

UNIT AGREEMENT FOR THE DEVELOPMENT
AND OPERATION OF THE LAKE McMILLAN
AREA, EDDY COUNTY, NEW MEXICO.

THIS AGREEMENT, entered into as of the _____ day of _____, 1945, by and between the parties subscribing or consenting hereto,

W I T N E S S E T H:

THAT, 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 of 1943) to consent to or approve this agreement on behalf of the State of New Mexico, in so far 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 of 1935) to approve this agreement and the conservation provisions hereof;

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

1. ENABLING ACT 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 Chap. 88, Laws of 1943) and all pertinent regulations heretofore or hereafter 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 owning the rights to operate upon unitized lands for the purpose of exploring, discovering, developing, and producing unitized substances.

(f) "Royalty Owner" shall mean a party hereto or consenting hereto owning interests in unitized lands, or leases or other agreements pertaining to unitized lands, other than the rights to operate upon unitized lands for the purpose of exploring, discovering, developing, and producing unitized sub-

stances.

(g) "Paying quantities", in regard to any obligations of Unit Operator to drill any well or to continue drilling additional wells, 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.

(h) "Unitized lands" shall mean such parts of the unit area as are committed hereto and are described opposite the signatures of the parties hereto.

3. 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".

4. UNIT AREA. The following described lands, all situate in the County of Eddy, State of New Mexico, are hereby designated and recognized as constituting the unit area:

New Mexico Principal
Meridian, Eddy County,
New Mexico.

T. 20 S., R. 26 E., Sec. 12, S-1/2;
Sec. 13, all;
Sec. 14, E-1/2 NE-1/4, SE-1/4;
Sec. 23, all;
Sec. 24, all;
Sec. 25, all;
Sec. 26, all;
Sec. 27, E-1/2 SE-1/4;
SW-1/4 SE-1/4;
SE-1/4 SW-1/4;
Sec. 34, all;
Sec. 35, all;
Sec. 36, all.

T. 20 S., R. 27 E., Sec. 7, S-1/2;
 Sec. 8, SW-1/4;
 Sec. 16, all;
 Sec. 17, all;
 Sec. 18, all;
 Sec. 19, all;
 Sec. 20, all;
 Sec. 21, all;
 Sec. 28, all;
 Sec. 29, all;
 Sec. 30, all;
 Sec. 31, all;
 Sec. 32, all;
 Sec. 33, all.

T. 21 S., R. 25 E., Sec. 1, Lots 1, 2, 3, 4, 5,
 6, 7, 8, 9, 10, 11,
 12, 13, 14, 15, 16,
 S-1/2 (or all);
 Sec. 2, Lots 1, 2, 3, 4, 5,
 6, 7, 8, 9, 10, 11,
 12, 13, 14, 15, 16,
 S-1/2 (or all);
 Sec. 3, Lots 1, 8, 9, 16,
 E-1/2 SE-1/4;
 Sec. 11, all;
 Sec. 12, all.

T. 21 S., R. 26 E., Sec. 4, Lots 3, 4, 5, 6, 11,
 12, 13, 14, SW-1/4
 (or W-1/2);
 Sec. 5, Lots 1, 2, 3, 4, 5,
 6, 7, 8, 9, 10, 11,
 12, 13, 14, 15, 16,
 S-1/2 (or all);
 Sec. 6, Lots 1, 2, 3, 4, 5,
 6, 7, 8, 9, 10, 11,
 12, 13, 14, 15, 16,
 S-1/2 (or all);
 Sec. 7, all;
 Sec. 8, all.

The above described unit area shall be enlarged or contracted whenever such action is necessary or desirable to conform with the purposes of this agreement. Notice of any proposed enlargement or contraction shall be given by the Unit Operator to all parties affected thereby, at least thirty (30) days prior to submission to the Secretary, the Commissioner, and the Commission, with proof of service of such notice. Such enlargement or contraction shall be effective as of the date pre-

scribed in the notice thereof upon approval by the Secretary, the Commissioner, and the Commission.

"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. It is hereby understood and agreed that all owners of rights set forth in said Schedule B are eligible to become parties to this agreement. 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.

5. UNIT OPERATOR. RICHFIELD OIL CORPORATION, a Delaware corporation, 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 unitized lands for the discovery, development and production 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 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 interest 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 six (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. Unit Operator shall, in the first instance, pay all costs and expenses of development and operation with respect to the unitized land and shall operate at the expense and for the benefit of all Working Interest Owners and shall charge such costs and expenses to the account of the Working Interest Owners in the unitized lands as herein provided. The method of handling, allocating, charging and paying such costs and expenses is left to private arrangement between the Unit Operator and the Working Interest Owners. No part of the costs and expenses of operations shall be charged to the royalty 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 six (6) 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 unitized lands 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 of not less than six thousand feet (6,000'), 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, allowing six (6) months between 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 in paying quantities; 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 Unit Operator from resigning at any time as provided in section 5 hereof.

