



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P. O. Box 1397

Roswell, New Mexico 88201

IN REPLY
REFER TO:

Northeast Drinkard Unit
3180 (065)

APR 24 1987

Shell Western E & P, Inc.
Attention: John Goforth
P. O. Box 831
Houston, Texas 77001

Gentlemen:

Your application of April 1, 1987, filed with the Bureau of Land Management, Roswell, New Mexico, requested the designation of the Northeast Drinkard Unit area, embracing 5,018 acres, more or less, as logically subject to operation under the unitization provisions of the Mineral Leasing Act of 1920 as amended for secondary recovery operations.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked "Exhibit A", Northeast Drinkard Unit, Lea County, New Mexico, Shell Western E & P, Inc., Operator is hereby designated as a logical unit area to more properly conserve natural resources by instituting secondary recovery water injection operations.

Your basis for allocation of unitized substances and your proposed form of unit are acceptable with the following modifications:

1. In Section 8, paragraph 2, page 15, lines 10 and 11 of the paragraph should read, "at least seventy five percent (75%) of the Unit Participation remaining".

In selecting a successor Unit Operator, affirmative vote must be by a majority and therefore "at least fifty percent (50%)" as stated in your agreement is not appropriate.

2. In Section 24, paragraph 2, page 43, lines 5 and 6 of the paragraph should read "owning a combined Unit Participation of at least seventy five percent (75%)".

All Working Interest Owners should be included in this section for committment status purposes, not only those participating in Phase II.

Northeast Drinkard Unit
Exhibit Nine
Cases 9230
9231
9232

3. In Section 24, paragraph 5, page 44, lines 2 and 3 of the paragraph should read "owning seventy five percent (75%) of the Unit Participation then in effect . . .".

All committed Working Interest Owners should have a vote in termination of the unit whether they be in Unit Oil Participation or Unit Gas Participation.

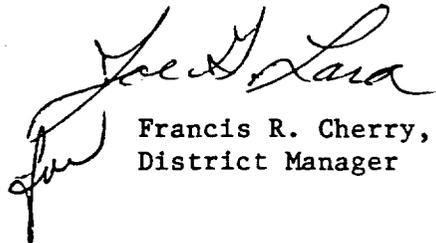
For your convenience we are enclosing copies of the above-mentioned pages with corrections shown in red.

If conditions are such that further modification to the agreement is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

In the absence of any other type of land requiring special provisions or 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 agreements 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 the BLM for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format set forth in your proposed form of unit agreement.

Sincerely,



Francis R. Cherry, Jr.
District Manager

Enclosures