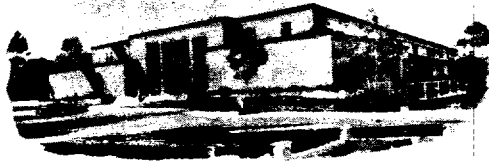


State of New Mexico

TELEPHONE
505-627-2748



Commissioner of Public Lands

February 3, 1975

PHIL R. LUCERO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Phillips Petroleum Company
311 Phillips Building
Odessa, Texas 79761

Re: Proposed Hayes Unit
Lee County, New Mexico

ATTENTION: Mr. E. M. Garence

Gentlemen:

The Commissioner of Public Lands has this date given final approval to the Hayes Unit, Lee County, New Mexico. The effective date to be as of the date of approval.

Please submit one copy of the Operating Agreement when you finish negotiating with Union Oil Company of California.

Enclosed are Five (5) Certificates of approval.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

PR/LRB/s
encls.
cc:

OCC-Santa Fe, New Mexico ✓

<p>U.S. 35</p> <p>Burns O.G. 14332</p> <p>Robert Ryan 22006</p> <p>Phillips 12-1-78</p> <p>Eliz Chanegetal 14450</p> <p>U.S. 36</p> <p>Eliz Chanegetal 14450</p> <p>U.S. 37</p> <p>U.S. 38</p> <p>U.S. 39</p> <p>U.S. 40</p> <p>U.S. 41</p> <p>U.S. 42</p> <p>U.S. 43</p> <p>U.S. 44</p> <p>U.S. 45</p> <p>U.S. 46</p> <p>U.S. 47</p> <p>U.S. 48</p> <p>U.S. 49</p> <p>U.S. 50</p> <p>U.S. 51</p> <p>U.S. 52</p> <p>U.S. 53</p> <p>U.S. 54</p> <p>U.S. 55</p> <p>U.S. 56</p> <p>U.S. 57</p> <p>U.S. 58</p> <p>U.S. 59</p> <p>U.S. 60</p> <p>U.S. 61</p> <p>U.S. 62</p> <p>U.S. 63</p> <p>U.S. 64</p> <p>U.S. 65</p> <p>U.S. 66</p> <p>U.S. 67</p> <p>U.S. 68</p> <p>U.S. 69</p> <p>U.S. 70</p> <p>U.S. 71</p> <p>U.S. 72</p> <p>U.S. 73</p> <p>U.S. 74</p> <p>U.S. 75</p> <p>U.S. 76</p> <p>U.S. 77</p> <p>U.S. 78</p> <p>U.S. 79</p> <p>U.S. 80</p> <p>U.S. 81</p> <p>U.S. 82</p> <p>U.S. 83</p> <p>U.S. 84</p> <p>U.S. 85</p> <p>U.S. 86</p> <p>U.S. 87</p> <p>U.S. 88</p> <p>U.S. 89</p> <p>U.S. 90</p> <p>U.S. 91</p> <p>U.S. 92</p> 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UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
EAVES UNIT AREA
LEA COUNTY, NEW MEXICO

No. _____

THIS AGREEMENT, entered into as of the 20th day of January, 1975, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto;"

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, (Chap. 7, Art. 11, Sec. 39, New Mexico statutes 1953 Annotated), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreement provides for the unit operation or development of part of or all of any oil or gas, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by Act of Legislature (Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, New Mexico Statutes, 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14, New Mexico Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Eaves Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

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

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

TOWNSHIP 21 South, RANGE 33 East, N.M.P.M.

All of Sections 8 and 17, S/2 Section 18, all of Section 19, 20 and 29, containing 3,496.11 acres, more or less, Lea County, New Mexico.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit B attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such

interest or interests as are shown on said map or schedule as owned by such party.

Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner."

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances."

3. UNIT OPERATOR. PHILLIPS PETROLEUM COMPANY, whose address is Phillips Building, 4th and Washington Streets, Odessa, Texas 79761, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, if any, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been elected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or default by it hereunder occurring prior to the effective date of its resignation.

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

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interests as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five per cent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five per cent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement." No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

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

8. DRILLING TO DISCOVERY. The unit operator shall, on or before February 16, 1975, commence operations upon an adequate test well for oil and gas upon some part of the

lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Morrow formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 14,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter

file a report with the Commissioner for his approval and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of a deposit of unitized substances capable of being produced in paying quantities as herein provided, unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the final completion of one well and the beginning of the next well, until the unit area has been fully developed to a density of one well on each proration unit as prescribed by order of the Oil Conservation Commission of New Mexico for the formation in which unitized substances are discovered.

If the unit operator should fail to comply with the above covenant for reasonable development without prior consent or approval of the Commissioner of Public Lands, this agreement shall terminate as to all lands of the State of New Mexico embracing regular well spacing or proration units upon which no well has been drilled or commenced but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands.

10. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective

leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, and of overriding royalties, production payments and other charges in addition to royalty, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All unitized substance produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed

to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice: and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment cut of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development

or operation for oil or gas on the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interest as to lands within the unitized area committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest as to lands within the unitized area committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to two separate leases as to such segregated portions, commencing as of the effective date hereof. Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the secondary term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas or either of them has been discovered or is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the primary term of such lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

14. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE. In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

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

17. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five per cent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as

provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission: provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters

beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense

incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retro-active adjustment of revenue.

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

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR

PHILLIPS PETROLEUM COMPANY

By: _____
Attorney-In-Fact

Address: Phillips Building
4th and Washington Streets
Odessa, Texas 79761

WORKING INTEREST OWNERS

MESA PETROLEUM COMPANY

By: _____

Address: 904 GIHLS Tower West
Midland, Texas 79701

GULF OIL CORPORATION

By: _____

Address: P. O. Box 1150
Midland, Texas 79701

UNION OIL COMPANY OF CALIFORNIA

By: _____

Address: 300 Security National Bank Bldg.
Roswell, New Mexico 88201

AMOCO PRODUCTION COMPANY

By: _____

Address: P. O. Box 3092
Houston, Texas 77001

(Date)

(Date)

STATE OF TEXAS §

COUNTY OF ECTOR §

On this _____ day of _____, 1975, before me personally appeared _____, to me known to be the person who executed the foregoing instrument as Attorney-In-Fact of PHILLIPS PETROLEUM COMPANY, a Delaware Corporation, and acknowledged that he executed the same as the free act and deed of said Phillips Petroleum Company.

My Commission Expires:

June 1, 1975

Notary Public in and for
Ector County, Texas

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____, _____ of MESA PETROLEUM COMPANY, a _____ Corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1975

Notary Public in and for
Midland County, Texas

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____, _____ of GULF OIL CORPORATION, a _____ Corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for
_____ County, _____

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____, _____ of UNION OIL COMPANY OF CALIFORNIA, a _____ Corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for
_____ County, _____

STATE OF _____ §

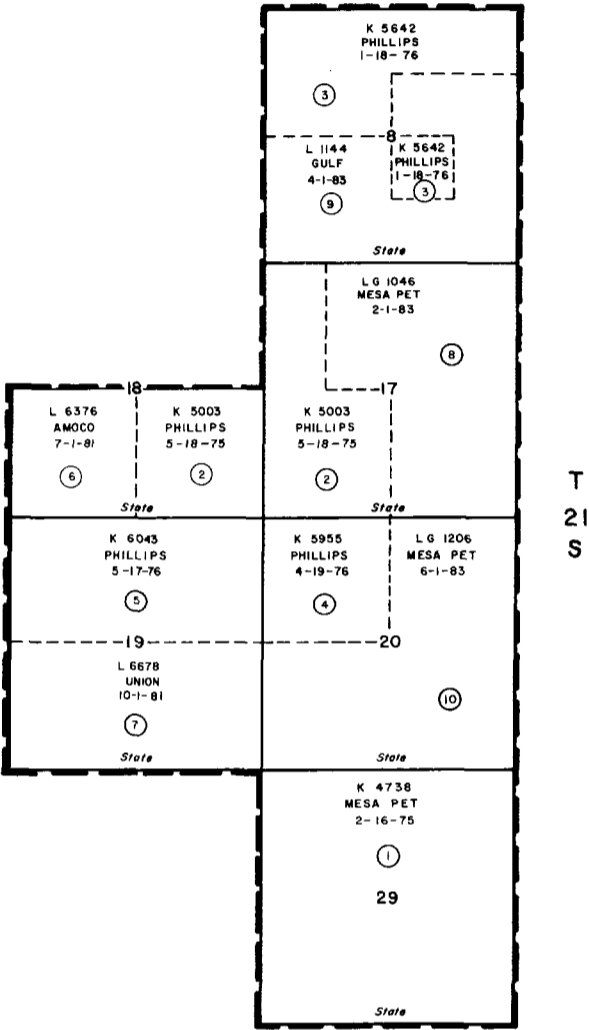
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____, _____ of AMOCO PRODUCTION COMPANY, a _____ Corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for
_____ County, _____

