

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

1376

July 21, 1966

C  
O  
P  
Y  
  
Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Attention: Mr. J. L. Sleeper, Jr.

Re: Request Approval to Contract  
Little Lucky Lake Unit  
Chaves County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the contraction of the Little Lucky Lake Unit by the elimination of unitized lands, not within the Devonian Participating Area, from the Unit Agreement. This approval is subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

One approved copy of the request is returned herewith.

Very truly yours,

A. L. PORTER, Jr.,  
Secretary-Director

ALP/JEX/og

cc: Commissioner of Public Lands  
Santa Fe, New Mexico

United States Geological Survey  
Box 1857  
Roswell, New Mexico

MAIL OFFICE 600

'66 JUL 8 AM 7 35

July 6, 1966

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Re: Little Lucky Lake  
Unit  
Chaves and Eddy Counties,  
New Mexico

ATTENTION: Mr. J. L. Sleeper, Jr.

Gentlemen:

The Commissioner of Public Lands approves as of this date the contraction for the Little Lucky Lake Unit. This contraction eliminates all lands not within the Devonian Participating Area, to become effective as of the effective date of the West Henshaw Premier Unit, which was June 1, 1966.

The Commissioner's approval is subject to like approval by the United States Geological Survey.

By this contraction Little Lucky Lake Unit Area will cover only Sections 20 and 29, Township 15 South, Range 30 East, Chaves County, New Mexico.

We are returning one approved copy of this request for contraction.

Very truly yours,

GUYTON B. HAYS  
COMMISSIONER OF PUBLIC LANDS  
BY:  
Ted Bilberry, Director  
Oil and Gas Department

GBH/MMR/s

encl.

# TEXACO INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION

J. L. SLEEPER, JR., ASSISTANT DIVISION MANAGER

July 1, 1966

186200 - Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

---

Regional Oil and Gas Supervisor (7)  
United States Geological Survey  
Drawer 1857  
Roswell, New Mexico 88201

Commissioner of Public Lands  
State of New Mexico  
P.O. Box 1148  
Santa Fe, New Mexico 87501

Oil Conservation Commission  
State of New Mexico  
P.O. Box 2088  
Santa Fe, New Mexico 87501


Gentlemen:

By letter of June 1, 1966, Texaco, as operator of the Little Lucky Lake Unit, requested approval by working interest owners to the USGS request of November 27, 1963 that the Little Lucky Lake Unit be contracted to eliminate all lands not within the Devonian participating area when the West Henshaw Premier Unit became effective, which was June 1, 1966. Texaco has secured approval by Shell Oil Company, the only working interest owner besides Texaco within the unit as contracted in 1963, and both Texaco's and Shell's approvals are attached hereto.

By this letter, Texaco requests approval to contract the Little Lucky Lake Unit in accordance with USGS letter of November 27, 1963, a copy of which was forwarded to you by our letter of June 1, 1966. If approved, effective June 1, 1966, the Little Lucky Lake Unit will cover only Sections 20 and 29, T-15-S, R-30-E, Chaves County, New Mexico. Copies of revised Exhibits "A" and "B" are attached.

Yours very truly,

TEXACO Inc.  
Unit Operator

By   
J.L. Sleeper Jr.  
Asst. Division Manager

TEJ-er

100-101125-0-0

66 JUL 5 AM 7 50

P. O. BOX 3109  
MIDLAND, TEXAS

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Supervisor, United States Geological Survey  
(Subject to like approval by the Commissioner and Oil Conservation Commission)

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Commissioner of Public Lands, State of New Mexico  
(Subject to like approval by the Supervisor and Oil Conservation Commission)

Approved: *G. L. Carter* Date: *July 21, 1966*  
Oil Conservation Commission, State of New Mexico  
(Subject to like approval by the Supervisor and Commissioner)

# TEXACO INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION

MAIL ROOM  
JUN 6 AM 7 46  
P. O. BOX 3109  
MIDLAND, TEXAS 79704

June 1, 1966

186200 - Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

---

Regional Oil and Gas Supervisor  
United States Geological Survey  
Drawer 1857  
Roswell, New Mexico 88201

Commissioner of Public Lands  
State of New Mexico  
P.O. Box 1148  
Santa Fe, New Mexico 87501

Oil Conservation Commission  
State of New Mexico  
P.O. Box 2088  
Santa Fe, New Mexico 87501

WORKING INTEREST OWNERS:  
(See attached addressee list)

Gentlemen:

By letter of November 27, 1963, the USGS requested that when the West Henshaw Premier waterflood unit in Eddy County, New Mexico became effective that the Little Lucky Lake Unit be contracted to eliminate all lands not within the Devonian participating area. (See last paragraph of attached letter.) The West Henshaw Premier Unit became effective June 1, 1966.

By amendment of Section 3 of the Little Lucky Lake unit agreement, effective June 1, 1966, all formations above the base of the Grayburg were eliminated from the effects of the Little Lucky Lake Unit. This amendment allowed the Premier sand participating area under the Little Lucky Lake to be operated under the West Henshaw Premier Unit when the latter became effective.

Texaco Inc., as operator of the Little Lucky Lake Unit, proposes to comply with the USGS request of November 27, 1963, and eliminate, effective June 1, 1966, the Premier sand participating area as to all formations below the base of the Grayburg from the effects of the Little Lucky Lake Unit. Combined with the aforementioned amendment of Section 3, the Premier sand

p.2, 186200-Little Lucky Lake Unit, 6-1-66

participating area as to all depths will be removed from the effects of the Little Lucky Lake Unit. By the same token, the Little Lucky Lake Unit will, after June 1, 1966, include only the Devonian participating area, covering Sections 20 and 29, T-15-S, R-30-E, Chaves County, New Mexico. A copy of Exhibit "A" is attached for convenient reference.

All working interest owners please signify approval to the USGS request by signing and returning to the undersigned two copies of this letter. If no objections are registered with Texaco within thirty (30) days, application will be made for government approval. Revised Exhibits and copies of governmental approvals will be furnished when available.

Yours very truly,

R.T. Maxwell  
Division Landman

By T. E. Johnson  
T.E. Johnson

TEJ-er

enclosures

APPROVED: \_\_\_\_\_

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

Mailing List of Working Interest Owners  
Little Lucky Lake Unit  
Chaves and Eddy Counties, New Mexico

Shell Oil Company  
P.O. Box 1509  
Midland, Texas  
Attention: Mr. Foy Aldrich

Perry R. Bass and Richardson Oils, Inc.  
Fort Worth National Bank Building  
Fort Worth, Texas  
Attention: Mr. W.P. Duncan, Jr.

Oil Associates, Inc.  
1214-15 First National Bank Building  
Fort Worth, Texas

Mr. Jake L. Hamon  
Fifth Floor  
Vaughn Building  
Dallas, Texas

Continental Oil Company  
P.O. Box 1377  
Roswell, New Mexico  
Attention: Mr. Roy Pate, Jr.

Mr. W.J. Weaver  
Room 505  
Midland Savings and Loan Building  
Midland, Texas



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

IN REPLY REFER TO:

RECEIVED  
LAND DEPT.  
MIDLAND OFFICE  
DEC-6 1963

MAILED  
JUN 6 AM 7 46  
NOV 27 1963

Texaco Inc.  
Post Office Box 3109  
Midland, Texas

Gentlemen:

I have this date approved your amendment of section 3 of the Little Lucky Lake unit agreement, New Mexico, to be effective as of the date the West Henshaw Premier waterflood unit becomes effective. Said amendment permits the elimination of all formations above the base of the Grayburg formation from the effects of the Little Lucky Lake unit agreement so that the Premier sand reservoir can be operated under the proposed West Henshaw Premier unit.

Our letter of July 23 granting preliminary approval to the amendment of section 3 also gave preliminary approval to a proposed amendment of section 2 (e). The amendment of section 2 (e) was to postpone automatic elimination of acreage until you had an opportunity to attempt further exploration within the unit area. Inasmuch as the automatic elimination date has now passed we regard the proposed amendment of section 2 (e) as not having been timely completed and expect to receive, pursuant to section 2 (e), a description of the lands eliminated from the unit.

You have filed a composite ratification and joinder to the unit agreement and unit operating agreement by the lessees and working interest owners of tract 5, lease New Mexico 01924. We no longer consider said tract a part of the unit area. However, if you consider said tract as a part of the unit area we object to the joinder on the basis that the tract, separated as it is from the rest of the unit, could not be successfully operated as a part of the unit area and hence would not further the purposes of the unit agreement.

