

ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON
RALPH D. SHAMAS

January 14, 1976

*file - case 5596
wkc*

Mr. R. L. Stamets
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Case 5596, Application of
Burk Royalty Company for
statutory Unitization of the
Double L Queen Pool,
Chaves County, New Mexico

Dear Mr. Stamets:

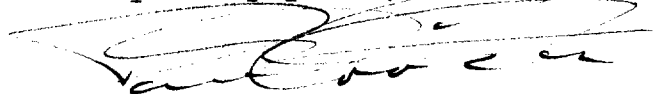
Enclosed are Burk Royalty Company's Requested Findings and Conclusions which Applicant submits should be incorporated in the Commission's Order, if its application be granted; only the formal recitations of the Order have been omitted.

These Requested Findings and Conclusions are the same as submitted by my letter of December 9, except as follows:

1. The phrase "(as amended)" has been added after "Unit Agreement" in Finding No. 2.
2. The proposed revisions of Sections 14 and 23 are set forth in the first conclusion.

With regards, I am,

Very truly yours,



Paul Cooter

PC:sas

Encl.

cc: George H. Hunker, Jr., Esquire
Larry L. Lamb, Esquire



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

December 8, 1993

Xeric Oil & Gas Corporation
P.O. Box 51311
200 N. Loraine
Suite 1111
Midland, Texas 79710-1311

Attention: Mr. Randall L. Capps

Re: Resignation/Designation of Successor Unit Operator
Double L Queen Unit
Chaves County, New Mexico

Dear Mr. Capps:

This office is in receipt of a designation of successor unit operator, wherein Burk Royalty Company has resigned as unit operator of the Double L Queen Unit and designated Xeric Oil & Gas Corporation as the successor unit operator.

The Commissioner of Public Lands has this date approved the resignation of Burk Royalty Company and the designation of Xeric Oil & Gas Corporation as the successor unit operator of this unit. This change in operators is effective September 28, 1993. In accordance with this approval, Xeric Oil & Gas Corporation is now responsible for all operations and the reporting of all production from the unit. Our approval is subject to like approval by the Bureau of Land Management.

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.

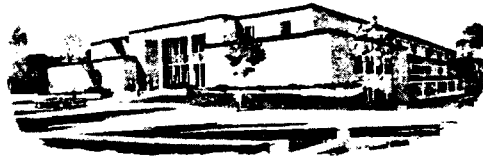
cc: Reader File
Burk Royalty Company
OCD
TRD
BLM

State of New Mexico

#5596



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

October 5, 1990

Burk Royalty Company
1000 Petroleum Building
P.O. Box BRC
Wichita Falls, TX 76307

Attn: Fred M. Lynch

Re: Double "L" Queen Unit
Chaves County, New Mexico
1990 Plan of Development

Dear Mr. Lynch:

The Commissioner of Public Lands this date approved the 1990 Plan of Development for the Double "L" Queen Unit. Our approval is subject to like approval by all other appropriate agencies. Please forward to this office current copies of both Exhibits A & B.

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

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

Sincerely,

W. R. HUMPHRIES

BY:

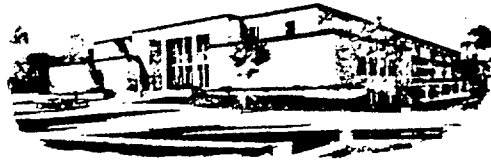
Floyd O. Prando
Floyd O. Prando, Director
Oil, Gas & Minerals Division

cc: OCD
Unit Corresp.
Unit POD

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

SLO REF NO. OG-1059

March 27, 1989

Burk Royalty Co.
Attn: Fred M. Lynch
P.O. Box BRC
Wichita Falls, Texas 76307

#5596

Re: 1989 Plan of Development
Double "L" Queen Unit
Chaves County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development.

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

Enclosed is an approved copy for your files.

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

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

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

cc: OCD
BLM

State of New Mexico

5596



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO OG-699

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

March 24, 1988

Burk Royalty Co.
Attn: Mr. Fred M. Lynch
P. O. Box BRC
Wichita Falls, Texas 76307

Re: 1988 Plan of Development
Double L Queen Unit
Chaves County, New Mexico

Gentlemen:

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

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

Enclosed is an approved copy for your files.

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

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

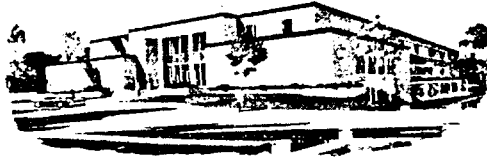
Floyd O. Prando
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD
BLM

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



SLO REF. NO. OG-355

Commissioner of Public Lands

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

August 18, 1987

Burk Royalty Company
Attention: Fred M. Lynch
1000 Petroleum Building
P. O. Box BRC
Wichita Falls, Texas 76307

Re: Double L. Queen Unit
1987 Plan of Development
Chaves County, New Mexico

Gentlemen:

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

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

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

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

WRH/FOP/ams
enclosure
cc: Bureau of Land Management
Oil Conservation Division

LAW OFFICES OF
HUNKER-FEDRIC, P.A.

