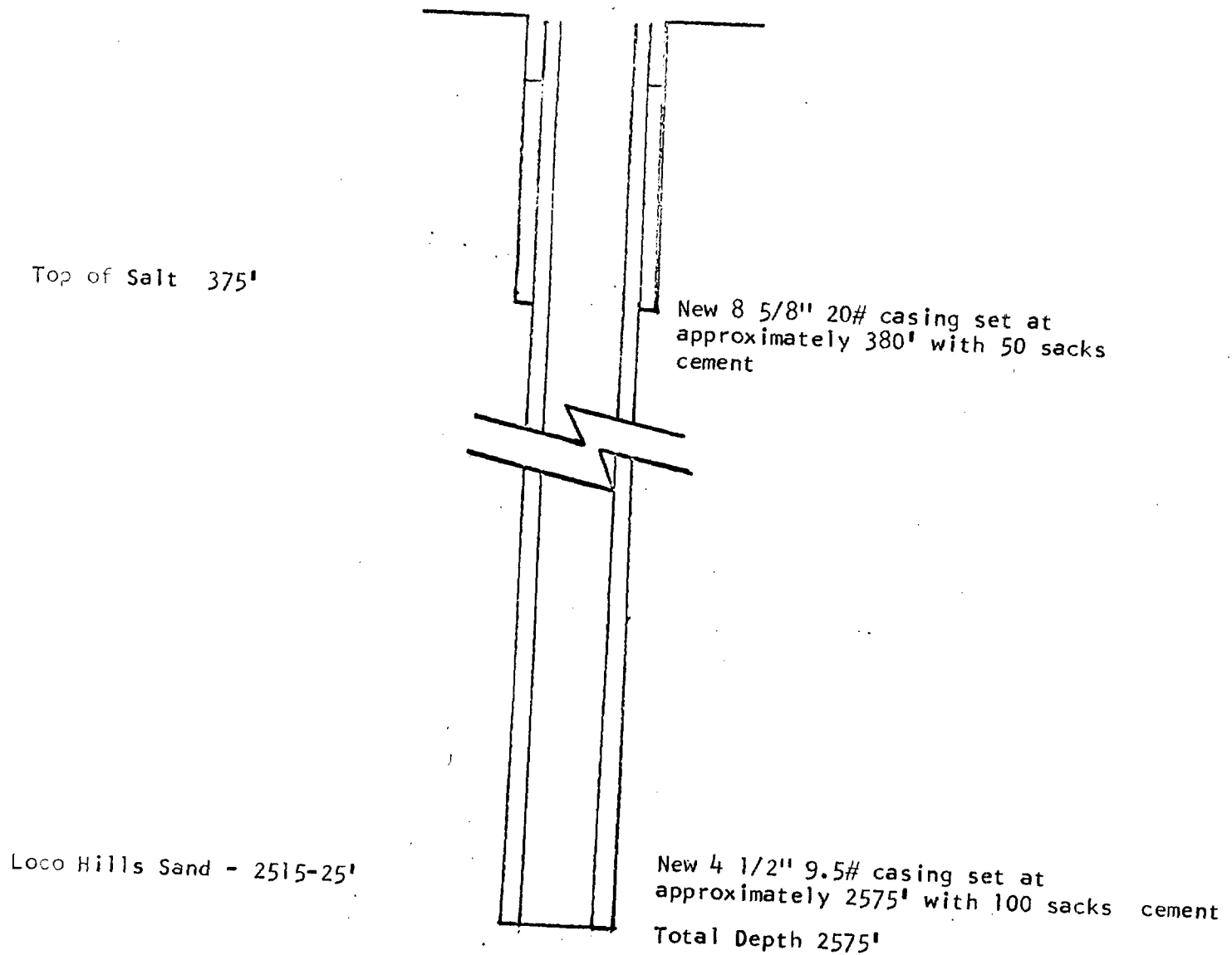


WEST LOCO HILLS UNIT
Well No. 43-3
1960' FSL & 1310 FEL Section 4-T-18S-R-29E
Eddy County, New Mexico



BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

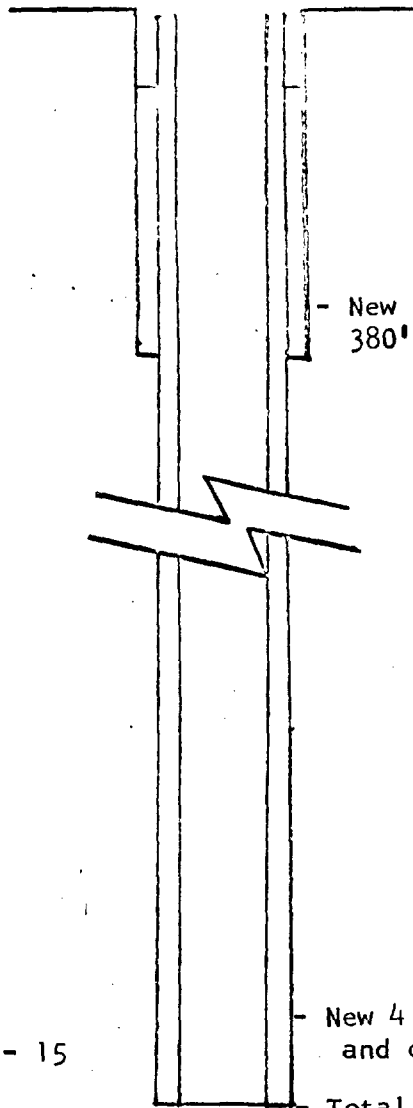
EXHIBIT NO. 3a

CASE NO. 3983

1325' East Line

WEST LOCO HILLS UNIT
Well No. 19B-6
10' FNL & 1320' FEL Section 9-T-18S-R-29E
Eddy County, New Mexico

Top of Salt @ 375'



Loco Hills Sand Zone 2505' - 15'

Water to be injected down casing through perforations at approximately 2505-15'

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	36-
CASE NO.	3983

WEST LOCO HILLS UNIT
Well No. 8B-6
1310' FNL & 10' FWL Section 15-T18S-R-29E
Eddy County, New Mexico

Top of Salt - - 340'

New 8-5/8" 20# casing set at
345' with 50 sacks of cement

Loco Hills Sand Zone 2537-47'

New 4 1/2" 9.5# casing set at 2600'
with 100 sacks cement

Total Depth 2600'

Water to be injected down casing through perforations at 2537-47'

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 3e

CASE NO. 3983

EXHIBIT "A"

TO COOPERATIVE WATERFLOOD AGREEMENT BETWEEN
NEWMONT OIL COMPANY AND ANADARKO PRODUCTION
COMPANY

ANADARKO PRODUCTION COMPANY LEASES

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY	RECORD LESSEE	WORKING INTEREST OWNER AND PERCENTAGE	OVERRIDING ROYALTY OWNERSHIP	PERCENTAGE TRACT PARTICIPATION
1	S/2 NE/4 Section 4 T18S, R29E	80	LC 058579 HBP	12.5% to 32.0%-Oil 12.5% to 16 2/3%-Gas Company	Depco, Inc. and Husky Oil Husky Oil Company	Depco, Inc. (Operator)- Husky Oil Company	50% Banner Oil Co. 5.0000% (Below 2860')	2.248336
2	NW/4 NE/4 and SW/4 NW/4 Section 16 T18S, R29E	80	OG-5359-1 4-21-69	State of New Mexico 12.5%	T. J. Sivley and John H. Trigg	Anadarko Production Company (Surface to 4,000')	100% Lonnie Kemper et ux - 1/16 of 8/8 on Oil increasing to 1/8 of 8/8 after 25,000 barrels prod- uced. 1/8 of 8/8 on Gas.	6.106848
8	W/2 SE/4; E/2 SW/4 Section 4-T18S, R29E	160	Fee Land HBP		Anadarko Production Company	Anadarko Production Company (Surface to 3220')	100%	21.695397
10	N/2 SW/4 Section 9 T18S, R29E	80	Fee Land HBP	J. L. Langford 10.9375% C. R. Baldwin 1.5625%	Gordon M. Cone and J. U. Cone Trustee for Douglas, Clifford, Thomas, Cathie and Kenneth Cone Trusts	Gordon M. Cone J. U. Cone-Trustee for Douglas, Clifford, Thomas, Cathie and Kenneth Cone Trusts.	50% None	13.080328

