

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
EAST E-K Unit  
  
COUNTY OF LEA  
STATE OF NEW MEXICO

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
\_\_\_\_ EXHIBIT NO. 1  
CASE NO. 4282 + 4283

## I N D E X

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FOR THE DEVELOPMENT AND OPERATION  
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THIS AGREEMENT entered into as of the first day of \_\_\_\_\_, 1969, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by law (Volume 2, Chapter 7, Article 11, New Mexico Statutes, 1953 Annotated) to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162, Laws of 1951; Chap. 7, Art. 11, Sec. 41, N. M. Stats. 1953 Annot.) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, 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 agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

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

WHEREAS, the parties hereto hold sufficient interests in the East E-K Unit Area covering land hereinafter described to give reasonably effective control of operations therein, and

WHEREAS, it is the purpose of the parties hereto to enable institution and consummation of secondary recovery operations, to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the East E-K Unit subject to this agreement under the terms, conditions and limitations herein set forth.

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the "Unit Area" and the "Unitized Formation" lying thereunder (as those terms are defined hereinafter) and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS. The oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this Agreement.

2. DEFINITIONS. For the purpose of this agreement, the following terms and expressions as used herein shall mean:

(a) "Commission" means the Oil Conservation Commission of the State of New Mexico.

(b) "Commissioner" means the Commissioner of Public Lands of the State of New Mexico.

(c) "Royalty Interest" or "Royalty" means 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 profits contract, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(d) "Royalty Owner" means the owner of a Royalty Interest.

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

(f) "Tract Participation" means the percentage of Unitized Substances allocated to a Tract under this agreement as shown in Exhibit A.

(g) "Unit Area" means the land shown on Exhibit A, and described by Tracts in Exhibit B, containing 400 acres.

(h) "Unit Operating Agreement" means any agreement or agreements, whether one or more, entered into either separately or collectively by and between the Unit Operator and the Working Interest Owners, as provided in Section 9, ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT, and shall be styled "Unit Operating Agreement for the Development and Operation of the East E-K Unit Area, County of Lea, State of New Mexico."

(i) "Unit Participation" means the sum of all Tract Participations or portions thereof which a party is entitled to receive. See Exhibit "B" attached hereto.

(j) "Unitized Formation" means the Upper Queen Formation, same being that heretofore established underground reservoir encountered in the drilling by Continental Oil Company of its State X-22 No. 1 Well between the depths of 4536-4600 feet which said well is located in the SW 1/4 of the SE 1/4 of Section 22, T-18-S, R-34E, Lea County, New Mexico.

(k) "Unitized Substances" means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.

(l) "Voting Interest" means 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.

(m) "Working Interest Owner" means 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 Substances from the Unitized Formation and the operation thereof hereunder. The owner of oil and gas rights which are free of lease or other instrument conveying the Working Interest to another shall be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth (1/8) interest therein.

3. EXHIBITS. Attached hereto as Exhibit A is a map showing to the extent known to Unit Operator, the Unit Area and the boundaries and identity of Tracts and leases in said Unit Area. Attached hereto as Exhibit B is a schedule showing to the extent known to Unit Operator the acreage comprising each Tract and the ownership of each interest owner in each Tract. 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 being owned by such party. Attached hereto as Exhibit "C" is a schedule showing in Part I thereof the Tract Participation of each Tract in the Unit Area and in Part II thereof the Unit Participation of each Working Interest Owner. Said schedule shall become effective at 7:00 a.m. on the effective date of this agreement.

It is hereby agreed by all parties to this agreement that Unit Operator is empowered to correct any mathematical or clerical errors which may exist in the pertinent exhibits to this agreement; provided, however,

that correction of any error other than correction of a mathematical or clerical error shall be made by Unit Operator only after first having obtained approval of Working Interest Owners and the Commissioner.

Exhibits A, B, and C shall be revised by Unit Operator whenever changes render such revision necessary, and at least 2 copies of such revision shall be filed with the Commissioner.

4. EXPANSION OF UNIT AREA. 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, whenever such expansion is necessary or advisable to conform with the purposes of this agreement. Tract Participations resulting from such expansion shall be on a negotiated basis and, after agreement between the affected parties has been reached, such expansion shall be effected in the following manner:

(a) Unit Operator, with concurrence of at least 85 per cent of the then Voting Interests and after preliminary concurrence, the Commissioner and the Commission, shall prepare a notice of proposed expansion 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 Commissioner and the Commission, and copies thereof mailed to the last known address of each Working Interest Owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Commissioner and the Commission evidence of mailing of the notice of expansion 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 expansion and with appropriate joinders.

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

In any approved expansion of the Unit Area, the revised Tract Participations of those Tracts which were committed prior to each such expansion shall remain in the same ratio one to another.

5. UNITIZED LAND AND UNITIZED SUBSTANCES. All oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid and liquefiable hydrocarbons in the lands committed to this agreement are, as to the Upper Queen Formation, unitized under the terms of this agreement (and are herein called Unitized Substances) and said lands shall constitute lands referred to herein as "unitized land" or "land subject to this agreement."

6. UNIT OPERATOR. Continental Oil Company is hereby designated as the Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties of Unit Operator for the 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 interest in Unitized Substances, and the term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of a Working Interest when such interest is owned by it.

7. 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 6 months after notice of intention to resign has been served by Unit Operator on all Working Interest Owners and the Commissioner and the Commission, and until all wells then drilled hereunder are placed in satisfactory condition for suspension or abandonment, whichever is required by the Commission as to State lands, unless a new Unit Operator shall have been selected and approved and 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 or 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 affirmative vote of at least 75% of the Voting Interests. Such removal shall be effective upon notice thereof to the Commissioner.

In all such instances of resignation or removal, until a successor Unit Operator is selected and approved, as hereinafter provided, the Working Interest Owners shall be jointly responsible for the performance of the duties of Unit Operator and shall, not later than 30 days before such resignation or removal becomes effective, appoint a common agent 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 interests in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials, and appurtenances used in conducting the Unit operations owned by the Working Interest Owners to the new duly qualified successor Unit Operator, or to the owner thereof 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.

8. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator, or shall be removed as hereinabove provided, the Working Interest Owners shall, by affirmative vote of at least 75 per cent of the Voting Interests, select a successor Unit Operator; provided, however, that should any Working Interest Owner own a Voting Interest of more than 25 per cent, the vote of said party shall not serve to disapprove the selection of a new Unit Operator approved by 80 per cent or more of the Voting Interests of the remaining Working Interest Owners and provided, further, that the Unit Operator shall not vote to succeed itself and its Voting Interest shall not be counted in a vote concerning its removal as the Unit Operator. 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. If no successor Unit Operator is selected and qualified as herein provided, the Commissioner may, at his election, declare this Unit Agreement terminated.

9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. All costs and expenses incurred by Unit Operator in conducting Unit operations hereunder shall be apportioned among, borne and paid by the Working Interest Owners, all in accordance with this agreement and the Unit Operating Agreement. The 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 they may agree upon. However, the Unit Operating Agreement shall not be deemed either to modify the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Unit Agreement; in case of any inconsistency or conflict between the Unit Agreement and the Unit Operating Agreement, this agreement shall prevail. One true copy of any Unit Operating Agreement shall be filed with the Commissioner.

10. 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 (including surface rights) which are necessary or convenient for the prospecting for, producing, storing, allocating, and distributing the Unitized Substances, are hereby granted and delegated to and shall be exercised by the Unit Operator as herein provided. Upon request therefor, 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, lease, Royalty Interest, operating agreement or communitization 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.

11. EQUIPMENT AND FACILITIES NOT FIXTURES ATTACHED TO REALTY.

Each Working Interest Owner has heretofore placed and used on its Tract or Tracts committed to this agreement, various well and lease equipment and other property, equipment and facilities. It is also recognized that additional equipment and facilities may hereafter be placed and used upon the Unit Area as now or hereafter constituted. Therefore, for all purposes of this agreement any and all such equipment shall be considered to be personal property and not fixtures attached to realty. Accordingly, said well and lease equipment and personal property is hereby severed from the mineral estates affected by this agreement, and it is agreed that any and all such equipment and personal property shall be and remain personal property for all purposes.

12. PLAN OF FURTHER DEVELOPMENT AND OPERATION. It is recognized and agreed by the parties hereto that the object and purpose of this agreement is to formulate and to put into effect a secondary recovery project in order to effect the optimum 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 Commissioner and the Commission, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil, liquefied petroleum gas, or any other substance or a combination of any of said substances, whether produced from the Unitized Formation 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. This agreement is and shall be subject to the conservation laws of the State of New Mexico, to the valid rules, regulation and orders of the Commissioner and the Commission and to all other applicable federal, state and municipal laws, rules, regulations and orders. The parties hereto, subject to prior rights, if any, grant to Unit Operator the use of brine or water or both from any formation in and under the Unit Area for injection into the Unitized Formation. After commencement of secondary operations, Unit Operator shall furnish the Commissioner monthly injection and production reports for each well in the Unit Area. The Working Interest Owners and the Commissioner

shall be furnished periodic reports on the progress of the plan of operation and any revisions or changes thereto necessary to meet changed conditions or to protect the interests of all parties to this agreement; 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 Commissioner and the Commission.

13. PARTICIPATION. Exhibit C shows the percentages of participation to which each Tract shall be entitled if all Tracts within the Unit Area are committed as of the effective date of this agreement (the qualifications necessary for inclusion of a Tract being set forth in Section 14 hereof). If less than all Tracts within the Unit Area are committed as of the effective date of this agreement, Unit Operator, with approval of the Working Interest Owners, as soon as practicable after the effective date of this agreement, shall file with the Commissioner and the Commission a schedule of committed Tracts as of said effective date, which said schedule shall be designated "Revised Exhibit C" and considered for all purposes as a part of this agreement. Such revised Exhibit C shall set forth opposite each such committed Tract the revised Tract Participation therefor (which shall be calculated by using the same Tract factors and formula which were used to arrive at the Tract Participation of each Tract as set out in Exhibit C attached hereto, but applying the same only to the committed Tracts). Such revised Exhibit C, unless disapproved by the Commissioner and the Commission within 30 days after filing, shall supersede, effective as of the effective date hereof, the Tract Participations set forth in Exhibit C attached hereto until a further revision or revisions thereof is approved by the Commissioner and the Commission. The Tract Participations shown on Exhibit C attached hereto, or as may be shown on the revised Exhibit C as above provided, shall govern the allocation of Unitized Substances on and after the effective date of this Unit Agreement as set forth in Section 3 hereof, and until the allocation schedule is revised pursuant to this agreement and the revised Tract Participations are approved by the Commissioner and the Commission.