R 33 E



LEGEND

Exhibit "A"

Unit Outline - 3,496.11 acres
(100% State Lands)

EAVES UNIT

Tract Number

Lea County,

Scale - 1" = 4000'

New Mexico

EXHIBIT "B"

EAVES UNIT

LEA COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. and Expiration Date of Leases	Basic Royalty (All 12-1/2%)	Lessee of Record	ORR or Production Payment Percentage	Working Interest and Percentage
<u>All in T21S-R33E</u>							
1.	Sec. 29: ALL	640.00	K-4738-5 2-16-75	State of N.M.	Mesa Petroleum Co.	320 Minerals Ltd. - 6.25%	Mesa Petro. Co. 100%
2.	Sec. 17: SW/4 & W/2 NW/4 Sec. 18: SE/4	400.00	K-5003-2 5-18-75	State of N.M.	Phillips Petroleum Co.	320 Minerals Ltd. - 5%	Phillips Petro. Co. 100%
3.	Sec. 8: N/2 NE/4, NW/4 & NW/4 SE/4	280.00	K-5642 1-18-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co. 100%
4.	Sec. 20: NW/4	160.00	K-5955 4-19-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co. 100%
5.	Sec. 19: Lots 1 & 2, E/2 NW/4 & NE/4	312.04	K-6043 5-17-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co. 100%
6.	Sec. 18: Lots 3 & 4, E/2 SW/4	151.87	L-6376-1 7-1-81	State of N.M.	Amoco Production Co.	None	Amoco Production Co. 100%
7.	Sec. 19: Lots 3 & 4, E/2 SW/4 & SE/4	312.20	L-6678 10-1-81	State of N.M.	Union Oil Co. of Calif.	None	Union Oil Co. of Calif. 100%
8.	Sec. 17: E/2 & E/2 NW/4	400.00	IG-1046 2-1-83	State of N.M.	Mesa Petroleum Co.	None	Mesa Petroleum Co. 100%
9.	Sec. 8: S/2 NE/4, SW/4, NE/4 SE/4 & S/2 SE/4	360.00	IG-1144 4-1-83	State of N.M.	Gulf Oil Corporation	None	Gulf Oil Corporation 100%
10.	Sec. 20: E/2 & SW/4	480.00	IG-1206 6-1-83	State of N.M.	Mesa Petroleum Co.	None	Mesa Petroleum Co. 100%
TOTAL: 10 Tracts (all State Lands)		3,496.11	acres in entire Unit Area				



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79761
PHILLIPS BUILDING

NATURAL RESOURCES GROUP
Exploration and Production

February 10, 1975

Oil Conservation Commission of New Mexico
P. O. Box 2008
Santa Fe, New Mexico 87501

Re: G.F. 19327 - Eaves Unit -
Lea County, New Mexico

Gentlemen:

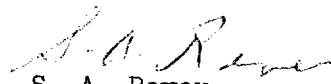
We forward herewith copy of Unit Agreement for the Development and Operation of the Eaves Unit Area, Lea County, New Mexico, with execution, acknowledgment and ratification pages evidencing execution by all owners of interests under the Unit Agreement.

Hearing was held on the Phillips Petroleum Company's application for approval of the Unit under Case No. 5412 on February 5, 1975.

If anything further is needed in connection with this Unit Agreement, please advise.

Very truly yours,

PHILLIPS PETROLEUM COMPANY


S. A. Rever
Contractman

SAR:jhd
Enclosure

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
EAVES UNIT AREA
LEA COUNTY, NEW MEXICO

No. _____

RECEIVED
OIL COUNTY
SEPT 10 1975

THIS AGREEMENT, entered into as of the 20th day of January, 1975, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto;"

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, (Chap. 7, Art. 11, Sec. 39, New Mexico statutes 1953 Annotated), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreement provides for the unit operation or development of part of or all of any oil or gas, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by Act of Legislature (Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, New Mexico Statutes, 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14, New Mexico Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Eaves Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

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

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

TOWNSHIP 21 South, RANGE 33 East, N.M.P.M.

All of Sections 8 and 17, S/2 Section 18, all of Section 19, 20 and 29, containing 3,496.11 acres, more or less, Lea County, New Mexico.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit B attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such

interest or interests as are shown on said map or schedule as owned by such party.

Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner."

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances."

3. UNIT OPERATOR. PHILLIPS PETROLEUM COMPANY, whose address is Phillips Building, 4th and Washington Streets, Odessa, Texas 79761, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, if any, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been elected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or default by it hereunder occurring prior to the effective date of its resignation.

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

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interests as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five per cent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five per cent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement." No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

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

8. DRILLING TO DISCOVERY. The unit operator shall, on or before February 16, 1975, commence operations upon an adequate test well for oil and gas upon some part of the

lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Morrow formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 14,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter

file a report with the Commissioner for his approval and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of a deposit of unitized substances capable of being produced in paying quantities as herein provided, unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the final completion of one well and the beginning of the next well, until the unit area has been fully developed to a density of one well on each proration unit as prescribed by order of the Oil Conservation Commission of New Mexico for the formation in which unitized substances are discovered.

If the unit operator should fail to comply with the above covenant for reasonable development without prior consent or approval of the Commissioner of Public Lands, this agreement shall terminate as to all lands of the State of New Mexico embracing regular well spacing or proration units upon which no well has been drilled or commenced but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands.

10. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective

leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, and of overriding royalties, production payments and other charges in addition to royalty, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All unitized substance produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed

to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment cut of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development

or operation for oil or gas on the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interest as to lands within the unitized area committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest as to lands within the unitized area committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to two separate leases as to such segregated portions, commencing as of the effective date hereof. Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the secondary term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas or either of them has been discovered or is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the primary term of such lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

14. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE. In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

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

17. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five per cent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as

provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission: provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters

beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense

incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retro-active adjustment of revenue.

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

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR

PHILLIPS PETROLEUM COMPANY

By: [Signature]
Attorney-In-Fact

Address: Phillips Building
4th and Washington Streets
Odessa, Texas 79761

[Signature]
[Signature]

January 31, 1975
(Date)

WORKING INTEREST OWNERS

MESA PETROLEUM CO.

By: [Signature]
Vice President RNM

Address: P.O. Box 2009
Amarillo, Texas 79105

GULF OIL CORPORATION

By: _____

Address: P. O. Box 1150
Midland, Texas 79701

ATTEST:

[Signature]
Ass't. Secretary
January 28, 1975
(Date)

(Date)

UNION OIL COMPANY OF CALIFORNIA

By: _____

Address: 300 Security National Bank Bldg.
Roswell, New Mexico 88201

AMOCO PRODUCTION COMPANY

By: _____

Address: P. O. Box 3092
Houston, Texas 77001

(Date)

(Date)

STATE OF TEXAS *I*

COUNTY OF ECTOR *I*

On this 31st day of January, 1975, before me personally appeared
Ired Sanford, to me known to be the person who executed the
foregoing instrument as Attorney-In-Fact of PHILLIPS PETROLEUM COMPANY, a Delaware
Corporation, and acknowledged that he executed the same as the free act and deed of said
Phillips Petroleum Company.

My Commission Expires:

June 1, 1975

June H. Dolman
Notary Public in and for
Ector County, Texas

STATE OF TEXAS *I*

COUNTY OF POTTER *I*

The foregoing instrument was acknowledged before me this 28th day of January,
1975, by J. O. Upchurch, Vice President of MESA PETROLEUM
CO., a Delaware Corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1975

Virginia L. Bernier
Notary Public in and for
Potter County, Texas

STATE OF _____ *I*

COUNTY OF _____ *I*

The foregoing instrument was acknowledged before me this _____ day of _____,
1975, by _____ of GULF OIL CORPORATION,
a _____ Corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for
_____ County, _____

UNION OIL COMPANY OF CALIFORNIA

By: _____

Address: 300 Security National Bank Bldg.
Roswell, New Mexico 88201

AMOCO PRODUCTION COMPANY

By: Al McNamee
ATTORNEY-IN-FACT



Address: P. O. Box 3092
Houston, Texas 77001

STATE OF TEXAS §

COUNTY OF ECTOR §

On this 4th day of February, 1975, before me personally appeared
Fred Forward, to me known to be the person who executed the
foregoing instrument as Attorney-In-Fact of PHILLIPS PETROLEUM COMPANY, a Delaware
Corporation, and acknowledged that he executed the same as the free act and deed of said
Phillips Petroleum Company.