TO COOPERATIVE WATERFLOOD AGREEMENT BETWEEN
NEWMONT OIL COMPANY AND AMADARKO PRODUCTION
COMPANY

TRACT NO.	DESCRIPTION	ACRES	LEASE NO.,		RECORD LESSEE AND PERCENT	OVERRIDING ROYALTY AND PERCENT		WORKING INTEREST OWNERS AND PERCENT		PERCENTAGE TRACT PARTICIPATION	
			DATE	BASIC ROYALTY							
8-B	N/2 NW/4, Sec. 15, T18S, R29E	80	LC-056014 5-10-39 Step scale		Graridge Corp. Julia Brainard (6) 50.00 50.00 <u>100.00</u>	50.00	Olin F. Featherstone	10.00	Graridge Corp. Clyde Guy & Sons, Inc. Kate G. Lowrey Julia Brainard (6) <u>100.00</u>	50.00 12.50 12.50 25.00 <u>100.00</u>	1.1161
19-B	NE/4 Section 9, T18S, R29E	160	NM-02426 5-10-39 Step scale		J. Cleo Thompson, Sr.	All	Ballard E. Spencer Trust, Inc. Delhi-Taylor Oil Corporation	1.5000000 5.4687500	J.Cleo Thompson, Sr. J.Cleo Thompson, Jr. L.G.M. Company (4) <u>100.00000</u>	33.333334 33.33333 33.33333 <u>100.00000</u>	3.2616
43	E/2 SE/4 Sec. 4, T18S, R29E	80	(Fee) H. H. Herren H. G. Watson Oliver H. Smith, Jr. Geo. L. Reese, Jr. J. R. Cone B. A. Bowers Leona L. Stagner A. L. Cone <u>12.5000000</u>		Fair Oil Co.	All	None		R. W. Fair James W. Fair Wilton H. Fair Richard L. Ray Gus W. Arnold Buren W. Williams Bright & LaRue Corporation <u>100.00</u>	35.00 5.00 5.00 5.00 5.00 5.00 40.00 <u>100.00</u>	1.6379

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO. <u>2</u>	CASE NO. <u>3983</u>

COOPERATIVE WATERFLOOD AGREEMENT

THIS AGREEMENT, made and entered into by and between NEWMONT OIL COMPANY, Operator of the West Loco Hills Grayburg No. 4 Sand Unit, hereinafter called "Newmont", and ANADARKO PRODUCTION COMPANY, Operator of the Far West Loco Hills Sand Unit, hereinafter called "Anadarko,"

W I T N E S S E T H:

WHEREAS, each of the parties hereto represents that it is the operator of the respective valid and subsisting oil and gas lease set forth in Exhibit "A", which is attached hereto and made a part hereof, covering lands in the West Loco Hills Unit and the Far West Loco Hills Unit, Eddy County, New Mexico, as shown on the plat marked Exhibit "B", which is attached hereto and made a part hereof, and that it is currently producing oil from one or more of the formations identified as the Loco Hills Sand through a well or wells located on the lands covered by its respective lease; and,

WHEREAS, the parties hereto desire to provide for a cooperative waterflooding program along the common boundary line between said leases and to the end that a greater ultimate recovery of oil may be obtained from the Loco Hills Sand underlying the lands included within the leases operated by the parties hereto;

NOW, THEREFORE, for and in consideration of the premises, and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

I.