9. PLAN OF FURTHER 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 unitized lands, which plan or a subsequent modification thereof, when so approved, shall constitute the further drilling and operating obligations of Unit Operator. Said plan and its subsequent modifications shall provide for exploration of the unitized area and for the determination of the commercially productive limits thereof in each and every productive formation and to this end shall be as complete and adequate as the Supervisor, the Commissioner, and the Commission may determine to be necessary and advisable to timely develop and to properly conserve the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Reasonable diligence shall be exercised by the Unit Operator in complying with the drilling and producing obligations of the approved plan of development and said plan shall be modified or supplemented in whole or in part from time to time as may be required to meet changed conditions or to protect the interests of all parties to this agreement, and the further obligations of the Unit Operator shall be conformed thereto; provided further that in no event shall the Unit Operator under any such plan, or otherwise, be under any obligation to drill any well to any for-

mation 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 unitized lands, 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 land based on subdivisions of the public-land survey, including all subdivisions one-half or more of the acreage of which is 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, except as otherwise provided in section 12 hereof, govern the allocation of production from and after the

date the participating area becomes effective. With the approval of the Secretary, Commissioner and Commission, a separate participating area may be established for any separate deposit of unitized substances or for any group of such deposits. The participating area or areas so established shall be revised from time to time, in like manner and 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 a new schedule of percentage acreage interests conformable thereto shall thereupon be fixed. The effective date of any such revision shall be the first of the month next following the month in which the first authentic knowledge or information is obtained on which such revision is predicated, unless a more appropriate effective date is specified in the new schedule. No land once included in a participating area shall be excluded from such participating area on account of depletion of the unitized substances therefrom. 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. When such productive limits of the participating area shall have been fully and finally determined, the participating area shall become fixed, and all accounts shall be adjusted, without interest, as though such fixed participating area had been the participating area first constituted after completion of a well capable of producing unitized substances in paying quantities.

As and when such percentage acreage interests shall be changed as a result of a change in the boundaries of a participating area, the share in the costs and benefits hereunder of

the Working Interest Owners, and the share in the benefits hereunder of the owners of overriding royalties and landowners' royalties, including the United States and the State of New Mexico, shall be accordingly apportioned and adjusted retroactively as of the date of the completion of the first well capable of producing unitized substances in paying quantities in the participating area; except that no retroactive adjustment shall take into consideration any benefits of operations paid and any costs of operations received by Unit Operator by reason of any lands which shall have been excluded from a participating area because such lands are regarded as reasonably proved not to have been capable of producing unitized substances in paying quantities. If any lands shall be excluded from a participating area because such lands are regarded as reasonably proved not to have been capable of producing unitized substances in paying quantities, such lands shall not share thereafter in the costs or benefits of operations. The holder of the interests in such lands so excluded shall neither be obligated to repay any benefits allocated to such excluded lands theretofore received, nor shall such holder be entitled to recover any part of the costs allocated to such excluded lands and theretofore paid by him.

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 royalties due the United States and the State of New Mexico, may be impounded in a manner mutually acceptable to the Working Interest Owners.

11. DEVELOPMENT OF LANDS OUTSIDE THE PARTICIPATING

AREA. Any party hereto other than Unit Operator owning or controlling a majority of the working interest rights in any unitized tract included in the non-participating area having thereon a regular well location may drill a well at such location at his own expense, unless within ninety (90) days of receipt of notice from said party of his intention to drill the well Unit Operator elects and commences to drill such well in like manner as other wells are drilled by Unit Operator under this agreement.

If such well is not drilled by Unit Operator and results in production such that the land upon which it is situated may properly be included in a participating area, the party paying the cost of drilling such well shall be reimbursed one hundred twenty-five per cent (125%) of the average cost of drilling similar producing wells in the unitized area, and the well shall be operated pursuant to the terms of this agreement, all as though the well had been drilled by the Unit Operator.

If any well drilled by Unit Operator or by a Working Interest Owner, as provided in this section, obtains production insufficient to justify inclusion in a participating area of the land on which said well is situated, and Unit Operator elects to abandon any such well drilled by it, said Working Interest Owner, at his election, within thirty (30) days of determination of such insufficiency, shall be wholly responsible for and may operate and produce and abandon the well at his sole expense and for his sole benefit. If such well is drilled by Unit Operator, said Working Interest Owner shall pay the Unit Operator a fair salvage value price for the casing and other equipment left in the well and the cost of drilling such well shall be charged as a cost of operations hereunder.

Wells drilled at the sole expense of any Working Interest Owner other than Unit Operator or produced at the sole expense and for the sole benefit of such Working Interest Owner shall be subject to the drilling and producing requirements of this agreement the same as though drilled or produced by Unit Operator, and royalty in amount or value of production from any such well, as well as rental charges, if any, shall be paid by such Working Interest Owner as specified in the lease affected, unless otherwise authorized in writing by the lessor.

12. ALLOCATION OF PRODUCTION - ROYALTIES. Except as otherwise provided in sections 10 and 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 comprising 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, except that if, as a result of a change in the boundaries of a participating area, any tract of land in the participating area, as revised, shall not have received its allocated share of the unitized substances due to it upon such apportionment and adjustment, and any other tract shall have received more than its allocated share of the unitized substances than are due to it upon such apportionment and adjustment, then all unitized substances accruing to the total acreage of the participating area after the date of such apportionment and adjustment shall be allocated to such tract or tracts as have not received their allocated share of the unitized substances due such tract or tracts upon such appor-

tionment and adjustment, until the amount of unitized substances due any such tract or tracts as a result of said apportionment and adjustment has been fully satisfied. So long as all the unitized substances produced hereunder accruing to the total acreage of the participating area are being allocated to less than all of the tracts in the participating area, as above provided, the unitized substances shall be divided between such tracts on an acreage basis in the ratio that the acreage of any such tract bears to the total acreage of all such tracts. Provided further, that if production should fail or cease for any cause prior to the date any tract shall have received the proportionate share of the unitized substances to which it is entitled upon any such apportionment and adjustment, Unit Operator shall not be liable to make up any deficiency, the parties hereto agreeing that they will look only to the unitized substances produced hereunder for the purpose of satisfying any allocated unitized substances pursuant to this agreement. It is hereby agreed that production from any part of the participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said area.