My Commission Expires:

June 1, 1975

June H. Holman
Notary Public in and for
Ector County, Texas

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this _____ day of _____,
1975, by _____, _____ of MESA PETROLEUM
CO., a _____ Corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1975

Notary Public in and for
Midland County, Texas

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____,
1975, by _____, _____ of GULF OIL CORPORATION,
a _____ Corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for
_____ County, _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____, _____ of UNION OIL COMPANY OF CALIFORNIA, a _____ Corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for
_____ County, _____

STATE OF Texas

COUNTY OF Harris

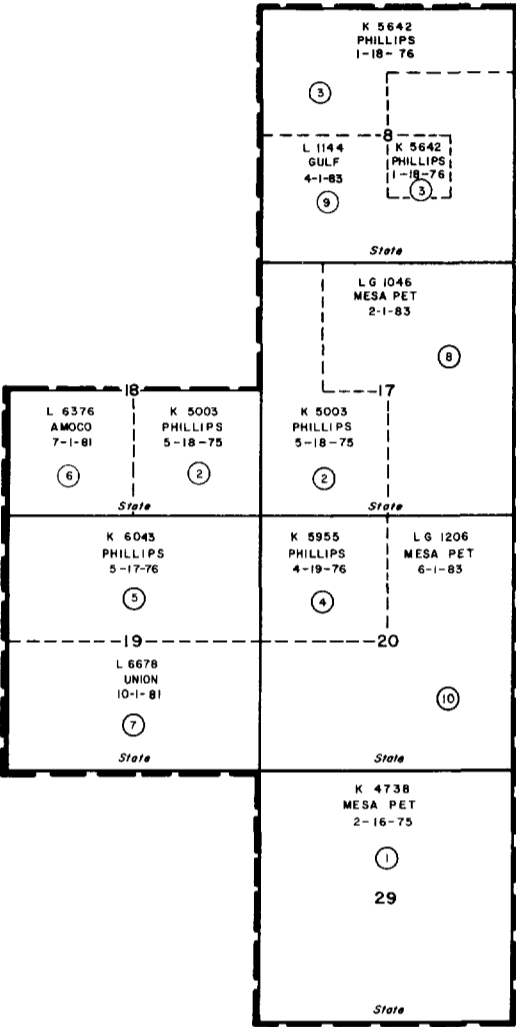
The foregoing instrument was acknowledged before me this 31st day of January, 1975, by C. N. MENNINGER, Attorney-in-Fact of AMOCO PRODUCTION COMPANY, a Delaware Corporation, on behalf of said corporation.

My Commission Expires: _____

Irene Haldas
Notary Public in and for
Harris County, Texas

IRENE HALDAS
Notary Public in and for Harris County, Texas

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LEGEND

Exhibit "A"

Unit Outline- 3,496.11 acres
(100% State Lands)
Tract Number
Scale - - - 1" = 4000'

EAVES UNIT
Lea County,
New Mexico

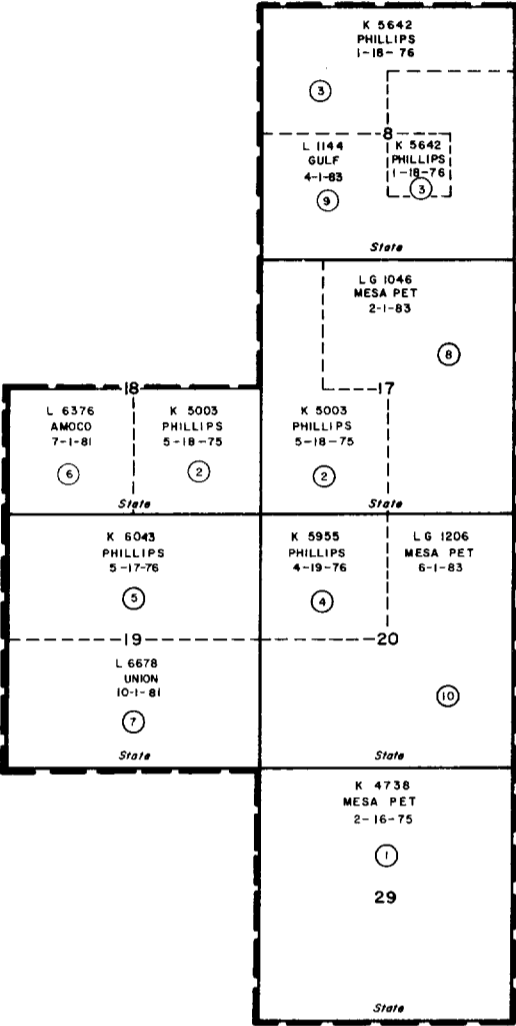
EXHIBIT "B"

EAVES UNIT

LEA COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. and Expiration Date of Leases	Basic Royalty (All 12-1/2%)	Lessee of Record	ORR or	
						Production Payment Percentage	Working Interest and Percentage
All in T21S-R33E							
1.	Sec. 29: All	640.00	K-4738-5 2-16-75	State of N.M.	Mesa Petroleum Co.	320 Minerals Ltd. - 6.25%	Mesa Petro. Co. 100%
2.	Sec. 17: SW/4 & W/2 NW/4 Sec. 18: SE/4	400.00	K-5003-2 5-18-75	State of N.M.	Phillips Petroleum Co.	320 Minerals Ltd. - 5%	Phillips Petro. Co. 100%
3.	Sec. 8: N/2 NE/4, NW/4 & NW/4 SE/4	280.00	K-5642 1-18-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co. 100%
4.	Sec. 20: NW/4	160.00	K-5955 4-19-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co. 100%
5.	Sec. 19: Lots 1 & 2, E/2 NW/4 & NE/4	312.04	K-6043 5-17-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co. 100%
6.	Sec. 18: Lots 3 & 4, E/2 SW/4	151.87	L-6376-1 7-1-81	State of N.M.	Amoco Production Co.	None	Amoco Production Co. 100%
7.	Sec. 19: Lots 3 & 4, E/2 SW/4 & SE/4	312.20	L-6678 10-1-81	State of N.M.	Union Oil Co. of Calif.	None	Union Oil Co. of Calif. 100%
8.	Sec. 17: E/2 & E/2 NW/4	400.00	LG-1046 2-1-83	State of N.M.	Mesa Petroleum Co.	None	Mesa Petroleum Co. 100%
9.	Sec. 8: S/2 NE/4, SW/4, NE/4 SE/4 & S/2 SE/4	360.00	LG-1144 4-1-83	State of N.M.	Gulf Oil Corporation	None	Gulf Oil Corporation 100%
10.	Sec. 20: E/2 & SW/4	480.00	LG-1206 6-1-83	State of N.M.	Mesa Petroleum Co.	None	Mesa Petroleum Co. 100%
TOTAL: 10 Tracts (all State Lands)		3,496.11 acres in entire Unit Area					

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LEGEND

- Unit Outline - 3,496.11 acres
(100% State Lands)
- Tract Number
- Scale - 1" = 4000'

Exhibit "A"

EAVES UNIT
Lea County,
New Mexico

CONSENT AND RATIFICATION
EAVES UNIT AGREEMENT
COVERING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Eaves Unit covering all of Sections 8 and 17, S/2 Section 18, all of Sections 19, 20 and 29, Township 21 South, Range 33 East, Lea County, New Mexico, which Agreement is dated the 20th day of January, 1975; and the undersigned acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned being the owners of interests in all or parts of said lands do hereby adopt and consent to said Unit Agreement and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the originals of said Agreement or counterparts thereof.

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

ATTEST: [Signature]
Assistant Secretary

GULF OIL CORPORATION

Law	<u>GHS</u>
Serv.	
Exp.	<u>1/22</u>
Prod.	

By: [Signature]
Attorney-in-Fact

CORPORATE

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 30th day of January, 1975, by J. A. HORD who is Attorney-in-Fact of GULF OIL CORPORATION a Pennsylvania corporation, for and on behalf of said corporation.
(State)

My Commission Expires:
June 1, 1975

[Signature]
Notary Public in and for
Midland County, Texas

INDIVIDUAL

STATE OF _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____.

My Commission Expires:

Notary Public in and for
_____ County, _____

CONSENT AND RATIFICATION
EAVES UNIT AGREEMENT
COVERING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Eaves Unit covering all of Sections 8 and 17, S/2 Section 18, all of Sections 19, 20 and 29, Township 21 South, Range 33 East, Lea County, New Mexico, which Agreement is dated the 20th day of January, 1975; and the undersigned acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned being the owners of interests in all or parts of said lands do hereby adopt and consent to said Unit Agreement and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the originals of said Agreement or counterparts thereof.

