

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

February 26, 1946

Mr. Foster Morrell
Supervisor, Oil & Gas Operations
P. O. Box 997
Roswell, New Mexico

Re: Mascho Area Unit Agreement - Case 63
Order No. 602

Dear Mr. Morrell:

Answering your letter of February 20, the C-103, report of plugging the well noted in the caption for Mascho unit well No. 1, SWSW 31-21S-34E, was approved January 16, 1946.

Very truly yours,

Chief Clerk & Legal Adviser

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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 997
Roswell, New Mexico,
February 20, 1946.

Re: Mascho Unit
1/21
1/21
1/21

Mr. R. R. Spurrier, Director,
New Mexico Oil Conservation Commission,
P. O. Box 871,
Santa Fe, New Mexico.

Dear Mr. Spurrier:

We have received from Stanolind Oil and Gas Company executed copies of an instrument requesting dissolution of the Mascho Area Unit Agreement dated April 23, 1945. An executed copy of the dissolution has also been forwarded to the Commissioner of Public Lands of the State of New Mexico for his approval.

The dissolution is filed pursuant to Section 19 of the unit agreement and is based on the unfavorable results of a test well drilled by Stanolind Oil and Gas Company in the SW $\frac{1}{4}$ SW $\frac{1}{4}$, sec. 31, T. 21 S., R. 34 E. Drilling is reported to have been commenced October 20, 1945 and completed November 24, 1945 at a total depth of 4308 feet. Sulphur water was found and the well is reported to have been abandoned.

Please advise whether the satisfactory plugging and abandonment of the above well has been completed in accordance with State regulations and the final plugging of the well has been approved by the Oil Conservation Commission. This information is desired before making our report to Washington looking to approval by the Secretary of the dissolution of the unit agreement. Also please advise whether the State Land Commissioner has approved the dissolution agreement.

Very truly yours,

Foster Morrell

FOSTER MORRELL,
Supervisor, Oil and Gas Operations.

0-103 *slightly improved Mascho Unit Well (1/21)*
(State) *for SW 31-21-34 of 1-16-46*

STATE LAND OFFICE

Santa Fe, New Mexico

JOHN E. MILES

COMMISSIONER OF PUBLIC LANDS



March 30, 1946

Stanolind Oil & Gas Company
Tulsa, Oklahoma

Mr. Foster Morrell
U. S. Geological Survey
Roswell, New Mexico

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Mascho Area Unit Agreement

Gentlemen:

The undersigned Commissioner of Public Lands, having heretofore been provided with official information that Mascho Unit Well No. 1, SWSW Sec. 31, Twp. 21S, Rge. 34E, N.M.P.M., has been abandoned as a result of encountering no oil or gas, and this office having received copy of New Mexico Oil Conservation Commission plugging order, approved January 16, 1946, as proof that said dry hole has been properly plugged and abandoned; therefore, the Commissioner of Public Lands, under authority of Section 19 of the Mascho Area Unit Agreement, does hereby officially consent to dissolution of said agreement.

Very truly yours,

John E. Miles
JOHN E. MILES
COMMISSIONER OF PUBLIC LANDS

GAG:mmm

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 26, 1945

Mr. Roy O. Yarbrough
Oil Conservation Commission
Hobbs, New Mexico

Re: Case No. 64 - Order No. 603

Case No. 63, - Order No. 602

Dear Roy:

Enclosed are copies of the above captioned
orders for your information.

Kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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May 26, 1945

Honorable J. O. Seth, Esquire
Santa Fe, New Mexico

Re: Case 63, Order No. 602 - Stanolind -
Mascho Area Unit Agreement, Lea County.

My dear Judge Seth:

Enclosed is an original and one copy of the above
captioned order.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

IL CONSERVATION COMMISSIC
SANTA FE, NEW MEXICO

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May 26, 1945

Honorable Glenn Staley
Proration Office
Hobbs, New Mexico

Re: Case No. 63 - Order No. 602

Case No. 64 - Order No. 603

Case No. 66 - Order No. 604

Dear Glenn:

Enclosed are copies of the above captioned orders. When you mimeograph these, will you please send several copies of each to this office?

With kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS

STATE LAND OFFICE

Santa Fe, New Mexico

JOHN E. MILES

COMMISSIONER OF PUBLIC LANDS



March 12, 1946

Oil Conservation Commission,
Santa Fe, New Mexico

Attention: Carl B. Livingston

Gentlemen:

Mr. Morrell of the USGS was in this office yesterday checking up on the Mascho Unit Agreement which has been abandoned. Before the Commissioner of Public Lands approves this abandonment, he wishes to have a copy of the plugging order, approved some time ago by the commission.

Therefore, will you let this office have a copy of such order, or a statement that your commission has caused the site to be examined and that the "dry hole" has been properly plugged in accordance with the law.

Very truly yours,

John E. Miles,
Commissioner of Public Lands

By George A. Graham
George A. Graham, Attorney
New Mexico State Land Office

GAG:cr

March 13, 1946

Honorable John E. Miles
Commissioner of Public Lands
Santa Fe, New Mexico

Attention: George A. Graham, Attorney
New Mexico State Land Office

Dear Governor Miles:

Re: Mascho Area Unit Agreement --
Case 63 - Order No. 602

Pursuant to your request of March 12, made through George A. Graham, Esquire, for a copy of the approved plugging report upon Stanolind-Mascho Unit No. 1, SW 31-21S-34E, attached hereto please find a true copy of said report.