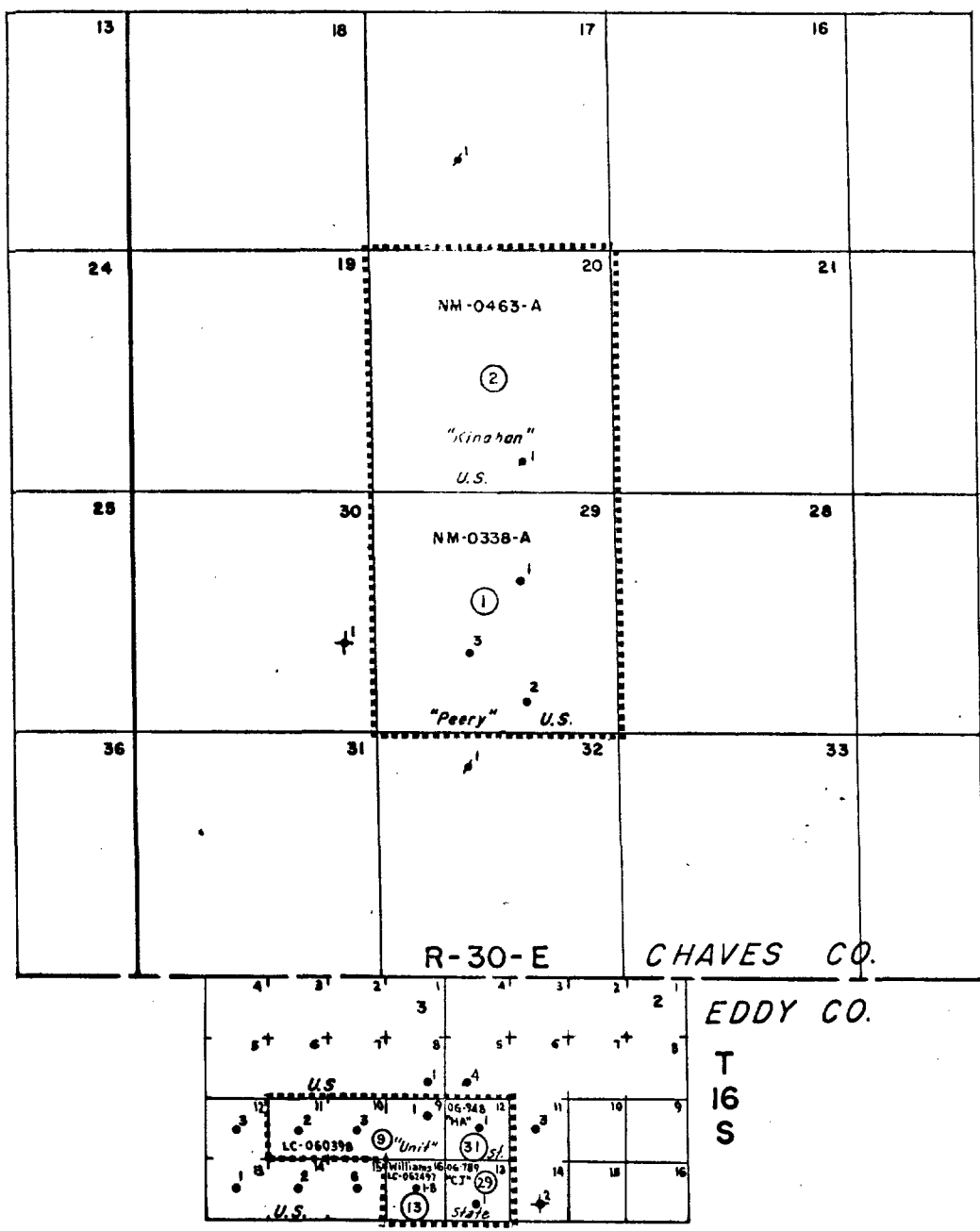
After the amendment of section 3 becomes effective and the wells which now constitute the Premier sand participating area are transferred to the West Henshaw Premier unit, we will be faced with the problem of having those formations below the Grayburg still committed to, but not participating in, the Little Lucky Lake unit. To avoid this situation we ask that the Little Lucky Lake unit be contracted to eliminate all lands not within the Devonian participating area effective as of the effective date of the amendment of section 3.

Sincerely yours,

Acting Director



172-7



T  
15  
S

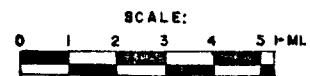
R-30-E CHAVES CO.  
EDDY CO.

T  
16  
S

LITTLE LUCKY LAKE UNIT AREA  
CHAVES AND EDDY COUNTIES, NEW MEXICO

EXHIBIT "A"

Revised-Effective 9-1-63



UNIT BOUNDARY  
TRACT NUMBER

7.3.6  
172-7

# TEXACO INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION

RECEIVED  
JUL 5 AM 7 51  
P.O. BOX 3109  
MIDLAND, TEXAS 79704

June 1, 1966

186200 - Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

Regional Oil and Gas Supervisor  
United States Geological Survey  
Drawer 1857  
Roswell, New Mexico 88201

Commissioner of Public Lands  
State of New Mexico  
P.O. Box 1148  
Santa Fe, New Mexico 87501

Oil Conservation Commission  
State of New Mexico  
P.O. Box 2088  
Santa Fe, New Mexico 87501

WORKING INTEREST OWNERS:  
(See attached addressee list)

Gentlemen:

By letter of November 27, 1963, the USGS requested that when the West Henshaw Premier waterflood unit in Eddy County, New Mexico became effective that the Little Lucky Lake Unit be contracted to eliminate all lands not within the Devonian participating area. (See last paragraph of attached letter.) The West Henshaw Premier Unit became effective June 1, 1966.

By amendment of Section 3 of the Little Lucky Lake unit agreement, effective June 1, 1966, all formations above the base of the Grayburg were eliminated from the effects of the Little Lucky Lake Unit. This amendment allowed the Premier sand participating area under the Little Lucky Lake to be operated under the West Henshaw Premier Unit when the latter became effective.

Texaco Inc., as operator of the Little Lucky Lake Unit, proposes to comply with the USGS request of November 27, 1963, and eliminate, effective June 1, 1966, the Premier sand participating area as to all formations below the base of the Grayburg from the effects of the Little Lucky Lake Unit. Combined with the aforementioned amendment of Section 3, the Premier sand

p.2, 186200-Little Lucky Lake Unit, 6-1-66

participating area as to all depths will be removed from the effects of the Little Lucky Lake Unit. By the same token, the Little Lucky Lake Unit will, after June 1, 1966, include only the Devonian participating area, covering Sections 20 and 29, T-15-S, R-30-E, Chaves County, New Mexico. A copy of Exhibit "A" is attached for convenient reference.

All working interest owners please signify approval to the USGS request by signing and returning to the undersigned two copies of this letter. If no objections are registered with Texaco within thirty (30) days, application will be made for government approval. Revised Exhibits and copies of governmental approvals will be furnished when available.

Yours very truly,

R.T. Maxwell  
Division Landman

By T. E. Johnson  
T.E. Johnson

TEJ-er

enclosures

APPROVED: Texaco Inc.  
BY: J. L. Steger  
DATE: July 1, 1966

p.2, 186200-Little Lucky Lake Unit, 6-1-66

participating area as to all depths will be removed from the effects of the Little Lucky Lake Unit. By the same token, the Little Lucky Lake Unit will, after June 1, 1966, include only the Devonian participating area, covering Sections 20 and 29, T-15-S, R-30-E, Chaves County, New Mexico. A copy of Exhibit "A" is attached for convenient reference.

All working interest owners please signify approval to the USGS request by signing and returning to the undersigned two copies of this letter. If no objections are registered with Texaco within thirty (30) days, application will be made for government approval. Revised Exhibits and copies of governmental approvals will be furnished when available.

Yours very truly,

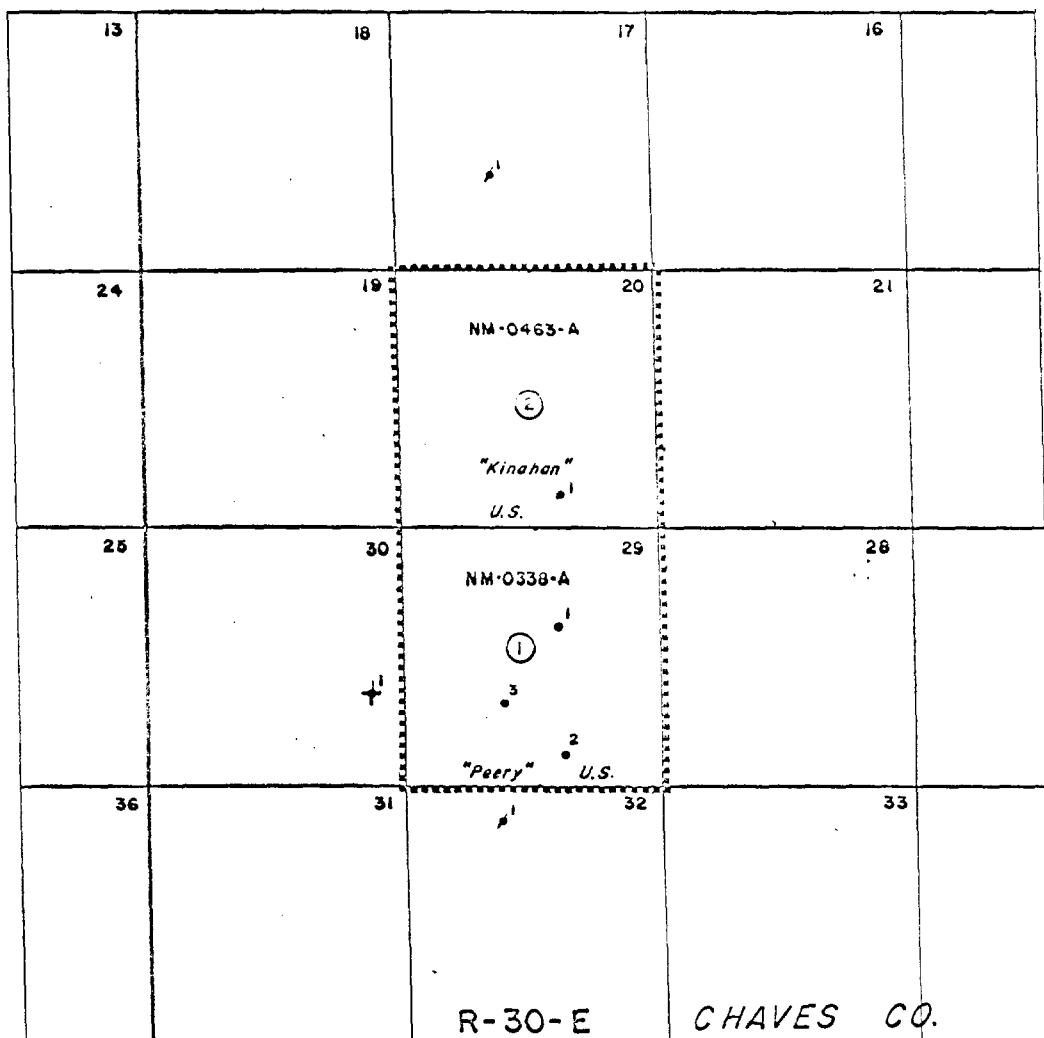
R.T. Maxwell  
Division Landman

By T. E. Johnson  
T.E. Johnson

TEJ-er

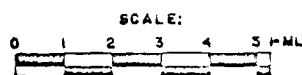
enclosures

APPROVED: Shell Oil Co.  
BY: J. R. S. Fuller  
DATE: 4/8/66



LITTLE LUCKY LAKE UNIT AREA  
CHAVES COUNTY, NEW MEXICO  
EXHIBIT "A"

Revised-Effective 6-1-66



-----



UNIT BOUNDARY  
TRACT NUMBER

7-3-6  
177-7

(Revised Effective 6-1-66)

EXHIBIT "B"  
LITTLE LUCKY LAKE UNIT  
TOWNSHIP 15 SOUTH, RANGE 30 EAST,  
CHAVES COUNTY

Schedule Showing the Percentage and Kind of Ownership of Oil and Gas Interests in all Lands in the Unit Area

Tract No.	Description of Land	No. of Acres	Serial No. and Date of Lease	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty Owner and Percentage	Working Interest Owner
FEDERAL LAND							
1	T-15-S, R-30-E Sec. 29: All	640.00	NM 0338-A 11-1-51	USA 12½%	Texaco Inc.	S.M.U. Perkins School of Theol. 2% Louise E. Peery 1% W.J. Weaver - \$10 per acre out of 1%	Texaco Inc.
2	T-15-S, R-30-E Sec. 20: All	640.00	NM 0463-A 11-1-51	USA 12½%	Texaco Inc.	Olen F. Featherstone 3% W.J. Weaver - \$10 per acre out of 1%	Texaco Inc.
FEDERAL LAND		2 tracts	1,280 acres	100.00% of unit area			

MAIN OFFICE 030

1964 APR 14 AM 11 05

1376

April 13, 1964

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

Gentlemen:

Your letter of January 22, 1964, requested preliminary concurrence to the automatic elimination of certain lands from the Little Lucky Lake Unit, Chaves and Eddy Counties, New Mexico, pursuant to Section 2 (e) of the Agreement.

Our letter to you dated January 28, 1964, in regard to the elimination of certain lots and your reply of January 31, 1964, informing us that these lots were not committed, removed any objection we might have had to the acreage discription of the remaining acreage.

Therefore, we concur in your discription of the lands which were automatically eliminated effective as of September 1, 1963 and lands which will remain subject to the Unit Agreement.

Texaco Inc.  
April 13, 1964  
- page 2 -

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(Mrs.) Marian M. Rhea, Supervisor  
Unit Division

ESW/mmr/v

cc: United States Geological Survey  
P. O. Drawer 1857  
Roswell, New Mexico

Oil Conservation Commission  
Santa Fe, New Mexico



Drawer 1857  
Roswell, New Mexico 88201

December 16, 1963

Teneco Inc.  
P. O. Box 3109  
Midland, Texas

Attention: Mr. B. E. Hellman

Gentlemen:

Returned herewith are two copies of a composite ratification and joinder to the Little Lucky Lake unit and unit operating agreement executed by Pauline V. and John H. Trigg, as lessee of record and working interest owners of lease New Mexico 01924, unit tract No. 5. The ratification and joinder was filed with this office on October 28, 1963, by your transmittal letter of October 25.

The joinder is returned pursuant to a letter to you of November 27 from the Acting Director, Geological Survey, objecting to acceptance of the joinder because the tract is not considered a part of the unit area subsequent to September 1, 1963, the automatic elimination date of the Little Lucky Lake unit agreement, and on the basis that the tract could not be successfully operated under the unit since it is separated from the portion of the unit area surviving automatic elimination.

Accordingly, the above described lease remains noncommitted to the Little Lucky Lake unit agreement.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

cc:  
Washington  
BLM-Santa Fe  
John H. Trigg  
Com. of Pub. Lands  
N.M.O.C.C.  
Artesia

**TEXACO**  
**INC.**

MAIN OFFICE OCC

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION

1963 OCT 28 AM 8:21



P. O. BOX 3109

October 25, 1963  
MIDLAND, TEXAS

186200 - Little Lucky Lake Unit  
Chaves and Eddy Counties, New Mexico

U. S. Geological Survey  
P. O. Drawer 1857  
Roswell, New Mexico

Attention: Mr. John A. Anderson

Dear Sir:

Enclosed find executed copies of a Ratification instrument to commit Tract #5 within the subject unit. This tract is described as the N/2 and SE/4 of Section 25 T-15-S, R-29-E Chaves County, New Mexico. Federal Lease NM-01924 covering this tract is owned by Pauline V. Trigg and husband, John H. Trigg. Texaco Inc. has approved the enclosed Ratification on behalf of the working interest owners.

For the completion of our files, we request that you advise by return mail, the effective commitment of this tract.

Yours very truly,

R. T. Maxwell  
Division Landman

BEH:gj  
Enclosure

By B. E. Hellman  
B. E. Hellman

CC: John H. Trigg, Co.  
P. O. Box 520  
Roswell, New Mexico  
Attn.: Mr. Jack R. Mundell - Enclosure

Commissioner of Public Lands  
P. O. Box 791  
Santa Fe, New Mexico  
Attn.: Mrs. M. M. Rhea - Enclosure

→ Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico - Enclosure

CONSENT AND RATIFICATION  
LITTLE LUCKY LAKE UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

1400 OFFICE 000

1963 OCT 23 AM 2:22

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Little Lucky Lake Unit Area embracing lands situated in Chaves and Eddy Counties, New Mexico, and a copy of the Unit Operating Agreement for the Development and Operation of the Little Lucky Lake Unit Area, Chaves and Eddy Counties, New Mexico, which said agreements are dated the 8th day of January, 1958, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interest in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the Little Lucky Lake Unit Agreement and Unit Operating Agreement, and do hereby consent thereof and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed all of the original said Unit Agreement and Unit Operating Agreement, or counterparts thereof.

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

LEASE COMMITTED:

Tract No. 5

Pauline V. Trigg  
Pauline V. Trigg  
John H. Trigg  
John H. Trigg

STATE OF NEW MEXICO     I  
                                  I ss.  
COUNTY OF   CHAVES     I

The foregoing instrument was acknowledged before me this 18th day of October, 1963, by Pauline V. Trigg and John H. Trigg, her husband.

L. Lucille Nichols  
Notary Public

My Commission Expires:

Nov. 19, 1963

APPROVED:  
TEXACO Inc., Unit Operator

By J. L. Sleeper  
Attorney-in-Fact

1210 146  
11-15

1376  
MAIN OFFICE OCC

1963 OCT 17 PM 5:02

October 17, 1963

Texaco, Inc.  
P. O. Box 3109  
Midland, Texas

Re: Little Lucky Lake Unit  
Chaves & Eddy Counties,  
New Mexico  
Amendment of Section 2 (e)

Attention: Mr. R. T. Maxwell

Gentlemen:

Pursuant to your letter dated October 3, 1963 and your Application for the Amendment of Section 2(e).

Under the terms of Section 2(e) the elimination clause was effective as of September 1, 1963, unless on this expiration date diligent drilling operations were in progress on unitized lands not entitled to participation which was not the case.

The Amendment of the Little Lucky Lake Unit Agreement, for the amending of Section 2(e) was submitted to this office under letter dated October 3, 1963, which was thirty days after the automatic elimination of the non-participating acreage.

There are three State of New Mexico leases which were extended beyond their expiration date by virtue of being committed to the Little Lucky Lake Unit, there-

Texaco Inc.  
Attention: Mr. R. T. Maxwell  
October 17, 1963  
- page 2 -

MAIN OFFICE OCC

fore, these leases expired as of September 17, 1963; when this acreage was automatically eliminated from the Unit under Section 2(e) of the Little Lucky Lake Unit Agreement.

Texaco Inc. failed to present their Application for an extension of the elimination clause prior to the effective date of such clause, therefore, such elimination becomes automatic.

We are returning to you unapproved, four copies of Amendment of Section 2(e).

Very truly yours,

E. J. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(Mrs.) Marian M. Rhea, Supervisor  
Unit Division

ESW/mm/v  
encl:

cc: Oil Conservation Commission  
Santa Fe, New Mexico

United States Geological Survey  
Drawer 1857  
Roswell, New Mexico  
Attention: Mr. John A. Anderson

13767  
MAIN OFFICE OCC

1963 OCT 22 AM 11:21

October 22, 1963

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico  
Amendment of Section 3

Attention: Mr. R. T. Maxwell

Gentlemen:

The Commissioner of Public Lands approves the Amendment of Section 3 to the Little Lucky Lake Unit, Chaves and Eddy Counties, New Mexico.

By this Amendment the Little Lucky Lake Unit is amended eliminating all formations down to the base of the Grayburg formation.

We are forwarding three approved copies of this Amendment to the United States Geological Survey in Roswell, New Mexico.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(Mrs.) Marian M. Rhea, Supervisor  
Unit Division

ESW/mm/v

encl:

cc: Oil Conservation Commission

United States Geological Survey  
Roswell, New Mexico

TEXACO

MAINTENANCE

PETROLEUM PRODUCTS

1963 MAY 13



DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION

P. O. BOX 3109  
MIDLAND, TEXAS

1276  
May 8, 1963

206727 - State of New Mexico Lease  
B-10420-166  
Chaves County, New Mexico

Commissioner of Public Lands  
P. O. Box 791  
Santa Fe, New Mexico

Attention: Mrs. M. M. Rhea

Dear Sir:

The subject lease consists of the NE/4 SW/4 Section 32, T-15-S, R-30-E and is Tract #21 within the Little Lucky Lake Unit Area. The Commissioner on April 30, 1963 advised his approval to the commitment of this tract to the Unit Agreements by Texaco Inc.

Pursuant to your request, we are enclosing a Xerox copy of a letter dated May 2, 1963 received from the U.S.G.S. approving the commitment of this lease. By a copy of this letter, the Oil Conservation Commission is also furnished with a copy of Texaco's ratification instrument covering this lease.

Yours very truly,

R. T. Maxwell  
Division Landman

By

  
B. E. Hellman

BEH-BW

CC: Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

CONSENT AND RATIFICATION  
LITTLE LUCKY LAKE UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Little Lucky Lake Unit Area embracing lands situated in Chaves and Eddy Counties, New Mexico, and a copy of the Unit Operating Agreement for the Development and Operation of the Little Lucky Lake Unit Area, Chaves and Eddy Counties, New Mexico, which said agreements are dated the 8th day of January, 1958, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interest in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interest to the Little Lucky Lake Unit Agreement and Unit Operating Agreement, and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement and Unit Operating Agreement, or counterparts thereof.

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

LEASE COMMITTED:

TEXACO Inc.

Tract No. 21

By

J. L. Shuper, Jr.  
Attorney-in-Fact

Approved:

Terms 100% KH  
Form DMB

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 25th day of April, 1963, by J. L. Shuper, Jr., Attorney-in-Fact for TEXACO Inc., a corporation, on behalf of said corporation.

Betty L. Davis  
Notary Public

My Commission Expires:

June 1, 1963



1376

**TEXACO**  
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION

P. O. BOX 3109  
MIDLAND, TEXAS

September 19, 1962

186200 - Little Lucky Lake Unit  
Chaves and Eddy Counties, New Mexico  
U. S. G. S. No. 14-09-001-4707

Director  
United States Geological Survey  
Department of the Interior  
Washington 25, D. C.

Through: Mr. John A. Anderson  
Regional Oil and Gas Supervisor  
United States Geological Survey  
Drawer 1857  
Roswell, New Mexico

Dear Sir:

The operators in the West Henshaw Grayburg Pool have begun negotiations for the formation of a secondary recovery unit for the purpose of waterflooding the Premier Sand reservoir.

A part of the acreage to be included in the project area is now in the Little Lucky Lake Unit, and it would facilitate the inclusion of this acreage in the secondary recovery project if the Premier Sand were removed from the Little Lucky Lake Unit. This can be readily and satisfactorily accomplished by amending the definition of unitized substances in the Little Lucky Lake Unit Agreement to cover the oil and gas in only those formations lying below the base of the Grayburg formation.

All operators owning working interests committed to the Little Lucky Lake Unit Agreement have tentatively agreed to its amendment in this manner, and we are submitting herewith for your consideration and preliminary approval a copy of the text of a proposed amendment, with signature spaces and certificates of acknowledgement to be added later.

Very truly yours,

TEXACO Inc., Unit Operator  
Little Lucky Lake Unit

BEH:FM

By: R. T. Maxwell

cc-Commissioner of Public Lands  
State of New Mexico  
Attention: Mrs. M. M. Rhea  
Santa Fe, New Mexico

cc-Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico  
cc-Shell Oil Company, Attn: Ed Lester  
P. O. Box 1509  
Midland, Texas

AMENDMENT OF UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE LITTLE LUCKY LAKE UNIT AREA  
CHAVES AND EDDY COUNTIES, NEW MEXICO

UNITED STATES GEOLOGICAL SURVEY  
NO. 14-08-001-4707

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned, being the owners of all working interests committed to the Unit Agreement for the Development and Operation of the Little Lucky Lake Unit Area embracing lands situated in Chaves and Eddy Counties, New Mexico, which agreement is dated January 8, 1958, was approved by said Director April 16, 1958, and bears United States Geological Survey No. 14-08-001-4707, do hereby amend Section 3 of said Unit Agreement to read as follows, to-wit:

"3 . UNITIZED LAND AND UNITIZED SUBSTANCES: All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized land lying below the base of the Grayburg formation are unitized under the terms of this agreement and herein are called "unitized substances." The "base of the Grayburg formation" is defined for the purposes hereof as the contact between the Grayburg and San Andres formations which occurs at a depth of 2860 feet beneath the derrick floor, or 1041 feet above sea level, in the Little Lucky Lake Unit Shell Well No. 1, located in Lot 9 of Section 3, Township 16-S, Range 30-E, N.M.P.M., as recorded on the sonic log and Laterolog of said well, dated May 28, 1959".

This agreement may be executed in any number of counterparts, with the same force and effect as if all parties had joined in the execution of a single instrument, and shall become effective on the date that the Unit Agreement for the West Henshaw Premier Unit becomes effective provided all parties hereto execute this agreement and it has been approved by said Director and Commissioner.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

UNIT OPERATOR

WORKING INTEREST OWNERS

CLAIM OFFICE CCC

1376

1963 MAY 6 AM 9:32

April 30, 1963

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Re: State of New Mexico Lease  
B-10420-166  
Little Lucky Lake Unit Tract  
No. 21, Chaves County, New  
Mexico

Attention: Mr. S. E. Heilman

Gentlemen:

The Commissioner of Public Lands acknowledges receipt of ratification and joinder to the Little Lucky Lake Unit Agreement and Operating Agreement of Tract No. 21, by Texaco Inc.

Tract No. 21 consists of the NE/4SW/4 Section 32, Township 15 South, Range 30 East and is in State Lease B-10420 assignment No. 166.

This tract should become effective May 1, 1963. Please advise us if the United States Geological Survey agree on this effective date.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(Mrs.) Marian M. Rhea, Supervisor  
Unit Division

ESW/mmr/v

cc: U. S. Department of Interior  
Geological Survey  
Roswell, New Mexico  
Oil Conservation Commission

Case 1376

October 26, 1961

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Re: Third Enlargement  
Devonian Participating  
Area Little Lucky Lake  
Unit, Chaves and Eddy  
Counties, New Mexico

Attention: Mr. B. E. Hellman

Gentlemen:

We have received your Third Enlargement, Devonian Participating Area for Little Lucky Lake Unit dated October 20, 1961, replacing one which was approved by the Commissioner of Public Lands December 7, 1960 but disapproved by the U. S. Geological Survey.

This office might be inclined to approve one set up for the S/2 of Sec. 20, T-15S, R-30E, however, we will not approve a Third Enlargement for Section 20 in its entirety unless it is previously approved by the U. S. Geological Survey.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

ESW/mmr/v  
cc: Oil Conservation Commission  
Santa Fe, New Mexico

U.S. Geological Survey  
Roswell, New Mexico

C  
O  
P  
Y

Case # 1516

October 3, 1961

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Re: Plan of Development  
Little Lucky Lake  
Chaves and Eddy Counties  
New Mexico

Attention: Mr. B. E. Hallman

Gentlemen:

Referring to your letter dated September 13, 1961, you have stated that the last Plan of Development approved by the Commissioner and Supervisor was for Devonian Development covering November 16, 1959 to November 16, 1960. We also approved an extension of time as requested by your letter dated October 27, 1960.

This extension of time was to be until the TSI Spencer Federal "B" No. 1 was completed. You show this well completed as January 10, 1961, therefore, you have had no Plan of Development or extension since January 1961.

It would seem that it is time for Texaco Inc. as the Unit Operator to comply with section 10 of the Unit Agreement. It is intended under this section that the plan of development would set forth the wells to be drilled and their locations and that such a development plan would be approved by the Commissioner and the Supervisor. Under the present operation the wells are drilled prior to even a request for an extension.

C  
O  
P  
Y

Exaco Inc.  
P. O. Box 3109  
Midland, Texas

October 3, 1961  
(page 2)

We do not believe the present operation is in accordance with the terms of the Unit Agreement, therefore, we request that a Plan of development be submitted for the Devonian formation and also for the Premier Sand-Grayburg formation at your earliest convenience.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

ESW/mmr/v  
cc: Oil Conservatyn Commission  
Santa Fe, New Mexico

U. S. Geological Survey  
Roswell, New Mexico

C  
O  
P  
Y

Drawer 1857  
Roswell, New Mexico

October 2, 1961

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Attention: Mr. B. E. Hallman

Gentlemen:

Your letter of September 13, 1961, proposes the drilling of an additional Ellenburger test well in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  sec. 23, T. 15 S., R. 29 E., N.M.P.M., Little Lucky Lake unit area, Chaves and Eddy Counties, New Mexico, and advises that a new plan of development will be submitted upon the completion of such well.

Your request to include the above described well under the current plan of development and for an extension of time within which to file the next plan of development for the Little Lucky Lake unit agreement is hereby approved subject to like approval by the appropriate State officials.

Three approved copies of the plan are enclosed.

Very truly yours,

(Sgd.) CARL C. TRAYWICK

CARL C. TRAYWICK  
Acting Oil and Gas Supervisor

Copy to: Wash. (w/cy of plan)  
Artesia (w/cy of plan)  
NMOCC, Santa Fe (ltr. only) ✓  
Com. of Pub. Lands, Santa Fe (ltr. only)

In reply refer to:  
Unit Division

January 27, 1960

162  
1374

C  
O  
P  
Y  
  
Texaco Incorporated  
P. O. Box 3109  
Midland, Texas

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

ATTENTION: Mr. B. E. Hellman

Gentlemen:

We are forwarding six copies of the Second Enlarged Participating Area for the Premier Sand-Grayburg Formation and six copies of the Third Enlarged Participating Area for the Premier Sand-Grayburg Formation to the Director of the United States Geological Survey, Roswell, New Mexico.

The aforementioned were approved by the Commissioner of Public Lands as of January 26, 1960, subject to like approval by the United States Geological Survey.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/m  
cc:

OCC- Santa Fe ✓  
USGS- Roswell



In reply refer to:  
Unit Agreement  
Division

January 12, 1960

*Case # 1315*

C

Texaco Incorporated  
P. O. Box 3109  
Midland, Texas

O

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties

P

ATTENTION: Mr. R. T. Maxwell

Gentlemen:

Y

We are enclosing two copies of your Plan of Development dated November 16, 1959, covering the period November 1, 1959 to November 1, 1960 inclusive, for the Little Lucky Lake Unit Area.

This Plan covers the drilling of three Devonian wells and was approved by the Commissioner of Public Lands January 11, 1960.

This office has received a copy of this plan approved by the Supervisor of the United States Geological Survey on December 30, 1959.

We have requested that your office furnish us certain well records.

Mr. Griffin gave me a verbal explanation of certain wording in your Plan of Development and has agreed to furnish this to us by letter.

Texaco Incorporated  
P. O. Box 3109  
Midland, Texas

Page (2).  
1-12-60

We trust you have not been inconvenienced by our  
delay in approving this Plan of Development.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/m  
cc:

OCC- Santa Fe  
USGS- Roswell

C  
O  
P  
Y

P. O. Box 6721  
Roswell, New Mexico

December 30, 1959

Texaco Inc.  
P. O. Box 3109  
Midland, Texas

Attention: Mr. R. T. Maxwell

Gentlemen:

Your plan of development dated November 16, 1959, covering a 12-month period beginning November 1, 1959, for the Little Lucky Lake unit area, Chaves and Eddy Counties, New Mexico, (No. 14-08-001-4707), proposing the drilling of three Devonian wells and no Premier wells, has been approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Three approved copies of the plan are enclosed.

Very truly yours,

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

Enclosures

Copy to: Washington (w/cy of plan)  
Artesia "  
-1 NMOCC (Ltr only)  
Comm. Public Lands (Ltr. only)

In reply refer to:  
Unit Division

December 23, 1959

Texaco Incorporated  
P. O. Box 3109  
Midland, Texas

ATTENTION: Mr. R. L. Maxwell

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

Gentlemen:

We are enclosing two copies of the application dated December 14, 1959 for the First Enlargement of the Participating Area for the Devonian Formation.

This application was approved by the Commissioner of Public Lands December 23, 1959, subject to like approval by the Director, United States Geological Survey.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MSR/m

In reply  
Unit D.

November 24, 1959

*Wade*  
*1376*

Texaco Incorporated  
P. O. Box 3109  
Midland, Texas

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

ATTENTION: Mr. R. T. Maxwell

Gentlemen:

The Commissioner of Public Lands has of November 24, 1959 approved your application for the Second Enlarged Participating Area for the Premier Sand Grayburg Formation, Little Lucky Lake Unit Area.

Two copies of approved application are enclosed herewith.

This approval is subject to like approval by the United States Geological Survey and effective date is set forth as May 1, 1959.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/m  
cc:

Oil Conservation Commission  
Santa Fe, New Mexico

United States Geological Survey  
Roswell, New Mexico

C  
O  
P  
Y

P. O. Box 6721  
Roswell, New Mexico

June 26, 1959

Texaco, Inc.,  
P. O. Box 3109  
Midland, Texas

Attention: Mr. R. T. Maxwell

Gentlemen:

Your amendment to the plan of development for 1959, dated June 15, 1959, for the Little Lucky Lakes unit area, No. 14-03-001-4707, Chaves and Eddy Counties, New Mexico, which proposes changing the location of one Devonian formation well has been approved on this date subject to like approval by the appropriate State Officials. The original plan of development, as amended, specified the location of a Devonian formation test well as the SW $\frac{1}{4}$ SW $\frac{1}{4}$  sec. 29, T. 15 S., R. 30 E., N.M.P.M. The amendment hereby approved substitutes a location in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  sec. 29 for this test well.

Three approved copies of the plan are enclosed.

Very truly yours,

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

Enclosure

Copy to: Washington (w/cy of plan)  
Farmington (w/cy of plan)  
NMOCC, Santa Fe (letter only)  
Comm. of Pub. Lands, Santa Fe (letter only)

P. O. Box 6721  
Roswell, New Mexico

March 12, 1959

The Texas Company  
Producing Department  
P. O. Box 1720  
Fort Worth 1, Texas

Attention: R. T. Maxwell

Gentlemen:

Your Plan of Development for a portion of calendar year 1959, dated February 24, 1959, for the Grayburg formation, Little Lucky Lake unit area, Chaves and Eddy Counties, New Mexico, which proposes the drilling of one Grayburg formation well, has been approved on this date subject to like approval by the appropriate State officials. A further plan of development must be submitted within 60 days of completion of this well.

Three approved copies of the plan are enclosed.

Very truly yours,

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

Enclosures

Copy to: Washington (w/copy of plan)  
Artesia (w/copy of plan)  
NMOCC, Santa Fe (letter only) ✓  
Comm. of Pub. Lands, Santa Fe (letter only)

In reply refer to:  
Unit Division

May 26, 1959

The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

ATTENTION: Mr. B. E. Hellman

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

Gentlemen:

We have repeatedly requested well reports for the Little Lucky Lake Unit Area be filed with this office. In our telephone conversation, of April 4, 1959, with Mr. Hellman, we again requested that complete reports be filed. These numerous requests have been without results.

There is 1,642.68 acres of State Land in this unit and unless we receive complete reports on all wells completed and drilling on this unit immediately, we will be compelled to turn this matter over to our Legal Department for such action as they may deem necessary.'

We will list below the well reports on this unit, which this office has received:

- (a.) Complete reports on Perry Federal No. 1
- (b.) Sundry notice form on a Little Lucky Lake No 3 well, located Lot 10, Sec. 3, Twp.16S, Rge. 30-E.
- (c.) One Sundry notice form on a William Federal B-Well No. 1 dated March 10, 1959, Intention to Drill- Lot 16, Sec. 3-16S-30E.



The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

5-26-59  
(Page 2.)

(d.) One sundry notice form on a Shell No. 1 Well  
dated May 6, 1959, notice of Intention to drill  
Lot 9, Section 3, Twp. 16-S, Range 30-E.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/m

cc:

USGS- Roswell  
OCC- Santa Fe ✓

Shell Oil Company  
P. O. Box 1509  
Midland, Texas

Shell Oil Company  
P. O. Box 845  
Roswell, New Mexico

In reply refer to:  
Unit Division

May 25, 1959

The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

ATTENTION: B. E. Hellman

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

Gentlemen:

In regard to your letter dated February 24, 1959 in which you submitted the Initial Participating Area for the Premier Sand-Grayburg Formation and Plan of Development for the Premier Sand:

We are approving the Plan of Development for the drilling of one Grayburg Formation well, this plan having been approved by the United States Geological Survey March 12, 1959, however, this office has not received any verification as to the United States Geological Survey's approval of the Initial Participating Area for the Grayburg Formation and as we stated in our letter of March 9th, we shall wait for their approval.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/m

cc: OCC-Santa Fe  
USGS-Roswell

In reply refer to:  
Unit Division

May 25, 1959

The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

ATTENTION: Mr. R. T. Maxwell

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

Gentlemen:

Your amendment to the 1959 Plan of Development, dated May 6, 1959, for the Devonian Formation in the Little Lucky Lake Unit Area, proposing the drilling of three additional Devonian wells for 1959, has been approved by the Commissioner of Public Lands as of this date, subject to like approval by the United States Geological Survey.

We are enclosing two approved copies of this plan.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/m  
cc:

OCC- Santa Fe  
USGS- Roswell

P. O. Box 6721  
Roswell, New Mexico

May 4, 1959

Texaco, Inc.,  
P. O. Box 1720  
Fort Worth 1, Texas

Attention: Mr. B. E. Hellman

Gentlemen:

Your 1959 plan of development, dated April 13, 1959, for the Premier sand (Grayburg formation) in the Little Lucky Lake unit area, Chaves and Eddy Counties, New Mexico, No. 14-08-001-4707, proposing the drilling of five Grayburg wells has been approved on this date, subject to like approval by the appropriate officials of the State of New Mexico. Said plan provides for the first well to be commenced within 30 days after approval of the plan of development and for successive wells to be commenced within 30 days of the date of completion of the previous well. A further plan of development will be submitted within 60 days of completion of the fifth well.

Three approved copies of the plan are enclosed.

Very truly yours,

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

Enclosures 3

Copy to: Washington (w/cy of plan)  
Artesia (w/cy of plan)  
NMOCC (ltr only) ✓  
Comm. of Pub. Lands (ltr only)

File  
176

P. O. Box 6721  
Roswell, New Mexico

March 12, 1959

The Texas Company  
Producing Department  
P. O. Box 1720  
Fort Worth 1, Texas

Attention: R. T. Maxwell

Gentlemen:

Your Plan of Development for a portion of calendar year 1959, dated February 24, 1959, for the Grayburg formation, Little Lucky Lake unit area, Chaves and Eddy Counties, New Mexico, which proposes the drilling of one Grayburg formation well, has been approved on this date subject to like approval by the appropriate State officials. A further plan of development must be submitted within 60 days of completion of this well.

Three approved copies of the plan are enclosed.

Very truly yours,

(Orig. Sgd.) JOHN A. ANDERSON

JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

Enclosures

Copy to: Washington (w/copy of plan)  
Artesia (w/copy of plan)  
NMCC, Santa Fe (letter only) ✓  
Comm. of Pub. Lands, Santa Fe (letter only)

RECEIVED 1959 MAR 11 10 30

P. O. Box 845  
Roswell, N. M.

March 11, 1959

Subject: Chavez & Eddy Counties,  
New Mexico  
Little Lucky Lease Unit  
No. 14-08-001-4707

File  
1376

Director  
United States Geological Survey  
Department of the Interior  
Washington 25, D. C.

Through: Mr. John A. Anderson  
Regional Oil and Gas Supervisor  
United States Geological Survey  
Roswell, New Mexico

Gentlemen:

We are attaching the original and four copies of Designation of Agent executed by The Texas Company as unit operator under the above unit.

As pointed out in the attached instrument, the unit operator is responsible for compliance with the terms of the lease and unit agreement and for our compliance with all regulations or orders insofar as the rights granted to us under Lot 12 of Section 2 and Lot 15 of Section 3, T-16-S, R-30-E, N. M. P. M.

If there are any particular instructions you have under this particular type of agency, please do not hesitate to call on us so that we might comply with them.

Very truly yours,

SHELL OIL COMPANY

Original Signed By  
S. B. DEAL

By

P. A. Dennis  
Division Production Manager

RCC:ram

Attachments

cc: Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico

cc: Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

cc: [illegible]  
[illegible]  
[illegible]

DESIGNATION OF AGENT

---

The undersigned is, on the records of the U. S. Geological Survey, Unit Operator of the Little Lucky Lake Unit, No. 14-05-002-1407, embracing all or in part the following oil and gas leases:

1. Federal Oil and Gas Lease bearing Gas Grades serial number 062497 - Santa Fe District Land Office.
2. State of New Mexico Oil and Gas Lease 928.

and hereby designates

NAME: Shell Oil Company  
ADDRESS: P. O. Box 1209  
Midland, Texas

as its agent, with full authority to act in its behalf in complying with the terms of the above described lease and unit agreement, and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to all operations involving the following lands comprised in said Little Lucky Lake Unit Area:

Township 10-South, Range 10-East, N.M.P.M.

Section 1: Lot 16 (Federal Lease)  
Section 2: Lot 12 (New Mexico State Lease)

It is understood that this designation of agent does not relieve the Unit Operator of responsibility for compliance with the terms of the lease and the Oil and Gas Operating Regulations. It is also understood that this designation of agent does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The Unit Operator agrees promptly to notify the Oil and Gas supervisor of any change in the designated agent.

UNIT OPERATOR

THE TEXAS COMPANY, a Corporation

**ILLEGIBLE**

By: \_\_\_\_\_  
Attorney-in-Fact

ADDRESS: P. O. Box 1720  
Fort Worth, Texas

DATE: March 4, 1959

F, 1e 1376

In reply refer to:  
Unit Division

March 9, 1959

C  
O  
P  
Y  
  
The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

ATTENTION: Mr. R. T. Maxwell

Re: Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

Gentlemen:

We have received copies of your applications covering the Initial Participating Area for the Premier Sand-Grayburg Formation and Plan of Development for the Premier Sand for the Little Lucky Lake Unit.

This office does not feel we should be requested to approve these applications prior to approval by the Director of the United States Geological Survey, due to the fact this is federal acreage and they are the ones in position to ascertain if these plans are satisfactory since federal land only is involved.

We do not feel there should be anything in their rules and regulations requiring the Commissioner's signature first under such circumstances.

Therefore, upon receipt of their approval this office will automatically approve these applications.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

by:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MSK/m

OCC-Santa Fe  
MORGAN



In reply refer to:  
Unit Division

February 11, 1959

C  
O  
P  
Y  
  
The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Re: Initial Participating Area  
for Devonian Formation  
Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

ATTENTION: Mr. R. T. Maxwell

Gentlemen:

The Commissioner of Public Lands approved the Initial Participating Area for the Devonian Formation for the Little Lucky Lake Unit, February 11, 1959.

We are forwarding to the Supervisor of the United States Geological Survey, Roswell, New Mexico, seven copies of the above designated application under copy of this letter.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MMR/s

cc:

OCC- Santa Fe ✓  
USGS- Roswell



# SHELL OIL COMPANY

P. O. Box 845  
Roswell, New Mexico

February 4, 1959

File  
1576

Subject: Chaves and Eddy Counties,  
New Mexico  
Little Lucky Lake Unit  
No. 14-08-001-4707

~~Director~~  
~~United States Geological Survey~~  
~~Department of the Interior~~  
~~Washington 25, D.C.~~

Through: Mr. John A. Anderson  
Regional Oil and Gas Supervisor  
United States Geological Survey  
Roswell, New Mexico

Gentlemen:

We are attaching the original and four copies of Designation of Agent executed by the Texas Company as unit operator under the above unit.

As pointed out in the attached instrument, the unit operator is responsible for compliance with the terms of the lease and unit agreement and for our compliance with all regulations or orders insofar as the rights granted to us under All of Section 30, T-15-S, R-30-E, N.M.P.M.

If there are any particular instructions you have under this particular type of agency, please do not hesitate to call on us so that we might comply with them.

Yours very truly,

R. A. Clarke  
Roswell Division Land Department

cc - Commissioner of Public Lands (Information Copy)  
State of New Mexico  
Santa Fe, New Mexico

cc - Oil Conservation Commission (Information Copy)  
State of New Mexico  
Santa Fe, New Mexico

Attachments

In reply refer to:  
Unit Division

February 10, 1959

File  
1376

The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Re: 1959 Plan of Development for  
Little Lucky Lake Unit  
Chaves and Eddy Counties, New Mexico

ATTENTION: Mr. B. E. Hellman

Gentlemen:

We are enclosing one copy of the 1959 Plan of Development for Little Lucky Lake Unit Area, which was approved by the Commissioner of Public Lands February 10, 1959.

This Plan of Development covers the drilling of two additional Devonian wells and it is understood that a separate plan of development will be submitted for the San Andres formation.

May we please be notified at such time as this Plan of Development is fully executed.

Very truly yours,  
MURRAY E. MORGAN  
Commissioner of Public Lands

BY:  
Ted Bilberry, Supervisor  
Oil and Gas Division

MEM/MME/s  
cc:

OCC- Santa Fe  
USCS- Roswell

C  
O  
P  
Y

DESIGNATION OF AGENT

The undersigned is, on the records of the U. S. Geological Survey, Unit Operator of the Little Lucky Lake Unit, No. 14-08-001-4707, embracing in part the following oil and gas lease:

DISTRICT LAND OFFICE: Santa Fe  
SERIAL NUMBER: MM-04335

and hereby designates

NAME: Shell Oil Company  
ADDRESS: P. O. Box 1509  
Midland, Texas

as its agent, with full authority to act in its behalf in complying with the terms of the above described lease and unit agreement, and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to all operations involving the following lands committed to said Little Lucky Lake Unit Area:

Township 15-South, Range 30-East, N.E.P.M.

Section 30: All

It is understood that this designation of agent does not relieve the Unit Operator of responsibility for compliance with the terms of the lease and the Oil and Gas Operating Regulations. It is also understood that this designation of agent does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The Unit Operator agrees promptly to notify the oil and gas supervisor of any change in the designated agent.

UNIT OPERATOR

THE TEXAS COMPANY, a Corporation

By: 

Attorney-in-Fact

ADDRESS: P. O. Box 1720  
Midland, Texas

DATED: February 2, 1959

JAL:AW  
6/27/58  
M-93-58

DESIGNATION OF AGENT

The undersigned is, on the records of the U. S. Geological Survey, Unit Operator of the Little Lucky Lake Unit, No. 14-08-001-4707, embracing in part the following oil and gas lease:

DISTRICT LAND OFFICE: Santa Fe  
SERIAL NUMBER: LC-060398-B

and hereby designates

NAME: Shell Oil Company  
ADDRESS: P. O. Box 1509  
Midland, Texas

as its agent, with full authority to act in its behalf in complying with the terms of the above described lease and unit agreement, and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to all operations involving the following lands committed to said Little Lucky Lake Unit Area:

Township 16 South, Range 30 East, N.M.P.M.:

Section 3: Lots 9, 10 and 11

It is understood that this designation of agent does not relieve the Unit Operator of responsibility for compliance with the terms of the lease and the Oil and Gas Operating Regulations. It is also understood that this designation of agent does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The Unit Operator agrees promptly to notify the oil and gas supervisor of any change in the designated agent.

UNIT OPERATOR

THE TEXAS COMPANY, a Corporation

By:   
Attorney-in-Fact

ADDRESS: P. O. Box 1720  
Fort Worth, Texas

DATED: 6/30/58

NEW MEXICO  
OIL CONSERVATION COMMISSION  
P. O. Box 871  
Santa Fe, New Mexico

Date January 22, 1958

Mr. Clarence Hinkle  
Hervey, Dow & Hinkle  
P.O. Box 547  
Roswell, New Mexico

Gentlemen:

Your application for ~~approval of The Texas Company's Little Lucky~~  
~~Lake Unit Agreement~~  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
dated January 15, 1958 has been received, and has been tentatively  
scheduled for hearing before the Commission on  
February 13, 1958.

A copy of the docket will be forwarded to you as soon as the matter is  
advertised.

Very truly yours,

  
A. L. PORTER, Jr.,  
Secretary-Director

ga

*Sept 11 1958*



SAHNEEICODD COMPANY

P. O. Box 845

1958 JUL 11 AM 8:35 Roswell, New Mexico

July 9, 1958

Subject: Chaves and Eddy Counties,  
New Mexico  
Little Lucky Lake Unit  
No. 14-08-001-4707

Director  
United States Geological Survey  
Department of the Interior  
Washington 25, D. C.

Through: Mr. John A. Anderson  
Regional Oil and Gas Supervisor  
United States Geological Survey  
Roswell, New Mexico

File  
1776

Gentlemen:

We are attaching the original and four copies of Designation of Agent executed by The Texas Company as unit operator under the above unit.

As pointed out in the attached instrument, the unit operator is responsible for compliance with the terms of the lease and unit agreement and for our compliance with all regulations or orders insofar as the rights granted to us under Lots 9, 10 and 11 of Section 3, T-16-S, R-30-E, Eddy County, New Mexico.

If there are any particular instructions you have under this particular type of agency, please do not hesitate to call on us so that we might comply with them.

Yours very truly,

O. V. Lawrence  
Roswell Division Land Manager

cc - Commissioner of Public Lands (Information Copy)  
State of New Mexico  
Santa Fe, New Mexico

cc - Oil Conservation Commission (Information Copy)  
State of New Mexico  
Santa Fe, New Mexico

J. M. HERVEY 1874-1953

HIRAM M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV  
LEWIS C. COX, JR.

PAUL W. EATON, JR.  
ROBERT C. BLEDSOE

LAW OFFICES  
HERVEY, DOW & HINKLE  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-6510  
POST OFFICE BOX 547

April 21, 1958

*File  
17/16*

Mr. A. L. Porter, Jr.  
Secretary and Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Little Lucky Lake Unit Area

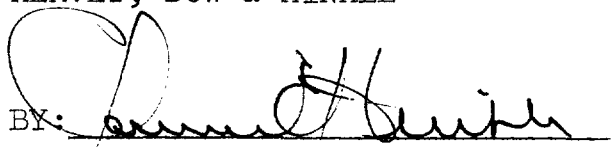
Dear Mr. Porter:

We enclose herewith an executed approved copy of the unit agreement in connection with the above unit area.

This agreement was approved by the Commissioner of Public Lands on March 12, 1958 and by the Director of the United States Geological Survey on April 16, 1958.

Yours very truly,

HERVEY, DOW & HINKLE

BY: 

CEH:jy  
Encl.

cc: The Texas Company  
P. O. Box 1270  
Midland, Texas



J. M. HERVEY 1874-1953

HIRAM M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV

J. PENROD TOLES  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.

LAW OFFICES  
HERVEY, DOW & HINKLE  
FIRST NATIONAL BANK BUILDING  
ROSWELL, NEW MEXICO

January 15, 1958

TELEPHONE MAIN 2-6510  
POST OFFICE BOX 547

New Mexico Oil Conservation Commission  
Santa Fe,  
New Mexico

Re: Application for Approval of  
Little Lucky Lake Unit Agreement  
Chaves and Eddy Counties, New Mexico

Gentlemen:

We enclose herewith in triplicate Application of The Texas Company for approval of the proposed Little Lucky Lake Unit Agreement embracing lands in Chaves and Eddy Counties, New Mexico. You will also find enclosed three copies of the proposed Unit Agreement.

The area described in the application has been designated by the U.S.G.S. as an area suitable and proper for unitization and the agreement has been approved as to form by the U.S.G.S. We are making application to the Commissioner of Public Lands for approval as to form and for approval of the unit after it has been approved by the Conservation Commission.

We would like to have this matter set down for hearing as soon as practicable and, if possible, we would prefer to have it set before an examiner at Hobbs. Please send us a copy of the notice as soon as prepared and ready for publication.

Yours very truly,

HERVEY, DOW & HINKLE

By 

CEH/bp  
Enclosures

cc: The Texas Company  
Midland, Texas

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 3, 1958

Mr. Clarence Hinkle  
Hervey, Dow & Hinkle  
P.O. Box 547  
Roswell, New Mexico

Dear Mr. Hinkle:

On behalf of your client, The Texas Company, we enclose two copies of Order R-1131 issued February 28, 1958, by the Oil Conservation Commission in Case 1376, which was heard on February 13th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

bp  
Encls.

C  
O  
P  
Y

1376

**TEXACO**  
**INC.**

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT  
MIDLAND DIVISION



P. O. BOX 3109  
MIDLAND, TEXAS

December 14, 1962

186200 - Little Lucky Lake Unit  
Chaves and Eddy Counties,  
New Mexico

---

Commissioner of Public Lands  
P. O. Box 791  
Santa Fe, New Mexico      Attn: Mrs. Marian M. Rhea

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Gentlemen:

On September 19, 1962, we furnished each of you copies of our proposed form for amending the subject unit to exclude those formations down to the base of the Grayburg zone. By a subsequent letter, Texaco furnished to the Commissioner a copy of its application as unit operator to extend the automatic elimination provisions in Section 2(e) of the Unit Agreement for an additional three-year period or until September 1, 1966.

At the request of the U. S. Geological Survey, we have combined these requests into one application. Enclosed to each of you is a copy of our application dated December 13, 1962 requesting preliminary concurrence to amend the Unit Agreement as indicated above.

Yours very truly,

R. T. Maxwell  
Division Landman

By

  
B. E. Hellman

BEH:bw  
Enclosures

December 13, 1958

186200 - Little Lucky Lake Unit  
Chaves and Eddy Counties, New Mexico  
APPLICATION FOR PRELIMINARY CONCURRENCE  
BY THE DIRECTOR TO AN AMENDMENT OF SECTIONS 2(e) AND 3 OF THE UNIT AGREEMENT  
U.S.G.S. No. 14-08-001-4707

United States Geological Survey (3)  
P. O. Drawer 1857  
Roswell, New Mexico

Attention: Mr. John A. Anderson,  
Regional Oil and Gas Supervisor

Gentlemen:

The Little Lucky Lake Unit Agreement was approved by the Director of the U. S. Geological Survey on April 15, 1958, and by the Commissioner of Public Lands of the State of New Mexico on March 12, 1958. The Unit Agreement is dated January 8, 1958, and was effective on April 16, 1958.

Enclosed find copies of a proposed Amendment to the Unit Agreement to revise Sections 2(e) and 3. Preliminary concurrence by the Director to this Amendment is requested after which appropriate signatures and acknowledgments will be obtained. The final executed Amendment will, of course, be subject to formal approval by the State of New Mexico officials, and by the Director.

Section 2(e) provides for automatic elimination of all legal subdivisions of land which are not entitled to be in a participating area within five years after the first day of the month following the effective date of the first initial participating area, subject to certain conditions and exceptions. The first initial participating area for the Little Lucky Lake Unit was approved effective August 4, 1958, and the automatic elimination date is therefore September 1, 1963.

Section 3 provides that all oil and gas in any and all formations of the unitized area are unitized under the terms of the Unit Agreement.

Texaco Inc., as Unit Operator for the Little Lucky Lake Unit Agreement, respectfully makes application for preliminary concurrence by the Director of an Amendment to the Unit Agreement

which would extend the automatic elimination date under Section 2(e) for an additional period of three years, or to September 1, 1966, and limit unitized lands under Section 3 to those formations lying below the base of the Grayburg formation, for the reasons which follow:

### 1. Unit Development Inconclusive

Since the effective date of the Unit Agreement, nineteen (19) wells have been drilled in the unit area as follows:

<u>WELL NO.</u>	<u>LOCATION</u>	<u>COMP. DATE</u>	<u>COMP. DEPTH</u>	<u>RESULT</u>
1-Unit	Lot 9 Sec.3-16-30	6- 3-59	2,960	Grayburg-oil
2-Unit	Lot 11 Sec.3-16-30	8- 4-58	2,870	Grayburg-oil
3-Unit	Lot 10 Sec.3-16-30	1-25-59	2,934	Grayburg-oil
1-Williams B	Lot 16 Sec.3-16-30	4- 5-59	2,958	Grayburg-oil
1-State HA	Lot 12 Sec.2-16-30	6-22-59	2,925	Grayburg-oil
1-Unit R&B	Lot 9 Sec. 3-16-30	7- 7-59	2,898	Grayburg-oil
1-State CJ	Lot 13 Sec.2-16-30	5-26-59	2,965	Grayburg-oil
2-State CJ	Lot 14 Sec.2-16-30	9-21-59	2,980	Dry
3-State CJ	Lot 11 Sec.2-16-30	7-15-59	2,952	Grayburg-oil
1-Elliott	NE/SE Sec.30-15-30	5-29-59	12,237	Dry
1-State LLA	NE/NW Sec.32-15-30	10- 6-59	11,250	Atoka-oil
1-Kinahan	SW/SE Sec.20-15-30	8-19-60	11,157	Devonian-oil
1-Peery	SW/NE Sec.29-15-30	10-12-58	12,298	Ellenburger-gas Devonian-oil
2-Peery	SW/SE Sec.29-15-30	6-27-59	12,313	Ellenburger-gas Devonian-oil
3-Peery	NE/SW Sec.29-15-30	9-12-59	11,250	Devonian-oil
1-Key	NE/SW Sec.17-15-30	8- 2-60	12,158	Devonian-oil
1-Spencer B	NW/NW Sec.28-15-30	1-10-61	11,353	Dry
1-Cone	NW/SE Sec.23-15-29	12- 8-61	12,166	Dry
1-Champeau	NE/NW Sec.31-15-30	7-10-62	11,250	Dry

Unitized substances in paying quantities have been discovered in three formations, the Premier Sand-Grayburg, the Devonian and the Ellenburger. The Atoka (Pennsylvanian) formation has also indicated a capacity for paying production, as evidenced by the production from the #1 State LLA, which produced a total of 938 barrels from the period October 9, 1959 to August 1, 1960.

With four or more pay zones involved, substantial exploratory effort and expense, and considerable time, will be necessary for effective evaluation.

### 2. Time Required for Negotiation Between Working Interest Owners

A recent exploratory well, the Texaco No. 1 Cone-Federal, developed a show of oil and gas in the Pennsylvanian formation in drill-stem tests from 8,531' to 8,536' and in the Ellenburger formation from 11,900' to 11,967'. This well was drilled under acreage arrangements

made with another working interest owner, and involved negotiations over a period of approximately five (5) months. It also illustrates the good faith efforts being made to explore for and develop additional unitized substances.

It is submitted that much time is often necessary to complete negotiations between the working interest owners for commencement of these types of deep and expensive exploratory wells.

3. Approved Participating Areas will not Provide Significant Additional Development

Two participating areas have been approved by the Director and the Commissioner as follows:

Premier Sand-Grayburg Zone:

Initial Area: Effective August 4, 1952, covering Lots 10, 11, 12, 13, 14 and 15, Section 3, 16S-30E.

First Enlargement: Effective January 1, 1959, covering Lots 9 and 16, Section 3, 16S-30E.

Second Enlargement: Effective May 1, 1959, covering Lot 13, Section 3, 16S-30E.

Third Enlargement: Effective June 1, 1959, covering Lot 12, Section 3, 16S-30E.

Devonian Zone:

Initial Area: Effective October 12, 1962, covering NE/4 Section 29, 15S-30E.

First Enlargement: Effective June 1, 1959, covering SE/4 Section 29, 15S-30E.

Second Enlargement: Effective September 1, 1959, covering W/2 Section 29, 15S-30E.

Third Enlargement: Effective August 1, 1960, covering all Section 20, 15S-30E.

There is no plan of development for additional drilling in these two participating areas. In the opinion of the Unit Operator, increased production and reserves of unitized substances must come from further exploration, rather than from the present participating areas. This will require considerable additional time, effort and expense.

4. Pendency of Secondary Recovery Operations Delays Evaluation

Shell Oil Company, one of the working interest owners, has proposed a secondary recovery unit for conservation and pressure stabilization in a major part of the West Henshaw-Grayburg Field. This will be known as the West Henshaw-Grayburg Unit and will cover a substantial portion of the Little Lucky Lake Unit Area. The plan of unitization for the West Henshaw-Grayburg Unit has not yet been approved by all of the lease owners within the proposed unit area, but various reservoir committees have been meeting periodically to discuss the most efficient means of secondary recovery, participation factors, and other matters. Much more discussion and agreement, involving considerable time, will be necessary.

It is our understanding that complex problems of administration of the two overlapping units by the Regional Oil and Gas Supervisor and the Commissioner will be created with the approval of the West Henshaw-Grayburg Unit. To date the solution to these administrative problems has not been resolved. The enclosed form of Amendment would exclude from the Little Lucky Lake Unit all zones above the base of the Grayburg formation. Approval of this proposed agreement by the Supervisor and the Commissioner is necessary before the West Henshaw-Grayburg Unit working interest owners will be able to construct any workable form of secondary recovery agreements.

A complete plan of unitization for the Grayburg will not be possible until the governmental agencies, working interest owners and overriding royalty interest owners both approve and execute the agreement for exclusion of the Grayburg formation from the Little Lucky Lake Unit and approve and execute the West Henshaw-Grayburg Unit. Further evaluation of the Grayburg zone in the Little Lucky Lake Unit Area has been curtailed and delayed due to these pending revisions in existing ownership and control.

Technical personnel of the applicable working interest owners have been spending much time studying the secondary recovery prospects in the Grayburg formation, at considerable sacrifice to further exploration in the Little Lucky Lake Unit Area. The automatic elimination date is imminent and these secondary recovery complications should be considered.

5. Disposition of Gas Can Provide More Evaluation

As indicated above, the Texaco No. 1 Peery-Federal, the discovery well in the Devonian for the Little Lucky Lake Unit, also successfully tested the Ellenburger formation, flowing 27 barrels of distillate and 1,096,000 cubic feet of gas per day from perforations between 12,068' and 12,106'. The Texaco No. 2 Peery-Federal also tested gas in the Ellenburger formation. An application for a participating area for the Ellenburger formation is being considered by the Unit Operator.

For a considerable length of time the Unit Operator has been attempting to secure a market for the gas capable of being produced from the Little Lucky Lake Unit, including the Ellenburger gas, after having considered the alternative of constructing a gasoline plant in the unit area. It is believed that gas purchasing arrangements will be made at some time in the future.

The best possible gas purchase contract is being sought, for the best interests of the working interest owners, the overriding royalty interest owners, and the best interests of the United States and the State of New Mexico. It is prudent that sufficient time be allowed to negotiate favorable terms in such a sale.

Production and marketing of gas from the Little Lucky Lake Unit Agreement will provide valuable additional information. Further development and exploration under the Unit Agreement can thereby be made possible if the automatic elimination date is extended as requested. An application for an initial Ellenburger participating area can best be made when market arrangements are consummated.

#### 6. Summary

All considerations mentioned above justify the requested extension of the automatic elimination provisions of the Little Lucky Lake Unit Agreement. While a five-year elimination date seemed logical and reasonable when the Unit Agreement was approved, the working interest owners believe that the above mentioned complications, most of which could not have been foreseen at the time of approval, constitute warranted exceptions. Limiting the Unit Agreement to all formations below the Grayburg zone is necessary to conclude a secondary recovery unit in the West Henshaw-Grayburg Field.

Now, therefore, Texaco Inc., Operator of the Little Lucky Lake Unit Agreement, on behalf of all parties at interest, hereby respectfully requests preliminary concurrence by the Director to the amendment of Sections 2(e) and 3 as discussed herein.

Yours very truly,

TEXACO Inc., Unit Operator

By R. T. Maxwell  
R. T. Maxwell  
Division Landman

RTM:BRW



Approved \_\_\_\_\_ Date \_\_\_\_\_  
Commissioner of Public Lands  
(Subject to like approval by the Director)

Approved \_\_\_\_\_ Date \_\_\_\_\_  
Director U. S. Geological Survey  
(Subject to like approval by the Commissioner)

CC: Commissioner of Public Lands  
P. O. Box 791  
Santa Fe, New Mexico

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

AMENDMENT OF UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE LITTLE LUCKY LAKE UNIT AREA  
CHAVES AND EDDY COUNTIES, NEW MEXICO

UNITED STATES GEOLOGICAL SURVEY  
NO. 14-08-001-4707

Subject to approval by the Director of the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico, the undersigned, being the owners of all working interests committed to the Unit Agreement for the Development and Operation of the Little Lucky Lake Unit Area embracing lands situated in Chaves and Eddy Counties, New Mexico, which agreement is dated January 8, 1958, was approved by said Director April 16, 1958, and bears United States Geological Survey No. 14-08-001-4707, do hereby amend said Unit Agreement as follows, to-wit:

1. Sub-section 2(e) is deleted and the following is made a part of said Unit Agreement as the new sub-section 2(e):

"2(e). All legal subdivisions of unitized lands (i.e. 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this sub-section), no parts of which are entitled to be in a participating area within eight (8) years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said eight year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain

subject hereto for so long as such drilling operations are continued diligently, with not more than ninety (90) days time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than thirty (30) days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of Unit Operator as set forth in the section hereof entitled "Unavoidable Delay"; provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within ten (10) years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by Unit Operator and subject to approval of the Commissioner and the Director. The Unit Operator shall, within ninety (90) days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Commissioner and the Director and promptly notify all parties in interest.

If conditions warrant extension of the ten (10) year period specified in this subsection 2(e), a single extension of not to exceed two (2) years may be accomplished by consent of the owners of 90% of the current unitized working interests and 60% of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-nonparticipating-acreage basis, respectively, with approval of the Commissioner and the Director, provided such extension application is submitted to the

Commissioner and the Director not later than sixty (60) days prior to the expiration of said ten (10) year period.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this sub-section 2(e) shall not be considered automatic commitment or recommitment of such lands."

2. Section 3 is deleted and the following is made a part of said Unit Agreement as the new Section 3:

"3. UNITIZED LAND AND UNITIZED SUBSTANCES: All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas in any and all formations of the unitized land lying below the base of the Grayburg formation are unitized under the terms of this agreement and herein are called "unitized substances." The "base of the Grayburg formation" is defined for the purposes hereof as the contact between the Grayburg and San Andres formations which occurs at a depth of 2860 feet beneath the derrick floor, or 1041 feet above sea level, in the Little Lucky Lake Unit Shell Well No. 1, located in Lot 9 of Section 3, Township 16-S, Range 30-E, N.M.P.M., as recorded on the sonic log and Laterolog of said well, dated May 28, 1959".

This agreement may be executed in any number of counterparts, with the same force and effect as if all parties had joined in the execution of a single instrument, and shall become effective at 7:00 a.m. on the first day of the calendar month next following its execution by all parties hereto and its approval by said Director and Commissioner.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

UNIT OPERATOR

WORKING INTEREST OWNERS