This agreement shall relate to and cover only the secondary recovery of oil in place by waterflooding the formation known and referred to as the Loco Hills Sand, which underlines the lands covered by the leases described in Exhibit "A".

II.

It is recognized that each party hereto has individually received the

required approval and permit from the New Mexico Oil Conservation Commission to conduct waterflooding operations in the Loco Hills Sand underlying the lands covered by its respective lease, and this agreement is made subject to the terms and provisions of said approval and permit, to all rules and regulations of the United States of America and to the orders of any other governmental body having jurisdiction.

III.

Each of the parties hereto agrees that it shall, at its sole cost, risk and expense, perform the following development obligations:

A. Development Obligations of Anadarko as Operator of the Far West Loco Hills Unit:

1. Wells to be drilled and completed as water injection wells:

- a. Tract 8, Well No. 8, at a location 10 feet North of the South line and 2,640 feet West of the East line, Section 4, Township 18 South, Range 29 East, N.M.P.M.
- b. Tract 2, Well No. 3, at a location 330 feet South of the North line and 1,980 feet West of the East line, Section 16, Township 18 South, Range 29 East, N.M.P.M.

2. Wells to be re-entered and completed as water injection wells:

- a. Tract 1, Well No. 1, located in the SE/4 NE/4 of Section 4, Township 18 South, Range 29 East, N.M.P.M.

3. Wells to be converted to water injection wells:

- a. Tract 10, Well No. 2, located in the NE/4 SW/4 of Section 9, Township 18 South, Range 29 East, N.M.P.M.

B. Development Obligations of Newmont as Operator of the West Loco Hills Unit:

1. Wells to be drilled and completed as water injection wells:

- a. Tract 43, Well No. 3, at a location 1,960 feet North of the South line and 1,310 feet West of the East line, Section 4, Township 18 South, Range 29 East, N.M.P.M.
- b. Tract 19B, Well No. 6, at a location 10 feet South of the North line and 1,320 feet West of the East line, Section 9, Township 18 South, Range 29 East, N.M.P.M.

1325

2. Wells to be converted to water injection:

- a. Tract 19B, Well No. 4, located in the SW/4 NE/4 Section 9, Township 18 South, Range 29 East, N.M.P.M.

C. Development Obligations to be Carried Out Jointly by Anadarko and Newmont (Newmont Operator):

1. Wells to be drilled and completed as water injection wells:

- a. Tract 8B, Well No. 6, at a location 1,310 feet South of the North line and 10 feet East of the West line, Section 15, Township 18 South, Range 29 East, N.M.P.M.

The cost of drilling and completing this well shall be shared jointly by Anadarko and Newmont on a 50-50 basis. Operating costs of this jointly owned well shall be the sole burden of Newmont.

On the aforesaid wells to be drilled or re-entered, application to drill or re-enter will be made by each operator for his respective development well within ten (10) days after the effective date of this agreement. Operator shall, within thirty (30) days after receipt of permit to drill or re-enter, commence operations toward the drilling or re-entering of at least one of the wells to be drilled or re-entered as provided above and shall continue drilling or re-entering such additional wells as are provided for above, with not more than fifteen (15) days elapsing between the completion of one well and the commencement of the subsequent well, until such time as the required number of wells have been drilled or re-entered.

As to those wells which are to be converted to water injection wells, Anadarko and Newmont will, within fifteen (15) days after the effective date of this agreement, commence the necessary operations to make the required conversion.

IV.

Each party hereto shall provide, at its sole cost and expense, its own pressured water for injection into their respective injection wells, and will provide that the injection well will take the volume of water to be injected into the Loco Hills Sand, at the pressure hereinafter specified. Notwithstanding anything in this paragraph to the contrary, each party hereto shall be required to use only good faith efforts and shall not be required to perform remedial work or other operations which are not reasonable and in accord with good engineering practices which

a prudent operator would apply under the same or similar circumstances.

V.