Very truly yours,

Chief Clerk and Legal Adviser

CEL:mem
Encl

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., May 14, 1945:

CASE NO. 63

In the matter of the application of Stanolind Oil and Gas Company for an order of approval of the Mascho Area Unit Agreement, Lea County, New Mexico, embracing as the Unit Area:

"In Township 21 South, Range 33 East
All of Section 36

In Township 21 South, Range 34 East
All of Sections 31 and 32

In Township 22 South, Range 33 East
All of Section 1

In Township 22 South, Range 34 East
All of Sections 5 and 6

Embracing 3835.20 acres."

Given under the seal of said Commission at Santa Fe, New Mexico, on April 13th, 1945.

OIL CONSERVATION COMMISSION
BY (SGD)

JOHN J. DEMPSEY
CHAIRMAN

JOHN E. MILES
MEMBER

L CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 10, 1945

Honorable J. C. Seth
111 San Francisco Street
Santa Fe, New Mexico

Re: Mascho Area Unit Agreement
Lea County, New Mexico

My dear Judge Seth:

Reference is to your letter of April 6 enclosing copy of the above captioned proposed unit agreement together with changes from the form of the Picacho Unit Agreement. I have compared the changes mentioned with the form of the Picacho Unit Agreement and find no objection.

Very truly yours,

Carl B. Livingston

CBL:MS

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
111 SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH

April 6, 1945

Carl B. Livingston, Esquire
Oil Conservation Commission
Santa Fe, New Mexico

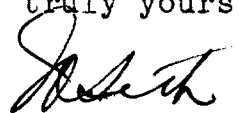
Dear Mr. Livingston:

I enclose herewith draft of the Mascho Area Unit Agreement. This has been sent by the Stanolind Oil and Gas Company, with the request that it be submitted to you for approval as to form before the matter is formally submitted to the Commission.

We would greatly appreciate it if you will go over the matter in advance, as a great deal of time and trouble may be saved. The agreement follows substantially the form of the Picacho Unit Agreement. There are certain modifications necessitated by reason of the fact that there are no privately owned lands within the proposed unit area.

The matter has been submitted to the Secretary of the Interior and he has approved it with certain modifications which have been made in the draft herewith submitted.

Very truly yours,



JOS:LH
Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON 25, D.C.

MAR 20 1945

Stanolind Oil and Gas Company,

Tulsa, Oklahoma.

Gentlemen:

Under date of October 27, 1944, Mr. R. E. Nelson, Jr., on behalf of your company, filed for consideration a proposed unit agreement for the Mascho area, Lea County, New Mexico, together with certain geologic information.

The geologic information so furnished together with other information in the files of the Geological Survey indicates that the unit area listed in the proposed agreement comprises a tract of land logically subject to development under the unitization provisions of the mineral leasing laws.

The text of the proposed agreement is identical in substance with the agreement for the Picacho unit area, which was approved August 19, 1944, I-Sec. 387, except for the deletion of the second paragraph in section 17 of the Picacho agreement. Said paragraph deals with privately owned land and is unnecessary in the Mascho area. However, the deletion thereof necessitates two other changes in the proposed agreement consisting of references to the deleted paragraph as follows:

(a) Section 17, page 7, lines 1 and 2, delete "except as otherwise provided in the preceding paragraph of this section."

(b) Section 19, page 7, lines 5 and 6, delete "Except as otherwise provided by the second paragraph of section 17 hereof."

In addition to the foregoing, the following revisions also should be made in the proposed agreement:

1. Section 6, page 3, line 2, after the words "Unit Operator" insert the word "or."

2. Section 10, lines 10, 11, and 12, delete the sentence commencing with the words "With the approval of the Secretary,* * *" and substitute therefor "In like manner a separate participating area shall be established for each separate deposit of unitized substances."

- ✓ 3. Section 13, page 6, delete the last sentence beginning in line 7, and insert in lieu thereof:

"During the period of the national emergency declared by the President May 27, 1941, Proclamation No. 2487, 55 Stat. 1647, upon a determination by the Secretary of the Interior that a new oil or gas field or deposit has been discovered by virtue of a well or wells drilled under this agreement, the royalty on production from such new field or deposit allocated to Federal land subject to this agreement on the date of such discovery shall, during the 10-year period following the date of such discovery, be paid in value or delivered in kind at a flat rate of $12\frac{1}{2}$ per cent unless a lower rate is prescribed in the lease."

- ✓ 4. Section 17, page 7, ^{2nd ¶} line 11, after the seventh word "quantity" insert:

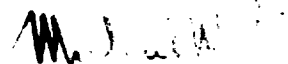
"that prior to such discovery of unitized substances anywhere on unitized land the expiration date of each lease shall be the date prescribed in the lease, subject to such preferential right to a new lease as may be authorized by law; * * *."

5. Section 19, page 7, line 2, delete the words "the first day of the calendar month next following."

6. Section 21, page 8, line 8, delete "weather conditions."

In the absence of any objection not now apparent in the record or hereafter presented, a duly executed agreement which is identical with the proposed agreement, modified as hereinabove indicated, if submitted within a reasonable time will receive final approval.

Very truly yours,



Assistant Secretary.

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH

April 14, 1945

New Mexico Oil Conservation
Commission
Santa Fe, New Mexico

Gentlemen:

Enclosed please find Petition for
Approval of the Mascho Area Unit Agree-
ment, a copy of which is already on file
in your office, Case No. 63. Four addi-
tional copies of this Petition are enclosed
herewith for your use.

Very truly yours,

JOS:LH
Encls.

A handwritten signature in dark ink, appearing to read "J. O. Seth", written in a cursive style.

