



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

R. C. Anderson
Division Manager
Production Department
Hobbs Division

April 13, 1989

APR 14 1989

#1607

1988 REPORT OF OPERATIONS AND
1989 PLAN OF DEVELOPMENT FOR
✓ BOGLE FLATS, EUNICE MONUMENT
SOUTH, NORTH HACKBERRY YATES,
STUART LANGLIE-MATTIX,
HACKBERRY HILLS, MALJAMAR
GRAYBURG AND WEST DOLLARHIDE
DEVONIAN UNIT (S)

United States Department of the Interior
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

Attention: Mr. Joe G. Lara
Assistant District Manager, Minerals

Gentlemen:

Attached for your viewing are three copies of the 1988 Report of Operations and 1989 Plan of Development for each of the subject Chevron U.S.A. operated Units as requested in your letter of February 1, 1989. Please note that you graciously granted us and extension to April 15, 1989 to submit these reports.

If you have any questions, please contact Mr. J. T. Dunlavey or Mr. A. W. Bohling at Chevron U.S.A. Inc., P. O. Box 670, Hobbs, New Mexico 88240; Phone (505) 393-4121.

Yours very truly,

R. C. ANDERSON

AWB/jay 04139/02

Attachments

cc: M. J. Allison w/o attachments
J. A. Awwad w/o attachments
J. T. Dunlavey w/o attachments
D. H. Messer Houston - w/attachments
D. H. Wilson Houston - w/attachments
Hobbs Division Central Files - Unit files w/attachment

1988 REPORT OF OPERATIONS
1989 PLAN OF DEVELOPMENT

The Bogle Flats Unit comprises 8 producing gas wells, 6 of which are operated by Chevron. All unit wells were drilled and completed by March, 1966.

1988 OPERATIONS

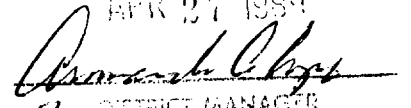
No work was performed on Chevron wells in this unit in 1988.

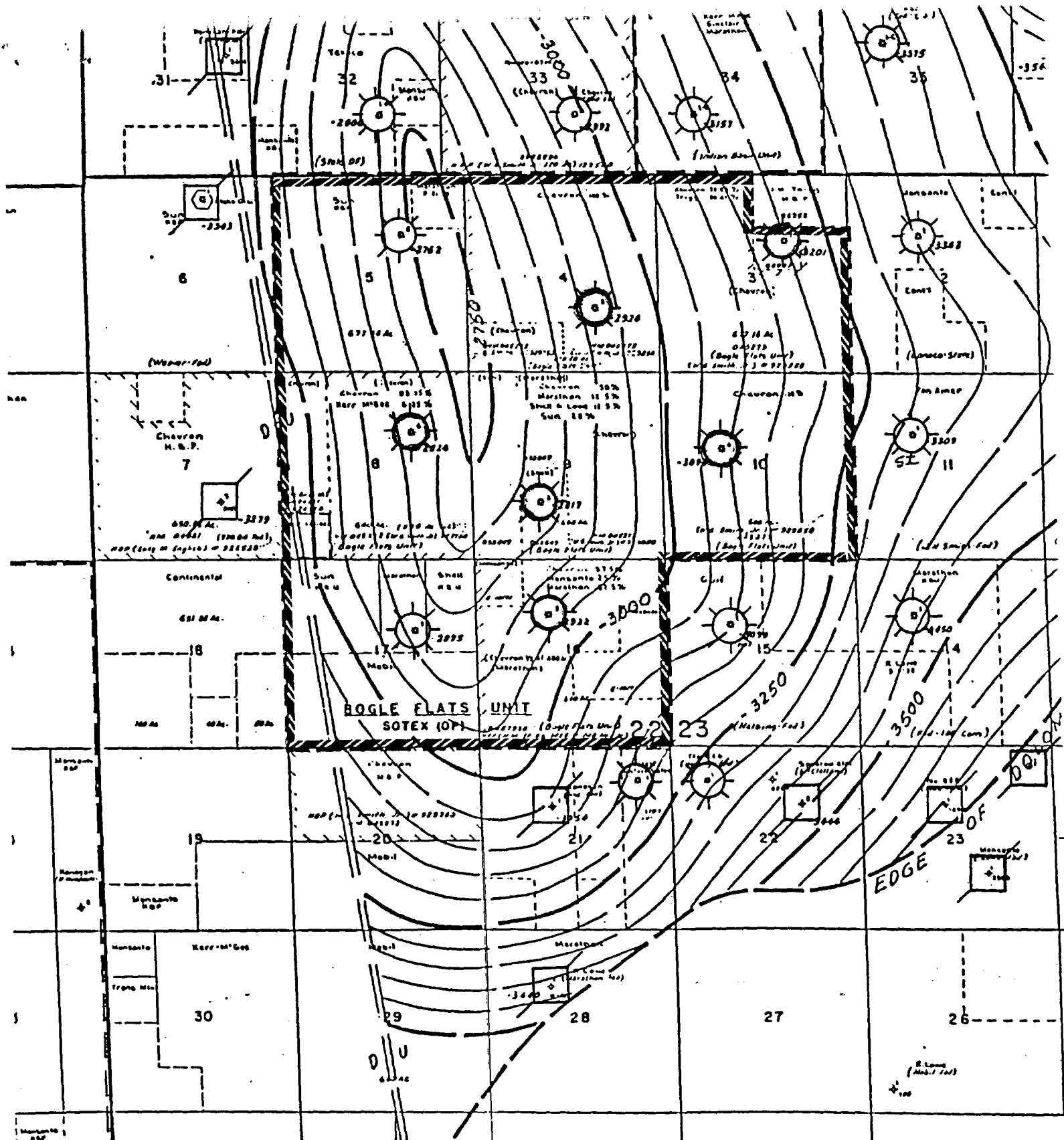
1989 PLANNED OPERATIONS

Chevron has no plans for development for this unit in 1989.

Plan of Development
APPROVED

APR 27 1989


2 DISTRICT MANAGER
BUREAU OF LAND MANAGEMENT



LEGEND



UNIT BOUNDARY
CHEVRON OPERATED PROD.
UPPER PENN. COMPLETION
UNSUCCESSFUL U. PENN.
TEST



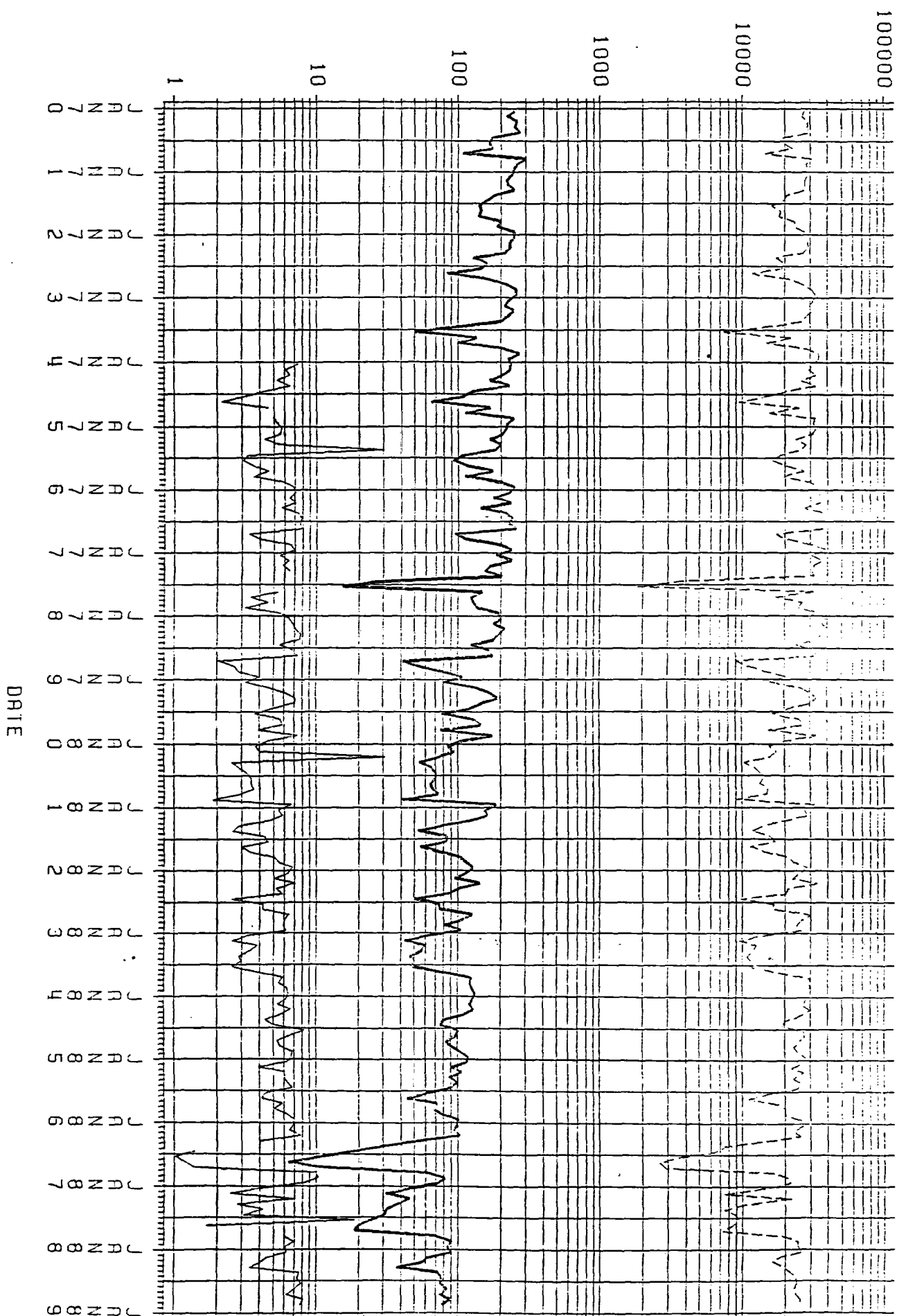
Chevron USA, Inc.
Swanton Region - Exploration, Land and Production

BOGLE FLATS UNIT
EDDY CO., NEW MEXICO
STRUCTURE TOP
DOLOMITE FACIES
CISCO-CANYON REEF
INDIAN BASIN (U. PENN.) FIE
CI 50'

BOULDER PLATES UNIT

ROLL VS. TIME PLOT

FD-INJION DRAIN UPPER PENN. (PRO GAS)



DRILLY PRODUCTION

[illegible]

WELL	DESCRIPTION	UNIT	R	ALLOWABLE	PRODUCTION	GAS PRODUCTION	WATER PRODUCTION	DAYS PROD	GAS DISPOSITION	CUMULATIVE GAS O/P	OIL RUNS	CUMULATIVE OIL O/P	ENDING OIL STORAGE
BHP CONOCO	PETROLEUM INC.	2	225	23E	259	87449	21	25	77406NGP 69433SHR 3100LSE	258554	290MAR		25UF
LOWE	STATE GAS	2	225	23E	350	94677	19	23	84300NGP 3217LSE	212263	361MAR		37UF
LOWE	STATE GAS	2	225	23E	175	62361	14	19	55454NGP 4768SHR 2139LSE	182904	190MAR		17UF
LOWE	STATE GAS	2	225	23E	485	119334	30	23	105327NGP 4316LSE 9691SHR	240176	489MAR		43UF
LOWE	STATE GAS	2	225	23E	342	111512	33	29	92866NGP 13071SHR 5575LSE	235026	342MAR		8F
LOWE	STATE GAS	2	225	23E	373	71458	4	29	63779NGP 5294SHR 2385LSE	159955	373MAR		UF
BOGLE	FLATS UNIT A	6	225	23E	203	74938	25	19	66243NGP 2682LSE 6013SHR	214796	222MAR		20CF
BOGLE	FLATS UNIT A	13	225	23E	420	110770	26	27	97756NGP 9005SHR 4009LSE	241717	436MAR		30UF
FEDERAL	33 GAS COM	10	225	23E	411	104916	41	25	92579NGP 3801LSE 8536SHR	145817	389MAR		34CF
HELING	FEDERAL GAS COM	15	225	23E	588	131510	27	29	117621MAR 4321LSE 9568SHR	131510	588MAR		CF
COMPANY	TOTAL				3606	968925	240				3696		207
ROBERT	FEDERAL GAS COM	11	225	23E	83	44003	26	29	43810NGP 193LSE	44003	85MAR		C
WEST	INDIAN BASIN UNIT	17	225	23E	448	129968	49	29	128403NGP 565LSE	128968	452MAR		41UF
WEST	INDIAN BASIN UNIT	20	225	23E	306	83797	382	29	83430NGP 367LSE	83797	127MAR		24UF
COMPANY	TOTAL				837	256768	457				974		77

[illegible]

ALLIANCE	LE	FEDERAL	DIAN BASIN	UPPER PENN. (PRO GAS)	UP	416 1432	14	416EPG	1318	49	F
IC 14	21S	22E				7M TO 8M					
TOTAL											
PRODUCION CO						*****					
FEDERAL C						*****					
IF 35	21S	23E				103907	45	30	103907MAR	396672	319UNK
IF 13	22S	23E				LAST PRD. DATE	03/88		8752	241CF	
IF 11	22S	23E				LAST PRD. DATE	02/88		58536	226 F	
IF 12	22S	23E				103907	45		67400	126CF	
MPANY TOTAL						*****				593	
PETROLEUM, INC.						*****					
NOCD STATE GAS COM						112868	30	29	112374MAR	237707	344MAR
IF 2	22S	23E				92141	30	26	91737MAR	260929	414MAR
STATE						*****					
2M 36	21S	23E				LAST PRD. DATE	06/85				
STATE GAS COM						*****					
IF 36	21S	23E				*****					
MPANY TOTAL						*****					
EVARDN U.S.A. INC.						*****					
GLE FLATS UNIT						*****					
20	4	22S	23E			93348NGP	30		450675	34UF	
3K	9	22S	23E			7809SHR	30		377935	24UF	
4F	10	22S	23E			63691NGP	30		320225	19UF	
5F	16	22S	23E			5026SHR	30		438005	27U S	
86	5	22S	23E			67160NGP	30		421196	8F	
96	17	22S	23E			2430LSE	30		286122	UFS	
3LE FLATS UNIT						5370SHR	30				
66	3	22S	23E			69803NGP	30				
3LE FLATS UNIT						2692LSE	30				
16	3	22S	23E			6000SHR	30				
3LE FLATS UNIT						62615NGP	30				
10	3	22S	23E			3608LSE	30				
3LE FLATS UNIT						8435SHR	30				
10	3	22S	23E			49197NGP	30				
3LE FLATS UNIT						1723LSE	30				
10	3	22S	23E			3789SHR	30				
3LE FLATS UNIT						74053NGP	30				
10	3	22S	23E			2819LSE	30				
3LE FLATS UNIT						6273SHR	30				
10	3	22S	23E			70306NGP	30				
3LE FLATS UNIT						2714LSE	30				
10	3	22S	23E			6050SHR	30				
3LE FLATS UNIT						38329NGP	30				
10	3	22S	23E			1481LSE	30				
3LE FLATS UNIT						3302SHR	30				
10	3	22S	23E			*****					
3LE FLATS UNIT						*****					
10	3	22S	23E			*****					
3LE FLATS UNIT						*****					
10	3	22S	23E			*****					
3LE FLATS UNIT						*****					
10	3	22S	23E			*****					
3LE FLATS UNIT						*****					
10	3	22S	23E			*****					
3LE FLATS UNIT						*****					

[illegible]

June 1988

MILLARD LE FEDERAL		666	11	666EPG	2265			F
IC 14 215 22E		883						49
POOL TOTAL		7M TO 8M						
INDIAN BASIN UPPER PENN. (PRO GAS) UP								

AMOCO PRODUCTION CO		*****						
FEDERAL C		*****						
IF 35 215 23E		109910	45 30	109910MAR	612735	438MAR		F
LOC FEDERAL GAS COM		5957	19 15	5957MAR	21516			105CF
IF 13 225 23E		LAST PROD. DATE 02/88			58536	253WOT		226 F
SMITH FEDERAL		66168	4 15	65982MAR	139677			126CF
IF 11 225 23E		162035	68	186LSE		691		457
SMITH FEDERAL GAS COM		*****						
IF 12 225 23E		125650	31 30	125100MAR	471734	468MAR		C S
COMPANY TOTAL		112036	40 30	111545MAR	477301	294MAR		S
BHP PETROLEUM, INC.		*****						
AMOCO STATE GAS COM		*****						
IF 2 225 23E		*****						
LOVE STATE		*****						
2M 36 215 23E		*****						
LOVE STATE GAS COM		*****						
IF 36 215 23E		*****						
COMPANY TOTAL		*****						
S		*****						
CHEVRON U.S.A. INC.		*****						
MOGLE FLATS UNIT		*****						
2U 4 225 23E		117424	53 30	104870NGP	685523	440MAR		100UF
3K 9 225 23E		103742	29 30	9356UNK	585419	333MAR		76UF
4F 10 225 23E		83671	31 30	93201NGP	487567	334MAR		76UF
5F 16 225 23E		114252	52 30	7838UNK	666509	308MAR		71U S
8G 5 225 23E		110786	45 30	2703LSE	642768	332MAR		BF
9G 17 225 23E		57480	247 30	75068NGP	401082	341MAR		UFS
MOGLE FLATS UNIT A COM		*****						
6G 8 225 23E		125008	25 30	6400UNK	622895	318MAR		73CF
MOGLE FLATS UNIT GAS COM		*****						
16 3 225 23E		114752	32 30	9330UNK	661061	411MAR		94BF
FEDERAL 33 GAS COM		97413	42 30	92917NGP	488671	281MAR		64CF
1U 33 215 23E		*****						
ELBING FEDERAL GAS COM		*****						

[illegible]

JULY, 1988 MONTHLY STATISTICAL REPORT SOUTHEAST GAS SECTION
CONTINUED, INDIAN BASIN UPPER PENN. (PROD GAS) (YR TO DATE GAS PROD IN CUMUL GAS O/P.) VOLUME III PAGE

[illegible]

DESCRIPTION		M	OIL ALLOWABLE	M	OIL PRODUCTION	CSQ HD ALLOWABLE	GAS PRODUCTION	WATER PRODUCTION	DAYS PROD	GAS DISPOSITION		CUMULATIVE GAS O/P	OIL RUNS		CUMULATIVE OIL O/P	ENDING OIL STORAGE	LAT. CODES
L	S	T	R	C	P	X	PRODUCTION	PRODUCTION	PROD	VOLUME	DISP	X	VOLUME	DISP	X		
3K	9	22S	23E				375										
4F	10	22S	23E				373										
5F	16	22S	23E				560										
8G	5	22S	23E				292										
9G	17	22S	23E				420										
6G	8	22S	23E				337										
1G	3	22S	23E				453										
10J	33	21S	23E				363										
11J	15	22S	23E				623										
2ANY	TOTAL						4251										
ERT N. ENFIELD																	
10J	18	21S	23E														
6 RED FERN OIL																	
STON GAS COM																	
1K	31	21S	24E2														
DD OIL AND GAS COMPANY																	
TH FEDERAL																	
1G	1	22S	23E														
ED OPERATING CD. LTD																	
SHCN GAS COM																	
1A	21	22S	23E														
1A CREEK GAS COM																	
1U	30	21S	24E2														
1A OIL COMPANY																	
1A	15	21S	23E				164										
1A	15	21S	23E				164										
1A	14	22S	23E				339										
1A	14	22S	23E				339										
1A	14	22S	23E				339										
1A	14	22S	23E				339										
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1A	14	22S	23E														

[illegible]

CALCULATION										OIL		GAS		WATER		GAS DISPOSITION		OIL RUNS		ENDING OIL	
WELL	U	S	T	R	C	OIL ALLOWABLE	W	S	OIL PRODUCTION	CSG HO ALLOWABLE	GAS PRODUCTION	WATER PRODUCTION	DAYS PROD	VOLUME	DISP	CUMULATIVE GAS O/P	VOLUME	DISP	CUMULATIVE OIL O/P	STORAGE	LAN
BOGLE 6G	FLATS	UNIT	A	COM		345			345		128742	27	30	6115 SHR 2474 LSE		992965	338MAR			77CF	
BOGLE 1G	FLATS	UNIT	GAS	COM		459			459		120583	33	30	108121NGP 88825SHR 3580 LSE		1014678	450MAR			102BF	
FEDERAL 1J	33	21S	23E	COM		344			344		96448	48	30	86699NGP 69425SHR 2807 LSE		803881	340MAR			77CF	
HELBING 1F	15	22S	23E	GAS	COM	634			634		151952	44	30	125488MAR 22449 SHR 4015 LSE		1024861	634MAR			CF	
COMPANY TOTAL						4041			4041		1169114	338					4038			600	
ROBERT N. 3UNNEL	N. ENFIELD	FEDERAL	GAS	COM							*****	*****	*****	*****							
1J 18	21S	23E									LAST PRD. DATE 10/84										
FLAG 1K	RED FERN	OIL	CO								*****	*****	*****	*****							
WINSTON 1K	31	21S	24E2								LAST PRD. DATE 10/85										
1G 1	22S	23E									*****	*****	*****	*****							
1G 1	22S	23E									*****	*****	*****	*****							
1G 1	22S	23E									*****	*****	*****	*****							
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[illegible]

INDIAN BASIN	MORROW, WEST	(GAS)	PM	BM TO 9M
INDEXED OIL COMPANY MAHON'S FED 21 24 21S 22E				***** LAST PRCD. DATE 07/88 *****
NATES PETROLEUM CORPORATION WILLARD LEE FEDERAL 11 14 21S 22E				***** LAST PRCD. DATE 09/88 *****
INDIAN BASIN UPPER PENN. PRO GAS I UP				***** 7M TO 8M *****
MAX OIL & GAS INC. VERSION GAS COM 1A 2 22S 23E				***** 116S 14Q 28 116S WAR 28086 *****
PRODUCION CO FEDERAL C IF 36 21S 23E 394				***** 74639 47 31 74639 MAR 950094 *****
SMITH FEDERAL GAS COM IF 13 22S 23E 8				***** 5062 4 31 5062 MAR 51930 *****
SMITH FEDERAL IF 11 22S 23E 481				***** 120643 25 31 119713 MAR 574960 *****
SMITH FEDERAL GAS COM IF 12 22S 23E 620				***** 128730 31 31 128318 MAR 652203 *****
COMPANY TOTAL 1503				***** 329074 107 *****
BHP PETROLEUM, INC. KENDCO STATE GAS COM IF 2 22S 23E 617				***** 134617 30 30 134037 MAR 984072 *****
LOWE STATE 2M 36 21S 23E 445				***** 73771 30 30 73453 MAR 848103 *****
STATE GAS COM IF 36 21S 23E2				***** LAST PRCD. DATE 06/85 *****
COMPANY TOTAL 1062				***** 208388 66 *****
CHEVRON U.S.A. INC. MOBILE FLATS UNIT 2J 4 22S 23E 501				***** 129393 59 31 116310 NGP 1252981 *****
3K 9 22S 23E 370				***** 111680 30 31 98590 NGP 1020252 *****
4F 10 22S 23E 378				***** 115252 32 31 103331 NGP 936894 *****
5F 16 22S 23E 576				***** 115690 52 31 103690 NGP 1131460 *****
86 5 22S 23E 358				***** 114060 35 31 95459 NGP 1102320 *****
95 17 22S 23E 492				***** 85314 39 31 76725 NGP 698069 *****

Oct 1988

DESCRIPTION			M	OIL ALLOWABLE	OIL PRODUCTION	GAS ALLOWABLE	GAS PRODUCTION	WATER PRODUCTION	DAYS PROD	GAS DISPOSITION		CUMULATIVE GAS O/P	OIL RUNS		CUMULATIVE OIL O/P	ENDING OIL STORAGE	PA
WELL	U	T								VOLUME	DISP		VOLUME	DISP			
BOGLE FLATS UNIT	6G	8 22S	23E	A COM	388		128742	40	31	6115 SHR 2474 LSE		1121707	445MAR				20CI
BOGLE FLATS UNIT	1G	3 22S	23E	GAS COM	455		120583	32	31	108121NGP 8882SHR 3580LSE		1135261	534UNK				23BI
FEDERAL 33 GAS COM	1J	33 21S	23E		369		96448	54	31	86699NGP 6942SHR 2807LSE		900329	427MAR				19CF
HELBING FEDERAL GAS COM	1F	15 22S	23E		686		151952	41	31	125488MAR 22449SHR 4015LSE		1176813	686MAR				CF
COMPANY TOTAL				4573	4573		1169114	414					5021				152
ROBERT N. ENFIELD BUNNEL FEDERAL GAS COM	1J	18 21S	23E				LAST PRD. DATE 10/84			*****							
FLAG REFERRY OIL CO WINSTON GAS COM	1K	31 21S	24E				LAST PRD. DATE 10/85			*****							CF
HOND UTL AND GAS COMPANY SMITH FEDERAL	1G	1 22S	23E				LAST PRD. DATE 09/86			*****							F
KERR MCGEE CORPORATION MARTHA CREEK GAS COM	1J	30 21S	24E				LAST PRD. DATE 10/78			*****							CF
MARATHON OIL COMPANY FEDERAL 184 GAS COM	1K	15 21S	23E				LAST PRD. DATE 09/88			*****			325228				CF
FEDERAL 18B GAS COM	1F	14 22S	23E				LAST PRD. DATE 09/88			*****			756504				CF
FEDERAL 18C GAS COM	1J	29 21S	23E		305		107855	30	31	107388MAR 467LSE		972908	305MAR				CF
FEDERAL 18D GAS COM	2A	30 21S	23E				LAST PRD. DATE 07/86										UF
INDIAN BASIN GAS COM	1E	23 21S	23E		126		7523	1602	31	7489MAR 34LSE		50864	126MAR				CF
INDIAN BASIN A	1J	22 21S	23E				LAST PRD. DATE 06/88					131477					F
INDIAN BASIN B GAS COM	1K	14 21S	23E				LAST PRD. DATE 03/85										CF
INDIAN BASIN C	1F	26 21S	23E		401		109054	42	31	108582MAR 472LSE		919553	401MAR				F
INDIAN BASIN D	1K	34 21S	23E		414		90125	29	31	89735MAR 390LSE		887430	414MAR				F
INDIAN BASIN E	1K	27 21S	23E		348		84937	31	31	84570MAR		700878	348MAR				F

Oct 1988

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[illegible]

1007



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

December 29, 1997

Chevron USA Production Company
P.O. Box 1150
Midland, Texas 79702-1150

Attn: Mr. Gregory C. Roberts

Re: Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

Dear Mr. Roberts:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the unit area and the need for further development of the unit may exist. You may be contacted at a later date regarding these possibilities.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

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

BY:
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
xc: Reader File

OCD

BLM

State of New Mexico

#1607



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

SLO REF NO OG-805
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

June 6, 1988

Chevron U.S.A. Inc.
Attn: Mr. R. C. Anderson
P. O. Box 670
Hobbs, New Mexico 88240

Re: 1988 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1988 Plan of Development for the above captioned unit area.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

If we may be of further help please do not hesitate to call on us.

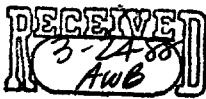
Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD
BLM



1987 Report of Operations
1988 Plan of Development

The Bogle Flats Unit comprises 8 producing gas wells, 6 of which are operated by Chevron. All unit wells were drilled and completed by March, 1966.

1987 Operations

No work was performed on Chevron wells in this unit in 1987.

1988 Planned Operations

Chevron has no plans for development for this unit in 1988.

Plan of Development
APPROVED

MAR 21 1988

Lee J. Lara
Asst. DISTRICT MANAGER
BUREAU OF LAND MANAGEMENT

1987 Report of Operations
1988 Plan of Development

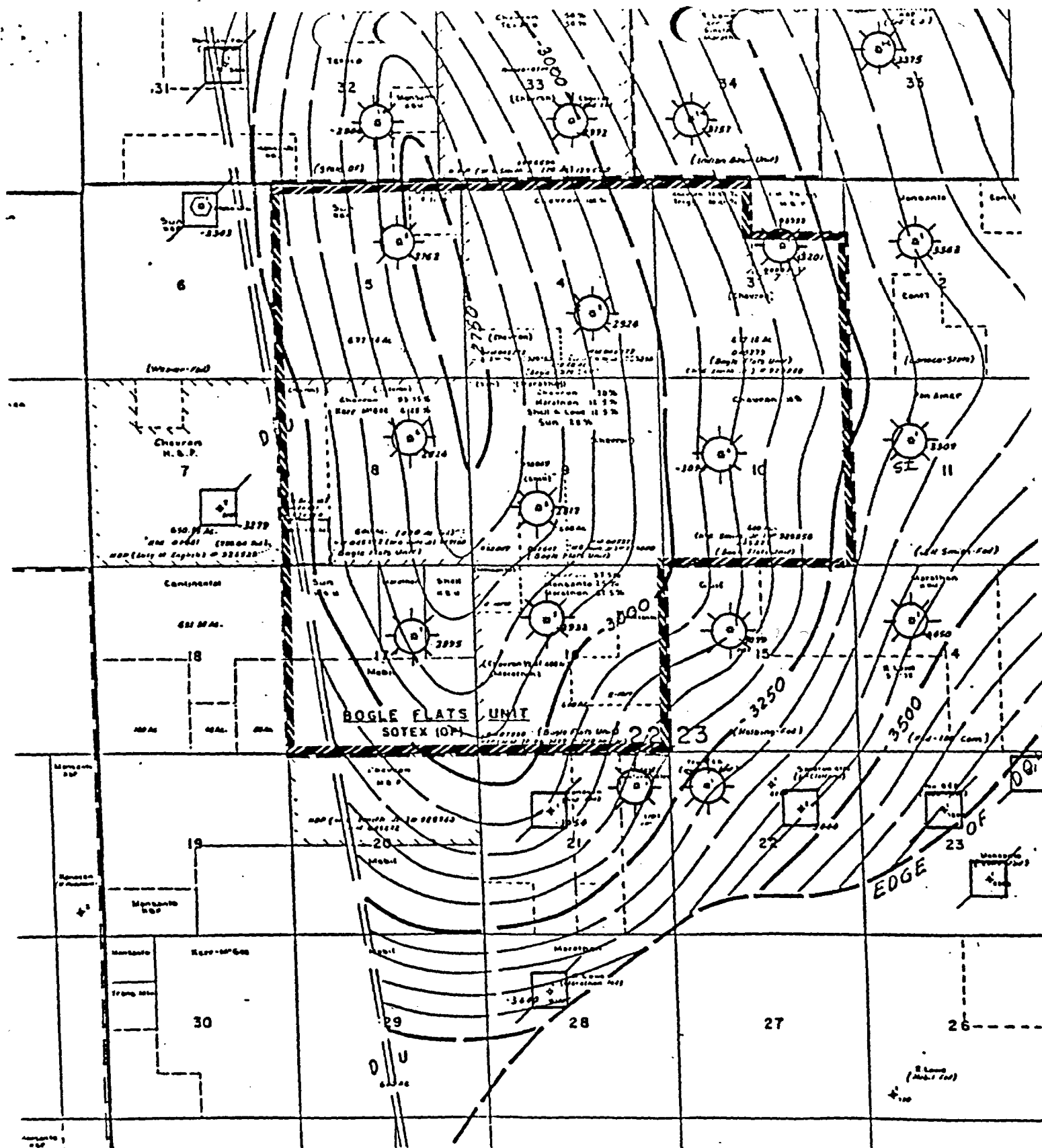
The Bogle Flats Unit comprises 8 producing gas wells, 6 of which are operated by Chevron. All unit wells were drilled and completed by March, 1966.

1987 Operations




No work was performed on Chevron wells in this unit in 1987.


1988 Planned Operations

Chevron has no plans for development for this unit in 1988.



LEGEND

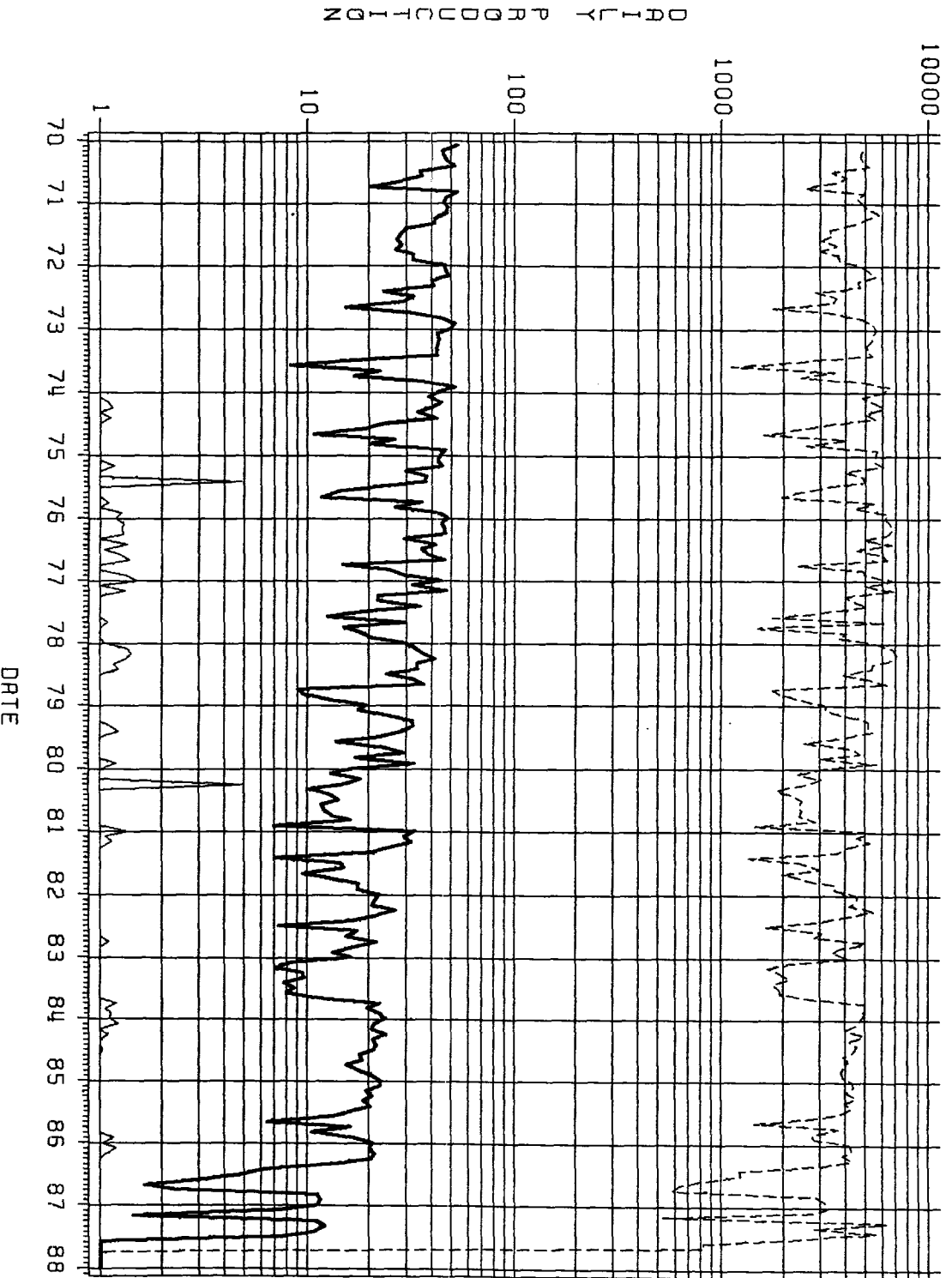
-  UNIT BOUNDARY
-  UPPER PENN. COMPLETION
-  UNSUCCESSFUL U. PENN. TEST

 **Chevron USA Inc.**
Southern Region - Exploration, Land and Production

BOGLE FLATS UNIT
EDDY CO., NEW MEXICO
STRUCTURE TOP
DOLOMITE FACIES
CISCO-CANYON REEF
INDIAN BASIN (U. PENN.) F

PRODUCTION DATA PLOT

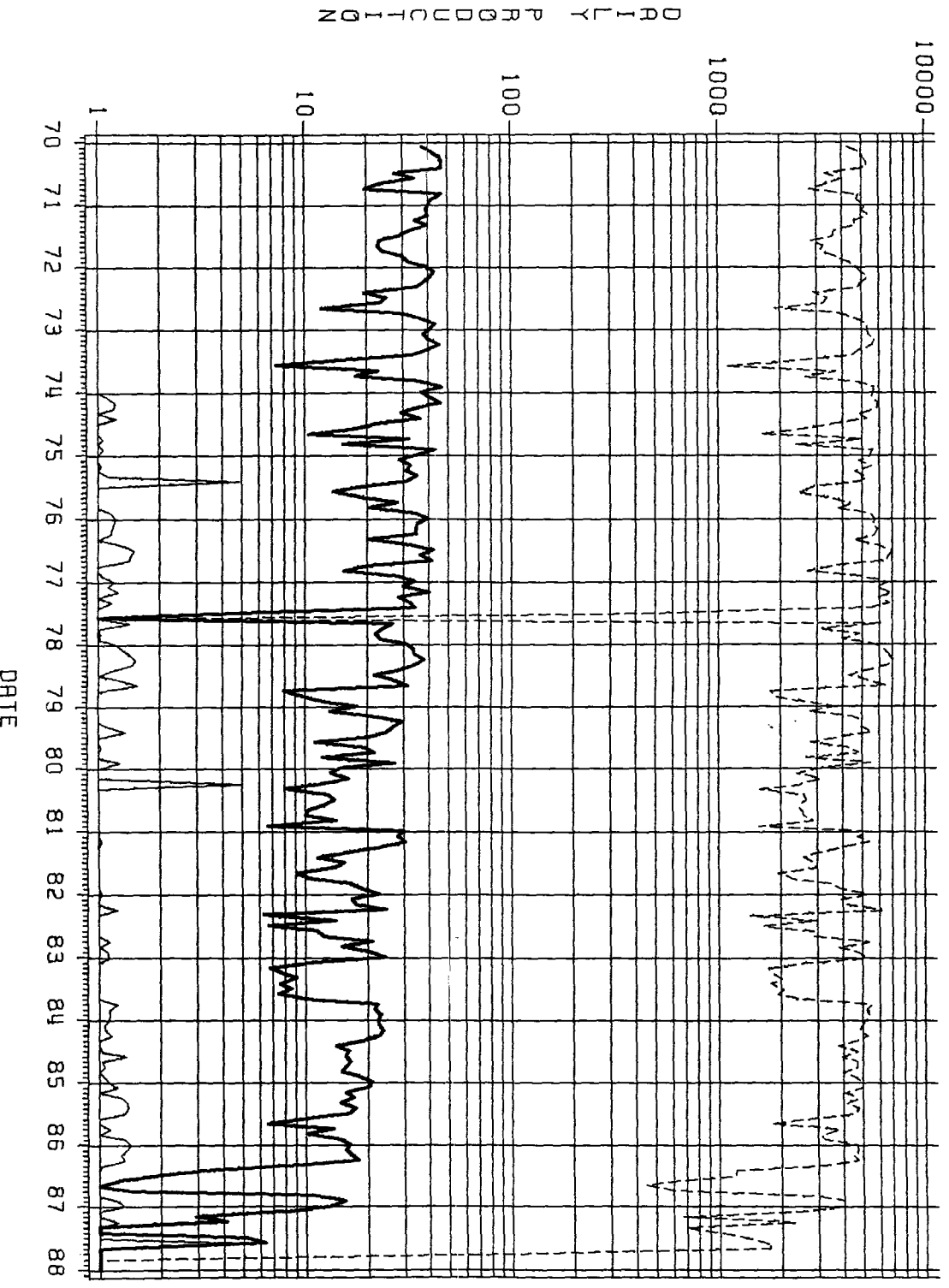
OPERNA=CHEVRON U.S.A. INC PETROLEUM INFORMATION
WELLNA=B00CLE FLATS UNIT GAS COM WELLNO=001



HEAVY SOLID LINE=BOPD
SOLID LINE=BWPD
LIGHT DASHED LINE=MCFD

PRODUCTION DATA PLOT

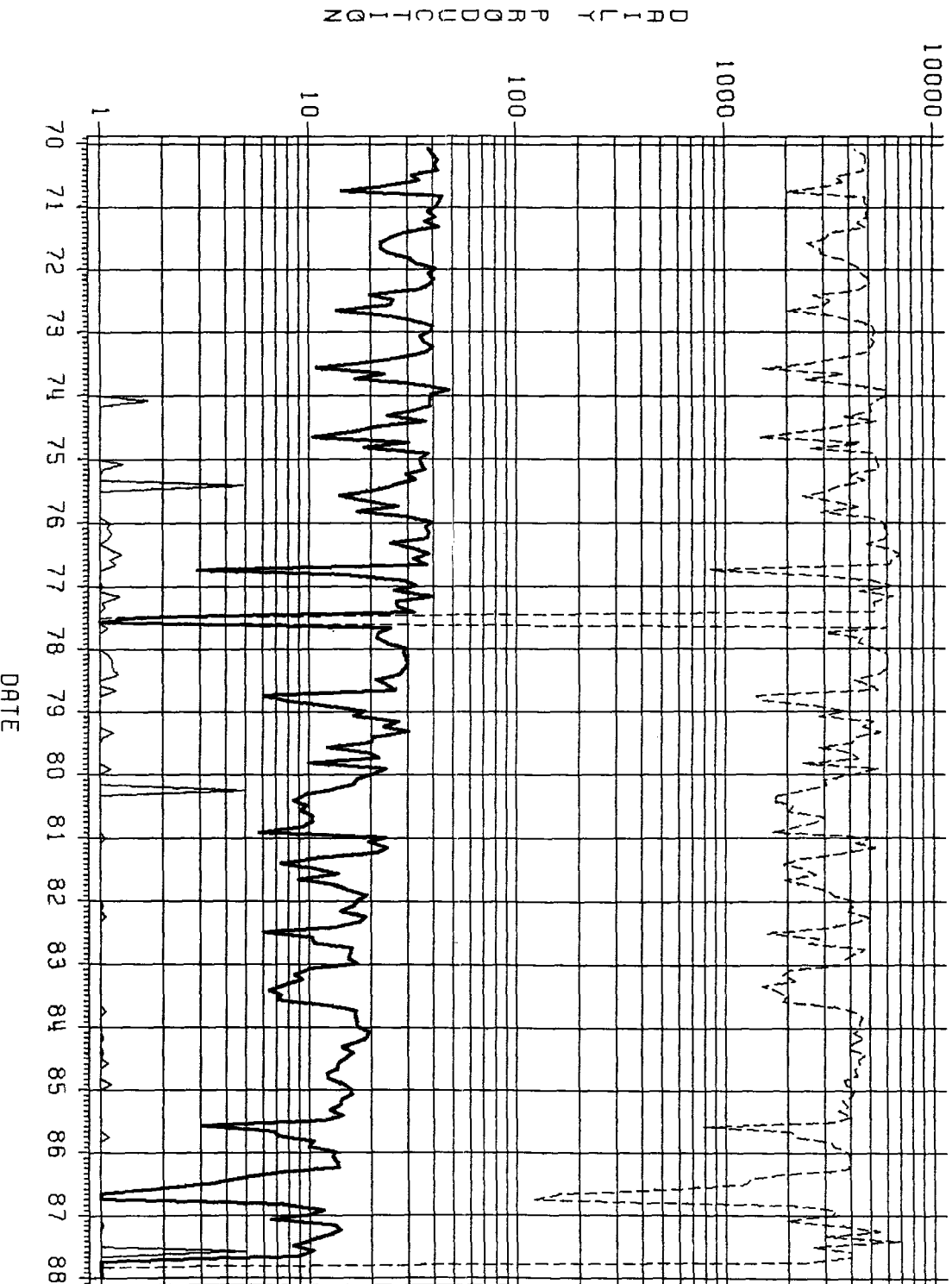
OPERNR=CHEVRON U.S.A. INC PETROLEUM INFORMATION
WELLNR=806LE FLRTS UNIT WELLN0=002



HEAVY SOLID LINE=BOPD
SOLID LINE=BFPD
LIGHT DASHED LINE=MCFD

PRODUCTION DATA PLOT

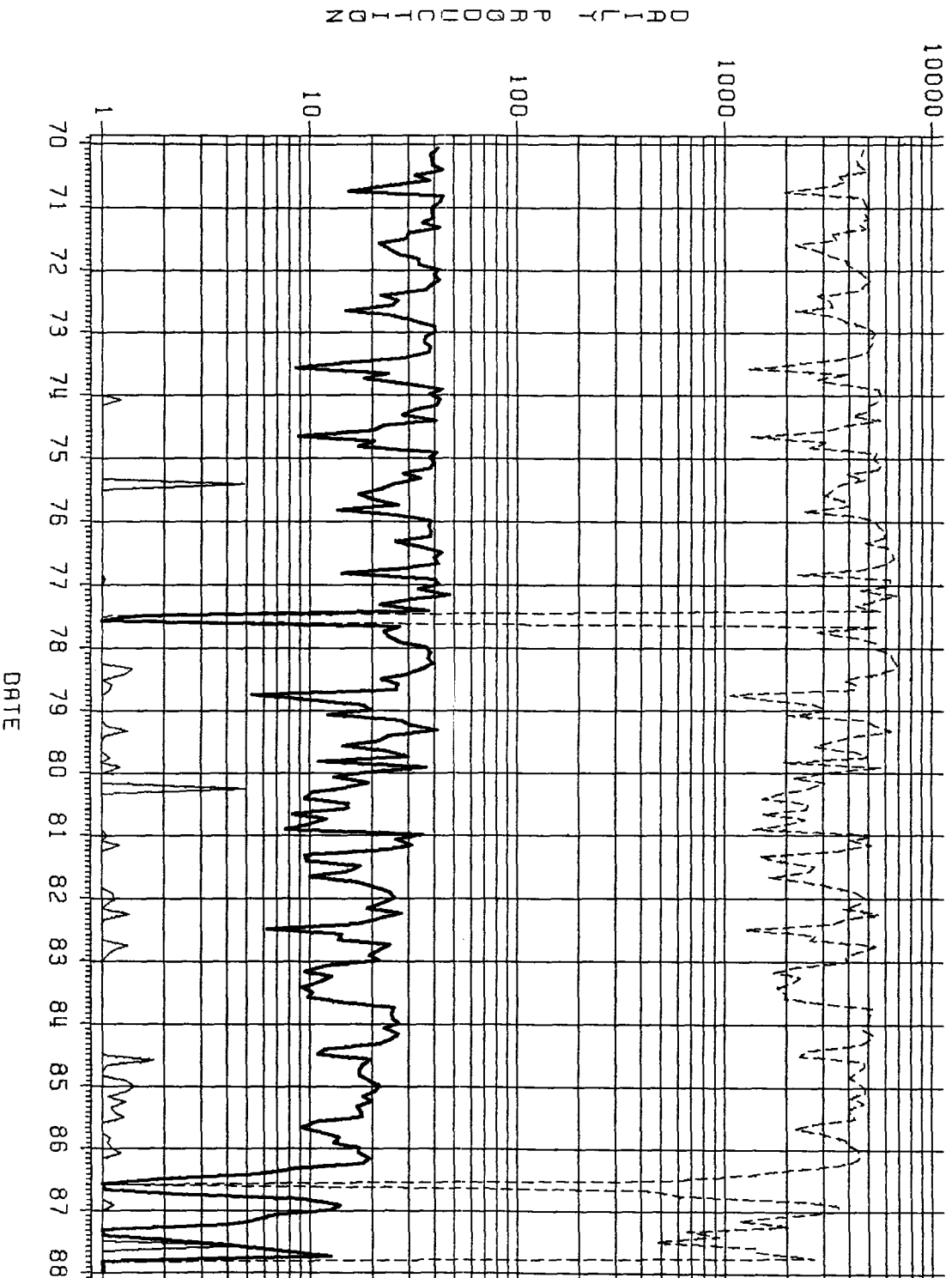
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WELLNR=BOGLE FLATS UNIT WELLNO=003



DATE

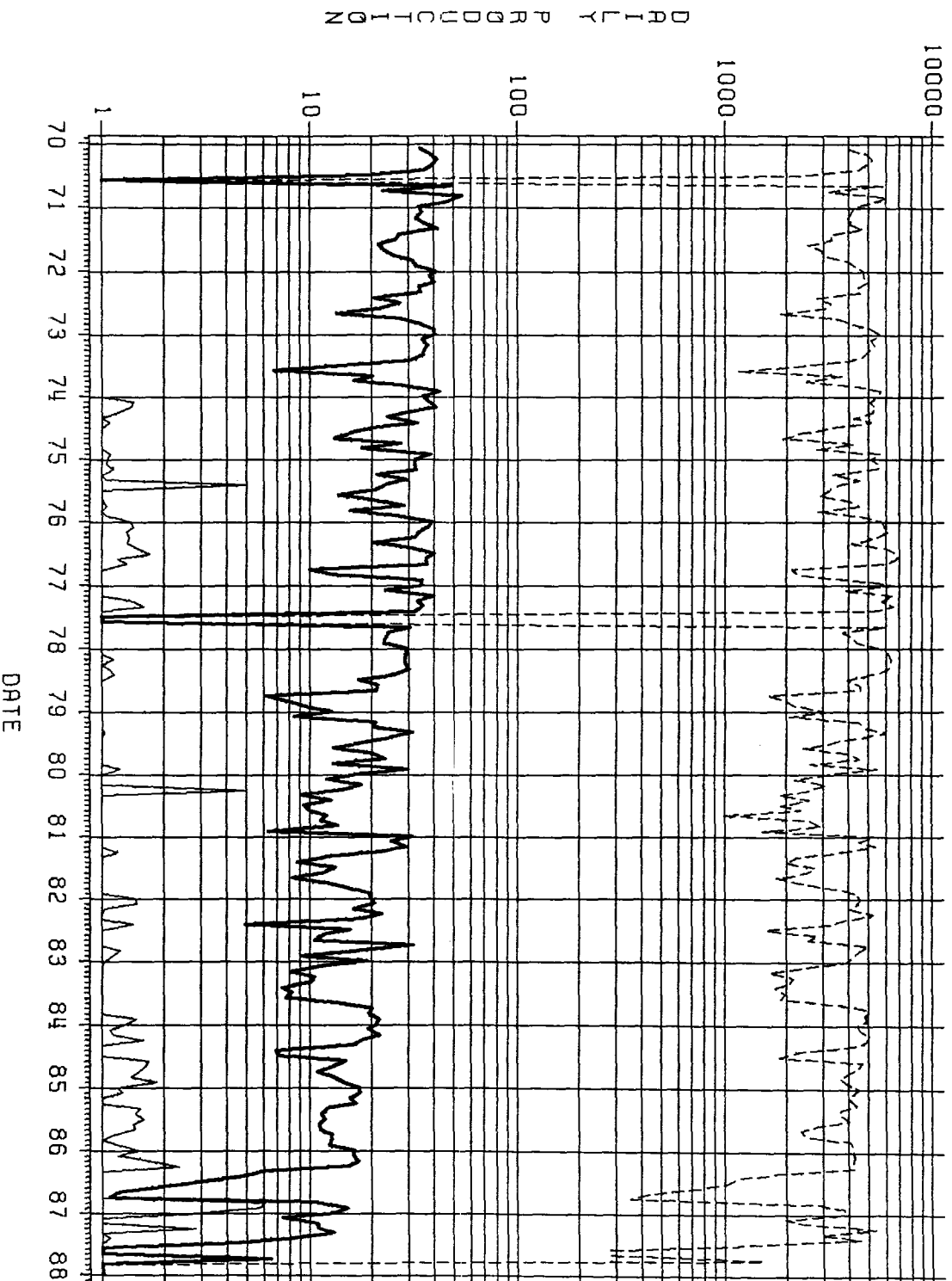
PRODUCTION DATA PLOT

OPERNR=CHEVRON U.S.A. INC PETROLEUM INFORMATION
WELLNR=BOGLE FLATS UNIT WELLNO=004



PRODUCTION DATA PLOT

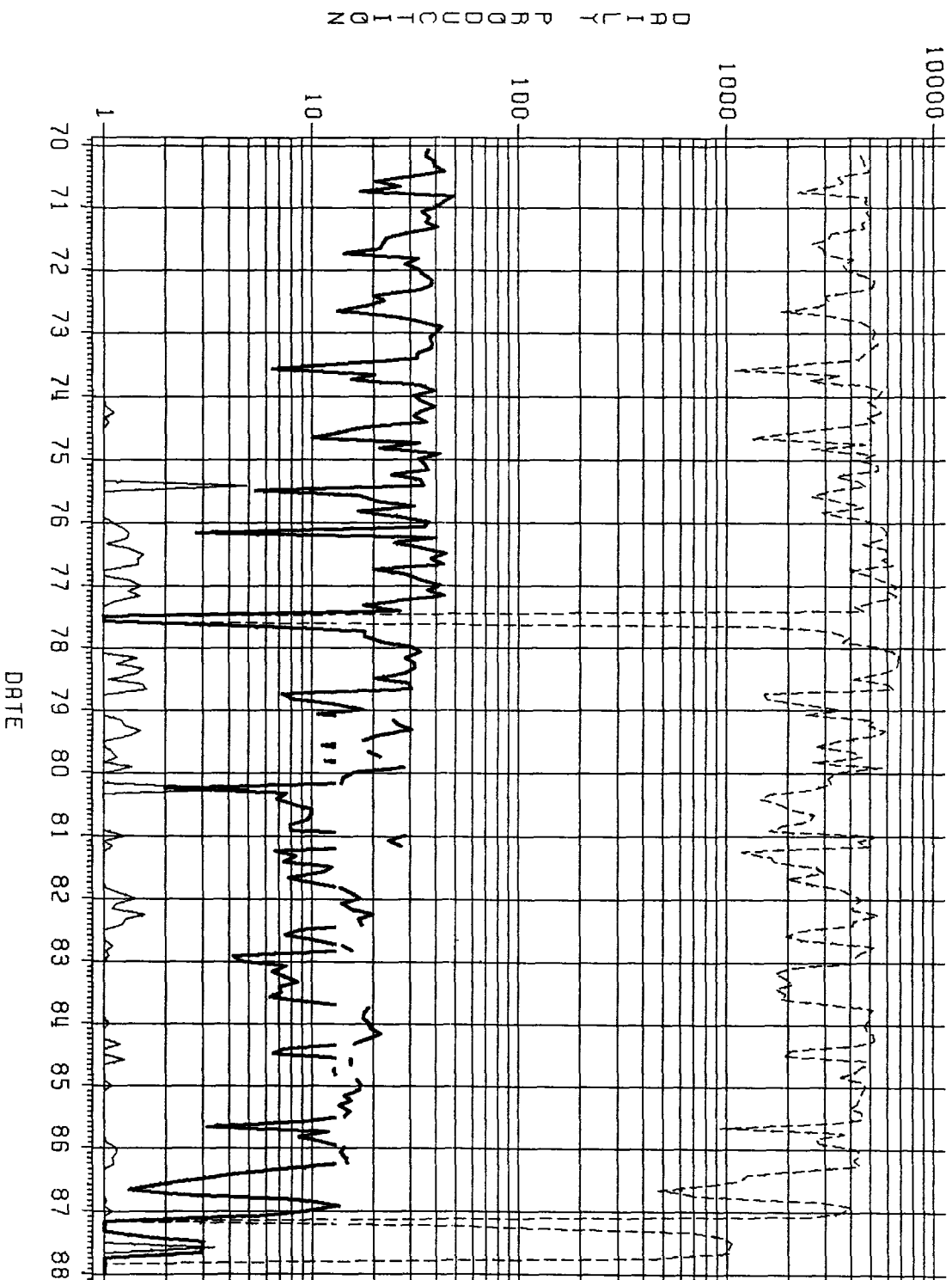
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WELLNR=BOGLE FLATS UNIT WELLNO=005



HEAVY SOLID LINE=BOPD
SOLID LINE=BWP
LIGHT DASHED LINE=MCFD

PRODUCTION DATA PLOT

OPERNR=CHEVRON U.S.A. INC PETROLEUM INFORMATION
WELLNR=B06LE FLRTS UNIT A CDM WELLNO=006



HEAVY SOLID LINE=BOPD
SOLID LINE=BWPD
LIGHT DASHED LINE=MCFD

Bob

I thought that this
was important enough to
all of us to at least try
this appeal. I/Chermon will
not take it past IBCA to
the courts.

Ray see ya.
Ray



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

1607

Ray M. Vaden
Land Utilization Representative
Permian Basin Land Division

September 8, 1993

**FEDERAL EXPRESS #5172347751
PROOF OF RECEIPT REQUESTED**

NOTICE OF APPEAL

SDR 93-024
3100 (921)
Vertical Contraction of
the Bogle Flats Unit,
Eddy County, New Mexico

United States Department of Interior
Office of the Secretary
Board of Land Appeals
4015 Wilson Blvd.
Arlington, Virginia 22203

Gentlemen:

Appeal

Chevron U.S.A. Inc., as Operator of the Bogle Flats Unit (the "Unit") hereby gives notice, in accordance with 43 CFR 3165.4 and 43 CFR part 4 of its appeal of the State Director's decision of August 12, 1993 concerning the Vertical Contraction of the Bogle Flats Federal/State Unit.

Facts

The Bogle Flats Unit was created effective January 28 1965 and originally covered approximately 10,416.36 acres. The working interest owners, with the approval of the BLM and the State of New Mexico signed a Unit Agreement for the Bogle Flats Unit (the "Unit Agreement"). Simultaneously therewith, the working interest owners entered into a Unit Operating Agreement for the Bogle Flats Unit (the "Operating Agreement") and named Chevron as the Unit Operator. The BLM also approved this Operating Agreement.

In March of 1965 , Chevron and the other working interest owners in the Unit formed the Cisco Canyon Formation Participating Area, covering approximately 677.16 acres (the "Participating Area"). In 1970 in accordance with the Unit Agreement, 5,321.19 acres of the original 10,416.36 acres were excluded from the Unit. The Unit now consist of only the acreage within the Cisco Canyon Participating Area. All other surface acreage has been eliminated. Thus the Unit and the Participating Area in this case are now one in the same.

Recently, one of the working interest owners in the Unit, Oryx Energy Company ("Oryx") sold its deep rights in the Unit to BTA Oil Producers ("BTA"). BTA is not an original party to the Unit Agreement or the Operating Agreement. BTA now desires to explore the deeper zones.

Believing that the elimination of the deep rights from the Unit provided the best method for developing deep gas zones, Chevron proposed the vertical contraction of the Unit¹ to exclude all formations below the top of the Atoka formation. Chevron met with the BLM District office and the New Mexico State Land office to review the proposal and to receive assurance that its plan for unit contraction was in compliance with the requirements of the Unit Agreement. Chevron adhered to the instructions of the State and the BLM as well as the requirements of Article 2 of the Unit Agreement and obtained 90+% of the voting power of the working interest owners for this contraction. The State of New Mexico and the BLM then approved the elimination of these deep zones from the Unit.

Marathon Oil Company ("Marathon"), the only working interest owner to object to the vertical contraction of the Unit, then appealed the Roswell BLM District's approval of this vertical contraction to the BLM State Director. On August 12, 1993, Edwin L. Roberson for Reed L. Smith, Deputy State Director, responding for Mr. Monte G. Jordan, acting State Director reversed the District's action. Mr. Roberson, believing this vertical contraction of the Unit to be an amendment to the Unit Agreement, stated, "All parties committed to the agreement must sign or consent to the amendatory language before it may be approved by the authorized officer".

Chevron now appeals the decision of the BLM State Director (the "Director") on the grounds that this vertical contraction of the Unit does not constitute an amendment to the Unit Agreement. On the contrary, vertical contraction is allowed by the Unit Agreement and the Operating Agreement upon approval of 75% of the voting power of the working interest owners since the vertical contraction of the Unit is merely a revision of the "lands" to be included within a Participating Area of the Unit.

Chevron acknowledges that when it originally proposed to exclude this "land" from the Unit, it requested that the unit working interest owners approve an amendment to the Unit Agreement to exclude the depths in question. Chevron's actions in this regard were influenced by the fact that all working interest owners appeared to desire this solution to the problem created by a non-unit owner's acquisition of deep rights within the unit, and in consultation with State and BLM.

¹Since the Unit and the Participating Area are one in the same in this case, discussion of the vertical contraction of the Unit includes the vertical contraction of the Participating Area and vice-versa.

officials, this appeared to be the most logical and expedient way to effectuate the change and provide public notice of the change. At the time everyone believed that all parties were in agreement with the change, and Chevron had no indication that all parties would not agree to the change. In fact, Marathon has never provided any reason why it objects to this vertical contraction. It only states that 100% of the parties must agree before the contraction can be accomplished.

Chevron now asserts that vertical contraction of the Unit is allowed without actually having to amend the Unit Agreement. In order to satisfy Chevron's and the BLM's concerns about providing public notice of this change to the Unit, Chevron proposes to file for record the Notice of Vertical Contraction of the Bogle Flats Unit included hereto as Exhibit #2.

This vertical contraction of the Unit is analogous to the process that was followed when the unit was contracted upon the approval of the United States Department the Interior, Geological Survey in its letter of July 8, 1970 (see exhibit #11). This unit contraction eliminated 5,321.19 acres from the unit area, but no amendment was made to either Article 2 or Article 3 of the Unit Agreement. Article 2 is titled "Unit Area" and contains the description of lands within the Unit Area. Article 3 describes the Unitized Land and the Unitized Substances. Upon approval of the Unit contraction in 1970 Chevron was simply requested to "promptly notify all parties of interest as to the lands eliminated."

The deep zones now sought to be eliminated in this case were never part of the objectives in forming the Unit. Article 9 of the Unit Agreement specifically states that the Unit Operator shall not be required to drill and/or test any depths in excess of 8,000' within the unit area. The vertical contraction here would eliminate formations from 8,205' and below.

The primary zone proposed to be eliminated from the Unit by vertical contraction is the Morrow Formation. The Morrow Formation is typically lenticular sandstones of petroleum reserves of limited size as opposed the more continuous dolomite layer of the Pennsylvanian Age Cisco Canyon formation that is productive throughout the Unit. Chevron actually tested for the Morrow Formation lenticular sandstones in its Morrow Bogle Flats Unit, #4-2 well when the well was drilled. The Morrow test was unsuccessful, but because of the nature of the isolated non-contiguous sandstone reservoirs of the Morrow Formation, it is not unusual to miss a Morrow target in this geographical area. Therefore, not many operators or working interest owners are willing to take the risks associated with exploring for these deep formations.

If the State Director's decision stands and if 100% of working interest ownership approval is required to eliminate these deep, non-productive zones from this Unit and other units formed under old unit agreement such as the one in this case, potential petroleum reserves and royalty revenues will be locked up in these old units because the parties either do not have the funds or the desire to risk drilling for additional pay zones. Conversely, by relying upon the existing language of the Unit Agreement in question and the voting procedure of the Operating Agreement, non-productive zones within a unit can be vertically contracted to provide additional

incentives for development when the working interest owners, BLM and State agencies concur. In fact Chevron has been told that at least one other Unit Operator of a unit formed under agreements similar to the Unit Agreement in question here was disappointed in the State Director's ruling because they had planned to vertically contract a potential Delaware Oil zone from an existing unit in order to encourage wildcat drilling and testing of this zone by non-unit working interest owners.

Issue

Does the vertical contraction of the Unit require the consent of 100% of the voting power of the working interest owners in this case?

Answer

The vertical contraction of the Unit in this case is merely a revision of the "lands" to be included within a Participating Area of the Unit and requires the consent of only 75% of the voting power of the working interest owners under the Unit Agreement and the Operating Agreement.

Discussion

In his decision denying 91.1756% of the working interest ownership the right to contract vertically the Unit, the Director stated that the consent of 100% of the working interest ownership is required before the Unit Agreement can be amended. Chevron agrees with that statement because it is hornbook contract law that, absent an agreement of the parties to the contrary, a contract cannot be amended without the consent of all the parties. However, Chevron disagrees with the result of the Director's decision since, as stated before, this vertical contraction is allowed and can be accomplished without amending the Unit Agreement. In fact, the Unit Agreement, coupled with the provisions of the Operating Agreement, allows this vertical contraction upon the approval of 75% of the voting power of the working interest owners in this case.

Article 11 of the Unit Agreement, after establishing the procedure the Unit Operator shall follow in order to establish a "participating area" in the Unit, further states,

The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the percentage of allocation shall be revised accordingly. (Emphasis added).

Thus, under this Article 11 of the Unit Agreement, upon the approval of the BLM and the State Commissioner, the Unit Operator can revise the participating area at any time to exclude non-productive "land". Nothing in the agreements or in the ordinary meaning of the word limits the

definition of the word "land" to surface area only. The term "land" can and does include subsurface areas as well. In fact, Chevron asserts that within the oil and gas industry, the definition of "land" **always** includes the subsurface area.

As stated above, the only participating area currently established under this Unit is the Cisco Canyon Formation Participating Area. The deep zones sought to be excluded here have been proved not to be productive in paying quantities from this Participating Area since by definition the Cisco Canyon Formation is a shallow strata. Thus, all of the requirements of Article 11 for excluding land from the participating area are met.

Article 11 must, however, be read in conjunction with Article 5 and Article 6 of the Operating Agreement. Article 5 of the Operating agreement provides, "The Unit Operator shall not do any of the following things without the consent of the working interest owners obtained as provided herein:...(f) **Designate the lands to be included in any participating area or revision thereof;** submit for approval any plan for the development and operation of the Unit Area or any participating area or supplement or amendment thereto or any expansion or contraction of the Unit Area, in accordance with the provisions of the Unit Agreement." (Emphasis added).

The phrase "the consent of the working interest owners obtained as provided herein" in Article 5 refers to Article 6 of the Operating Agreement. Article 6 provides, "Except as otherwise specified herein or in the Unit Agreement, an affirmative vote of 75% of the voting power of the working interest owners involved shall constitute the decision of the working interest owners, **which decision shall be binding upon all...**" (Emphasis added). There is nothing in the Unit Agreement or in the Operating Agreement that contradicts this provision.

In this case, Chevron has obtained the consent of 91.1756% of the voting power of the working interest owners for the vertical contraction of the Participating Area (or the Unit since they are one in the same). Thus, under the provisions of the Unit Agreement and the Operating Agreement quoted above, Marathon's objection to this vertical contraction has no effect. Furthermore, since Marathon is a party to these agreements, it has already agreed, under Article 6 of the Operating Agreement, **to be bound** by the will of the 75+% of the voting power of the working interest owners which has occurred in this case.

Conclusion

Article 10-b of the Unit Agreement requires the Unit Operator to specify the operating practices regarded as necessary and advisable for the proper conservation of natural resources. As evidenced in the attachments hereto, there has been no expenditure of unit funds to test or develop the deeper zones that are to be eliminated through this vertical contraction and therefore there is no need for investment adjustments to the working interest owners. Since a non-unit party has acquired the ownership of a portion of the deeper zones under the unit, the unit operator and 90+% of the working interest owners, with the concurrence of the BLM District office and the State Land office, determined that in the interest of protection of correlative rights, the

September 8, 1993

conservation of natural resources, and the development of additional energy resources and royalty revenues to the State of New Mexico and the United States of America, the elimination of the deeper zones from the Unit was the best plan for development for deep gas zones such as the Morrow Formation.

To the best of Chevron's knowledge, there has been no vertical contraction of an existing federal unit, but Chevron has formed numerous Federal Units, State Units and Working Interest Units for exploration, production or enhanced recovery from a specific zone(s) or formation. In the oil and gas industry specific formations and zones are described as "lands" with a full legal description of the surface area accompanied by specific vertical and/or formation descriptions if agreements, conveyances, etc. do not include all depths, zones or formations. Therefore, based upon the facts and reasons above, the existing Bogle Flats Unit and Unit Operating Agreements do not preclude the elimination of certain zones from the unit, especially when such zones are not within a participating area.

As the production of older units declines and working interest ownership of the unit changes, funds for exploring non-participating areas within a unit often become more limited. Due to reliable technological advancements in 3-D seismic and other exploration tools, equity of ownership and risks become important factors when considering exploratory wildcat drilling within an old and established unit area. Those that do not want to risk a dry hole exploratory well can easily prevent such exploration if 100% of the voting power is required to do the operation, and a test well will never be drilled. However, if the operating agreement is followed and there is sufficient agreement among the working interest owners, the BLM, the State, and the Regulatory Agency, vertical contraction of these prospective zones will provide opportunities for non-unitized exploration in instances where some of the Unit working interest owners are unwilling to explore other zones or formations.

Accordingly, the Decision of the State Director dated August 12, 1993 should be reversed and, the decision of the Roswell District Office dated June 29, 1993 should be revised as shown on Exhibit #1 attached hereto and reinstated with the effective date of July 1, 1993.

Very truly yours,



Ray M. Vaden

Enclosures and Exhibits

Mailing List

Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87505
Attention: Mr. Monte Jordan,
Acting State Director

New Mexico Commissioner of Public Lands
P.O. Box 1148
Santa Fe New Mexico 87504-1148
Attention: Floyd Prando, Director

Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87505
Attention: Field Solicitor

Chevron U.S.A. Inc.
P.O. Box 1150
Midland, Texas 79702-0552
Attention: D. H. Messer

Bureau of Land Management
Roswell District Office
P.O. Box 1397
Roswell, New Mexico 88202-1397
Attention: Armando Lopez,
Asst. Dist. Manager, Minerals

Oryx Energy Company
P.O. Box 2880
Dallas, Texas 75221
Attention: Stephen Gillet

Marathon Oil Company
P.O. box 552
Midland, Texas 79702-0552
Attention: Mr. Bob Unger

MW Petroleum Corporation
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056-4400
Attention: Ceci Lonard

Graham Resources
12707 North Freeway, Suite 100
Houston, Texas 77060
Attention: Floyd Chambers

Kerr-McGee Corporation
P.O. Box 25861
Oklahoma City, Oklahoma 73125
Attention: Floyd Chambers

BTA Oil Producers
104 South Pecos
Midland, Texas 79701

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088
Attention: Robert G. Stovall, Counsel

ENCLOSURES AND EXHIBITS

- Enclosure #1 Letter from Chevron to Marathon dated August 2, 1993 outlining the sequence of events and the reasons for the vertical contraction of the Bogle Flats Unit.
- Enclosure #2 Letter from Chevron to the Unit working interest owners dated September 7, 1993 advising them of the IBLA appeal and transmitting revisions to Exhibits A & B.
- Enclosure #3 Decision of the State Director dated August 12, 1993
- Enclosure #4 Letter from Marathon dated July 23, 1993 requesting the State Director to reverse the decision of the Roswell District office concerning the contraction or the Bogle Flats Unit.
- Enclosure #5 Decision of the Roswell District Office dated June 30, 1993 granting vertical contraction of the Bogle Flats Unit effective July 1, 1993.
-

- Exhibit #1 Suggested revisions to Enclosure #5 above.
- Exhibit #2 Notice of vertical contraction of the Bogle Flats Unit proposed for recordation in the oil and gas records of Eddy County, New Mexico.
- Exhibit #3 Letter dated July 2, 1993 advising Working Interest Owners of the vertical contraction of the Bogle Flats Unit.
- Exhibit #4 Sample of executed ballots and transmittal letter dated March 10, 1993 requesting Working Interest Ownership approval of unit contraction.
- Exhibit #5 Letter dated March 12, 1993 from the Commissioner of Public Lands, State of New Mexico, concerning the proposed vertical contraction of the Bogle Flats Unit.
- Exhibit #6 Letter dated March 4, 1993 from the Roswell District office concerning the proposed vertical contraction of the Bogle Flats Unit
- Exhibit #7 Letter dated February 22, 1993 from the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico concerning the vertical contraction of the Bogle Flats Unit

- Exhibit #8** Letter dated February 19, 1993 from Chevron, as unit operator, to the OCD, State Land Office, and BLM with questions concerning the requirements and procedures to follow in vertical contraction of the Bogle Flats Unit
- Exhibit #9** Letter dated February 17, 1993 from the Commissioner of Public Lands to Chevron advising that due to the development and testing of the Morrow formation on lands near the unit and the possibility of drainage by wells outside the unit area, the need for further development of the unit may exist.
- Exhibit #10** Letter dated December 16, 1992 to Oryx Energy Company and to BTA Oil Producers regarding violation of the Maintenance of Uniform Interest provision of the Unit Operating Agreement for the Bogle Flats Unit.
- Exhibit #11** Letter dated July 8, 1970 from the United States Department of Interior granting contraction of the Bogle Flats Unit.
- Exhibit #12** Approval dated August 10, 1966 from the acting director of the U. S. Geological Survey for the fourth revision of the participating area for the Cisco-Canyon Formation of Pennsylvanian Age
- Exhibit #13** Application dated January 18, 1966 for approval of the Initial Participating Area for the Cisco-Canyon Formation of Pennsylvanian Age.
- Exhibit #14** Application dated January 20, 1965 requesting the approval of the Bogle Flats Unit Area and Certification-Determination #14-08-0001 86 55 granting approval to the Bogle Flats Federal / State Unit.
- Exhibit #15** Current Exhibits "A" and "B" (as revised on 9/2/93) to the Bogle Flats Unit Agreement.



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745

15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

Ray M. Vaden
Land Utilization Representative
Permian Basin Land Division

August 2, 1993

Review of Decision for Vertical
Contraction of Bogle Flats Unit
Under 43 CFR 3165.3(b)

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702-0552

Attention: **Mr. Thomas C. Lowry**
Regional Counsel

Dear Mr. Lowry:

Reference is made to your letter of July 23, 1993 requesting Mr. Monte Jordan, acting State Director of the Bureau of Land Management, to reverse the decision of the Roswell District Office covering the captioned. Section 43 CFR 3165.3(b) appears to apply only to parties adversely affected by a decision from the BLM district office. As Unit Operator of the Bogle Flats Unit, Chevron fails to see how this decision adversely affects Marathon. It is Chevron's opinion, and the opinion of all other Working Interest Owners in the Unit, that vertical contraction of the Unit is advantageous to all parties, including the BLM and the State of New Mexico. The reasons for our request to contract the vertical limits of the Unit have been explained previously, but I would like to briefly review them again with you, and request that Marathon reconsider its objection.

1. When Oryx sold its Bogle Flats Unit deep rights to BTA, BTA expressed to Chevron its desire to develop Morrow production on the acquired Unit lands.
2. Since BTA is not a member of the Bogle Flats Unit, the BLM could not allow them to test the Morrow formation within the boundaries of the Unit.
3. The sale to BTA of Oryx's deep rights within the Unit violated the maintenance of uniform interest provisions, but Oryx informed Chevron that its sale to BTA was final unless legal action and a subsequent judgement were made against Oryx. Chevron did not desire to encourage the Working Interest Owners to pay the costs of litigation against Oryx in light of available alternatives.
4. One alternative solution was to ignore the maintenance of uniform interest provision and allow BTA to join the Unit as a subsequent joinder under Article 29 of the Unit Agreement and Article 24 of the Unit Operating Agreement. The advantages of this alternative are:
 - A. The Unit would not incur litigation expenses.
 - B. There would be no requirement for investment adjustment since there has been no Unit expenditures for development of the Morrow or of any of the rights and depths acquired by BTA.
 - C. Either Chevron or BTA could drill the well but if the well were commercial, Chevron, as Unit Operator would be required to establish a participating area for the well (Article 11 of Unit Agreement) and to operate the Well under the terms of the Unit and Unit Operating Agreements.

ENCLOSURE #1

- D. A successful Morrow test well could require additional development by Chevron as Unit Operator, or by the individual Unit Working Interest Owners of sections offsetting a successful Morrow well.
5. The preferred alternative solution was to eliminate the currently non-productive zones from the top of the Atoka formation and below. The advantages of this alternative are:
- A. Each working interest owner, including BTA, could develop its Morrow rights.
- B. In response to drainage demands for development due to an offsetting Morrow well, each working interest owner would have the option of developing, farming out, or selling its Morrow rights. Please note that if the Morrow formation remains unitized, the working interest owner's options are more limited under the Unit and Unit Operating Agreement.
- C. The Working Interest Owners and Unit Operator would not need to spend time meeting and addressing subsequent joinder issues, establishing new participating areas, determining different working interest and royalty obligations for each zone and participating area, etc.

As mentioned above, Article 11 of the Unit Agreement requires a separate participating area "for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone". Upon establishment of Morrow production, the formations below the top of the Atoka would not be covered within the established participating area for current Cisco Canyon (Upper Penn) Unit Production. Therefore, we complied with both Article 2, Sections A through D (and E) of the Unit Agreement, and the voting procedures as set out in Article 6 of the Unit Operating Agreement. It is my opinion that since the Unit has no costs or investment of working interest owners' funds in the lands being contracted from the Unit, vertical contraction of the Unit can be accomplished under the voting procedure (75%) with the concurrence of the BLM, the State Land Office, and the OCD. To form the unit required the agreement of sufficient owners to provide reasonably effective control (not 100%). Article 20 of the Unit Agreement requires 75% (not 100%) working interests owners approval to terminate the Unit. Article 5(f) of the Unit Operating Agreement addresses Unit contraction and refers back to Article 2 of the Unit Agreement, which does not require 100% concurrence of working interest owners.

As Unit Operator and on behalf of the 90+% of the Bogle Flats Unit Working Interest Owners that voted for vertical contraction of the Unit, Chevron requests that Marathon reconsider its appeal of the decision of the BLM's Roswell District office.

Sincerely,



Ray M. Vaden

RMV:ldn
9679.DOC

cc: Monte Jordan



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

Ray M. Vaden
Land Utilization Representative
Permian Basin Land Division

September 7, 1993

**IBLA Appeal of State Directors
Decision Concerning Vertical
Contraction and Revision of
Exhibits "A" and "B" of the
Bogle Flats Unit Operating Agreement**

**Working Interest Owners
(address list attached)**

Gentlemen:

Enclosed for your information, reference and files is a copy of revisions dated September 2, 1993 updating Exhibits "A" and "B" of the Bogle Flats Unit Agreement. The revisions reflects the current lessees of record under State of New Mexico Lands as well as a change of interest in Tract #4 of the unit. Chevron's land files did not indicate that Marathon had acquired an interest in Tract #4. This revision increases Marathon's unit interest from 8.84% to 9.61% of the unit.

Also enclosed for your information is a copy of Chevron's appeal of the State Director's decision to reverse the BLM's approval of Vertical Contraction of the Bogle Flats Unit. BTA Oil Producers have indicated that they will hold off drilling their proposed well until this matter is resolved. As Unit Operator, Chevron would like to thank each of you for your patience in this matter.

Sincerely,

Ray M. Vaden

10173.DOC

Enclosures

ENCLOSURE #2

SDR 93-024
3100 (921)

AUG 12 1993

CERTIFIED - RETURN RECEIPT REQUESTED
P 327 241 687

Decision

Marathon Oil Company
P.O. Box 552
Midland, TX 79702-0552

Vertical Contraction of a Unit

Reversed

Chevron U.S.A., Incorporated (Chevron) is operator of the Bogle Flats Unit (the Unit), located in Eddy County, New Mexico. On June 29, 1993, the Roswell District Office (RDO) approved Chevron's request for vertical contraction of the Unit. On July 23, 1993, Marathon Oil Company (Marathon), an 8.824435 per cent working interest owner, filed a timely request for a State Director Review of RDO's decision.

On June 22, 1993, Chevron provided RDO evidence that 91.1756 per cent of the working interest owners voted to vertically contract the Unit by amending Article 3 of the Unit agreement. The vote occurred because Oryx Energy Company (Oryx) sold its deep rights to BTA Oil Producers (BTA). Since BTA was not a member of the Unit, Chevron believed Oryx violated uniform interest provisions. Chevron believed it was in the best interest of the Unit to eliminate non-productive deeper horizons to avoid costly litigation against Oryx.

Marathon was the sole working interest owner to vote against vertical contraction. Marathon's acreage is fully committed to the Unit agreement. Marathon argues that the Unit agreement does not allow for amendment without 100 percent agreement of both the working interest owners and the royalty interest owners.

Current manual guidance on this issue requires that "All parties committed to the agreement must sign or consent to the amendatory language before it may be approved by the authorized officer." It is our decision that the Unit agreement may only be amended with Marathon's concurrence. It is the decision of the State Director to reverse RDO's June 29, 1993, decision. Article 3 of the Unit agreement shall continue to include all formations underlying lands

ENCLOSURE #3

committed to the agreement.

Any party adversely affected by this decision may appeal to the Interior Board of Land Appeals, in accordance with 43 CFR 3165.4, 43 CFR Part 4, and Form 1842-1, enclosed. Also send a copy of the Notice of Appeal to the Roswell District Office.

Sincerely,

Edwin L. Roberson

✓
Reed L. Smith
Deputy State Director
Lands and Minerals

3 Enclosures

cc: w/o enclosures

Field Solicitor

WO (610)

NM (010)

NM (017)

NM (040)

NM (047)

NM (060)

NM (066)

NM (067)

NM (067A)

NM (070)

CSO (920)

MSO (920)

USO (920)

WSO (920)

Chevron U.S.A, Inc.

Attention: Ray M. Vaden

P.O. Box 1150

Midland, TX 79702-0552

New Mexico Commissioner of Public Lands

P.O. Box 1148

Santa Fe, NM 87504-1148

Oryx Energy Company

Attention: Stephen Gillet

P.O. Box 2880

Dallas, TX 75221

MW Petroleum Company

Attention: Ceci Lonard

2000 Post Oak Boulevard, Suite 100

Houston, TX 77056-4400

Graham Resources

Attention: Jim O'Leary

12707 North Freeway, Suite 100

Houston, TX 77060

Kerr-McGee Corporation

Attention: Floyd Chambers

P.O. Box 25861

Oklahoma City, OK 73125

BTA Oil Producers

Attention: C. Robert Crawford

104 South Pecos

Midland, TX 79701

New Mexico Oil Conservation Division

P.O. Box 2088

Santa Fe, NM 87504-2088

920:RWymer:ml:x300:8/11/93:93-024.SDR

Thomas C. Lowry
Region Counsel



**Marathon
Oil Company**

July 23, 1993

RECEIVED

JUL 26 1993

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

VIA AIRBORNE EXPRESS 6234091511

PERMIAN BASIN LAND UNIT
MIDLAND, TX

Mr. Monte G. Jordan
Acting State Director
Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87505

**Re: Vertical Contraction of the Bogle Flats Unit Area
Eddy County, New Mexico**

Dear Mr. Jordan:

On June 29, 1993 the Roswell District office of the Bureau of Land Management, through Armando A. Lopez, Assistant District Manager, Minerals, issued a letter approving the vertical contraction of the Unit Area for the Bogle Flats Unit in Eddy County, New Mexico. A copy of that letter is attached. Pursuant to 43 C.F.R. Section 3165.3(b), Marathon hereby seeks State Director review of this decision.

The June 29, 1993 letter states that contraction of the Bogle Flats Unit may be accomplished by the vote of ninety percent (90%) of unit working interest and sixty percent (60%) of basic unit royalty interest, pursuant to Article 2(e) of the Unit Agreement. It is Marathon's opinion that Article 2(e) applies only to the automatic exclusion of unitized lands from the Unit upon the failure of such lands to qualify for inclusion within a participating area within certain time limits. The voting provision referenced in the June 29 letter only applies to the extension of a ten (10) year automatic exclusion provision.

Article 2 of the Unit Agreement as a whole deals only with what lands are to be included within the Unit Area, and does not address at all the question of what formations are to be covered by the Agreement. Covered formations are addressed in Article 3, where the Agreement states that "all oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement . . ." Article 2 does discuss in its second paragraph the contraction of the Unit Area as to lands not within a participating area. There is no discussion of the exclusion of formations underlying lands which are already included within a participating area. All lands currently within the Bogle Flats Unit are within a participating area. A copy of the first five pages of the Unit Agreement, including Articles 2 and 3, is attached for your review.

It is Marathon's belief that when the parties entered into the Unit Agreement and the corresponding Unit Operating Agreement for the Bogle Flats Unit that there was no contemplation that individual formations could ever be excluded from the Unit by anything less than the vote of 100 percent of both the working and royalty interest owners. Therefore, Marathon asks that you reverse the decision of the Roswell District office and maintain the application of the Bogle Flats Unit Agreement to all horizons in tracts which are currently included within a participating area.

Sincerely,

A handwritten signature in cursive script that reads "Thomas C. Lowry".
Thomas C. Lowry

Attachments

xc: See Attached Distribution List

TCL\G:\WP51\MISCTCL\TCL52\ELK

A subsidiary of USX Corporation

ENCLOSURE #4

DISTRIBUTION LIST

Armando A. Lopez
Assistant District Manager, Minerals
United States Department of the Interior
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88202-1397

~~88202-1397~~
Brian Huzzey
Chevron USA, Inc.
P. O. Box 1150
Midland, TX 79702

Stephen Gillet
Oryx Energy Company
P. O. Box 2880
Dallas, Texas 75221

Joe Madron
Wayne Ransbottom
Bob Unger
Marathon Oil Company

Ceci Lonard
MW Petroleum Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Jim O'Leary
Graham Resources
12707 North Freeway, Suite 100
Houston, Texas 77060

Floyd Chambers
Kerr-McGee Corporation
P. O. Box 25861
Oklahoma City, Oklahoma 73125

Pete Martinez
Office of the Commissioner of Public Lands
State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

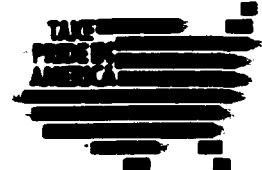
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87504

C. Robert Crawford
BTA Oil Producers
104 South Pecos
Midland, Texas 79701



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

Roswell District Office
P.O. Box 1397
Roswell, New Mexico 88202-1397



IN REPLY
REFER TO

3180 10650
NMNM-68296

RECEIVED

JUN 29 1993

JUN 30 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

Chevron USA, Inc.
Attention: Mr. Ray Vaden
P. O. Box 1150
Midland, TX 79702

Re: Vertical Contraction of the Bogle Flats Unit Area, Eddy County, New Mexico

Dear Mr. Vaden:

This office has reviewed the ratification of ballot no. 1 by the working interest owners which were hand delivered at our meeting on June 22, 1993. As you know, ballot no. 1 provides for the vertical contraction of the Bogle Flats Unit Area to exclude all formations from the unit that lie beneath the top of the Atoka Formation by amendment to Article 3 of the unit agreement. In other words, all formations from the surface to the top of the Atoka Formation are unitized under the Bogle Flats Unit agreement. The top of the Atoka Formation occurs at 8,205 ft., as defined by the type log from the Bogle Flats Unit No. 2 well located 1,650' FSL and 1,650' FEL of sec. 4, T. 22 S., R. 23 E., NMPM, Eddy County. Article 2(e) of the unit agreement requires ratification by 90 percent of the working interest owners and 60 percent of the basic royalty owners for contraction of the unit. As better than the 90 percent of the working interest owners have ratified the proposed amendment to article 3 of the unit agreement and 87.4 percent of the basic royalty is Federal, the vertical contraction of the unit is hereby approved, subject to concurrence by the office of the Commissioner of Public Lands and is effective July 1, 1993. You are hereby requested to furnish all interested principals with evidence of this approval.

During our meeting on June 22, 1993, ballot no. 2 was also hand delivered. Ballot no. 2 is the proposed amendment to Article 22 of the unit operating agreement and as such is accepted for record.

Copies of this approval will be distributed to the appropriate offices. If you have any questions, please call David Glass or the Branch of Fluid Minerals at (505) 622-9042.

Sincerely,

Armando A. Lopez
For

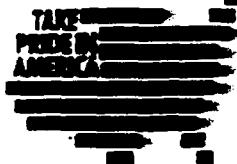
Armando A. Lopez
Assistant District Manager
Minerals

ENCLOSURE #5



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

Roswell District Office
P.O. Box 1397
Roswell, New Mexico 88202-1397



IN REPLY
REFER TO

3180 /0650
NMMN-68296

RECEIVED

JUN 29 1993

JUN 30 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

Chevron USA, Inc.
Attention: Mr. Ray Vaden
P. O. Box 1150
Midland, TX 79702

Re: Vertical Contraction of the Bogle Flats Unit Area, Eddy County, New Mexico

Dear Mr. Vaden:

This office has reviewed the ratification of ballot no. 1 by the working interest owners which were hand delivered at our meeting on June 22, 1993. As you know, ballot no. 1 provides for the vertical contraction of the Bogle Flats Unit Area to exclude all formations from the unit that lie beneath the top of the Atoka Formation ~~by amendment to Article 3 of the unit agreement.~~ In other words, all formations from the surface to the top of the Atoka Formation are unitized under the Bogle Flats Unit agreement. The top of the Atoka Formation occurs at 8,205 ft., as defined by the type log from the Bogle Flats Unit No. 2 well located 1,650' FSL and 1,650' FEL of sec. 4, T. 22 S., R. 23 E., NMPM, Eddy County. ~~Article 3(a) of the unit agreement requires ratification by 90 percent of the working interest owners and 60 percent of the basic royalty owners for contraction of the unit.~~ As better than the 90 percent of the working interest owners have ratified the proposed amendment to ~~Article 3 of the unit agreement~~ and 87.4 percent of the basic royalty is ~~Federal~~, the vertical contraction of the unit is hereby approved, subject to concurrence by the office of the Commissioner of Public Lands and is effective July 1, 1993. You are hereby requested to furnish all interested principals with evidence of this approval.

CONTRACTION

During our meeting on June 22, 1993, ballot no. 2 was also hand delivered. Ballot no. 2 is the proposed amendment to Article 22 of the unit operating agreement and as such is accepted for record.

Copies of this approval will be distributed to the appropriate offices. If you have any questions, please call David Glass or the Branch of Fluid Minerals at (505) 622-9042.

Sincerely,

Armando A. Lopez
For
Armando A. Lopez
Assistant District Manager
Minerals

EXHIBIT #1

**Notice of Vertical Contraction
of the
Bogle Flats Unit**

Effective July 1, 1993, by approval letter dated June 30, 1993, the United States Department of Interior, Bureau of Land Management, authorized the vertical contraction of the Bogle Flats Unit to eliminate all unitized lands and zones from the top of the Atoka formation and below.

The top of the Atoka formation occurs at 8,205 feet subsurface as defined by the Borehole Compensated Sonic Log from the Bogle Flats Unit No. 2 Well located 1,650' FSL and 1,650' FEL of Section 4, T-22-S, R-23-E, N.M.P.M., Eddy County, New Mexico.

The unitized horizon of the Unit now covers all formations from the surface to the top of the Atoka formation under the unitized portions of Section 3, 4, 5, 8, 9, 10, 16 and 17 of Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico.

Chevron U.S.A. Production Company,
a division of Chevron U.S.A. Inc.
Unit Operator of the Bogle Flats Unit

By: _____
D. H. Messer
Attorney-in-Fact

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1993 by D. H. Messer, as Attorney-in-Fact on behalf of Chevron U.S.A. Inc., a Pennsylvania corporation.

Notary Public



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

Ray M. Vaden
Land Unitization Representative
Permian Basin Land Division

July 2, 1993

Bogle Flats Unit Changes Effective
July 1, 1993 Revising The Unit And
Unit Operating Agreements for Contraction
of the Unitized Interval and Maintenance
of Uniform Interest and Revisions to Unit
Ownership Exhibits A and B,
Eddy County, New Mexico

Working Interest Owners
(address list attached)

Gentlemen:

In reference to the attached letter of June 29, 1993 from the Bureau of Land Management, effective July 1, 1993 Article 3 of the Bogle Flats Unit Agreement is revised to remove all zones below the top of the Atoka formation from the Unit. Article 22 of the Bogle Flats Unit Operating Agreement is also revised to clarify that the Maintenance of Unit form Interest provision shall apply either separately to each of the 640 ± acre original drilling units or to the entire unit area. The exact wording and purpose of these amendments is included in the attached ballots which were approved the Working Interest Owners.

Also attached for your files is a revised plat of the unit area and tract ownership (Exhibit "A") and a revised list of owners (Exhibit "B") in the unit. These revisions include renumbering of certain tracts in the unit. Therefore, please pass these on to your division order and accounting people so that they can update your records. These revisions were requested by the BLM and the State to indicate current owners and tracts in the unit.

Chevron will file a Notice of Unit Contraction in the near future, and we will send you a copy of this recorded instrument. If you have any questions concerning the attached, please call me.

Sincerely,

Ray M. Vaden

RMV:ldn
9395.DOC

Attachment

EXHIBIT #3

INTEREST OWNERS
BOGLE FLATS UNIT
EDDY COUNTY, NEW MEXICO

Mailing List

Chevron U.S.A. Inc.
P.O. Box 1150 (Zip Code 79702)
15 Smith Road (Zip Code 79705)
Midland, Texas
Attention: Brian Huzzey

Oryx Energy Company
P.O. Box 2880
Dallas, Texas 75221
Attention: Stephen Gillet

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702
Attention: Joe Madron

MW Petroleum Corporation
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056-4400
Attention: Ceci Lonard

Graham Resources
12707 North Freeway, Suite 100
Houston, Texas 77060
Attention: Floyd Chambers

Kerr-McGee Corporation
P.O. Box 25861
Oklahoma City, Oklahoma 73125
Attention: Floyd Chambers

United States Department of Interior
Bureau of Land Management
1717 West Second Street
Roswell, New Mexico 88201
Attention: Floyd Chambers

Commissioner of State Lands
State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501
Attention: Pete Martinez

Oil Conservation Division
State Land Office Building
P.O. Box 2088
Santa Fe New Mexico 87504

Contact Information

Brian Huzzey - Prod. (915) 687-7398
Ray Vaden - Land (915) 687-7745
Dave Rittersbackher - Geol. (915) 687-7114
Reggie Holzer - Fac. Engr. (915) 687-7182
Fax (915) 687-7884

Stephen Gillett (214) 715-4748
Rick Hall (214) 715-4757
Fax (214) 715-3243

Joe Madron (915) 687-8430
Fax (915) 687-8431

Ceci Leonard (713) 296-6306
Dave Gilbranson (713) 296-6346
K. Scott Spence - Land (713) 296-6000
Fax (713) 296-6463

Jim O'Leary (713) 876-6814
Jason Seismore (713) 876-6834
Fax (713) 872-8969

Floyd Chambers (405) 270-6079



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7866

March 10, 1993

Ray M. Vaden
Land Utilization Representative
Permian Basin Land Division

Bogle Flats Unit
Ballots for Unit Contraction and
Maintenance of Uniform Interest
Indian Basin Field
Eddy County, New Mexico

Working Interest Owners
(address list attached)

Gentlemen:

In reference to the attached letter of December 16, 1992, Chevron continues to believe that Oryx violated the intent of Article 22 of the Bogle Flats Unit Operating Agreement, (Maintenance of Uniform Interest) when it sold its deep rights to BTA. Oryx disagrees and rather than expending funds taking the matter to court, Chevron believes it is beneficial to all parties to simply eliminate the deep zones from the Unit. Chevron recommends that the working interest owners vote for the following proposals as set out on the attached Ballots.

1. Contract the unitized formation of the Bogle Flats Unit to eliminate formations below the top of the Atoka formation.
2. Revise Article 22 of the Bogle Flats Unit Operating Agreement, the Maintenance of Uniform Interest provision, to apply to each section of the Unit individually, and not to interest in the entire Unit area as a single entity.

Your affirmative vote on the above issues will, (subject to approval of the BLM, the O.C.D., and the State Land Office), allow the contraction of the vertical limits of the Unit to eliminate the Atoka, Morrow and deeper zones from the Unit. This will allow BTA to drill its Morrow Test Well and if productive, will allow each working interest owner to develop, farmout or sell its Morrow rights while relieving existing Unit owners of the responsibility of establishing new participating areas, revising unit exhibits and complying with demands for Unit wide testing or development of the Morrow Formation.

Since the working interest of each existing upper Penn Bogle Flats Unit Well was established on a drilling unit, or a section by section basis, we believe that interpreting the maintenance of uniform interest provision to apply on a well by well or section by section basis offers the most advantage to each working interest owner. We also believe that the extra reporting and

Bogle Flats

-2-

March 10, 1993

administrative requirements placed upon the Unit Operator for changes in successor ownership on a well by well basis is manageable and acceptable, if it is desired by the working interest owners.

Please return one completed copy of your ballot in the enclosed envelope within 30 days.

If you have questions concerning the above, please call me at (915) 687-7745, Brian Huzzey (Reservoir Engineer) (915) 687-7398 or Dave Rittersbacker (Geologist) (915) 687-7114.

Sincerely

A handwritten signature in black ink, appearing to read "Ray M. Vaden", written in a cursive style.

Ray M. Vaden

RMV:ldn

178.rmv

Enclosure

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

RECEIVED

APR 19 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

April 15, 1993

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702

Attention: Brian Huzzey

Re: Ballot for the Contraction of the Unitized Formation
MOC Lease NM-1926 - Bogle Flats Unit
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company (Marathon) does not approve the ballot submitted by Chevron, dated March 9, 1993, to contract the unitized formations to exclude all formations below the top of the Atoka Formation subject to the Bogle Flats Unit Agreement, dated November 30, 1964. Further, it is Marathon's opinion that any amendment to the Unit Agreement requires the approval of one hundred percent (100%) of the Units working interest owners.

Sincerely,

MARATHON OIL COMPANY

A. R. Kukla
Production Manager

ARK:WLR:hr
Attachment

RECEIVED

APR 19 1993

BALLOT #1

**NOTICE AND BALLOT
FOR THE CONTRACTION OF THE
UNITIZED FORMATION OF THE BOGLE FLATS UNIT
TO ELIMINATE FORMATIONS BELOW THE TOP OF
THE ATOKA FORMATION:**

PERMIAN BASIN, MARCH 9, 1993
MIDLAND, TX

Chevron, as Unit Operator, proposes to contract the Unit area under the terms of Article 2 of the Bogle Flats Unit Agreement to exclude lands and formations lying below the base of the Strawn formation and the upper Pennsylvanian (Cisco Canyon) producing formation. This will exclude the Atoka, Morrow, and deeper formations, which currently are unproductive and have no participating areas established. This proposed unit contraction will conserve natural resources, protect correlative rights, prevent waste, and encourage additional development of natural resources for the benefit of all parties.

Proposed Amendment to Article 3 of the Unit Agreement

Article 3 shall be amended to include the underlined words, as indicated below and will read as follows:

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 from the surface to the top of the Atoka formation are unitized under the terms of this Agreement and are herein called "unitized substances". The top of the Atoka formation is shown at 8,205' subsurface on the Schlumberger Borehole Compensated Sonic-Gamma Ray log dated May 24, 1965 for the Bogle Flats Unit 4, Well #2 which is located 1,650' FSL and 1,650' FEL of Section 4, T-22-S, R-23-E, N.M.P.M., Eddy County, New Mexico.

All other terms conditions shall remain unchanged

Working Interest Owner (Name) MARATHON OIL COMPANY



The above Working Interest Owner

Votes: _____ for the proposed amendment or X against it.

Signed by: A. R. Hall

Title: REGION PRODUCTION MANAGER

Date: 4-15-93

**PLEASE RETURN BALLOT IN THE ATTACHED ENVELOPE TO CHEVRON U.S.A.
WITHIN 30 DAYS, BEING ON OR BEFORE APRIL 12, 1993.**

Mid-Continent Region
Production United States



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

RECEIVED

APR 19 1993

PERMIAN BASIN LAND UNIT
MIDLAND TX

April 15, 1993

Chevron U.S.A., Inc.
P. O. Box 1150
Midland, Texas 79702

Attention: Brian Huzzey

Re: Maintenance of Uniform Interest Ballot
MOC Lease NM-1926 - Bogle Flats Unit
Eddy County, New Mexico

Gentlemen:

Marathon Oil Company (Marathon) does not approve the ballot submitted by Chevron, dated March 9, 1993, to amend Article 22, Maintenance of Unit Ownership, for the Bogle Flats Unit Operating Agreement, dated November 30, 1964. Further, it is Marathon's opinion that any amendment to the Unit Agreement requires one hundred percent (100%) approval from the Units working interest owners.

Sincerely,

MARATHON OIL COMPANY

A handwritten signature in cursive script, appearing to read 'A. R. Kukla'.

A. R. Kukla
Production Manager

ARK:WLR:hr
Attachment

BALLOT #2

NOTICE AND BALLOT
FOR CHANGES TO ARTICLE 22 OF THE
BOGLE FLATS UNIT OPERATING AGREEMENT
TO HAVE THE MAINTENANCE OF UNIFORM
INTEREST PROVISION APPLY ON A WELL BY
WELL BASIS IN LIEU OF A UNIT WIDE BASIS:

MARCH 9, 1993

RECEIVED

APR 19 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

Chevron, as Unit Operator, proposes to amend Article 22 Maintenance of Unit Ownership of the Bogle Flats Unit Operating Agreement to allow working interest owners to sell or dispose of all of their unit interest on a well by well basis or an equal, undivided portion of their interest on a unit wide basis. Subject to the concurrence of the Bureau of Land Management, the State Land Office, and the Oil Conservation Commission, the amendment will be accomplished by the affirmative vote of the working interest owners of the following:

Proposed Amendment to Article 22 of the Unit Operating Agreement

Article 22 shall be amended to include the underlined words, "attributed to the 640± acre original drilling unit surrounding each unit well", and the first paragraph of Article 22 will read as follows:

22. MAINTENANCE OF UNIT OWNERSHIP:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases committed to the Unit Agreement and in wells, equipment and production unless such disposition covers either:

- (1) the entire interest of the party in all leases and equipment and production attributed to the 640± acre original drilling unit surrounding each unit well;
or
- (2) an equal undivided interest in all leases and equipment and production in the Unit Area.

All other terms and conditions shall remain unchanged.

Working Interest Owner (Name) MARATHON OIL COMPANY



The above Working Interest Owner

Votes: _____ for the proposed amendment or X against it.

Signed by: [Signature]

Title: REGION PRODUCTION MANAGER

Date: 4-15-93

PLEASE RETURN BALLOT IN THE ATTACHED ENVELOPE TO CHEVRON U.S.A. WITHIN 30 DAYS, BEING ON OR BEFORE APRIL 12, 1993.



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

JIM BACA
COMMISSIONER

March 12, 1993

Chevron USA, Inc.
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Ray M. Vaden

Re: Vertical Contraction
Bogle Flats Unit
Eddy County, New Mexico

Dear Mr. Vaden:

This office has received and reviewed your proposal to vertically contract and amend the Bogle Flats Unit Agreement.

We have also received a letter from the Bureau of Land Management regarding your proposal and agree with the BLM on the following conditions:

1. The amendment to section 3 of the unit agreement should clearly indicate that all oil and gas from any and all formations from the surface to the top of the Strawn Formation are unitized under the agreement.
2. This office will not approve any contraction which creates a vertical window of nonunitized substances within the unit.
3. All formations from the top of the Strawn Formation to the Basement need to be eliminated from the unit.
4. Pursuant to Section 2(e) of the unit agreement, 90 % of the current working interest owners and 60 % of the current basic royalty owners will need to consent to the contraction for our approval.
5. A finalized copy of the amended unit agreement should be filed with the New Mexico Oil Conservation Division.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
505 827-5744

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

RECEIVED

MAR 18 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

EXHIBIT #5



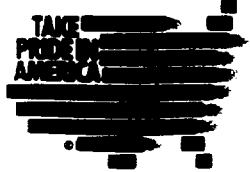
United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397



IN REPLY
REFER TO

3180 (065)
NMNM-68296

RECEIVED

MAR 04 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

MAR 03 1993

Chevron USA, Inc.
Attention: Mr. Ray M. Vaden
P. O. Box 1150
Midland, TX 79702

Re: Vertical Contraction of the Bogle Flats Unit Area, Eddy County, New Mexico

Dear Mr. Vaden:

This office has received and reviewed the draft proposal and ballots for amending the Bogle Flats Unit Agreement and the consequent vertical contraction thereof. As per your conversation with John S. Simitz of this office on February 25, 1993, we are agreeable to the proposed vertical contraction of the unit if certain conditions are met. The amendment to section 3 of the unit agreement should clearly indicate that all oil and gas from any and all formations from the surface to the top of the Strawn Formation are unitized under the agreement. This office will not approve any contraction which creates a vertical window of nonunitized substances within the unit. Therefore all formations from the top of the Strawn Formation to the Basement need to be eliminated from the unit. In order to avoid confusion and as a suggestion, our personnel took the liberty of looking for a type log to use in defining the top of the Strawn Formation. The Bogle Flats Unit No. 2 well located in the NW4SE4 of sec. 4, T. 22 S., R. 23 E., NMPM, identifies the top of the Strawn at 7,510 ft. (Note: this well appears on the Pennsylvanian Stratigraphic Cross Sections for Eddy County published for the NMOCD). Correlation of the well logs show that this pick will not interfere with the established unitized substances found above the Strawn Formation. Whatever criteria you use to define the Top of the Strawn Formation, language should be introduced into the amendment to clearly define the top.

The other condition to be met is that of the working interest owners' concurrence with the contraction. Pursuant to section 2(e) of the unit agreement, 90% of the current working interest owners and 60% of the current basic royalty owners will need to consent to the contraction for our approval.

In response to the question concerning an OCD hearing by your letter of February 19, 1993, the proposed action is considered a voluntary contraction and therefore a hearing is not necessary. In the same letter, you also asked if notification of offset operators is required. This is also not necessary because the proposed vertical contraction should not effect their operations.

NOTE: OUR GEOLOGIST BELIEVES THIS MARKER IS TOO CLOSE. THE BEAM HAS COVERED WITH USING THE TOP OF THE ATOKA @ 8205!

Due to the inclusion of State lands in this unit area, this action will also need approval from the Commissioner of Public Lands.

If you have any questions, please call John S. Simitz or the Division of Minerals at (505) 622-9042.

Sincerely,



Armando A. Lopez
Assistant District Manager,
Minerals



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

February 22, 1993

Ray M. Vaden
Chevron U.S.A., Inc.
P.O. Box 1150
Midland TX 79702

RE: Contraction of Bogle Flats Unit

Dear Ray:

In your letter of February 19, 1993, you have asked whether OCD approval is required for contraction of the above unit. From the information you sent I conclude that the unit is a voluntary exploratory unit, and the unit agreement provides the mechanism for contraction.

Based upon those facts, I agree that no OCD action is required. We just ask that you notify us of the contraction once it occurs.

I have not reviewed the order approving the unit, but if it is like most approval orders, it only requires information be provided to the Division. You may wish to review the unit approval.

This does not address any requirements which the BLM or State Land Office may have as parties to the agreement, and you should confer with them.

Sincerely,

Robert G. Stovall
OCD Counsel



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

Ray M. Vaden
Land Utilization Representative
Permian Basin Land Division

February 19, 1993

Bureau of Land Management
P. O. Box 1397
Roswell, New Mexico 88201
Attention: Mr. Armando Lopez

Oil Conservation Division
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87504-2088
Attention: Mr. Bill Lemay

New Mexico State Land Office
Oil & Gas Division
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attention: Mr. Pete Martinez

Re: Proposed Contraction of
Bogle Flats Unit
Indian Basin Field
Eddy County, New Mexico

Gentlemen:

Subject to the approval of the working interest owners and the royalty owners (BLM and State Land Office), Chevron proposes to vertically contract the unitized horizon of the captioned unit to eliminate the currently non-producing Strawn, Atoka and Morrow formations. The attached information is a draft copy of what I want to send to the working interest owners next week.

Before balloting the working interest owners I would like some assurance that, subject to compliance with Article 2 of the Unit Agreement and the established voting procedures, your agencies agree with the concept of contracting the vertical limits of the Unit. I would also like to know if, subject to proof of proper notice and sufficient approval by the working interest owners, the Unit can be contracted administratively by correspondence. If not, is an OCD hearing required? The Unit Agreement is silent as to notice requirements to operators offsetting the Unit. Can we assume that no offset notice is required to contract the unit under the terms of the agreement?

I will appreciate any help you can offer in this matter. I do think all the parties will gain by contracting the Unit and encouraging additional development of the deep rights. We plan to send out the ballots as soon as we receive the above information, so your prompt response will be appreciated.

Sincerely

Ray M. Vaden

RMV:ldn
96.rmv

EXHIBIT 128

~~B.H.H.~~
~~R. Vaden~~
File



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

SLO REF NO. OG-1243

February 17, 1993

Chevron USA, Inc.
P.O. Box 1150
Midland, Texas 79702

Attn: Mr. F. S. Godbold

Re: 1993 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

Dear Mr. Godbold:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

Note.
Morrown
well tests [The possibility of drainage by wells outside of the Unit Area and the need for further development of the unit may exist. You will be contacted at a later date regarding these possibilities.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm
cc: OCD
BLM

EXHIBIT #0



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

Ray M. Vaden
Land Unitization Representative
Permian Basin Land Division

December 16, 1992

Maintenance of Uniform Interest
BTA Oil Producers/Oryx
Section 5 Bogle Flats
Federal/State Unit
Eddy County, New Mexico; UF-700265

Oryx Energy Company
P.O. Box 2880
Dallas, Texas 75221-2880
Attention: Mr. Stephen A. Gillett

BTA Oil Producers
104 South Pecos
Midland, Texas 79701
Attention: Mr. Larry Franklin

Gentlemen:

Chevron was recently notified by BTA Oil Producers that BTA had acquired deep rights under Section 5 of the Bogle Flats Unit from Oryx, and that BTA wants to conduct a Morrow Test in this section of the unit.

The Bogle Flats Unit has no depth restriction and effectively unitizes "all oil and gas in any and all formations of the unitized land...". Further, Article 22 of the Bogle Flats Unit Operating Agreement requires a maintenance of uniform interest within the Unit Area. Article 22 states that, "...no party shall sell, encumber, transfer or make other disposition of its interest in the leases committed to the Unit Agreement and in wells, equipment and production unless such disposition covers either:

- (1) the entire interest of the party in all leases and equipment and production; or
- (2) an equal undivided interest in all leases and equipment and production in the Unit Area."

Our files do not indicate that Oryx requested or received a waiver of the above maintenance of uniform interest provision, and we believe that the Oryx conveyance to BTA violates this provision. BTA is not a working interest owner of record in the Bogle Flats Unit, and Chevron as unit operator cannot recognize the conveyance from Oryx to BTA due to certain restrictions in the Bogle Flats Unit Agreement and Operating Agreement as well as restrictions of the Bureau of Land Management covering operations within the Bogle Flats Unit Area.

Yours very truly,

Ray M. Vaden

RMV:ldn
1733.1

cc: Unit Interest Owners - Address List Attached

EXHIBIT #10



United States Department of the Interior

GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

July 8, 1970

Chevron Oil Company
P.O. Box 1660
Midland, Texas 79701

Attention: Mr. G. A. Schurman

Gentlemen:

Your application of June 23, 1970, accompanied by revised Exhibits A and B, describes for our concurrence the lands to be automatically eliminated from the Bogle Flats unit agreement, Eddy County, New Mexico, pursuant to Section 2(e) thereof.

The Bogle Flats unit agreement covering 10,416.36 acres, more or less, was approved effective January 28, 1965. The initial 617.16-acre Cisco-Canyon formation participating area, which became effective March 1, 1965, was the first participating area established under the terms of the unit agreement. Pursuant to Section 2(e) of the unit agreement, automatic elimination became effective as of April 2, 1970, absent diligent drilling operations being conducted on lands not entitled to participation. No such drilling operations to defer automatic elimination were timely commenced.

The lands to be eliminated are described by the application as containing 5,321.19 acres which constitute all legal subdivision of land which are not entitled to be included in the Cisco-Canyon participating area. The resultant unit area contains 5,095.17 acres in secs. 3, 4, 5, 8, 9, 10, 16, and 17, T. 22 S., R. 23 E., N.M.P.M., Eddy County, New Mexico.

We hereby concur in your description of the lands automatically eliminated from the Bogle Flats unit agreement effective as of April 2, 1970. The Commissioner of Public Lands of the State of New Mexico

EXHIBIT #11

approved the application on June 24, 1970. You are requested to promptly notify all parties in interest as to the lands eliminated. One approved copy of the application is returned herewith.

Sincerely yours,

Carl C. Traywick
CARL C. TRAYWICK
Acting Oil and Gas Supervisor

RECEIVED

JUL 20 1966

In re: Bogle Flats Unit Agreement, Application for approval of the fourth
Eddy County, New Mexico, U.S. GEOLOGICAL SURVEY revision of the participating area for
BOSWELL, NEW MEXICO the Cisco-Canyon formation of Pennsylvanian
Age

The Director
United States Geological Survey
Washington 25, D. C.

The Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

Chevron Oil Company, as unit operator for the Bogle Flats Unit Agreement, approved by the Director of the U. S. Geological Survey, effective January 28, 1965, pursuant to the provisions of section eleven thereof, respectfully submits for the approval of said Director and Commissioner the selection of the following described land to constitute the fourth revision of the participating area for the Cisco-Canyon formation of Pennsylvanian age, to-wit:

Township 22 South, Range 23 East, N.M.P.M.
Section 17: All, containing 640 acres

In support of this application the following numbered items are attached hereto and made a part hereof:

- (1) An ownership map showing thereon the boundary of the unit area, the participating area as heretofore established or revised, and the boundary of the proposed revision herein.
- (2) A schedule showing the lands entitled to participation in the unitized substances produced from the Cisco-Canyon formation, with the percentage of participation of each lease or tract indicated thereon.



Applicant is submitting separately in triplicate a geological report with accompanying structural map supporting and justifying the lands selected for inclusion in the participating area by the fourth revision.

This proposed fourth revision of the participating area is predicated upon the knowledge and information first obtained upon completion in paying quantities under the terms of the Unit Agreement on March 21, 1966, of Unit Well No. 9 in the Southwest Quarter of the Northeast Quarter (SW $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 17, T-22-S, R-23-E, with an initial potential of 31,000 MCF/GPD from the Cisco-Canyon formation of Pennsylvanian age at a depth of 7071 feet to 7196 feet. The effective date of this fourth revision shall be March 1, 1966, pursuant to section eleven of the Unit Agreement.

Applicant respectfully requests that the Director and the Commissioner approve the hereinabove selection of lands to constitute the fourth revision of the participating area to be effective March 1, 1966.

Dated this 20th day of June, 1966.

Date Approved AUG 10 1966

Arthur W. Baker
Acting Director, U. S. Geological Survey

CHEVRON OIL COMPANY

By: *J. R. Graham*

J. R. Graham

Division Production Superintendent

EXHIBIT 12

APPLICATION FOR INITIAL PARTICIPATING AREA

In Re: Bogle Flats Unit Area,
Eddy County, New Mexico

Application for approval of initial
participating area for the Cisco
Canyon formation of Pennsylvanian age.

The Director
United States Geological Survey
Washington 25, D.C.

The Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

Chevron Oil Company, as unit operator for the Bogle Flats unit agreement,
approved by the Director of the U. S. Geological Survey, effective January 28, 1965,
pursuant to the provisions of section eleven thereof, respectfully submits for the
approval of said Director the selection of the following described lands to constitute
the initial participating area for the Cisco Canyon Formation of Pennsylvanian Age,
producing zone or formation, to-wit:

Township 22-South, Range 23-East, N.M.P.M.
Section 3: All
Containing 677.16 acres

In support of this application, the following numbered items are attached
hereto and made a part hereof:

- (1) An ownership map showing thereon the boundaries of the unit area
and the proposed initial participating area.
- (2) A schedule showing the lands entitled to participation in the unitized
substances produced from the Cisco Canyon formation of Pennsylvanian
age, with the percentage of participation of each lease or tract
indicated thereon.

Applicant is submitting separately in triplicate a geological and engineering
report with accompanying geologic maps supporting and justifying the proposed selection
of the participating area.

This proposed initial participating area is predicated upon the knowledge
and information first obtained upon the completion in paying quantities under the terms
of the unit agreement on March 1, 1965 of unit well No. 1, in the SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 3,
T. 22-S, R. 23-E, with an initial production of 53,200 MCF from the Cisco Canyon formation
at a depth of 7269 to 7386 feet. The effective date of this initial area shall be
March 1, 1965, pursuant to eleven section of the unit agreement.

Consequently, applicant respectfully requests that the Director approve the
hereinabove selection of lands to constitute the initial Cisco Canyon participating
area, to be effective March 1, 1965.

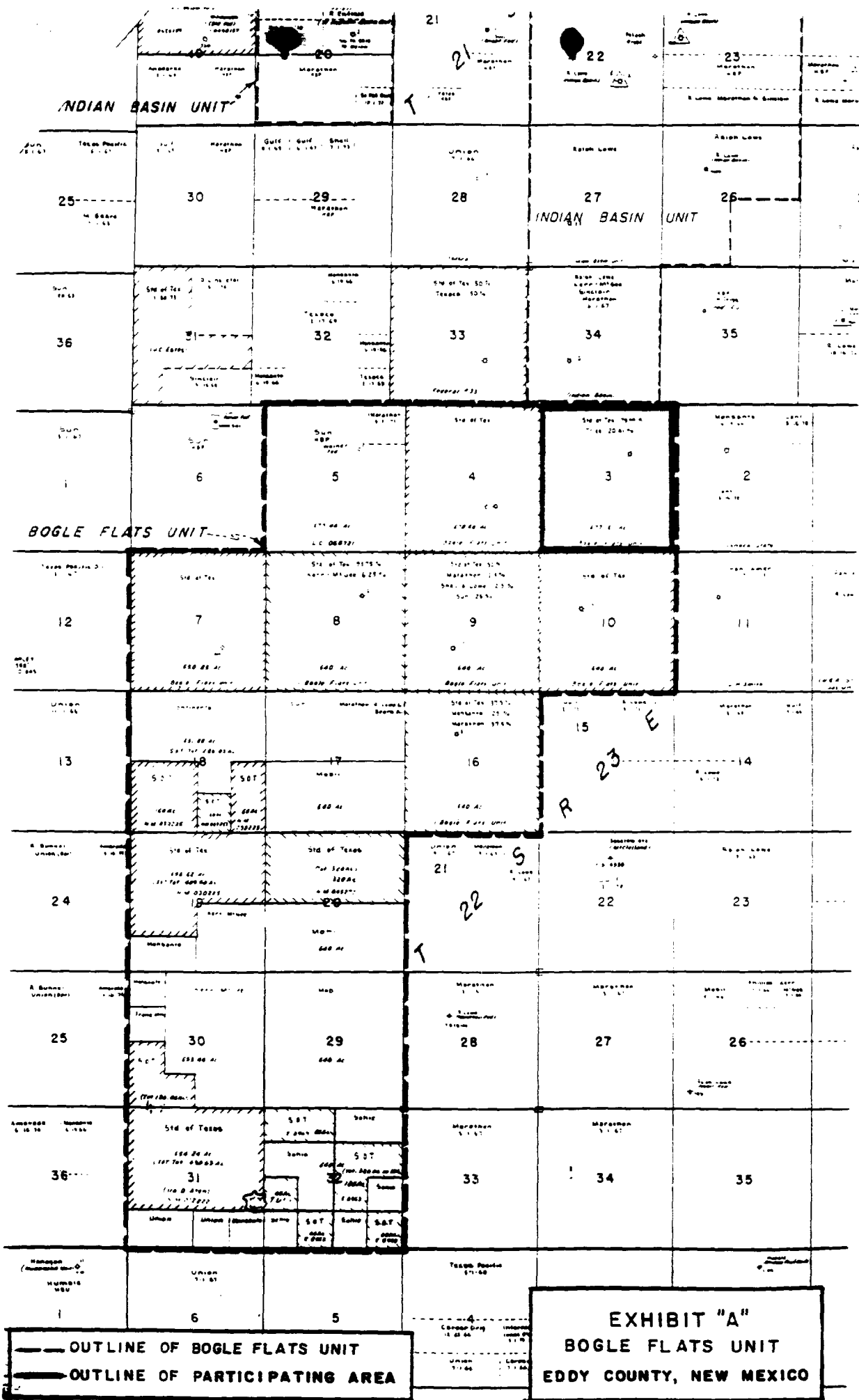
Dated this 28th day of January, 1966.

CHEVRON OIL COMPANY

By: J. R. Graham

J. R. Graham
Deviation Production Superintendent

EXHIBIT #13



1-20-65

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

APPLICATION FOR APPROVAL OF THE BOGLE FLATS UNIT AREA
EDDY COUNTY, NEW MEXICO

Director
United States Geological Survey
Washington, D.C.

THROUGH: Supervisor
United States Geological Survey
Roswell, New Mexico

Comes now the undersigned, California Oil Company, with offices at P. O. Box 1249, Houston, Texas 77001, and hereby makes application for final approval of the Bogle Flats Unit Area, Eddy County, New Mexico, and in support thereof respectively shows:

1. Under date of November 19, 1964, the United States Department of the Interior, Geological Survey, designated as a logical unit area land situated in Eddy County, New Mexico, described as follows, to-wit:

Township 22-South, Range 23-East, N.M.P.M.

Section 2: All	Section 17: All
Section 3: All	Section 18: All
Section 4: All	Section 19: All
Section 5: All	Section 20: All
Section 7: All	Section 29: All
Section 8: All	Section 30: All
Section 9: All	Section 31: All
Section 10: All	Section 32: All
Section 16: All	

Containing 11,090.64 acres, more or less.

Subsequent to November 19, 1964, the owners of working interests under leases covering lands in the Unit Area and the State of New Mexico concluded that Section 2, Township 22-South, Range 23-East, N.M.P.M., containing 674.28 acres, more or less, could and should logically be excluded from the Unit Area in that: i. the inclusions of lands in said Section 2 were not necessary to effectively control development and production from the Unit Area because of its relative structural position and its geographical position as a peninsula at the Northeast corner of the Unit Area adjoining the Unit Area only on its West boundary line, and ii. said

Section 2 is, as shown on the structure map filed with our Application for Designation of the logical Unit Area, structurally lower than substantially all of the remainder of the Unit Area.

For the reasons stated above, it is respectfully requested and application is hereby made for amendment of the order of November 19, 1964, designating a logical Unit Area to exclude said Section 2, Township 22-South, Range 23-East, N.M.P.M.

The amended Bogle Flats Unit Area will comprise 10,416.36 acres consisting of all of the above described land except said Section 2. Of such 10,416.36 acres, 8,969.91 acres, being 86.11% of the Unit Area, are Federal Lands and 1,446.45 acres, being 13.89% of the Unit Area, are State of New Mexico Lands.

2. There is filed herewith seven copies of the proposed Unit Agreement in the form previously submitted for approval except that the form submitted has been modified as suggested in the aforesaid November 19, 1964 letter designating the Bogle Flats Unit Area as a logical Unit Area.

3. The copies of the proposed Unit Agreement filed herewith have been executed or ratified by all owners of working interests in the Unit Area except the following:

a. Bonnie Andrikopolis, owner of Tract No. 19 consisting of the Northeast quarter ($NE\frac{1}{4}$) of the Northwest quarter ($NW\frac{1}{4}$) of Section 7, Township 22-South, Range 23-East, who has declined to join because an attempt to sell the interest is now being made. Tract No. 19 contains 40 acres and comprises .38% of the Unit Area.

b. Union Oil Company of California, owners of Tracts Nos. 6 and 18 consisting of the Southwest quarter ($SW\frac{1}{4}$) of the Southeast quarter ($SE\frac{1}{4}$) and the South half ($S\frac{1}{2}$) of the Southwest quarter ($SW\frac{1}{4}$) of Section 31, Township 22-South, Range 23-East, which is in the Southwest corner of the Unit Area and which adjoins rather extensive holdings of Union outside of the Unit Area, have been unable to determine at this time whether the inclusion of Tracts 6 and 18 in the Unit Area will adversely

affect prospective trades or operations on or in connection with their acreage outside the Unit. Tracts Nos. 6 and 18 contain 125.61 acres and comprise 1.21% of the Unit Area.

c. Kerr-McGee Oil Industries, Inc., owner of Tracts Nos. 13 and 15 consisting of the Southwest quarter ($SW\frac{1}{4}$) of the Southwest quarter ($SW\frac{1}{4}$) of Section 8, the Southeast quarter ($SE\frac{1}{4}$) of Section 19, the East half ($E\frac{1}{2}$), East half ($E\frac{1}{2}$) of the Northwest quarter ($NW\frac{1}{4}$) and Northeast quarter ($NE\frac{1}{4}$) of the Southwest quarter ($SW\frac{1}{4}$) of Section 30, Township 22-South, Range 23-East, N.M.P.M., has declined to join in the Unit because of the need to operate its own wells to effect economy in operating wells on a tract outside the Unit Area. Tracts Nos. 13 and 15 contain 640 acres and comprise 6.14% of the Unit Area.

d. John H. Trigg, owner of Tract No. 3 consisting of Lots 1 and 2 of Section 3, Township 22-South, Range 23-East, N.M.P.M., has not committed this 80 acres to the Unit to prevent segregation from another portion of the base lease which is held by production. A Communitization Agreement including all of Section 3 has been signed by John H. Trigg and he will participate in the cost of drilling the initial Unit test well. Tract No. 3 contains 98.17 acres and comprises .94% of the Unit Area.

e. Sohio Petroleum Corporation, owner of Tract No. 25 consisting of 320 acres in Section 32, Township 22-South, Range 23-East, N.M.P.M., determined to their own satisfaction that there was no substantial benefit to them in joining the Unit and, therefore, refused. Tract No. 25 constitutes 3.07% of the Unit Area.

4. Of the 8,969.91 acres of Federal Lands in the Unit Area, 8,016.51 are committed to the Unit, 49.62 (Tract No. 21) are unleased and 98.17 (Tract No. 3) are effectively controlled by commitment to Communitization Agreement covering all of Section 3, Township 22-South, Range 23-East, N.M.P.M. This constitutes 89.37% of the Federal Lands committed to the Unit, .55% unleased and 1.09% controlled by communitization, making a total of 91.01% of the Federal Lands being

effectively controlled.

Of the 1,446.45 acres of State Lands in the Unit Area, 1,126.45 or 77.88% thereof are committed to the Unit.

Of the 10,416.36 acres in the entire Unit, 9,142.96 or 87.78% thereof are committed to the Unit, 49.62 or .47% thereof are unleased and 98.77 or .94% thereof are communitized with other lands and effectively controlled. The committed and effectively controlled acreage totals 9,291.35 acres or 89.20% of the Unit Area.

5. In contemplation of an earlier submission of this application for final approval of the Bogle Flats Unit Area, California Oil Company, as Unit Operator, commenced the drilling of a test well in the Southwest quarter (SW $\frac{1}{4}$) of the Northeast quarter (NE $\frac{1}{4}$) of Section 3, Township 22-South, Range 23-East, N.M.P.M. It was anticipated that this application would be filed and final approval obtained before completion of drilling in said test well. This was not the case and the well will be completed prior to final approval of this application. It is, therefore, proposed that the initial Unit test well will be located either in Section 4 or in Section 9, Township 22-South, Range 23-East, N.M.P.M., and will be drilled to a depth sufficient to test the Cisco-Canyon formation of the Pennsylvanian age but not exceeding a depth of 8,000 feet. The specific location of the proposed Unit test well will be submitted to the Supervisor for approval.

6. The State of New Mexico has approved the Unit Agreement and its endorsement of approval is attached to each copy of the Unit Agreement filed herewith.

7. Owners of overriding royalties and production payments in the Unit Area have not yet committed their interests to the Unit but they are at this time being offered the opportunity to so commit their interests to the Unit.

8. Three copies of the Unit Operating Agreement executed or ratified by all working interest owners except the above listed owners who have not executed the Unit Agreement are furnished herewith.

9. The working interest owners who are parties to the Unit Agreement have substantial control of the entire Unit Area and final approval of the Bogle Flats

Unit Area, as amended by the deletion of Section 2, Township 22-South, Range 23-East, N.M.P.M., is requested.

Respectfully submitted this 20th day of January, 1965.

CALIFORNIA OIL COMPANY
By: *[Signature]*
Attorney in Fact

By: *[Signature]*
Attorney in Fact

CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. secs. 181, et seq., as amended by the act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey pursuant to Department Order No. 2365 of October 8, 1947, 12 F.R. 6784, I do hereby:

- A. Approve the attached agreement for the development and operation of the Bogle Flats Unit Area, State of New Mexico.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated: JAN 28 1965

Arthur A. Baker
ACTING Director, United States Geological Survey

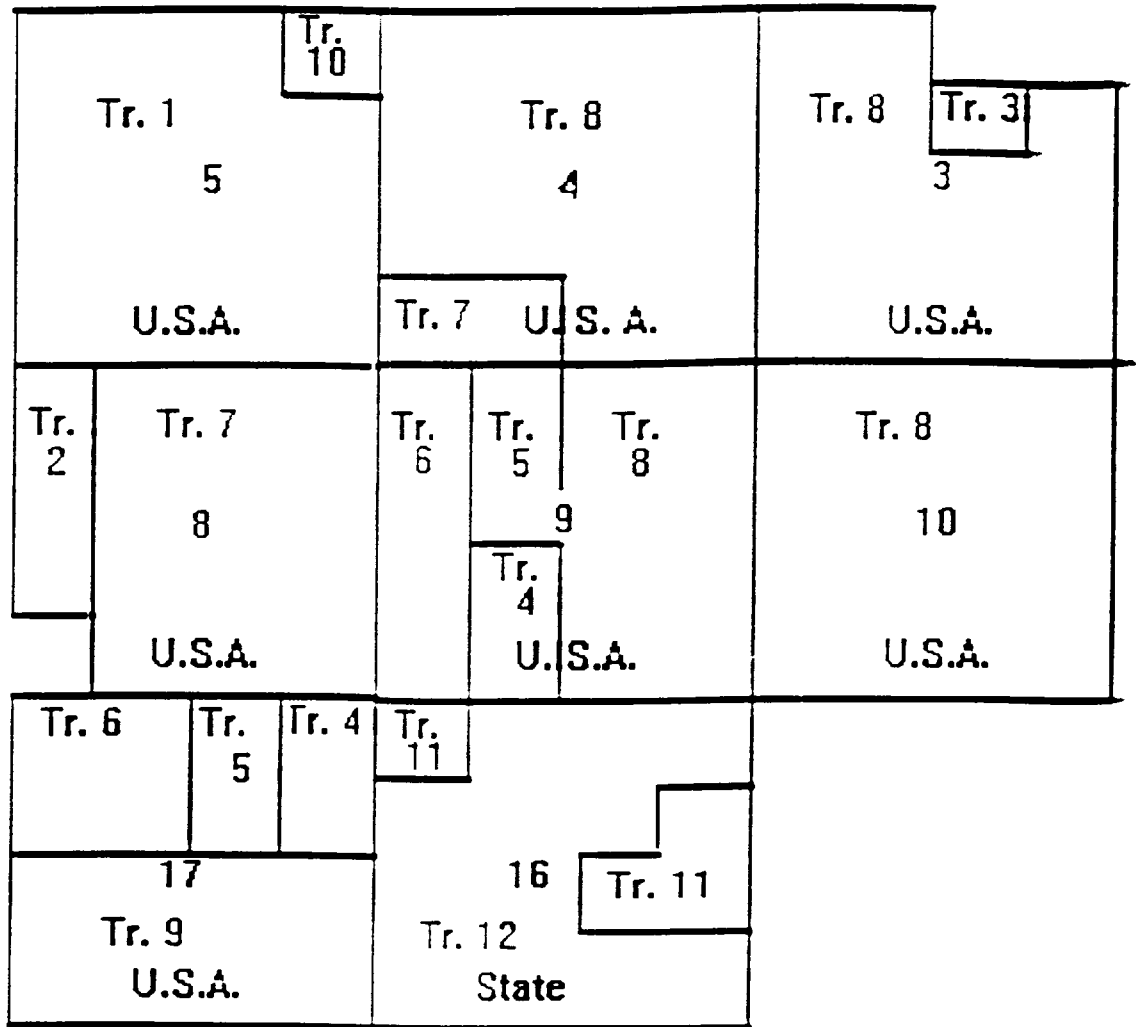
14-08-0001 86 55

RECEIVED

JAN 21 1965

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

Exhibit "A"
Bogle Flats Unit Agreement
Eddy County, New Mexico
Revised 9/2/93



T-22-S, R-23-E
N.M.P.M.

Total Federal Acres	4,455.17	87.4%
Total State Acres	640.00	12.6%
Total Free Acres	000.00	00.0%
Totals:	5,095.17	100.0%

Tract 1-Oryx-100%
Tract 2-Chevron-100%
Tract 3-M.W./Apache-100%
Tract 4-Oryx-75%
Marathon-25%
Tract 5-Marathon-100%
Tract 6-Oryx-100%

Tract 7-Chevron-100%
Tract 8-Chevron-100%
Tract 9-Oryx-100%
Tract 10-Marathon-100%

Tract 11-Graham Res.-100%
Tract 12-Chevron-50%
Marathon-50%

EXHIBIT "B"

SCHEDULE SHOWING ALL LANDS AND CURRENT WORKING INTERESTS WITHIN THE UNIT AREA OF THE BOGLE FLATS UNIT, EDDY COUNTY, NEW MEXICO

FEDERAL LAND							
TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	WORKING INTEREST & PERCENTAGE	TRACT % (UNIT PARTICIP
1	T-22-S,R-23-E Sec. 5: Lots 2, 3, 4, S1/2 N1/2, S1/2	627.82	LC-068721 H.B.P.	U.S.A. - 12.5%	Sun Operating LTD Partnership 100%	Oryx Energy Co. - All	12.321869
2	T-22-S,R-23-E Sec. 8: W1/2 NW1/4, NW1/4 SW1/4	120.00	NM-04881 2-28-63, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	2.35517%
3 (Was Tr. 4)	T-22-S,R-23-E Sec. 3: SW1/4 NE1/4	40.00	NM-06953A 4-22-66, H.B.P.	U.S.A. - 12.5%	M. W. Petroleum Corp. 100%	M.W. Petroleum Corp. Apache Corp. - All	.78506%
4 (Was Tr. 8)	T-22-S,R-23-E Sec. 9: E1/2 SW1/4 Sec. 17: E1/2 NE1/4	160.00	NM-033647 8-31-67, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 75% Marathon Oil Co. 25%	Oryx Energy Co. - (2.3551725) 75% Marathon Oil Co. - (.7850575) 25%	3.14023%
5 (Was Tr. 9)	T-22-S,R-23-E Sec. 9: E1/2 NW1/4 Sec. 17: W1/2 NE1/4	160.00	NM-033647B 8-31-67, H.B.P.	U.S.A. - 12.5%	Marathon Oil Co. 100%	Marathon Oil Co. - All	3.14023%
6 (Was Tr. 10)	T-22-S,R-23-E Sec. 9: W1/2 W1/2 Sec. 17: NW 1/4	320.00	NM-033647C 8-31-67, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 100%	Oryx Energy Company - All	6.28046%
7 (Was Tr. 11)	T-22-S,R-23-E Sec. 4: S1/2 SW1/4 Sec. 8: E1/2, E1/2 W1/2	560.00	NM-045272 11-30-68, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	10.99080%

Exhibit "B"
Bogle Flats Unit

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION
8 (Was Tr. 12)	T-22-S,R-23-E Sec. 3: Lots 3, 4, S1/2 NW1/4, SE1/4 NE1/4, S1/2	2,097.73	NM-045273 11-30-68, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	41.17095%
Sec. 4: Lots 1, 2, 3, 4, S1/2 N1/2, N1/2 S1/2, S1/2 SE1/4							
Sec. 9: E1/2 Sec. 10: W1/2							
Sec. 10: E1/2							
9 (Was Tr. 20)	T-22-S,R-23-E Sec. 17: S1/2	320.00	NM-86020 (formerly NM-0553710) 3-30-66, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 100%	Oryx Energy Co. - All	6.28046%
10 (Was Tr. 21)	T-22-S,R-23-E Sec. 5: Lot 1 (NE1/4 NE1/4)	49.62	NM-0558116 H.B.P.	U.S.A. - 12.5%	Marathon Oil Co. 100%	Marathon Oil Co. - All	.97386%
Total: 10 Federal Tracts, 4,455.17 Acres, 87.4% of Unit Area							

Exhibit "B"
Bogle Flats Unit

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION
11 (Was Tr. 22)	T-22-S, R-23-E Sec. 16: NW1/4 NW1/4, N1/2 SE1/4, SE1/4 NE1/4	160.00	E-10171 6-19-66, HBP	State - 12.5%	B.H.P. Petroleum (formerly Monsanto)	Graham Resources Inc. - All	3.14023%
12 (Was Tr. 23)	T-22-S, R-23-E Sec. 16: SW1/4, S1/2 SE1/4, S1/2 NW1/4, NE1/4 NW1/4, W1/2 NE1/4, NE1/4 NE1/4	480.00	OG-3828 5-20-68, HBP	State - 12.5%	Chevron (50%) and Marathon (50%)	Chevron U.S.A. Inc. - (4.710345) 50% Marathon Oil Co. - (4.710345) 50%	9.42069%
Total: 2 State Tracts, 640.00 Acres, 12.22924% of Unit Area							
Total: 100.000000%							

Recapitulation:	Total Federal Lands	4,455.17	Acres	87.4	of Unit Area
	Total State Lands	640.00	Acres	12.6	of Unit Area
	Total:	5,095.17	Acres	100.0%	

Working Interest Ownership	
Chevron	59.227265
Oryx	27.2379525
Marathon	9.6094925
M.W. Petroleum	0.785060
Graham Resources	3.140230
Total	100.000000

EXHIBIT "B-2"
BOGLE FLATS DRILLING UNIT WORKING INTEREST OWNERSHIP
EDDY COUNTY, NEW MEXICO

DRILLING UNIT	WORKING INTEREST OWNER	ACREAGE	INTEREST	DRILLING UNIT	WORKING INTEREST OWNER	ACREAGE	INTEREST	
T-22-S, R-23-E Sec. 3: Lots 3, 4, S1/2NW1/4, S1/4NE1/4 and S1/2	Chevron U.S.A. Inc.	538.97/677.16	79.6%	T-22-S, R-23-E Sec. 9: E1/2NW1/4, E1/2SW1/4, E1/2SW1/4 W1/2W1/2 E1/2	Marathon Oil Co. (100%)	80.00/640.00	15.625%	
	M.W. Petroleum Corp./Apache Corp.	40.00/677.16	5.9%		Marathon Oil Co. (25%)	20.00/640.00		
(M. W. Petroleum Corp./Apache)	(98.19/677.16)	(14.5%)	Oryx Energy Co. (75%)		60.00/640.00	34.375%		
Total, R.F.U. Gas COM #1 Well	Section 3	100%	Oryx Energy Co. (100%)		160.00/640.00			
			Chevron U.S.A. (25%)		320.00/640.00	50%		
				Total B.F.U. #3 Well	Section 9	100%		
T-22-S, R-23-E Sec. 4: All	Chevron U.S.A. Inc.	678.68/678.68	100%	T-22-S, R-23-E Sec. 10: All	Chevron U.S.A. Inc.	640.00/640.00	100%	
	Total B.F.U. #2 Well	Section 4	100%		Total B.F.U. #4 Well	Section 10	100%	
T-22-S, R-23-E Sec. 5: NE1/4NE1/4 Lots 2, 3, and 4, S1/2 N1/2, S1/2	Marathon Oil Co.	49.62/677.44	7.3%	T-22-S, R-23-E Sec. 16: NW1/4 NW1/4, S1/4NE1/4, N1/2SE1/4	Graham Resources Inc.	160.00/640.00	25%	
	Oryx Energy Co.	627.82/677.44	92.7%					
	Total B.F.U. #8 Well	Section 5	100%					
T-22-S, R-23-E Sec. 8: E1/2, E1/2W1/2, W1/2NW1/4, NW1/4SW1/4 SW1/4SW1/4 - Non Unit COM	Chevron U.S.A. Inc.	600.00/640.00	93.75%	AND				
	(Kerr McGee)	(40.00/640.00)	(6.3%)		SW1/4, S1/2 SE1/4, S1/2 NW1/4, NE1/4 NW1/4, W1/2 NE1/4, NE1/4 NE1/4	Chevron U.S.A. Inc., (50%)	240.00/640.00	37.5%
	Total B.F.U. Gas COM #3 Well	Section 8	100%			Marathon Oil Company (50%)	240.00/640.00	37.5%
						Total B.F.U. #5 Well	Section 16	100%

**UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BOARD OF LAND APPEALS**

CHEVRON U.S.A. INC.	§	SDR 93-024
APPEAL FROM DECISION OF	§	3100 (921)
NEW MEXICO STATE DIRECTOR	§	Vertical Contraction of the
OF THE BUREAU OF LAND	§	Bogle Flats Unit
MANAGEMENT	§	Eddy County, New Mexico

ANSWER OF MARATHON OIL COMPANY

Marathon Oil Company ("Marathon"), as a working interest owner in the Bogle Flats Unit, hereby answers the appeal of Chevron U.S.A. Inc. ("Chevron") of the decision of the New Mexico State Director of the Bureau of Land Management in the above-styled cause:

CHEVRON POINTS OF APPEAL

Chevron asserts the following in support of its contention that vertical contraction of the Bogle Flats Unit may be accomplished by the affirmative vote of 75% of the working interest ownership in the unit:

1. The term "lands" as used in the Unit Agreement for the Bogle Flats Unit refers not just to vertical subdivisions of land within the unit, but to horizontal ones as well.
2. Such a contraction will lead to the development of zones productive of oil and gas which are deeper than the zone currently productive in the unit.
3. The original objective of the unit was only to develop zones above 8,000 feet.

POINT ONE

In support of its position that the language of the applicable agreements allows for the exclusion of non-producing horizons within the Cisco-Canyon participating area in the Bogle Flats Unit, Chevron states that its proposed vertical contraction of the unit is analogous to the horizontal contraction which occurred pursuant to the United States Geological Survey letter dated July 8, 1970, which is attached to Chevron's appeal as Exhibit "11". Under that letter, 5,321.19 acres were eliminated from the unit pursuant to Section 2(e) of the Unit Agreement for the Bogle Flats Unit by virtue of being "all legal subdivision of land which are not entitled to be included within the Cisco-Canyon participating area." If "lands" as used in the Unit Agreement is intended to mean, as Chevron asserts, not just surface, vertical subdivisions of land, but subsurface, horizontal subdivisions as well, then the 1970 contraction of the unit would also have eliminated all subsurface horizons from the unit area, other than the Cisco-Canyon. As is clear from the July 8, 1970 letter, this did not occur.

Such an exclusion did not occur because the Unit Agreement clearly states in Section 2(e) that exclusion of lands shall be of "all legal subdivisions of unitized lands (i.e., 40 acres by Government survey...), no parts of which are entitled to be in a participating area..." Governmental surveys are made on a surface basis only, and any governmental tract includes all horizons. Thus, if any part of a governmental survey forty-acre tract is within a participating area, the whole tract, including all horizons, stays in the unit. Clearly the July 8, 1970 letter recognizes this fact by its reference to "legal subdivisions of land".

Because exclusion of lands from the unit under Section 2 of the Unit Agreement does not apply on a vertical basis, the language of Section 11 having to do with exclusion of lands from a participating area, for being "reasonably proved not productive in paying quantities" does not act to exclude non-producing horizons from the unit if other horizons in the same lands are still within a participating area. Even if Section 11 did serve as a basis for exclusion of individual horizons from the unit, the deeper zones in the Bogle Flats Unit have not been proved to be unproductive as asserted by Chevron on page 5 of its appeal. This is demonstrated by Chevron's own statement on page 3 of its appeal: "Chevron actually tested for the Morrow formation... in its Morrow Bogle Flats Unit #4-2 well when the well was drilled. The Morrow test was unsuccessful, but because of the nature of the isolated non-contiguous sandstone reservoirs in the Morrow formation, it is not unusual to miss a Morrow target in this geological area."

Chevron also attempts to use the provisions of Article 6 of the Unit Operating Agreement in support of its contention that less than 100% of the working interest owners may effectuate an exclusion of horizons from the unit. Even if the voting provisions of Section 6 of the Unit Operating Agreement provided that less than 100% of the working interest owners could exclude a horizon from the unit, which Marathon contends it does not, the Unit Operating Agreement is controlled by the language of the Unit Agreement, under Section 8 of the Unit Operating Agreement.

In conclusion, it is clear that the term "lands" as used within the Unit Agreement for the Bogle Flats Unit refers to all horizons within any particular surface tract. Thus, any attempt to exclude particular horizons from the unit, where the surface tract involved is already within a participating area, is an attempt to amend the agreements between the parties, and will require the approval of 100% of all interest owners.

POINT TWO

Development of the deeper horizons within the Bogle Flats Unit can be accomplished under the current agreements. BTA Oil Producers, the purchaser of certain deep rights formerly belonging to Oryx Energy Company within the unit area, can join the unit and propose wells to deeper horizons as contemplated by both Section 13 of the Unit Agreement and Section 18 of the Unit Operating Agreement. The Unit Operating Agreement contemplates that some parties may wish not to drill wells proposed by other parties, and permits the objecting parties to go "non-consent". The parties wishing to drill the wells may then proceed on their own, and if successful, may recover out of production the non-consenting parties' share of drilling costs plus a penalty.

POINT THREE

Chevron also states in its appeal that zones deeper than 8,000 feet were never intended to be objectives when the unit was formed. Section 9 of the Unit Agreement addresses the drilling of the initial well in the unit. Chevron cites language in that section which states that the "Unit Operator shall not in any event be required to drill said well to a depth in excess of 8,000 feet", as proof that development below the Cisco-Canyon was not contemplated at unit formation. The fact that the initial test of the unit area was not required to be drilled below a certain depth is no indication that all horizons were not intended to be developed if reasonably prudent to do so. If depths below 8,000 feet were never to be targets of development, Section 3 of the Unit Agreement would have limited the formations included within the unit to those above 8,000 feet. In fact, Section 3 provides that "all oil and gas in any and all formations" are to be unitized substances.

CONCLUSION

The Unit Agreement for the Bogle Flats Unit clearly contemplates that land shall be excluded from the unit on a governmental survey 40-acre tract basis only when no horizon within the tract is within a participating area. All governmental survey tracts currently within the Bogle Flats Unit are also within the Cisco-Canyon participating area. Therefore, any attempt to exclude horizons from the unit is an attempt to amend the original agreements between the parties, and will require the vote of 100% of all interest owners in the unit. Development of the deeper horizons does not require the approval of 100% of the working interest owners and can be accomplished under the current agreements. Therefore, Marathon asks that the board deny Chevron's appeal and uphold the order of the New Mexico State Director.

Respectfully submitted,



Thomas C. Lowry, Region Counsel
Texas State Bar #12644990
Marathon Oil Company
P. O. Box 552
125 West Missouri
Midland, Texas 79702
(915) 687-8144

TCL\BOGLE\mip

OIL CONSERVATION DIVISION
RECEIVED

DISTRIBUTION LIST

'93 OCT 18 AM 9 28

Mr. Armando A. Lopez
Assistant District Manager, Minerals
United States Department of the Interior
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88202-1397

Certified Mail - P 911 649 790
Return Receipt Requested

Mr. Ray M. Vaden
Brian Huzzey
Chevron USA, Inc.
P. O. Box 1150
Midland, TX 79702

Certified Mail - P 911 649 791
Return Receipt Requested

Mr. Stephen Gillet
Oryx Energy Company
P. O. Box 2880
Dallas, Texas 75221

Certified Mail - P 911 649 792
Return Receipt Requested

Ms. Ceci Lonard
MW Petroleum Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Certified Mail - P 911 649 793
Return Receipt Requested

Mr. Jim O'Leary
Graham Resources
12707 North Freeway, Suite 100
Houston, Texas 77060

Certified Mail - P 911 649 794
Return Receipt Requested

Mr. Floyd Chambers
Kerr-McGee Corporation
P. O. Box 25861
Oklahoma City, Oklahoma 73125

Certified Mail - P 911 649 795
Return Receipt Requested

Mr. Pete Martinez
Office of the Commissioner of Public Lands
State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Certified Mail - P 911 649 796
Return Receipt Requested

Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87504

Certified Mail - P 911 659 797
Return Receipt Requested

Mr. C. Robert Crawford
BTA Oil Producers
104 South Pecos
Midland, Texas 79701

Certified Mail - P 911 649 798
Return Receipt Requested

Thomas C. Lowry
Region Counsel



P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

October 7, 1993

Via Federal Express: 8340514744

United States Department of Interior
Board of Land Appeals
Office of Hearings and Appeals
4015 Wilson Blvd.
Arlington, Virginia 22203

**Re: ANSWER OF MARATHON OIL COMPANY
SDR 93-024 3100 (921)
Vertical Contraction of the Bogle Flats Unit
Eddy County, New Mexico**

Gentlemen:

Enclosed is the Answer of Marathon Oil Company in the above-referenced cause for filing with your office. Please file-mark the additional copy and return it to me in the self-addressed, stamped envelope.

Should you have any questions or require further information, please do not hesitate to contact me. Thank you for your courtesy and prompt attention to this matter.

Sincerely,

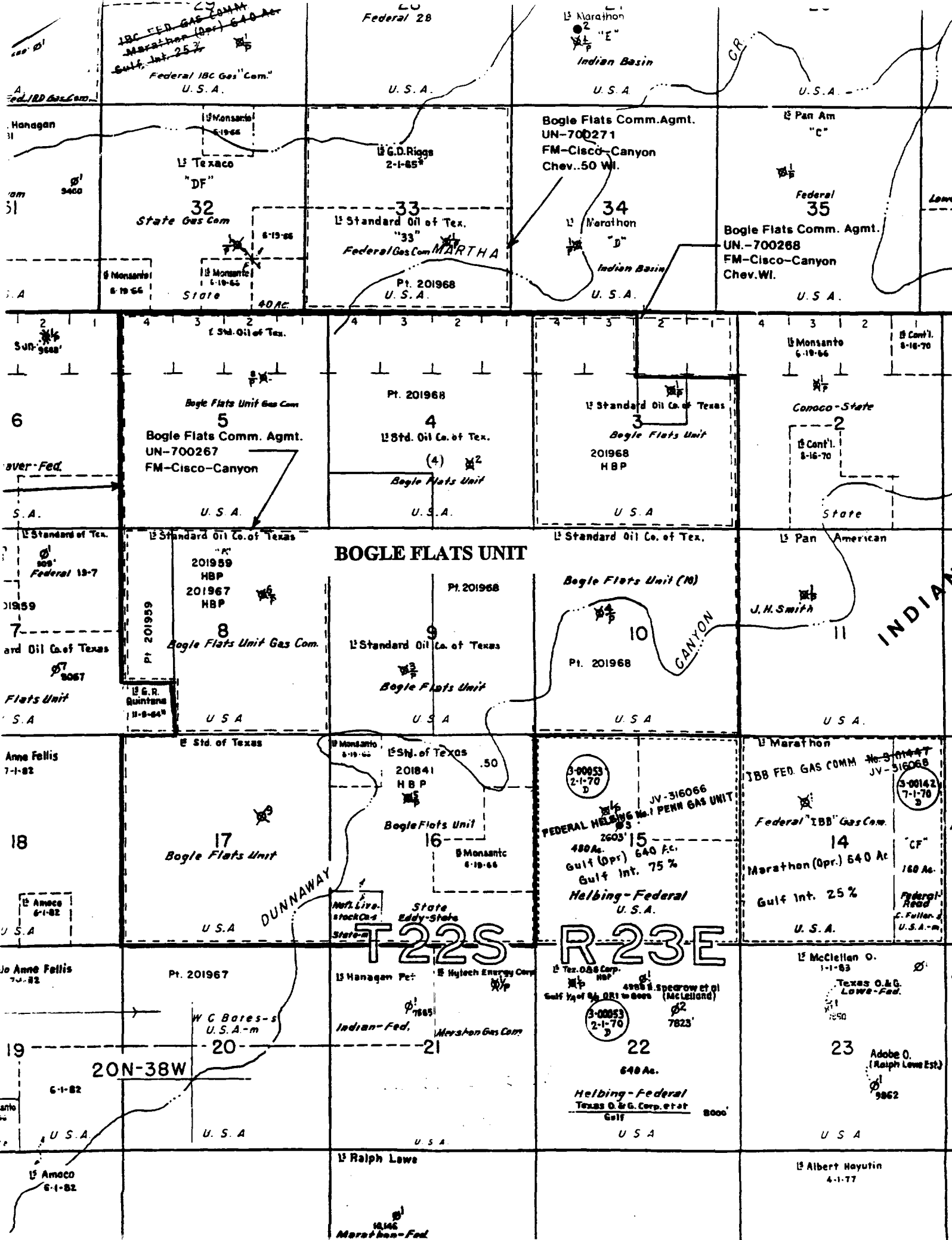
A handwritten signature in cursive script that reads 'Thomas C. Lowry'.

Thomas C. Lowry

TCL\BOGLE1\mlp

Enclosure

xc: R. F. Unger (w/Enclosure)



IBC FED GAS COMM
Marathon (opr.) 640 Ac
Gulf Int. 25%
Federal IBC Gas "Com."
U.S.A.

Federal 28

Marathon
"E"
Indian Basin
U.S.A.

Hanagan
"DF"
3400
U.S.A.

State Gas Com
32
"DF"
6-19-66
State
40 AC

Standard Oil of Tex.
"33"
Federal Gas Com
Pt. 201968
U.S.A.

Bogle Flats Comm. Agmt.
UN-700271
FM-Cisco-Canyon
Chev. 50 WI.

Marathon
"D"
Indian Basin
U.S.A.

Pan Am
"C"
Bogle Flats Comm. Agmt.
UN-700268
FM-Cisco-Canyon
Chev. WI.
U.S.A.

Sun-geas
U.S.A.

Standard Oil of Tex.
Bogle Flats Unit Gas Com
5
Bogle Flats Comm. Agmt.
UN-700267
FM-Cisco-Canyon
U.S.A.

Pt. 201968
Standard Oil Co. of Tex.
(4)
Bogle Flats Unit
U.S.A.

Standard Oil Co. of Texas
Bogle Flats Unit
201968
HBP
U.S.A.

Monsanto
6-19-66
Conoco-State
2
Cont'l.
8-16-70
State
U.S.A.

Standard Oil of Tex.
Federal 13-7
1959
Standard Oil Co. of Texas
7
9067
Flats Unit
U.S.A.

Standard Oil Co. of Texas
201959
HBP
201967
HBP
8
Bogle Flats Unit Gas Com.
Pt. 201959
G.R. Quintana
11-8-64
U.S.A.

BOGLE FLATS UNIT

Pt. 201968
Standard Oil Co. of Texas
9
Bogle Flats Unit
U.S.A.

Standard Oil Co. of Tex.
Bogle Flats Unit (10)
J.H. Smith
10
Pt. 201968
CANYON
U.S.A.

Pan American
11
INDIAN
U.S.A.

Anne Fellis
7-1-82
18
Amoco
6-1-82
U.S.A.

Std. of Texas
17
Bogle Flats Unit
U.S.A.

Monsanto
6-19-66
Std. of Texas
201841
HBP
16
Bogle Flats Unit
Monsanto
6-19-66
DUNNWAY
North Live-
stock Cus
State
U.S.A.

3-00053
2-1-70
JV-316066
FEDERAL HOLDING No. 1 PENN GAS UNIT
2603
15
480 Ac.
Gulf (opr.) 640 Ac.
Gulf Int. 75%
Helbing-Federal
U.S.A.

Marathon
IBB FED. GAS COMM No. 3
JV-316068
3-00142
7-1-70
Federal "IBB" Gas Com.
14
Marathon (opr.) 640 Ac
Gulf Int. 25%
U.S.A.

Jo Anne Fellis
7-1-82
19
Amoco
6-1-82
U.S.A.

Pt. 201967
W.C. Bores-s
U.S.A.-m
20
U.S.A.

Hanagan Pet
Hytech Energy Corp
7685
Indian-Fed.
Marathon Gas Com
21
U.S.A.

Tex. O&G Corp.
HBP
4800 S. Spearow et al
(McLelland)
3-00053
2-1-70
22
640 Ac.
Helbing-Federal
Texas O. & G. Corp. et al
Gulf
U.S.A.

McLellan O.
1-1-83
Texas O&G
Lowe-Fed.
23
Adobe O.
(Ralph Lowe Est.)
9862
U.S.A.

Ralph Lowe
10,146
Marathon-Fed

Albert Hayutin
4-1-77



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397

(Case No. 3150)
R-2817
TAKE
PRIDE IN
AMERICA

IN REPLY
REFER TO:

3180 (065)
NMNM-68296

MAR 03 1993

Chevron USA, Inc.
Attention: Mr. Ray M. Vaden
P. O. Box 1150
Midland, TX 79702

Re: Vertical Contraction of the Bogle Flats Unit Area, Eddy County, New Mexico

Dear Mr. Vaden:

This office has received and reviewed the draft proposal and ballots for amending the Bogle Flats Unit Agreement and the consequent vertical contraction thereof. As per your conversation with John S. Simitz of this office on February 25, 1993, we are agreeable to the proposed vertical contraction of the unit if certain conditions are met. The amendment to section 3 of the unit agreement should clearly indicate that all oil and gas from any and all formations from the surface to the top of the Strawn Formation are unitized under the agreement. This office will not approve any contraction which creates a vertical window of nonunitized substances within the unit. Therefore all formations from the top of the Strawn Formation to the Basement need to be eliminated from the unit. In order to avoid confusion and as a suggestion, our personnel took the liberty of looking for a type log to use in defining the top of the Strawn Formation. The Bogle Flats Unit No. 2 well located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of sec. 4, T. 22 S., R. 23 E., NMPM, identifies the top of the Strawn at 7,510 ft. (Note: this well appears on the Pennsylvanian Stratigraphic Cross Sections for Eddy County published for the NMOCD). Correlation of the well logs show that this pick will not interfere with the established unitized substances found above the Strawn Formation. Whatever criteria you use to define the Top of the Strawn Formation, language should be introduced into the amendment to clearly define the top.

The other condition to be met is that of the working interest owners' concurrence with the contraction. Pursuant to section 2(e) of the unit agreement, 90% of the current working interest owners and 60% of the current basic royalty owners will need to consent to the contraction for our approval.

In response to the question concerning an OCD hearing by your letter of February 19, 1993, the proposed action is considered a voluntary contraction and therefore a hearing is not necessary. In the same letter, you also asked if notification of offset operators is required. This is also not necessary because the proposed vertical contraction should not effect their operations.

Due to the inclusion of State lands in this unit area, this action will also need approval from the Commissioner of Public Lands.

If you have any questions, please call John S. Simitz or the Division of Minerals at (505) 622-9042.

Sincerely,

(ORIG. SGD.) ARMANDO A. LOPEZ

Armando A. Lopez
Assistant District Manager,
Minerals

cc:
✓ Commissioner of Public Lands



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

JIM BACA
COMMISSIONER

March 12, 1993

Chevron USA, Inc.
P. O. Box 1150
Midland, Texas 79702

Attention: Mr. Ray M. Vaden

Re: Vertical Contraction
Bogle Flats Unit
Eddy County, New Mexico

Dear Mr. Vaden:

This office has received and reviewed your proposal to vertically contract and amend the Bogle Flats Unit Agreement.

We have also received a letter from the Bureau of Land Management regarding your proposal and agree with the BLM on the following conditions:

1. The amendment to section 3 of the unit agreement should clearly indicate that all oil and gas from any and all formations from the surface to the top of the Strawn Formation are unitized under the agreement.
2. This office will not approve any contraction which creates a vertical window of nonunitized substances within the unit.
3. All formations from the top of the Strawn Formation to the Basement need to be eliminated from the unit.
4. Pursuant to Section 2(e) of the unit agreement, 90 % of the current working interest owners and 60 % of the current basic royalty owners will need to consent to the contraction for our approval.
5. A finalized copy of the amended unit agreement should be filed with the New Mexico Oil Conservation Division.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
cc: BLM



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

SLO REF NO. OG-1243

February 17, 1993

Chevron USA, Inc.
P.O. Box 1150
Midland, Texas 79702

Attn: Mr. F. S. Godbold

Re: 1993 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

Dear Mr. Godbold:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

The possibility of drainage by wells outside of the Unit Area and the need for further development of the unit may exist. You will be contacted at a later date regarding these possibilities.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm
cc: OCD
BLM

ALL CONCERNS IN DIVISION
RECEIVED

'93 AUG 16 AM 9 28

SDR 93-024
3100 (921)

AUG 12 1993

CERTIFIED - RETURN RECEIPT REQUESTED
P 327 241 687

Decision

Marathon Oil Company
P.O. Box 552
Midland, TX 79702-0552

Vertical Contraction of a Unit

Reversed

Chevron U.S.A., Incorporated (Chevron) is operator of the Bogle Flats Unit (the Unit), located in Eddy County, New Mexico. On June 29, 1993, the Roswell District Office (RDO) approved Chevron's request for vertical contraction of the Unit. On July 23, 1993, Marathon Oil Company (Marathon), an 8.824435 per cent working interest owner, filed a timely request for a State Director Review of RDO's decision.

On June 22, 1993, Chevron provided RDO evidence that 91.1756 per cent of the working interest owners voted to vertically contract the Unit by amending Article 3 of the Unit agreement. The vote occurred because Oryx Energy Company (Oryx) sold its deep rights to BTA Oil Producers (BTA). Since BTA was not a member of the Unit, Chevron believed Oryx violated uniform interest provisions. Chevron believed it was in the best interest of the Unit to eliminate non-productive deeper horizons to avoid costly litigation against Oryx.

Marathon was the sole working interest owner to vote against vertical contraction. Marathon's acreage is fully committed to the Unit agreement. Marathon argues that the Unit agreement does not allow for amendment without 100 percent agreement of both the working interest owners and the royalty interest owners.

Current manual guidance on this issue requires that "All parties committed to the agreement must sign or consent to the amendatory language before it may be approved by the authorized officer." It is our decision that the Unit agreement may only be amended with Marathon's concurrence. It is the decision of the State Director to reverse RDO's June 29, 1993, decision. Article 3 of the Unit agreement shall continue to include all formations underlying lands

committed to the agreement.

Any party adversely affected by this decision may appeal to the Interior Board of Land Appeals, in accordance with 43 CFR 3165.4, 43 CFR Part 4, and Form 1842-1, enclosed. Also send a copy of the Notice of Appeal to the Roswell District Office.

Sincerely,

Edwin L. Roberson

✓
Reed L. Smith
Deputy State Director
Lands and Minerals

3 Enclosures

cc: w/o enclosures
Field Solicitor
WO (610)
NM (010)
NM (017)
NM (040)
NM (047)
NM (060)
NM (066)
NM (067)
NM (067A)
NM (070)
CSO (920)
MSO (920)
USO (920)
WSO (920)

Chevron U.S.A, Inc.
Attention: Ray M. Vaden
P.O. Box 1150
Midland, TX 79702-0552

New Mexico Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Oryx Energy Company
Attention: Stephen Gillet
P.O. Box 2880
Dallas, TX 75221

MW Petroleum Company
Attention: Ceci Lonard
2000 Post Oak Boulevard, Suite 100
Houston, TX 77056-4400

Graham Resources
Attention: Jim O'Leary
12707 North Freeway, Suite 100
Houston, TX 77060

Kerr-McGee Corporation
Attention: Floyd Chambers
P.O. Box 25861
Oklahoma City, OK 73125

BTA Oil Producers
Attention: C. Robert Crawford
104 South Pecos
Midland, TX 79701

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

920:RWymer:ml:x300:8/11/93:93-024.SDR



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

Ray M. Vaden
Land Unitization Representative
Permian Basin Land Division

July 2, 1993

OIL CONSERVATION DIVISION
RECEIVED

'93 JUL 8 AM 8 42

**Bogle Flats Unit Changes Effective
July 1, 1993 Revising The Unit And
Unit Operating Agreements for Contraction
of the Unitized Interval and Maintenance
of Uniform Interest and Revisions to Unit
Ownership Exhibits A and B,
Eddy County, New Mexico**

**Working Interest Owners
(address list attached)**

Gentlemen:

In reference to the attached letter of June 29, 1993 from the Bureau of Land Management, effective July 1, 1993 Article 3 of the Bogle Flats Unit Agreement is revised to remove all zones below the top of the Atoka formation from the Unit. Article 22 of the Bogle Flats Unit Operating Agreement is also revised to clarify that the Maintenance of Unit form Interest provision shall apply either separately to each of the 640 ± acre original drilling units or to the entire unit area. The exact wording and purpose of these amendments is included in the attached ballots which were approved the Working Interest Owners.

Also attached for your files is a revised plat of the unit area and tract ownership (Exhibit "A") and a revised list of owners (Exhibit "B") in the unit. These revisions include renumbering of certain tracts in the unit. Therefore, please pass these on to your division order and accounting people so that they can update your records. These revisions were requested by the BLM and the State to indicate current owners and tracts in the unit.

Chevron will file a Notice of Unit Contraction in the near future, and we will send you a copy of this recorded instrument. If you have any questions concerning the attached, please call me.

Sincerely,

Ray M. Vaden

RMV:ldn
9395.DOC

Attachment

INTEREST OWNERS
BOGLE FLATS UNIT
EDDY COUNTY, NEW MEXICO

Mailing List

Chevron U.S.A. Inc.
P.O. Box 1150 (Zip Code 79702)
15 Smith Road (Zip Code 79705)
Midland, Texas
Attention: Brian Huzzey

Oryx Energy Company
P.O. Box 2880
Dallas, Texas 75221
Attention: Stephen Gillet

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702
Attention: Joe Madron

MW Petroleum Corporation
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056-4400
Attention: Ceci Lonard

Graham Resources
12707 North Freeway, Suite 100
Houston, Texas 77060
Attention: Floyd Chambers

Kerr-McGee Corporation
P.O. Box 25861
Oklahoma City, Oklahoma 73125
Attention: Floyd Chambers

United States Department of Interior
Bureau of Land Management
1717 West Second Street
Roswell, New Mexico 88201
Attention: Floyd Chambers

Commissioner of State Lands
State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501
Attention: Pete Martinez

Oil Conservation Division
State Land Office Buidling
P.O. Box 2088
Santa Fe New Mexico 87504

Contact Information

Brian Huzzey - Prod. (915) 687-7398
Ray Vaden - Land (915) 687-7745
Dave Rittersbackher - Geol. (915) 687-7114
Reggie Holzer - Fac. Engr. (915) 687-7182
Fax (915) 687-7884

Stephen Gillett (214) 715-4748
Rick Hall (214) 715-4757
Fax (214) 715-3243

Joe Madron (915) 687-8430
Fax (915) 687-8431

Ceci Leonard (713) 296-6306
Dave Gilbronsen (713) 296-6346
K. Scott Spence - Land (713) 296-6000
Fax (713) 296-6463

Jim O'Leary (713) 876-6814
Jason Seismore (713) 876-6834
Fax (713) 872-8969

Floyd Chambers (405) 270-6079



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office

P.O. Box 1397

Roswell, New Mexico 88202-1397

ON CONSERVATION DIVISION
RECEIVED

TAKE
PRIDE IN
AMERICA

'93 JUL 4 AM 8 42

IN REPLY
REFER TO:

3180 (0650
NMNM-68296

RECEIVED

JUN 29 1993

JUN 30 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

Chevron USA, Inc.
Attention: Mr. Ray Vaden
P. O. Box 1150
Midland, TX 79702

Re: Vertical Contraction of the Bogle Flats Unit Area, Eddy County, New Mexico

Dear Mr. Vaden:

This office has reviewed the ratification of ballot no. 1 by the working interest owners which were hand delivered at our meeting on June 22, 1993. As you know, ballot no. 1 provides for the vertical contraction of the Bogle Flats Unit Area to exclude all formations from the unit that lie beneath the top of the Atoka Formation by amendment to Article 3 of the unit agreement. In other words, all formations from the surface to the top of the Atoka Formation are unitized under the Bogle Flats Unit agreement. The top of the Atoka Formation occurs at 8,205 ft., as defined by the type log from the Bogle Flats Unit No. 2 well located 1,650' FSL and 1,650' FEL of sec. 4, T. 22 S., R. 23 E., NMPM, Eddy County. Article 2(e) of the unit agreement requires ratification by 90 percent of the working interest owners and 60 percent of the basic royalty owners for contraction of the unit. As better than the 90 percent of the working interest owners have ratified the proposed amendment to article 3 of the unit agreement and 87.4 percent of the basic royalty is Federal, the vertical contraction of the unit is hereby approved, subject to concurrence by the office of the Commissioner of Public Lands and is effective July 1, 1993. You are hereby requested to furnish all interested principals with evidence of this approval.

During our meeting on June 22, 1993, ballot no. 2 was also hand delivered. Ballot no. 2 is the proposed amendment to Article 22 of the unit operating agreement and as such is accepted for record.

Copies of this approval will be distributed to the appropriate offices. If you have any questions, please call David Glass or the Branch of Fluid Minerals at (505) 622-9042.

Sincerely,

Armando A. Lopez
For

Armando A. Lopez
Assistant District Manager
Minerals

BALLOT #1

NOTICE AND BALLOT
FOR THE CONTRACTION OF THE
UNITIZED FORMATION OF THE BOGLE FLATS UNIT
TO ELIMINATE FORMATIONS BELOW THE TOP OF
THE ATOKA FORMATION:

MARCH 9, 1993

Chevron, as Unit Operator, proposes to contract the Unit area under the terms of Article 2 of the Bogle Flats Unit Agreement to exclude lands and formations lying below the base of the Strawn formation and the upper Pennsylvanian (Cisco Canyon) producing formation. This will exclude the Atoka, Morrow, and deeper formations, which currently are unproductive and have no participating areas established. This proposed unit contraction will conserve natural resources, protect correlative rights, prevent waste, and encourage additional development of natural resources for the benefit of all parties.

Proposed Amendment to Article 3 of the Unit Agreement

Article 3 shall be amended to include the underlined words, as indicated below and will read as follows:

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 from the surface to the top of the Atoka formation are unitized under the terms of this Agreement and are herein called "unitized substances". The top of the Atoka formation is shown at 8,205' subsurface on the Schlumberger Borehole Compensated Sonic-Gamma Ray log dated May 24, 1965 for the Bogle Flats Unit 4-Well #2 which is located 1,650' FSL and 1,650' FEL of Section 4, T-22-S, R-23-E, N.M.P.M., Eddy County, New Mexico.

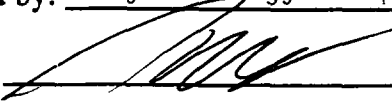
All other terms conditions shall remain unchanged

Working Interest Owner (Name) Sun Operating Limited Partnership

The above Working Interest Owner

Votes: X for the proposed amendment or _____ against it.

Signed by: Oryx Energy Company, The Managing General Partner

Title:  Stephen A. Gillett,
Joint Operating Consultant

Date: April 27, 1993

**PLEASE RETURN BALLOT IN THE ATTACHED ENVELOPE TO CHEVRON U.S.A.
WITHIN 30 DAYS, BEING ON OR BEFORE APRIL 12, 1993.**

RECEIVED

APR 19 1993

BALLOT #1

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THE ATOKA FORMATION:**

PERMIAN BASIN
MIDLAND, TX
MARCH 9, 1993

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All other terms conditions shall remain unchanged

Working Interest Owner (Name) MARATHON OIL COMPANY



The above Working Interest Owner

Votes: _____ for the proposed amendment or X against it.

Signed by: A. R. Hall

Title: REGION PRODUCTION MANAGER

Date: 4-15-93

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All other terms conditions shall remain unchanged

Working Interest Owner (Name) GRAHAM ROYALTY, LTD., for and on behalf of
PRUDENTIAL-BACHE ENERGY INCOME PRODUCTION PARTNERSHIP VP-20
PRUDENTIAL-BACHE ENERGY INCOME PRODUCTION PARTNERSHIP VP-21
PRUDENTIAL-BACHE ENERGY INCOME PRODUCTION PARTNERSHIP VP-22

The above Working Interest Owner

Votes: X for the proposed amendment or _____ against it.

Signed by: James W. Carrington, Jr.
Vice President - Land

Title: _____

Date: _____

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All other terms conditions shall remain unchanged

Working Interest Owner (Name) Chevron U.S.A. Production Co.

The above Working Interest Owner

Votes: X for the proposed amendment or _____ against it.

Signed by: J. H. Godbold

Title: Area Supervisor

Date: 3/15/93

PLEASE RETURN BALLOT IN THE ATTACHED ENVELOPE TO CHEVRON U.S.A. WITHIN 30 DAYS, BEING ON OR BEFORE APRIL 12, 1993.

BALLOT #1

NOTICE AND BALLOT
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MARCH 9, 1993

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All other terms conditions shall remain unchanged

Working Interest Owner (Name) MW Petroleum Corporation

The above Working Interest Owner

Votes: ✓ for the proposed amendment or _____ against it.

Signed by: [Signature] KSS

Kerwin J. Ikel

Title: Land Manager

Date: March 30, 1993

PLEASE RETURN BALLOT IN THE ATTACHED ENVELOPE TO CHEVRON U.S.A. WITHIN 30 DAYS, BEING ON OR BEFORE APRIL 12, 1993.

FOR CHANGES TO ARTICLE 22 OF THE
BOGLE FLATS UNIT OPERATING AGREEMENT
TO HAVE THE MAINTENANCE OF UNIFORM
INTEREST PROVISION APPLY ON A WELL BY
WELL BASIS IN LIEU OF A UNIT WIDE BASIS:

Chevron, as Unit Operator, proposes to amend Article 22 Maintenance of Unit Ownership of the Bogle Flats Unit Operating Agreement to allow working interest owners to sell or dispose of all of their unit interest on a well by well basis or an equal, undivided portion of their interest on a unit wide basis. Subject to the concurrence of the Bureau of Land Management, the State Land Office, and the Oil Conservation Commission, the amendment will be accomplished by the affirmative vote of the working interest owners of the following:

Proposed Amendment to Article 22 of the Unit Operating Agreement

Article 22 shall be amended to include the underlined words, "attributed to the 640± acre original drilling unit surrounding each unit well", and the first paragraph of Article 22 will read as follows:

22. MAINTENANCE OF UNIT OWNERSHIP:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases committed to the Unit Agreement and in wells, equipment and production unless such disposition covers either:

- (1) the entire interest of the party in all leases and equipment and production attributed to the 640± acre original drilling unit surrounding each unit well;
or
- (2) an equal undivided interest in all leases and equipment and production in the Unit Area.

All other terms and conditions shall remain unchanged.

Working Interest Owner (Name) Chevron U.S.A. Production Co.

The above Working Interest Owner

Votes: X for the proposed amendment or _____ against it.

Signed by: FS Godbold

Title: Area Supervisor

Date: _____

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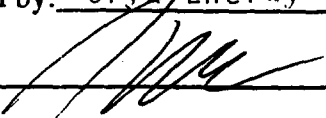
All other terms and conditions shall remain unchanged.

Working Interest Owner (Name) Sun Operating Limited Partnership

The above Working Interest Owner

Votes: X for the proposed amendment or _____ against it.

Signed by: Oryx Energy Company, The Managing General Partner

Title:  Stephen A. Gillett,
Joint Operating Consultant

Date: April 27, 1993

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Working Interest Owner (Name) GRAHAM ROYALTY, LTD., for and on behalf of
PRUDENTIAL-BACHE ENERGY INCOME PRODUCTION PARTNERSHIP VP-20
PRUDENTIAL-BACHE ENERGY INCOME PRODUCTION PARTNERSHIP VP-21
PRUDENTIAL-BACHE ENERGY INCOME PRDUCTION PARTNERSHIP VP-22

The above Working Interest Owner

Votes: X for the proposed amendment or _____ against it.

Signed by: _____

Title: James W. Carrington, Jr.
Vice President-Land

Date: _____

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MARCH 9, 1993

RECEIVED

APR 19 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

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or
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All other terms and conditions shall remain unchanged.

Working Interest Owner (Name) MARATHON OIL COMPANY



The above Working Interest Owner

Votes: _____ for the proposed amendment or X against it.

Signed by: [Signature]

Title: REGION PRODUCTION MANAGER

Date: 4-15-93

PLEASE RETURN BALLOT IN THE ATTACHED ENVELOPE TO CHEVRON U.S.A. WITHIN 30 DAYS, BEING ON OR BEFORE APRIL 12, 1993.

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All other terms and conditions shall remain unchanged.

Working Interest Owner (Name) MW Petroleum Corporation

The above Working Interest Owner
Votes: ✓ for the proposed amendment or _____ against it.

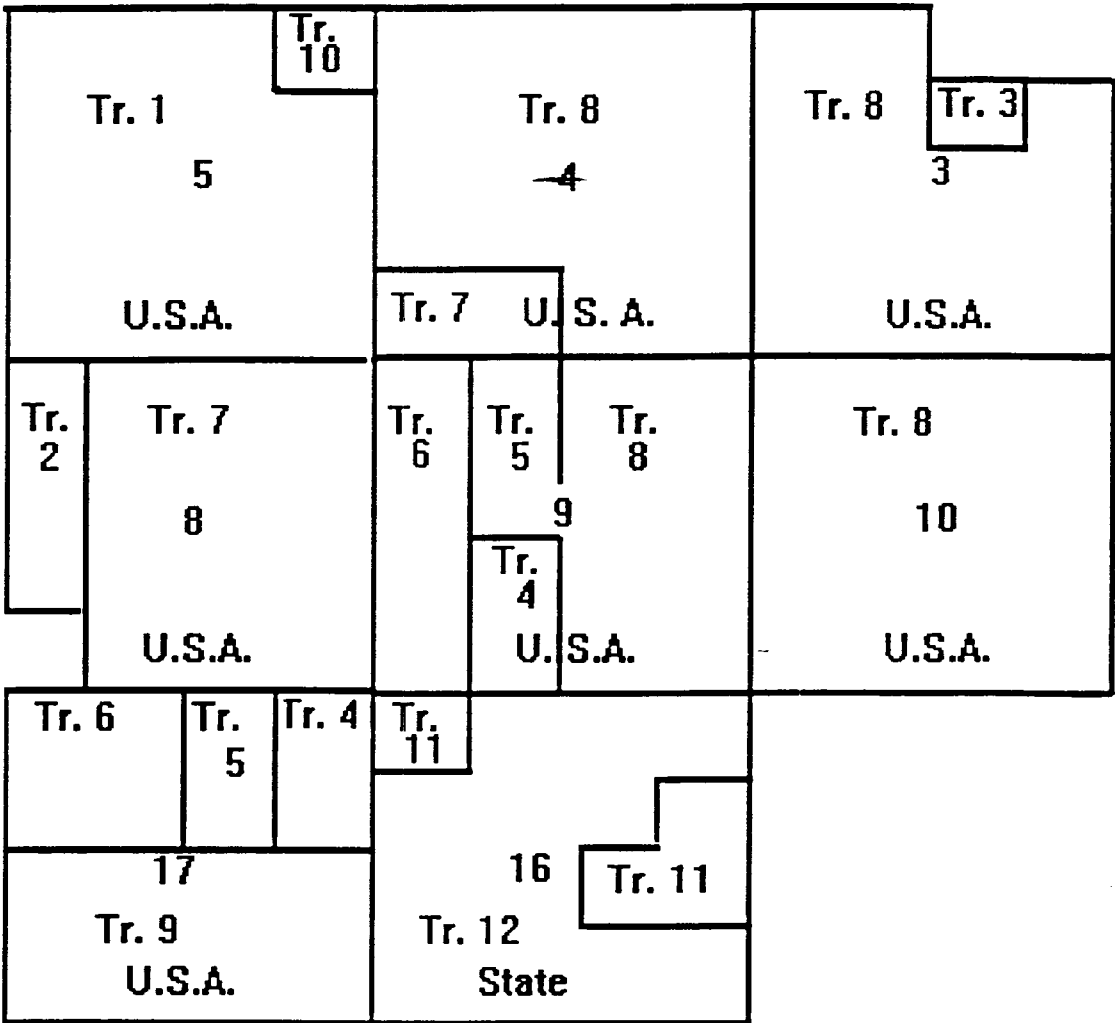
Signed by: [Signature] Kevin J. Ikel ICSS

Title: Land Manager

Date: March 30, 1993

PLEASE RETURN BALLOT IN THE ATTACHED ENVELOPE TO CHEVRON
U.S.A. WITHIN 30 DAYS, BEING ON OR BEFORE APRIL 12, 1993.

Exhibit "A"
 Bogle Flats Unit Agreement
 Eddy County, New Mexico
 Revised March 1, 1993



T-22-S, R-23-E
 N.M.P.M.

Total Federal Acres	4455.17	87.4%
Total State Acres	640.00	12.6%
Total Fee Acres	000.00	00.0%
Totals:	<u>5095.17</u>	<u>100.0%</u>

- Tract 1-Oryx-100%
 Tract 2-Chevron-100%
 Tract 3-M.W./Apache-100%
 Tract 4-Chevron-100%
 Tract 5-Marathon-100%
 Tract 6-Oryx-100%
- Tract 7-Chevron-100%
 Tract 8-Chevron-100%
 Tract 9-Oryx-100%
 Tract 10-Marathon-100%
 Tract 11-Graham Res.-100%
 Tract 12-Chevron-50%
 Marathon-50%

EXHIBIT "B"
SCHEDULE SHOWING ALL LANDS AND CURRENT WORKING
INTERESTS WITHIN THE UNIT AREA OF THE
BOGLE FLATS UNIT, EDDY COUNTY, NEW MEXICO

FEDERAL LAND									
TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION		
1	T-22-S, R-23-E Sec. 5: Lots 2, 3, 4, S1/2 N1/2, S1/2	627.82	LC-068721 H.B.P.	U.S.A. - 12.5%	Sun Operating LTD Partnership 100%	Oryx Energy Co. - All	12.32186%		
2	T-22-S, R-23-E Sec. 8: W1/2 NW1/4, NW1/4 SW1/4	120.00	NM-04881 2-28-63, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	2.35517%		
3 (Was Tr. 4)	T-22-S, R-23-E Sec. 3: SW1/4 NE1/4	40.00	NM-06953A 4-22-66, H.B.P.	U.S.A. - 12.5%	M. W. Petroleum Corp. 100%	M.W. Petroleum Corp. Apache Corp. - All	.78506%		
4 (Was Tr. 8)	T-22-S, R-23-E Sec. 9: E1/2 SW1/4 Sec. 17: E1/2 NE1/4	160.00	NM-033647 8-31-67, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 75% Marathon Oil Co. 25%	Oryx Energy Co. - All	3.14023%		
5 (Was Tr. 9)	T-22-S, R-23-E Sec. 9: E1/2 NW1/4 Sec. 17: W1/2 NE1/4	160.00	NM-033647B 8-31-67, H.B.P.	U.S.A. - 12.5%	Marathon Oil Co. 100%	Marathon Oil Co. - All	3.14023%		
6 (Was Tr. 10)	T-22-S, R-23-E Sec. 9: W1/2 W1/2 Sec. 17: NW 1/4	320.00	NM-033647C 8-31-67, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 100%	Oryx Energy Company - All	6.28046%		
7 (Was Tr. 11)	T-22-S, R-23-E Sec. 4: S1/2 SW1/4 Sec. 8: E1/2, E1/2 W1/2	560.00	NM-045272 11-30-68, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	10.99080%		

Exhibit "B"
Bogle Flats Unit

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION
8 (Was Tr. 12)	T-22-S ₁ R-23-E Sec. 3: Lots 3, 4, S1/2 NW1/4, SE1/4 NE1/4, S1/2	2,097.73	NM-045273 11-30-68, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	41.17095%
	Sec. 4: Lots 1, 2, 3, 4, S1/2 N1/2, N1/2 S1/2, S1/2 SE1/4						
	Sec. 9: E1/2 Sec. 10: W1/2						
	Sec. 10: E1/2						
9 (Was Tr. 20)	T-22-S ₁ R-23-E Sec. 17: S1/2	320.00	NM-86020 (formerly NM-0553710) 3-30-66, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 100%	Oryx Energy Co. - All	6.28046%
10 (Was Tr. 21)	T-22-S ₁ R-23-E Sec. 5: Lot 1 (NE1/4 NE1/4)	49.62	NM-0558116 H.B.P.	U.S.A. - 12.5%	Marathon Oil Co. 100%	Marathon Oil Co. - All	.97386%

Total: 10 Federal Tracts, 4,455.17 Acres, 87.4% of Unit Area

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION
11 (Was Tr. 22)	T-22-S. R-23-E Sec. 16: NW1/4 NW1/4, N1/2 SE1/4, SE1/4 NE1/4	160.00	E-10171 6-19-66, HBP	State - 12.5 %	Graham Resources Inc. - All	3.14023%
12 (Was Tr. 23)	T-22-S. R-23-E Sec. 16: SW1/4, S1/2 SE1/4, S1/2 NW1/4, NE1/4 NW1/4, W1/2 NE1/4, NE1/4 NE1/4	480.00	OG-3828 5-20-68, HBP	State - 12.5 %	Chevron U.S.A. Inc. - 50% Marathon Oil Co. - 50%	9.42069%

Total: 2 State Tracts, 640.00 Acres, 12.22924% of Unit Area

Total:
100.000000%

Recapitulation:

Total Federal Lands	4,455.17	Acres	87.4	of Unit Area
Total State Lands	<u>640.00</u>	Acres	<u>12.6</u>	of Unit Area
Total:	5,095.17	Acres	100.0%	

Working Interest Ownership	
Chevron	59.227265
Oryx	28.023010
Marathon	8.824435
M.W. Petroleum	0.785050
Graham Resources	<u>3.140230</u>
Total	100.000000

EXHIBIT "B-2"
BOGLE FLATS DRILLING UNIT WORKING INTEREST OWNERSHIP
EDDY COUNTY, NEW MEXICO

DRILLING UNIT	WORKING INTEREST OWNER	ACREAGE	INTEREST	DRILLING UNIT	WORKING INTEREST OWNER	ACREAGE	INTEREST
T-22-S, R-23-E Sec. 3: Lots 3, 4, S1/2NW1/4, SE1/4NE1/4 and S1/2 SW1/4NE1/4	Chevron U.S.A. Inc.	538.97/677.16	79.6%	T-22-S, R-23-E Sec. 9: E1/2NW1/4, E1/2SW1/4, W1/2W1/2	Marathon Oil Company Oryx Energy Co.	80.00/640.00 240.00/640.00	12.5% 37.5%
N1/2 NE1/4 - Non-Unit COM	M.W. Petroleum Corp./Apache Corp. (M. W. Petroleum Corp./Apache) Total, B.F.U. Gas COM #1 Well	40.00/677.16 (98.19/677.16) Section 3	5.9% (14.5%) 100%	E1/2	Chevron U.S.A. Total B.F.U. 9 #3 Well	320.00/640.00 Section 9	50% 100%
T-22-S, R-23-E Sec. 4: All	Chevron U.S.A. Inc. Total B.F.U. #2 Well	678.68/678.68 Section 4	100% 100%	T-22-S, R-23-E Sec. 10: All	Chevron U.S.A. Inc. Total B.F.U. #4 Well	640.00/640.00 Section 10	100% 100%
T-22-S, R-23-E Sec. 5: NE1/4NE1/4 Lots 2, 3, and 4, S1/2 N1/2, S1/2	Marathon Oil Co. Oryx Energy Co. Total B.F.U. 5 #8 Well	49.62/677.44 627.82/677.44 Section 5	7.3% 92.7% 100%	T-22-S, R-23-E Sec. 16: NW1/4 NW1/4, SE1/4NE1/4, N1/2SE1/4 AND	Graham Resources Inc.	160.00/640.00	25%
T-22-S, R-23-E Sec. 8: E1/2, E1/2W1/2, W1/2NW1/4, NW1/4SW1/4 SW1/4SW1/4 - Non Unit COM	Chevron U.S.A. Inc. (Kerr McGee) Total B.F.U. Gas COM #3 Well	600.00/640.00 (40.00/640.00) Section 8	93.75% (6.3%) 100%	SW1/4, S1/2 SE1/4, S1/2 NW1/4, NE1/4 NW1/4, W1/2 NE1/4, NE1/4 NE1/4	Chevron U.S.A. Inc., (50%) Marathon Oil Company (50%) Total B.F.U. 16 #5 Well	240.00/640.00 240.00/640.00 Section 16	37.5% 37.5% 100%
				T-22-S, R-23-E Sec. 17: W1/2NE1/4	Oryx Energy Co.	560.00/640.00	87.5%
				E1/2NE1/4, NW1/4, S1/2	Marathon Oil Co. Total B.F.U. 17 #9 Well	80.00/640.00 Section 17	12.5% 100%



Chevron U.S.A. Inc.

P.O. Box 1150, Midland, TX 79702 • Phone (915) 687-7745
15 Smith Road, Midland, TX 79705 • Fax (915) 687-7666

PERMIAN BASIN DIVISION
OCT 1 1993

August 3, 1993

'93 AUG 6 AM 9 21

Ray M. Vaden
Land Unitization Representative
Permian Basin Land Division

**Bogle Flats Unit Revisions to Unit
Ownership Exhibits A and B,
Eddy County, New Mexico**

**Working Interest Owners
(address list attached)**

Gentlemen:

In reference to my letter of July 2, 1993, interest in tract #4 of the Unit was incorrectly shown as 100% Oryx Energy Company when it should have reflected 75% Oryx and 25% Marathon. The attached revisions correct this error. Marathon's acquisition was filed with our accounting office in Concord, California, but I had no evidence of this change of ownership in the Unit files here in Midland.

I apologize for this error and, if you gave the previous revision(dated March 1, 1993) to your division order and accounting departments, please see that they receive the enclosed July 27, 1993 revision for their files.

Sincerely,

Ray M. Vaden

RMV:ldn
9745.DOC

Attachment

INTEREST OWNERS
BOGLE FLATS UNIT
EDDY COUNTY, NEW MEXICO

Mailing List

Chevron U.S.A. Inc.
P.O. Box 1150 (Zip Code 79702)
15 Smith Road (Zip Code 79705)
Midland, Texas
Attention: Brian Huzzey

Oryx Energy Company
P.O. Box 2880
Dallas, Texas 75221
Attention: Stephen Gillet

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702
Attention: Joe Madron

MW Petroleum Corporation
2000 Post Oak Blvd., Suite 100
Houston, Texas 77056-4400
Attention: Ceci Lonard

Graham Resources
12707 North Freeway, Suite 100
Houston, Texas 77060
Attention: Floyd Chambers

Kerr-McGee Corporation
P.O. Box 25861
Oklahoma City, Oklahoma 73125
Attention: Floyd Chambers

United States Department of Interior
Bureau of Land Management
1717 West Second Street
Roswell, New Mexico 88201
Attention: John S. Simitz

Commissioner of State Lands
State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501
Attention: Pete Martinez

Oil Conservation Division
State Land Office Buidling
P.O. Box 2088
Santa Fe New Mexico 87504

Contact Information

Brian Huzzey - Prod. (915) 687-7398
Ray Vaden - Land (915) 687-7745
Dave Rittersbackher - Geol. (915) 687-7114
Reggie Holzer - Fac. Engr. (915) 687-7182
Fax (915) 687-7884

Stephen Gillett (214) 715-4748
Rick Hall (214) 715-4757
Fax (214) 715-3243

Joe Madron (915) 687-8430
Fax (915) 687-8431

Ceci Leonard (713) 296-6306
Dave Gilbronsen (713) 296-6346
K. Scott Spence - Land (713) 296-6000
Fax (713) 296-6463

Jim O'Leary (713) 876-6814
Jason Seismore (713) 876-6834
Fax (713) 872-8969

Floyd Chambers (405) 270-6079

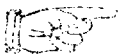
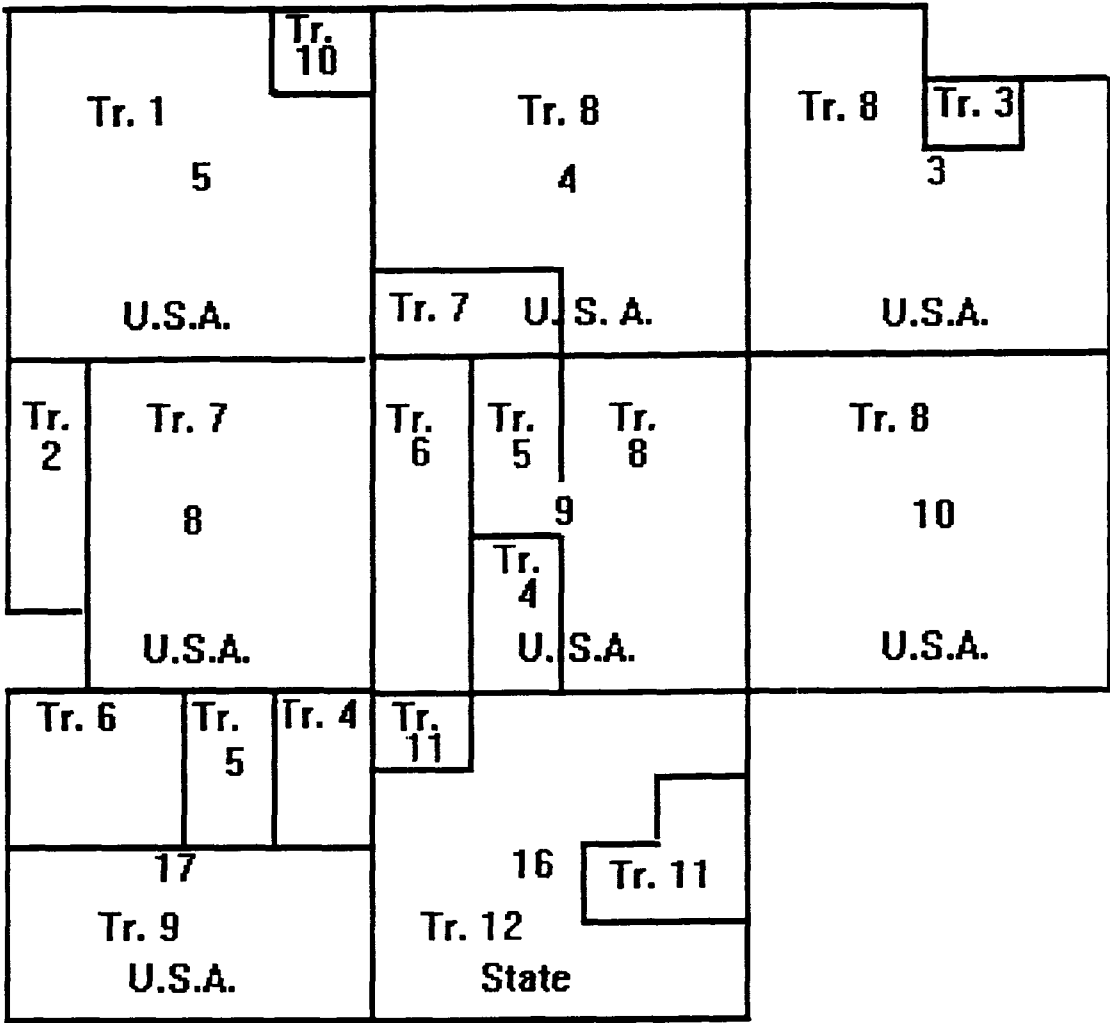


EXHIBIT "A"
 BOGLE FLATS UNIT AGREEMENT
 EDDY COUNTY, NEW MEXICO
 Revised July 28, 1993



T-22-S, R-23-E
 N.M.P.M.

Total Federal Acres	4,455.17	87.4%
Total State Acres	640.00	12.6%
Total Free Acres	000.00	00.0%
Totals:	<u>5,095.17</u>	<u>100.0%</u>

- | | |
|--------------------------|---------------------------|
| Tract 1-Oryx-100% | Tract 7-Chevron-100% |
| Tract 2-Chevron-100% | Tract 8-Chevron-100% |
| Tract 3-M.W./Apache-100% | Tract 9-Oryx-100% |
| Tract 4-Oryx-75% | Tract 10-Marathon-100% |
| Marathon-25% | |
| Tract 5-Marathon-100% | Tract 11-Graham Res.-100% |
| Tract 6-Oryx-100% | Tract 12-Chevron-50% |
| | Marathon-50% |

EXHIBIT "B"
SCHEDULE SHOWING ALL LANDS AND CURRENT WORKING
INTERESTS WITHIN THE UNIT AREA OF THE
BOGLE FLATS UNIT, EDDY COUNTY, NEW MEXICO

FEDERAL LAND									
TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION		
1	<u>T-22-S, R-23-E</u> Sec. 5: Lots 2, 3, 4, S1/2 N1/2, S1/2	627.82	LC-068721 H.B.P.	U.S.A. - 12.5%	Sun Operating LTD Partnership 100%	Oryx Energy Co. - All	12.32186%		
2	<u>T-22-S, R-23-E</u> Sec. 8: W1/2 NW1/4, NW1/4 SW1/4	120.00	NM-04881 2-28-63, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	2.35517%		
3 (Was Tr. 4)	<u>T-22-S, R-23-E</u> Sec. 3: SW1/4 NE1/4	40.00	NM-06953A 4-22-66, H.B.P.	U.S.A. - 12.5%	M. W. Petroleum Corp. 100%	M.W. Petroleum Corp. Apache Corp. - All	.78506%		
4 (Was Tr. 8)	<u>T-22-S, R-23-E</u> Sec. 9: E1/2 SW1/4 Sec. 17: E1/2 NE1/4	160.00	NM-033647 8-31-67, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 75% Marathon Oil Co. 25%	Oryx Energy Co. - (2.3551725) 75% Marathon Oil Co. - (.7850575) 25%	3.14023%		
5 (Was Tr. 9)	<u>T-22-S, R-23-E</u> Sec. 9: E1/2 NW1/4 Sec. 17: W1/2 NE1/4	160.00	NM-033647B 8-31-67, H.B.P.	U.S.A. - 12.5%	Marathon Oil Co. 100%	Marathon Oil Co. - All	3.14023%		
6 (Was Tr. 10)	<u>T-22-S, R-23-E</u> Sec. 9: W1/2 W1/2 Sec. 17: NW 1/4	320.00	NM-033647C 8-31-67, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 100%	Oryx Energy Company - All	6.28046%		
7 (Was Tr. 11)	<u>T-22-S, R-23-E</u> Sec. 4: S1/2 SW1/4 Sec. 8: E1/2, E1/2 W1/2	560.00	NM-045272 11-30-68, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	10.99080%		

Exhibit "B"
Bogle Flats Unit

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION
8 (Was Tr. 12)	T-22-S-R-23-E Sec. 3: Lots 3, 4, S1/2 NW1/4, SE1/4 NE1/4, S1/2	2,097.73	NM-045273 11-30-68, H.B.P.	U.S.A. - 12.5%	Chevron U.S.A. Inc. 100%	Chevron U.S.A. Inc. - All	41.17095%
	Sec. 4: Lots 1, 2, 3, 4, S1/2 N1/2, N1/2 S1/2, S1/2 SE1/4						
	Sec. 9: E1/2 Sec. 10: W1/2						
	Sec. 10: E1/2						
9 (Was Tr. 20)	T-22-S-R-23-E Sec. 17: S1/2	320.00	NM-86020 (formerly NM-0553710) 3-30-66, H.B.P.	U.S.A. - 12.5%	Sun Operating Ltd. Partnership 100%	Oryx Energy Co. - All	6.28046%
10 (Was Tr. 21)	T-22-S-R-23-E Sec. 5: Lot 1 (NE1/4 NE1/4)	49.62	NM-0558116 H.B.P.	U.S.A. - 12.5%	Marathon Oil Co. 100%	Marathon Oil Co. - All	.97386%

Total: 10 Federal Tracts, 4,455.17 Acres, 87.4% of Unit Area

TRACT NO.	DESCRIPTION OF LAND	ACRES	LEASE NO. & EXP. DATE	BASIC ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE	TRACT % OF UNIT PARTICIPATION
11 (Was Tr. 22)	T-22-S, R-23-E Sec. 16: NW1/4 NW1/4, N1/2 SE1/4, SE1/4 NE1/4	160.00	E-10171 6-19-66, HBP	State - 12.5%	Graham Resources Inc. - All	3.14023%
12 (Was Tr. 23)	T-22-S, R-23-E Sec. 16: SW1/4, S1/2 SE1/4, S1/2 NW1/4, NE1/4 NW1/4, W1/2 NE1/4, NE1/4 NE1/4	480.00	OG-3828 5-20-68, HBP	State - 12.5%	Chevron U.S.A. Inc. - (4.710345) 50% Marathon Oil Co. - (4.710345) 50%	9.42069%

Total: 2 State Tracts, 640.00 Acres, 12.22924% of Unit Area

Total:
100.00000%

Recapitulation:

Total Federal Lands	4,455.17	Acres	87.4	of Unit Area
Total State Lands	<u>640.00</u>	Acres	<u>12.6</u>	of Unit Area
Total:	5,095.17	Acres	100.0%	

Working Interest Ownership	
Chevron	59.227265
Oryx	27.2379525
Marathon	9.6994925
M.W. Petroleum	0.785050
Graham Resources	<u>3.140230</u>
Total	100.000000

EXHIBIT "B-2"
BOGLE FLATS DRILLING UNIT WORKING INTEREST OWNERSHIP
EDDY COUNTY, NEW MEXICO

DRILLING UNIT	WORKING INTEREST OWNER	ACREAGE	INTEREST	DRILLING UNIT	WORKING INTEREST OWNER	ACREAGE	INTEREST
T-22-S, R-23-E Sec. 3: Lots 3, 4, S1/2NW1/4, SE1/4NE1/4 and S1/2	Chevron U.S.A. Inc.	538.97/677.16	79.6%	T-22-S, R-23-E Sec. 9: E1/2NW1/4, E1/2SW1/4, E1/2SW1/4 W1/2W1/2 E1/2	Marathon Oil Co. (100%) Marathon Oil Co. (25%) Oryx Energy Co. (75%) Oryx Energy Co. (100%) Chevron U.S.A. (25%) Total B.F.U. 9 #3 Well	80.00/640.00 20.00/640.00 60.00/640.00 160.00/640.00 320.00/640.00 Section 9	15.625% 34.375% 50% 100%
SW1/4NE1/4	M.W. Petroleum Corp./Apache Corp.	40.00/677.16	5.9%				
N1/2 NE1/4 - Non-Unit COM	(M. W. Petroleum Corp./Apache) Total, B.F.U. Gas COM #1 Well	(98.19/677.16) Section 3	(14.5%) 100%				
T-22-S, R-23-E Sec. 4: All	Chevron U.S.A. Inc. Total B.F.U. #2 Well	678.68/678.68 Section 4	100% 100%	T-22-S, R-23-E Sec. 10: All	Chevron U.S.A. Inc. Total B.F.U. #4 Well	640.00/640.00 Section 10	100% 100%
T-22-S, R-23-E Sec. 5: NE1/4NE1/4 Lots 2, 3, and 4, S1/2 N1/2, S1/2	Marathon Oil Co. Oryx Energy Co. Total B.F.U. 5 #8 Well	49.62/677.44 627.82/677.44 Section 5	7.3% 92.7% 100%	T-22-S, R-23-E Sec. 16: NW1/4 NW1/4, SE1/4NE1/4, N1/2SE1/4 AND SW1/4, S1/2 SE1/4, S1/2 NW1/4, NE1/4 NW1/4, W1/2 NE1/4, NE1/4 NE1/4	Graham Resources Inc. Chevron U.S.A. Inc., (50%) Marathon Oil Company (50%) Total B.F.U. 16 #5 Well	160.00/640.00 240.00/640.00 240.00/640.00 Section 16	25% 37.5% 37.5% 100%
T-22-S, R-23-E Sec. 8: E1/2, E1/2W1/2, W1/2NW1/4, NW1/4SW1/4 SW1/4SW1/4 - Non Unit COM	Chevron U.S.A. Inc. (Kerr McGee) Total B.F.U. Gas COM #3 Well	600.00/640.00 (40.00/640.00) Section 8	93.75% (6.3%) 100%	T-22-S, R-23-E Sec. 17: NW1/4, S1/2 E1/2 NE1/4 E1/2 NE1/4 W1/2NE1/4	Oryx Energy Co. (100%) Oryx Energy Co. (75%) Marathon Oil Co. (25%) Marathon Oil Co. (100%) Total B.F.U. 17 #9 Well	480.00/640.00 60.00/640.00 20.00/640.00 80.00/640.00 Section 17	84.375% 15.625% 100%

Thomas C. Lowry
Region Counsel



**Marathon
Oil Company**

July 23, 1993

OIL REVENUE DIVISION
RECEIVED

1993 JUL 25 AM 10 32

P.O. Box 552
Midland, TX 79702-0552
Telephone 915/682-1626

VIA AIRBORNE EXPRESS 6234091511

Mr. Monte G. Jordan
Acting State Director
Bureau of Land Management
1474 Rodeo Road
Santa Fe, New Mexico 87505

**Re: Vertical Contraction of the Bogle Flats Unit Area
Eddy County, New Mexico**

Dear Mr. Jordan:

On June 29, 1993 the Roswell District office of the Bureau of Land Management, through Armando A. Lopez, Assistant District Manager, Minerals, issued a letter approving the vertical contraction of the Unit Area for the Bogle Flats Unit in Eddy County, New Mexico. A copy of that letter is attached. Pursuant to 43 C.F.R. Section 3165.3(b), Marathon hereby seeks State Director review of this decision.

The June 29, 1993 letter states that contraction of the Bogle Flats Unit may be accomplished by the vote of ninety percent (90%) of unit working interest and sixty percent (60%) of basic unit royalty interest, pursuant to Article 2(e) of the Unit Agreement. It is Marathon's opinion that Article 2(e) applies only to the automatic exclusion of unitized lands from the Unit upon the failure of such lands to qualify for inclusion within a participating area within certain time limits. The voting provision referenced in the June 29 letter only applies to the extension of a ten (10) year automatic exclusion provision.

Article 2 of the Unit Agreement as a whole deals only with what lands are to be included within the Unit Area, and does not address at all the question of what formations are to be covered by the Agreement. Covered formations are addressed in Article 3, where the Agreement states that "all oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement . . ." Article 2 does discuss in its second paragraph the contraction of the Unit Area as to lands not within a participating area. There is no discussion of the exclusion of formations underlying lands which are already included within a participating area. All lands currently within the Bogle Flats Unit are within a participating area. A copy of the first five pages of the Unit Agreement, including Articles 2 and 3, is attached for your review.

It is Marathon's belief that when the parties entered into the Unit Agreement and the corresponding Unit Operating Agreement for the Bogle Flats Unit that there was no contemplation that individual formations could ever be excluded from the Unit by anything less than the vote of 100 percent of both the working and royalty interest owners. Therefore, Marathon asks that you reverse the decision of the Roswell District office and maintain the application of the Bogle Flats Unit Agreement to all horizons in tracts which are currently included within a participating area.

Sincerely,

A handwritten signature in cursive script that reads "Thomas C. Lowry".
Thomas C. Lowry

Attachments

xc: See Attached Distribution List

TCL\C:\WP51\MISCTCL\TCL52\ELK

A subsidiary of USX Corporation

DISTRIBUTION LIST

Armando A. Lopez
Assistant District Manager, Minerals
United States Department of the Interior
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88202-1397

Ray M. Vaden
Brian Huzzey
Chevron USA, Inc.
P. O. Box 1150
Midland, TX 79702

Stephen Gillet
Oryx Energy Company
P. O. Box 2880
Dallas, Texas 75221

Joe Madron
Wayne Ransbottom
Bob Unger
Marathon Oil Company

Cecil Lonard
MW Petroleum Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Jim O'Leary
Graham Resources
12707 North Freeway, Suite 100
Houston, Texas 77060

Floyd Chambers
Kerr-McGee Corporation
P. O. Box 25861
Oklahoma City, Oklahoma 73125

Pete Martinez
Office of the Commissioner of Public Lands
State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

~~State~~ Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87504

C. Robert Crawford
BTA Oil Producers
104 South Pecos
Midland, Texas 79701



United States Department of the Interior
BUREAU OF LAND MANAGEMENT

Roswell District Office
P.O. Box 1397
Roswell, New Mexico 88202-1397



IN REPLY
REFER TO:

3180 (0650
NMNM-68296

RECEIVED

JUN 29 1993

JUN 30 1993

PERMIAN BASIN LAND UNIT
MIDLAND, TX

Chevron USA, Inc.
Attention: Mr. Ray Vaden
P. O. Box 1150
Midland, TX 79702

Re: Vertical Contraction of the Bogle Flats Unit Area, Eddy County, New Mexico

Dear Mr. Vaden:

This office has reviewed the ratification of ballot no. 1 by the working interest owners which were hand delivered at our meeting on June 22, 1993. As you know, ballot no. 1 provides for the vertical contraction of the Bogle Flats Unit Area to exclude all formations from the unit that lie beneath the top of the Atoka Formation by amendment to Article 3 of the unit agreement. In other words, all formations from the surface to the top of the Atoka Formation are unitized under the Bogle Flats Unit agreement. The top of the Atoka Formation occurs at 8,205 ft., as defined by the type log from the Bogle Flats Unit No. 2 well located 1,650' FSL and 1,650' FEL of sec. 4, T. 22 S., R. 23 E., NMPM, Eddy County. Article 2(e) of the unit agreement requires ratification by 90 percent of the working interest owners and 60 percent of the basic royalty owners for contraction of the unit. As better than the 90 percent of the working interest owners have ratified the proposed amendment to article 3 of the unit agreement and 87.4 percent of the basic royalty is Federal, the vertical contraction of the unit is hereby approved, subject to concurrence by the office of the Commissioner of Public Lands and is effective July 1, 1993. You are hereby requested to furnish all interested principals with evidence of this approval.

During our meeting on June 22, 1993, ballot no. 2 was also hand delivered. Ballot no. 2 is the proposed amendment to Article 22 of the unit operating agreement and as such is accepted for record.

Copies of this approval will be distributed to the appropriate offices. If you have any questions, please call David Glass or the Branch of Fluid Minerals at (505) 622-9042.

Sincerely,

Armando A. Lopez
For

Armando A. Lopez
Assistant District Manager
Minerals

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
BOGLE FLATS UNIT AREA
EDDY COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 30th day of November, 1964, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others in collectively adopting and operating a cooperative or unit plan of development or operation of any oil or gas pool, field or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest, and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 7-11-39 N.M. Statutes 1953 Annotated) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an act of the Legislature (Article 3, Chapter 65, Vol. 9, Part 2, 1953 Statutes) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Bogle Flats 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. **ENABLING ACT AND REGULATIONS.** The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder, are accepted and made a part of this agreement as to Federal Lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico, are hereby accepted and made a part of this agreement.

2. **UNIT AREA.** The following-described land is hereby designated and recognized as constituting the unit area:

Township 22 South, Range 23 East, N.M.P.M.

Section 3: All	Section 17: All
Section 4: All	Section 18: All
Section 5: All	Section 19: All
Section 7: All	Section 20: All
Section 8: All	Section 29: All
Section 9: All	Section 30: All
Section 10: All	Section 31: All
Section 16: All	Section 32: All

containing 10,416.36 acres, more or less.

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 land 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 in said map or schedule as owned by such party.

Exhibits A and B shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner", and not less than six copies of the revised exhibits shall be filed with the Supervisor, and two copies thereof shall be filed with the Commissioner and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission".

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the Commissioner, after preliminary concurrence by the Director, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice.

(b) Said notice shall be delivered to the Supervisor, the Commissioner and the Commission and copies thereof mailed to the last known address of each working interest owner, lessee and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the Commissioner and the Commission evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with Unit Operator, together with an application in sufficient number, for approval of such expansion

or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director, the Commissioner and the Commission, become effective as of the date prescribed in the notice thereof.

(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 subsection), no parts of which are 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 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 five-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 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 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 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 Director and the Commissioner. The unit operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated

to the satisfaction of the Director and the Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2 (e), a single extension of not to exceed two years may be accomplished by consent of the owners of 90 percent of the current unitized working interests and 60 percent 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 Director and the Commissioner, provided such extension application is submitted to the Director and the Commissioner not later than 60 days prior to the expiration of said 10-year period.

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

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 are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR. California Oil Company, a California corporation whose address is Box 1249, Houston, Texas 77001, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in it 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 owner of interest 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.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a

State of New Mexico

#1607



SLO REF NO. OG-37

W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

April 16, 1987

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Chevron USA Inc.
ATTENTION: Mr. R. C. Anderson
P. O. Box 670
Hobbs, New Mexico 88240

Re: 1987 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

Gentlemen:

The Bureau of Land Management has notified this office that your 1987 Plan of Development for the Bogle Flats Unit, Eddy County, New Mexico has been approved. Our records reflect that the last Plan of Development for the referenced unit was dated January 28, 1985 and covered the development period of 1985. Under the terms of Article 10 of the Unit Agreement, please submit your Plan of Development for 1987.

As part of your plan we require an up-to-date map of the unit area showing all wells and the zone(s) of completion. In addition please furnish a summary by months of the last years production history. Please be advised that the above information (map and production history) will be required by this office on all future Plans of Development that require the Land Commissioner's approval.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

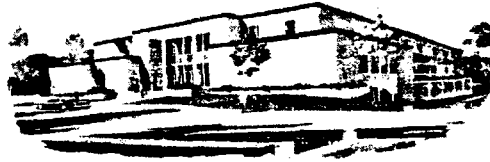
BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Roswell, New Mexico

State of New Mexico

#1607



JIM BACA
COMMISSIONER

Commissioner of Public Lands
April 1, 1985

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Chevron U.S.A. Inc.
P. O. Box 1660
Midland, Texas 79702

Re: 1985 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

ATTENTION: Mr. W. D. Edman

Gentlemen:

The Commissioner of Public Lands has this date approved your 1985 Plan of Development for the Bogle Flats Unit Area, Eddy County, New Mexico. Such plan proposes no development for the Bogle Flats Unit in 1985. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

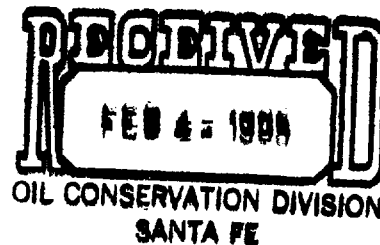
cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico, Attn: Fluids Branch
BLM-Roswell, New Mexico, Attn: Mr. Armando Lopez



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

W. D. Edman
Division Manager
Mid-Continent Division
Production Department

January 28, 1985



Development Plan for 1985
Bogle Flats Unit
Eddy County, New Mexico

Energy and Minerals Department
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87501

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

United States Department of the Interior
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

Gentlemen:

Chevron U.S.A. Inc., as operator of the Bogle Flats Unit, respectfully submits for approval this Plan of Development for the period January 1, 1985 to December 31, 1985.

The unit area consists of the following: Sections 3, 4, 5, 8, 9, 10, 16 and 17, Township 22 South, Range 23 East, N.M.P.M., in Eddy County, New Mexico. This unit contains approximately 5,095 acres with eight wells producing from the Cisco-Canyon formation. Unit production from December 1983 through November 1984 averaged 132 BOPD, 8 BWPD and 36,279 MCFGPD.

Development During 1985

There are presently no development plans for the Bogle Flats Unit in 1985.

Further Development

The installation of compression is tentatively scheduled to begin in 1986. Current estimates indicate that five wells will require compression in 1986, two wells in 1987 and the remaining well in 1988.

January 28, 1985

This Plan of Development is submitted for the period ending December 31, 1985. Upon expiration of this plan, another Plan of Development for the Bogle Flats Unit will be submitted.

Yours very truly,

A handwritten signature in cursive script, appearing to read "W. D. Edman".

W. D. Edman

MKW:bb

Attachments

BOGLE FLATS UNIT PRODUCTION
INDIAN BASIN (UPPER PENN - GAS) FIELD
EDDY COUNTY, NEW MEXICO

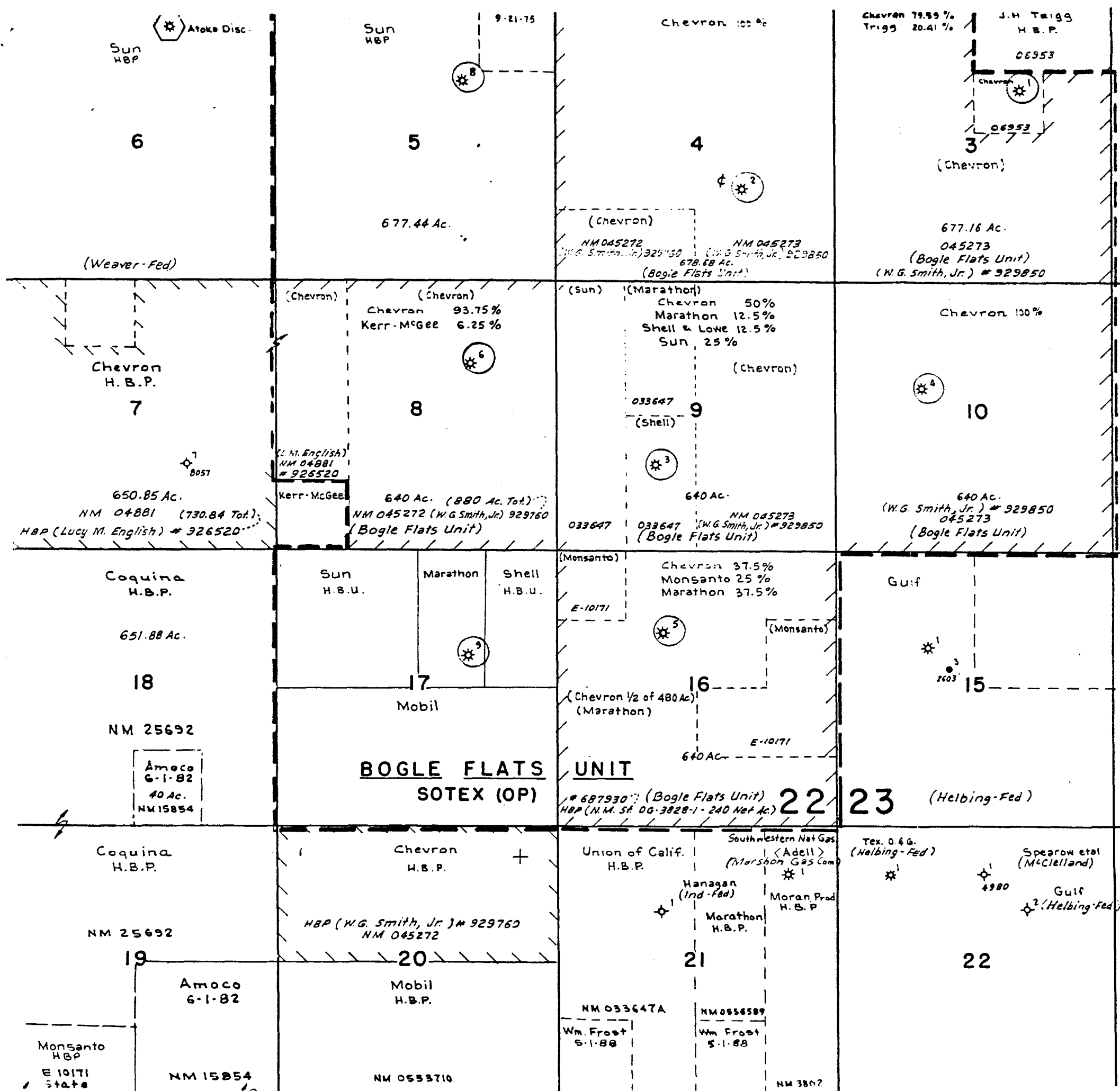
<u>Bogle Flats Unit</u>		<u>Dec 83</u>	<u>Jan 84</u>	<u>Feb 84</u>	<u>Mar 84</u>	<u>Apr 84</u>	<u>May 84</u>	<u>Jun 84</u>	<u>Jul 84</u>	<u>Aug 84</u>	<u>Sep 84</u>	<u>Oct 84</u>	<u>Nov 84</u>
Well #1	BOPM	731	659	582	739	626	671	633	562	579	470	548	625
	BWPM	35	38	28	34	30	30	31	30	29	20	21	22
	MCFPM	145,223	136,280	112,228	150,925	125,302	140,305	131,553	121,690	245,677	116,230	118,502	116,250
Well #2	BOPM	698	699	663	703	587	440	485	489	510	475	471	556
	BWPM	35	33	30	36	30	29	31	42	32	32	29	32
	MCFPM	160,151	153,311	132,330	163,767	137,419	116,371	140,540	123,234	143,518	138,975	122,436	136,251
Well #3	BOPM	532	604	531	527	439	501	460	434	425	369	386	443
	BWPM	27	29	29	29	27	32	27	34	29	22	26	34
	MCFPM	134,148	128,129	128,665	185,358	171,232	210,277	190,429	198,446	187,945	197,980	168,171	114,177
Well #4	BOPM	829	716	746	775	653	366	331	611	559	517	534	580
	BWPM	24	25	23	23	21	13	20	55	33	23	29	39
	MCFPM	153,092	144,473	145,528	154,746	131,687	77,212	70,041	147,371	146,959	130,762	125,756	131,921
Well #5	BOPM	657	603	605	561	483	216	214	464	398	329	398	442
	BWPM	40	34	32	49	26	13	23	52	50	45	43	55
	MCFPM	136,876	140,331	141,171	234,918	196,962	113,456	87,237	225,108	216,160	190,538	175,535	117,075
Well #6	BOPM	596	599	601	588	486	228	198	482	482	386	401	499
	BWPM	33	28	23	29	36	17	17	39	25	21	22	26
	MCFPM	146,082	146,588	145,102	162,168	136,859	68,403	60,167	156,039	151,026	134,658	116,861	136,175
Well #8	BOPM	465	527	553	557	446	462	372	498	469	341	314	437
	BWPM	45	35	19	38	35	39	31	41	39	34	33	35
	MCFPM	134,935	136,372	132,712	140,437	119,251	133,813	103,282	140,387	138,204	118,074	102,162	125,968
Well #9	BOPM	469	449	499	490	366	430	470	337	345	276	281	368
	BWPM	25	24	25	23	20	39	33	51	20	18	20	20
	MCFPM	127,996	116,779	105,894	110,793	93,037	103,439	108,826	98,999	104,802	104,625	91,599	112,470

BOGLE FLATS UNIT PRODUCTION
 INDIAN BASIN (UPPER PENN - GAS) FIELD
 EDDY COUNTY, NEW MEXICO

Bogle Flats Unit	Dec 83	Jan 84	Feb 84	Mar 84	Apr 84	May 84	Jun 84	Jul 84	Aug 84	Sep 84	Oct 84	Nov 84
SUMMARY												
Oil (BPM)	4,977	4,856	4,780	4,940	4,086	3,314	3,163	3,877	3,767	3,163	3,333	3,950
Water (BPM)	264	246	209	261	225	212	213	344	257	215	223	263
Gas (MCFPM)	1,138,503	1,102,263	1,043,630	1,303,112	1,111,749	963,276	892,075	1,211,274	1,334,291	1,131,842	1,021,022	990,287

YEARLY AVERAGE

Oil (BPM)	4,017
Water (BPM)	244
Gas (MCFPM)	1,103,610



#1607



STATE OF NEW MEXICO
ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

February 20, 1984

Chevron U.S.A. Inc.
P.O. Box 1660
Midland, Texas 79702

Attention: W. D. Edman

Re: Development Plan for
1984 - Bogle Flats
Unit - Eddy County,
New Mexico

Dear Mr. Edman:

The above referenced submittal has been approved by the New Mexico Oil Conservation Division effective this date. Such approval is contingent upon like approval by the New Mexico Commissioner of Public Lands and the Bureau of Land Management.

Sincerely,

ROY E. JOHNSON
Petroleum Geologist

REJ/dp

cc: Commissioner of Public Lands - Santa Fe
Bureau of Land Management - Albuquerque
OCD District Office - Artesia



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

February 14, 1984

Production Department
Mid-Continent Division

Development Plan for 1984
Bogle Flats Unit
Eddy County, New Mexico

Energy and Minerals Department
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87501

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

United States Department of the Interior
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

Gentlemen:

Chevron U.S.A. Inc., as operator of the Bogle Flats Unit, respectfully submits for approval this Plan of Development for the period January 1, 1984 to December 31, 1984.

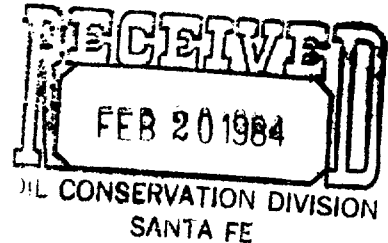
The unit area consists of the following: Sections 3, 4, 5, 8, 9, 10, 16 and 17, Township 22 South, Range 23 East, N.M.P.M., in Eddy County, New Mexico. The unit contains approximately 5,095 acres with eight wells producing from the Cisco-Canyon formation. Production from the unit from December 1982 to November 1983 has averaged 368 BOPM, 20 BWPM and 88,970 MCFPM per well.

Development During 1984

There are no current development plans for the Bogle Flats Unit in 1984.

Further Development

The installation of compression is tentatively scheduled to begin in 1986. Current estimates indicate that five wells will require compression in 1986 and the remaining three in 1987.



February 14, 1984

This Plan of Development is submitted for the period ending December 31, 1984. Upon expiration of this plan, another Plan of Development for the Bogle Flats Unit will be submitted.

Yours very truly,

A handwritten signature in black ink, appearing to read "W. D. Edman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

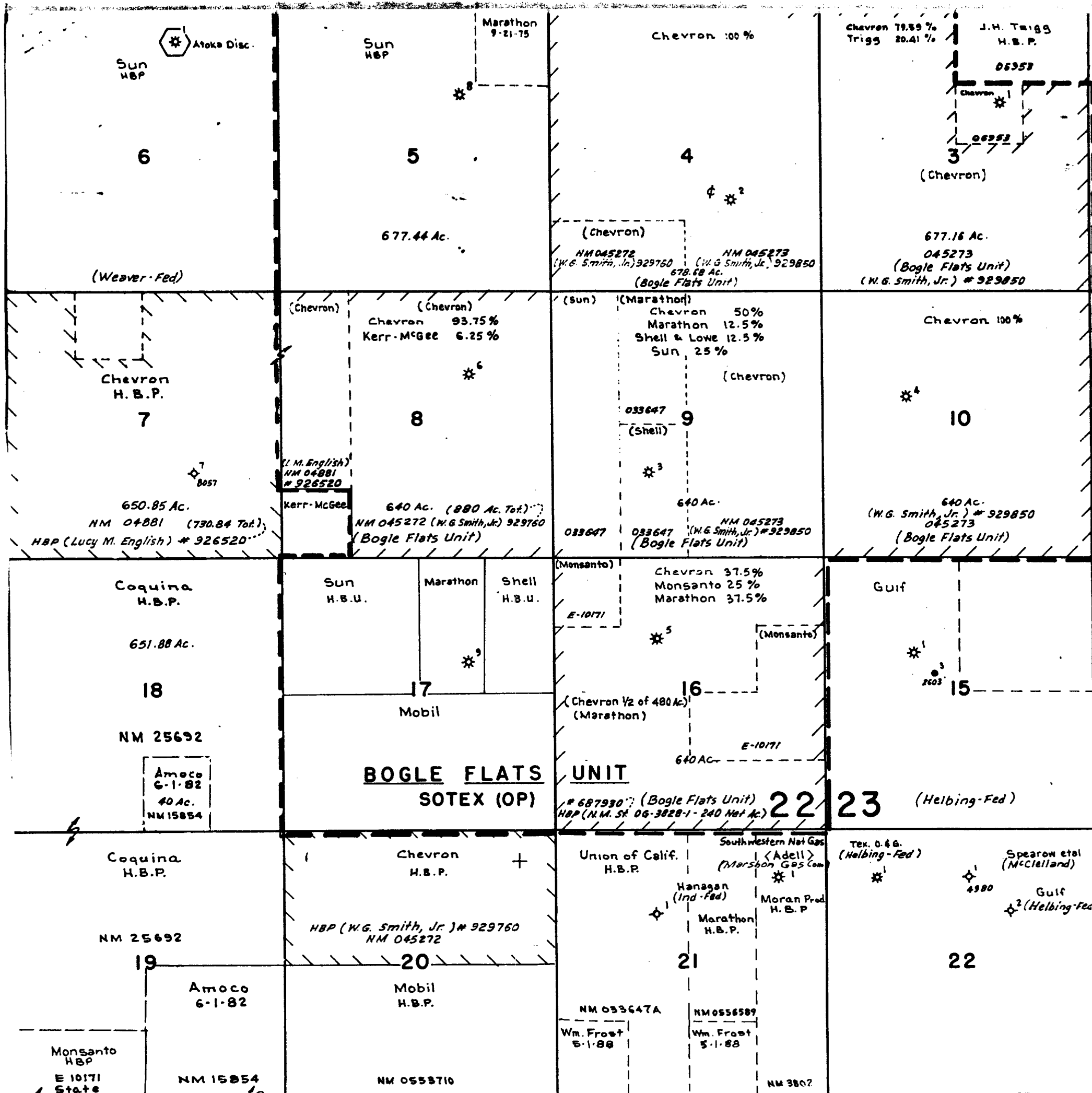
W. D. Edman
Division Manager

MKW:bb

Attachments

BOGLE FLATS UNIT PRODUCTION
INDIAN BASIN (UPPER PENN - GAS) FIELD
EDDY COUNTY, NEW MEXICO

Bogle Flats Unit		Dec 82	Jan 83	Feb 83	Mar 83	Apr 83	May 83	Jun 83	Jul 83	Aug 83	Sep 83	Oct 83	Nov 83
Well #1	BOPM	506	266	199	196	292	242	262	248	358	677	614	686
	BWPM	30	15	11	16	16	16	15	15	21	36	33	34
	MCFPM	129,112	64,543	47,324	60,396	63,562	55,095	57,104	60,359	84,048	149,195	149,344	145,504
Well #2	BOPM	758	350	190	242	272	236	258	231	315	663	666	687
	BWPM	35	17	12	15	15	15	15	14	20	37	35	34
	MCFPM	161,576	80,259	48,402	56,595	60,417	55,012	61,282	59,953	80,538	163,448	161,753	160,766
Well #3	BOPM	532	314	240	288	236	202	221	221	396	505	521	511
	BWPM	26	17	15	18	15	14	19	14	25	32	30	28
	MCFPM	115,871	63,563	53,114	67,122	45,060	54,364	59,625	58,613	102,981	127,701	141,533	133,331
Well #4	BOPM	664	372	868	391	338	289	310	307	459	766	777	756
	BWPM	31	19	13	21	15	14	13	10	13	24	20	24
	MCFPM	122,396	70,434	48,611	72,036	63,527	56,010	59,808	60,603	90,612	157,384	156,355	150,851
Well #5	BOPM	589	348	227	328	306	232	248	240	456	603	605	649
	BWPM	32	21	16	31	29	16	15	10	18	22	21	44
	MCFPM	120,029	75,939	45,893	66,406	61,898	54,189	58,989	58,075	101,067	148,783	148,262	146,890
Well #6	BOPM	140	234	182	230	257	218	214	196	332	571	564	542
	BWPM	31	11	11	16	16	12	13	14	17	27	27	26
	MCFPM	132,682	62,557	48,394	60,094	62,531	54,092	58,177	56,832	92,936	153,155	153,009	147,803
Well #8	BOPM	531	264	195	265	183	149	176	230	301	517	507	530
	BWPM	38	20	20	22	17	17	16	26	29	40	40	41
	MCFPM	141,341	72,100	54,208	63,905	48,211	38,835	43,665	59,669	83,293	141,620	140,267	142,574
Well #9	BOPM	413	295	175	203	238	211	232	226	331	414	421	422
	BWPM	22	8	10	13	9	9	11	9	14	18	16	15
	MCFPM	108,143	78,111	50,501	54,924	61,925	53,982	62,880	62,255	94,859	115,168	125,013	124,934



State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

March 2, 1984

Chevron U.S.A. Inc.
P. O. Box 1660
Midland, Texas 79702

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Uses
910 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: 1984 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

ATTENTION: Mr. W. D. Edman

Gentlemen:

The Commissioner of Public Lands has this date approved your 1984 Plan of Development for the Bogle Flats Unit Agreement, Eddy County, New Mexico. Such plan contains no current development plans for the Bogle Flats Unit during 1984. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico
BLM-Roswell, New Mexico

State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

March 16, 1983

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Chevron U. S. A. Inc.
P. O. Box 1660
Midland, Texas 79702

*Case
1607*

Re: 1983 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

ATTENTION: Mr. W. D. Edman

Gentlemen:

The Commissioner of Public Lands has this date approved your 1983 Plan of Development for the Bogle Flats Unit Agreement, Eddy County, New Mexico. Such plan contains no current development plans for the Bogle Flats Unit during 1983. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

Your filing fee in the amount of Three (\$3.00) Dollars has been received.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505/827-5744

JB/FOP/pm
encls.

cc: OCD-Santa Fe, New Mexico
 BLM-Albuquerque, New Mexico
 Administration



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

March 9, 1983

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Chevron, U. S.A., Inc.
P. O. Box 1660
Midland, Texas 79702

Attention: W. D. Edman

1667

Re: Bogle Flats Unit
1983 Plan of Development
Eddy County, NM

Dear Sir:

The above referenced submittal has been approved by the New Mexico Oil Conservation Division effective this date. Such approval is contingent upon like approval by the New Mexico Commissioner of Public Lands and the United States Minerals Management Service.

Sincerely,

A handwritten signature in cursive script, reading "Roy E. Johnson", followed by a horizontal line.

Roy E. Johnson
Petroleum Geologist

REJ/dp

cc: Commissioner of Public Lands
Minerals Management Service - Albuquerque
OCD District Office - Artesia



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

February 25, 1983

W. D. Edman
Division Manager
Mid-Continent Division
Production Department

1983 Plan of Development
Bogle Flats Unit
Indian Basin (Upper Penn-Gas) Field
Eddy County, New Mexico

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

Attention: Mr. Ray D. Graham

Gentlemen:

Attached for your approval is the proposed 1983 Plan of Development for the Bogle Flats Unit, Indian Basin (Upper Penn-Gas) Field, Eddy County, New Mexico.

If additional information is desired, please contact Mr. M. K. Wilson at the letterhead address or at (915) 684-4441, extension 282.

Yours very truly,


W. D. Edman

MKW:smr
Attachment



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

February 25, 1983

W. D. Edman
Division Manager
Mid-Continent Division
Production Department

Development Plan for 1983
Bogle Flats Unit
Eddy County, New Mexico

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

Gentlemen:

Chevron U.S.A., Inc., as operator of the Bogle Flats Unit, respectfully requests approval of this Plan of Development for the period January 1, 1983 to December 31, 1983.

The unit area consists of the following: **Sections 3, 4, 5, 8, 9, 10, 16 and 17 of Township 22 South, Range 23 East, N.M.P.M., Eddy County, New Mexico.** The unit contains approximately 5,095.17 acres with eight wells producing from the Cisco-Canyon formation. Production from the unit from December 1, 1981 to November 31, 1982 has averaged 472 BOPM, 33 BWPM and 115,936 MCFPM per well.

Development During 1983

There are no current development plans for the Bogle Flats Unit in 1983.

Further Development

Installation of compression was tentatively scheduled for 1983, but due to curtailment of gas takes this has been delayed until 1984. Also, after careful study and consideration, the delineation well that was tentatively scheduled to be drilled in Section 20, Township 22 South, Range 23 East outside the unit boundary, has been indefinitely postponed.

This plan of development is submitted for the period ending December 31, 1983. Upon expiration of this plan, another Plan of Development for the Bogle Flats Unit will be submitted.

Yours very truly,


W. D. Edman

MKW:smr
Attachment

cc: Oil Conservation Commission, Santa Fe, New Mexico
Mineral Management Service, Albuquerque, New Mexico

Pacific Feats Unit	DECEMBER 1981	JANUARY 1982	FEBRUARY 1982	MARCH 1982	APRIL 1982	MAY 1982	JUNE 1982	JULY 1982	AUGUST 1982	SEPTEMBER 1982	OCTOBER 1982	NOVEMBER 1982
WELL No. 1												
OIL (BPM)	640	498	361	824	646	517	222	434	180	653	582	399
WTR (BPM)	27	50	22	25	34	22	13	22	21	35	26	25
GAS (MCF/DAY)	141856	140113	116454	171244	124505	131776	59416	92755	84225	150046	117651	103672
WELL No. 2												
OIL	705	524	511	759	190	435	202	367	338	622	462	576
WTR	32	26	34	38	10	21	12	21	21	34	26	33
GAS	165847	123021	116801	197049	144555	96151	48559	83155	40446	161153	117774	143274
WELL No. 3												
OIL	557	505	401	552	535	425	182	325	230	452	492	435
WTR	28	32	22	22	24	22	11	15	15	29	22	24
GAS	132447	112455	103334	153647	129492	39236	41070	8757	79555	140574	159735	114000
WELL No. 4												
OIL	744	784	532	522	661	572	142	450	426	721	674	523
WTR	36	33	27	42	31	28	12	24	20	40	35	32
GAS	147049	140550	155367	174632	118574	103631	37645	85153	51355	163081	142030	117087
WELL No. 5												
OIL	414	676	453	634	549	453	470	364	331	450	564	222
WTR	45	40	24	24	22	44	12	40	25	26	22	34
GAS	141651	137165	113474	166125	121524	104412	47647	86001	74476	147404	140364	175083
WELL No. 6												
OIL	551	459	427	615	508	244	264	241	225	425	487	51
WTR	44	36	21	44	30	35	17	17	14	22	22	32
GAS	140155	123744	114524	172072	129730	121655	62767	54120	30481	155285	141851	127505
WELL No. 7												
OIL	532	511	442	570	551	445	165	411	282	701	411	314
WTR	30	26	25	36	30	30	10	24	23	20	25	20
GAS	142178	125301	97130	155516	135049	123633	40050	111648	7745	142144	124031	99750

5

677.44 Ac.

4

(Chevron)

677.16 Ac.

045273

(Bogle Flats Unit)

(W.G. Smith, Jr.) # 929850

(Chevron)

NM 045272

(W.G. Smith, Jr.) # 929750

NM 045273

(W.G. Smith, Jr.) # 929850

678.68 Ac.

(Bogle Flats Unit)

(Chevron)

(Chevron)

Chevron 93.75 %
Kerr-McGee 6.25 %

(Sun)

(Marathon)

Chevron 50 %
Marathon 12.5 %
Shell & Lowe 12.5 %
Sun 25 %

(Chevron)

Chevron 100 %

8

033647

(Shell)

9

3

640 Ac.

NM 045273

(W.G. Smith, Jr.) # 929850

(Bogle Flats Unit)

033647

033647

(W.G. English)
NM 04881
926520

Kerr-McGee

640 Ac. (880 Ac. Tot.)

NM 045272 (W.G. Smith, Jr.) # 929760
(Bogle Flats Unit)Sun
H.B.U.

Marathon

Shell
H.B.U.

(Monsanto)

Chevron 37.5 %
Monsanto 25 %
Marathon 37.5 %

E-10771

(Monsanto)

Gulf

15

17

Mobil

(Chevron 1/2 of 480 Ac.)
(Marathon)640 Ac.
E-10771**BOGLE FLATS**
SOTEX (OP)**UNIT**# 687930 (Bogle Flats Unit)
HBP (N.M. St. OG-3828-1-240 Net Ac.)

22 23

(Helbing-Fed)

Chevron
H.B.P.HBP (W.G. Smith, Jr.) # 929760
NM 045272

20

Mobil
H.B.P.

NM 0553710

Union of Calif.
H.B.P.Southwestern Nat Gas
(Adell)
(Marathon Gas Co.)Hanagan
(Ind-Fed)Moran Prod.
H.B.P.Marathon
H.B.P.

21

NM 033647A

Wm. Frost
5-1-88

NM 0556589

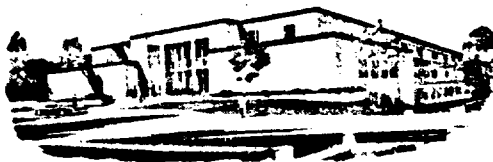
Wm. Frost
5-1-88

NM 3802

Tex. O.G.B.
(Helbing-Fed)Spearhead
(McClelland)Gulf
(Helbing)

22

State of New Mexico



Commissioner of Public Lands

February 11, 1982

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO
87504-1148

Chevron U.S.A. Inc.
P. O. Box 1660
Midland, Texas 79702

Re: Bogle Flats Unit
Eddy County, New Mexico
1982 Plan of Development

1607

ATTENTION: Mr. J. L. Rowland

Gentlemen:

The Commissioner of Public Lands has this date approved your 1982 Plan of Development for the Bogle Flats Unit Agreement, Eddy County, New Mexico. Such plans proposes the drilling of a 7,450' Upper Penn. well in Section 20, Township 22 South, Range 23 East outside the unit boundry and the installation of a compressor on some wells in 1983.

Our approval is subject to like approval by the Minerals Management Service.

Enclosed is one approved copy for your files.

Your filing fee in the amount of three (\$3.00) Dollars has been received.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

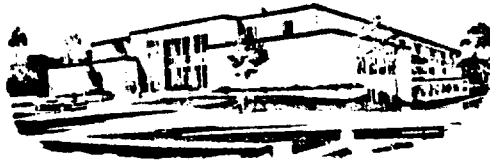
AJA/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
MMS-Albuquerque, New Mexico

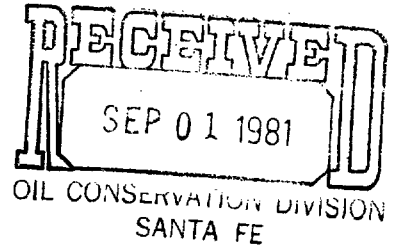


ALEX J. ARMIJO
COMMISSIONER

State of New Mexico



Commissioner of Public Lands
August 31, 1981



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

Chevron U. S. A. Inc.
P. O. Box 1660
Midland, Texas 79702

Re: 1981 Plan of Development
Bogle Flats Unit
Indian Basin Field
Eddy County, New Mexico

ATTENTION: Mr. J. L. Rowland

Gentlemen:

Your Plan of Development for the period of January 1, 1981 to December 31, 1981, has this date been approved by the Commissioner of Public Lands. Such plan proposes no drilling development and a tentative compressor installation scheduled for early 1983. A study is currently underway to evaluate the drilling of a development well in Section 20 outside the Southwest corner of the Unit in the latter portion of 1982. Our approval is subject to like approval by the United States Geological Survey.

Enclosed is one approved copy for your files. In the future please file three copies with this office of your plan of development, also, please remit a Three (\$3.00) Dollar filing fee at your earliest convenience.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director,
Oil and Gas Division
AC 505/827-2748

AJA/RDG/pm
encl.

OCD-Santa Fe, New Mexico
USGS-Albuquerque, New Mexico

1607

MAIN OFFICE 609

'70 JUN 25 PM 1 37

1661

June 24, 1970

Chevron Oil Company
P. O. Box 1660
Midland, Texas 79701

Re: Bogle Flats Unit Agreement
Contraction
Eddy County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the Contraction for the captioned unit pursuant to Section 2 (e) of the Unit Agreement. This approval is subject to like approval by the United States Geological Survey.

The effective date of this contraction to be April 2, 1970.

We are retaining two copies and returning five approved copies to you.

Very truly yours,

Ted Silberry, Director
Oil and Gas Department

TB/ML/s
encls.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

C
O
P
Y

JAN 2 1970

December 30, 1969

1607

C
O
P
Y

Standard Oil Company of Texas
3610 Avenue S
Snyder Texas

Re: 1970 Plan of Development
Bogle Flats Unit
Eddy County, New Mexico

ATTENTION: Mr. G. A. Schurman

Gentlemen:

Your 1970 Plan of Development for the Bogle Flats Unit Area, Eddy County, New Mexico, has been approved on this date. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Enclosed are two approved copies of the plan for your files.

As per your request for exemption to the requirement of the Unit Agreement to file each year a Plan of Development, this request is granted provided that upon demand by the State Land Commissioner the submission of a Plan of Development will be resumed.

Very truly yours,

Ted Bilberry, Director
Oil and Gas Department

TB/ML/s
encl.

cc: USGS-Roswell, New Mexico
OCC-Santa Fe, New Mexico

MAIN OFFICE

'69 JAN 13 AM 8 18

1697

January 7, 1969

Chevron Oil Company
3610 Avenue S
Snyder, Texas 79549

Re: Bogle Flats Unit
1969 Plan of Development
Eddy County, New Mexico

ATTENTION: Mr. T. D. Cramer

Gentlemen:

Your 1969 Plan of Development for the Bogle Flats Unit Area, Eddy County, New Mexico, has been approved on this date. This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Your plan calls for no drilling during 1969.

Enclosed are three approved copies of the plan for your files.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
Ted Bilberry, Director
Oil and Gas Department

AJA/TB/ML/s

encl. 1

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

State of New Mexico



Commissioner of Public Lands

GUYTON B. HAYS
COMMISSIONER



January 2, 1968

P. O. BOX 1148
SANTA FE, NEW MEXICO

Chevron Oil Company
8610 Avenue S
Snyder, Texas

Re: Bogle Flats Unit
Eddy County, New Mexico

ATTENTION: Mr. C. F. Kirkvoid

Gentlemen:

The Commissioner of Public Lands has this date approved your Plan of Development for the captioned unit. This plan covers the period from January 1, 1968 to December 31, 1968, and proposes the drilling of no additional wells during this period.

This approval is subject to like approval by the United States Geological Survey and the Oil Conservation Commission.

Three approved copies of the plan are enclosed.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:

Eddie Lopez, Supervisor
Unit Division

GBH/TR/EL/s
encls.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

68 JAN 4 AM 8 41

STANDARD OIL COMPANY OF TEXAS

P. O. BOX 1249 • HOUSTON 1, TEXAS

December 22, 1959

PROPOSED DOGLE FLATS UNIT AGREEMENT Eddy County, New Mexico

The Supervisor,
United States Geological Survey
Roswell, New Mexico

Honorable Murray E. Morgan
Commissioner of Public Lands
Santa Fe, New Mexico

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

We regret to inform you that our efforts to form the above unit have failed and as there is no expectation that the situation will change, you may close your respective files.

At the time we asked your approval, all working interest owners were in agreement and the pertinent papers were prepared for execution. However, a serious title difficulty developed with respect to Lease LG-061853, covering in excess of 1,000 acres, for and we were unable to reach a satisfactory agreement for drilling the test well in view of the resulting change in equities.

Yours very truly,

H H Kuester
H. H. Kuester, Vice President
Land and Legal Department

VS:mt

cc: Mr. H. C. Johnson
Mr. W. G. Smith



STATE LAND OFFICE

MEMORANDUM

February 24, 1959

FROM: Marian M. Rhea

TO: Mr. E. J. Fischer, Examiner
for the N. M. O.C.C.

SUBJECT: Bogle Flats Unit Agreement
O.C.C. Case No. 1607
Docket February 25, 1959

Copy of our letter attached stating the above designated Unit has been approved as to form and context by our attorney Mr. Oscar Jordan.

Marian M. Rhea

In reply refer to:
Unit Division

February 24, 1950

Harvey, Dow & Hinkle
Hinkle Building
Roswell, New Mexico


Re: Proposed Bogle Flats Unit
Eddy County, New Mexico

Attention: Mr. S. B. Christy

Gentlemen:

We wish to advise you that Mr. Oscar Jordan, attorney
for the New Mexico State Land Office approved as to form and
context the proposed Bogle Flats Unit Agreement, Eddy County,
New Mexico.

Very truly yours,
Murray E. Morgan
Commissioner of Public Lands

By: 
Ted Bilberry, Supervisor
Oil and Gas Department

MEM/MMR/mr

cc;:OCC-Santa Fe, N. M.

Attn Mr. E. J. Fischer

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 4, 1959

Mr. S. B. Christy
Hervey, Dow & Hinkle
P.O. Box 547
Roswell, New Mexico

Dear Mr. Christy:

We enclose two copies of Order R-1344 issued in Case 1607 and Order R-1345 issued in Case 1608. Both of these orders are dated March 2, 1959 and were issued as a result of an examiner hearing on February 25th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.