1/75	U.S.A. All	Monsanto Company	John L. O'Brien 5%	Monsanto Company All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
18.	T-25-S, R-24-E N.M.P.M. Section 31: Lots 3,4, E $\frac{1}{2}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$	480.20	NM-0524814 5/1/74	U.S.A. All	Cities Service Oil Co.	Harry P. Smith 3% Yvona A. Stephens 2%	Cities Service Oil Company All
19.	T-26-S, R-23-E N.M.P.M. Section 3: NE $\frac{1}{4}$ , SW $\frac{1}{4}$ Section 10: NE $\frac{1}{4}$	480.00	NM-0558669 1/1/76	U.S.A. All	Cabot Corporation	Joseph Homan 3% Yvona A. Stephens 2%	Cabot Corporation All
20.	T-26-S, R-23-E N.M.P.M. Section 7: Lots 1,2,3,4, SE $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$	600.48	NM-3599 11/1/77	U.S.A. All	Monsanto Company	G. F. Muller \$750 per acre out of 5%	Monsanto Company All
21.	T-25-S, R-23-E N.M.P.M. Section 35: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{2}$ , S $\frac{1}{2}$	600.00	NM-4590 3/1/78	U.S.A. All	Monsanto Company	Howard G. Olsen 5%	Monsanto Company All
22.	T-26-S, R-23-E N.M.P.M. Section 4: Lot 13	50.54	NM-4591 3/1/78	U.S.A. All	Humble Oil & Refining Co.	Pauline F. Stevens 3%	Humble Oil & Refining Co. All
23.	T-26-S, R-23-E N.M.P.M. Section 5: Lots 1 thru 12, incl. SE $\frac{1}{4}$ SW $\frac{1}{4}$ S $\frac{1}{2}$ SE $\frac{1}{4}$	714.92	NM-4592 3/1/78	U.S.A. All	Monsanto Company	John H. Vagelos 5%	Monsanto Company All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
24.	T-26-S, R-23-E N.M.P.M. Section 6: SE½ SW½	40.00	NM-4593 3/1/78	U.S.A. All	Humble Oil & Refining Co.	Chas. H. Ledbetter 3%	Humble Oil & Refining Co. All
25.	T-26-S, R-23-E Section 7: NE½ NE½	40.00	NM-4594 3/1/78	U.S.A. All	Humble Oil & Refining Co.	Otto G. Green 3%	Humble Oil & Refining Co. All
26.	T-25-S, R-23-E N.M.P.M. Section 35: NE½ NE½	40.00	NM-5472 5/1/78	U.S.A. All	Chas. N. Allen	None	Chas. N. Allen All
27.	T-26-S, R-23-E N.M.P.M. Section 4: Lot 7	50.32	NM-5473 5/1/78	U.S.A. All	Perry A. Poole	None	Perry A. Poole All
28.	T-26-S, R-23-E N.M.P.M. Section 4: Lots 1,2,3,4,5, 6,8,9,10,11, 12,14,15,16	706.38	NM-5473-A 5/1/78	U.S.A. All	Monsanto Company	Perry A. Poole 5%	Monsanto Company All
29.	T-26-S, R-23-E N.M.P.M. Section 5: SW½ SW½	40.00	NM-5474 5/1/78	U.S.A. All	Monsanto Company	Paula R. Wright 5%	Monsanto Company All
30.	T-26-S, R-23-E N.M.P.M. Section 6: Lots 3,4, NE½ SW½	119.73	NM-5475 5/1/78	U.S.A. All	Monsanto Company	G. W. Allen 5%	Monsanto Company All

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
31.	T-26-S, R-23-E N.M.P.M. Section 9: N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$	560.00	NM-5476 5/1/78	U.S.A. All	Monsanto Company	John N. Walter per acre out of 1/2 of 1% \$100 Monsanto Company	All
32.	T-26-S, R-24-E N.M.P.M. Section 6: Lots 5,6,11,12	181.90	NM-6715 7/1/78	U.S.A. All	Monsanto Company	Central Southwest Oil Corp. 4 $\frac{1}{2}$ % Virginia S. Rutter 6 $\frac{1}{2}$ % Monsanto Company	All
<u>32 Tracts, Federal Lands, 12,480.63 Acres, 83.4% of the Unit Area</u>							
<u>STATE OF NEW MEXICO LANDS</u>							
33.	T-26-S, R-23-E N.M.P.M. Section 2: All	640.00	OG-6029 10/20/69	State All	Gulf Oil Corporation	None	Gulf Oil Corporation All
34.	T-26-S, R-23-E N.M.P.M. Section 16: All	640.00	OG-6030 10/20/69	State All	Gulf Oil Corporation	None	Monsanto Company All
35.	T-25-S, R-23-E N.M.P.M. Section 36: All	640.00	L-805-2 4/16/78	State All	Monsanto Company	None	Monsanto Company All
36.	T-26-S, R-23-E N.M.P.M. Section 9: SE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$	80.00	L-806-1 4/16/78	State All	Monsanto Company	None	Monsanto Company All

4 Tracts, State of New Mexico Lands, 2,000.00 Acres, 13.1% of the Unit Area.





# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

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

April 1, 1969

Mr. Clarence Hinkle  
Hinkle, Bondurant & Christy  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

Re: Case No. 4080  
Order No. R-3715  
Applicant:  
**Monsanto Company**

Dear Sir:

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

Very truly yours,

G. L. Porter, Jr.

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC x

Aztec OCC

Other                      Unit Division - State Land Office

4080

Heard. 3-26-69

Rec. 3-28-69.