U. S. CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 27, 1945

MEMORANDUM TO COMMISSIONER OF PUBLIC LANDS
JOHN E. MILES:

Re: Case 63. Petition of the Stanolind for approval of
Mascho Area Unit Agreement in Lea County.

A copy of the petition in the above captioned case is
herewith enclosed for your information.

For all practicable purposes it is identical with the two
other unit agreement cases hear and approved by the Commission -
one the Picacho Unit Agreement in Lincoln County and the S. E.
Vacuum Area Unit Agreement in Lea County.

The instant case I believe will bear approval when the
testimony is heard and there is no serious adverse testimony.

Chief Clerk & Legal Adviser

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

April 27, 1945

MEMORANDUM TO GOVERNOR JOHN J. DEMPSEY:

Re: Case 63. Petition of the Stanolind for approval of
Mascho Area Unit Agreement in Lea County.

A copy of the petition in the above captioned case is
herewith enclosed for your information.

For all practicable purposes it is identical with the two
other unit agreement cases heard and approved by the Commission -
one the Picacho Unit Agreement in Lincoln County and the S. E.
Vacuum Area Unit Agreement in Lea County.

The instant case I believe will bear approval when the
testimony is heard and there is no serious adverse testimony.

Chief Clerk & Legal Adviser

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SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
111 SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH

May 9, 1945

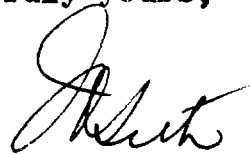
Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

Please refer to the Mascho Unit Agreement,
the hearing on which is set for May 14th next.

I enclose an exact unsigned copy of the proposed Unit Agreement. We have in our files ten signed copies of this Agreement which, of course, will be submitted to you at the time of the hearing.

Very truly yours,



JOS:CB
Enc.-1

C E R T I F I C A T E

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took down the statements made at the hearing held before the Commission on May 14, 1945, in the Matter of the application of Stanolind Oil and Gas Company for an order of approval of the Mascho Area Unit Agreement, Lea County, New Mexico, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral statements and exhibits presented before the Commission.

Vastie Fowler

Vastie Fowler, Reporter

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH

August 17, 1945

Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

Please refer to Case No. 63, Order No. 602,
involving the Mascho Area Unit Agreement, Lea
County, New Mexico.

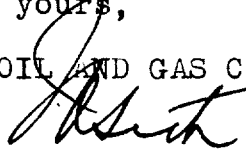
I enclose Counterpart No. 6 of this Agree-
ment, showing execution by all interested parties,
including working interest owners, royalty owners,
the Commissioner of Public Lands of the State of
New Mexico, and the formal approval by Oscar L.
Chapman, Assistant Secretary of the Interior, under
date August 9th, 1945.

This has already been approved by the Com-
mission, and this copy is enclosed to complete
your files. A similar copy has been filed with
the Commissioner of Public Lands.

Very truly yours,

STANOLIND OIL AND GAS COMPANY

By



Its Attorney

MASCHO AREA UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 23rd day of April, 1945, by and between the parties subscribing or consenting hereto;

W I T N E S S E T H:

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

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent avoidable waste and secure other benefits obtainable through development and operation of the Unit Area subject to this agreement under the terms, conditions and limitations hereinafter set forth, under and pursuant to the provisions of Sections 17, 27 and 32 of the Act of Congress approved February 25, 1920, entitled: "An Act to Promote the Mining of Coal, Phosphate, Oil, Oil Shale, Gas and Sodium on the Public Domain," 41 Stat. 443, 448, 450, as amended or supplemented by the Acts of March 4, 1931, 46 Stat. 1523, and August 21, 1935, 49 Stat. 676; 30 U.S.C. 226, 184, and 189; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 88, Laws 1943) 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 (Chap. 72, Laws 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

1. LAWS AND REGULATIONS: The Act of Congress, approved February 25, 1920, supra, as amended, and the Acts of the Legislature of the State of New Mexico (Chap. 72, Laws of 1935 and Chapter 88, Laws 1943) and all pertinent regulations issued thereunder, including operating regulations, are accepted and made a part of this agreement.

2. DEFINITIONS: For all purposes of this agreement, certain terms used herein are defined as follows:

(a) "Secretary" shall mean the Secretary of the Interior of the United States and those persons or agencies duly authorized to act for and in his behalf.

(b) "Supervisor" shall mean the Oil and Gas Supervisor of the United States Geological Survey and those persons or agencies duly authorized to act for and in his behalf.

(c) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

(d) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.

(e) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of operations hereunder.

(f) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.

(g) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and operating the well and a small profit in addition thereto.

3. UNIT AREA: The following described lands are hereby designated and recognized as constituting the Unit Area:

In Township 21 South, Range 33 East

All of Section 36

In Township 21 South, Range 34 East

All of Sections 31 and 32

In Township 22 South, Range 33 East

All of Section 1

In Township 22 South, Range 34 East

All of Sections 5 and 6

Embracing 3835.20 acres

The Unit Operator, with the consent of a majority in interest of the Working Interest, and subject to the approval of the Secretary, the Commissioner and the Commission, may enlarge the unit area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the unit area to exclude lands not in any participating area hereunder which is believed to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein established Unit Area, together with the ownership of the land and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said exhibits shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised exhibits shall be filed with the record of this agreement.

4. UNITIZED SUBSTANCES: All oil, gas, natural gasoline and associated fluid hydrocarbons producible from land subject to this agreement, in any and all sands or horizons, are unitized under the terms of this agreement and hereinafter are called "unitized substances".

5. UNIT OPERATOR: Stanolind Oil and Gas Company is hereby designated as Unit Operator and by signature hereto agrees and consents to accept the duties and obligations of Unit Operator to conduct and manage the operation of said unit area for the discovery and development of unitized substances as hereinafter provided. Hereinafter whenever reference is made to the Unit Operator, such reference is understood to mean the unit operator acting in that capacity and not as an owner of interests in unitized substances, and whenever reference is made to an owner of unitized substances, such a reference shall be understood to include any interests in unitized substances owned by the Unit Operator.

The Unit Operator shall have the right to resign at any time provided that any well drilled hereunder is placed in a satisfactory condition for suspension, or is satisfactorily abandoned under the Federal Oil and Gas Operating Regulations, if on Federal land, and under the laws of the State of New Mexico, and the rules and regulations of the Commission, if on state or patented land, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of three (3) months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto and the Secretary and the Commissioner,

unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of the Unit Operator prior to the date on which relinquishment by or removal of Unit Operator becomes effective. The parties hereto or a duly qualified new Unit Operator may purchase at its then depreciated market value all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, owned by the retiring Unit Operator, in its capacity as such operator, or make other arrangements satisfactory to the retiring Unit Operator for the use thereof, provided that no such equipment, material, or appurtenances so selected for purchase shall be removed prior to the effective date of Unit Operator's retirement. Any equipment, material, and appurtenances not so purchased or arranged for as to the use thereof within said time limit may be removed by the retiring Unit Operator at any time within six (6) months after his relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of working interest rights in land then subject to this agreement. The termination of any rights as Unit Operator under this agreement shall not of itself terminate any right, title, or interest which the Unit Operator may then have in the unitized substances, but the Unit Operator shall have the right and option in connection with its resignation to reassign or retransfer to its several predecessors in interest all of its interest in the lands and leases severally acquired from them, together with its working interest in the unitized substances, and upon such delivery be discharged from any future liability as a working interest owner hereunder; said reassignments to be effective as to said transferee thereupon, subject, however, to the approval of the Secretary as to transfers of interest in lands of the United States and subject, however, to the approval of the Commissioner as to interests in lands of the State of New Mexico.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall discontinue or relinquish his rights as Unit Operator or shall fail to fulfill his duties and obligations as Unit Operator under this agreement, the owners of the majority of the unitized working interests in the participating area on an acreage basis, or the owners of working interests according to their total acreage interest in the unit area until a participating area shall have been established, shall select a new Unit Operator, provided that if the majority of the working interests rights which are at any time qualified to vote in selecting a new Unit Operator are owned by one party to this agreement then a vote of at least two owners of working interests qualified to vote shall be required to select a new operator. Such selections shall not become effective until (a) a Unit Operator so selected shall agree and consent in writing to accept the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Secretary and the Commissioner. In the absence of the selection of an acceptable Unit Operator by the working interest owners within (6) months after notice by Unit Operator of intention to relinquish its rights as Unit Operator, this unit agreement shall automatically terminate.

The Unit Operator shall be subject to removal by the Working Interest Owners in the same manner as herein provided for the selection of a new Unit Operator.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as hereinafter specified, the exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with the Unit Operator and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided that nothing herein shall be construed to transfer title to any land, or to any operating agreement or leases, it being understood that under and pursuant to this agreement the Unit Operator shall exercise the rights of possession and use vested in the parties hereto only and exclusively for the purposes herein specified. The Unit Operator shall pay all costs and expenses of operations with respect to the unitized land, and no part thereof shall be charged to the Royalty Owners. The method of handling such costs and expenses is left to private arrangement between the Unit Operator and the Working Interest Owners.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract.

8. DRILLING TO DISCOVERY: Within three (3) months from the effective date of this agreement, Unit Operator shall begin operations in the unit area to drill an adequate test well at a location upon the Unit Area to be approved by the Supervisor, if such location is upon lands of the United States, and if upon State lands or patented lands, such location shall be approved by the Commission, and having commenced such operations shall continue such drilling diligently until said well shall have been drilled to a depth not less than 4300 feet unless oil or gas which can be produced in paying quantities is encountered in said well at a lesser depth or unless, at a lesser depth, an igneous or metamorphic formation or some other condition or formation is encountered which would render further drilling inadvisable or impracticable. If said first well, drilled as aforesaid, fails to encounter the unitized substances, Unit Operator or his successor shall thereupon commence within six (6) months after the completion of the former well, and drill, one at a time, additional wells until a productive well is completed to the satisfaction of the Supervisor and Commissioner, or until it is reasonably proved that the unitized land is incapable of producing the unitized substances; provided that the Secretary and Commissioner may grant extension of time for the commencement of any such well; and provided further that nothing herein contained shall preclude any Operator from effectively resigning as provided in Section 5 hereof before any obligation to commence a second of subsequent well accrues hereunder, and be relieved of the obligation to commence such well.

9. PLAN OF DEVELOPMENT AND OPERATION: Within sixty (60) days from completion of a well capable of producing the unitized substances as aforesaid, Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission an acceptable plan of development for the Unit Area, which plan or a subsequent modification thereof, when so approved, shall constitute the further drilling and operating obligations of Unit Operator. Said plan for further development and operation on like approval may be modified from time to time to meet changed conditions; provided further that in no event shall the Operator under any such plan, or otherwise, be under any obligation to drill any well to any formation that does not afford a fair possibility for encountering the unitized substances in paying quantities. Well drilling operations including well completions, producing practices and well abandonments, shall be in accordance with the Plan of Development and Operation. All operations thereunder shall be subject to the approval of the Supervisor as to wells on federal land and by the Commission for wells on state and private land.