Each party hereto agrees to continue to operate its injection well, to make such repairs and to take such remedial action as is necessary to maintain its injection well in operational order, and to inject processed and pressured water at the pressures hereinafter specified into the Loco Hills Sand through its water injection well during the term of this agreement.

All cost and expense incident to the operation of each water injection well, specifically including the cost of processed and pressured water injected into each such injection well and the cost of all repairs and remedial work with regard to such well shall be borne by the operator of the lease upon which such well is located.

VI.

The water injected into the Loco Hills Sand through each of the injection wells provided for herein shall be injected at a minimum pressure of 500 psi and a maximum pressure of 1,200 psi, or as may be mutually agreed upon by the parties hereto, provided, however, that each party agrees to use its best efforts not to inject water into any of its injection wells under such conditions so as to cause the bottom hole pressure for such well to exceed formation breakdown pressure.

VII.

Each party hereto agrees that it shall maintain records of the following, with respect to all wells located upon its lease as described in Exhibit "A", and that it shall furnish such information to the other party monthly:

1. Completion data on water injection wells operated by it;
and
2. Number of days operated, daily volume of water injected and injection pressures on each water injection well operated by it.

VIII.

This agreement is not intended to affect, nor is it to be construed

as affecting the rights and obligations of each party hereto to produce oil from the wells located upon its lease, and each party hereto shall be entitled to all production from its own wells and lease. The duties, liabilities and obligations of the parties hereto are intended to be several and not joint or collective, and nothing herein contained shall ever be construed to impose a partnership obligation or liability with regard to either of the parties hereto. Each party hereto shall be individually responsible only for its obligations as set out herein, and shall be liable only for its own costs and expenses incurred in complying with the terms of this agreement.

IX.

It is understood and agreed between the parties hereto that the creation, or attempted creation of an artificial water drive by the injection of water through the aforesaid water injection wells into the Loco Hills Sand is a reasonable and prudent producing and engineering practice, and is sufficient and adequate to protect the rights of the parties hereto. It is further agreed that neither party hereto shall be deemed to be guilty of trespass by the injection of water into the water injection wells upon its lease, and that such party does hereby assume the risks incident to the cooperative waterflood plan and, therefore, does hereby release the other party from any or all damages, claims or causes of action relating to the waterflood operations to be conducted hereunder.

X.

"Force Majeure," as that term is used herein, shall mean an act of God, strike, lockout or other industrial disturbance, act of public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental restraint or decree, unavailability of materials and equipment, and any other cause whether or not of the character enumerated above which is not within the reasonable control of the party claiming suspension. Whenever, as a result of force majeure, either party hereto is rendered unable wholly or in part to carry out its obligations under this agreement, the obligations of such party shall be suspended during, but not longer than the continuance of the force majeure. Any party so

prevented shall use due diligence and good faith in an attempt to eliminate the cause so preventing his compliance with this agreement. The requirement that any force majeure shall be remedied with due diligence shall not require the settlement of strikes, lockouts, or other labor difficulties by the party involved contrary to its wishes; all such difficulties to be handled shall be entirely within the discretion of the party concerned.

XI.

The effective date of this agreement shall be upon the execution hereof by both parties hereto. Each party hereto shall have been deemed to have executed this instrument as of the date of its acknowledgment.

XII.

If, at any time after the expiration of twelve (12) months following the effective date hereof, any party hereto is of the opinion that the injection of water into the Loco Hills Sand through a water input well located upon its lease and operated by such party, has ceased to aid economically in the recovery of oil in place from the Loco Hills Sand under such lease, and desires to plug and abandon said well or cease injecting water into the Loco Hills Sand through such input well, such party (hereinafter in this Section XII referred to as the "abandoning party") shall notify in writing the offset operators of such desire. The parties so notified shall have thirty (30) days from the receipt of such notice within which to elect to take over the operation of said input well and continue to inject water into the Loco Hills Sand. If, within said thirty (30) day period, the parties so notified elect not to take over said well or otherwise fail to elect to take over such well, the abandoning party shall thereafter have the right to plug and abandon said well or cease to inject water into the Loco Hills Sand through said well and otherwise utilize said well in any manner permitted by the applicable laws and regulations.