210 HINKLE BUILDING
POST OFFICE BOX 1837

GEORGE H. HUNKER, JR.
DON M. FEDRIC

ROSWELL, NEW MEXICO 88201

TELEPHONE 622-2700
AREA CODE 505

ROBERT I. WALDMAN

December 9, 1975

Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 5596, NMOCC

Dear Mr. Ramey:

The Notice of Hearing in connection with the above styled cause, dated November 14, 1975, and published on November 19, 1975, is fatally defective in that it fails to describe lands within the Unit Area in Sections 6, 7 and 18, in Township 15 South, Range 30 East. As a consequence of our discovery of this matter, we are filing a Motion for a Continuance. We would like to further prepare our case and would like to reserve the right to present additional engineering testimony with regard to the matter before the Commission.

We have also prepared, and enclose herewith, to be filed in the case, McClellan Oil Corporation et al's Requested Order of the Commission. This document is submitted pursuant to the request of Hearing Examiner Richard L. Stamets.

Respectfully submitted,

HUNKER-FEDRIC LAW OFFICES



George H. Huncker, Jr.

GHH:dd
Enc.

cc: Mr. Paul A. Cooter
Atwood, Malone, Mann & Cooter
P.O. Drawer 700
Roswell, New Mexico 88201, w/encl.

xc: McClellan Oil Corporation
P.O. Box 848
Roswell, New Mexico 88201, w/encl.

DOCKET MAILED
Date 12/29/75

LAW OFFICES OF
HUNKER-FEDRIC, P.A.

210 HINKLE BUILDING
POST OFFICE BOX 1837

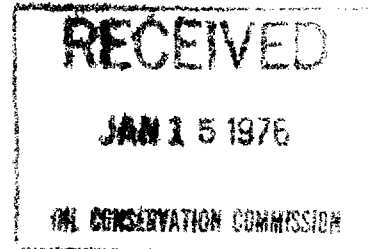
GEORGE H. HUNKER, JR.
DON M. FEDRIC

ROSWELL, NEW MEXICO 88201

TELEPHONE 622-2700
AREA CODE 505

ROBERT I. WALDMAN

January 14, 1976



file - case 5596
sk
William F. Carr, Esquire
General Counsel
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: NMOCC 5596
Burk Royalty Company -
Statutory Unitization

Dear Mr. Carr:

At the close of the January 7, 1976, hearing involving the above case, Mr. Richard L. Stamets requested that the parties submit Requested Findings and Conclusions. We have prepared Findings and Conclusions on behalf of our clients, McClellan Oil Corporation, et al, and these Requested Findings are enclosed in triplicate for filing in the above styled case. We are sending copies of the Requested Findings to Paul Cooter and Larry Lamb.

Respectfully submitted,

HUNKER-FEDRIC LAW OFFICES

George H. Hunker, Jr.

GHH:dd
Enc.

cc: Paul Cooter, Esquire, w/enc.
cc: Larry L. Lamb, Esquire, w/enc.
xc: Mr. Jack L. McClellan, w/enc.
xc: Mr. Joe L. Johnson, Jr., w/enc.

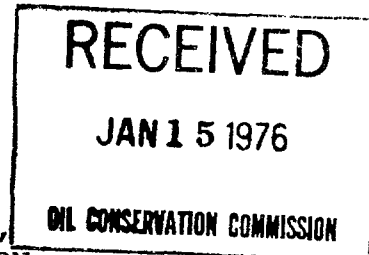
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5596
Order No. R-

APPLICATION OF BURK ROYALTY
COMPANY FOR STATUTORY
UNITIZATION DOUBLE L QUEEN POOL,
CHAVES COUNTY, NEW MEXICO.

McCLELLAN OIL CORPORATION ET AL,
REQUESTED ORDER OF THE COMMISSION



BY THE COMMISSION:

This cause came on for hearing at 9:00 A.M. on December 3, 1975, and on January 7, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on the _____ day of January, 1976, the Commission, a quorum being present, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof. Burk Royalty Company, referred to herein as Applicant, appeared in person and by attorney. Appearances were noted for the record on behalf of Dalport Oil Corporation, Exxon Company, U.S.A., and Amoco Production Company, all of whom supported the application. McClellan Oil Corporation appeared in person and by its attorney, who represented the Corporation and Abby Corporation, Robert L. Graham, L.C. Harris, Robert M. Patterson, J. Penrod Toles and Albert J. Black (referred to herein sometimes as McClellan et al), all of whom opposed the project. Corine Grace appeared by her attorney.

2. That the Applicant, Burk Royalty Company, seeks approval of the Double L Queen Unit Agreement and Unit Operating Agreement pursuant to the provisions of the Statutory Unitization Act, Section 65-14-1, N.M.S.A. (1953), covering 2,670.10 acres, more or less, of federal, state and fee lands in Chaves County, New Mexico, described as follows:

Township 14 South, Range 29 East, N.M.P.M.