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

UNION OIL COMPANY OF CALIFORNIA

By: Samuel C. Terry
Attorney-in-Fact

CORPORATE

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 3rd day of

February, 1975, by Samuel C. Terry who is

an Attorney-in-Fact of Union Oil Company of California a

California corporation, for and on behalf of said corporation.
(State)

My Commission Expires:

June 1, 1975

Elma H. Sloan (Elma H. Sloan)
Notary Public in and for
Midland County, Texas

INDIVIDUAL

STATE OF _____ §

County of _____ §

The foregoing instrument was acknowledged before me this _____ day of

_____, 1975, by _____.

My Commission Expires:

Notary Public in and for
_____ County, _____

DMA-19
2. 2. 75

CONSENT AND RATIFICATION
EAVES UNIT AGREEMENT
COVERING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Eaves Unit covering all of Sections 8 and 17, S/2 Section 18, all of Sections 19, 20 and 29, Township 21 South, Range 33 East, Lea County, New Mexico, which Agreement is dated the 20th day of January, 1975; and the undersigned acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned being the owners of interests in all or parts of said lands do hereby adopt and consent to said Unit Agreement and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the originals of said Agreement or counterparts thereof.

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

320 MINERALS, LTD.

By: H. Brace Wiggell

H. Brace Wiggell
General Partner

CORPORATE

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____ who is _____ of _____ a _____ corporation, for and on behalf of said corporation.
(State)

My Commission Expires: _____

Notary Public in and for
County, _____

INDIVIDUAL

STATE OF TEXAS §

County of MIDLAND §

The foregoing instrument was acknowledged before me this 23rd day of January, 1975, by H. Brace Wiggell, General Partner of 320 Minerals, Ltd.

My Commission Expires: _____

Edith D. Joyce
Notary Public in and for
Midland County, Texas

June 1, 1975

Unit Name FAVES UNIT (EXPLORATORY)
Operator PHILLIPS PETROLEUM COMPANY
County LEA

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1	K-4738-5	C.S.	29	21S	33E	All	1-28-75	640.00		Mesa Petroleum Company
2	K-5003-2	C.S.	17 18	21S 21S	33E 33E	SW/4, W/2NW/4 SE/4	1-31-75	400.00		Phillips Petroleum Compar
3	K-5642	C.S.	8	21S	33E	N/2NE/4, NW/4, NW/4SE/4	1-31-75	280.00		Phillips Petroleum Compar
4	K-5955	C.S.	20	21S	33E	NW/4	1-31-75	160.00		Phillips Petroleum Compar
5	K-6043	C.S.	19	21S	33E	lots 1, 2, E/2NW/4, NE/4	1-31-75	312.04		Phillips Petroleum Compan
6	L-6376	C.S.	18	21S	33E	lots 3, 4, E/2SW/4	1-31-75	151.87		Amoco Production Company
7	L-6678	C.S.	19	21S	33E	lots 3, 4, E/2SW/4, SE/4	2-3-75	312.20		Union Oil Co. of Calif.
8	LG-1046	C.S.	17	21S	33E	E/2, E/2NW/4	1-28-75	400.00		Mesa Petroleum Company
9	LG-1144	C.S.	8	21S	33E	S/2NE/4, SW/4, NE/4SE/4, S/2SE/4	1-30-75	360.00		Gulf Oil Corporation
10	LG-1206	C.S.	20	21S	33E	E/2, SW/4	1-28-75	480.00		Mesa Petroleum Company

TERMINATED
28: 11-21-75

Unit Name EAVES UNIT (EXPLORATORY)
Operator PHILLIPS PETROLEUM COMPANY
County LEA

acc

DATE	OCC CASE NO.	5412	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-4961	2-5-75	3,496.11	3,496.11	-0-	-0-	Yes	5 yrs.
Commissioner	February 11, 1975								

UNIT AREA

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
SECTION 8: A11
Section 17: A11
Section 18: S/2
Section 19: A11
Section 20: A11
Section 29: A11

TERMINATED
CH: 11-21-75



PHIL R. LUCERO
COMMISSIONER

State of New Mexico

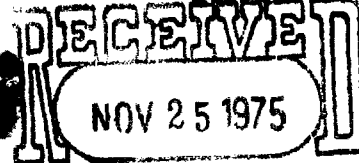


Commissioner of Public Lands

November 21, 1975

5412
TELEPHONE

505-827-2748



OIL CONSERVATION COMM.

Santa Fe

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

REGISTERED MAIL

Phillips Petroleum Company
311 Phillips Building
Odessa, Texas 79761

Re: Eaves Unit
TERMINATION
Lea County, New Mexico

ATTENTION: Mr. E. M. Gorence

Gentlemen:

The Eaves Unit Agreement, Lea County, New Mexico, was approved February 5, 1975, effective as of the date of approval. The term of such agreement is contingent upon the unit operator drilling one well at a time, allowing not more than six months time between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed.

Our records show the first test well was plugged and abandoned May 21, 1975 therefore your second test well was due November 21, 1975. Inasmuch as the second test well was not commenced, the Eaves Unit Agreement is considered to have terminated automatically as of November 21, 1975, pursuant to Section 9 of the agreement.

Please notify all interest parties of this action.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

PRL/RDG/s

cc: OCC-Santa Fe, New Mexico ✓

Unit Name EAVES UNIT (EXPLORATORY)
Operator PHILLIPS PETROLEUM COMPANY

County LEA

0000

DATE	OCC CASE NO. 5412	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. R-4961	DATE	ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
Commissioner	February 11, 1975	2-5-75	3,496.11	3,496.11	-0-	-0-	Yes	5 yrs.

UNIT AREA

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM

SECTION 8:	A11
Section 17:	A11
Section 18:	S/2
Section 19:	A11
Section 20:	A11
Section 29:	A11

Unit Name EAVES UNIT (EXPLORATORY)
 Operator PHILLIPS PETROLEUM COMPANY
 County LEA

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACREAGE NOT RATIFIED	LESSEE
							DATE	ACRES		
1	K-4738-5	C.S.	29	21S	33E	All	1-28-75	640.00		Mesa Petroleum Company
2	K-5003-2	C.S.	17 18	21S 21S	33E 33E	SW/4, W/2NW/4 SE/4	1-31-75	400.00		Phillips Petroleum Compan
3	K-5642	C.S.	8	21S	33E	N/2NE/4, NW/4, NW/4SE/4	1-31-75	280.00		Phillips Petroleum Compan
4	K-5955	C.S.	20	21S	33E	NW/4	1-31-75	160.00		Phillips Petroleum Compan
5	K-6043	C.S.	19	21S	33E	lots 1, 2, E/2NW/4, NE/4	1-31-75	312.04		Phillips Petroleum Compan
6	L-6376	C.S.	18	21S	33E	lots 3, 4, E/2SW/4	1-31-75	151.87		Amoco Production Company
7	L-6678	C.S.	19	21S	33E	lots 3, 4, E/2SW/4, SE/4	2-3-75	312.20		Union Oil Co. of Calif.
8	LG-1046	C.S.	17	21S	33E	E/2, E/2NW/4	1-28-75	400.00		Mesa Petroleum Company
9	LG-1144	C.S.	8	21S	33E	S/2NE/4, SW/4, NE/4SE/4, S/2SE/4	1-30-75	360.00		Gulf Oil Corporation
10	LG-1206	C.S.	20	21S	33E	E/2, SW/4	1-28-75	480.00		Mesa Petroleum Company



OIL CONSERVATION COMMISSION

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

February 11, 1975

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
PHIL R. LUCERO
MEMBER

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

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5412
ORDER NO. R-4961

Applicant:

Phillips Petroleum Co.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other Unit Division - State Land Office

PROPOSED EAVES UNIT

3,496.11 acres, being all of Sections 8 and 17, S/2 Section 18 and
all of Sections 19, 20 and 29, T21S-R33E, Lea County, New Mexico