Notwithstanding any other provision hereof to the contrary, all unitized substances produced and saved from the unitized lands and allocated as herein provided to the tract or tracts of land therein, the working interests on which are owned or controlled by Neil H. Wills and Richfield Oil Corporation, a Delaware corporation, excepting that portion of the unitized substances which Unit Operator shall be required to deliver to the United States, the State of New Mexico and private landowners as royalties under leases covering such lands, shall, regardless of the acreage content of any such tract, be taken and become the

property of Richfield Oil Corporation, and shall be credited to the joint account between Neil H. Wills and Richfield Oil Corporation, and accounted for by Richfield Oil Corporation, as provided for in the private agreement between said parties.

Unit Operator shall not be required to pay royalties on unitized substances produced under this agreement and used by Unit Operator in its operations hereunder or unavoidably lost. Unitized substances produced from a participating area and used in conformity with good operating practice under an approved plan of operation for repressuring or cycling in such participating area shall not be allocated on an acreage basis as herein provided and 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 with a proportionate deduction for plant fuel consumption and shrinkage may be drawn from the formation into which the gas was introduced, royalty free and free from allocation as provided for herein, 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 agreement.

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 Unit Operator who shall distribute the cost thereof to the appropriate parties conformably with their respective royalty obligations, 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 and shall be paid as to all unitized substances produced from a participating area on the basis of the amounts thereof allocated to such land, as provided herein, at the rates specified in the respective federal leases; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production for any participating area shall be determined in accordance with the operating regulations as though all the unitized lands within the same participating area were a single consolidated lease. During the period of the National Emergency proclaimed by the President on 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 at the time 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 centum unless a lower rate is prescribed in the lease.

14. RENTALS. Unit Operator, from and after the effective date of this agreement, on behalf of the respective Working Interest Owners, shall pay all rentals of whatsoever kind thereafter accruing to the United States, the State of New Mexico and/or landowners on account of unitized land, and all such rentals paid by Unit Operator shall be charged to the accounts of the appropriate Working Interest Owners in conformity with their respective rental obligations; provided that nothing herein contained shall operate to relieve the lessees and/or Working Interest Owners, or any of them, of their obligation to pay rentals under the terms of their respective leases or other agreements, and all such sums so advanced by Unit Operator shall be repaid to Unit Operator as provided in the private agreement hereinabove referred to between Working Interest Owners. 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.

Owners and lessors of privately owned lands or of interests therein, including royalty interests, and including their heirs, executors, administrators, successors and assigns, by subscribing or consenting to this agreement, in person or by attorney-in-fact, do hereby severally agree that the respective leases covering their several lands or interests therein, may be and remain in force and effect for the respective primary terms therein stated, and so long thereafter as oil or gas may be pro-

duced therefrom in quantities sufficient to justify the cost of production; and also in the event that any of the land embraced in any such lease is during the primary term of such lease included within a participating area duly selected and approved under this unit plan of development, so that such owner becomes entitled to a share in the proceeds of production from the participating area, payable at the respective lease rates on the production allocated on an acreage basis to the portion of the lease within the participating area as herein provided, then each such lease is hereby extended, without further delay rental obligation, as to the land embraced therein which is so included in such participating area, for the full term of this unit agreement as herein stated.

The Secretary, Commissioner and, except as otherwise provided in the preceding paragraph of this section, 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 unitized lease shall be the date prescribed in such 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 the first day of the calendar month next following approval by the Secretary and the Commissioner, provided how-

ever that nothing herein shall be construed to waive or limit the right of the Commission to approve this agreement pursuant to applicable state law. Except as otherwise provided by the second paragraph of section 17 hereof, this agreement shall terminate on December 31, 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 unitized lands, in which case this agreement shall remain in effect as long as unitized substances can be produced from the unitized lands in paying quantities; or (3) it is reasonably determined at an earlier date that the unitized lands are incapable of production of unitized substances 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 seventy-five per cent (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 are 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. FAILURE OR DEFECT IN TITLE. This agreement shall not be affected by any failure or defect in the title of any Working Interest Owner or royalty owner to land or leases or operating agreements in the unit area, but if at any time title to any of said land, leases, or operating agreements shall be disputed or clouded by court action or otherwise so as to jeopardize the right

of Unit Operator to operate such lands in the manner and for the purposes herein set forth, the Unit Operator, during the period of such jeopardy, may impound the unitized substances produced therefrom, or the proceeds of the sale thereof except royalties due the United States or the State of New Mexico until the right to operate said lands shall be satisfactorily cleared. If a party hereto shall lose title, in whole or in part, to land or leases or operating agreements made subject to this agreement by such party, such party's participation hereunder as to the lands or leases or operating agreements as to which such title shall be lost, shall be cancelled to the extent of such failure of title, and on such cancellation such party shall refund and repay to Unit Operator all profits, monies, credits and the value of unitized substances received in kind under this agreement, and shall be entitled to a refund of any costs and expenses theretofore paid by such party by reason of the land, leases or operating agreements to which title has been lost. Unit Operator shall be under no obligation to defend title to lands or leases, operating agreements or other contracts covering lands subject to this agreement belonging to any party subscribing or consenting hereto, but may do so at its election.

26. NOTICES. All notices to all parties subscribing or consenting hereto herein provided for shall be deemed to have been given when deposited in the United States mail as registered mail, with postage thereon fully prepaid, addressed to such parties, and if their addresses are set forth under their respective signatures hereto, then at such addresses, or when filed as a telegram with the Western Union Telegraph Company or any successor in interest of said telegraph company, addressed as above provided, with all charges thereon fully prepaid. Any such party by notice in writing to Unit Operator shall be privileged to change its address.

27. HEIRS AND ASSIGNS. This agreement shall extend to and be binding upon the respective heirs, executors, administrators, successors and assigns of the parties hereto.

28. 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 hereto have caused this agreement to be executed and have set opposite their respective names the date of execution and a list of the lands made subject to this agreement.