Section 23: $E\frac{1}{2}SE\frac{1}{4}$;
Section 24: $W\frac{1}{2}SW\frac{1}{4}$;
Section 25: $NW\frac{1}{4}$, $SW\frac{1}{4}NE\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$,
 $W\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$;
Section 36: $NE\frac{1}{4}NW\frac{1}{4}$, $NE\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$;

Township 14 South, Range 30 East, N.M.P.M.

Section 31: Lots 1-4, $E\frac{1}{2}W\frac{1}{2}$, $W\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$;

Township 15 South, Range 29 East, N.M.P.M.

Section 1: $E\frac{1}{2}E\frac{1}{2}$;
Section 12: $NE\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$;
Section 13: $NE\frac{1}{4}NE\frac{1}{4}$;

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

Section 6: Lots 1-7, $SE\frac{1}{4}NW\frac{1}{4}$, $E\frac{1}{2}SW\frac{1}{4}$,
 $NW\frac{1}{4}NE\frac{1}{4}$, $S\frac{1}{2}NE\frac{1}{4}$; $NW\frac{1}{4}SE\frac{1}{4}$
Section 7: Lots 1-4, $NE\frac{1}{4}NW\frac{1}{4}$;
Section 18: Lots 1-2, $E\frac{1}{2}NW\frac{1}{4}$.

3. That the original Notice of Hearing dated November 14, 1975, published on November 19, 1975, failed to describe the lands in Township 15 South, Range 30 East, N.M.P.M., shown to be included in the unit area, and was therefore defective, as a consequence of which the hearing was readvertised and continued until January 7, 1976.

4. That the Applicant was heretofore granted authority to institute a waterflood project within the unit area by Commission Order No. R-5007, dated May 6, 1975. That the Double L Queen Pool has been reasonably defined by development and is underlaid by a common source of supply known as the Double L Queen Pool, which said finding was made by the Commission by Order R-5004, dated May 6, 1975. That a copy of the proposed Plan of Unitization and a copy of a proposed Operating Plan covering the manner in which the unit will be supervised and managed and costs allocated and paid, were filed by the Applicant with the Commission.

5. That Applicant has stated in its application that the participation formulas contained in the Unit Agreement and Unit Operating Agreement, allocate the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis, and that the correlative rights of all interested parties would be protected thereby. The application (as required by law) contains no affirmative statement by Applicant that the proposed Plan of Unitization is considered by the Applicant to be fair, reasonable and equitable, and is, therefore, technically defective.

6. Prior to reaching its decision on the Petition of Applicant, the Commission has determined that the following conditions exist:

A. (1) That the unitized management, operation and further development of the Double "L" oil pool is reasonably necessary in order to effectively carry on secondary recovery operations to substantially increase the ultimate recovery of oil and gas from the pool;

(2) That one or more of the unitized methods of operation as applied to such pool, is feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the pool than would otherwise be recovered;

(3) That the estimated additional costs, if any, of conducting such operations will not exceed the estimated value of the additional oil and gas so recovered plus a reasonable profit;

(4) That such unitization and adoption of one or more of such unitized methods of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the pool or portion thereof directly affected;

(5) That the Applicant has made a good-faith effort to secure voluntary unitization within the pool or portion thereof directly affected; and

(6) That the participating formula contained in the Unitization Agreement submitted by Applicant, fails to allocate the produced and saved hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis, the Commission having determined that the initial formulas prepared in 1973 by the Applicant are no longer applicable nor reasonable nor fair nor equitable to some of the working interest owners, royalty owners and the overriding royalty interest owners owning interests.

(7) That the participation formula submitted by McClellan et al, as Exhibit "C", a copy of which is incorporated by reference and attached, allocates the produced and saved hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis.

B. (1) That the Commission has determined that the participating formula contained in the Unit Agreement does not allocate unitized hydrocarbons on a fair, reasonable and equitable basis; however, evidence was introduced at the January 7, 1976, hearing before the Commission, sufficient in extent for it to determine the relative value of the separately owned tracts in the unit area. The Commission finds that the following formula for participation of the several tracts (as a practical matter) is fair, reasonable and equitable, and that it represents a fair, relative value among the separate tracts when so apportioned.

(2) The Commission finds that the following is a fair, reasonable and equitable formula for participation:

The Phase I and Phase II Tract participation of each Tract as shown in Exhibit "C", should be determined in accordance with the following formulas:

Tract participation during Phase I: 50% A + 50% B
Phase II: 55% C + 45% D

Where A equals ratio of the volume of oil determined to be producible after 11/1/75 from each tract to the summation of the volume of producible oil after 11/1/75 from all tracts, being 166,528 barrels.

B equals ratio of the gross income from each tract to the summation of the gross income from all tracts for the period 5/1/75 to 11/1/75, being \$495,691.00.