	<u>Acreage</u>		<u>Percent</u>
	<u>Gross</u>	<u>Net</u>	<u>of Unit</u>
<u>Mesa Petroleum Company</u>			
E/2 & E/2 NW/4 Section 17-21S-33E	400.00	400.00	
E/2 & SW/4 Section 20-21S-33E	480.00	480.00	
All Section 29-21S-33E	640.00	640.00	43.4769%
	<u>1,520.00</u>	<u>1,520.00</u>	
<u>Phillips Petroleum Company</u>			
N/2 NE/4, NW/4 & NW/4 SE/4 Section 8-21S-33E	280.00	280.00	
SW/4 & W/2 NW/4 Section 17-21S-33E	240.00	240.00	
SE/4 Section 18-21S-33E	160.00	160.00	
Lots 1, 2, E/2 NW/4 & NE/4 Section 19-21S-33E	312.04	312.04	
NW/4 Section 20-21S-33E	160.00	160.00	32.9521%
	<u>1,152.04</u>	<u>1,152.04</u>	
<u>Gulf Oil Corporation</u>			
S/2 NE/4, SW/4, NE/4 SE/4 & S/2 SE/4 Section 8-21S-33E	360.00	360.00	10.2971%
<u>Union Oil Company of California</u>			
Lots 3, 4, E/2 SW/4 & SE/4 Section 19-21S-33E	312.20	312.20	8.9299%
<u>Amoco Production Company</u>			
Lots 3, 4, & E/2 SW/4 Section 18-21S-33E	151.87	151.87	4.3440%
	<u>3,496.11</u>	<u>3,496.11</u>	<u>100.0000%</u>

H. N. Clark
Senior Vice President, Operations

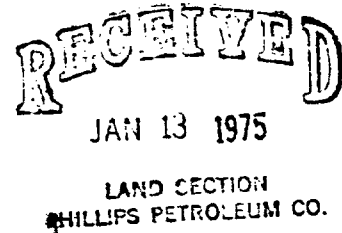
P. O. Box 31
Carlsbad, New Mexico 88220
505 887-2844

January 8, 1975

Phillips Petroleum Company
Phillips Building
Odessa, Texas 79761

Attention: Mr. E. M. Gorence
Regional Landman

Re: Eaves Unit
Lea County, New Mexico



Gentlemen:

This will acknowledge your letter of January 7 and advise you that we will not object to an oil and gas drilling location in the SW/SE of Section 18, T-21S, R-33E provided we are furnished a copy of an open hole gamma-sonic log through the salt section.

Very truly yours,

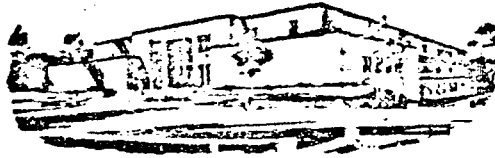
A handwritten signature in dark ink, appearing to read "H. N. Clark", written over a horizontal line.

H. N. Clark
Senior Vice President

cc: Mr. R. S. Fulton, U.S.G.S., Carlsbad
Mr. Don Van Sickle, U.S.G.S., Roswell
Mr. A. L. Porter, New Mexico Oil Conservation Commission

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

January 22, 1975

PHIL R. LUCERO
COMMISSIONER

RECEIVED

JAN 27 1975

PHILLIPS PETROLEUM CO.

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Phillips Petroleum Company
311 Phillips Building
Odessa, Texas 79761

Re: Proposed Eaves Unit
Lea County, New Mexico

ATTENTION: Mr. E. M. Gorence

Gentlemen:

We have reviewed the proposed unexecuted copy of unit agreement, Exhibits "A" and "B" for the Eaves Unit Area, Lea County, New Mexico. This form of agreement meets with the requirements of the Commissioner of Public Lands, therefore, the Commissioner of Public Lands has this date approved your agreement as to project and as to form and content.

Please show the assignment number right after the lease number. (K-4738-5, K-5003-2, L-6376-1).

Upon submitting the unit for final approval the following are required by this office.

1. Application for final approval stating all Tracts committed and Tracts not committed.
2. Two executed copies of Unit Agreement-one must be an original.
3. One copy of Operating Agreement.
4. Two copies of all ratifications from Lessees of Record and Working Interest Owners-One must be an original.
5. Order of the New Mexico Oil Conservation Commission.
6. Your Initial Plan of Operation.

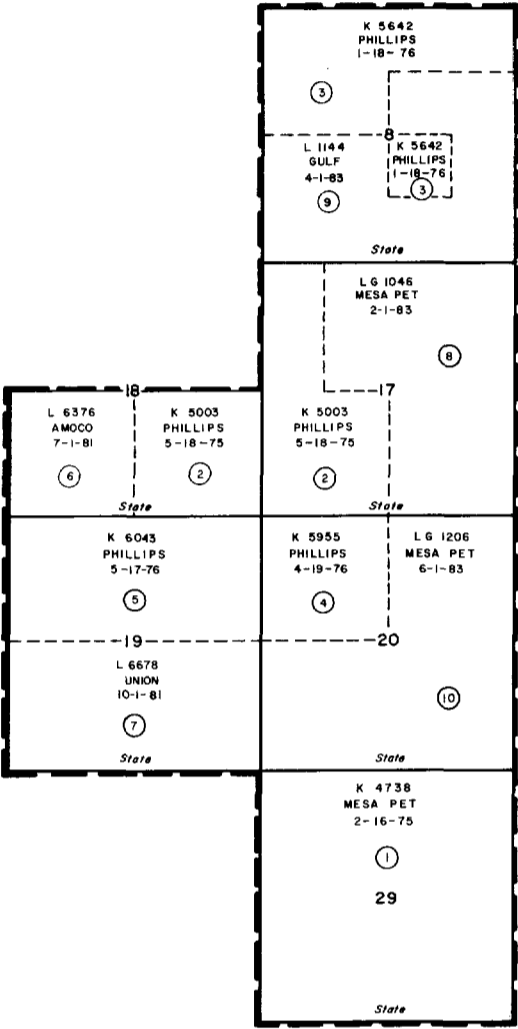
Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, DIRECTOR
Oil and Gas Division

PRL/RDG/s

R 33 E



T
21
S

LEGEND

Exhibit "A"

Unit Outline - 3,496.11 acres
(100% State Lands)

Tract Number

Scale - 1" = 4000'

EAVES UNIT

Lea County,
New Mexico

[illegible]

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Phillips EXHIBIT NO. 1

CASE NO. 5412

Submitted by _____

Hearing Date 5 Feb 75

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
EAVES UNIT AREA
LEA COUNTY, NEW MEXICO
No. _____

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Phillips	EXHIBIT NO. <u>2</u>
CASE NO. <u>5412</u>	
Submitted by _____	
Hearing Date <u>5 Feb 75</u>	

THIS AGREEMENT, entered into as of the 20th day of January, 1975, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto;"

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, (Chap. 7, Art. 11, Sec. 39, New Mexico statutes 1953 Annotated), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreement provides for the unit operation or development of part of or all of any oil or gas, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by Act of Legislature (Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, New Mexico Statutes, 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14, New Mexico Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Eaves Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

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

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

TOWNSHIP 21 South, RANGE 33 East, N.M.P.M.

All of Sections 8 and 17, S/2 Section 18, all of Section 19, 20 and 29, containing 3,496.11 acres, more or less, Lea County, New Mexico.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit B attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such

interest or interests as are shown on said map or schedule as owned by such party.

Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner."

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized lands are unitized under the terms of this agreement and herein are called "unitized substances."

3. UNIT OPERATOR. PHILLIPS PETROLEUM COMPANY, whose address is Phillips Building, 4th and Washington Streets, Odessa, Texas 79761, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, if any, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been elected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or default by it hereunder occurring prior to the effective date of its resignation.

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

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interests as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five per cent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five per cent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement." No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

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

8. DRILLING TO DISCOVERY. The unit operator shall, on or before February 16, 1975, commence operations upon an adequate test well for oil and gas upon some part of the

lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Morrow formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 14,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter

file a report with the Commissioner for his approval and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of a deposit of unitized substances capable of being produced in paying quantities as herein provided, unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the final completion of one well and the beginning of the next well, until the unit area has been fully developed to a density of one well on each proration unit as prescribed by order of the Oil Conservation Commission of New Mexico for the formation in which unitized substances are discovered.

If the unit operator should fail to comply with the above covenant for reasonable development without prior consent or approval of the Commissioner of Public Lands, this agreement shall terminate as to all lands of the State of New Mexico embracing regular well spacing or proration units upon which no well has been drilled or commenced but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands.

10. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective

leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, and of overriding royalties, production payments and other charges in addition to royalty, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All unitized substance produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed

to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment cut of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development

or operation for oil or gas on the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interest as to lands within the unitized area committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest as to lands within the unitized area committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to two separate leases as to such segregated portions, commencing as of the effective date hereof. Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the secondary term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas or either of them has been discovered or is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the primary term of such lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

14. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE. In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

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

17. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five per cent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as

provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission: provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters

beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense

incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retro-active adjustment of revenue.