If the parties so notified, or any one of them, should, within said thirty (30) day period, elect to take over such well (such electing party or parties being hereinafter in this Section XII referred

to as the "electing party", whether one or more), the abandoning party agrees to designate the electing party, or the party selected as operator by the electing party, as the operator of said well in accordance with the applicable government regulations and otherwise agrees to grant, insofar as it has the right to do so, the electing party the right to continue to operate said well for the sole purpose of injecting water into the Loco Hills Sand, subject, however, to the terms and provisions of the Oil and Gas Lease covering the lands upon which said input well is located and to the electing party obtaining from persons other than parties to this agreement any easements or additional rights which are necessary to the continued operation of said water input well. Upon receipt of payment for the salvable value of the materials and equipment in and on said well, less the estimated cost of salvaging such material and equipment and of plugging and abandoning said well, the abandoning party shall assign its interest in such material and equipment to the electing party by an instrument in recordable form which grants to the electing party the operating rights described in the preceding sentence. The electing party agrees to operate said well in accordance with the terms and provisions of this agreement, and agrees to indemnify and save the abandoning party harmless against any and all claims and causes of action regarding or resulting from the continued operation of said well by the electing party.

When the electing party should desire to plug and abandon said well, it shall give the abandoning party notice of such intent, and the abandoning party shall have thirty (30) days after receipt of such notice within which to elect to re-acquire said well. If, within said thirty (30) day period, the abandoning party elects to re-acquire said well, the electing party shall, upon receipt of payment for the salvable value in and on said well, less the estimated cost of salvaging such material and equipment and of plugging and abandoning said well, assign, by an instrument in recordable form, all of its interest in such material and equipment together with all right or interest that

the electing party may have acquired in said well by virtue of the prior assignment with respect to such well from the abandoning party to the electing party, as hereinbefore provided. After the abandoning party has so re-acquired said well, the electing party shall be relieved of any future obligations hereunder with respect to said well and the abandoning party shall have the right to utilize said well in any manner permitted by the applicable laws and regulations. If, however, the abandoning party, within said thirty (30) day period elects not to re-acquire said well, the electing party shall plug and abandon said well in accordance with the applicable rules and regulations.

XIII.

Any such notice to be given hereunder shall be deemed to have been given when such notice in writing shall have been deposited in the United States mail, postage prepaid, and addressed to the parties at the following addresses:

Newmont Oil Company
1135 Capital National Bank Building
Houston, Texas 77002

Anadarko Production Company
P. O. Box 9317
Fort Worth, Texas 76107

Either party hereto may change its address by giving appropriate written notice to the other party hereto.

XIV.

The terms, covenants, and conditions hereof shall inure to the benefit of and be binding upon the respective parties hereto, and their respective successors and assigns.

This instrument may be executed in counterpart by both parties hereto and shall have the same effect as if each party hereto had executed each of such counterparts.

NEWMONT OIL COMPANY

ATTEST:

Assistant Secretary

By _____
Vice President

ANADARKO PRODUCTION COMPANY

ATTEST:

By _____

STATE OF TEXAS I

COUNTY OF HARRIS I

BEFORE ME, the undersigned authority, on this _____ day of _____, 1968, personally appeared JESSE L. GEORGE, JR., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the NEWMONT OIL COMPANY, a corporation, and that he executed the same as an act of such corporation for the purposes and consideration therein expressed.

Notary Public in and for Harris County,
Texas

My Commission Expires:

STATE OF TEXAS I

COUNTY OF TARRANT I

BEFORE ME, the undersigned authority, on this _____ day of _____, 1968, personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the ANADARKO PRODUCTION COMPANY, a corporation, and that he executed the same as an act of such corporation for the purposes and consideration therein expressed.

Notary Public in and for Tarrant County,
Texas

My Commission Expires:
