



IN REPLY REFER TO:

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

AUG 1 1977

MIDLAND DISTRICT LAND

JUL 29 1977

Union Oil Company of California
Attention: Mr. Robert V. Lockhart
P. O. Box 671
Midland, Texas 79702

Gentlemen:

Your application of July 14, 1977, filed with the Assistant Area Oil and Gas Supervisor, Roswell, New Mexico, requests the designation of the Luzon unit, embracing 5,117.43 acres, more or less, in Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to unit plan regulations 30 CFR 226, the land requested as outlined on your plat marked "Exhibit 'A', Proposed Luzon Unit" is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for a well to test the Strawn formation or to a depth of 12,730 feet. Your proposed use of the Form of Agreement for Unproved Areas, modified as shown in your application, will be accepted, provided it is further modified as follows:

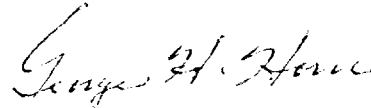
Add the words "as amended" after (30 F. R. 12319) in Section 26, Nondiscrimination.

If conditions are such that further modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office through the Oil and Gas Supervisor for preliminary approval.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to Roswell, New Mexico for the Supervisor's approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the 1968 reprint of the aforementioned form.

Sincerely yours,



Regional Conservation Manager
For the Director

Enclosure