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

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR

PHILLIPS PETROLEUM COMPANY

By: _____
Attorney-In-Fact

Address: Phillips Building
4th and Washington Streets
Odessa, Texas 79761

WORKING INTEREST OWNERS

MESA PETROLEUM COMPANY

By: _____

Address: 904 GIHLS Tower West
Midland, Texas 79701

GULF OIL CORPORATION

By: _____

Address: P. O. Box 1150
Midland, Texas 79701

UNION OIL COMPANY OF CALIFORNIA

By: _____

Address: 300 Security National Bank Bldg.
Roswell, New Mexico 88201

AMOCO PRODUCTION COMPANY

By: _____

Address: P. O. Box 3092
Houston, Texas 77001

(Date)

(Date)

STATE OF TEXAS §

COUNTY OF ECTOR §

On this _____ day of _____, 1975, before me personally appeared _____, to me known to be the person who executed the foregoing instrument as Attorney-In-Fact of PHILLIPS PETROLEUM COMPANY, a Delaware Corporation, and acknowledged that he executed the same as the free act and deed of said Phillips Petroleum Company.

My Commission Expires:

June 1, 1975

Notary Public in and for
Ector County, Texas

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____ of MESA PETROLEUM COMPANY, a _____ Corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1975

Notary Public in and for
Midland County, Texas

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____ of GULF OIL CORPORATION, a _____ Corporation, on behalf of said corporation.

My Commission Expires:

Notary Public in and for
_____ County, _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____, _____ of UNION OIL COMPANY OF CALIFORNIA, a _____ Corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for
_____ County, _____

STATE OF _____

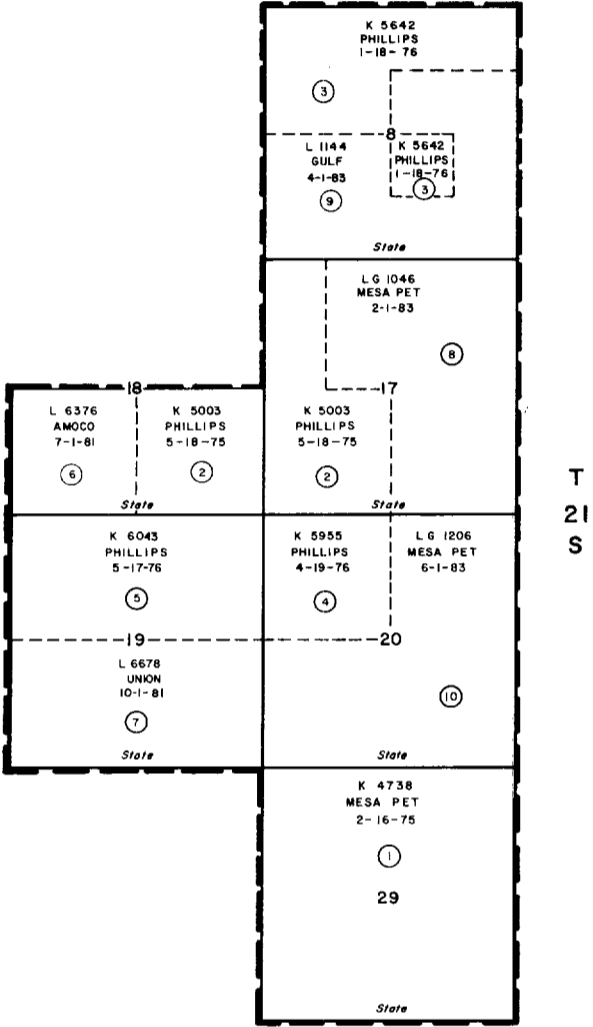
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1975, by _____, _____ of AMOCO PRODUCTION COMPANY, a _____ Corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for
_____ County, _____

R 33 E



LEGEND

Exhibit "A"

Unit Outline - 3,496.11 acres
(100% State Lands)

Tract Number

Scale - 1" = 4000'

EAVES UNIT

Lea County,
New Mexico

EAVER'S UNIT

Tract No.	Description of Land	Number of Acres	Serial No. and Expiration Date of Leases	Basic Royalty (All 12-1/2%)	Lessee of Record	ORR or Production Payment Percentage	Working Interest and Percentage
-----------	---------------------	-----------------	--	-----------------------------	------------------	--------------------------------------	---------------------------------

All in T21S-R33E									
1.	Sec. 29: All	640.00	K-4738-5 2-16-75	State of N.M.	Mesa Petroleum Co.	320 Minerals Ltd. - 6.25%	Mesa Petro. Co.	100%	
2.	Sec. 17: SW/4 & W/2 NW/4 Sec. 18: SE/4	400.00	K-5003-2 5-18-75	State of N.M.	Phillips Petroleum Co.	320 Minerals Ltd. - 5%	Phillips Petro. Co.	100%	
3.	Sec. 8: N/2 NE/4, NW/4 & NW/4 SE/4	280.00	K-5642 1-18-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co.	100%	
4.	Sec. 20: NW/4	160.00	K-5955 4-19-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co.	100%	
5.	Sec. 19: Lots 1 & 2, NE/4 E/2 NW/4 & NE/4	312.04	K-6043 5-17-76	State of N.M.	Phillips Petroleum Co.	None	Phillips Petro. Co.	100%	
6.	Sec. 18: Lots 3 & 4, E/2 SW/4	151.87	L-6376-1 7-1-81	State of N.M.	Amoco Production Co.	None	Amoco Production Co.	100%	
7.	Sec. 19: Lots 3 & 4, E/2 SW/4 & SE/4	312.20	L-6678 10-1-81	State of N.M.	Union Oil Co. of Calif.	None	Union Oil Co. of Calif.	100%	
8.	Sec. 17: E/2 & E/2 NW/4	400.00	LG-1046 2-1-83	State of N.M.	Mesa Petroleum Co.	None	Mesa Petroleum Co.	100%	
9.	Sec. 8: S/2 NE/4, SW/4, NE/4 SE/4 & S/2 SE/4	360.00	LG-1144 4-1-83	State of N.M.	Gulf Oil Corporation	None	Gulf Oil Corporation	100%	
10.	Sec. 20: E/2 & SW/4	480.00	LG-1206 6-1-83	State of N.M.	Mesa Petroleum Co.	None	Mesa Petroleum Co.	100%	
TOTAL: 10 Tracts (all State Lands)		3,496.11	acres in entire Unit Area						

PROPOSED EAVES UNIT

3,496.11 acres, being all of Sections 8 and 17, S/2 Section 18 and
all of Sections 19, 20 and 29, T21S-R33E, Lea County, New Mexico

	Acreage		Percent of Unit
	Gross	Net	
<u>Mesa Petroleum Company</u>			
E/2 & E/2 NW/4 Section 17-21S-33E	400.00	400.00	
E/2 & SW/4 Section 20-21S-33E	480.00	480.00	
All Section 29-21S-33E	640.00	640.00	43.4769%
	<u>1,520.00</u>	<u>1,520.00</u>	
<u>Phillips Petroleum Company</u>			
N/2 NE/4, NW/4 & NW/4 SE/4 Section 8-21S-33E	280.00	280.00	
SW/4 & W/2 NW/4 Section 17-21S-33E	240.00	240.00	
SE/4 Section 18-21S-33E	160.00	160.00	
Lots 1, 2, E/2 NW/4 & NE/4 Section 19-21S-33E	312.04	312.04	
NW/4 Section 20-21S-33E	160.00	160.00	32.9521%
	<u>1,152.04</u>	<u>1,152.04</u>	
<u>Gulf Oil Corporation</u>			
S/2 NE/4, SW/4, NE/4 SE/4 & S/2 SE/4 Section 8-21S-33E	360.00	360.00	10.2971%
<u>Union Oil Company of California</u>			
Lots 3, 4, E/2 SW/4 & SE/4 Section 19-21S-33E	312.20	312.20	8.9299%
<u>Amoco Production Company</u>			
Lots 3, 4, & E/2 SW/4 Section 18-21S-33E	151.87	151.87	4.3440%
	<u>3,496.11</u>	<u>3,496.11</u>	<u>100.0000%</u>

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION	
<u>Phillips</u>	EXHIBIT NO. <u>3</u>
CASE NO.	<u>5412</u>
Submitted by	_____
Hearing Date	<u>5 Feb 75</u>

H. N. Clark
Senior Vice President, Operations

P. O. Box 31
Carlsbad, New Mexico 88220
505 887-2844

January 8, 1975

Phillips Petroleum Company
Phillips Building
Odessa, Texas 79761

Attention: Mr. E. M. Gorence
Regional Landman

Re: Eaves Unit
Lea County, New Mexico

RECEIVED

JAN 13 1975

LAND SECTION
PHILLIPS PETROLEUM CO.

Gentlemen:

This will acknowledge your letter of January 7 and advise you that we will not object to an oil and gas drilling location in the SW/SE of Section 18, T-21S, R-33E provided we are furnished a copy of an open hole gamma-sonic log through the salt section.