DESCRIPTION OF LANDS

New Mexico Principal Meridian

T. 20 S., R. 26 E.,

Sec. 24, NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$,
W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ NE $\frac{1}{4}$,
Sec. 25, E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$,
W $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$,
Sec. 26, W $\frac{1}{2}$ SW $\frac{1}{4}$,
Sec. 27, E $\frac{1}{2}$ SE $\frac{1}{4}$,
Sec. 35, W $\frac{1}{2}$ W $\frac{1}{2}$,
Sec. 36, S $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$,
NW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$,
SE $\frac{1}{4}$ SE $\frac{1}{4}$.

) RICHFIELD OIL CORPORATION

) By _____
Vice President

) By _____
Secretary

) UNIT OPERATOR and

) WORKING INTEREST OWNER

) Address: 555 South Flower Street,
Los Angeles 13, California.

) Executed this _____ day of
_____, 1945.

T. 20 S., R. 27 E.,

Sec. 16, S $\frac{1}{2}$ N $\frac{1}{2}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$,
Sec. 19, Lot 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$,
N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$,
Sec. 21, W $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$,
SW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$,
Sec. 28, all,

Sec. 30, Lots 1, 2, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$,
 Sec. 32, S $\frac{1}{2}$ S $\frac{1}{2}$ as to that por-
 tion lying Northerly
 of Pecos River,
 Sec. 33, N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$,
 S $\frac{1}{2}$ SE $\frac{1}{4}$.

) Witnesses to signature of
) RICHFIELD OIL CORPORATION

) Witness: _____

T. 21 S., R. 25 E.,

Sec. 1, Lots 1, 2, 3, 4, 8 as
 to that portion lying
 Northerly of Pecos
 River

T. 21 S., R. 26 E.,

Sec. 5, Those portions of Lots
 6, 7, 11, E $\frac{1}{2}$ 12 lying
 Northerly of Pecos River)
 Sec. 6, Those portions of Lots
 5, 12, 13, 14 lying
 Northerly of Pecos River)

DESCRIPTION OF LANDS

New Mexico Principal Meridian

T. 20 S., R. 26 E.,

Sec. 12, S $\frac{1}{2}$,
 Sec. 13, W $\frac{1}{2}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$,
 N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$,
 Sec. 14, E $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$,
 Sec. 23, all,
 Sec. 24, NE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$,
 Sec. 25, W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$,
 N $\frac{1}{2}$ SE $\frac{1}{4}$,
 Sec. 26, N $\frac{1}{2}$, SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$,
 Sec. 27, SE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$,

OTHER WORKING INTEREST OWNERS

 Neil H. Wills

 Mary E. Wills

Sec. 34, all,
Sec. 35, $E\frac{1}{2}W\frac{1}{2}$, $E\frac{1}{2}$,
Sec. 36, $NE\frac{1}{4}SW\frac{1}{4}$, $S\frac{1}{2}SW\frac{1}{4}$, $NE\frac{1}{4}SE\frac{1}{4}$)

Address: P. O. Box 529,
Carlsbad, New Mexico.

Executed this _____ day of
_____, 1945.

T. 20 S., R. 27 E.,

Witnesses:

Sec. 16, $N\frac{1}{2}NW\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, $SW\frac{1}{4}SW\frac{1}{4}$,
 $E\frac{1}{2}SE\frac{1}{4}$,
Sec. 17, $E\frac{1}{2}$,
Sec. 19, Lot 3, $E\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}NE\frac{1}{4}$,
 $S\frac{1}{2}SE\frac{1}{4}$,
Sec. 20, $W\frac{1}{2}$, $SE\frac{1}{4}NE\frac{1}{4}$, $NE\frac{1}{4}SE\frac{1}{4}$,
Sec. 21, $E\frac{1}{2}NW\frac{1}{4}$, $W\frac{1}{2}NE\frac{1}{4}$, $NE\frac{1}{4}NE\frac{1}{4}$,
 $NW\frac{1}{4}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$,
Sec. 29, $NW\frac{1}{4}$, $NW\frac{1}{4}NE\frac{1}{4}$, $SE\frac{1}{4}NE\frac{1}{4}$,
 $NW\frac{1}{4}SW\frac{1}{4}$, $S\frac{1}{2}SW\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$,
Sec. 30, Lot 3, $E\frac{1}{2}SW\frac{1}{4}$, $E\frac{1}{2}$,
Sec. 31, all,
Sec. 32, $N\frac{1}{2}$, $N\frac{1}{2}S\frac{1}{2}$,
Sec. 33, $SW\frac{1}{4}SW\frac{1}{4}$.

T. 21 S., R. 25 E.,

Sec. 1, Lots 5, 6, 7, 9, 10, 11,
12, 13, 14, 15, 16, $S\frac{1}{2}$,
Sec. 2, all,
Sec. 3, Lots 1, 8, 9, 16, $E\frac{1}{2}SE\frac{1}{4}$,
Sec. 11, all,
Sec. 12, all.

T. 21 S., R. 26 E.,

Sec. 4, Lots 11, 12, 13, 14, $SW\frac{1}{4}$,
Sec. 5, Lots 9, 10, 13, 14, 15,
16, $S\frac{1}{2}$,
Sec. 6, Lots 1, 2, 3, 4, 6, 7,
15, 17, 18, $E\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}$,
Sec. 7, Lots 1, 2, $E\frac{1}{2}NW\frac{1}{4}$, $NE\frac{1}{4}$,
Sec. 8, $N\frac{1}{2}$, $SE\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$)

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

On this _____ day of _____, 1945, before me personally appeared FRANK A. MORGAN, to me personally known, who being by me duly sworn did say that he is the Vice President of RICHFIELD OIL CORPORATION and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said FRANK A. MORGAN acknowledged said instrument to be the free act of said corporation.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires _____

STATE OF NEW MEXICO)
) SS
COUNTY OF _____)

On this _____ day of _____, 1945, before me personally appeared NEIL H. WILLS and MARY E. WILLS, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires _____

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: _____, 1945.