14. TRACTS QUALIFIED FOR PARTICIPATION: From the effective date hereof, the Tracts which shall be entitled to participation shall be those Tracts which are described in Exhibit B and which, at any time, are qualified as follows:

(a) Each Tract as to which Working Interest Owners owning 100% of the Working Interest therein have become parties hereto and as to which Royalty Owners owning 75% or more of the Royalty Interest therein have become parties hereto.

(b) Each Tract as to which Working Interest Owners owning 100% of the Working Interest therein have become parties hereto and as to which Royalty Owners owning less than 75% of the Royalty Interest therein have become parties hereto and, further, as to which:

(i) All Working Interest Owners in any such Tract have joined in a request for the qualification of such Tract, and

(ii) 80% of the combined voting interests of Working Interest Owners in all Tracts meeting the requirements of paragraph (a) hereof have voted in favor of qualifying such Tract.

For the purpose of this paragraph (b), a Working Interest Owner's "voting interest" shall be equal to the ratio (expressed in per cent) which its aggregate Unit Participation in all Tracts qualifying under paragraph (a) bears to the total Unit Participation, as shown on Exhibit C, of all Working Interest Owners in all Tracts qualifying under paragraph (a).

(c) Each Tract as to which Working Interest Owners owning less than 100% of the Working Interest therein have become parties hereto, regardless of the percentage of Royalty Interest therein which is committed hereto and, further, as to which:

(i) The Working Interest Owner operating any such Tract and all of the other Working Interest Owners in such Tract who have become parties hereto have joined in a request for qualification of such Tract and have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other Working Interest Owners, their successors and assigns, against all claims and demands which may be made by the owners of Working Interests in such Tract who are not parties hereto and which arise out of the qualification of such Tract; and

(ii) 80% of the combined voting interest of Working Interest Owners in all Tracts meeting the requirements of paragraphs (a) and (b) have voted in favor of the qualification of such Tract and acceptance of the indemnity agreement.

For the purpose of this paragraph (c), a Working Interest Owner's "voting interest" shall be equal to the ratio (expressed in per cent) which its aggregate Unit Participation in all Tracts qualifying under paragraphs (a) and (b) bears to the total Unit Participation, as shown on Exhibit C, of all Working Interest Owners in all Tracts qualifying under paragraphs (a) and (b). Upon the qualification of such a Tract, the Unit Participation which would have been attributed to the nonsubscribing owners of the Working Interest in such Tract, had they become parties to this agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreements, in proportion to their respective Working Interests in the Tract.

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) shall be apportioned among and allocated to the committed Tracts in accordance with the respective Tract Participations effective hereunder during the respective periods such Unitized Substances

were produced, as set forth in the schedule of participation in Exhibit C. The amount of Unitized Substances so allocated to each committed 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 such 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 Tract, or in the proceeds thereof, had this agreement not been entered into, and with the same legal force and effect. It is hereby agreed that production of Unitized Substances from any such committed Tract shall be allocated as provided herein regardless of whether oil or gas is being produced from any particular Tract committed hereto. If the Working Interests or the Royalty Interests in any Tract are divided with respect to separate parcels or portions of such Tract and owned severally by different persons, the Tract Participation of such Tract shall, in the absence of a recordable instrument among all owners fixing the division of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

16. BALANCING OF PRODUCTION. Unit Operator shall make a proper and timely gauge of all lease and other tanks located on each committed Tract 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 Unitized Substances which are a part of the prior allowable of the well or wells from which the same were produced shall be and remain the property of the Working Interest Owners entitled thereto as if the Unit had not been formed and such Working Interest Owners shall promptly remove same. Any such Unitized Substances 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 Unitized Substances which are

in excess of the prior allowable of the well or wells from which the same were 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 over-produced with respect to the allowable of the well or wells on that Tract and the amount of such over-production has been sold or otherwise disposed of, such over-production 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.

17. ROYALTY SETTLEMENT. The State of New Mexico and all Royalty Owners who, under existing contracts, are entitled to take in kind a share of the Unitized Substances produced from any committed Tract, shall hereafter be entitled 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 Interests 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 royalties due under their leases except that said royalties shall be computed in accordance with the terms of this agreement.

If gas obtained from lands not subject to this agreement is introduced into the Unitized Formation for use in pressure maintenance, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Commissioner and the Commission, a like amount of gas, less appropriate deductions for loss from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom, provided that such withdrawal shall be pursuant to such conditions and formulae as may be prescribed or approved by the Commissioner; provided further, that such right of withdrawal shall terminate on the termination of this agreement. If liquefied

petroleum gases obtained from lands or formations not subject to this agreement be injected into the Unitized formation for the purpose of increasing ultimate recovery, which shall be in conformance with a plan first approved by the Commissioner, part or all of such liquefied petroleum gases may be withdrawn royalty free pursuant to such conditions and formulae as may be prescribed or approved by the Commissioner.

Royalty due on account of State lands shall be computed and paid on the basis of all Unitized Substances allocated to such lands.

18. RENTAL SETTLEMENT. Rentals on State of New Mexico lands subject to this agreement shall be paid at the rate specified in the respective leases, or may be reduced or suspended under order of the Commissioner pursuant to applicable laws and regulations.

19. CONSERVATION. Operations hereunder and production of Unitized Substances shall be conducted so as to provide for the most economical and efficient recovery of such substances to prevent waste as defined by State laws and regulations.

20. DRAINAGE. Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from the committed Tracts by wells on land not subject to this agreement, or, with consent of the Commissioner and pursuant to applicable regulations, pay a fair and reasonable compensatory royalty as determined by the Commissioner.

21. 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, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons in and under 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 Commissioner as to State leases shall by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agree-

ment, and 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 committed to this agreement, regardless of whether there is any development of any particular part of or Tract of unitized land, 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 and producing operations performed hereunder upon any Tract of unitized land will 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 the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Commissioner shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every Tract of unitized land.

(d) Each lease, sublease, or contract relating to the exploration, drilling, development or operation for oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons in and under lands, other than those of the United States, in lands committed to this agreement, 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, as to the land committed so long as such lease remains subject hereto.

(e) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such lease shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if Unitized Substances are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein, any such lease shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of Unitized Substances, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as Unitized Substances are produced in paying quantities from any portion of said lands.



22. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests 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, photostatic or certified copy of the instrument of transfer; and no assignment or transfer of any Royalty Interest 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, photostatic or certified copy of the instrument of transfer.

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 calendar month next following the approval by the Commissioner.

There must be an execution or ratification of this agreement and the Unit Operating Agreement by Working Interest Owners owning a Unit Participation of at least 80 percent, and the execution or ratification of the agreement by Royalty Owners owning a combined interest of at least 65 percent of the Royalty Interest, in said Unit Area.

There must be filed at least one counterpart of this agreement for record in the office of the County Clerk of Lea County, New Mexico, by the Unit Operator.

Unit Operator shall, within thirty (30) days after the effective date of this agreement, file for record in the office where a counterpart of this agreement is recorded, a certificate to the effect that this agreement become effective according to its terms and stating further the effective date.

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 so 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 Land Commissioner and the Working Interest Owners owning 75 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 just as if this agreement had never been entered into.

If not otherwise covered by the leases unitized under this agreement, Royalty Owners hereby grant Working Interest Owners a period of six 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.

24. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for or on behalf of any and all interests affected hereby before the Commission and to appeal from orders issued under the regulations of said Commission or to apply for relief from any of said regulations or in any proceedings relative to operations before the Commission, or 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.

25. 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 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 may have furnished in writing to party sending the notice, demand or statement.

26. 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 of New Mexico, 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.

27. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or to produce Unitized Substances from any of the lands subject to 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 agencies, unavoidable accidents, 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.

28. LOSS OF TITLE. If any Tract of unitized land ceases to have sufficient Working Interest or Royalty Interest committed to this agreement to meet the conditions of Section 14 because of failure of title to any party hereto, such Tract shall be regarded as not committed hereto as of 7:00 a.m. on the first day of the calendar month in which such failure of title is finally determined; provided, however, that no such Tract shall be so regarded if same can be requalified under said Section 14 within ninety (90) days after the date on which such title failure was finally determined. If any such Tract cannot be so requalified, Unit Operator shall recompute the Tract Participation of each Tract of unitized land remaining subject to this agreement so that such Tract Participations shall remain in the same ratio one to another. Thereafter, Unit Operator shall revise Exhibit C conformably with such recomputation. Each such revised exhibit shall be effective at 7:00 a.m. on the first day of the calendar month in which such failure of title is finally determined.

If title to a working interest fails, the obligations of working interest owners or the Unit Operator shall be governed by the Unit Operating Agreement. If title to a Royalty Interest fails, for the Tract to which it relates the Royalty Interest Owner, if any, agreement, and Royalty Owner whose title failed shall not be entitled to participate hereunder insofar as its participation is based on such lost Royalty Interest.

In the event of a dispute as to the title to any Working or Royalty Interest, or other interest subject hereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled, provided, that as to State land or leases, no payments of funds due the State of New Mexico shall be withheld, such funds of the State shall be deposited as directed by the Commissioner, all 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 title hereunder.

29. NONJOINDER AND SUBSEQUENT JOINDER. Any oil or gas interest within the Unit Area not committed hereto prior to the effective date of this agreement may thereafter be committed, upon compliance with the applicable provisions of this Section and of Section 14 (TRACTS QUALIFIED FOR PARTICIPATION) by the owner or owners thereof subscribing or consenting to this agreement, and if such uncommitted interest is a working interest, by the owner of such interest also subscribing to the Unit Operating Agreement.

Such right of joinder subsequent to the effective date hereof shall be subject to such requirements or approvals and shall be upon such terms and conditions as may be agreed to by at least 65 percent of the then Voting Interests of the Working Interest Owners, and approval by the Commissioner, with appropriate revisions of Exhibit C, effective as of 7:00 a.m. on the first day of the calendar month next following such agreement by the Working Interest Owners.

After final approval of this agreement, joinder by a non-working interest owner must be consented to in writing by the Working Interest Owners

committed hereto and responsible for the payment of any benefits which may accrue hereunder in behalf of such non-working interest.

30. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or it 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 such 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.