Very truly yours,

H. N. Clark

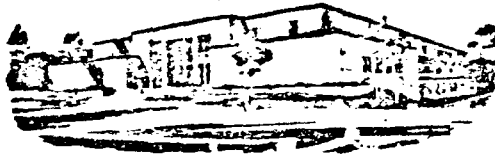
H. N. Clark
Senior Vice President

cc: Mr. R. S. Fulton, U.S.G.S., Carlsbad
Mr. Don Van Sickle, U.S.G.S., Roswell
Mr. A. L. Porter, New Mexico Oil Conservation Commission

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Phillips	EXHIBIT NO. 4
CASE NO.	5412
Submitted by	
Hearing Date	5 Feb 75

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

January 22, 1975

PHIL R. LUCERO
COMMISSIONER

RECEIVED
JAN 27 1975

LEASING
PHILLIPS PETROLEUM CO.

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Phillips Petroleum Company
311 Phillips Building
Odessa, Texas 79761

Re: Proposed Eaves Unit
Lea County, New Mexico

ATTENTION: Mr. E. M. Gorence

Gentlemen:

We have reviewed the proposed unexecuted copy of unit agreement, Exhibits "A" and "B" for the Eaves Unit Area, Lea County, New Mexico. This form of agreement meets with the requirements of the Commissioner of Public Lands, therefore, the Commissioner of Public Lands has this date approved your agreement as to project and as to form and content.

Please show the assignment number right after the lease number. (K-4738-5, K-5003-2, L-6376-1).

Upon submitting the unit for final approval the following are required by this office.

1. Application for final approval stating all Tracts committed and Tracts not committed.
2. Two executed copies of Unit Agreement-one must be an original.
3. One copy of Operating Agreement.
4. Two copies of all ratifications from Lessees of Record and Working Interest Owners-One must be an original.
5. Order of the New Mexico Oil Conservation Commission.
6. Your Initial Plan of Operation.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, DIRECTOR
Oil and Gas Division

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
Phillips	EXHIBIT NO. 5
CASE NO.	5412
SUBMITTED BY	
Hearing Date 5 Feb 75	

Dockets Nos. 5-75 and 6-75 are tentatively set for hearing on February 19 and March 5, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 5, 1975

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 5406: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Oil Exploration, Inc., General Casualty Company of America and all other interested parties to appear and show cause why the Irwin Well No. 1, located in Unit D of Section 29, Township 21 North, Range 36 East, Union County, New Mexico, and the Irwin "A" Well located in Unit D of Section 29, Township 21 North, Range 36 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5407: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kelly Bell, Travelers Indemnity Co. and all other interested parties to appear and show cause why the Kelly Bell Laroe Well No. 1 located in Unit D of Section 19, Township 27 North, Range 22 East, Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5408: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit W. E. Medlock and Reliance Insurance Company and all other interested parties to appear and show cause why the Queen Ridge No. 1 Well located in Unit M of Section 36, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5380: (Continued & Readvertised)

Application of Amoco Production Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the S/2 NE/4, SE/4 NW/4, E/2 SW/4, and SE/4 of Section 33, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Gillully "B" Well No. 3, located in Unit N, and its Gillully "B" Well No. 15 to be drilled at an unorthodox location 1980 feet from the North line and 660 feet from the East line of said Section 33.

CASE 5399: (Continued from the January 8, 1975, Examiner Hearing)

Application of Coastline Petroleum Company, Inc., for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota gas production in the wellbore of its Schalk 94 Well No. 1, located in Unit A of Section 26, Township 32 North, Range 8 West, San Juan County, New Mexico.

CASE 4899: (Reopened)

In the matter of Case 4899 being reopened pursuant to the provisions of Order No. R-4477, which order established temporary special pool rules for the Cedar Canyon-Morrow Gas Pool, including a provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 4900: (Reopened)

In the matter of Case 4900 being reopened pursuant to the provisions of Order No. R-4478, which order established temporary special pool rules for the West Jal-Fusselman Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 5099: (Reopened)

In the matter of Case 5099 being reopened pursuant to the provisions of Order No. R-4683, which order established temporary special pool rules for the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 5409: Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units A and H of said Section 12 and in Unit A of said Section 13.

CASE 5410: Application of Texas Pacific Oil Co., Inc. for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Berry Well No. 1, to be located 990 feet from the South and West lines of Section 23, and its Hnulik Well No. 1, located 1315 feet from the North line and 660 feet from the West line of Section 26, both in Township 17 South, Range 26 East, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico, the W/2 of said Section 23 and the N/2 of said Section 26 to be dedicated, respectively, to said wells.

CASE 5411: Application of David C. Collier for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Kersey Well No. 1-Y, to be drilled 1980 feet from the South line and 2330 feet from the West line of Section 33, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 5412: Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Eaves Unit Area, comprising 3,496 acres, more or less, of State lands in Township 21 South, Range 33 East, Lea County, New Mexico.

CASE 5413: Application of Anadarko Production Company for three unorthodox injection well locations and amendment of Order No. R-4907, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the relocation at unorthodox locations of three of its injection wells in its Artesia State Unit Waterflood Project, all in Township 18 South, Range 27 East, Eddy County, New Mexico, as follows: Well No. 6-2 to 1530 feet from the South line and 1310 feet from the West line of Section 13; Well No. 7-1 to 10 feet from the North line and 2580 feet from the East line of Section 23; and Well No. 10-1 to 1310 feet from the South line and 1435 feet from the East line of Section 14. Applicant further seeks the amendment of Order No. R-4907 to permit administrative approval of unorthodox producing and injection well locations to within 200 feet of the outer unit boundary.

CASE 5414: Application of Continental Oil Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 360-acre gas proration unit comprising the SE/4 and E/2 SW/4 of Section 28 and the N/2 NE/4 and NE/4 NW/4 of Section 33, both in Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Meyer B-28 A Com Acct. 2 Wells Nos. 2 and 3, located, respectively, in Unit O of said Section 28 and in Unit B of said Section 33.

CASE 5404: Southeastern Nomenclature case calling for the creation, abolishment, and extension of certain pools in Lea and Chaves Counties, New Mexico:

(a) CREATE A new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the South Brunson-Abo Pool. The discovery well is the Cities Service Oil Company State P Well No. 4 located in Unit M of Section 32, Township 22 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
SECTION 32: SW/4

(b) CREATE A new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the EK-Bone Springs Pool. The discovery well is the Hilliard Oil & Gas, Inc. McElvain Federal Well No. 1 located in Unit J of Section 30, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
SECTION 30: SE/4

(c) CREATE A new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Rock Lake-Wolfcamp Pool. The discovery well is the Amoco Production Company Rock Lake Unit Well No. 1 located in Unit L of Section 28, Township 22 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
SECTION 28: SW/4

(d) ABOLISH the Warren-Blinebry Gas Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 27: SW/4
SECTION 28: E/2

(e) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 27: SW/4
SECTION 28: E/2

(f) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
SECTION 24: SE/4

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
SECTION 19: S/2

(g) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
SECTION 24: S/2
SECTION 25: All

(h) EXTEND the Double L-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
SECTION 7: NE/4
SECTION 8: All
SECTION 9: W/2

(i) EXTEND the Goodwin-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
SECTION 19: SE/4
SECTION 30: NE/4

(j) EXTEND the Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
SECTION 8: W/2
SECTION 17: N/2

(k) EXTEND the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
SECTION 12: NW/4

(l) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 27: SE/4

CASE 5405: Northwest Nomenclature case calling for the creation and extension of certain pools in San Juan, Sandoval, and Rio Arriba Counties, New Mexico:

(a) CREATE A new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the Bloomfield-Chacra Pool. The discovery well is the El Paso Natural Gas Company Hubbell Well No. 9 located in Unit P of Section 18, Township 29 North, Range 10 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
SECTION 7: SW/4
SECTION 18: All
SECTION 19: All
SECTION 20: NW/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
SECTION 4: SW/4
SECTION 5: SE/4
SECTION 9: N/2 & SE/4
SECTION 10: S/2
SECTION 11: S/2
SECTION 12: W/2 & SE/4
SECTION 13: All
SECTION 14: E/2
SECTION 23: E/2
SECTION 24: All
SECTION 26: E/2

(b) CREATE A new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the Ojo-Pictured Cliffs Pool. The discovery well is the Dugan Production Corporation Pet. Inc. Well No. 2 located in Unit A of Section 36, Township 28 North, Range 15 West, NMPM. Said pool would comprise:

TOWNSHIP 28 NORTH, RANGE 15 WEST, NMPM

SECTION 25: S/2
SECTION 26: SE/4
SECTION 35: NE/4
SECTION 36: N/2

(c) CREATE A new pool in Sandoval County, New Mexico, classified as an oil pool for Menefee production and designated as the Rusty-Menefee Oil Pool. The discovery well is the Chace Oil Company Rusty Federal Well No. 1 located in Unit P of Section 11, Township 22 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

