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DEC -1 1961

U. S. GEOLOGICAL SURVEY
BOZEMAN, MONTANA

CERTIFICATION - DETERMINATION

14-08-0001 7919

Pursuant to the authority vested in the Secretary of the Interior as to Federal lands, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, I do hereby:

A. Approve the attached agreement for the development and operation of the West Lovington Unit Area, Lea County, 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.

William M. Hubert

Acting Director, United States Geological Survey

Dated DEC 28 1961

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO


WEST LOVINGTON UNIT

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated May 1, 1961, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 28th day of November 19 61.


Commissioner of Public Lands
of the State of New Mexico

ILLEGIBLE

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
WEST LOVINGTON UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO

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UNIT AGREEMENT
WEST LOVINGTON UNIT
LEA COUNTY, NEW MEXICO

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Exhibit "A" (Map of Unit Area)

Exhibit "B" (Schedule of Ownership)

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
WEST LOVINGTON UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of May, 1961, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "parties hereto",

WITNESSETH: That,

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943 as amended by Sec. 1 of Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 39, N.M.S. 1953 anno) 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 Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws of 1943, as amended by Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, N.M.S. 1953 anno) to amend with the approval of the lessee, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such unitized development and operation of State lands; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by law (Chap. 72, Laws of 1935, as amended by Chap. 193, Laws of 1937, Chap. 166, Laws of 1941, and Chap. 168, Laws of 1949) to approve this Agreement, and the conservation provisions hereof; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, (41 Stat. 437, as amended, 30 U.S.C. Sections 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 co-operative 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 parties hereto hold sufficient interests in the West Lovington Unit covering the Land hereinafter described to give reasonably effective control of operation therein; and

WHEREAS, it is the purpose of the parties hereto, to enable institution and consummation of secondary recovery operations, conserve natural resources, prevent waste and secure the 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 entire respective interests in the below defined Unit Area, and agree severally among themselves as follows:

SECTION 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 and 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 non-Federal 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 in which the non-Federal land is located, are hereby accepted and made a part of this Agreement.

SECTION 2. UNIT AREA AND DEFINITIONS: For the purpose of this Agreement, the following terms and expressions as used herein shall mean;

(a) "Unit Area" is defined as those lands specified on Exhibit "A" hereof, and such land is hereby designated and recognized as constituting the Unit Area; the lands described in said Exhibit "A" are described as follows, to-wit:

Township 16 South, Range 36 East, New Mexico Principal Meridian

Section 33: SW/4 SW/4

Township 17 South, Range 36 East, New Mexico Principal Meridian

Section 3: W/2 SW/4
Section 4: Lots 2, 3, 4, S/2 N/2, S/2
Section 5: Lots 1, 2, S/2 N/2, S/2
Section 6: SE/4 NE/4, SE/4 SW/4, SE/4
Section 7: Lots 1, 2, E/2 NW/4, NE/4, N/2 SE/4
Section 8: N/2, N/2 SW/4, NW/4 SE/4
Section 9: N/2 NW/4, NW/4 NE/4

containing 2,472.21 acres, more or less, in Lea County, New Mexico.

(b) "Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.

(c) "Commission" is defined as the Oil Conservation Commission of the State of New Mexico.

(d) "Director" is defined as the Director of the United States Geological Survey.

(e) "Secretary" is defined as the Secretary of the Interior of the United States of America.

(f) "Department" is defined as the Department of the Interior of the United States of America.

(g) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey.

(h) "Upper San Andres Formation" is defined and shall mean that heretofore established underground reservoir, the top of which is found at 4,727 feet, and the base of which is found at 5,160 feet, on the Gamma Ray log of Cities Service Petroleum Company's State of New Mexico "AU" Lease, Well No. 1, located in the NW/4 of the NW/4 of Section 10, T-17-S, R-36-E, insofar as the same lies within the Unit Area.

(i) "Unitized Formation" is defined as the portion of the Upper San Andres Formation effectively committed to this Agreement.

(j) "Unitized Substances" is defined as and shall mean all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquids or liquefiable hydrocarbons within or produced from the Unitized Formation.

(k) "Working Interest" is defined as the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership of mineral fee simple title, under an oil and gas lease, or otherwise held.

(l) "Working Interest Owner" is defined as and shall mean any party hereto owning a Working Interest, including a carried working interest owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise, which interest is chargeable with and obligated to pay or bear, either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing and producing the Unitized Substance from the Unitized Formation and operating thereof hereunder.

(m) "Royalty Interest" or "Royalty" is defined as an interest other than a Working Interest in or right to receive a portion of the Unitized Substances or the proceeds thereof and includes the royalty interest reserved by the lessor by an oil and gas lease and any overriding royalty interest, oil payment interest, net profit contracts, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(m) "Royalty Owner" is defined as and shall mean the owner of a Royalty Interest.

(n) "Unit Operating Agreement" is defined as and shall mean any agreement or agreements (whether one or more) entered into (separately or collectively) by and between the Unit Operator and the Working Interest Owners as provided in Section 10, infra, and shall be styled "Unit Operating Agreement, West Lovington Unit, Lea County, New Mexico".

(o) "Paying Quantities" is defined as production of Unitized Substances in quantities sufficient to pay for the cost of producing same from wells on the unitized land.

(p) "Unit Manager" is defined as the person or corporation appointed by the Working Interest Owners to perform the duties of the Unit Operator until the selection and qualification of a successor Unit Operator as provided for in Section 9 hereof.

(q) "Adjusted Cumulative Oil Production" is defined as that cumulative volume of oil produced and saved from each 40-acre spacing unit upon which a producing well has been completed prior to September 1, 1959, insofar as such production was reported to the Commission. For each 40-acre spacing unit upon which a well has not been completed or was completed subsequent to September 1, 1959, which are included within the Unit Area, "Adjusted Cumulative Oil Production" is defined as that value assigned to each of said spacing units by the Working Interest Owners.

(r) "Gross Acre Feet" is defined as the volume of Upper San Andres formation underlying each 40-acre spacing unit as determined by the Working Interest Owners.

(s) "Current Oil Production" is defined as that oil produced and saved during the first eight months of 1959, from each 40-acre spacing unit upon which a producing well was completed prior to September 1, 1959. For each 40-acre spacing unit upon which a well was completed subsequent to September 1, 1959, "Current Oil Production" is defined as eight times that oil produced and saved during the 30-day period after 60 days of oil production following completion.

(t) "Surface Acres" is defined as the number of acres committed to this Agreement based upon computations on the surface of the earth from courses and distances shown on the last approved public-land survey as of the effective date hereof.

(u) "Tract" means each parcel of land described as such and given a Tract number in Exhibit "B".

SECTION 3. EXHIBITS: Exhibit "A" attached hereto is a map showing, to the extent known to the Unit Operator, the Unit Area and the boundaries and identity of tracts and leases in said Unit Area. Exhibit "B" attached hereto is a schedule showing, to the extent known to the Unit Operator, the acreage comprising each tract, percentage ownership of each Working Interest Owner in each tract, and the percentage of participation each tract has 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 render such revision necessary, and at least two copies of such revision shall be filed with the Commissioner, and not less than six copies thereof shall be filed with the Supervisor.

SECTION 4. EXPANSION: The above described Unit Area may when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this Agreement to conform with the purposes of this Agreement. Such expansion shall be effected in the following manner:

(a) The Working Interest Owner or owners of a tract or tracts desiring to bring such tract or tracts into this Unit, shall file an application therefor with Unit Operator requesting such admission.

(b) Unit Operator shall circulate a notice to each Working Interest Owner of the proposed expansion, setting out the basis for admission, the unit participation to be assigned to such tract or tracts, and other pertinent data. After negotiation (at Working Interest Owners' meeting or otherwise) if 90 percent of the Working Interest Owners (on the basis of unit participation) have agreed to such tract or tracts being brought into the Unit, then Unit Operator shall:

(1) Prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefor, the basis for admission of the additional tract or tracts, the unit participation to be assigned thereto and the proposed effective date thereof, preferably the first day of a month subsequent to the date of notice; and

(2) Deliver copies of said notice to the Commissioner, the Director, each Working Interest Owner (mailing copy of such notice to the last known address of each such Working Interest Owner) and to the lessee and lessor whose interests are proposed to be committed, advising such parties that thirty (30) days will be allowed for submission to the Unit Operator of any objection to such proposed expansion; and

(3) File, upon the expiration of said thirty (30) day period as set out in (2) immediately above and provided that objections of not more than 10 percent of the Working Interest Owners have been filed thereto, with the Commissioner, Director and the Commission the following: (a) Comprehensive statement as to mailing such notice of expansion; (b) An application for such expansion; and (c) An instrument containing the appropriate joinders in compliance with the participation requirements of Section 14, infra.

The expansion shall, after due consideration of all pertinent information and upon approval by the Commissioner, the Director and the Commission, become effective as of the date prescribed in the notice thereof or on such other date as set by the Commissioner, the Director and the Commission in the order or instrument approving such expansion.

SECTION 5. CONTRACTION: When practicable, the Unit Area shall be contracted to exclude land not effectively committed to this Unit Agreement whenever such contraction is necessary or advisable to conform with the purposes of this Agreement. Such contraction should be effected in the following manner:

(a) Unit Operator, with concurrence of at least 80 percent of the Working Interest Owners, on the basis of unit participation, or on demand of the Director, or on demand of the Commissioner, after preliminary concurrence by the Director, shall prepare a notice of 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, Commission, and to the Commissioner, and copies thereof mailed to the last known address of each Working Interest Owner, lessee, and Royalty Owner 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, Commission, and the Commissioner, a comprehensive statement as to mailing of the notice of contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such contraction.

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

SECTION 6. UNITIZED LAND AND UNITIZED SUBSTANCES: All Unitized Substances in all of the hereinabove described and subsequently admitted land effectively committed to this Agreement, insofar only as the same may be found in the Unitized Formation, together with the surface rights of ingress and egress, are unitized under the terms of this Agreement and said land shall constitute land referred to herein as "Unitized Land" or "Land Subject to this Agreement"

Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any formation other than the Unitized Formation.

SECTION 7. UNIT OPERATOR: TEXACO Inc., a Delaware corporation, is hereby designated as Unit Operator, and by signing this instrument as Unit Operator it agrees and consents to accept the duties and obligations of Unit Operator for the operation, development and production of Unitized Substances as herein provided. Whenever reference is made

herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, and the term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of a Working Interest when such an interest is owned by it.

SECTION 8. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Commissioner and the Director, unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by 75 percent of the committed Working Interest Owners (on the basis of Unit participation) exclusive of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Commissioner and the Director.

In all such instances of effective resignation or removal, until a successor to Unit Operator is selected and approved as hereinafter provided, the Working Interest Owners shall be jointly responsible for the performance of the duties of the Unit Operator and shall, not later than thirty (30) days before such resignation or removal becomes effective, appoint a Unit Manager to represent them in any action to be taken hereunder.

The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the

resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, books, and records, materials, appurtenances and any other assets, used in conducting the Unit operations and owned by the Working Interest Owners (including any and all data and information which it might have gained or assembled by reason of its operation of the Unit Area) to the new duly qualified successor Unit Operator or to the Unit Manager if no such new Unit Operator is elected, to be used for the purpose of conducting Unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator who resigns or is removed hereunder for any liability or duties accruing or performable by it prior to the effective date of such resignation or removal.

SECTION 9. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall by affirmative vote of at least 65 percent of their voting interests, based upon the percentages of participation assigned to tracts in the Unit Area, select a successor Unit Operator, provided, however, that should any Working Interest Owner own a voting interest of more than 35 percent, the vote of said party shall not serve to disapprove the selection of a new Unit Operator approved by 80 percent or more of the voting interests of the remaining Working Interest Owners, and provided further that the Unit Operator shall not vote to succeed himself. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner and the Director. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the Commissioner and the Director, at their election, may declare this Agreement terminated.

SECTION 10. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: Costs and expenses incurred by Unit Operator in conducting Unit operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement.

Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other independent contracts and such other rights and obligations as between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Agreement, and in case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement, this Agreement shall prevail. Two true copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Commissioner and three true copies thereof shall be filed with the Supervisor, prior to approval of this Agreement.

SECTION 11. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 12. PLAN OF OPERATIONS: It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances in paying quantities and that the object and purpose of this Agreement is to formulate and to put into effect a secondary recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve

natural resources. The parties hereto agree that the Unit Operator may, subject to the consent and approval of a plan of operation by the Working Interest Owners, the Supervisor, the Commission, and the Commissioner, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil, liquefied petroleum gas, and any other substance or a combination of any of said substances, whether produced from the Unit Area or not, and that the location of input wells and the rates of injection therein and the rate of production shall be governed by standards of good geologic and petroleum engineering practices and conservation methods. After commencement of secondary operations, Unit Operator shall furnish the Commission, the Commissioner, and the Supervisor monthly, injection and production reports for each well in the Unit. The Working Interest Owners, the Supervisor, the Commission, and the Commissioner, shall be furnished periodical reports on the progress of the plan of operation and any revisions or changes thereto; provided however, that any major revisions of the plan of operation involving a basic deviation from the initial plan of operation shall be subject to the consent and approval of the Working Interest Owners, the Supervisor, the Commission, and the Commissioner.

The initial plan of operation shall be filed with the Supervisor, the Commission, and the Commissioner concurrently with the filing of this Unit Agreement for final approval. Said initial plan of operation and all revisions thereof shall be as complete and adequate as the Supervisor, the Commission, and the Commissioner may determine to be necessary for timely operation consistent herewith. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of operation.

Notwithstanding anything to the contrary herein contained, the Unit Operator shall commence secondary recovery operations on the Unit Area within six (6) months after the effective date of this Agreement, or any extension thereof approved by the Commission, the Commissioner and the Director, or this Agreement shall terminate automatically, in which latter event Unit Operator shall notify all interested parties. After such operations are commenced, Unit Operator shall carry on such operations as would a reasonably prudent operator under the same or similar circumstances.

SECTION 13. TRACT PARTICIPATION: In Exhibit "B" attached hereto, there are listed and numbered the various tracts within the Unit Area and set forth opposite each tract is a figure which represents the percentage of participation allocated to each tract in the Unit Area calculated on 100 percent ^{tract}/commitment. The participation percentage of each tract was determined as follows:

$$\begin{aligned} \text{Percentage Participation of Each Tract} &= 50\% \left(\frac{\text{Tract Adjusted Cumulative Oil Production}}{\text{Unit Area Adjusted Cumulative Oil Production}} \right) \text{ plus} \\ &\quad 25\% \left(\frac{\text{Tract Gross Acre Feet}}{\text{Unit Area Gross Acre Feet}} \right) \text{ plus} \\ &\quad 15\% \left(\frac{\text{Tract Surface Acres}}{\text{Unit Area Surface Acres}} \right) \text{ plus} \\ &\quad 10\% \left(\frac{\text{Tract Current Oil Production}}{\text{Unit Area Current Oil Production}} \right) \end{aligned}$$

However, if the Unit Agreement is approved with less than 100 percent tract commitment, said participation percentage shall be revised to fit the commitment status as of the effective date hereof, and thereafter, as needed pursuant to Section 15 (Allocation of Unitized Substances).

SECTION 14. TRACTS QUALIFIED FOR UNIT PARTICIPATION: On and after the effective date hereof the tracts within the Unit Area which shall be entitled to participation in the production of Unitized Substances therefrom shall be those tracts within the Unit Area and more particularly described in said Exhibit "B" that are qualified as follows:

(a) Each and all of those tracts as to which Working Interest Owners owning 100% of the Working Interest in said tract and Royalty Owners owning 100% of the Royalty Interest in said tract have subscribed, ratified or consented to this Agreement; and

(b) Each and all of those tracts as to which Working Interest Owners owning not less than 95% of the Working Interest therein and Royalty Owners owning not less than 75% of the Royalty Interest therein have executed this Agreement, and in which the Working Interest Owners in said tract who have executed this Agreement have agreed to indemnify and hold harmless all other parties hereto, in a manner satisfactory to 85% of the Working Interest Owners qualified under (a), against any and all claims and demands that may be made by the nonjoining Working Interest Owners or Royalty Owners, or both, on account of the commitment and joinder of such tract to the Unit Agreement, and operation thereof under such conditions on the basis herein provided, and as to which 85% of the Working Interest Owners qualified under (a), exclusive of the Working Interest Owner submitting such tract, have approved the commitment of such tract to this Unit Agreement.

If, on the effective date of this Agreement, there is any tract or tracts which have not been effectively committed to or made subject to this Agreement by qualifying as above provided, then such tract or tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this Agreement for final approval by the Commissioner and the Director, file therewith a schedule of those tracts which have been committed and made subject to this Agreement and are entitled to participate in the production from the Unit Area hereunder. Said schedule shall set forth opposite each such committed tract the lease number and assignment number, the owner of record of the lease, and the percentage participation of such tract which shall be computed according to the participation formula set out in Section 13 (Tract Participation) above. This schedule of participation shall be a part of Exhibit "B" and upon approval thereof by the Commissioner and the Director shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until a new schedule is filed and approved by the Commissioner and the Director.

SECTION 15. ALLOCATION OF UNITIZED SUBSTANCES: All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices on unitized land for drilling, operating, camp, and other production or development purposes and for pressure maintenance or unavoidable loss) shall be apportioned among and allocated to the committed tracts within the Unit Area in accordance with the respective tract participation effective hereunder during the respective periods such Unitized Substances were produced, as set forth in the schedule of participation in Exhibit "B". The amount of Unitized Substances so allocated to each tract, and only that amount, (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such tract) shall, for all intents, uses and purposes, be deemed to have been produced from such tract.

The Unitized Substances allocated to each tract shall be distributed among, or accounted for to the parties executing, consenting to or

ratifying this Agreement entitled to share in the production from such tract in the same manner, in the same proportions, and upon the same conditions, as they would have participated and shared in the production from such tracts, or in the proceeds thereof, had this Agreement not been entered into; and with the same legal force and effect.

No tract committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances, and nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the joinder of any tract.

If the Working Interest and the Royalty Interest in any tract are divided with respect to separate parcels or portions of such tract and owned severally by different persons, the percentage participation assigned to such tract shall, in the absence of a recordable instrument executed by all owners and furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

The Unitized Substances allocated to each tract shall be delivered in kind to the respective Working Interest Owners and parties entitled thereto by virtue of the ownership of oil and gas rights therein or by purchase from such owners. Each Working Interest Owner and the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose on unitized land, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Subject to Section 16 hereof, any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party receiving the same in kind. In the event any party hereto shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unit Area currently as and when produced, then so long as such conditions continue, Unit Operator, for the account and at the expense of such party and in order to avoid curtailing the operation of the Unit

Area, may sell or otherwise dispose of such production to itself or others on a day-to-day basis at not less than the prevailing market price in the area for like production, and the account of such party shall be charged therewith as having received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, shall be responsible for the payment of all Royalty on the lease or leases and tracts contributed by it and received into the Unit, and each such party shall hold each other party hereto harmless against all claims, demands and causes of action for such Royalty on the lease or leases and tracts contributed by it and received into the unitized land.

If, after the effective date of this Agreement, there is any tract or tracts that are subsequently committed hereto, as provided in Section 4 (Expansion) hereof, or any tract or tracts within the Unit Area not committed hereto as of the effective date hereof but which are subsequently committed hereto under the provisions of Section 31 (Nonjoinder and Subsequent Joinder), or if any tract is excluded from the Unit Area as provided for in Section 30 (Loss of Title), the schedule or participation as shown in Exhibit "B", subject to Section 13 (Tract Participation) or Section 31 (Nonjoinder and Subsequent Joinder), whichever is appropriate, shall be revised by the Unit Operator and distributed to the Working Interest Owners, the Commissioner, and the Director to show the new percentage participation of all the then effectively committed tracts; and the revised schedule, upon approval by the Commissioner and the Director, shall govern all the allocation of production from and after the effective date thereof until a new schedule is filed and approved by the Commissioner and the Director.

SECTION 16. ROYALTY SETTLEMENT: The State of New Mexico and the United States of America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the substances pro-

duced from any tract unitized hereunder, shall continue to be entitled to such right to take in kind their share of the Unitized Substances allocated to such tract, and Unit Operator shall make deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for Royalty Interest not taken in kind shall be made by Working Interest Owners responsible therefor under existing contracts, laws and regulations, on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any Royalty due under their leases, except that such Royalty shall be computed in accordance with the terms of this Unit Agreement.

If gas obtained from lands not subject to this Agreement is introduced into the Unitized Formation, for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan approved pursuant to Section 12 (Plan of Operations), a like amount of gas, less appropriate deductions for loss from any cause, may be withdrawn from the Unitized Formation, Royalty free as to dry gas but not as to the products extracted therefrom; provided such withdrawal shall be pursuant to such conditions and formulas as may be prescribed or approved by the Supervisor and the Commissioner; and provided further that such right of withdrawal shall terminate as of the effective date of termination of the Unit Agreement. If liquefied petroleum gases obtained from lands or formations not subject to this agreement be injected into the unitized land for the purpose of increasing ultimate recovery, which shall be in conformance with a plan first approved by the Supervisor and the Commissioner, part or all of such liquefied petroleum gases may be withdrawn royalty free pursuant to such conditions and formulas as may be prescribed or approved by the Supervisor and the Commissioner.

All Royalty due the State of New Mexico and the United States of America and the other Royalty Owners hereunder shall be computed and paid on the basis of all Unitized Substances allocated to the respective

tract or tracts committed hereto, in lieu of actual production from such tract or tracts.

Each Royalty Owner (other than the State of New Mexico and the United States of America) that executes this Agreement represents and warrants that it is the owner of a Royalty Interest in a tract or tracts within the Unit Area as its interest appears in Exhibit "B" attached hereto. If any Royalty Interest in a tract or tracts should be lost by title failure or otherwise in whole or in part, during the term of this Agreement, then the Royalty Interest of the party representing himself to be the owner thereof shall be reduced proportionately and the interest of all parties shall be adjusted accordingly.

SECTION 17. RENTAL SETTLEMENT: Rentals or minimum royalties due on leases committed hereto shall be paid by Working Interest Owners responsible therefor under existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof, due under their leases. Rental for lands of the State of New Mexico subject to this Agreement shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or minimum royalty for lands of the United States of America subject to this Agreement shall be paid at the rate specified in the respective leases from the United States of America, unless rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 18. CONSERVATION: Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to Federal and State laws and regulations.

SECTION 19. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from unitized land by wells on land not subject to this Agreement.

SECTION 20. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for

oil or gas on lands committed to this Agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Commissioner, respectively, shall and by their approval hereof, or by the approval hereof by their duly authorized representatives, do hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this Agreement.

Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this Agreement, regardless of whether there is any development of any particular part of tract of the Unit Area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling, producing or secondary recovery operations performed hereunder upon any tract of unitized lands shall be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Commissioner and the Supervisor or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized lands.

(d) Each lease, sublease, or contract relating to the exploration, drilling, development or operation for oil and gas which by its terms might expire prior to the termination of this Agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the term of this Agreement.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this Agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such land remains committed hereto, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this Agreement, prior to the end of the primary term of such lease and are being diligently prosecuted

at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

(f) Any lease embracing lands of the State of New Mexico, which is made subject to this Agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(g) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto, shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. Provided, however, that notwithstanding any of the provisions of this Agreement to the contrary, such lease shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease if oil or gas is, or has heretofore been, discovered in paying quantities on some part of the lands embraced in such lease committed to this Agreement or, so long as a portion of the Unitized Substances produced from the Unit Area is, under the terms of this Agreement, allocated to the portion of the lands covered by such lease committed to this Agreement, or, at any time during the term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the Unit Operator is then engaged in bona fide drilling, reworking, or secondary recovery operations on any part of the lands embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so long as such operations are diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

(h) The segregation of any Federal lease committed to this Agreement is governed by the following provisions in the fourth paragraph of Sec. 17(b) of said Act of February 25, 1920, as amended by the Act of July 29, 1954, (68 Stat. 583, 585): "Any (Federal) lease hereafter committed to any such plan (unit) embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization; provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

SECTION 21. MATHEMATICAL ERRORS: It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical errors which might exist in the pertinent exhibits to this Agreement upon approval of the Commissioner, the Director, and the Working Interest Owners.

SECTION 22. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer or conveyance of

interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

SECTION 23. EFFECTIVE DATE AND TERM: This Agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of 7:00 o'clock a.m. of the first day of the month next following:

(a) The execution or ratification of this Agreement and the Unit Operating Agreement by Working Interest Owners owning a combined unit participation of at least 95 percent, and the execution or ratification of this Agreement by Royalty Owners owning a combined interest of at least 75 percent of the Royalty Interest, in said Unit Area; and

(b) The approval of this Agreement by the Commissioner, the Secretary or his duly authorized representative, and the Commission.

If (a) and (b) above are not accomplished on or before January 1, 1963, this Agreement shall ipso facto terminate on said date (hereinafter called "termination date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined unit participation of at least ninety (90%) percent, and the Working Interest Owners owning a combined unit participation of at least ninety (90%) percent committed to this Agreement have decided to extend said termination date for a period not to exceed six (6) months (hereinafter called "extended termination date"). If said termination date is so extended and (a) and (b) are not accomplished on or before said extended termination date, this Agreement shall ipso facto terminate on said extended termination date and thereafter be of no further force or effect. For the purpose of this Section, ownership shall be computed on the basis of unit participation as determined from Exhibit "C" attached to the Unit Operating Agreement.

Unit Operator shall, within thirty (30) days after the effective date of this Agreement, file for record a certificate to the effect that this Agreement has become effective according to its terms and stating further the effective date and the location of the governmental agency offices where copies of this Agreement are filed.

The term of this Agreement shall be for and during the time that Unitized Substances are produced in paying quantities from the Unit Area and as long thereafter as drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, unless sooner terminated by Working Interest Owners in the manner hereinafter provided.

This Agreement may be terminated with the approval of the Commissioner and the Director by Working Interest Owners owning ninety (90%) percent unit participation whenever such Working Interest Owners determine that Unit operations are no longer profitable, feasible or in the interest of conservation. Notice of any such termination shall be given by Unit Operator to all parties hereto.

Upon termination of this Agreement, the further development and operation of the Unit Area as a Unit shall be abandoned, Unit operations shall cease, and thereafter the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate tracts.

If not otherwise covered by the leases unitized under this Agreement, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after termination of this Agreement in which to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit operations.

Section 24. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION: All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director and the Commissioner are hereby vested with authority to alter or modify from time to time, at their discretion, the rate of prospecting and development and within the limits made or fixed by the Commission to alter or modify the quantity and rate of production under this Agreement, such authority being hereby limited to alteration or modification in the

public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification.

Powers in this Section vested in the Director and the Commissioner shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen days from notice.

SECTION 25. FAIR EMPLOYMENT: In connection with the performance of work under this Agreement, the Unit Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Unit Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

The Unit Operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

SECTION 26. APPEARANCES: Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Commissioner, the Department, and the Commission, and to appeal from any order issued under the rules and regulations of the Commissioner, the Department, or the Commission, or to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Commissioner, the Department, or the Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceeding.

SECTION 27. NOTICES: All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or sent by postpaid certified mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party or parties may have furnished in writing to the party sending the notice, demand or statement.

SECTION 28. NO WAIVER OF CERTAIN RIGHTS: Nothing in this Agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or rules or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

SECTION 29. UNAVOIDABLE DELAY: All obligations under this Agreement requiring the Unit Operator to commence or continue secondary recovery operations or to operate on or produce Unitized Substances from any of the lands covered by this Agreement shall be suspended while, but only so long as the Unit Operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agency, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

SECTION 30. LOSS OF TITLE: In the event title to any tract of unitized land shall fail so as to render the tract inoperable under this Agreement and the true owner cannot be induced to join this Unit Agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any Royalty, Working Interest or other interest

subject thereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to State or Federal land or leases, no payments of funds due the State of New Mexico or the United States of America shall be withheld, but such funds shall be deposited as directed by the Commissioner or the Supervisor (as the case may be), to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

SECTION 31. NONJOINDER AND SUBSEQUENT JOINDER: If the owner of any substantial interest in a tract within the Unit Area fails or refuses to subscribe, ratify, or consent in writing to this Agreement, the Working Interest Owner in that tract who has executed or ratified this Agreement may withdraw said tract from this Agreement by written notice to the Director, the Commissioner, and Unit Operator prior to the effective date of this Agreement. Joinder by any Royalty Owner, at any time, must be accompanied by appropriate joinder of the corresponding Working Interest Owner in order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to the Unit Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for such interest to be regarded as effectively committed to this Unit Agreement.

Any oil or gas interest in the lands in the Unit Area not committed hereto prior to submission of this Agreement to the Commissioner and the Director for final approval may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for Unit Participation) hereof, at any time up to the effective date hereof and for a period to and including six (6) months thereafter, on the same basis of participation as provided in said Section 14, by the owner or owners thereof subscribing, ratifying, or consenting in writing to this Agreement and, if the interest is a Working Interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that from and after six (6) months from the effective date hereof the right of subsequent joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by ninety (90%) percent of the Working Interest Owners (based upon percentage participation in the Unit Area). Such joinder by a proposed Working Interest Owner must be evidenced by his execution or ratification of this Agreement and the Unit Operating Agreement. Such joinder by a proposed Royalty Owner must be evidenced by his execution, ratification or consent of this Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such proposed Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective at 7:00 a.m. as of the first day of the month following the filing with the Commissioner and the Supervisor of duly executed counterparts of any and all documents necessary to establish effective commitment of any tract or interest to this Agreement, unless objection to such joinder by the Commissioner or the Director is duly made within sixty (60) days after such filing.

SECTION 32. COUNTERPARTS: This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described Unit Area.

SECTION 33. TAXES: Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby

expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to the United States or to the State of New Mexico, nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 34. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the Working Interest Owners, nor any of them, shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provisions thereof to the extent that the said Unit Operator or the Working Interest Owners, or any of them, are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto and the Commission agree that all powers and authority vested in the Commission in and by any provisions of this Agreement are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

SECTION 35. LIMITATION OF APPROVALS: Notwithstanding anything herein contained to the contrary, if no Federal lands are committed to this Agreement, then no consents or approvals provided herein shall be required of the Department, the Secretary, the Director, or the Supervisor, and it shall not be necessary to file any instrument hereunder with said officers or agencies unless and until Federal lands are so committed to this Agreement; likewise, if no State lands are committed to this Agreement, then no consents or approvals provided herein shall be

required of the Commissioner, and it shall not be necessary to file any instrument hereunder with said officer unless and until State lands are so committed to this Agreement.

SECTION 36. OIL PAYMENT RESERVATION: Notwithstanding any other provisions of this Agreement to the contrary, each Working Interest Owner reserves unto itself and expressly excepts from the provisions and effects of this Agreement, those certain reservations described in the Oil Reversion Agreement executed by Working Interest Owners simultaneously with their execution of this Unit Agreement, all in accordance with the terms and provisions of such Oil Reservation Agreement which sets out in detail the agreement of Working Interest Owners with respect to the reservations herein made.

It is further understood and agreed, however, that the rights and interests of Royalty Owners, as herein set out, shall in no manner be affected or altered by such reservations and exceptions by Working Interest Owners or by the provisions and terms of said Oil Reservation Agreement, and such reservations and exceptions shall not alter or affect the tract participation assigned to each tract listed and described in Exhibit "B".

SECTION 37. NO PARTNERSHIP: It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this Agreement contained, expressed or implied, or any operations conducted hereunder, shall create or be deemed to create a partnership or association between the parties hereto or any of them.

SECTION 38. OIL IN LEASE TANKAGE ON EFFECTIVE DATE: Unit Operator shall make a proper and timely gauge of all lease and other tanks within the Unit Area in order to ascertain the amount of merchantable oil in such tanks, above the pipe line connections, as of 7:00 A.M. on the effective date hereof. All such oil as is a part of the prior allowable of the well or wells from which the same was produced shall be and remain the property of the Working Interest Owners entitled thereto the same as if the Unit had not been formed, and such Working Interest Owners shall promptly remove said oil from the Unit Area. Any such oil not so removed may be sold by the Unit Operator for the account of such Working Interest Owners, subject to the payment of all Royalty to Royalty Owners under the terms and provisions of the applicable lease or leases and other contracts. All such oil and gas as is in excess of the prior allowable of the well or wells from which the same was produced shall be regarded and treated the same as Unitized Substances produced after the effective date hereof.

If, as of the effective date hereof, any tract is overproduced with respect to the allowable of the well or wells on that tract and the amount of such overproduction has been sold or otherwise disposed of, such overproduction shall be regarded and included as a part of the Unitized Substances produced after the effective date hereof and the amount thereof charged to such tract as having been delivered to the persons entitled to Unitized Substances allocated to such tract.

SECTION 39. PERSONAL PROPERTY EXCEPTED: All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands subject to this Agreement shall be deemed to be and shall remain personal property belonging to and may be removed by the Working Interest Owners (subject to the provisions of Section 12). The rights and interests therein as among Working Interest Owners are covered by the Unit Operating Agreement.

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

TEXACO Inc.

Date: _____

By _____
Attorney-in-Fact
UNIT OPERATOR AND WORKING INTEREST
OWNER.

ATTEST:

Secretary

Date: _____

By _____

ATTEST:

Secretary

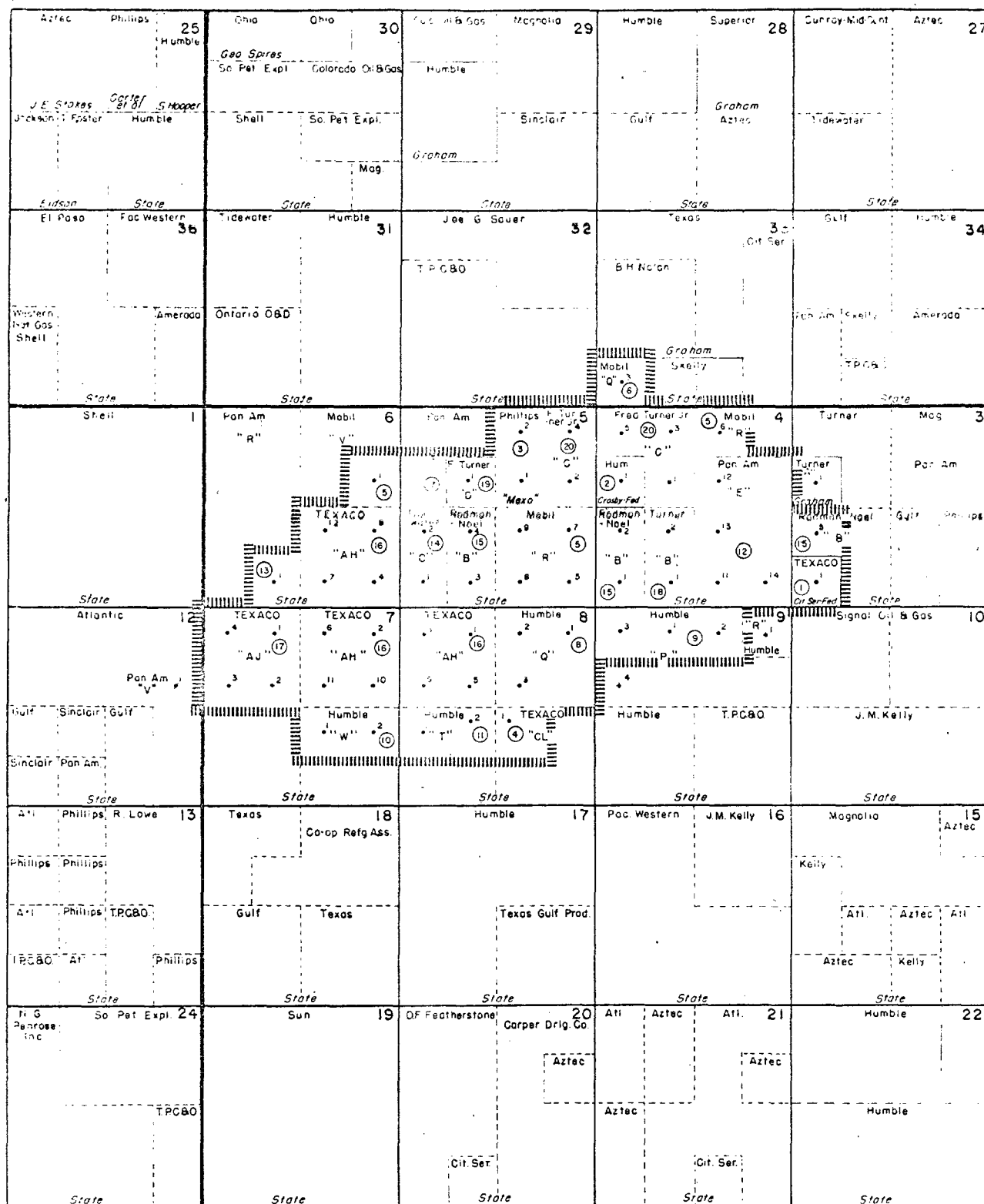
Date: _____

By _____

WORKING INTEREST OWNERS

R-35-E

R-36-E



FEDERAL LEASES

NM-020491
LC- 062383

STATE LEASES

B-8197 B-9042 B-10639-1
B-3009 B-1553 B-10639-2
E-620 B-10639 B-4119-8
B-2894 B-4119-4
B-4704 B-4120-1
B-7016 B-4287-1
B-8291 B-4286

EXHIBIT "A"

WEST LOVINGTON UNIT AREA
LEA COUNTY NEW MEXICO

LEGEND

Unit Boundary
Tract Number

• PRODUCING OIL WELL
* ABANDONED PRODUCING WELL
+ DRY HOLE

SCALE
2000 4000



EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP

Tract Number	Description	No. of Acres	Serial No. & Date of Lease or Application	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty and Percentage	Percent	
							Working Interest & Percentage	Participation of Tract In Unit
FEDERAL LAND								
1	T-17-S, R-36-E Sec. 3: SW/4 SW/4	40.00	NM-020491 10-1-55	USA 12½%-25%	TEXACO Inc.	None	TEXACO Inc. 100%	1.231759
2	T-17-S, R-36-E Sec. 4: SW/4 NW/4	40.00	LC-062383 1-1-44	USA 12½%-25%	Humble Oil & Refining Co.	None	Humble Oil & Refining Co. 100%	1.391611
STATE LAND								
3	T-17-S, R-36-E Sec. 5: Lot 2, SW/4 NE/4	79.47	B-8197 6-10-39	State 12½%	Phillips Petroleum Co.	None	Phillips Petroleum Co. 100%	1.934709
4	T-17-S, R-36-E Sec. 8: NW/4 SE/4	40.00	E-620-1 11-10-45	State 12½%	TEXACO Inc.	None	TEXACO Inc. 100%	2.210701
5	T-17-S, R-36-E Sec. 4: NW/4 NE/4 Sec. 5: SE/4 Sec. 6: SE/4 NE/4	239.42	B-3009 6-11-34	State 12½%	Magnolia Petroleum Co.	None	Socony Mobil Oil Co., Inc. 100%	11.164471
6	T-16-S, R-36-E Sec. 33; SW/4 SW/4	40.00	B-2894 5-10-34	State 12½%	Magnolia Petroleum Co.	None	Socony Mobil Oil Co., Inc. 100%	0.662646
7	T-17-S, R-36-E Sec. 5: SW/4 NW/4	40.00	B-10639-2 9-10-43	State 12½%	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%	0.884786
8	T-17-S, R-36-E Sec. 8: NE/4	160.00	B-4704 8-10-35	State 12½%	Humble Oil & Refining Co.	None	Humble Oil & Refining Co. 100%	7.740718

EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP

Tract Number	Description	No. of Acres	Serial No. & Date of Lease or Application	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest & Percentage	Percent Participation of Tract in Unit
9	T-17-S, R-36-E Sec. 9: N/2 NW/4, NW/4 NE/4	120.00	B-7016 5-11-37	State 12½%	Humble Oil & Refining Co.	None	Humble Oil & Refining Co. 100%	5.696457
10	T-17-S, R-36-E Sec. 7: N/2 SE/4	80.00	B-8291 8-10-39	State 12½%	Humble Oil & Refining Co.	None	Humble Oil & Refining Co. 100%	2.256003
11	T-17-S, R-36-E Sec. 8: N/2 SW/4	80.00	B-9042 3-10-41	State 12½%	Humble Oil & Refining Co.	None	Humble Oil & Refining Co. 100%	2.498771
12	T-17-S, R-36-E Sec. 4: S/2 NE/4, SE/4	240.00	B-1553 12-27-32	State 12½%	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%	9.933178
13	T-17-S, R-36-E Sec. 6: SE/4 SW/4	40.00	B-10639 9-10-43	State 12½%	Pan American Petroleum Corp.	None	Pan American Petroleum Corp. 100%	1.739149
14	T-17-S, R-36-E Sec. 5: W/2 SW/4	80.00	B-4119-4 4-10-35	State 12½%	Tidewater Oil Company	None	Tidewater Oil Company 100%	3.918039
15	T-17-S, R-36-E Sec. 3: NW/4 SW/4 Sec. 4: W/2 SW/4 Sec. 5: E/2 SW/4	200.00	B-4119-8 4-10-35	State 12½%	E. G. Rodman, None Rodman-Noel Oil Corp., M.T. Johnson		E. G. Rodman Rodman-Noel Oil Corp., M.T. Johnson 100%	8.622167
16	T-17-S, R-36-E Sec. 6: SE/4 Sec. 7: NE/4 Sec. 8: NW/4	480.00	B-4120-1 4-10-35	State 12½%	TEXACO Inc.	None	TEXACO Inc. 100%	19.248866

EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP

Tract Number	Description	No. of Acres	Serial No. & Date of Lease or Application	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest & Percentage	Percent Participation of Tract in Unit
17	T-17-S, R-36-E Sec 7: Lots 1, 2, E/2 NW/4	154.79	B-4287-1 5-10-35	State 12 $\frac{1}{2}$ %	TEXACO Inc.	None	TEXACO Inc. 100%	5.715138
18	T-17-S, R-36-E Sec. 4: E/2 SW/4	80.00	B-4119 4-10-35	State 12 $\frac{1}{2}$ %	Fred Turner, Jr. None		Fred Turner, Jr 100%	5.227079
19	T-17-S, R-36-E Sec 5: SE/4 NW/4	40.00	B-10639-1 9-10-43	State 12 $\frac{1}{2}$ %	Fred Turner, Jr	Pan American Petroleum Corporation 5.48875%	Fred Turner, Jr. 100%	1.137029
20	T-17-S, R-36-E Sec. 4: Lots 3, 4, SE/4 NW/4 Sec. 5: Lot 1, SE/4 NE/4	198.53	B-4286 5-10-35	State 12 $\frac{1}{2}$ %	Fred Turner, Jr.	The Ohio Oil Co. 6.25%	Fred Turner, Jr. 100%	6.786723

EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP

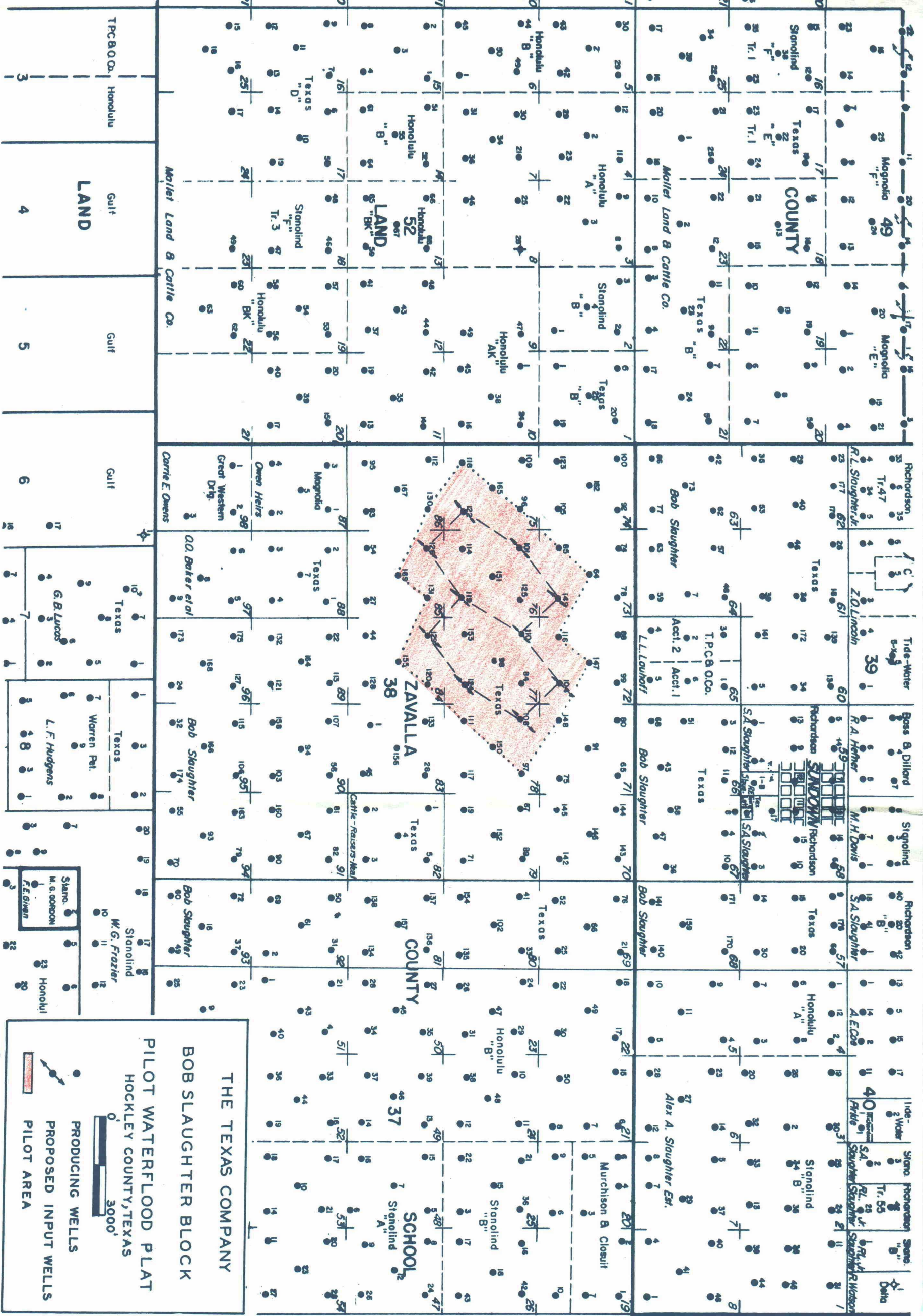
<u>RECAPITULATION OF ACRES</u>		
Federal Land	80.00 acres	3.236% of the unit area
State Land	<u>2,392.21 acres</u>	<u>96.764%</u> of the unit area
Total	2,472.21 acres	100.000%

<u>RECAPITULATION OF UNIT PARTICIPATION</u>		
Humble Oil & Refining Company		19.583560%
Pan American Petroleum Corporation		12.557113%
Phillips Petroleum Company		1.934709%
E. G. Rodman, Rodman-Noel Oil Corporation,		
M. T. Johnson		8.622167%
Socony Mobil Oil Company, Inc.		11.827117%
TEXACO Inc.		28.406464%
Tidewater Oil Company		3.918039%
Fred Turner, Jr.		<u>13.150831%</u>
Total		100.000000%

WELLS TO BE CONVERTED TO INJECTION
WEST LOVINGTON POOL
LEA COUNTY, NEW MEXICO

<u>Company</u>	<u>Lease and Well No.</u>	<u>Unit</u>	<u>S.T.R.</u>
Humble	State "P" #2	B	9-17-36✓
Humble	State "P" #3	D	9-17-36✓
Humble	State "Q" #2	B	8-17-36✓
Humble	State "T" #1	L	8-17-36✓
Humble	State "W" #1	J	7-17-36✓
Pan American	State "E"-20 #13	J	4-17-36✓
Phillips	Mexico #2	B	5-17-36✓
Rodman-Noel	State "B" #2	L	4-17-36✓
Rodman-Noel	State "B" #5	L	3-17-36✓
Mobil	State "R" #6	B	4-17-36✓
Mobil	State "R" #9	J	5-17-36✓
TEXACO	State "AH" #3	D	8-17-36✓
TEXACO	State "AH" #6	B	7-17-36✓
TEXACO	State "AH" #12	J	6-17-36✓
TEXACO	State "AJ" #4	D	7-17-36✓
TEXACO	State N. M. "CL" #1	J	8-17-36✓
Tidewater	State "O" #2	L	5-17-36
Turner	State "C" #5	D	4-17-36

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 10
CASE NO. 2385



Area 385 - EX. 22

INJECTION WELL COMPLETION DATA
WEST LOVINGTON POOL
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 12

CASE NO. 2385

Operator and Lease	Well No.	Total Depth	Completion Interval	Surface Casing			Intermediate Casing			Production Casing		
				Size	Depth	Sacks Cement	Size	Depth	Sacks Cement	Size	Depth	Sacks Cement
Humble	State "P"	2	5062	10-3/4"	315	160	8-5/8"	1980	550	5-1/2"	5162	500
	State "P"	3	5098	10-3/4"	322	210	7-5/8"	1980	600	5-1/2"	5100	400
	State "Q"	2	5083	10-3/4"	301	210	7-5/8"	1993	650	5-1/2"	5099	400
	State "T"	1	5098	10-3/4"	311	350	7-5/8"	1922	950	5-1/2"	4732	1000
	State "W"	1	5110	10-3/4"	312	225	7"	2005	1000	5-1/2"	4735	1175
Pan American	State "E"-20	13	5120	13"	250	250	8-5/8"	2001	600	5-1/2"	4645	500
Phillips	Mexico	2	5100	13-5/8"	280	250	8-5/8"	2045	200	5-1/2"	4720	250
Rodman-Noel	State "B"	2	5103	13-3/8"	306	190	8-5/8"	1955	125	5-1/2"	4703	150
	State "B"	5	4875PB	13-3/8"	301	180	8-5/8"	2011	150	5-1/2"	4705	150
Mobil	State "R"	6	5102	13-5/8"	297	300	8-5/8"	1985	200	5-1/2"	4740	200
	State "R"	9	5102	13-5/8"	296	200	8-5/8"	2000	200	5-1/2"	4700	200
TEXACO Inc.	State "AH"	3	5153	13-3/8"	219	200	8-5/8"	1987	200	7"	4720	200
	State "AH"	6	5155	13-3/8"	220	250	8-5/8"	1982	150	5-1/2"	4715	200
	State "AH"	12	5120	13-3/8"	259	250	8-5/8"	1950	150	5-1/2"	4747	450
	State "AJ"	4	5120	13-3/8"	268	210	8-5/8"	1950	450	5-1/2"	4740	450
	State "CL"	1	5080				8-5/8"	1978	150	5-1/2"	4747	200
Tidewater	State "O"	2	5150	13"	280	200	8-5/8"	1998	300	5-1/2"	4749	400
Turner	State "C"	5	5100	12-1/2"	285	200	8-5/8"	2040	200	5-1/2"	4749	400

PROPOSED WEST LOVINGTON UNIT
PARTICIPATION FACTORS
Lea County, New Mexico

Tract	Adjusted Cum. Prod. (9-1-59) Barrels	Adjusted Cum. Prod. Percent	Gross Acre-Ft. Percent	Surface Acre-Ft. Percent	Current Rate Prod., 1st 8 Mo. 1959, Bbls.	Current Rate Percent	Participation Factor*
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Humble							
Crooby "P"	91,953	1.319535	15,800	1.601836	40	1.617986	1.391611
State "P"	444,663	6.380962	47,840	4.850117	120	4.853956	5.696457
State "Q"	451,951	6.485545	50,160	5.085323	120	4.853956	6.230472
Loc. SE/4 NE/4,							
Sec. 8	120,000	1.722013	16,040	1.626168	40	1.617986	1.510246
State "Q"	123,604	1.773731	29,760	3.017130	80	3.235971	2.498771
State "W"	91,332	1.310624	30,320	3.094180	80	3.235971	2.256003
Company Total	1,323,503	18.992410	190,120	19.274754	480	19.415886	19.583560

Mobil							
State "Q"	9,641	0.138349	13,280	1.346353	40	1.617986	0.662646
State "R"	809,628	11.618249	82,033	8.316673	199.42	8.066466	10.417946
State "V"	14,813	0.212568	13,800	1.399072	40	1.617986	0.746525
Company Total	834,082	11.969166	109,113	11.062098	279.42	11.302438	11.827117

Pan American							
State "R"	570,402	8.185330	66,680	6.760154	160	6.471940	7.573183
Loc. NE/4 SE/4,							
Sec. 4	80,000	1.148009	17,280	1.751882	40	1.617986	1.254672
Loc. SE/4 NE/4							
Sec. 4	63,000	0.904057	16,200	1.642389	40	1.617986	1.105323
State "R"	127,905	1.835450	15,160	1.530952	40	1.617986	1.739149
Loc. SW/4 NW/4,							
Sec. 5	40,600	0.582614	13,840	1.403127	40	1.617986	0.884786
Company Total	881,907	12.655460	129,160	13.094504	320	12.943884	12.557113

Phillips							
Mexco	89,959	1.290921	29,138	2.954070	79.47	3.214533	1.934709
Rodman-Moel							
State "B"	630,654	9.049953	83,320	8.447152	200	8.089928	8.622157

Texaco Inc.							
State "CL"	150,316	2.157051	15,320	1.553173	40	1.617986	2.210701
State "AH"	1,369,178	19.547851	195,560	19.826272	480	19.415886	19.248866
State "AJ"	367,323	5.271124	62,573	6.343778	154.79	6.261199	5.712138
Cities Service							
Federal	55,000	0.789256	16,520	1.674831	40	1.617986	1.231759
Company Total	1,941,817	27.865282	289,973	29.398054	714.79	28.912397	28.406464

Tidewater							
State "O"	288,476	4.139662	32,800	3.325331	80	3.235971	3.918039
Fred Turner							
State "B"	419,263	6.016469	34,160	3.463210	80	3.235971	5.227079
State "G"	496,110	7.119232	74,104	7.512815	198.53	8.030456	6.786723
State "D"	62,818	0.901445	14,480	1.469012	40	1.617986	1.137029
Company Total	978,191	14.037146	122,744	12.444037	318.53	12.884423	13.150831

FIELD TOTAL 6,968,589 100.000000 986,368 100.000000 2,472.21 100.000000 109,261 100.00000 100.00000

* Based on a formula of 50 per cent adjusted cumulative production (9-1-59) plus 25 per cent gross acre-feet plus 15 per cent surface acres plus 10 per cent current rate (first eight months, 1959).

RECAPITULATION

Federal Acreage	146,953	2.108791	32,320	3.275667	80	3.235972	2,889	2.644127	2.623370
State Acreage	6,821,635	97.891209	954,048	96.723333	2,392.21	96.764028	106,372	97.355873	97.376630
	6,968,589	100.000000	986,368	100.000000	2,472.21	100.000000	109,261	100.000000	100.000000

BEFORE EXAMINER NUTTER

CIL CONSERVATION COMMISSION

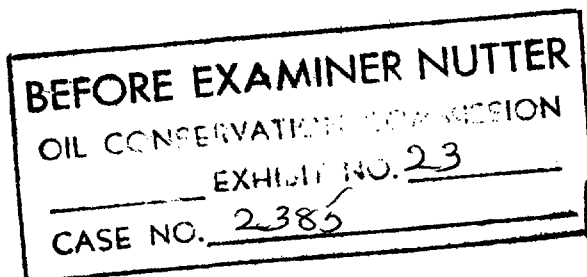
EXHIBIT NO. 4

CASE NO. 2380

50/0 26/1
25/10

FIELD CHARACTERISTICS

	<u>West Lovington</u>	<u>Slaughter</u>
Formation	San Andres	San Andres
Depth	4750'	4965'
Average Net Pay Thickness	46'	40'
Average Porosity	8.4 per cent	13.0 per cent
Average Permeability	86.5 md.	8.5 md.
Water Saturation	25 per cent	30 per cent
API Gravity of Crude	34°	32°
Initial Pressure	1800 psi	1720 psi
Type of Drive	Solution Gas	Solution Gas



WELLS TO BE CONVERTED TO INJECTION
WEST LOVINGTON POOL
LEA COUNTY, NEW MEXICO

<u>Company</u>	<u>Lease and Well No.</u>	<u>Unit</u>	<u>S.T.R.</u>
Humble	State "P" #2	B	9-17-36
Humble	State "P" #3	D	9-17-36
Humble	State "Q" #2	B	8-17-36
Humble	State "T" #1	L	8-17-36
Humble	State "W" #1	J	7-17-36
Pan American	State "E"-20 #13	J	4-17-36
Phillips	Mexico #2	B	5-17-36
Rodman-Noel	State "B" #2	L	4-17-36
Rodman-Noel.	State "B" #5	L	3-17-36
Mobil	State "R" #6	B	4-17-36
Mobil	State "R" #9	J	5-17-36
TEXACO	State "AH" #3	D	8-17-36
TEXACO	State "AH" #6	B	7-17-36
TEXACO	State "AH" #12	J	6-17-36
TEXACO	State "AJ" #4	D	7-17-36
TEXACO	State N. M. "CL" #1	J	8-17-36
Tidewater	State "O" #2	L	5-17-36
Turner	State "C" #5	D	4-17-36

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 10
CASE NO. 2385

PROPOSED WEST LIVINGSTON UNIT
PARTICIPATION FACTORS
Lea County, New Mexico

Tract	Adjusted Cum. Prod. (9-1-59) Barrels	Adjusted Cum. Prod. Percent	Gross Acre-Ft. Percent	Gross Acre-Ft. Percent	Surface Acres	Surface Acres Percent	Current Rate Prod., 1st 8 Mo. 1959, Pbls. Percent	Current Rate Percent	Participation Factor*
Humble									
Crook "P"	91,953	1.319535	15,800	1.601836	40	1.617986	969	0.885867	1.391611
State "Q"	444,663	6.380362	47,840	4.850117	120	4.853956	6,177	5.653435	5.696457
State "R"	451,951	6.485945	50,160	5.085323	120	4.853956	10,798	9.882758	6.230472
Loc. SE 1/4 NE 1/4,									
Sec. 8	120,000	1.722013	16,040	1.626168	40	1.617986	--	--	1.510246
State "T"	123,604	1.773731	29,760	3.017130	80	3.235971	4,067	3.722280	2.495771
State "V"	91,332	1.310524	30,520	3.094180	80	3.235971	3,734	3.417505	2.255603
Company Total	1,323,503	18.992410	190,120	19.274754	480	19.415826	25,745	23.552045	19.555550
Mobil									
State "Q"	9,641	0.135349	13,280	1.346353	40	1.617986	155	0.141862	0.652646
State "R"	809,628	11.618249	82,033	8.315673	199.42	8.068466	14,419	13.196841	10.417945
State "V"	14,813	0.212568	13,800	1.399072	40	1.617986	522	0.477755	0.745825
Company Total	834,082	11.969166	109,113	11.062093	279.42	11.302438	15,096	13.816458	11.271117
Pan American									
State "R"	570,402	8.185330	66,680	6.760154	160	6.471940	8,956	8.196885	7.573183
Loc. NE 1/4 SE 1/4,									
Sec. 4	80,000	1.148009	17,280	1.751882	40	1.617986	--	--	1.254572
Loc. SE 1/4 NE 1/4									
Sec. 4	63,000	0.904057	16,200	1.642389	40	1.617986	--	--	1.105323
State "R"	127,905	1.835450	15,160	1.536952	40	1.617986	2,125	1.944885	1.739149
Loc. SW 1/4 NW 1/4,									
Sec. 5	40,600	0.582614	13,840	1.403127	40	1.617986	--	--	0.884795
Company Total	881,907	12.555450	129,160	13.094504	320	12.943884	11,081	10.141771	12.557113
Phillips									
Waco	89,959	1.290921	29,138	2.954070	79.47	3.214533	749	0.685515	1.934709
Rodman-Noel									
State "B"	630,654	9.049953	83,320	8.447152	200	8.089928	8,434	7.719131	8.622167
Texaco Inc.									
State "CL"	150,316	2.157051	15,320	1.553173	40	1.617986	5,476	5.011952	2.210701
State "AH"	1,369,178	19.647651	195,560	19.826272	480	19.415826	17,001	15.559988	19.248856
State "AJ"	367,323	5.271124	62,573	6.343778	154.79	6.261199	6,058	5.544522	5.715138
Cities Service									
Federal	55,000	0.789256	16,520	1.674831	40	1.617986	1,920	1.757260	1.231759
Company Total	1,941,817	27.865282	289,973	29.398054	714.79	28.912997	30,455	27.873622	28.466404
Tidewater									
State "O"	288,476	4.139662	32,800	3.325331	80	3.235971	5,807	5.314797	3.918039
Fred Turner									
State "B"	419,263	6.015459	34,150	3.463210	80	3.235971	9,480	8.576472	5.227079
State "C"	496,110	7.119232	74,104	7.512815	198.53	8.034466	1,577	1.443333	6.785723
State "D"	62,818	0.901445	14,480	1.468012	40	1.617986	837	0.765056	1.137029
Company Total	978,191	14.037146	122,744	12.444637	318.53	12.884423	11,894	10.885861	13.150831
FIELD TOTAL	6,958,589	100.000000	986,368	100.000000	2,472.21	100.000000	109,261	100.000000	100.000000

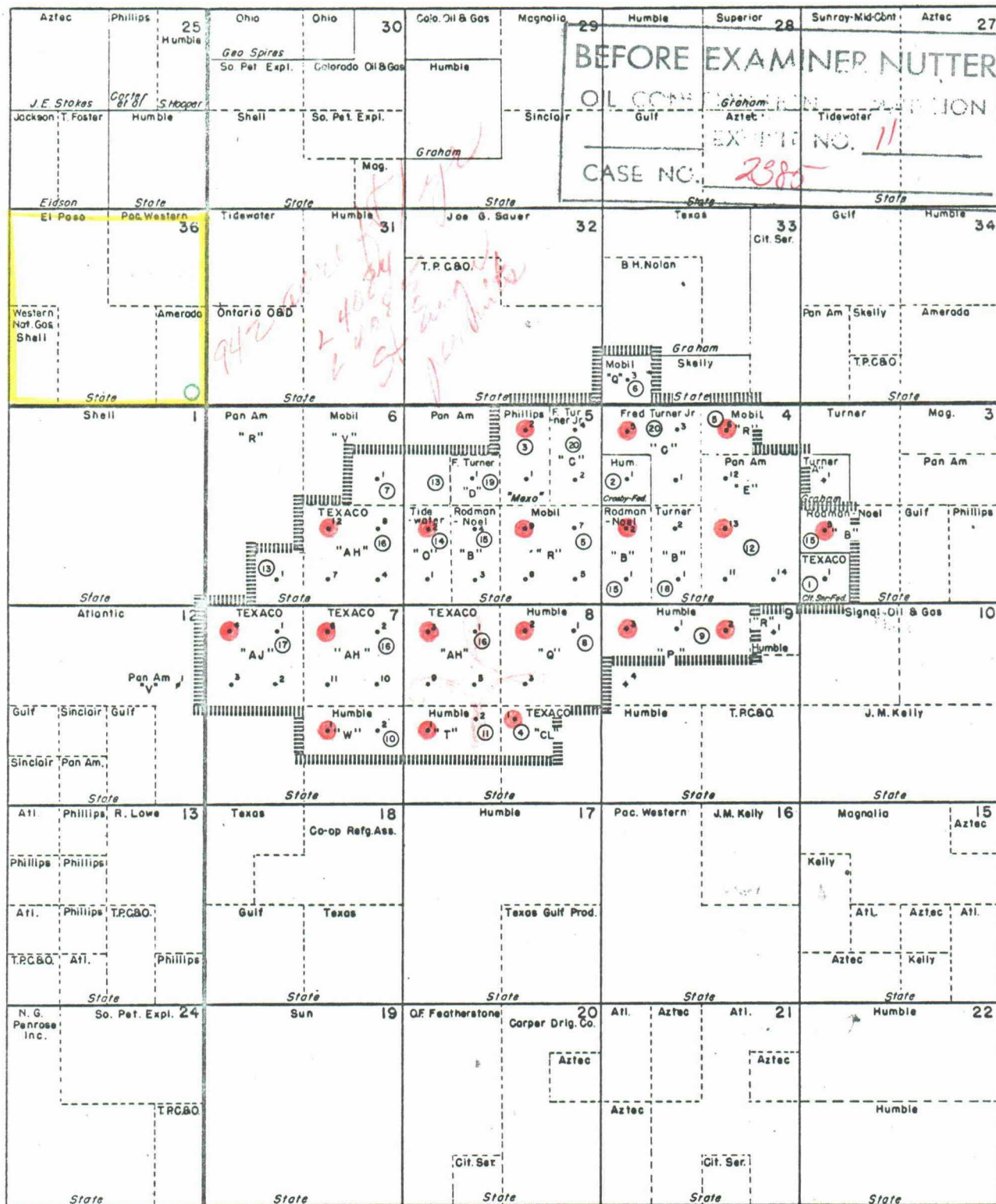
* Based on a formula of 50 per cent adjusted cumulative production (9-1-59) plus 25 per cent gross acre-feet plus 15 per cent surface acres plus 10 per cent current rate (first eight months, 1959).

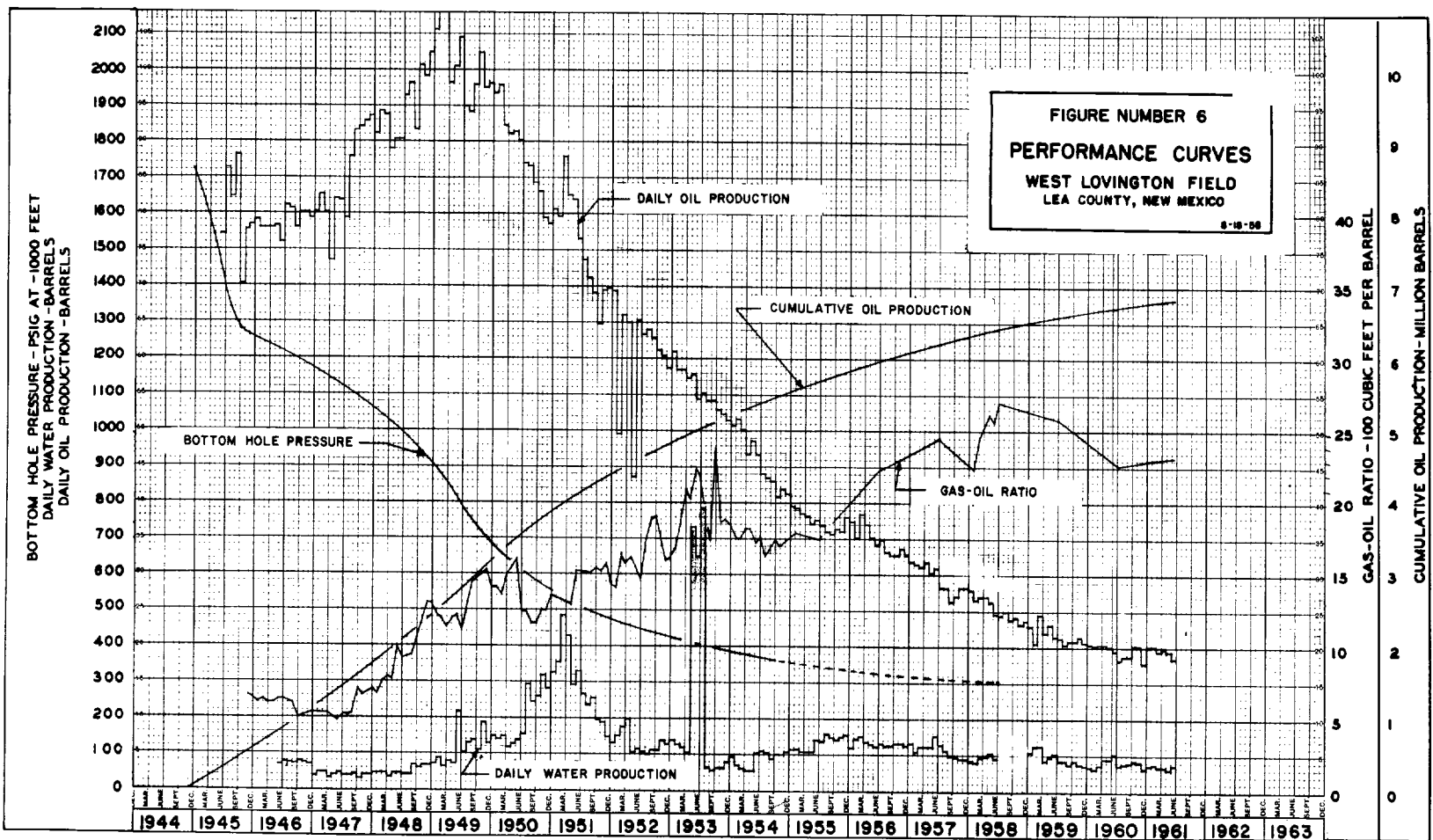
RECAPITULATION

Federal Acreage	146,953	2.108791	32,320	3.276667	80	3.235972	2,889	2.644127	2.623370
State Acreage	6,821,636	97.891209	954,048	96.723333	2,392.21	96.764028	106,372	97.355273	97.376630
	6,968,589	100.000000	986,368	100.000000	2,472.21	100.000000	109,261	100.000000	100.000000

R-35-E

R-36-E

T
16
ST
17
S

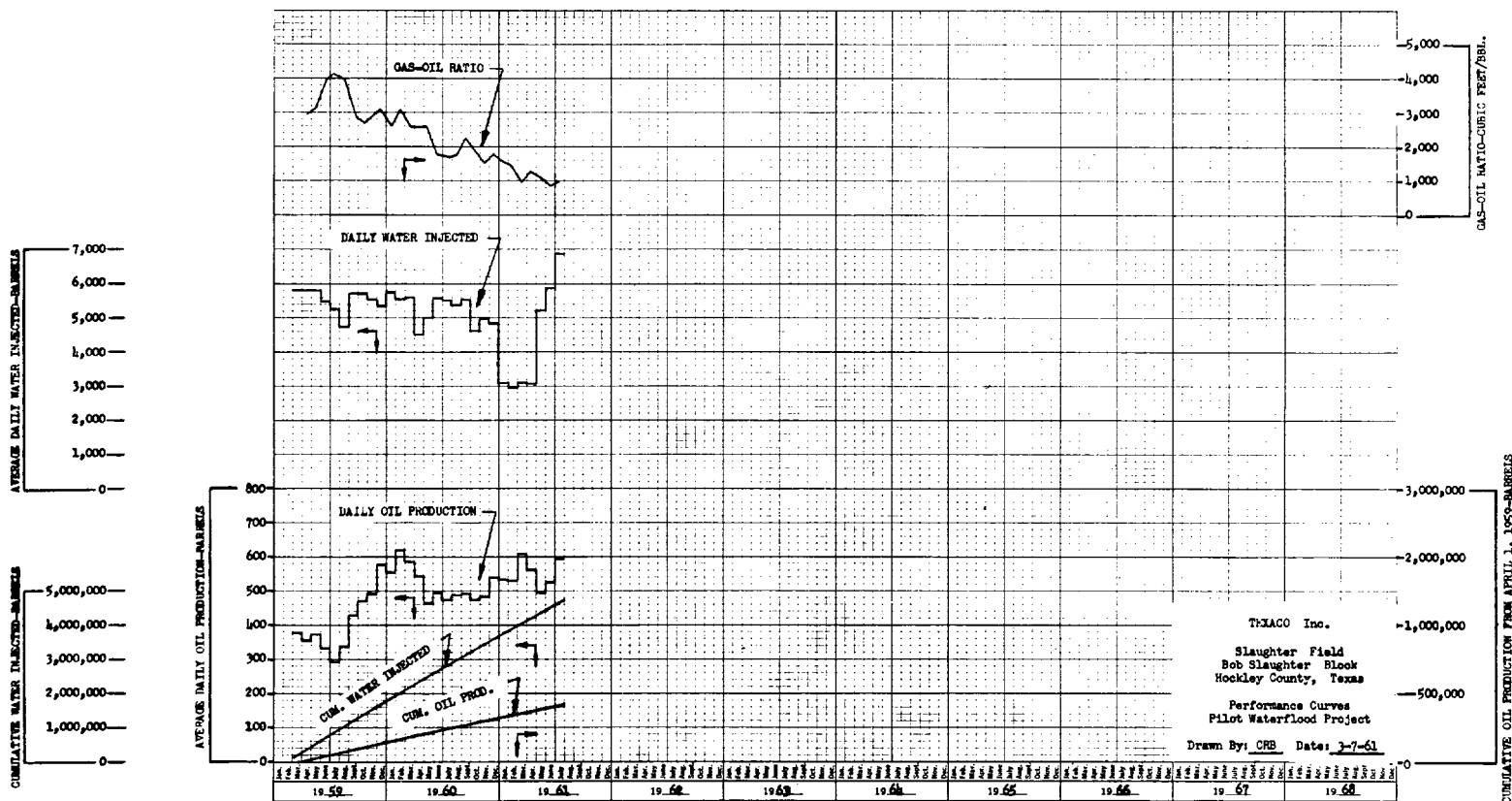


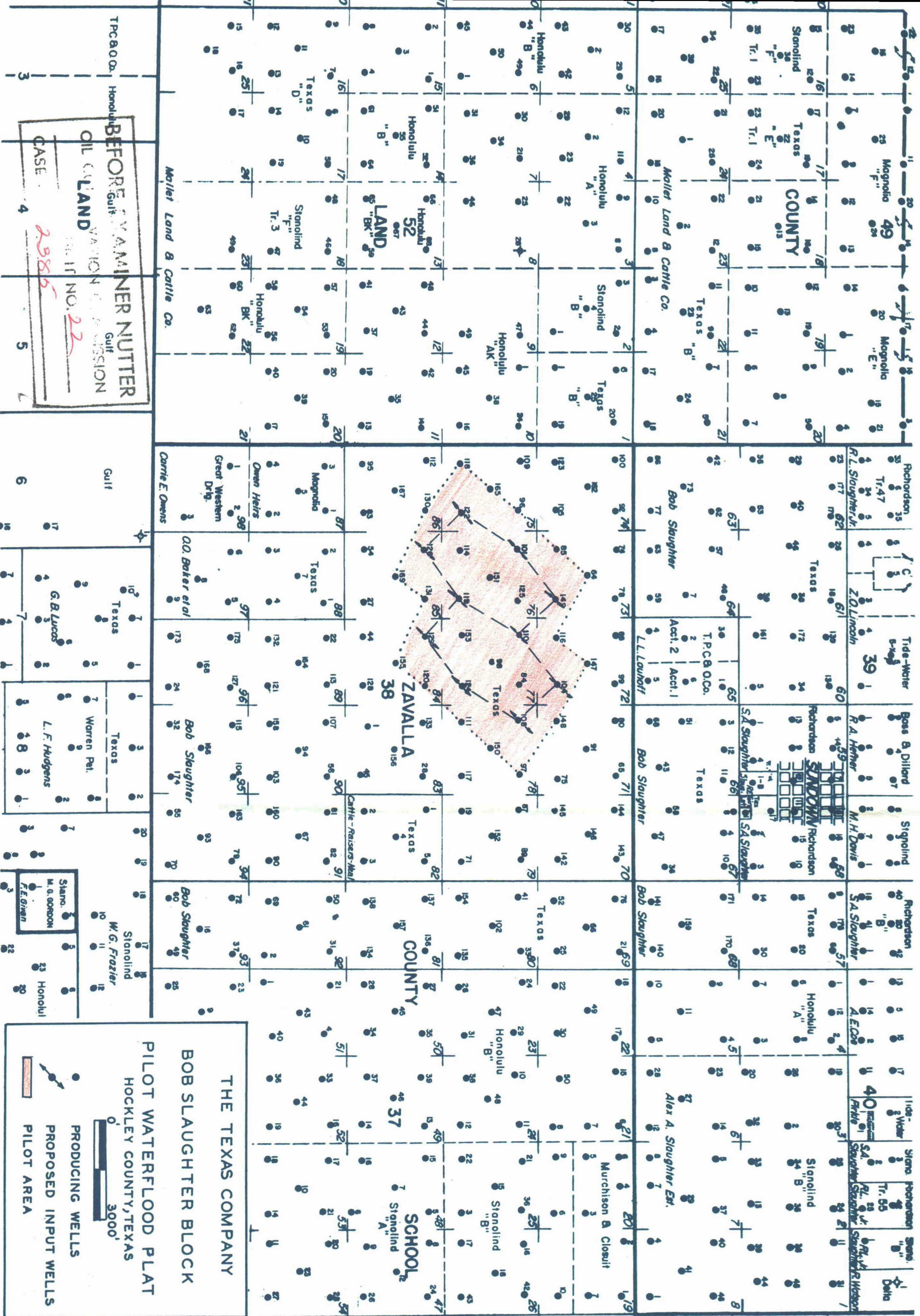
BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 9

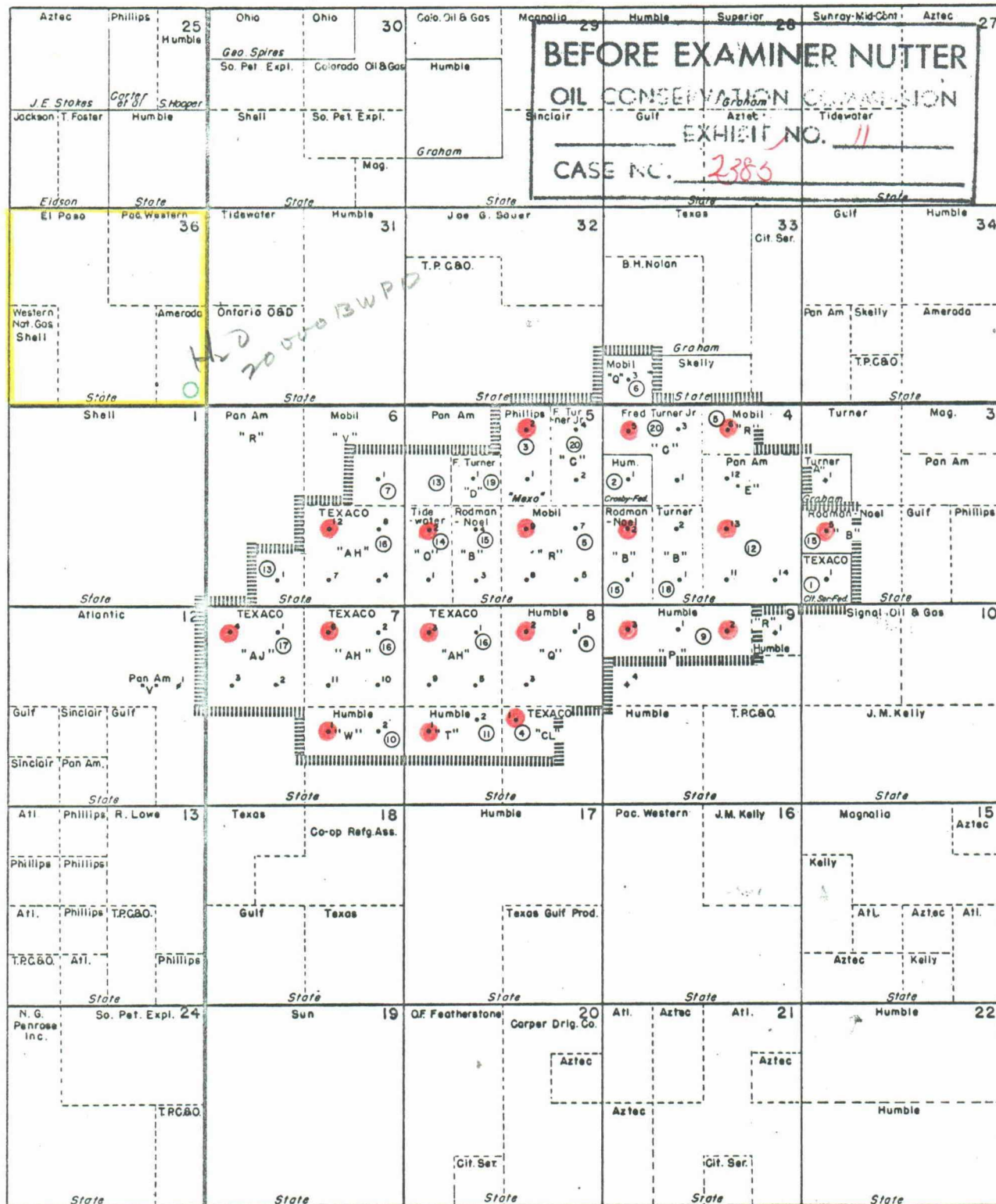
CASE NO. 2985





R-35-E

R-36-E

T
16
ST
17
SFEDERAL LEASESNM-020491
LC-062383STATE LEASES

B-8197 B-9042
 B-3009 B-1553
 E-620 B-10639
 B-2894 B-4119
 B-4704 B-4120-I
 B-7016 B-4287-I
 B-8291 B-4286

EXHIBIT "A"

WEST LOVINGTON UNIT AREA
LEA COUNTY NEW MEXICO

- Injector Well
- Water Supply Well
- PRODUCING OIL WELL
- ✕ ABANDONED PRODUCING WELL
- ✕ DRY HOLE

SCALE
 0 2000 4000

LEGEND

- ▬ Unit Boundary
- ⑩ Tract Number



AREA TO BE DESIGNATED TO UNIT
WEST LOVINGTON POOL
LEA COUNTY, NEW MEXICO

Township 16 South, Range 36 East
New Mexico Principal Meridian

Section 33: SW/4 SW/4

Township 17 South, Range 36 East
New Mexico Principal Meridian

Section 3: W/2 SW/4
Section 4: Lots 2, 3, 4, S/2 N/2, S/2
Section 5: Lots 1, 2, S/2 N/2, S/2
Section 6: SE/4 NE/4, SE/4 SW/4, SE/4
Section 7: Lots 1, 2, E/2 NW/4, NE/4, N/2 SE/4
Section 8: N/2, N/2 SW/4, NW/4 SE/4
Section 9: N/2 NW/4, NW/4 NE/4

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>2</u>
CASE NO. <u>2380</u>

INJECTION WELL COMPLETION DATA
WEST LOVINGTON POOL
LEA COUNTY, NEW MEXICO

Operator and Lease	Well No.	Total Depth	Completion Interval	Surface Casing			Intermediate Casing			Production Casing		
				Size	Depth	Sacks Cement	Size	Depth	Sacks Cement	Size	Depth	Sacks Cement
Humble	State "P"	5062	4710-5100	10-3/4"	315	160	8-5/8"	1980	550	5-1/2"	5162	500
	State "P"	5098	4735-5085	10-3/4"	322	210	7-5/8"	1980	600	5-1/2"	5100	400
	State "Q"	5083	4730-5060	10-3/4"	301	210	7-5/8"	1993	650	5-1/2"	5099	400
	State "T"	5098	5048-5098	10-3/4"	311	350	7-5/8"	1922	950	5-1/2"	4732	1000
	State "W"	5110	4735-5108	10-3/4"	312	225	7"	2005	1000	5-1/2"	4735	1175
Pan American	State "E"-20	5120	4645-5120	13"	250	250	8-5/8"	2001	600	5-1/2"	4645	500
Phillips	Mexico	5100	4720-5100	13-5/8"	280	250	8-5/8"	2045	200	5-1/2"	4720	250
Rodman-Noel	State "B"	5103	4691-5103	13-3/8"	306	190	8-5/8"	1955	125	5-1/2"	4703	150
	State "B"	4875PB	4698-4875	13-3/8"	301	180	8-5/8"	2011	150	5-1/2"	4705	150
Mobil	State "R"	5102	4740-5102	13-5/8"	297	300	8-5/8"	1985	200	5-1/2"	4740	200
	State "R"	5102	4678-5102	13-5/8"	296	200	8-5/8"	2000	200	5-1/2"	4700	200
TEXACO Inc.	State "AH"	5153	4720-5153	13-3/8"	219	200	8-5/8"	1987	200	7"	4720	200
	State "AH"	5155	4715-5155	13-3/8"	220	250	8-5/8"	1982	150	5-1/2"	4715	200
	State "AH"	5120	4747-5120	13-3/8"	259	250	8-5/8"	1950	150	5-1/2"	4747	450
	State "AJ"	5120	4740-5130	13-3/8"	268	210	8-5/8"	1950	450	5-1/2"	4740	450
	State "CL"	5080	4747-5080	13-3/8"			8-5/8"	1978	150	5-1/2"	4747	200
Tidewater	State "O"	5150	4746-5150	13"	280	200	8-5/8"	1998	300	5-1/2"	4749	400
Turner	State "C"	5100	4749-5100	12-1/2"	285	200	8-5/8"	2040	200	5-1/2"	4749	400

INJECTION WELL COMPLETION DATA
WEST LOVINGTON POOL
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 12
CASE NO. 2385

Operator and Lease	Well No.	Total Depth	Completion Interval	Surface Casing			Intermediate Casing			Production Casing		
				Size	Depth	Sacks Cement	Size	Depth	Sacks Cement	Size	Depth	Sacks Cement
Humble	State "P"	5062	4710-5100	10-3/4"	315	160	8-5/8"	1980	550	5-1/2"	5162	500
	State "P"	5098	4735-5085	10-3/4"	322	210	7-5/8"	1980	600	5-1/2"	5100	400
	State "Q"	5083	4730-5060	10-3/4"	301	210	7-5/8"	1993	650	5-1/2"	5099	400
	State "T"	5098	5048-5098	10-3/4"	311	350	7-5/8"	1922	950	5-1/2"	4732	1000
	State "W"	5110	4735-5108	10-3/4"	312	225	7"	2005	1000	5-1/2"	4735	1175
Pan American	State "E"-20	5120	4645-5120	13"	250	250	8-5/8"	2001	600	5-1/2"	4645	500
Phillips	Mexico	5100	4720-5100	13-5/8"	280	250	8-5/8"	2045	200	5-1/2"	4720	250
Rodman-Noel	State "B"	5103	4691-5103	13-3/8"	306	190	8-5/8"	1955	125	5-1/2"	4703	150
	State "B"	4875PB	4698-4875	13-3/8"	301	180	8-5/8"	2011	150	5-1/2"	4705	150
Mobil	State "R"	5102	4740-5102	13-5/8"	297	300	8-5/8"	1985	200	5-1/2"	4740	200
	State "R"	5102	4678-5102	13-5/8"	296	200	8-5/8"	2000	200	5-1/2"	4700	200
TEXACO Inc.	State "AH"	5153	4720-5153	13-3/8"	219	200	8-5/8"	1987	200	7"	4720	200
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	State "AH"	5120	4747-5120	13-3/8"	259	250	8-5/8"	1950	150	5-1/2"	4747	450
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	State "CL"	5080	4747-5080	13-3/8"			8-5/8"	1978	150	5-1/2"	4747	200
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