31. TAXES. The Working Interest Owners shall render and pay for their account and the account of the Royalty Owners all valid taxes on or measured by the Unitized Substances in and under or that may be produced, gathered and sold from the land subject to this agreement after the effective date of this agreement, or upon the proceeds or net proceeds derived therefrom. The Working Interest Owners in each Tract may charge the proper proportion of said taxes to the Royalty Owners having interests in said Tract, and may currently retain and deduct sufficient of the Unitized Substances or derivative products, or net proceeds thereof, from the allocated share of each Royalty Owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

In order to avoid title failures which might incidentally cause the title to a working Interest or Royalty Interest to fail, the owners of (1) the surface rights to each committed Tract, (2) severed mineral or royalty interest in said Tracts and improvements located on said Tracts not utilized for Unit Operations shall individually be responsible for the rendition and assessment, for ad valorem tax purposes, of all such property, and for the payment of such taxes, except as otherwise provided in any contract or agreement between such owners and a Working Interest Owner or Owners. If any ad valorem taxes are not paid by such owner responsible therefor when due, Unit Operator may, at any time prior to tax sale, pay the same, redeem such property and discharge such tax liens as may arise through

nonpayment. In the event Unit Operator makes any such payment or redeems any such property from tax sale, Unit Operator shall be reimbursed therefor by the Working Interest Owners in proportion to their respective Unit Participations then in effect, and Unit Operator shall withhold from any proceeds derived from the sale of Unitized Substances otherwise due to said delinquent taxpayer or taxpayers an amount sufficient to defray the costs of such payment or redemption, such withholding to be distributed among the Working Interest Owners in proportion to their respective contributions toward such payment or redemption. Such withholding shall be without prejudice to any other remedy, either at law or in equity, which may be available for exercise by the Unit Operator or by the Working Interest Owners.

32. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the Working Interest Owners or 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, Working Interest Owners, or any of them are hindered, delayed or prevented from complying therewith by reason of the failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the State of New Mexico in or about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract 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.

33. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this agreement contained, express or implied, or any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

34. BORDER AGREEMENTS. Subject to the approval of the Commissioner, the Unit Operator, with concurrence of 60 per cent of the then Voting Interests of the Working Interest Owners, may enter into a border-protection

agreement or agreements with the working interest owners of lands adjacent to the committed Tracts with respect to the operations in the border area for the maximum ultimate recovery, conservation purposes and proper protection of the parties and interest:

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed as of the date first above written and have set opposite their respective names the date of execution and the address of each of the respective executing parties.

UNIT OPERATOR AND WORKING INTEREST OWNER

\_\_\_\_\_

ATTEST:

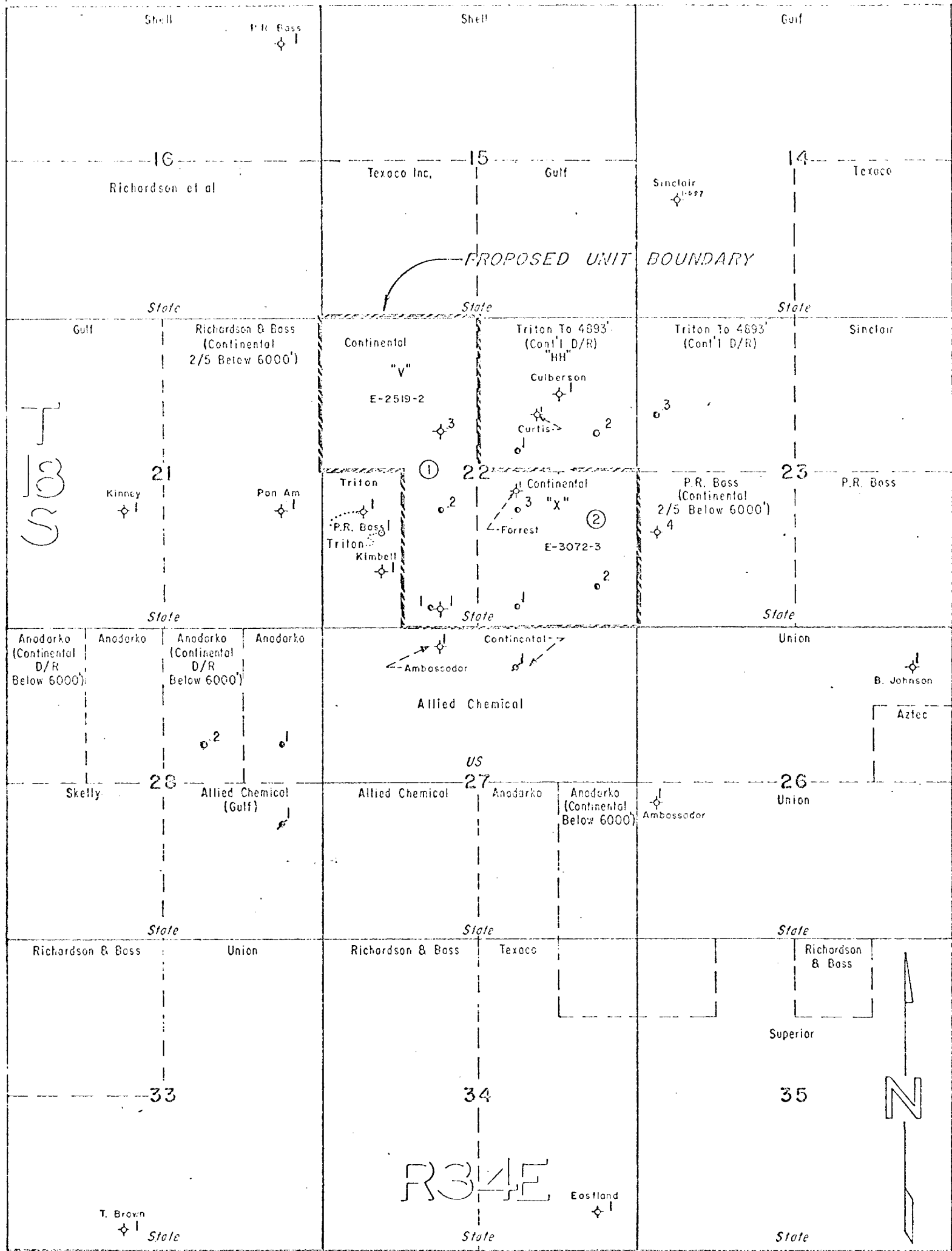
\_\_\_\_\_

BY

\_\_\_\_\_

DATE OF SIGNATURE:

\_\_\_\_\_



① Tract Number

CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT—HOBBS DIVISION	
EAST E-K UNIT	
LEA COUNTY, NEW MEXICO	
<div style="text-align: right;">Exhibit A</div>	
<div style="text-align: center;"> SCALE  0 1000 2000  EA </div>	



EXHIBIT "B"

TO THE UNIT AGREEMENT FOR THE EAST E-K UNIT - T-18S, R-34E,  
LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION	ACRES	SERIAL NO. & EXP. DATE	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY AND PERCENT	WORKING INTEREST OWNER
1	Sec. 22 NW/4, E/2 SW/4	240	E-2519-2	State of New Mexico	Richardson & Bass	Ralph & Frances Nix Richardson Oils, Inc. Perry R. Bass	3.125% Continental Oil Company 2.34375% 0.78125%
2	Sec. 22 SE/4	160	E-3072-3	State of New Mexico	Continental Oil Company	Essie J. Austell Donald T. Desmond Rexell V. Desmond Margaret K. Hunker Charles L. Jenkins J. Penrod Toles	1.32975% Continental Oil Company 0.19875% 0.19875% 0.14775% 2.50000% 0.62500%

EXHIBIT "C"  
TO THE UNIT AGREEMENT FOR EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

PART I - UNIT PARTICIPATION BY TRACTS

	<u>TRACT NO. 1</u>	<u>TRACT NO. 2</u>	<u>UNIT TOTAL</u>
Cumulative Production to January 1, 1969	169,005	179,658	348,663
Percent of Unit Total	48.4724	51.5176	100.000
90% of Above (A)	43.6252	46.3748	90.000
Acreage	240.00	160.00	400.00
Percent of Unit Total	60.00	40.00	100.00
10% of Above (B)	6.00	4.00	10.00
Unit Participation (A plus B)	49.6252	50.3748	100.000

PART II - WORKING INTEREST PARTICIPATION

Continental Oil Company

Tract No. 1	49.6252
Tract No. 2	<u>50.3748</u>
Total Continental Oil Company	100.0000

4-23-69

9449  
CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

RECEIVED

NOV 16 1971

OIL CONSERVATION COMM.  
SANTA FE

STATE OF NEW MEXICO  
COUNTY OF LEA

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation" and to obtain ratification by the Working Interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

In consideration of the premises, it is hereby agreed that said Unit Agreement shall be amended as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:  
  
"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."
2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-mentioned expansion.

For the same consideration, the undersigned Working Interest Owner does hereby RATIFY and CONFIRM the Unit Agreement above referred to as herein amended and the Unit Operating Agreement dated September 1, 1971, and does hereby commit all of its right, title and interest in and to the lands within said Unit to the terms, provisions and agreements set forth in said Unit Agreement and Unit Operating agreement.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 28 day of Sept, 1971.

ATTEST:

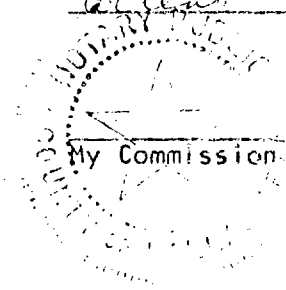
\_\_\_\_\_  
Secretary

(INDIVIDUAL OR JOINT)

STATE OF Texas  
COUNTY OF Dallas

*Pauline M. Allen*  
Pauline M. Allen

The foregoing instrument was acknowledged before me this 28 day of Sept, 1971, by *Charles G. Allen* and *Pauline M. Allen*, his wife.



My Commission Expires:

*Laura Correll*  
Notary Public

LAURA CORRELL, Notary Public  
in and for Dallas County, Texas  
My Commission Expires June 1, 1973

[illegible]

at 4:35 o'clock P M  
and Recorded in Book 300  
Page 225  
JANE RICE SMITH, County Clerk  
By [Signature] Deputy

6519

9451

CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

STATE OF NEW MEXICO      I  
COUNTY OF LEA            I

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation" and to obtain ratification by the Working Interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

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For the same consideration, the undersigned Working Interest Owner does hereby RATIFY and CONFIRM the Unit Agreement above referred to as herein amended and the Unit Operating Agreement dated September 1, 1971, and does hereby commit all of its right, title and interest in and to the lands within said Unit to the terms, provisions and agreements set forth in said Unit Agreement and Unit Operating agreement.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 7 day of August, 1971.

ATTEST:

Jane H. Smith  
Secretary

(INDIVIDUAL OR JOINT)

STATE OF            I  
COUNTY OF        I

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_, his wife.

My Commission Expires:

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

Notary Public

NOV 5 1971

at \_\_\_\_\_ o'clock \_\_\_\_\_ M  
and Recorded in Book \_\_\_\_\_  
Page \_\_\_\_\_  
JANE HUGH SMITH, County Clerk  
By \_\_\_\_\_ Deputy

CORPORATE

STATE OF Texas  
COUNTY OF Dallas

The foregoing instrument was acknowledged before me this 27 day of December, 1971, by Edward J. [Signature],

[Signature], of Bank of America,  
a corporation, on behalf of said corporation.

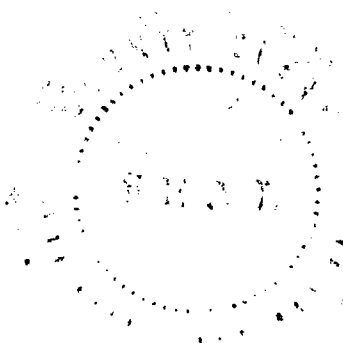
[Signature]  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

NOV 5 1971

at 4:35 o'clock P M  
and Recorded by Book 300  
Page 226  
JANE RICE SMITH, County Clerk  
By [Signature] Deputy



9151

9452

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971

at 4:35 o'clock PM  
and Recorded in Book 300  
Page 228  
JANE RICE SMITH, County Clerk  
By [Signature] Deputy

STATE OF NEW MEXICO  
COUNTY OF LEA

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation" and to obtain ratification by the Working Interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

In consideration of the premises, it is hereby agreed that said Unit Agreement shall be amended as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:  
  
    "(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."
2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-mentioned expansion.

For the same consideration, the undersigned Working Interest Owner does hereby RATIFY and CONFIRM the Unit Agreement above referred to as herein amended and the Unit Operating Agreement dated September 1, 1971, and does hereby commit all of its right, title and interest in and to the lands within said Unit to the terms, provisions and agreements set forth in said Unit Agreement and Unit Operating agreement.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 27 day of August, 1971.

ATTEST:

Edward T. Brown

~~SECRET~~  
Secretary

(INDIVIDUAL OR JOINT)

STATE OF *Texas* 1  
COUNTY OF *Harris* 1

The foregoing instrument was acknowledged before me this 1 day of Sept., 1971, by Edmund L. Brown and \_\_\_\_\_, his wife.

Notary Public

My Commission Expires:

LAURA GORRELL, Notary Public  
in and for Dallas County, Texas  
My Commission Expires June 1, 1973

2510

CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

STATE OF NEW MEXICO     X  
COUNTY OF LEA           X

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation", to obtain ratification by the Working Interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

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If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 1st day of October, 1971.

ATTEST:

\_\_\_\_\_  
Secretary

CONTINENTAL OIL COMPANY

V. C. Eissler  
V. C. Eissler, Attorney-in-Fact

CORPORATE

STATE OF       TEXAS       X  
COUNTY OF     HARRIS     X

The foregoing instrument was acknowledged before me this 1st day of October, 1971, by V. C. Eissler, on behalf of said corporation.

JAUNITA DUPY  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1973

My Commission Expires:

Jaunita Dupy  
Notary Public



9153

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971

at 4:35 o'clock P.M.  
and Recorded in Book 300  
Page 229  
JANE RICE SMITH County Clerk  
By Deputy

STATE OF NEW MEXICO X  
COUNTY OF LEA X

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

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If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 14<sup>th</sup> day of September, 1971.

ATTEST:

\_\_\_\_\_  
Secretary  
(INDIVIDUAL OR JOINT)

STATE OF X  
COUNTY OF X

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of September, 1971, by Ray H. Cubank and Ora D. Cubank, his wife.

June 1, 1973  
My Commission Expires:

*[Signature]*  
*[Signature]*

Doris R. Blissard  
Notary Public

9153

9154

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971

at 4:35 o'clock P.M.  
and Recorded in Book 300  
Page 230  
JANE RICE SMITH, County Clerk  
By Deputy

STATE OF NEW MEXICO     I  
COUNTY OF LEA            I

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EXECUTED this 1st day of September, 1971.

ATTEST:

A. D. Martin Jr.

and

Amelia Martin

Secretary

his wife

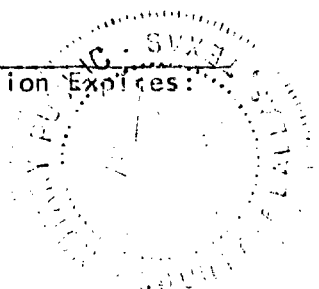
(INDIVIDUAL OR JOINT)

STATE OF Texas     I  
COUNTY OF Dallas     I

The foregoing instrument was acknowledged before me this 1st day of September, 1971, by A. D. Martin Jr. and Amelia Martin, his wife.

Little Groom  
Notary Public

My Commission Expires:



My commission expires 12/31/73

9154

9455

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971  
at 4:35 PM  
and Recorded in Book 300  
Page 231  
JANE RICE SMITH, County Clerk  
By Deputy

STATE OF NEW MEXICO i  
COUNTY OF LEA i

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation" and to obtain ratification by the Working Interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

In consideration of the premises, it is hereby agreed that said Unit Agreement shall be amended as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-mentioned expansion.

For the same consideration, the undersigned Working Interest Owner does hereby RATIFY and CONFIRM the Unit Agreement above referred to as herein amended and the Unit Operating Agreement dated September 1, 1971, and does hereby commit all of its right, title and interest in and to the lands within said Unit to the terms, provisions and agreements set forth in said Unit Agreement and Unit Operating agreement.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 27<sup>th</sup> day of Aug., 1971.

ATTEST:

Martin-Pierce Co. - A Co-Partnership  
by A.D. Martin Jr.  
Partner

\_\_\_\_\_  
(INDIVIDUAL OR JOINT) Secretary

STATE OF i  
COUNTY OF i

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of August, 1971, by A.D. Martin Jr. in behalf of Martin-Pierce Co., his wife.

\_\_\_\_\_  
Notary Public.

6-1973  
My Commission Expires:

2nd BOOK 300 PAGE 202  
Misc

9456

CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

STATE OF NEW MEXICO        *I*  
COUNTY OF LEA               *I*

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation" and to obtain ratification by the Working Interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

In consideration of the premises, it is hereby agreed that said Unit Agreement shall be amended as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-mentioned expansion.

For the same consideration, the undersigned Working Interest Owner does hereby RATIFY and CONFIRM the Unit Agreement above referred to as herein amended and the Unit Operating Agreement dated September 1, 1971, and does hereby commit all of its right, title and interest in and to the lands within said Unit to the terms, provisions and agreements set forth in said Unit Agreement and Unit Operating agreement.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 23 day of September, 1971.

ATTEST:

Mary Alice McNeil  
Assistant Secretary  
(INDIVIDUAL OR JOINT)

NORTH AMERICAN RESOURCES CORPORATION  
Paul M. Hardwick V.P.  
m Paul M. Hardwick, Vice-President

STATE OF        *I*  
COUNTY OF       *I*

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_, his wife.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

CORPORATE

STATE OF TEXAS            I  
COUNTY OF HARRIS        I

The foregoing instrument was acknowledged before me this 23rd day of September, 1971, by PAUL M. HARDWICK

Vice-President, of North American Resources Corporation  
a corporation, on behalf of said corporation.

*Pauline Kellough*  
Notary Public in and for  
Harris County, Texas

June 1, 1973  
My Commission Expires:

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

NOV 5 1971  
at 4:35 o'clock P  
and Recorded in Book 300  
Page 232  
JANE RICE SMITH, County Clerk  
By [Signature] Deputy

9456



CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

STATE OF NEW MEXICO        )  
COUNTY OF LEA                )

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation" and to obtain ratification by the Working Interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

In consideration of the premises, it is hereby agreed that said Unit Agreement shall be amended as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

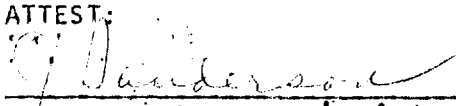
"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

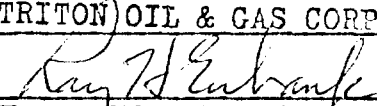
2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-mentioned expansion.

For the same consideration, the undersigned Working Interest Owner does hereby RATIFY and CONFIRM the Unit Agreement above referred to as herein amended and the Unit Operating Agreement dated September 1, 1971, and does hereby commit all of its right, title and interest in and to the lands within said Unit to the terms, provisions and agreements set forth in said Unit Agreement and Unit Operating agreement.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 2nd day of September, 1971.

ATTEST:  
  
Assistant Secretary  
(INDIVIDUAL OR JOINT)

TRITON OIL & GAS CORP.  
  
Exec. Vice President

EXEC.	_____
GEOL.	_____
LAND	<u>Yes</u>
LEGAL	<u>Yes</u>

STATE OF                        )  
COUNTY OF                    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_, his wife.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

CORPORATE

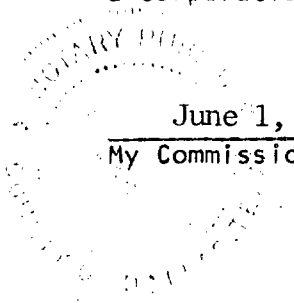
STATE OF TEXAS            I  
COUNTY OF DALLAS        I

The foregoing instrument was acknowledged before me this 2nd day of  
September, 1971, by Ray H. Eubank,

Executive Vice President, of Triton Oil & Gas Corp.  
a corporation, on behalf of said corporation.

*Jean M. Chapman*  
Notary Public

June 1, 1973  
My Commission Expires:



STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

NOV 5 1971

at 4:35 P M  
and Recorded in Book 300  
Page 234  
JANE RICE SMITH, County Clerk  
By *JR* Deputy



9452



CONSENT AND RATIFICATION OF  
UNIT OPERATING AGREEMENT AND AMENDED UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

STATE OF NEW MEXICO    I  
COUNTY OF LEA            I

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this agreement is to expand the Unit as created by said Unit Agreement, to amend the definition of "Unitized Formation" and to obtain ratification by the Working interests in the expanded Unit of the amended Unit Agreement and the Unit Operating Agreement.

In consideration of the premises, it is hereby agreed that said Unit Agreement shall be amended as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-mentioned expansion.

For the same consideration, the undersigned Working Interest Owner does hereby RATIFY and CONFIRM the Unit Agreement above referred to as herein amended and the Unit Operating Agreement dated September 1, 1971, and does hereby commit all of its right, title and interest in and to the lands within said Unit to the terms, provisions and agreements set forth in said Unit Agreement and Unit Operating Agreement.