SECTION 11: SE/4

(d) EXTEND the vertical limits of the Dufers Point Dakota Oil Pool to include the Gallup formation, rename the pool, and extend the horizontal limits of the Dufers Point Gallup-Dakota Oil Pool, as renamed, to include therein:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

SECTION 2: N/2 & SE/4
SECTION 11: NE/4
SECTION 12: W/2

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM

SECTION 20: SE/4
SECTION 27: SW/4
SECTION 28: S/2
SECTION 29: E/2
SECTION 34: N/2
SECTION 35: W/2

(e) EXTEND the Aztec-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

SECTION 7: SE/4
SECTION 8: S/2 & NE/4
SECTION 9: N/2
SECTION 17: NW/4
SECTION 18: All
SECTION 19: All
SECTION 32: SE/4

(f) EXTEND the North Aztec-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

SECTION 13: N/2

(g) EXTEND the Ballard-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
SECTION 21: SW/4

(h) EXTEND the Blanco-Mesaverde Pool in San Juan and Rio Arriba Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
SECTION 3: W/2

(i) EXTEND the East Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
SECTION 23: All

(j) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, San Juan and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM
SECTION 17: NW/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
SECTION 25: SW/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
SECTION 19: SW/4

(k) EXTEND the Cuervo-Mesaverde Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
SECTION 27: SW/4 NW/4

(l) EXTEND the Devils Fork-Mesaverde Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
SECTION 16: SW/4 NW/4 & NW/4 SE/4

(m) EXTEND the Flora Vista-Mesaverde Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
SECTION 35: E/2

(n) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
SECTION 25: NW/4

(o) EXTEND the Gobernador-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM
SECTION 19: N/2
SECTION 20: NW/4

(p) EXTEND the Gonzales-Mesa Verde Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM
SECTION 12: NE/4
SECTION 1: SE/4

(q) EXTEND the Kutz-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
SECTION 27: NW/4
SECTION 28: N/2
SECTION 29: N/2
SECTION 30: N/2

(r) EXTEND the West Lindrith-Gallup Dakota Oil Pool in Rio Arriba, County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
SECTION 35: SW/4

(s) EXTEND the Otero-Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
SECTION 19: SW/4

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
SECTION 21: SE/4
SECTION 22: S/2

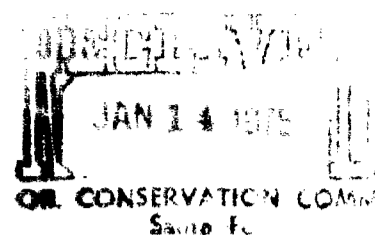
TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
SECTION 23: SE/4
SECTION 24: SW/4

(t) EXTEND the Tapacito Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
SECTION 9: SE/4

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
SECTION 21: S/2
SECTION 22: SW/4
SECTION 24: S/2
SECTION 26: NE/4

TOWNSHIP 28 NORTH, RANGE 5 WEST, NMPM
SECTION 31: S/2



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR APPROVAL OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO

CASE NO. _____

A P P L I C A T I O N

COMES NOW PHILLIPS PETROLEUM COMPANY and applies to the Oil Conservation Commission of New Mexico for approval of its Eaves Unit Agreement, Lea County, New Mexico, as an exploratory unit, and in support thereof would show the Commission:

1. The unit area of the Eaves Unit consists of 3,496.11 acres consisting of the following described land:

Township 21 South, Range 33 East, N.M.P.M

Section 8 - All
Section 17 - All
Section 18 - S/2
Section 19 - All
Section 20 - All
Section 29 - All

all of which is State of New Mexico land. All formations will be unitized.

2. Phillips Petroleum Company seeks designation as Unit Operator. As Unit Operator it proposes to drill a test well in Section 18, Township 21 South, Range 33 East to a depth of approximately 14,500 feet to test the Morrow

DOCKET MAILED

Date 1-24-75

formation, or to production at a lesser depth.

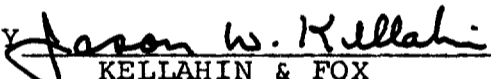
3. The proposed unit has heretofore been submitted to the Commissioner of Public Lands for approval.

4. The proposed unit is an area subject to efficient development under a unit plan of operation, and approval of this unit is in the interests of conservation and the protection of correlative rights. It is believed that approval of the unit will result in the recovery of oil or gas, or both, that would not otherwise be recovered from the area.

WHEREFORE applicant prays that this application be set for hearing before the Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the Eaves Unit, and unit agreement.

Respectfully submitted,

PHILLIPS PETROLEUM COMPANY

BY 
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

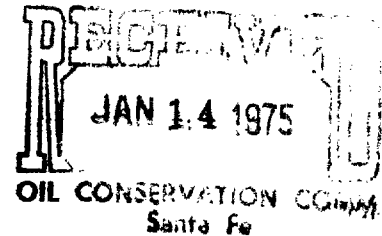
Case 5412

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

TELEPHONE 982-4315
AREA CODE 505

January 10, 1975



Oil Conservation Commission
of New Mexico
P. O. Box 2008
Santa Fe, New Mexico 87501

ATTENTION: Ida Rodriguez

Dear Ida:

Enclosed is the original and two copies of the Application to be filed on behalf of Phillips Petroleum Company for approval of a unit agreement, Lea County, New Mexico.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Jason".

Jason W. Kellahin

JWK:ks

Enclosure

cc: Mr. Joe Peacock
w/ encls.

DOCUMENT FILED

Date 1-27-75

Ideal Basic Industries
Potash Company of America Division

H. N. Clark
Senior Vice President, Operations

P. O. Box 31
Carlsbad, New Mexico 88220
505 887-2844

January 8, 1975

Phillips Petroleum Company
Phillips Building
Odessa, Texas 79761

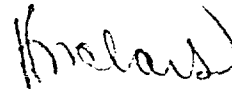
Attention: Mr. E. M. Gorence
Regional Landman

Re: Eaves Unit
Lea County, New Mexico

Gentlemen:

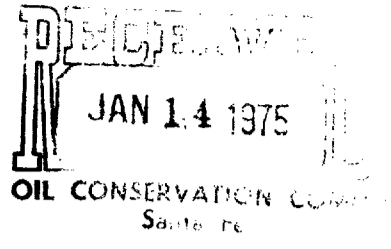
This will acknowledge your letter of January 7 and advise you that we will not object to an oil and gas drilling location in the SW/SE of Section 18, T-21S, R-33E provided we are furnished a copy of an open hole gamma-sonic log through the salt section.

Very truly yours,



H. N. Clark
Senior Vice President

cc: Mr. R. S. Fulton, U.S.G.S., Carlsbad
Mr. Don Van Sickle, U.S.G.S., Roswell
Mr. A. L. Porter, New Mexico Oil Conservation Commission



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR APPROVAL OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO

CASE NO. _____

A P P L I C A T I O N

COMES NOW PHILLIPS PETROLEUM COMPANY and applies to
the Oil Conservation Commission of New Mexico for approval
of its Eaves Unit Agreement, Lea County, New Mexico, as an
exploratory unit, and in support thereof would show the
Commission:

1. The unit area of the Eaves Unit consists of
3,496.11 acres consisting of the following described land:

Township 21 South, Range 33 East, N.M.P.M

- Section 8 - All
- Section 17 - All
- Section 18 - S/2
- Section 19 - All
- Section 20 - All
- Section 29 - All

all of which is State of New Mexico land. All formations
will be unitized.

2. Phillips Petroleum Company seeks designation as
Unit Operator. As Unit Operator it proposes to drill a
test well in Section 18, Township 21 South, Range 33 East
to a depth of approximately 14,500 feet to test the Morrow

formation, or to production at a lesser depth.

3. The proposed unit has heretofore been submitted to the Commissioner of Public Lands for approval.

4. The proposed unit is an area subject to efficient development under a unit plan of operation, and approval of this unit is in the interests of conservation and the protection of correlative rights. It is believed that approval of the unit will result in the recovery of oil or gas, or both, that would not otherwise be recovered from the area.

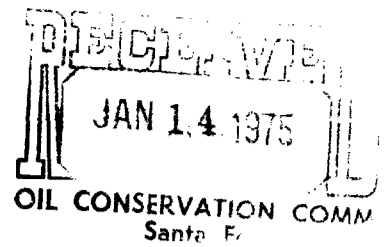
WHEREFORE applicant prays that this application be set for hearing before the Commission or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the Eaves Unit, and unit agreement.

Respectfully submitted,

PHILLIPS PETROLEUM COMPANY

BY James W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



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BY Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT