



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
WASHINGTON 25, D. C.

NOV 14 1960

Humble Oil and Refining Company  
Post Office Box 1287  
Roswell, New Mexico

Attention: Mr. R. M. Richardson

Gentlemen:

Your undated application accompanying your transmittal letter of September 18, filed with the Oil and Gas Supervisor, Roswell, New Mexico, requests the designation of 11,478.48 acres, more or less, San Juan County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to the unit plan regulations of December 22, 1950, (30 CFR 226.3), the land outlined on your plat marked "Exhibit A, North Kirtland unit area, San Juan County, New Mexico" is hereby designated as a logical unit area. Your unit agreement form incorrectly includes the E $\frac{1}{2}$  sec. 24, T. 30 N., R. 14 W., N.M.P.M., as a portion of the unit area.

Your proposed form of unit agreement, which substantially follows the standard unit agreement form (June 1957 reprint) with the addition of the language required by the State of New Mexico and the addition to Section 18(e) specifically conforming the unit agreement terms to the provisions of the Mineral Leasing Act Amendment approved September 2, 1960, covering the two-year extension of Federal leases by the commencement of drilling operations on any lease committed to the unit agreement, will be acceptable; provided the language added onto Section 18(e) is worded as follows:

"\* \* \* or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.",

and provided further that the following language is inserted after the word "later." in line 2 of section 11 page 14 (Participation After Discovery) of your proposed form:

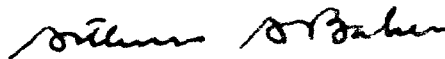
Exhibit A

"The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of the initial participating area."

One copy of the form so marked is returned, one is being sent to the Supervisor, and one is retained. The provision of your unit agreement form for the initial exploratory well to be drilled to a depth sufficient to test the Madison limestone of Mississippian age or to 12,500 feet also is acceptable.

In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed unit agreement conformed to the foregoing will be approved if submitted in approvable status within a reasonable period of time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have the full commitment of sufficient lands to assure effective control of unit operations. When the executed agreement is submitted to the Oil and Gas Supervisor for approval include the latest status of all acreage, showing the current record owner of all issued leases and the current status of all lease applications, if any.

Very truly yours,



Acting Director

Enclosure