During any period when it shall appear that an acceptable plan of development cannot be adopted because of the inability of the Supervisor, the Commissioner and the Commission to agree upon the terms thereof, the Unit Operator may, in accordance with the applicable regulations referred to in Section 1 hereof, proceed with reasonable diligence to drill other wells to determine the limits of production and to develop the productive portion of the unit area, and may and shall operate all productive wells in conformity with good operating practices, and the conservation principles of this agreement.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a productive well as aforesaid, Unit Operator shall submit for the approval of the Secretary, the Commissioner and the Commission a schedule of lands based on subdivisions of the public land survey then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule, when approved, to constitute a participating area effective as of the date of first production. Said schedule shall set forth the percentage acreage interest of each owner of rights in the participating area thereby established. Such percentage acreage interest shall govern the allocation of production from and after the date the participating area becomes effective. In like manner a separate participating area shall be established for each separate deposit of unitized substances. The participating area or areas so established shall be enlarged from time to time in like manner and subject to like approval whenever such action appears proper as a result of further drilling operations to include additional land then regarded as reasonably proved to be productive in paying quantities, and a new schedule of percentage acreage interests conformable thereto shall thereupon be fixed. The effective date of any such enlargement shall be the first of the month next following the month in which the well is completed which demonstrates the propriety of the enlargement, and any unitized substances theretofore produced from such well shall be allocated to the lease on which the well is drilled. A well shall be deemed completed when equipped and successfully tested for production, all of which shall be done diligently. No land once included in a participating area shall be excluded from such participating area on account of depletion of the unitized substances therefrom, or for any cause save loss of title.

It is the intent of this Section that a participating area shall at all times represent as nearly as possible the area known or reasonably estimated to be productive in paying quantities; but, regardless of any increase in the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of increase of the participating area.

Until a participating area or areas has or have been established as herein-provided, or in the absence of agreement at any time between the Unit Operator, the Secretary, the Commissioner, and the Commission as to the proper boundaries of a participating area, the portion of all payments affected by such absence of agreement, except the royalties due the United States and the State of New Mexico, may be impounded in a mutually acceptable bank.

11. DEVELOPMENT OF LANDS OUTSIDE THE PARTICIPATING AREA: Any exploratory wells drilled on any unitized land outside the boundaries of any then existing participating area shall be drilled by the Unit Operator at the cost of the Participating Area Working Interest Owners as may be provided in the separate operating contract herein referred to. If any such well encounters the unitized substances in paying quantities, the said well and the portion of the unitized lands proved thereby to be productive in paying quantities shall be added to the participating area in manner as provided in Section 10 hereof. If said well encounters a producible quantity of the unitized substances, but not in paying quantity, the owner of the operating rights on the tract covered by the well may at his option within 30 days after notice by the Unit Operator take over said well by making reimbursement to the Operator as provided in said operating contract. Otherwise the Unit Operator may continue to operate the well and appropriate the production therefrom to apply upon the cost of drilling, equipping and operating said well; provided, however, that if and when Unit Operator secures reimbursement therefrom for the cost of drilling, equipping and operating the same, Unit Operator may turn the well over to the owner of the operating rights on the tract on which the well is situated upon compensation for the fair market value of the recoverable equipment. If the Operator shall desire to abandon said well, the owner of the operating rights on said tract may take over and operate said well by reimbursing the Unit Operator for the fair market value of the recoverable casing and other well property necessary to operate the well.

If upon thirty (30) days notice by the owner of the operating rights on any unitized tract of land outside the participating area, Unit Operator shall fail or refuse to commence and drill a well for the testing of the productivity of the tract, the owner of the operating rights on said tract may drill said well at his sole cost, risk, and expense, including cost of abandonment, and if said well encounters the unitized substances in paying quantities, the well and the unitized land proved productive in paying quantities thereby shall be added to the then existing participating area and the participating area shall be enlarged upon a basis of financial adjustment of investment costs between the said owner of the operating rights on the well tract and the Working Interest Owners in the former participating area as may be provided by the operating contract, or otherwise by agreement among said parties. In the event that said well encounters the unitized substances in producible quantity but not in paying quantity, and upon determination thereof by the Unit Operator and the Working Interest Owners, the parties so drilling said well may operate and produce the well at their sole cost and risk and expense and for their sole benefit.

Any operations under this section shall be subject to the drilling, producing and conservation requirements of this agreement and of any plan of development then or thereafter in force, and subject to the payment of the rental and royalty required by the applicable leases or contracts on the production from said well.

12. ALLOCATION OF PRODUCTION--ROYALTIES: Except as provided in Section 11, all unitized substances produced under this agreement, except any part thereof used for production and development purposes thereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of land of the participating area, and, for the purpose of determining any benefits that accrue on an acreage basis as a result of operations under this agreement, each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area. Unitized substances produced from any participating area and used in conformity with good operating practice under an approved plan of operation for repressuring or cycling in any participating area shall be free from any royalty charge.

If Unit Operator introduces gas obtained from sources other than the unitized substances into any participating area hereunder for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan first approved by the Supervisor, the Commissioner, and the Commission, a like amount of gas may be drawn 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 operation 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 the unit.

Except as otherwise herein provided, royalties shall be paid or delivered as provided by existing leases or contracts, at the lease or contract rate upon the unitized substances allocated to the lease or tract. Settlement shall be made on or before the 20th day of each month for the unitized substances produced during the preceding calendar month. Such royalties shall be paid by the party operating the wells, but nothing herein shall operate to relieve the lessees, or any of them, of their obligation to pay rentals and royalties under the terms of their respective leases.

The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take their respective royalty shares in kind or value.

13. GOVERNMENT ROYALTIES: Royalty due the United States on account of federal lands subject to this agreement within the Unit Area shall be computed as provided in the operating regulations; 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 all the unitized lands within the participating area were a single consolidated lease. During the period of the national emergency declared by the President May 27, 1941, Proclamation No. 2487, 55 Stat. 1647, upon a determination by the Secretary of the Interior that a new oil or gas field or deposit has been discovered by virtue of a well or wells drilled under this agreement, the royalty on production from such new field or deposit allocated to Federal land subject to this agreement on the date of such discovery shall, during the 10-year period following the date of such discovery, be paid in value or delivered in kind at a flat rate of 12½ per cent unless a lower rate is prescribed in the lease.

14. RENTALS: Each lessee shall be responsible for and shall pay all rentals of whatsoever kind on his respective leases. Rental for land of the United States subject to this agreement at the rate specified in the respective leases from the United States shall be paid, suspended, or reduced as may be determined by the Secretary pursuant to applicable law and regulations. The Unit Operator may apply the government's allocated royalty share of the unitized substances to repayment for government rentals advanced hereunder to the same extent as otherwise allowed in the case of an individual government lease.

15. CONSERVATION: Operations and production of unitized substances shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. Production of unitized substances shall at all times be without waste as defined by or pursuant to state or federal law.

16. DRAINAGE: Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with the approval of the Secretary as to federal interests and of the Commissioner as to state interests, and at the election of the Unit Operator as to private interests, pay the Royalty Owners a fair and reasonable compensatory royalty, as determined by the Supervisor as to federal interests, and the Commissioner as to state interests subject to this agreement, and by agreement between the Unit Operator and royalty owners, as to private interests.

17. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding interests in leases embracing unitized land of the United States or of the State of New Mexico consent that the Secretary and Commissioner, respectively, may, and said Secretary and Commissioner, by their approval of this agreement, do hereby establish, alter, change or revoke the drilling, producing, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

The Secretary, Commissioner and all parties hereto further determine, agree and consent that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases subject hereto; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; that if a discovery of a valuable deposit of unitized substances is made anywhere on the unitized land, each such lease in effect on or after the date of such discovery shall be deemed to continue in force and effect as to land in the unit area, as long as unitized substances are produced anywhere on unitized land in paying quantity; that prior to such discovery of unitized substances anywhere on unitized land the expiration date of each lease shall be the date prescribed in the lease, subject to such preferential right to a new lease as may be authorized by law; and the suspension of all operations and production on the unitized land pursuant to direction or consent of said Secretary and Commissioner shall be deemed to constitute such suspension pursuant to such direction or consent with respect to each such lease, and that no lease shall expire on account of such suspension, as to land in the unit area.

The parties hereto or consenting hereto, holding interests in leases subject to this agreement embracing lands other than those of the United States or of the State of New Mexico or holding interests in any other agreements that involve oil and gas rights in lands in the Unit Area, consent and agree, to the extent of their respective interests, that all such leases and agreements shall conform to the provisions of this agreement.

18. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer or lease 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, lessee, or other successor in interest and as to federal land, shall be subject to approval by the Secretary, and as to lands of the State of New Mexico, shall be subject to the approval of the Commissioner. No transfer of any interest in and to any of the unitized lands or affecting the production therefrom shall be binding upon the Unit Operator until the first day of the next calendar month after the Unit Operator has been furnished with an original, photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM: This agreement shall become effective on approval by the Secretary and the Commissioner, provided however that nothing herein shall be construed to waive or limit the right of the Commission to approve this agreement pursuant to applicable state law. This agreement shall terminate on June 30, 1949, unless (1) such date of expiration is extended by the Secretary and the Commissioner; or (2) a discovery of unitized substances in paying quantities has been made on the Unit Area, in which case this agreement shall remain in effect as long as unitized substances can be produced from the Unit Area in paying quantities; or (3) it is proved at an earlier date that the Unit Area is incapable of production of unitized substance in paying quantities, and with approval of the Secretary and the Commissioner, notice of termination is given by Unit Operator to all parties in interest by letter addressed to them at their last known places of address; or (4) it is terminated as provided in Section 6 hereof; provided that this agreement may be terminated at any time with the consent of the owners of 75%, on an acreage basis, of the Working Interest Owners signatory hereto with the approval of the Secretary and the Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION: All production and the disposal thereof, shall be in conformity with allocations, allotments and quotas made or fixed by the Commission under any State Statute; provided however that the Secretary is vested with authority pursuant to the amendatory acts of Congress of March 4, 1931, and August 21, 1935, supra, to alter or modify from time to time in his discretion the rate of prospecting and development, and, within the limits made or fixed by the Commission, to modify the quantity and rate of production under this agreement, 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; provided further that no such alteration or modification shall be effective as to any lands of the State of New Mexico as to the rate of prospecting and development 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.

21. FORCE MAJEURE: Failure or delay in the performance of the terms, conditions, and covenants hereof shall not cause this contract to expire, terminate, or be forfeited in whole or in part, nor subject the Unit Operator or other party otherwise liable therefor to liability in damages, to the extent and so long as such prompt performance is hindered, delayed or prevented by any federal or state law, executive order, rule or regulation, or to the extent and so long as such performance is hindered, delayed or prevented by an act of God, of the public enemy, governmental interference or restraint, inability to obtain material or equipment, labor disputes, failure of transportation, or other cause, whether similar or dissimilar, beyond the control of the party in interest.

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 for delay or failure in whole or in part to comply therewith to the extent that said Unit Operator, Working Interest Owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of Unit Operator to obtain the joint consent of the representatives of the United States and the representatives of the State of New Mexico in and about any matter or thing concerning which it is required herein that such joint consent be obtained. The parties hereto and consenting hereto, including the Commission agree that all powers and authority vested in the Commission in and by any provision of this contract 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. NON-DISCRIMINATION: The Unit Operator expressly agrees that in any and all operations conducted hereunder, it shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and shall require an identical provision to be included in all subcontracts.

24. SUBSEQUENT JOINDER: Any person owning rights in the unitized substances within the unit area who does not commit such rights hereto prior to the effective date hereof, may thereafter become parties hereto by subscribing this agreement, and if such parties are working interest owners they shall also subscribe the operating contract and comply with all terms and conditions therein set forth.

25. COUNTERPARTS: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties, owning or claiming an interest in the lands affected hereby.

IN WITNESS WHEREOF the parties have hereunto set their hands the day and year first above written.

ATTEST:

[Signature]
Assistant Secretary

ATTEST:

[Signature]
Assistant Secretary

Alfred Cleveland
Boyle B. Cleveland

UNIT OPERATOR

STANOLIND OIL AND GAS COMPANY

By *[Signature]*
Vice President

WORKING INTEREST OWNERS

STANOLIND OIL AND GAS COMPANY

By *[Signature]*
Vice President

[Signature]

[Signature]

APPROVED
<i>[Signature]</i>
<i>[Signature]</i>
<i>[Signature]</i>
<i>[Signature]</i>

STATE OF OKLAHOMA |
COUNTY OF TULSA |

SS:

On this 27th day of April, A. D., 1945, before me appeared A. L. Solliaday
to me personally known, who, being by me duly sworn, did say that he is the Vice President
of STANOLIND OIL AND GAS COMPANY, a corporation, and that the seal affixed to said
instrument is the corporate seal of said corporation and that said instrument was signed
and sealed on behalf of said corporation as Unit Operator and as a Working Interest
Owner by authority of its Board of Directors, and the said A. L. Solliaday acknowledged
said instrument to be the free act and deed of said corporation as Unit Operator and as
a Working Interest Owner therein.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my Notarial Seal
the day and year first above written.

My commission expires My commission expires March 19, 1949

Elaine Frame
Notary Public

STATE OF Texas
COUNTY OF Midland

SS:

On this 23rd day of April, A. D., 1945, before me personally
appeared Reese Cleveland and Rozelle B. Cleveland
(husband and wife) (~~a single person~~) to me known to be the persons s described in and
who executed the foregoing instrument and acknowledged that ~~he~~ (they) executed the
same as ~~his~~ (their) free act and deed.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my Notarial Seal
the day and year first above written.

My commission expires 6-1-45

Prudie Woodard PRUDIE WOODARD
Notary Public

STATE OF Texas
COUNTY OF Midland

SS:

On this 23 day of Apr, A. D., 1945, before me personally
appeared J. Mascho and Paul Mascho
(wife and husband) (~~a single person~~) to me known to be the persons s described in and
who executed the foregoing instrument and acknowledged that ~~he~~ (they) executed the
same as his (~~their~~) free act and deed.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my Notarial Seal
the day and year first above written.

My commission expires 6/1/45

G. M. Shetton
Notary Public

R.33E.				R.34 E.								T. 21 S.
STATE No. B-10625 36 <i>Stanolind</i>				Lot 1 38.93 Ac. Lot 2 38.97 Ac. Lot 3 39.03 Ac. Lot 4 39.07 Ac. STATE No. B-10626 31 <i>Stanolind</i>	STATE No. B-10627 32 <i>Stanolind</i>							
Lot 4 40.02 Ac.	Lot 3 40.01 Ac.	Lot 2 40.01 Ac.	Lot 1 40.00 Ac.	Lot 4 39.11 Ac.	Lot 3 40.15 Ac.	Lot 2 40.25 Ac.	Lot 1 40.35 Ac.	Lot 4 40.46 Ac.	Lot 3 40.60 Ac.	Lot 2 40.72 Ac.	Lot 1 40.86 Ac.	T. 22 S.
U. S. A. Las Cruces, 061713 1 <i>Reese Cleveland</i>				Lot 5 38.97 Ac. Lot 6 38.89 Ac. Lot 7 38.80 Ac.	U. S. A. Las Cruces, 061629 6 <i>L.O. Mascho</i>				U. S. A. Las Cruces, 061629 5 <i>L.O. Mascho</i>			

EXHIBIT "A"
 MAP OF MASCHO UNIT AREA
 LEA COUNTY, NEW MEXICO
 SCALE 1" = 3000'

EXHIBIT "B"

MASCHO UNIT AREA

<u>Section</u>	<u>Serial No.</u>	<u>Description</u>	<u>Lease Owner</u>	<u>Acreage</u>
<u>Twp 21 S, R 35 E</u>				
36	State B-10625	All	Stanolind Oil and Gas Company	640.00
<u>Twp 21 S, R 34 E</u>				
31	State B-10626	Lots 1,2,3 and 4 and E/2 W/2 and E/2	Stanolind Oil and Gas Company	636.00
32	State B-10627	All	Stanolind Oil and Gas Company	640.00
<u>Twp 22 S, R 33 E</u>				
1	U.S.A. 061713	Lots 1,2,3 and 4 and S/2 N/2 and S/2	Reese Cleveland	640.04
<u>Twp 22 S, R 34 E</u>				
5	U.S.A. 061629	Lots 1,2,3 and 4 and S/2 N/2 and S/2	L. O. Mascho	642.64
6	U.S.A. 061629	Lots 1,2,3,4,5,6 and 7 and SE/4 NW/4 and S/2 NE/4 and E/2 SW/4 and SE/4	L. O. Mascho	636.52
TOTAL				3,835.20

CERTIFICATE OF APPROVAL

MASCHO AREA UNIT AGREEMENT, LEA COUNTY, NEW MEXICO

The undersigned, Commissioner of Public Lands of the State of New Mexico, having this day examined an agreement for the co-operative or unit operation and development of a prospective oil or gas field or area, which agreement is entitled, "Mascho Area Unit Agreement, Lea County, New Mexico," and embracing lands comprising Section 36, Township 21 South, Range 33 East; Sections 31 and 32, Township 21 South, Range 34 East; Section 1, Township 22 South, Range 33 East; Sections 5 and 6, Township 22 South, Range 34 East, as set out in said agreement, entered into between Stanolind Oil and Gas Company, Reese Cleveland and Rozelle B. Cleveland, and L. O. Mascho and Jas. A. Mascho, to which agreement this Certificate is attached; and

WHEREAS, upon examination thereof, 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 field;

b. That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its lands in the area affected;

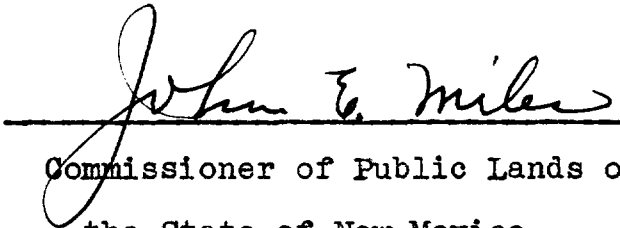
c. That the agreement is in other respects for the best interest of the State;

d. That the agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis as specified in the agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly

conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, as to the lands of the State of New Mexico included in said Mascho Area Unit Agreement, and subject to all the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

EXECUTED, this 14th day of May, 1945.


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
THE STATE OF NEW MEXICO FOR THE PURPOSE
OF CONSIDERING:

CASE NO. 63

ORDER NO. 602

THE APPLICATION OF THE STANOLIND OIL AND
GAS COMPANY FOR AN ORDER OF APPROVAL OF
THE MASCHO AREA UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., May 14, 1945,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission".

NOW, on this 14th day of May, 1945, the Commission having before
it for consideration the testimony adduced at the hearing of said case
and being fully advised in the premises;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"MASCHO AREA UNIT AGREEMENT ORDER"

SECTION 1. (a) That the project herein shall be known as the
Mascho Area Unit Agreement and shall hereinafter be referred to as the
Project.

(b) That the plan by which the Project shall be operated shall be
embraced in the form of agreement designated as the "Mascho Area Unit
Agreement, Lea County, New Mexico", dated the 23rd day of April, 1945, an
exact copy of which is filed in the case herein.

SECTION 2. That the Mascho Area Unit Agreement Plan shall be and
is hereby approved.

SECTION 3. (a) That the Unit Area shall be:

In Township 21 South, Range 33 East
All of Section 36
In Township 21 South, Range 34 East
All of Sections 31 and 32
In Township 22 South, Range 33 East
All of Section 1
In Township 22 South, Range 34 East
All of Sections 5 and 6

Embracing 3835.26 acres.

(b) The Unit Area may be enlarged or diminished as provided in said plan.

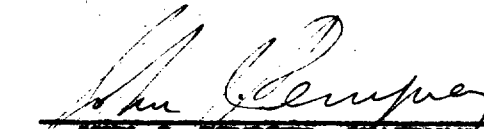
SECTION 4. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become parties thereto by subscribing to such Agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 15 days an original of any such counterpart.

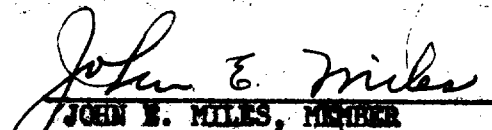
SECTION 5. That the order herein shall terminate ipso facto on the termination of said Unit Agreement.

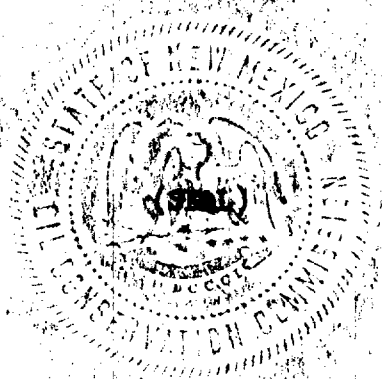
SECTION 6. That the order herein shall become effective upon its execution.

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

OIL CONSERVATION COMMISSION


JOHN J. DEMPSEY, CHAIRMAN


JOHN E. MILES, MEMBER



APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the statutory authority in the Secretary of the Interior, under the act approved March 4, 1931, 46 Stat. 1523, and the act approved August 21, 1935, 49 Stat. 674, amending the act approved February 25, 1920, 41 Stat. 437; 30 U. S. C. 226, 184, and 189, in order to secure the proper protection of the public interest, I, OSCAR L. CHAPMAN, Assistant Secretary of the Interior, this 9th day of August, 1945, hereby take the following actions:

A. Approve the attached unit agreement for the development and operation of the MASCHO AREA, LEA COUNTY, NEW MEXICO.

B. Determine and certify that the plan of development and operation contemplated in said agreement is for the purpose of more properly conserving the oil or gas resources of said unit area and is necessary or advisable in the public interest.


Assistant Secretary of the Interior.