Address: _____

Witness: _____

STATE OF _____)
COUNTY OF _____) SS

On this ____ day of _____, 1945, before me personally appeared _____
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires:

EXHIBIT B

SCHEDULE SHOWING THE NATURE AND EXTENT
OF OWNERSHIP OF OIL AND GAS RIGHTS IN
ALL LAND IN THE UNIT AREA TO WHICH THE
FOREGOING UNIT AGREEMENT WILL BECOME
APPLICABLE BY SIGNATURE THERETO, OR TO
A COUNTERPART THEREOF, BY THE OWNERS
OF SUCH RIGHTS.

FEDERAL LANDS (Public Domain)

1. Portion of U. S. Oil and Gas Lease, Serial Number Las Cruces 060692:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 28, all,
Sec. 33, all, except $SW\frac{1}{4}$ $SW\frac{1}{4}$,

containing 1240 acres, more or less.

Owner: United States of America

Lessee: Lawrence O. Bryan,
P. O. Box 1053
Artesia, New Mexico.

Subject to an option for an operating agreement to Richfield Oil Corporation with a 1% overriding royalty.

2. U. S. Oil and Gas Lease, Serial Number Las Cruces 060788:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 5, 6, 7,

T. 20 S., R. 26 E., N. M. P. M.,

Sec. 13, $SW\frac{1}{4}$, $SW\frac{1}{4}$ $NE\frac{1}{4}$, $N\frac{1}{2}$ $SE\frac{1}{4}$ $NE\frac{1}{4}$, $S\frac{1}{2}$ $NW\frac{1}{4}$,
Sec. 14, $SE\frac{1}{4}$,
Sec. 23, all,
Sec. 26, $E\frac{1}{2}$, $E\frac{1}{2}$ $W\frac{1}{2}$, $W\frac{1}{2}$ $NW\frac{1}{4}$,
Sec. 34, $SE\frac{1}{4}$, $E\frac{1}{2}$ $NE\frac{1}{4}$, $SW\frac{1}{4}$ $NE\frac{1}{4}$,
Sec. 35, $E\frac{1}{2}$, $E\frac{1}{2}$ $W\frac{1}{2}$,

containing 2540 acres, more or less.

Owner: United States of America

Lessee: Mary E. Wills,
Box 529,
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

3. U. S. Oil and Gas Lease, Serial Number Las Cruces 060784:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, $S\frac{1}{2}$,
Sec. 2, all,
Sec. 11, all,
Sec. 12, all,

containing 2512 acres, more or less.

Owner: United States of America

Lessee: George D. Riggs,
Box 30,
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

4. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 061118:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 12, $S\frac{1}{2}$,
Sec. 13, $N\frac{1}{2}$ $N\frac{1}{2}$,
Sec. 14, $E\frac{1}{2}$ $NE\frac{1}{4}$,
Sec. 27, $SW\frac{1}{4}$ $SE\frac{1}{4}$, $SE\frac{1}{4}$ $SW\frac{1}{4}$,
Sec. 34, $W\frac{1}{2}$, $NW\frac{1}{4}$ $NE\frac{1}{4}$,

T. 21 S., R. 25 E.,

Sec. 3, Lots 1, 8, 9, 16, $E\frac{1}{2}$ $SE\frac{1}{4}$,

containing 1228.47 acres, more or less.

Owner: United States of America

Applicant: Henry D. Galvin,
Box 381,
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

5. Application for U. S. Oil and Gas Lease, Serial Number
Las Cruces 060783:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 17, E $\frac{1}{2}$,
Sec. 20, W $\frac{1}{2}$,
Sec. 29, NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$,
Sec. 31, Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ NE $\frac{1}{4}$,
Sec. 32, W $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$,

containing 1760.16 acres, more or less.

Owner: United States of America

Applicant: Edith Riggs,
Box 30,
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H.
Wills with a 1% overriding royalty.

6. Application for U. S. Oil and Gas Lease, Serial Number
Las Cruces 060789:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 9, 10, 11, 12, 13, 14, 15, 16,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, S $\frac{1}{2}$,
Sec. 6, Lots 15, 17, 18, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$,
Sec. 7, Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$,
Sec. 8, except SW $\frac{1}{4}$ SW $\frac{1}{4}$,

containing 1918.72 acres, more or less.

Owner: United States of America

Applicant: Neil H. Wills,
Box 529,
Carlsbad, New Mexico.

7. Application for U. S. Oil and Gas Lease, Serial Number
Las Cruces 063599:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$,
Sec. 21, E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 6, Lots 1, 2, 3, 4, 6, 7,

containing 472.49 acres, more or less.

Owner: United States of America

Applicant: Annie Lee Morris,
1001 N. Halagueno Street,
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

8. Application for U. S. Oil and Gas Lease, Serial Number Las Cruces 061125:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 4, Lots 12, 13, $W\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$,
Sec. 5, Lots 9, 15, 16,

containing 320 acres, more or less.

Owner: United States of America

Applicant: Annie Lee Morris,
1001 N. Halagueno Street,
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

9. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 063832 (Within Carlsbad Bird Reservation):

T, 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 31, $E\frac{1}{2}SE\frac{1}{4}$,
Sec. 32, $NE\frac{1}{4}$, $N\frac{1}{2}S\frac{1}{2}$, $SE\frac{1}{4}NW\frac{1}{4}$,
Sec. 33, $SW\frac{1}{4}SW\frac{1}{4}$,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 6, Lot 16,

containing 520 acres, more or less.