Grant approval of Mouseneto  
for the Black line unit  
agreements"

Thos. L. [Signature]

Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
<u>PATENTED (FEE) LANDS</u>							
37.	T-25-S, R-24-E Section 31: Lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$	480.60	Fee 5/9/70	A. J. Mayes All	Gulf Oil Corporation	None	Gulf Oil Corporation All
T-26-S, R-23-E Section 6: E $\frac{1}{2}$							

1 Tract, Patented (FEE) Lands, 480.60 Acres, 3.2% of the Unit Area

# R E C A P I T U L A T I O N

32 Tracts Federal Lands	12,480.63 Acres	83.4% of the Unit Area
4 Tracts State of New Mexico Land	2,000.00 Acres	13.4% of the Unit Area
1 Tract Patented (FEE) Lands	480.60 Acres	3.2% of the Unit Area
37 Tracts	14,961.23 Acres	100% of the Unit Area

Docket No. 9-69

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 26, 1969

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 4078: Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Devils Fork-Gallup Pool and an undesignated Mesaverde oil pool in the well-bore of his NCRA State Well No. 3 located in Unit L of Section 16, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 4079: Application of Robert B. Holt for the creation of a new pool, assignment of a discovery allowable, and the promulgation of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Middle Pennsylvanian oil pool for his Aztec State Well No. 2 located in Unit A of Section 26, Township 13 South, Range 32 East, Lea County, New Mexico, and for the assignment of an oil discovery allowable in the amount of approximately 48,715 barrels to said well. Applicant further seeks the promulgation of special pool rules for said pool, including a provision for 160-acre proration units and the assignment of 80-acre allowables.

CASE 3975: (Reopened)  
In the matter of Case No. 3975 being reopened pursuant to the provisions of Order No. R-3618, which order established 80-acre spacing units for the East Bluitt-San Andres Pool, Roosevelt County, New Mexico, for a period of approximately two months. All interested parties may appear and present evidence as to whether the subject area is indeed a separate common source of supply or an extension of the Bluitt-San Andres Gas Pool. Further, in the event said East Bluitt-San Andres Pool is found to be an extension of said Bluitt-San Andres Gas Pool, the Commission will consider the amendment of the Special Rules and Regulations governing the Bluitt-San Andres Gas Pool to provide for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals from the gas cap and oil rim.

CASE 4080: Application of Monsanto Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Black River Unit Area comprising 14,961.23 acres, more or less, of State, Federal and Fee lands

CASE 4080 - Continued

in Townships 25 and 26 South, Ranges 23 and 24 East,  
Eddy County, New Mexico.

CASE 4081: Application of Curtis Sankamer for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Brushy Draw Deep Unit Area comprising 9,672.53 acres, more or less, of State and Federal lands in Township 26 South, Ranges 29 and 30 East, Eddy County, New Mexico.

CASE 4082: Application of Sam D. Area for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject produced salt water into the Yates-Seven Rivers formation in the open-hole interval from approximately 3358 to 3495 feet in his Arnott Ramsey "A" Well No. 3, located 660 feet from the North and West lines of Section 2, Township 25 South, Range 36 East, Jalmat Yates Seven Rivers Pool, Lea County, New Mexico.

CASE 4083: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Penrose Skelly Pool and the Paddock Pool in the well-bore of its Eunice King Well No. 7 located in Unit G of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, with the provision that no more than one allowable will be produced from said well.

CASE 4084: Application of Olen E. Featherstone for the creation of a new pool and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for his Cabot State Well No. 1 located in the NE/4 NW/4 of Section 29, Township 15 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

CASE 4085: Application of Tamarack Petroleum Corporation, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 4948 feet to 5043 feet in its Cabot 23 State Well No. 2 located in Unit C of Section 23, Township 19 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

CASE 4086: Application of Hanson Oil Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its CSA Federal Well No. 1 located in Unit B of Section 29, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, in such a manner as to permit production of oil from the Yates formation and the disposal of produced salt water into the Seven Rivers formation through parallel strings of tubing.

CASE 4087: Application of Solar Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its McCallister Well No. 1 located in Unit C of Section 7, Township 22 South, Range 38 East, Lea County, New Mexico, to produce oil from undesignated Drinkard and Abo oil pools through parallel strings of tubing.

CASE 4071: (Continued from the March 19, 1969, Regular Hearing)  
Application of T. J. Sivley for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Federal Silver Well No. 4 located in the SW/4 SE/4 of Section 28, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, in such a manner as to permit production of oil from the Yates-Seven Rivers formations and the disposal of produced salt water into the Lower Seven Rivers formation.

CASE 4088: Application of Paul M. Mershon, Jr., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying Section 21, Township 22 South, Range 23 East, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North and East lines of said Section 21, and within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4089: Application of Paul M. Mershon, Jr., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool to permit the drilling of a well at an unorthodox gas well location 990 feet from the North and East lines of Section

-4-

Docket No. 9-69

Examiner Hearing - March 26, 1969

21, Township 22 South, Range 23 East, Indian Basin-  
Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE 4090: Application of Getty Oil Company for an exception to Commission Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A. Applicant proposes to re-enter and deepen approximately 3500 feet in the Yates formation four wells located in Sections 19 and 30 of Township 20 South, Range 34 East, Lea County, New Mexico, in such a manner as to eliminate the necessity of running the salt protection string provided the production string would be cemented to the surface.

CASE 4091: Application of Union Oil Company of California for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elliott Federal Well No. 1 located in Unit O of Section 27, Township 11 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Field Ranch-Wolfcamp Pool and the disposal of produced salt water into the San Andres, Glorieta, Blinberry, Tubb and Abo formations in the open-hole interval from approximately 4458 feet to 8050 feet.

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
MICHAEL R. WALLER  
STUART D. SHANOR

LAW OFFICES  
**HINKLE, BONDURANT & CHRISTY**  
600 HINKLE BUILDING  
ROSWELL, NEW MEXICO 88201

March 3, 1969

MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(915) MU 3-4691

OF COUNSEL: HIRSH M. DOW

TELEPHONE (505) 622-6510  
POST OFFICE BOX 10

*Case 11680*

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate application of Monsanto Company for approval of the Black River Unit Agreement, Eddy County, New Mexico, together with 3 copies of the proposed unit agreement.

You will note that we have requested that this matter be set down for hearing at the last examiner's hearing in March.

Yours very truly,

HINKLE, BONDURANT & CHRISTY

By 

CEH:cs

Enc.

cc: Monsanto Company

DOCKET MARKED

Date 3/14/69



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF MONSANTO COMPANY FOR )  
APPROVAL OF UNIT AGREEMENT FOR THE )  
DEVELOPMENT AND OPERATION OF THE )  
BLACK RIVER UNIT AREA EMBRACING )  
14,961.23 ACRES IN TOWNSHIPS 25 AND )  
26 SOUTH, RANGES 23 AND 24 EAST, )  
EDDY COUNTY, NEW MEXICO )

*Case No 88*

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes Monsanto Company of Midland, Texas, acting by and through the undersigned attorneys, and files herewith 3 copies of the proposed Unit Agreement for the Development and Operation of the Black River Unit Area, Eddy County, New Mexico, and respectfully requests that said unit agreement be approved, and in support thereof respectfully shows:

1. That the proposed unit agreement embraces the following described land situated in Eddy County, New Mexico, to-wit:

Township 25 South, Range 23 East

Sec. 34 - S $\frac{1}{2}$ , NE $\frac{1}{4}$                       Sec. - 36 - All

Sec. 35 - All

Township 25 South, Range 24 East

Sec. 31 - All

Township 26 South, Range 23 East

Sec. 1 - All                      Sec. 9 - All

Sec. 2 - All                      Sec. 10 - All

Sec. 3 - All                      Sec. 11 - All

Sec. 4 - All                      Sec. 12 - All

Sec. 5 - All                      Sec. 13 - All

Sec. 6 - E $\frac{1}{2}$ , SW $\frac{1}{4}$                       Sec. 14 - All

Sec. 7 - All                      Sec. 15 - All

Sec. 8 - All                      Sec. 16 - All

Township 26 South, Range 24 East

Sec. 6 - All

Sec. 7 - All

Sec. 18 - All

containing 14,961.23 acres, more or less.

That the above described lands consist of 12,480.63 acres, or 83.4%, of Federal lands; 2,000 acres, or 13.4%, of lands of the State of New Mexico; and 480.60 acres, or 3.2%, of fee or privately owned lands.

2. That the proposed unit area has heretofore, on November 29, 1968, been designated by the Acting Director of the United States Geological Survey as an area logically suitable for development under a unit plan of operation under and pursuant to the Mineral Leasing Act as amended. Said area has also been informally approved by the Commissioner of Public Lands of the State of New Mexico.

3. That the proposed unit area embraces all or substantially all of the geological structure or anomaly and will, in the opinion of applicant, give effective control of the pool or field in the event of the discovery of oil or gas in paying quantities.

4. That Monsanto Company is designated as the unit operator under the terms of the unit agreement and the proposed unit agreement provides for the drilling of an initial test well to be located upon the unit area to a depth sufficient to test the Morrow formation of Pennsylvanian age, but the operator is not required to drill said well to a depth in excess of 7,900 feet. All oil and gas in all formations of the unitized area are unitized under the terms of the unit agreement and the form of unit agreement is substantially the same form as has heretofore been approved by the United States Geological Survey, the Commissioner of Public Lands and the Commission where Federal, State and fee lands are involved. The form of unit agreement has heretofore been approved by the United States Geological Survey and the Commissioner of Public Lands.

5. Applicant believes that in the event unitized substances are discovered on the unit area said unit agreement will be in the interest of conservation and the prevention of waste and will tend to promote the greatest ultimate recovery of unitized substances, as well as protect the correlative rights of all lease, mineral and royalty owners.

6. Applicant requests that this matter be set down for hearing at the last examiner's hearing in March.

Respectfully submitted,

MONSANTO COMPANY

By 

Member of the Firm of  
HINKLE, BONDURANT & CHRISTY  
Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF MONSANTO COMPANY FOR )  
APPROVAL OF UNIT AGREEMENT FOR THE )  
DEVELOPMENT AND OPERATION OF THE )  
BLACK RIVER UNIT AREA EMBRACING )  
14,961.23 ACRES IN TOWNSHIPS 25 AND )  
26 SOUTH, RANGES 23 AND 24 EAST, )  
EDDY COUNTY, NEW MEXICO )

*Case 4280*

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes Monsanto Company of Midland, Texas, acting by and through the undersigned attorneys, and files herewith 3 copies of the proposed Unit Agreement for the Development and Operation of the Black River Unit Area, Eddy County, New Mexico, and respectfully requests that said unit agreement be approved, and in support thereof respectfully shows:

1. That the proposed unit agreement embraces the following described land situated in Eddy County, New Mexico, to-wit:

Township 25 South, Range 23 East

Sec. 34 - S $\frac{1}{2}$ , NE $\frac{1}{4}$                       Sec. - 36 - All  
Sec. 35 - All

Township 25 South, Range 24 East

Sec. 31 - All

Township 26 South, Range 23 East

Sec. 1 - All	Sec. 9 - All
Sec. 2 - All	Sec. 10 - All
Sec. 3 - All	Sec. 11 - All
Sec. 4 - All	Sec. 12 - All
Sec. 5 - All	Sec. 13 - All
Sec. 6 - E $\frac{1}{2}$ , SW $\frac{1}{4}$	Sec. 14 - All
Sec. 7 - All	Sec. 15 - All
Sec. 8 - All	Sec. 16 - All

Township 26 South, Range 24 East

Sec. 6 - All

Sec. 7 - All

Sec. 18 - All

containing 14,961.23 acres, more or less.

That the above described lands consist of 12,480.63 acres, or 83.4%, of Federal lands; 2,000 acres, or 13.4%, of lands of the State of New Mexico; and 480.60 acres, or 3.2%, of fee or privately owned lands.

2. That the proposed unit area has heretofore, on November 29, 1968, been designated by the Acting Director of the United States Geological Survey as an area logically suitable for development under a unit plan of operation under and pursuant to the Mineral Leasing Act as amended. Said area has also been informally approved by the Commissioner of Public Lands of the State of New Mexico.

3. That the proposed unit area embraces all or substantially all of the geological structure or anomaly and will, in the opinion of applicant, give effective control of the pool or field in the event of the discovery of oil or gas in paying quantities.

4. That Monsanto Company is designated as the unit operator under the terms of the unit agreement and the proposed unit agreement provides for the drilling of an initial test well to be located upon the unit area to a depth sufficient to test the Morrow formation of Pennsylvanian age, but the operator is not required to drill said well to a depth in excess of 7,900 feet. All oil and gas in all formations of the unitized area are unitized under the terms of the unit agreement and the form of unit agreement is substantially the same form as has heretofore been approved by the United States Geological Survey, the Commissioner of Public Lands and the Commission where Federal, State and fee lands are involved. The form of unit agreement has heretofore been approved by the United States Geological Survey and the Commissioner of Public Lands.

5. Applicant believes that in the event unitized substances are discovered on the unit area said unit agreement will be in the interest of conservation and the prevention of waste and will tend to promote the greatest ultimate recovery of unitized substances, as well as protect the correlative rights of all lease, mineral and royalty owners.

6. Applicant requests that this matter be set down for hearing at the last examiner's hearing in March.

Respectfully submitted,

MONSANTO COMPANY

By 

Member of the Firm of  
HINKLE, BONDURANT & CHRISTY  
Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF MONSANTO COMPANY FOR )  
APPROVAL OF UNIT AGREEMENT FOR THE )  
DEVELOPMENT AND OPERATION OF THE )  
BLACK RIVER UNIT AREA EMBRACING )  
14,961.22 ACRES IN TOWNSHIPS 25 AND )  
26 SOUTH, RANGES 23 AND 24 EAST,, )  
EDDY COUNTY, NEW MEXICO )

*Case No. 11280*

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes Monsanto Company of Midland, Texas, acting by and through the undersigned attorneys, and files herewith 3 copies of the proposed Unit Agreement for the Development and Operation of the Black River Unit Area, Eddy County, New Mexico, and respectfully requests that said unit agreement be approved, and in support thereof respectfully shows:

1. That the proposed unit agreement embraces the following described land situated in Eddy County, New Mexico, to-wit:

Township 26 South, Range 24 East

Sec. 6 - All

Sec. 7 - All

Sec. 18 - All

containing 14,961.23 acres, more or less.

That the above described lands consist of 12,480.63 acres, or 83.4%, of Federal lands; 2,000 acres, or 13.4%, of lands of the State of New Mexico; and 480.60 acres, or 3.2%, of fee or privately owned lands.

2. That the proposed unit area has heretofore, on November 29, 1968, been designated by the Acting Director of the United States Geological Survey as an area logically suitable for development under a unit plan of operation under and pursuant to the Mineral Leasing Act as amended. Said area has also been informally approved by the Commissioner of Public Lands of the State of New Mexico.

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4. That Monsanto Company is designated as the unit operator under the terms of the unit agreement and the proposed unit agreement provides for the drilling of an initial test well to be located upon the unit area to a depth sufficient to test the Morrow formation of Pennsylvanian age, but the operator is not required to drill said well to a depth in excess of 7,900 feet. All oil and gas in all formations of the unitized area are unitized under the terms of the unit agreement and the form of unit agreement is substantially the same form as has heretofore been approved by the United States Geological Survey, the Commissioner of Public Lands and the Commission where Federal, State and fee lands are involved. The form of unit agreement has heretofore been approved by the United States Geological Survey and the Commissioner of Public Lands.

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6. Applicant requests that this matter be set down for hearing at the last examiner's hearing in March.

Respectfully submitted,

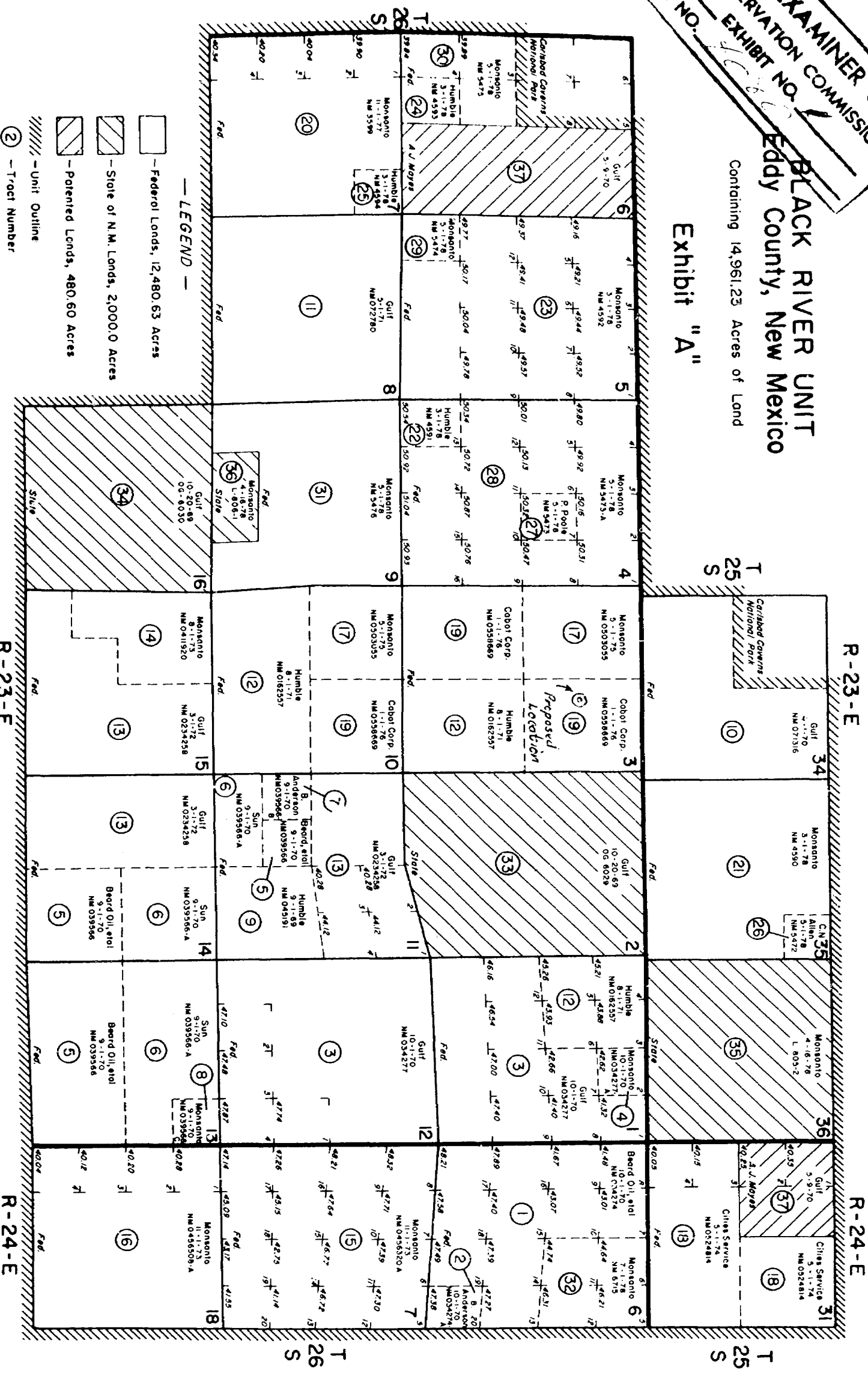
MONSANTO COMPANY

By 

Member of the Firm of  
HINKLE, BONDURANT & CHRISTY  
Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
CASE NO. 14,961.23 EXHIBIT NO. 1

**BLACK RIVER UNIT**  
Eddy County, New Mexico  
Containing 14,961.23 Acres of Land  
**Exhibit "A"**



Tract No.	Description	Acres	Lease Serial # and Expiration Date	Basic Royalty & Percentage	Lessee of Record and Percentage	Overriding Royalty and Percentage	Working Interest Ownership and Percentage
<u>PATENTED (FEE) LANDS</u>							
37.	T-25-S, R-24-E Section 31: Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$	480.60	Fee 5/9/70	A. J. Mayes All	Gulf Oil Corporation	None	Gulf Oil Corporation All
	T-26-S, R-23-E Section 6: E $\frac{1}{2}$						

1 Tract, Patented (FEE) Lands, 480.60 Acres, 3.2% of the Unit Area

R E C A P I T U L A T I O N

32 Tracts Federal Lands	12,480.63 Acres	83.4% of the Unit Area
4 Tracts State of New Mexico Land	2,000.00 Acres	13.4% of the Unit Area
1 Tract Patented (FEE) Lands	480.60 Acres	3.2% of the Unit Area
37 Tracts	14,961.23 Acres	100% of the Unit Area

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. 4080

Order No. R- 3715

APPLICATION OF MONSANTO COMPANY  
FOR APPROVAL OF THE BLACK RIVER  
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  
March 26, 1969, at Santa Fe, New Mexico, before Examiner  
Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1969, 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, Monsanto Company,  
seeks approval of the Black River Unit Agreement  
covering 14,961.23 acres, more or less, of State,  
Federal, lands  
and Fee /  
described as follows:

EDDY COUNTY, NEW MEXICO

Township 25 South, Range 23 East, NMPM

Sec. 34 - S $\frac{1}{2}$ , NE $\frac{1}{4}$  Sec. 36 - All

Secs 35 and 36: All

Township 25 South, Range 24 East, NMPM

Sec. 31 - All

Township 26 South, Range 23 East, NMPM

Secs. 1 through 5: All Sec. 9 - All

Sec. 2 - All Sec. 10 - All

Sec. 3 - All Sec. 11 - All

Sec. 4 - All Sec. 12 - All

Sec. 5 - All Sec. 13 - All

Sec. 6 - E $\frac{1}{2}$ , SW $\frac{1}{4}$  Sec. 14 - All

Secs. 7 through 16: All Sec. 15 - All

Sec. 8 - All Sec. 16 - All

Township 26 South, Range 24 East, NMPM

Secs. 6 and 7: All

Sec. 18: 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 Black River 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.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS  
1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

March 26, 1969

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Monsanto )  
Company for a unit agree- )  
ment, Eddy County, New )  
Mexico. )

Case No. 4080

-----  
BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case No. 4080.

MR. HATCH: Case 4080, application of Monsanto Company for a unit agreement, Eddy County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, and Christy, appearing on behalf of Monsanto Company. We have one witness, and I believe five exhibits.

(Whereupon, Applicant's Exhibits Numbers 1 through 5, inclusive, were marked for identification.)

(Witness sworn.)

RICHARD D. JONS

called as a witness by the Applicant, having been first duly sworn, was examined and testified as follows.

DIRECT EXAMINATION

BY MR. HINKLE:

Q Will you state your name, your residence, and by whom employed?

A My name is Richard D. Jons; I live in Midland, and I am employed by Monsanto Company as a District Geologist.

Q Have you previously testified before the Commission?

A Yes, sir.

Q Are your qualifications as a petroleum geologist a matter of record with the Commission?

A Yes.

Q Are you familiar with the application of Monsanto Company in this case?

A Yes, sir.

Q What does Monsanto seek to accomplish by this application?

A Approval of the Black River Unit Agreement embracing 14,961 acres in Townships 25 South, 26 South, Ranges 23 and 24 East, Eddy County, New Mexico.

Q Have you prepared or has there been prepared under your direction a certain exhibit for introduction in this case?

A Yes, sir.

Q Refer to Monsanto's Exhibit Number 1 and explain what this is and what it shows.

A Exhibit Number 1 is a plat showing the proposed Black River Unit area. The area consists of 12,480 acres, or 83.4 per cent of federal lands; 2,000 acres, or 13.4 per cent of state lands; and 480 acres, or 3.2 per cent of fee or privately-owned lands.

This exhibit also shows the location of the proposed test well, as far as the ownership of all the acreage within the unit area.

Q Now, refer to Exhibit 2, and explain to the Commission what that is and what it shows.



A Exhibit 2 is a structural map on top of the primary objective, the Lower Strawn carbonate. This exhibit shows a large southeast plunging anticline, bounded on the northeast by a fault, which is expressed in the surface by the Huapache monocline. The fault has a displacement of 1,800 to 3,500 feet of displacement.

Exhibit 2, and I will point it out, will be a cross-section, and it is designated on Exhibit Number 2.

Exhibit 3 is the cross-section showing the topography and structure of this feature.

Q Is the Huapache fault as shown on Exhibit 2, a prominent feature and well-delineated?

A Yes, sir, it is. It is expressed on the surface, and it has been penetrated by one well, the Humble well in the Huapache unit. In the southeast corner of this area, there is evidence of the fault there by a large displacement between two very close wells.

Q What information did you use in preparing Exhibit Number 2?

A We used the surface expression of the fault trend, and projected through the area. And we also utilized subsurface well information.

Q Are those wells shown on Exhibit 2?

A Yes.

Q What wells are they?

A The Gulf, located in Section 17, 26 South, 23 East, and in 26 South, 24 East; the Low Slaughter Draw Unit located in Section 16; the Superior Federal Unit located in Section 12; and the Delaware Apache Lehman No. 1, located in Section 28, 25 South, 24 East; in Section 28, the Cities Service government well; and in 25 South, 25 East, the Gulf No. 1 Kelly State.

Q What do the irregular lines show? There are two of them indicated here that go north and south.

A The wiggly line on the west side shows our estimated updip limit of our Strawn porosity. The one on the east represents our down-type, or basinward limit of our Strawn permeability and porosity.

Q Is this further shown by your cross-section exhibit?

A Yes, and also by the subsequent exhibit.

Q Now, refer to Exhibit Number 3, and explain that to the Commission.

A Exhibit Number 3 is a structural cross-section showing the structure of the general area. You will note on the well, on the left hand side of this section, the Gulf Unit has a dolomite facies. The remaining wells on the cross-section

show a tight limestone facies of the Strawn, starting to the east. And it also shows the major fault, which bounds the cross-section on the north.

Q Your cross-section, Exhibit Number 3, would indicate a rather steep structure in this area, is that true?

A Yes, sir, it is a rather steep structure, and it is a large anticlinal feature as exhibited on Exhibit Number 2. Our proposed location and proposed unit is structurally high to the Gulf Unit No. 1, which drill stem tested the only porosity of the Strawn in this area, and they recovered gas cut drilling fluid and sulphur water.

Q Now, your location is such that you are of the opinion that it would be in the dolomite section?

A Yes, sir.

Q Of the Strawn?

A These wiggly lines on this map, the area within those two lines, is our dolomite facies as we have depicted from isopach maps, which will be shown subsequently.

Q Do you have any further comment with respect to Exhibit Number 3?

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A Exhibit Number 4 is the gross Strawn isopach map. If you will refer to Exhibit Number 3, you will see the Lower Strawn designated on that cross-section.

Q This Exhibit Number 4 indicates that your proposed unit area adjoins the Carlsbad Caverns National Park?

A That is true.

Q That would be the north boundary?

A This is the north boundary. The Carlsbad National Park cannot be leased, or we would have included that in our unit.

Q Now, refer to Exhibit Number 5, and explain this to the Commission.

A Exhibit Number 5 is an isopach map of our Strawn dolomite. Only one well has penetrated this dolomite, and that is the Gulf Unit No. 1.

Q That is located in what section?

A Located in Section 17, 26 South, 23 East. And based on our gross Strawn isopach, we feel that the central

portion of that isopach will be in a dolomite facies. The rocks west of our porous trend are tight limestones, and dolomites, and they do not carry reservoir properties. The wells on the east side of our porous trend are tight limestones and shales of basinal facies.

Q Do you have any further comments with respect to Exhibit Number 5?

A No, sir.

Q Now, are you familiar with the proposed formal unit agreement, copies of which have been filed with the application?

A Yes, sir.

Q Is this agreement substantially the same form as has heretofore been approved by the Commission, by the Commissioner of Public Lands, and by the U.S.G.S., where federal and state fee lands are involved?

A Yes, sir.

Q Is Monsanto designated as the unit operator in this agreement?

A Yes, that's correct.

Q Does the unit agreement make provisions for the drilling of an initial test well?

A Yes, sir, it does.

Q And it is to be located at the location which you already testified to?

A Yes, sir, in Section 3.

Q And is shown by the plat?

A Yes, sir.

Q What is the proposed depth of the test well?

A We propose to drill the initial test to the Morrow, and we expect that 9,700 feet will be sufficient to test -- 7,900 feet will be sufficient to test the Morrow.

Q What other probable oil-producing formation or gas-producing formations will you penetrate in drilling to the Morrow?

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Q Has this area been heretofore designated by the U.S.G.S. for unitization?

A Yes, sir.

Q And also by the Commissioner of Public Lands?

A Yes, sir.

Q Has the form of unit agreement been approved by the U.S.G.S., and by the Commissioner?

A Yes, sir.

Q Does the unit agreement provide a definite time for the commencement of the test well?

A Yes, sir, we must commence a well within six months after approval. However, we anticipate starting this well next month, providing we receive all of the approval necessary.

Q What is the status of approval by the working interest owners in the unit?

A All of the working interest owners in the unit, proposed unit, have agreed to participate, and the operating agreement is being circulated for their signatures.

Q As well as the unit agreement?

A Yes, sir.

Q Have you also contacted or are you in the process of contacting the royalty owners and the overwriting royalty owners for their signature?

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A Yes, sir.

Q And in the event the unit agreement is approved and a discovery is made in the initial test well, in your opinion, will the unit agreement prevent waste, and be in the interest of conservation?

A Yes.

Q Will it tend to protect correlative rights?

A Yes, sir.

MR. HINKLE: We would like to offer Applicant's Exhibits 1 through 5 in evidence.

MR. UTZ: Without objection, Exhibits 1 through 5 will be entered into the record of this case.

MR. HINKLE: That is all of the direct testimony.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Jones, is this being communitized from the surface to the base, also?

A Yes, it is.

MR. UTZ: Are there any other questions of the witness? You may be excused. Are there any statements? The case will be taken under advisement.



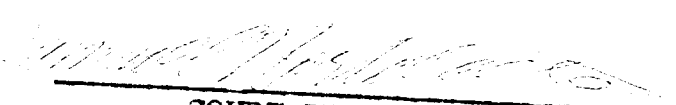
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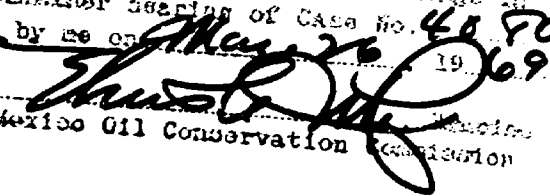
<u>WITNESS</u>	<u>PAGE</u>
RICHARD D. JONES	
Direct Examination by Mr. Hinkle	2
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<u>EXHIBITS</u>	<u>MARKED</u>	<u>ADMITTED IN EVIDENCE</u>
Applicant's Exhibits Numbers 1 through 5	2	11

STATE OF NEW MEXICO     )  
                                   )  
 COUNTY OF BERNALILLO    )     ss.

I, SAMUEL MORTELETTE, Court Reporter 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.

  
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 4880 heard by me on May 26, 1969.  
  
 New Mexico Oil Conservation Commission

dearnley-meier

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
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Santa Fe, New Mexico

March 26, 1969

EXAMINER HEARING

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BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

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I N D E X

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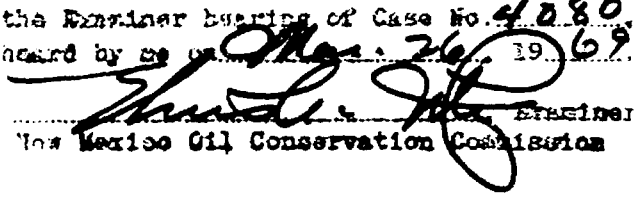
  

<u>EXHIBITS</u>	<u>MARKED</u>	<u>ADMITTED IN EVIDENCE</u>
Applicant's Exhibits Numbers 1 through 5	2	11

STATE OF NEW MEXICO     )  
                                   ) ss.  
 COUNTY OF BERNALILLO    )

I, SAMUEL MORTELETTE, Court Reporter 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.

  
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 4280, heard by me on May 26, 1969.  
  
 Examiner  
 New Mexico Oil Conservation Commission

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

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Order No. R-3715

APPLICATION OF MONSANTO COMPANY  
FOR APPROVAL OF THE BLACK RIVER  
UNIT AGREEMENT, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

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NOW, on this 1st day of April, 1969, the Commission, a  
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and the recommendations of the Examiner, and being fully advised  
in the premises,

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less, of State, Federal, and Fee lands described as follows:

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Sections 35 and 36: All

TOWNSHIP 25 SOUTH, RANGE 24 EAST, NMPM  
Section 31: All



-2-

CASE No. 4080  
Order No. R-3715

TOWNSHIP 26 SOUTH, RANGE 23 EAST, NMPM

Sections 1 through 5: All  
Section 6: E/2 and SW/4  
Sections 7 through 10: All

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM

Sections 6 and 7: All  
Section 18: 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 Black River 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.

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CASE No. 4080

Order No. R-3715

(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



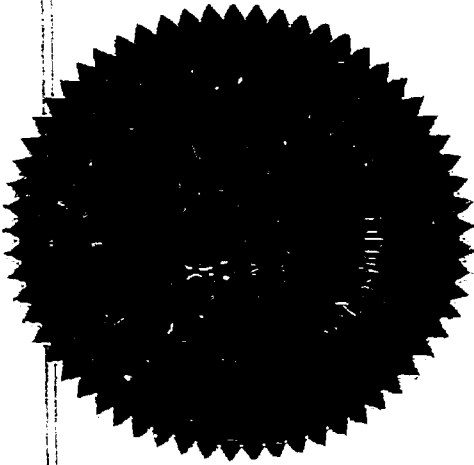
DAVID F. CARGO, Chairman



ALEX J. ARMIJO, Member



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



esr/