If the undersigned is also a Royalty Owner, within the meaning of that term as used in said Unit Agreement, then for the considerations and purposes hereinabove stated, this ratification shall extend to the Royalty Interest of the undersigned as well as to its Working Interest.

EXECUTED this 21st day of September, 1971.

ATTEST:

*W. D. Anderson*  
Secretary

(INDIVIDUAL OR JOINT)

WILCO PROPERTIES, INC.

*W. E. Bank*  
Vice President

EXEC.	.....
GEOL.	.....
LAND	<i>W. E. Bank</i>
LEGAL	.....
.....	.....
.....	.....

STATE OF            I  
COUNTY OF        I

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_, his wife.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

CORPORATE

STATE OF TEXAS I  
COUNTY OF DALLAS I

The foregoing instrument was acknowledged before me this 21st day of  
September, 1971, by Ray H. Eubank,

Vice President, of Wilco Properties, Inc.  
a corporation, on behalf of said corporation.

*Joan M. Chapman*  
Notary Public

June 1, 1973

My Commission Expires: \_\_\_\_\_

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

NOV 5 1971

at 4:35 o'clock P M  
and Recorded in Book 300  
Page 236  
JANE RICE SMITH, County Clerk  
By *[Signature]* Deputy

9458



CONSENT AND RATIFICATION OF  
EXPANSION AND AMENDMENT OF UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

HOBBS DIVISION	
SEP 19 1971	
Div. Man	
Asst. Div. M	
Div. Eng	
Div. Geol	
Comptroller	

STATE OF NEW MEXICO    I  
COUNTY OF LEA            I

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE 22<sup>nd</sup> day of September, 1971.

ATTEST:

E. J. Austell

\_\_\_\_\_  
Secretary

(INDIVIDUAL OR JOINT)

STATE OF            I  
COUNTY OF         I

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of September, 1971, by Essie J. Austell and a widow, his wife.

Lois Lasater  
Notary Public

1 June 1973  
My Commission Expires:

CORPORATE

STATE OF            I  
COUNTY OF         I

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_, of \_\_\_\_\_, a corporation, on behalf of said corporation.

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

Notary Public

My Commission Expires:

NOV 5 1971  
at 4:35 o'clock P.M.  
and Recorded in Book 300  
Page 241  
JANE RICE SMITH, County Clerk

9460

CONSENT AND RATIFICATION OF  
EXPANSION AND AMENDMENT OF UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

NOV 5 1971

at 4:35 o'clock P.M.  
and Recorded in Book 300  
Page 239  
JANE RIGGS SMITH, County Clerk  
By Deputy

STATE OF NEW MEXICO I  
COUNTY OF LEA I

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE 27 day of August, 1971.

ATTEST:

Marguerite Wright  
Secretary

(INDIVIDUAL OR JOINT)

STATE OF TEXAS I  
COUNTY OF TARRANT I

BASS ENTERPRISES PRODUCTION CO.

By E. W. Sampson  
President

Perry R. Bass  
PERRY R. BASS

Nancy Lee Bass  
NANCY LEE BASS

The foregoing instrument was acknowledged before me this 27 day of August, 1971, by PERRY R. BASS and NANCY LEE BASS, his wife.

Joan Barnhart  
Notary Public

June 1, 1973

My Commission Expires:

CORPORATE

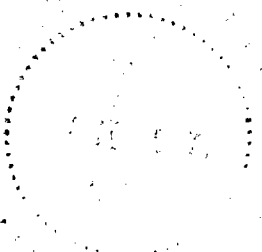
STATE OF TEXAS I  
COUNTY OF TARRANT I

The foregoing instrument was acknowledged before me this 27 day of August, 1971, by E. W. Sampson, Texas President, of BASS ENTERPRISES PRODUCTION CO. a corporation, on behalf of said corporation.

Joan Barnhart  
Notary Public

June 1, 1973

My Commission Expires:



0916

misc

9463

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

CONSENT AND RATIFICATION OF  
EXPANSION AND AMENDMENT OF UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971

at 4:35 clock P M  
and Recorded in Book 300  
Page 242  
JANE RICE SMITH, County Clerk  
By Deputy

STATE OF NEW MEXICO  
COUNTY OF LEA

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE 10th day of September, 1971.

ATTEST:

*Donald T. Desmond*

Secretary

(INDIVIDUAL OR JOINT)

STATE OF Oklahoma  
COUNTY OF Muskogee

The foregoing instrument was acknowledged before me this 10th day of September, 1971, by Donald T. Desmond and \_\_\_\_\_, his wife.

*Virginia A. Fulton*  
Notary Public

October 3, 1974  
My Commission Expires:

CORPORATE

STATE OF  
COUNTY OF

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_, of \_\_\_\_\_, a corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

9463

Ma<sup>uu</sup>

[illegible]

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

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2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE            day of            , 1971.

ATTEST:

Secretary

(INDIVIDUAL OR JOINT)

STATE OF  
COUNTY OF **Chaves**

The foregoing instrument was acknowledged before me this 21 day of September, 1971, by Rexell V. Desmond and Virginia C. Desmond, his wife.

2-10-73

My Commission Expires:

CORPORATE

STATE OF  
COUNTY OF ---

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_, of \_\_\_\_\_, a corporation, on behalf of said corporation.

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

Notary Public

My Commission Expires:

NOV 5 1971

at 4:35 o'clock P M.  
and Recorded in Book 300  
Page 247  
JANE RICE SMITH, County Clerk  
By [Signature] Deputy

9464

9465

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

CONSENT AND RATIFICATION OF  
EXPANSION AND AMENDMENT OF UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971

at 4:35 o'clock P M  
and Recorded in Book 300  
Page 244  
JANE RICE SMITH, County Clerk  
By Deputy

STATE OF NEW MEXICO I  
COUNTY OF LEA I

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE 15<sup>th</sup> day of Sept., 1971.

ATTEST:

\_\_\_\_\_  
Secretary

*Margaret K. Hunker*  
*George H. Hunker, Jr.*

(INDIVIDUAL OR JOINT)

STATE OF NEW MEXICO I  
COUNTY OF CHAVES I

The foregoing instrument was acknowledged before me this 21 day of September, 1971, by Margaret K. Hunker and George H. Hunker, Jr., ~~xxxxxx~~ her husband.

*[Signature]*  
Notary Public

12-16-73

My Commission Expires:

CORPORATE

STATE OF I  
COUNTY OF I

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_, of \_\_\_\_\_, a corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires:

5976



CONSENT AND RATIFICATION OF  
EXPANSION AND AMENDMENT OF UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971

at 4:35 o'clock P.M.  
and Recorded in Book 500  
Page 245  
JANE RICE SMITH, County Clerk  
By \_\_\_\_\_ Deputy

STATE OF NEW MEXICO }  
COUNTY OF LEA }

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE 1st day of September, 1971.

ATTEST:

\_\_\_\_\_  
Secretary

(INDIVIDUAL OR JOINT)

STATE OF Oklahoma }  
COUNTY OF Oklahoma }

The foregoing instrument was acknowledged before me this 1st day of September, 1971, by Charles L. Jenkins and Edna Jenkins, his wife.

July 15, 1974

My Commission Expires:

CORPORATE

STATE OF }  
COUNTY OF }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_, of \_\_\_\_\_, a corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires:

misc

9467

CONSENT AND RATIFICATION OF  
EXPANSION AND AMENDMENT OF UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

NOV 5 1971

at 4:35 P M  
and Recorded in Book 300  
Page 246  
JANE RICE SMITH, County Clerk  
By Deputy

STATE OF NEW MEXICO I  
COUNTY OF LEA I

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE 24 day of August, 1971.

ATTEST:

Secretary

(INDIVIDUAL OR JOINT)

STATE OF TEXAS I  
COUNTY OF DALLAS I

The foregoing instrument was acknowledged before me this 30 day of August, 1971, by Raymond M. Pickett and Sally S. Pickett, his wife.

Notary Public

My Commission Expires: 6-1-73

CORPORATE

STATE OF I  
COUNTY OF I

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_, of \_\_\_\_\_, a corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

9466

Misc

9461

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

CONSENT AND RATIFICATION OF  
EXPANSION AND AMENDMENT OF UNIT AGREEMENT  
EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

NOV 5 1971

at 4:35 o'clock P  
and Recorded by Book 300  
Page 240  
JANE RICE SMITH, County Clerk  
By Deputy

STATE OF NEW MEXICO I  
COUNTY OF LEA I

REFERENCE is hereby made to that certain Unit Agreement for development and operation of the East E-K Unit, County of Lea, State of New Mexico, which Unit Agreement is recorded in Volume 281, Page 529, of the Miscellaneous Records of Lea County, New Mexico.

The purpose of this instrument is to consent to the expansion of the Unit Area to include Section 22, except SW/4 SW/4, and E/2 Section 23, T-18S, R-34E, Lea County, New Mexico and to amend the Unit Agreement as follows:

1. The definition of "Unitized Formation" set out as 2(j) shall be deleted and the following substituted therefor:

"(j) 'Unitized Formation' means that portion of the Queen Formation indicated between the depths of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico."

2. Said Unit Agreement shall further be amended by deleting therefrom Exhibits "A", "B" and "C" and substituting therefor the Exhibits "A", "B" and "C" revised in accordance with the above-described expansion.

In consideration of the premises, the undersigned (whether one or more) hereby consents to said Expansion and ratifies the above-described amendment to the Unit Agreement.

EXECUTED THE 27<sup>th</sup> day of Aug, 1971.

ATTEST:

\_\_\_\_\_  
Secretary

*Ralph Nix*  
*Frances Nix*

(INDIVIDUAL OR JOINT)

STATE OF I  
COUNTY OF I

The foregoing instrument was acknowledged before me this 27th day of August, 1971, by Ralph Nix and Frances Nix, his wife.

NOVEMBER 17, 1972  
FORMERLY DOROTHY PATTERSON

*Dorothy Patterson*  
Notary Public

My Commission Expires:

CORPORATE

STATE OF I  
COUNTY OF I

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_, 1971, by \_\_\_\_, of \_\_\_\_, a corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires:

9461



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

IN REPLY REFER TO:

RECEIVED  
70 APR 28 AM 8 17

APR 24 1970

Continental Oil Company  
P. O. Box 440  
Hobbs, New Mexico 88240

Attention: Mr. G. C. Jonsson

Gentlemen:

Preliminary approval of a proposed expansion of the East EK Queen unit area was granted by Survey letter of March 3, 1970.

Your letter of April 3, 1970, advises that after further evaluation, you have decided to conduct your waterflood within the present unit area and wish to withdraw your request for expansion. Accordingly, preliminary approval of the expansion of the East EK Queen unit area is hereby withdrawn and the case is closed on the records without prejudice to reconsideration at any future time.

Sincerely yours

*W. A. Radlinski*

Acting DIRECTOR

cc:  
BLM, Santa Fe  
Com. Pub. Lands, Santa Fe  
HMOCC, Santa Fe ✓  
Roswell (2)

GDaniel:cn:4-14-70

Unit Name EAST E-k UNIT (WATERFLOOD)  
Operator CONTINENTAL OIL COMPANY  
County LEA

DATE	OCC CASE NO. 4283	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. R-3902	DATE	ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
Commissioner	12-24-69	8-1-69	400.00	400.00	-0-	-0-	Yes	so long
July 9, 1969								

UNIT AREA  
TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
SECTION: 22 NW/4, E/2SW/4, SE/4, NW/4SW/4, NE/4  
SECTION: 23 W/2NW/4

EXPANSION IS AS FOLLOWS AND IS EFFECTIVE  
November 1, 1971.

Section 22- 18S-34E= NW/4SW/4, NE/4  
Section 23- 18S-34E= W/2NW/4  
TOTAL ACREAGE IN UNIT IS NOW 680.00

Unit Name

EAST E-K UNIT

Operator

CONTINENTAL OIL COMPANY

County

Lea

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACREAGE	LESSEE
							DATE	ACRES	NOT RATIFIED	
1	E-2519-2	C.S.	22	18S	34E	NW/4, E/2SW/4	5/21/69	240.00		Richardson & Bas
2	E-3072-3	C.S.	22	18S	34E	SE/4	5/6/69	160.00		Continental Oil
EXPANSION IS AS FOLLOWS:										
3.	E-2519-2	C.S.	22	18S	34E	NW/4SW/4	8/27/71	40.00		Bass Enterprises Prod. Co.
4.	OG-1633	C.S.	23 22	18S 18S	34E 34E	W/2NW/4 NE/4	10/1/71	240.00		Continental Oil



#4283

COMMERCIAL RESOURCES  
(505)-827-5724

SURFACE RESOURCES  
(505)-827-5795

MINERAL RESOURCES  
(505)-827-5744

ROYALTY  
(505)-827-5772

State of New Mexico  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.  
310 Old Santa Fe Trail, P. O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS  
(505)-827-5765

ADMINISTRATIVE MGMT.  
(505)-827-5700

LEGAL  
(505)-827-5715

PLANNING  
(505)-827-5752

June 12, 1998

Penroc Oil Corporation  
P.O. Box 5970  
Hobbs, New Mexico 88241

Attn: Mr. M. Y. Merchant

Re: Resignation/Designation of Successor Unit Operator  
East E-K Unit  
Lea County, New Mexico

Dear Mr. Merchant:

We are in receipt of your resignation/designation of successor unit operator, wherein Yarbrough Oil LP has resigned as unit operator of the East E-K Unit and designated Penroc Oil Corporation as the successor unit operator.


The Commissioner of Public Lands has this date approved the resignation of Yarbrough Oil LP and the designation of Penroc Oil Corporation as the successor unit operator of this unit.

This change in operators is effective May 1, 1998. In accordance with this approval, Penroc Oil Corporation is now responsible for all operations and the reporting of all production from the unit.

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

Very truly yours,

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

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

pc: Reader File

Yarbrough Oil LP

OCD-Roy Johnson

TRD

"WE WORK FOR EDUCATION"

MAIN OFFICE

94 T M J 10 PM 1 46  
'69 JUL 10 PM 1 46

July 9, 1969

4283

Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Re: East E-K Unit  
Lea County, New Mexico

ATTENTION: Mr. L. P. Thompson

Gentlemen:

The Commissioner of Public Lands has this date approved your East E-K Unit, Lea County, New Mexico. The Effective date to be as of 7:00 O'clock a.m. August 1, 1969, as per Section 23 of the Unit Agreement.

Enclosed are Five (5) Certificates of Approval, also four copies of the Unit Agreement surplus to our need.

Your Initial Plan of Operation has also been approved as of this date.

Very truly yours,

Ted Bilberry, Director  
Oil and Gas Department

TA/ML/s  
encls.

cc: OCC-Santa Fe, New Mexico

*Official Preliminary to OCC hearing*  
*[Signature]*

C  
O  
P  
Y



*Jim*

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 4, 1972

4283

Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

Re: Expansion of Unit Area  
and Amendment of Unit  
Agreement East EK Unit,  
Lea County, New Mexico

Gentlemen:

The New Mexico Oil Conservation Commission, this date, gives approval to the expansion of the East EK Unit, Lea County, New Mexico, to include the NE/4 and NW/4 SW/4 of Section 22 and the W/2 NW/4 of Section 23, both in Township 18 South, Range 34 East, NMPM. Approval is also granted to the amendment of Section 2, paragraph (j) of the Unit Agreement to read as follows:

(j) 'Unitized Formation' means that portion of the Queen formation indicated between the depth of 4454 feet to 4790 feet on the sonic log in the Triton Oil and Gas Company, Continental State No. 1 Well located 2310 feet from the North line and 1980 feet from the East line of Section 22, Township 18 South, Range 34 East, Lea County, New Mexico.

The effective date of the Expansion and the Amendment to be November 1, 1971. This approval supersedes that granted December 7, 1971, for the Expansion only and is subject to like approval by the Commissioner of Public Lands.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/JEK/og

4283



RAY B. POWELL  
COMMISSIONER

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

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

October 5, 1993

PSA Producers  
P.O. Box 414  
Hobbs, New Mexico 88241

Attention: Mr. Joe Pruitt

Re: Resignation/Designation of Successor Unit Operator  
East EK Unit  
Lea County, New Mexico

Dear Mr. Pruitt:

This office is in receipt of a designation of successor unit operator, wherein Conoco Inc. has resigned as unit operator of the East EK Unit and designated PSA Producers as the successor unit operator.

The Commissioner of Public Lands has this date approved the resignation of Conoco Inc. and the designation of PSA Producers as the successor unit operator of this unit. This change in operators is effective December 1, 1986, in accordance with this approval. PSA Producers is now responsible for all operations and the reporting of all production from the unit.

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

Very truly yours,

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

BY: *Floyd O. Prando*  
FLOYD O. PRANDO, Director  
Oil/Gas and Minerals Division  
(505) 827-5744  
RBP/FOP/pm  
encls.

cc: Reader File  
Conoco Inc.  
OCD  
TRD



L. P. Thompson  
Division Manager  
Production Department  
Hobbs Division

Western Hemisphere Petroleum Division  
Continental Oil Company  
P. O. 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

RECEIVED

OCT - 4 1971

OIL CONSERVATION COMM.  
SANTA FE

4283

October 1, 1971

Owners of Interests  
Proposed East EK Unit Expansion  
(Address List Attached)

Gentlemen:

My letters to you dated August 24 and 25, 1971, advised that we expected the expansion of the East EK Unit to become effective October 1, 1971. We have been unable to secure the ratification of an essential party prior to October 1. As a consequence, we are hereby giving you revised notice that the unit will become effective on November 1, 1971. All other information contained in the previous notice will apply with the exception of the effective date.

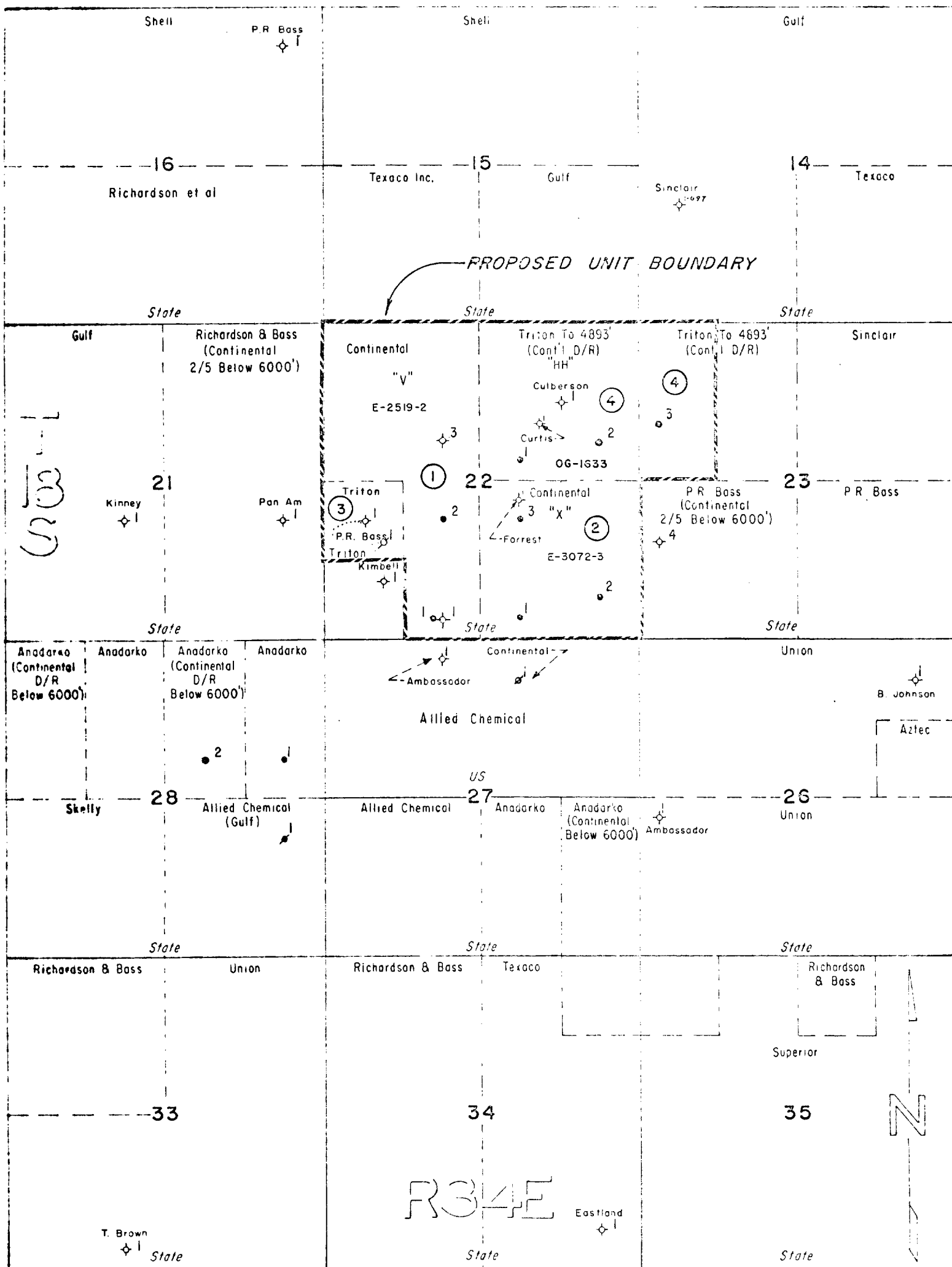
Yours very truly,

rw  
Copies + enc:  
Commissioner of Public Lands  
State of New Mexico  
P. O. Box 1148  
Santa Fe, New Mexico 87501

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

RLA: CES: HMN:

Copies to:  
NEL: NGP: CBC:



① Tract Number

CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT—HOBBS DIVISION

EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

SCALE  
0 1000 2000

Exhibit A  
(Rev 8-20-71)

EW

**EXHIBIT "B"**  
**TO THE UNIT AGREEMENT FOR THE EAST E-K UNIT - T-18S, R-34E,**  
**LEA COUNTY, NEW MEXICO**

TRACT NO.	DESCRIPTION	ACRES	SERIAL NO. & EXP. DATE	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY AND PERCENT	WORKING INTEREST OWNER
1	Sec. 22 NW/4, E/2 SW/4	240	E-2519-2	State of New Mexico	Richardson & Bass	Ralph & Frances Nix Bass Enterprises Production Company Perry R. Bass 3.125% 2.34375% 0.78125%	Continental Oil Co.
2	Sec. 22 SE/4	160	E-3072-3	State of New Mexico	Continental Oil Company	Essie J. Austell Donald T. Desmond Rexell V. Desmond Margaret K. Hunker Charles L. Jenkins et ux J. Penrod Toles 1.32975% 0.19875% 0.19875% 0.14775% 2.50000% 0.62500%	Continental Oil Co.
3	Sec. 22 NW/4 SW/4	40	E-2519-2	State of New Mexico	Richardson Oils, Inc.	Richardson & Bass Raymond M. Peeler 6.250% 1.250%	Orville Allen Andy Angelo Baco Petroleum Corp. Edmund L. Brown Ray Eubank Roy Rimmer, Jr. Triton Oil & Gas Corp. Wilco Properties James F. Williams et ux 6.25% 6.25% 6.25% 6.25% 6.25% 6.25% 43.75% 12.50% 6.25%
4	Sec. 22 NE/4 Sec. 22 W/2 NW/4	240	OG-1633	State of New Mexico	Continental Oil Co.	Continental Oil Co. 6.25%*	Orville Allen Edmund L. Brown A. D. Martin Jr. Martin-Pierce Co. North American Resources, Corp. Triton Oil & Gas Corp. Jeannette R. Williams 6.25% 6.25% 12.5% 12.5% 25% 31.25% 6.25%

\* Escalates to 12.5% during Phase II Participation

EXHIBIT "C"  
TO THE UNIT AGREEMENT FOR EAST E-K UNIT  
LEA COUNTY, NEW MEXICO

		<u>PHASE I</u>	<u>PHASE II</u>
Tract 1	49.6252% Present Unit	28.59357	39.59655
Tract 2	50.3748% Present Unit	29.02548	40.19467
Tract 3		0.00000	1.31156
Tract 4		<u>42.38095</u>	<u>18.89722</u>
	TOTAL	100.00000	100.00000

8-10-71

**OIL CONSERVATION COMMISSION**

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

4283

August 18, 1971

C  
O  
P  
Y  
  
Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

Gentlemen:

The New Mexico Oil Conservation Commission hereby grants preliminary approval of the proposed expansion to the East EK Unit, Lea County, to include the NE/4 and NW/4 SW/4 of Section 22 and the W/2 NW/4 of Section 23, Township 18 South, Range 34 East, NMPM. Said approval is subject to like approval by the Commissioner of Public Lands.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/JEK/og

cc: Commissioner of Public Lands  
Santa Fe, New Mexico



L. P. Thompson  
Division Manager  
Production Department  
Hobbs Division

Western Hemisphere Petroleum Division  
Continental Oil Company  
P. O. 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

**RECEIVED**  
AUG 10 1971  
OIL CONSERVATION COMMISSION

August 9, 1971

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

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

Gentlemen:

Proposed Expansion of East EK Unit, Lea County, New Mexico

My letter dated July 26, 1971, requested preliminary concurrence for the proposed expansion of the East EK Unit. Since that letter was mailed, we have learned that the SW/4 SW/4 Section 22, is not leased to Triton Oil and Gas Company and consequently, will not be included in the proposed expansion. Therefore, the lease referred to as Triton's Richardson and Bass State Lease consists only of the NW/4 SW/4 of Section 22, and the revised boundaries of the unit will include all of Section 22, except SW/4 SW/4, and the W/2 NW/4 Section 23. Upon receipt of your preliminary concurrence, we will proceed to expand the unit as outlined in Section Four of the unit agreement.

Yours very truly,

rw



Western Hemisphere Petroleum Division  
Continental Oil Company  
P. O. 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

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JUL 28 1971

July 26, 1971

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

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

Gentlemen:

Proposed Expansion of East EK Unit - Lea County, New Mexico

Continental Oil Company and Triton Oil Company have tentatively agreed to the expansion of the East EK Unit to include Triton's Richardson and Bass State Lease (W/2 SW/4 Section 22) and a portion of their Continental State Lease (NE/4 Section 22 and W/2 NW/4 Section 23) in Township 18 South, Range 34 East, Lea County, New Mexico. The basis of participation between the present unit and the tracts being added involve a two-phase formula. Phase I, to extend from effective date until the first day of the month following the production of 63,000 barrels after January 1, 1971, is based 100% on remaining reserves as of January 1, 1971. Phase II is based 100% on net acre feet as shown on the attached plat. These parameters are shown on the attached tabulation of possible unitization parameters.

Triton's wells have been drilled into and perforated in the Penrose section of the Queen formation as well as the unitized formation (Upper Queen) for the East EK Unit. It will therefore be necessary to amend the unit agreement as to the definition of the unitized formation to include the Penrose section.

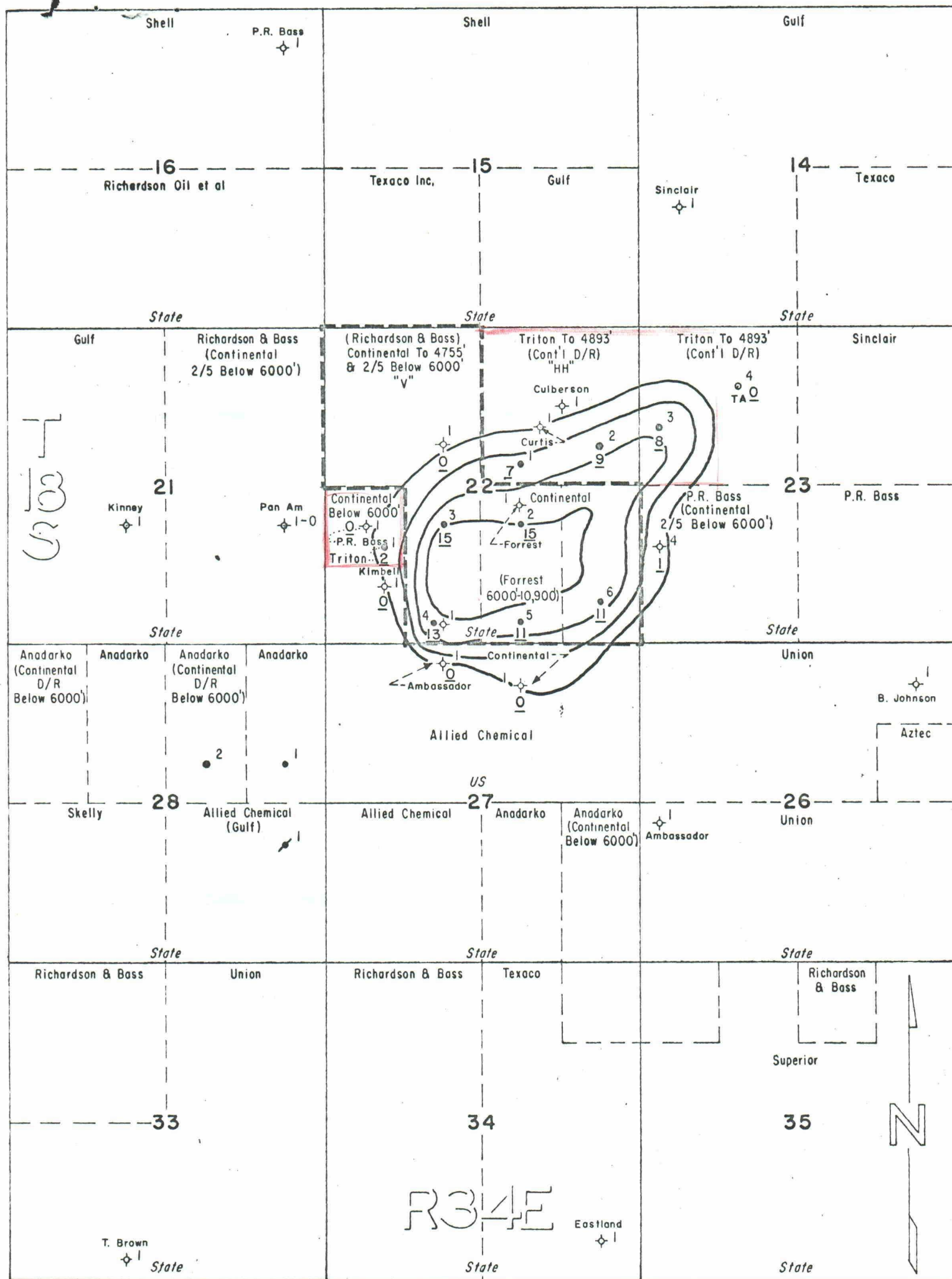
As provided in Section 4 of the unit agreement, we are hereby requesting your preliminary concurrence to change the boundaries of the unit to include all of Section 22 and the W/2 NW/4 of Section 23 and to amend the unit agreement so as to expand the unitized formation to include both the upper Queen and the Penrose formation. Upon receipt of your preliminary concurrence, the notice of proposed expansion will be prepared and the procedure outlined in Section 4 will be followed. Your early concurrence will be sincerely appreciated.

Yours very truly,

*Thompson*

rw  
Enc

*Conoco Agreement calls  
for preliminary to actual  
Expansion  
write letter*



# CONTINENTAL OIL COMPANY

PRODUCTION DEPARTMENT—HOBBS DIVISION

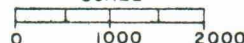
EAST E-K QUEEN POOL

LEA COUNTY, NEW MEXICO

ISOPACH—QUEEN PAY

CONTOUR INTERVAL: 5'

SCALE



JPB 2-25-71

EW

EAST EK UNIT EXPANSION  
POSSIBLE UNITIZATION PARAMETERS

	Cum. Prod. to 1-1-71 Bbls.	%	Remaining Re- serves 1-1-71 Bbls.	%	Ultimate Primary Bbls.	%	Current Rate 7-1-70 - 1-1-71 Bbls.	%	Primary Net Pay Acre Ft.	%	Waterflood Net Pay Acre Ft.	%	Waterflood Bbls. @ 170 B/AF	%	Usable Wells No.	%	Unit Acres No.	%
CONTINENTAL																		
East EK	378,790*	88.66	36,300	57.62	415,090*	84.67	9,019	62.85	2981	79.79	2745	87.50	466,650	87.50	5	55.56	400	55.56
TRITON OIL & GAS																		
Continental State	48,472	11.34	26,700	42.38	75,172	15.33	5,332	37.15	706	18.90	363	11.57	61,710	11.57	3	33.33	240	33.33
Richardson & Bass State	0 48,472	0 11.34	0 26,700	0 42.38	0 75,172	0 15.33	0 5,332	0 37.15	49 755	1.31 20.21	29 392	.93 12.50	4,930 66,640	.93 12.50	1 4	11.11 44.44	80 320	11.11 44.44
GRAND TOTAL	427,262	100.00	63,000	100.00	490,262	100.00	14,351	100.00	3736	100.00	3137	100.00	533,290	100.00	9	100.00	720	100.00

\*Does not include 2,640 barrels of secondary oil produced prior to 1-1-71.



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2066 - SANTA FE

87501

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

December 24, 1969

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: Case No. 4283  
Order No. R-3902  
Applicant:  
Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Unit Division - State Land Office



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

MAIN OFFICE 000

MAR 3 - 1970

'70 MAR 9 AM 9 02

Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Attention: Mr. G. C. Jamieson

Gentlemen:

Your letter of January 23 filed on January 26 with the Acting Oil and Gas Supervisor, Roswell, New Mexico, requests preliminary approval of a proposed expansion of the East E-K Queen unit area, Lea County, New Mexico.

The East E-K Queen unit agreement was approved by the New Mexico Commissioner of Public Lands on July 9, 1969, effective August 1, 1969. Such agreement was not submitted for the Director's approval since the unit area consisted entirely of State of New Mexico land. The agreement was formed for the purpose of conducting secondary recovery operations in the upper Queen formation as defined in Section 2(j) of the unit agreement. Participation in unitized substances for each originally qualified tract is based on a single phase formula consisting of 90 percent cumulative oil production and 10 percent acreage. Unit participation for the tract covering the acreage added by the proposed expansion will be on the same basis as for the originally qualified tracts.

The proposed unit area expansion to include 80 acres of Federal land described as the NE1/4 and the NE1/4 sec. 27, T. 18 S., R. 34 E., N.M.P.M., will increase the E-K Queen unit area from 400 to 480 acres. While such land is not productive in the unitized formation, its inclusion in the unit area will permit the wells situated thereon to be operated as unit injection wells which should increase the ultimate recovery from the project area.

No objection will be offered to the proposed expansion if accomplished in accordance with the applicable provisions of Section 4 of the unit agreement. At least five copies of the application for final approval accompanied by appropriate joinders for the

new tract should be filed with the Oil and Gas Supervisor, Roswell, New Mexico, after such application has been approved by the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission. Five copies of the fully executed unit agreement and three copies of the unit operating agreement should also be filed with the Supervisor. One copy of the unit agreement should have original executions and joinders.

Sincerely yours,

*W. A. Radlinski*

Acting Director

cc:

BLM, Santa Fe  
Com. of Pub. Lands, Santa Fe  
NMOCC, Santa Fe ✓  
Roswell (2)

GFDaniel:rp:2-2-70



L. P. Thompson  
Division Manager  
Production Department  
Hobbs Division

Western Hemisphere Petroleum Division  
Continental Oil Company  
P. O. 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

RECEIVED  
NOV 16 1971  
OIL CONSERVATION COMM.  
SANTA FE

November 15, 1971

Commissioner of Public Lands (2)  
State of New Mexico  
P. O. Box 1148  
Santa Fe, New Mexico 87501

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

4283

Gentlemen:

Expansion of East EK Unit, Lea County, New Mexico

My letter dated July 26, 1971, requested your preliminary concurrence for the expansion of the subject unit. This preliminary concurrence was given by the Commissioner and Secretary-Director by letter, both of which were dated August 18, 1971.

By letter dated August 24, 1971, all owners of overriding royalty interests were advised of the proposed expansion, to be effective October 1, 1971, and were requested to ratify an amendment to the unit agreement whereby the unitized formation is re-defined to encompass all of the producing interval in the wells in the enlarged unit.

By letter dated August 25, 1971, working interest owners in the expanded unit (Continental Oil Company is the only working interest owner in the original unit) were notified of the proposed expansion and were requested to ratify the unit agreement, as amended, and the unit operating agreement. The expansion was proposed to be effective October 1, 1971.

By letter dated October 1, 1971, all parties notified by the aforementioned letters, and each of you were notified that it was necessary to postpone the effective date of the expansion to November 1, 1971. In conformance with Section 4 of the unit agreement, the 30 days' notice has been completed and there have been no objections to the proposed expansion. In fact, each of the parties of interest have ratified the expansion and the amendment to the unit agreement. Attached hereto are copies of the ratifications by all interested parties.

Joint Letter  
November 15, 1971  
Page 2

Richardson and Bass is now operating under the name of Bass Enterprises Production Company.

It is respectfully requested that you approve the expansion of the unit area and the amendment to the unit agreement, effective November 1, 1971.

Yours very truly,

A handwritten signature in cursive script, appearing to read "J. P. Thompson".

rw  
Enc  
CC + enc:  
RLA: JWM: CES:  
HMN: JJB:





L. P. Thompson  
Division Manager  
Production Department  
Hobbs Division

Western Hemisphere Petroleum Division  
Continental Oil Company  
P. O. 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

December 28, 1971

RECEIVED

JAN - 3 1972

OIL CONSERVATION COMM.  
SANTA FE

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

Attention Mr. R. D. Graham

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

✓ Attention Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen,

Expansion of East E-K Unit - Lea County, New Mexico

My letter dated July 26, 1971 requested preliminary approval to expand the East E-K Unit area and to amend the Unit Agreement. My letter dated November 15, 1971 requested your final approval of the expansion and amendment since all requirements of such expansion and amendment had been met. The commissioner's letter dated November 24, 1971 and the secretary-director's letter dated December 7, 1971 gave final approval to the expansion of the unit. Said letters, however, failed to mention the amendment of the Unit Agreement whereby the unitized formation was re-defined. This probably is due to our failure to list specifically the two approvals which we were seeking.

In addition to approval of the expansion of the unit area, we are requesting approval of the amendment of the Unit Agreement by the substitution in Section 2 of said Unit Agreement of the following paragraph (j) in lieu of the original paragraph so designated:

"(j) 'Unitized Formation' means that portion of the Queen formation indicated between the depth of 4454' to 4790' on the sonic log in the Triton Oil & Gas Company, Continental State No. 1 well located 2310' from the north line and 1980' from the east line of Section 22, T-18S, R-34E, Lea County, New Mexico."

Joint Letter  
Page 2  
December 28, 1971

We apologize for not being more specific in our request for your approval and respectfully request that your approval be given both to the expansion and the amendment of the Unit Agreement as described above, both effective November 1, 1971.

Yours very truly,

A handwritten signature in cursive script, appearing to read "J. S. Thompson".

js

RLA JJB

RECEIVED  
JAN - 4 1972  
OIL CONSERVATION COMM.  
SANTA FE

January 3, 1972

Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Re: Expansion and Amendment  
to Unit Agreement-East  
EK Unit  
Lea County, New Mexico

ATTENTION: Mr. L. P. Thompson

Gentlemen:

On November 24, 1971 the Commissioner of Public Lands gave final approval to the expansion of the East EK unit, Lea County, New Mexico. However, failed to approved the amendment to the Unit Agreement.

This is to notify you that the Commissioner of Public Lands approves the amendment of the Unit Agreement by the substitution in Section 2 of said Unit Agreement of the following paragraph (j) in lieu of the original paragraph so designated:

"(j) 'Unitized Formation' means that portion of the Queen formation indicated between the depth of 4454' to 4790' on the sonic log in the Triton Oil & Gas Company, Continental State No. 1 well located 2310' from the north line and 1980' from the east line of Section 22, T-18S, R-34E, Lea County, New Mexico."

The effective date of the Expansion and the Amendment to be November 1, 1971.

Very truly yours,

RAY D. GRAHAM, Director  
Oil and Gas Department

AJA/RDG/s

cc:

OCC-Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

December 7, 1971

4283

Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Attention: Mr. L. P. Thompson

Re: Expansion of East EK Unit  
Lea County, New Mexico

Gentlemen:

The New Mexico Oil Conservation Commission, this date, gives approval to the expansion of the East EK Unit, Lea County, New Mexico, to include the NE/4 and NW/4 SW/4 of Section 22 and the W/2 NW/4 of Section 23, Township 18 South, Range 34 East, NMPM. The effective date of said expansion to be November 1, 1971.

Said approval is subject to like approval by the Commissioner of Public Lands.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/JEK/dr  
cc: Commissioner of Public Lands

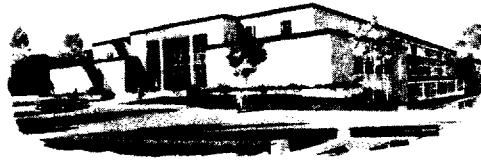
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NOV - 2 1971

CONSERVATION COMM

State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO  
COMMISSIONER

November 24, 1971

P. O. BOX 1148  
SANTA FE, NEW MEXICO

Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

4283

Re: Expansion of East EK Unit  
Lea County, New Mexico

ATTENTION: Mr. L. P. Thompson

Gentlemen:

The Commissioner of Public Lands has this date given final approval to the Expansion of the East EK Unit, Lea County, New Mexico. The effective date to be as of November 1, 1971.

The enlarged unit area will include the W/2NW/4 Section 23 and all of Section 22 with the exception of the SW/4SW/4. The total acreage in the unit will now be 680.

Very truly yours,

RAY D. GRAHAM, Director  
Oil & Gas Department

AJA/RDG/s

cc: OCC-Santa Fe, New Mexico ✓