Owner: United States of America

Applicant: Edith Riggs,
Box 30,
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

10. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 063831 (Within Carlsbad Bird Reservation):

T. 21 S., R. 26 E., N. M. P. M., New Mexico:

Sec. 4, Lots 11, 14, NE $\frac{1}{4}$ SW $\frac{1}{4}$,
Sec. 5, Lots 8, 13, 14,

containing 240 acres, more or less.

Owner: United States of America

Applicant: N. H. Wills,
Box 529,
Carlsbad, New Mexico.

11. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 054557, a portion of which is within the Carlsbad Bird Reservation:

T. 21 S., R. 26 E., N. M. P. M., New Mexico:

Sec. 4, Lots 3, 4, 5, 6,
Sec. 5, Lots 1, 8,
Sec. 6, Lots 9, 10, 11,

containing 325.95 acres, more or less.

Owner: United States of America

Applicant: S. P. Yates,
Artesia, New Mexico.

12. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 054519, a portion of which is within the Carlsbad Bird Reservation:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 5, Lots 2, 3, 4, 5,
Sec. 6, Lot 8,

containing 165.05 acres, more or less.

Owner: United States of America

Applicant: Imogene C. Brooks
Box 624,
Santa Fe, New Mexico.

NEW MEXICO STATE LAND

1. New Mexico State Oil and Gas Lease B-6948:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, $W\frac{1}{2}$ $E\frac{1}{2}$,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 16, $SW\frac{1}{4}$ $SE\frac{1}{4}$, $S\frac{1}{2}$ $N\frac{1}{2}$,

Sec. 19, $N\frac{1}{2}$ $SE\frac{1}{4}$, $NE\frac{1}{4}$ $SW\frac{1}{4}$,

containing 480 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation
mesne 555 South Flower Street
assignments) Los Angeles 13, California.

2. New Mexico State Oil and Gas Lease B-7459:

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation
mesne 555 South Flower Street
assignment) Los Angeles 13, California
as to $NW\frac{1}{4}$ $NE\frac{1}{4}$ Sec. 16, T. 20 S.,
R. 27 E., N. M. P. M., New Mexico,
containing 40 acres, more or less.

Lessee: Malinda A. Hansen
536 - 23rd Street,
Rock Island, Illinois
as to $NW\frac{1}{4}$ $NE\frac{1}{4}$ and Lots 1 & 2, Sec.
19, T. 20 S., R. 27 E., N. M. P. M.,
New Mexico, containing 119.65 acres,
more or less.

Lessee: G. A. Kohler
as to $SE\frac{1}{4}$ $SE\frac{1}{4}$ Sec. 25, T. 20 S.,
R. 26 E., N. M. P. M., New Mexico,
containing 40 acres, more or less.

3. New Mexico State Oil and Gas Lease B-11596:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, $E\frac{1}{2}$ $NE\frac{1}{4}$, $NW\frac{1}{4}$ $NW\frac{1}{4}$, $S\frac{1}{2}$ $NW\frac{1}{4}$, $NW\frac{1}{4}$ $SW\frac{1}{4}$,

Sec. 25, $SW\frac{1}{4}$ $SE\frac{1}{4}$,

Sec. 36, $NW\frac{1}{4}$ $NE\frac{1}{4}$, $S\frac{1}{2}$ $NE\frac{1}{4}$, $NE\frac{1}{4}$ $NW\frac{1}{4}$, $SW\frac{1}{4}$ $NW\frac{1}{4}$,
 $NW\frac{1}{4}$ $SW\frac{1}{4}$, $W\frac{1}{2}$ $SE\frac{1}{4}$,

containing 600 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation
mesne 555 South Flower Street
assignment) Los Angeles 13, California.

4. New Mexico State Oil and Gas Lease B-11597:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 16, NW $\frac{1}{4}$ SE $\frac{1}{4}$,
Sec. 19, Lot 4, SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$,
Sec. 21, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$,
SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$,
Sec. 30, Lots 1, 2, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$,

containing 520.56 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation
assignment) 555 South Flower Street
Los Angeles 13, California.

5. New Mexico State Oil and Gas Lease E-46:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$,

containing 120 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation
assignment) 555 South Flower Street
Los Angeles 13, California.

6. Portion of New Mexico State Oil and Gas Lease B-7170:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, SE $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$,

containing 80 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation
mesne 555 South Flower Street
assignment) Los Angeles 13, California.

7. New Mexico State Oil and Gas Lease B-8121:

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation
mesne 555 South Flower Street
assignment) Los Angeles 13, California
as to $W\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, $W\frac{1}{2}$ SW $\frac{1}{4}$,
Sec. 25, T. 20 S., R. 26 E.,
N. M. P. M., New Mexico, contain-
ing 240 acres, more or less.

Lessee: L. Heinen,
Box 269,
Albia, Iowa
as to NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 19, T. 20 S.,
R. 27 E., N. M. P. M., New Mexico,
containing 40 acres, more or less.

Lessee: H. J. Waldschmidt
Metamora, Illinois
as to NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 36, T. 20 S.,
R. 26 E., N. M. P. M., New Mexico,
containing 40 acres, more or less.

8. Portion of New Mexico State Oil and Gas Lease E-263:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,
Sec. 25, NE $\frac{1}{4}$ NE $\frac{1}{4}$,
containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation,
assignment) 555 South Flower Street,
Los Angeles 13, California.

9. Portion of New Mexico State Oil and Gas Lease B-7690:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,
Sec. 21, NW $\frac{1}{4}$ NW $\frac{1}{4}$,
containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation,
mesne 555 South Flower Street,
assignment) Los Angeles 13, California.

10. New Mexico State Oil and Gas Lease B-10092:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, NE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$,

Sec. 25, W $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 16, N $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$,

Sec. 19, Lot 3, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$,

Sec. 21, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$,

containing 1,000.02 acres, more or less.

Owner: State of New Mexico

Lessee: Neil H. Wills,
Box 529,
Carlsbad, New Mexico.

11. Portion of New Mexico State Oil and Gas Lease B-10093:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$,

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 30, E $\frac{1}{2}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, Lot 3,

containing 600.13 acres, more or less.

Owner: State of New Mexico

Lessee: Neil H. Wills,
Box 529,
Carlsbad, New Mexico

12. New Mexico State Oil and Gas Lease B-8154:

Owner: State of New Mexico

Lessee: (by
assignment) Bert E. Hardy and
Alberta Hardy,
joint tenants
as to SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 16, T. 20 S.,
R. 27 E., N. M. P. M., New Mexico,
containing 40 acres, more or less.

Lessee: Anna Schultz,
9916 San Antonio Ave.,
South Gate, California
as to NE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 21, T. 20 S.,
R. 27 E., N. M. P. M., New Mexico,
containing 40 acres, more or less.

13. New Mexico State Oil and Gas Lease B-7138:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 21, SE $\frac{1}{4}$ SW $\frac{1}{4}$,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Rose F. Brekke,
Eugene C. Watson
810 South Maple Street
Aledo, Illinois.

14. New Mexico State Oil and Gas Lease B-7975:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 30, NE $\frac{1}{4}$ NW $\frac{1}{4}$,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Bertha Nelson
274 North Raymond Avenue,
Pasadena, California.

15. New Mexico State Oil and Gas Lease B-6869:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, NE $\frac{1}{4}$ SW $\frac{1}{4}$,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: The Superior Oil Company,
601 West 5th Street,
Los Angeles 13, California,

16. New Mexico State Oil and Gas Lease B-8492:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, Lot 4,

containing 39.38 acres, more or less.

Owner: State of New Mexico

Lessee: The Superior Oil Company
601 West 5th Street,
Los Angeles 13, California.

17. New Mexico State Oil and Gas Lease B-9377:
T. 21 S., R. 26 E., N. M. P. M., New Mexico,
Sec. 7, NW $\frac{1}{4}$ SE $\frac{1}{4}$,
containing 40 acres, more or less,
Owner: State of New Mexico
Lessee: O. C. Olsen
18. New Mexico State Oil and Gas Lease B-9933:
T. 21 S., R. 26 E., N. M. P. M., New Mexico,
Sec. 7, SE $\frac{1}{4}$ SW $\frac{1}{4}$,
containing 40 acres, more or less.
Owner: State of New Mexico
Lessee: Charles R. Fife
19. New Mexico State Oil and Gas Lease B-11046:
T. 21 S., R. 26 E., N. M. P. M., New Mexico,
Sec. 7, SW $\frac{1}{4}$ SE $\frac{1}{4}$,
containing 40 acres, more or less.
Owner: State of New Mexico
Lessee: L. H. Wentz
20. New Mexico State Oil and Gas Lease B-9146:
T. 21 S., R. 26 E., N. M. P. M., New Mexico,
Sec. 7, NE $\frac{1}{4}$ SE $\frac{1}{4}$,
containing 40 acres, more or less.
Owner: State of New Mexico
Lessee: Fred H. Gaston

21. New Mexico State Oil and Gas Lease B-9361:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, SE $\frac{1}{4}$ SE $\frac{1}{4}$,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Sun Oil Company
1608 Walnut Street,
Philadelphia, Pennsylvania.

22. New Mexico State Oil and Gas Lease B-9965:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 16, NE $\frac{1}{4}$ NE $\frac{1}{4}$,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Roy G. Barton,
Hobbs, New Mexico.

23. New Mexico State Oil and Gas Lease B-11543:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, NE $\frac{1}{4}$ NE $\frac{1}{4}$,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Alma Neely,
215 Bay Street,
Santa Monica, California.

24. Land owned by the State of New Mexico, unleased:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, Lot 3,

Sec. 8, SW $\frac{1}{4}$ SW $\frac{1}{4}$,

containing 79.50 acres, more or less.

FEE LANDS

1. T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 13, $S\frac{1}{2}$ $SE\frac{1}{4}$ $NE\frac{1}{4}$,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 7, Lots 3 & 4, $E\frac{1}{2}$ $SW\frac{1}{4}$, $SE\frac{1}{4}$,

Sec. 8, $SW\frac{1}{4}$,

Sec. 17, $W\frac{1}{2}$,

Sec. 18, all,

containing 1457.34 acres, more or less.

Owner: Commerce Trust Company,
Kansas City, Missouri.

Owner of Lessee's interest by assignment of oil and gas
lease dated July 15th, 1944:

Richfield Oil Corporation
555 South Flower Street,
Los Angeles 13, California.

2. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, $NW\frac{1}{4}$ $NE\frac{1}{4}$,

containing 40 acres, more or less.

Owner: Elvy Barker and
Beuna Barker,
335 W. Hardy,
Inglewood, California.

Owner of Lessee's interest by assignment of oil and gas
lease dated September 29th, 1944:

Richfield Oil Corporation
555 South Flower Street,
Los Angeles 13, California.

3. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, $S\frac{1}{2}$ $SE\frac{1}{4}$,

Sec. 21, $SW\frac{1}{4}$ $SW\frac{1}{4}$,

Sec. 29, $NE\frac{1}{4}$ $NE\frac{1}{4}$,

containing 160 acres, more or less.

Owners: Donald Fanning and
Kathryn Fanning
Artesia, New Mexico
as to an undivided one-half interest;

M. B. Culpepper and
Frances Culpepper
Carlsbad, New Mexico
as to an undivided one-half interest.

Owner of Lessee's interest by assignment of oil and gas
lease dated August 11th, 1944:

Richfield Oil Corporation
555 South Flower Street
Los Angeles 13, California.

4. All those portions of the following described lands lying
South of the Pecos River:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 1, 2, 3, 4, 8,

containing 137.79 acres, more or less.

Owner: John R. Joyce II, and
Elizabeth P. Joyce,
c/o James Stagner,
Carlsbad, New Mexico.

Owner of Lessee's interest by assignment of oil and gas
lease dated March 29th, 1943:

Richfield Oil Corporation,
555 South Flower Street,
Los Angeles 13, California.

Holder of 1% overriding royalty reserved in said assignment

Ralph A. Shugart et ux
Artesia, New Mexico.

5. All those portions of the following described lands lying
South of the Pecos River:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 5, W $\frac{1}{2}$ Lot 12,
Sec. 6, Lots 13, 14,

containing approximately 66.54 acres, more or less.

Owner: J. F. Joyce, Trustee,
c/o James Stagner,
Carlsbad, New Mexico.

Owner of Lessee's interest by assignment of oil and gas
lease dated March 29th, 1943:

Richfield Oil Corporation
555 South Flower Street,
Los Angeles 13, California.

Holder of 1% overriding royalty reserved in said assignment

Ralph A. Shugart et ux
Artesia, New Mexico.

6. All those portions of the following described land lying South of the Pecos River:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 32, S $\frac{1}{2}$ S $\frac{1}{2}$,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, Lots 6, 7, 11, E $\frac{1}{2}$ Lot 12,

containing 210 acres, more or less.

Owner: Heirs of M. Iribarne, deceased,
c/o Julia Iribarne Stewart,
1555 Oak Grove Avenue,
Los Angeles, California.

7. All those portions of the following described land lying Northerly of the Pecos River:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 26, W $\frac{1}{2}$ SW $\frac{1}{4}$,

Sec. 27, E $\frac{1}{2}$ SE $\frac{1}{4}$,

Sec. 35, W $\frac{1}{2}$ W $\frac{1}{2}$,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 32, S $\frac{1}{2}$ S $\frac{1}{2}$,

T. 21 S., R. 25 E., N. M. P. M.,

Sec. 1, Lots 1, 2, 3, 4 & 8,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, Lots 6, 7, 11 & E $\frac{1}{2}$ Lot 12,

Sec. 6, Lots 5, 12, 13 & 14,

containing 535.81 acres, more or less.

Owner: United States Reclamation Service,
Washington, D. C.

Applicant for oil and gas lease:

Richfield Oil Corporation,
555 South Flower Street,
Los Angeles 13, California.

8. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, NE $\frac{1}{4}$ NE $\frac{1}{4}$,

containing 40 acres, more or less.

Owner: Anna Schilling
202 East Florence Ave.,
Los Angeles, California.

9. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$,

containing 80 acres, more or less.

Owner: C. Y. Rascoe,
2619 Santa Ana Avenue,
South Gate, California.

10. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 29, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$,

containing 160 acres, more or less.

Owners: R. McLane
as to an undivided one-half interest;

Estate of Frances M. Tracy
c/o Francis G. Tracy,
P. O. Box 712,
Carlsbad, New Mexico
as to an undivided one-half interest.

11. T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 13, SE $\frac{1}{4}$,

containing 160 acres, more or less.

Owner: Certain-teed Products Corporation
120 South LaSalle Street,
Chicago 3, Illinois.

Lessee under oil and gas lease dated March 19th, 1923:

Acme Development Company,
Suite 426 Frisco Building,
St. Louis, Missouri.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number _____, covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

and

WHEREAS, RICHFIELD OIL CORPORATION, a Delaware corporation, has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint any executive officer of RICHFIELD OIL CORPORATION irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this _____ day of _____, 1945.

STATE OF _____ }
COUNTY OF _____ } SS

On this _____ day of _____, 1945, before me personally appeared

to me known to be the person_ described in and who executed the foregoing instrument
and acknowledged that _____ executed the same as _____ free act and deed.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires:

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number _____, covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

and

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this _____ day of _____, 1945.

STATE OF _____)
COUNTY OF _____) SS

On this _____ day of _____, 1945, before me personally appeared

to me known to be the person_ described in and who executed the foregoing instrument
and acknowledged that _____ executed the same as _____ free act and deed.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires:

CERTIFICATE OF APPROVAL
OF THE STATE OF NEW MEXICO

The undersigned, having this day examined an agreement for the cooperative or unit operation and development of a prospective oil or gas field or area, which agreement is entitled "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico", entered into between RICHFIELD OIL CORPORATION, a Delaware corporation, as Unit Operator, and likewise subscribed by numerous Working Interest Owners and Royalty Owners, 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 interests of the State;

(d) that the agreement provides for the unit operation of the field, for the allocation of production and the sharing of profits from the lands within the unit area covered by said agreement and committed thereto on an acreage basis, as specified in said 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 Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, and subject to all the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

Executed this _____ day of _____, 1945.

Commissioner of Public Lands of the
State of New Mexico

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the statutory authority vested 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, _____, Secretary of the Interior, this _____ day of _____, 1945, hereby take the following action:

A. Approve the attached agreement for the development and operation of the Lake McMillan unit area, 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 and advisable in the public interest.

Secretary of the Interior

(c o p y)

Exhibit B

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

Richfield Oil Corporation
Richfield Building,
Los Angeles 13, California.

Gentlemen:

Attached is a copy of the text for a proposed agreement embodying a unit plan of development for the Lake McMillan Area, Eddy County, New Mexico, which was submitted for consideration through the office of the United States Geological Survey at Roswell, New Mexico.

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

Very truly yours,

(signed) OSCAR L. CHAPMAN

Assistant Secretary

Enclosure 417

EXHIBIT B