C equals ratio of the volume of oil determined to be ultimately producible from each tract to the summation of the volume determined to be ultimately producible from all tracts, being 1,634,102 barrels.

D equals ratio of the acre feet of originally productive oil reservoir from each tract of the summation of acre feet from all tracts, being 10,077.3 acre feet.

(3) The Commission finds that Section 13 of the Unit Agreement entitled, "Tract Participation", should be amended to show that when 1,634,102 barrels, as determined from the official production reports filed with the Oil Conservation Commission, have been produced from said pool, Phase II of the operation shall begin and commence on the first day of the calendar month next following the date after which such total number of barrels shall have been produced.

(4) The Commission finds that the relative values assigned by McClellan et al, in its Exhibit "D", a copy being attached and incorporated herein by reference, to the 24 separate tracts comprising the Unit Area, are fair, reasonable and equitable, and are necessary and proper to protect and safeguard the respective rights and obligations of the working interest owners and the royalty owners.

(5) The Commission cannot approve as a matter of law or principle, a two-phase secondary recovery project as submitted by Applicant, to be effective at a time when Phase II has previously come into existence without the

commencement of any operation for the waterflooding of the several unitized leases.

C. The Commission finds that it would be unfair and inequitable to the opponents of the Unit (McClellan et al) for their interests to be diluted from 31.1365% participation under Phase I, to 22.2105% participation under Phase II, as proposed by Applicant, as of the stated effective date of the Unit (January 1, 1976), the alleged "economic limit" fixed by the Unit having previously been reached. The Commission finds that "the economic limits" of the pool have not, in fact, been reached, and that the leasehold wells are in a status of "primary" recovery.

As a consequence of this finding, the Commission finds that unitization cannot become effective until 75% of the working interest owners in the Unit under Phase I conditions have ratified and agreed to the Unit. The Commission finds that the opponents to unitization, McClellan et al, own 31.1365% of participation under Phase I, and that these owners have not consented or agreed to unitization and, therefore, as a matter of law, the Agreement cannot become effective.

D. As a consequence of the foregoing findings, the Commission further finds:

(1) That an Order creating a unit is required as a matter of law.

(2) That the form of Unit Agreement shall be amended to conform with the findings made herein.

(3) That Applicant, within a reasonable time, shall make a good-faith effort to secure voluntary unitization and the consent in writing of the persons required by law to approve the Plan for Unit Operations as amended, and shall demonstrate to the Commission that the required percentage of interest in the Unit Area have approved the Plan within six (6) months from the date of this Order.

IT IS THEREFORE ORDERED:

1. That the Double L Unit, dated January 1, 1975, in the form submitted by Applicant, is not approved. That the Double L Queen Unit, as amended by the findings of this Order, is approved.

2. That the relative values assigned by McClellan et al, in its Exhibit "D", to the 24 tracts comprising the Unit Area, are fair, reasonable, equitable and necessary and proper to protect and safeguard the respective rights and obligations of the working interest owners and royalty owners, and are adopted for purposes of statutory unitization, by the Commission as being the relative values of said tracts. A description of the relative values of said tracts is attached hereto and made a part hereof.

3. That the Double L Queen Unit, as amended by the findings of this Order, is hereby created as a statutory unit.

4. That the form of Unit Agreement shall be amended by Applicant to conform with the findings made herein.

5. That Applicant, within a reasonable time, shall make a good-faith effort to secure voluntary unitization, the consent in writing of the persons required by law to approve the Plan of Unit Operations as amended, and shall demonstrate to the Commission that the required percentage of interest in the Unit Area have approved the Plan within six (6) months from the date of this Order, failing in which this Order shall cease to be of further force and effect, and shall be revoked by the Commission unless the Commission shall extend the time for ratification for good cause shown.

In the event Applicant fails or refuses to amend the Unit and seek ratification, any working interest owner affected by the findings of this Order may amend the Unit and pursue the obtaining of working interest ratifications and royalty interest owner consents, naming itself as Unit Operator with the approval of a sufficient number of other working interest owners.

6. In the event the Unit Agreement, as amended, becomes effective, Unit Operator shall commence operations for the water flooding program (including water injection) described in the Unit Agreement and Unit Operating Agreement, within a reasonable time and within not less than one (1) year from the date of the Order of the Commission wherein it is found that the proper percentage of interest have approved the Agreement, failing in which the Unit Agreement, as amended, and all rights thereunder shall terminate.

7. That the jurisdiction of this cause is retained for the entry of such further Orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year first hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

Phase II Tract Participations of each Tract as shown in Exhibit "C" were determined in accordance with the following formulas:

Tract Participation during Phase I: 50% A + 50% B
Phase II: 55% C + 45% D

Where A = Ratio of the volume of oil determined to be producible after 11-1-75 from each Tract to the summation of the volume of producible oil after 11-1-75 from all Tracts being 166,528 barrels.

B = Ratio of the gross income from each Tract to the summation of the gross income from all Tracts for the period 5/1/75 to 11/1/75 being \$495,691.

C = Ratio of the volume of oil determined to be ultimately producible from each Tract to the summation of the volume determined to be ultimately producible from all Tracts being 1,634,102 barrels.

D = Ratio of the Acre-Feet of originally productive oil reservoir from each Tract to the summation of Acre-Feet from all Tracts being 10,077.3 acre feet.

Phase I shall begin on the Effective Date of this Agreement and continuing until the first day of the calendar month next following the date on which the total number of barrels of oil produced from the Unitized Formation underlying all Tracts described in the original Exhibit "B" hereof equals 1,634,102 barrels as determined from the official production reports (currently know as C-115 reports) filed with the New Mexico Conservation Commission. Phase II shall begin with the termination of Phase I and continue for the remainder of the term of this Agreement.

In the event less than all Tracts are qualified on the Effective Date hereof, the Tract Participations shall be calculated on the basis of all such qualified Tracts rather than all Tracts in the Unit Area. The total number of barrels of oil to be produced before Phase II begins shall remain at 1,634,102 barrels; however, oil produced from all Tracts within the Unit Area, qualified as well as non-qualified Tracts, shall count toward the required total of 1,634,102 barrels.

SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the Effective Date hereof the Tracts within the Unit Area which shall be

-10-

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|--|
| BEFORE EXAMINER OF DEEDS OIL CONSERVATION COMMISSION EXHIBIT <u>C</u> CASE NO. <u>5596</u> Submitted by <u>McChellen et al</u> Hearing Date <u>1-7-76</u> |
|--|

EXHIBIT "C"
To Unit Agreement

DOUBLE L QUEEN UNIT
Chaves County, New Mexico
January 1, 1975

| <u>TRACT NO.</u> | <u>TRACT PARTICIPATION %</u> | |
|------------------|------------------------------|-----------------|
| | <u>PHASE I</u> | <u>PHASE II</u> |
| 1 | 9.2788 | 6.5230 |
| 2 | 0.0000 | 0.0221 |
| 3 | 6.5708 | 4.1534 |
| 4 | 0.0000 | 0.0468 |
| 5 | 17.6758 | 15.3238 |
| 6 | 0.0000 | 0.0292 |
| 7 | 0.9823 | 2.4816 |
| 8 | 0.4485 | 2.4444 |
| 9 | 3.7435 | 4.0180 |
| 10 | 0.0000 | 0.0359 |
| 11 | 0.7637 | 0.4062 |
| 12 | 0.1763 | 0.7234 |
| 13 | 5.7429 | 3.9045 |
| 14 | 3.0963 | 0.9825 |
| 15 | 5.7674 | 5.9014 |
| 16 | 7.6392 | 15.8726 |
| 17 | 4.2917 | 2.9780 |
| 18 | 11.3272 | 6.2066 |
| 19 | 6.2703 | 5.3903 |
| 20 | 1.2436 | 1.0310 |
| 21 | 1.0652 | 1.6790 |
| 22 | 0.0000 | 1.1499 |
| 23 | 2.2161 | 4.4007 |
| 24 | 11.7004 | 14.2957 |
| | 100.0000 | 100.0000 |

| | |
|-------------------------------------|--|
| BEFORE EXAMINER | |
| OIL CONSERVATION | |
| EXHIBIT NO. <u>0</u> | |
| CASE NO. <u>5596</u> | |
| Submitted by <u>McClellan et al</u> | |
| Hearing Date <u>1-7-76</u> | |

Memo

From

R. L. STAMETS
Technical
Support Chief

To

Discovered ⁴/1969

First unit work June 1970

Expected recovery factor
1.14 to 1

1972 est ult primary
1,470,758 at

economic limit 3 BOPD

w/ oil # 3-4 a barrel.

Two phase formula

Price went up

New limit 1.14 BOPD

1975 est ult primary 1,634,102

Futun as of 11-1-75 166,528

Memo

From

R. L. STAMETS
Technical
Support Chief

To

Burk Formula

$$55\% \quad 1972 \quad \frac{\text{Tract Unit}}{\text{Unit Unit}} + 45\% \quad \frac{\text{Tract AFT}}{\text{Unit AFT}}$$

Jack

Phase I

$$50\% \quad 1975 \quad \frac{\text{Tract remaining pri}}{\text{Unit remaining Primary}} + 50\% \quad \frac{6\text{Mo Tract \$}}{6\text{Mo Unit \$}}$$

495691

To 1,634,102 recovery

Then

Same as above

| <div>I</div> <div>Buck 1 Phase Formula 55% Primary + 45% Acre ft</div> <div>Fed 40.5869</div> <div>State 40.3221</div> <div>Fee 19.0909</div> <div>Total 99.999</div> | <div>II</div> <div>McClellan 2 Phase Converted to one phase by Production estimate 166,528 Primary 1,862,880 Secondary</div> <div>41.6310</div> <div>38.9953</div> <div>18.3045</div> <div>99.2308</div> | <div>III RLS</div> <div>50% Primary + 50% Acre ft</div> <div>40.9169</div> <div>40.3453</div> <div>18.6975</div> <div>99.9597</div> | | | | | | | | | | |
|--|--|--|---------------|--------------|---------|---------|---------|---------|---------|---------|----------|----------|
| <div>IV</div> <div>Percent remaining Primary</div> <div>Fed 51.4630</div> <div>State 34.8910</div> <div>Fee 13.6698</div> <div>Total 100.0238</div> | <div>V</div> <div>50% remaining Primary + 50% Acre ft.</div> <div>45.5469</div> <div>38.7989</div> <div>16.1885</div> <div>100.5343</div> | <div>VI</div> <div>100% Acre Fee ft</div> <div>39.581</div> <div>41.712</div> <div>18.707</div> <div>100.000</div> | | | | | | | | | | |
| <div>VII</div> <div>Result of 2 Phase Formula Straight remaining primary to 166,528 then RLS formula 50% Primary 50% Acre ft</div> <div>Fed 41.7817</div> <div>State 39.8980</div> <div>Fee 18.2852</div> <div>Total 99.9649</div> | <div>VIII</div> <div>As at left using Formula above for Phase I</div> <div>41.2966</div> <div>40.2185</div> <div>18.4918</div> <div>100.0069</div> | <div>IX</div> <div>2 Phase Straight credit after primary</div> <table><tr><th>IV Phase I</th><th>V Phase I</th></tr><tr><td>40.6553</td><td>40.0702</td></tr><tr><td>41.1527</td><td>41.4731</td></tr><tr><td>18.2939</td><td>18.5005</td></tr><tr><td>100.0019</td><td>100.0438</td></tr></table> | IV Phase I | V Phase I | 40.6553 | 40.0702 | 41.1527 | 41.4731 | 18.2939 | 18.5005 | 100.0019 | 100.0438 |
| IV Phase I | V Phase I | | | | | | | | | | | |
| 40.6553 | 40.0702 | | | | | | | | | | | |
| 41.1527 | 41.4731 | | | | | | | | | | | |
| 18.2939 | 18.5005 | | | | | | | | | | | |
| 100.0019 | 100.0438 | | | | | | | | | | | |

DOUBLE L QUEEN UNIT
Chaves County, New Mexico
January 1, 1975

TRACT NO. 100%
50%
AF

TRACT PARTICIPATION %
PHASE I PHASE II

| | | | | | | | |
|----|---------|---------|----------|----------|---------|---------|--------|
| 1 | 10.4127 | 8.0659 | 9.2788 | 6.5230 | 6.7499 | 6.7484 | 5.719 |
| 2 | 0 | 0.0245 | 0.0000 | 0.0221 | 0.0245 | 0.0241 | 0.049 |
| 3 | 7.8473 | 5.2414 | 6.5708 | 4.1534 | 4.0198 | 4.1999 | 2.673 |
| 4 | 0 | 0.0020 | 0.0000 | 0.0468 | 0.0520 | 0.0168 | 0.104 |
| 5 | 19.5528 | 14.4911 | 17.6758 | 15.3238 | 15.3346 | 15.2155 | 15.442 |
| 6 | 0 | 0.0325 | 0.0000 | 0.0292 | 0.0325 | 0.0292 | 0.065 |
| 7 | 3.5549 | 1.7415 | 0.9823 | 2.4816 | 2.5729 | 2.4652 | 2.986 |
| 8 | 0.1141 | 1.3685 | 0.4485 | 2.4444 | 2.4581 | 2.6103 | 2.596 |
| 9 | 4.6190 | 4.4265 | 3.7435 | 4.0180 | 4.0111 | 3.1260 | 4.234 |
| 10 | 0 | 0.0125 | 0.0000 | 0.0359 | 0.0350 | 0.0113 | 0.025 |
| 11 | 0.1425 | 0.2573 | 0.7637 | 0.4062 | 0.4022 | 0.3653 | 0.362 |
| 12 | 0 | 0.7250 | 0.1763 | 0.7234 | 0.7890 | 0.7526 | 1.450 |
| 13 | 5.7102 | 7.3610 | 5.7429 | 3.9045 | 3.7699 | 3.6226 | 2.992 |
| 14 | 4.7117 | 1.7129 | 3.0963 | 0.9825 | 0.9799 | 0.9401 | 0.954 |
| 15 | 5.7419 | 5.4860 | 5.7674 | 5.9014 | 5.8540 | 6.2660 | 5.380 |
| 16 | 5.7642 | 12.4169 | 7.6392 | 15.8726 | 16.1622 | 16.1212 | 19.067 |
| 17 | 4.8064 | 3.5747 | 4.2917 | 2.9780 | 2.7148 | 2.7147 | 2.283 |
| 18 | 10.8711 | 7.6286 | 11.3272 | 6.2066 | 6.0402 | 5.7534 | 4.596 |
| 19 | 6.5052 | 6.2591 | 6.2703 | 5.3903 | 5.4650 | 5.1212 | 6.213 |
| 20 | 0.9927 | 0.8129 | 1.2436 | 1.0310 | 1.0124 | 1.0181 | 0.983 |
| 21 | 0.4434 | 1.8411 | 1.0652 | 1.6790 | 1.7029 | 1.6549 | 1.942 |
| 22 | 0 | 0.8080 | 0.0000 | 1.1499 | 1.1923 | 1.2573 | 1.616 |
| 23 | 1.5637 | 2.9379 | 2.2161 | 4.4007 | 4.3924 | 4.3769 | 4.312 |
| 24 | 12.1061 | 13.2506 | 11.7004 | 14.2957 | 14.3048 | 14.7140 | 14.375 |
| | | | 100.0000 | 100.0000 | 99.9497 | | |

Fed 39581
ST 41.712
Fed 18.907
150 000

166,528.6615 1862,800
8.2% 91.8%
2029,408

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. D
CASE NO. 5596

100.5343

51.4630
34.8910
38.2287
13.6678
16.4383

DOUBLE L QUEEN UNIT
Chaves County, New Mexico
January 1, 1975

50% U/R
+ 50% R/F

Boik
plus
J

TRACT NO.

TRACT PARTICIPATION %
PHASE I PHASE II

| | | | | | |
|----|---------|---------|---------|---------|---------|
| 1 | 9.2788 | 6.7490 | 6.5230 | 6.7499 | 6.7499 |
| 2 | 0.0000 | | 0.0221 | 0.0000 | 0.0000 |
| 3 | 6.5708 | 4.3516 | 4.1534 | 4.0188 | 4.1309 |
| 4 | 0.0000 | | 0.0468 | 0.0520 | 0.0468 |
| 5 | 17.6758 | 15.5167 | 15.3238 | 15.3346 | 15.2155 |
| 6 | 0.0000 | | 0.0292 | 0.0000 | 0.0000 |
| 7 | 0.9823 | 1.3587 | 2.4816 | 2.5229 | 2.4652 |
| 8 | 0.4485 | 2.2807 | 2.4444 | 2.4581 | 2.6103 |
| 9 | 3.7435 | 3.9951 | 4.0180 | 4.0177 | 3.7260 |
| 10 | 0.0000 | 0.0329 | 0.0359 | 0.0350 | 0.0113 |
| 11 | 0.7637 | 0.3729 | 0.4062 | 0.4022 | 0.3653 |
| 12 | 0.1763 | 0.6641 | 0.7234 | 0.7870 | 0.7526 |
| 13 | 5.7429 | 4.0552 | 3.9045 | 3.7698 | 3.6226 |
| 14 | 3.0963 | 1.1558 | 0.9825 | 0.9199 | 0.8407 |
| 15 | 5.7674 | 5.8904 | 5.9014 | 5.8570 | 6.2466 |
| 16 | 7.6392 | 15.1795 | 15.8726 | 16.1632 | 16.1272 |
| 17 | 4.2917 | 3.0852 | 2.9780 | 2.9148 | 2.9247 |
| 18 | 11.3272 | 5.6265 | 6.2066 | 6.0402 | 5.71534 |
| 19 | 6.2703 | 5.4627 | 5.3903 | 5.4650 | 5.1212 |
| 20 | 1.2436 | 1.0484 | 1.0310 | 1.0129 | 1.04181 |
| 21 | 1.0652 | 1.6287 | 1.6790 | 1.7022 | 1.6549 |
| 22 | 0.0000 | 1.0536 | 1.1499 | 1.1923 | 1.2343 |
| 23 | 2.2161 | 4.2216 | 4.4007 | 4.3927 | 4.3769 |
| 24 | 11.7004 | 14.0829 | 14.2957 | 14.3048 | 14.7140 |

Percentage

100.0000

100.0000

Fed 46.12
State 41.95
Fee 11.93
100.00

166,528.6615
1852,880
8.2%
2,029,408
91.8%

BEFORE EXAMINER STATEMENTS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

TRACT NO. 5596

Acreage
 46.95

I

Back 1 Phase Formula
 55% Primary +
 45% Acre ft

Fed 40.5869

State 40.3221

Fee 19.0909

Total 99.999

II

McCallan 2 Phase
 converted to
 one phase by
 Production estimate
 166,528 Primary
 1,862,880 Secondary

41.6310

38.9953

18.3045

99.2308

III R L S

50% Primary
 +
 50% Acre ft

40.9169

40.3453

18.6975

99.9597

IV

Percent remaining
 Primary

Fed 51.4630

State 34.8910

Fee 13.6698

Total 100.0238

V

50% remaining Primary
 + 50% Acre ft.

45.5469

38.7989

16.1885

100.5343

VI

100% Acre
 Feet

39.581

41.712

18.707

100.000

VII

Result of 2 Phase
 formula straight
 remaining primary
 to 166,528 then
 R L S formula
 50% Primary 50% Acre ft

Fed 41.7817

State 39.8980

Fee 18.2852

Total 99.9649

VIII

75% at left using
 formula above for
 Phase I

41.2966

40.2185

18.4918

100.0069

IX

2 Phase
 straight credit
 after primary

IV
Phase I

V
Phase I

40.6553

41.1529

18.2739

100.0019

40.0702

41.4731

18.5005

100.0438

EXHIBIT NO. 1

SUMMARY OF PAST AND ESTIMATED FUTURE OIL PRODUCTION
DOUBLE "L" FIELD
CHAVES COUNTY, NEW MEXICO

Primary Production

| <u>Operator</u> <u>Lease</u> | <u>Cum. Oil</u> <u>Production</u> <u>to 1-1-75</u> | <u>Oil Prod.</u> <u>1-1-75 to</u> <u>11-1-75</u> | <u>Future</u> <u>Primary</u> <u>As of 11-1-75</u> <u>Bbls.</u> | <u>Total</u> <u>Primary</u> <u>Recovery</u> <u>Bbls.</u> |
|---------------------------------|--|--|---|---|
| Amoco | | | | |
| Falgout A | 1,673 2,070-397 | 36 11.1 | 0 | 2,106 0.1288 |
| Lusk "A" | 61,133 68,599-7,466 | 1,895 10.1 | 2,604 | 73,098 4.7753 |
| State EK | 73,368 100,823 27,455 | 6,955 27.3 | 18,120 | 125,898 7.7644 |
| Sub-Total | 136,174 171,492 35,318 | 8,886 | 20,724 | 201,102 + 15% |
| Cleary Oil Company | | | | |
| Amerada "C" | 6,454 | 541 | 234 | 7,229 0.4424 |
| Dalport | | | | |
| Amco | 171,052 206,031 34,979 | 10,276 16.9 | 32,520 | 248,827 15.2211 |
| Rob | 41,785 62,705 13,920 | 3,876 22.2 | 10,500 | 77,081 4.7170 |
| Sp. State | 170,602 200,786 30,184 | 6,253 15.0 | 9,600 | 216,639 13.2523 |
| Sunset St. | 66,244 90,041 23,797 | 4,054 25.7 | 9,312 | 103,407 6.3280 |
| Sub-Total | 453,342 559,563 106,220 | 24,459 | 61,932 | 645,954 + 9% |
| Exxon | | | | |
| De Smet | 45,532 53,366 7834 | 1,715 14.7 | 7,692 | 62,773 3.8414 |
| Heese | 32,865 37,113 4248 | 612 11.1 | 190 | 37,915 2.3222 |
| Lusk | 168,242 204,552 36305 | 7,568 17.7 | 20,160 | 232,280 14.2145 |
| Sub-Total | 246,644 295,031 48387 | 9,895 | 28,042 | 332,968 + 6% |
| Grace | | | | |
| State | 12,559 12,559 | 0 | 0 | 12,559 0.7684 |
| McClellan | | | | |
| Barbara | 7,304 11,240 3936 | 1,080 35.0 | 4,116 | 16,436 1.0058 |
| Elyse | 56,901 71,006 14,105 | 3,588 19.8 | 13,068 | 87,662 5.3645 |
| Lisa B | 65,087 94,633 29,546 | 5,370 31.2 | 17,340 | 117,343 7.1858 |
| Lois | 35,660 47,393 11,733 | 2,558 24.7 | 8,004 | 57,955 3.5466 |
| Marian | — 734 | 0 | 0 | 734 0.0449 |
| M. Jane | 46,375 62,715 16,340 | 3,981 26.1 | 9,576 | 76,272 4.6675 |
| Sue | 28,089 32,540 4,451 | 1,013 13.7 | 924 | 34,477 2.1084 |
| S. State | 17,781 21,768 3,987 | 903 18.3 | 1,248 | 23,919 1.4657 |
| Sub-Total | 257,142 342,029 84,882 | 18,493 | 54,276 | 414,798 + 16% |
| Reark & Hooker | 9,886 16,952 7,066 | 1,220 41.6 | 1,320 | 19,492 1.1928 |
| Total | 1,404,080 | 63,494 | | |

1,123,912
1467,574
2 23/68

166,528 1,634,192
BEFORE EXAMINER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 13
CASE NO. 5596
Submitted by McClellan et al
Hearing Date 1-7-76

Can The remaining primary be ...
 50% TDF + 50% TPR
 PTF PPF

DOUBLE L QUEEN
 ACRE-FEET
 TECHNICAL SUB COMMITTEE GRID METHOD

| | ACRE FEET | CORRECTION ACRES | CORRECTED ACRE FEET | PERCENTAGE | BUCK PI | MC PI | 11-11-11 | |
|------------------------|--------------|---------------------|------------------------|------------|------------|----------|----------|------|
| Arco | | | | | | | | |
| 12 Faigout A | 146.2 | 0 | 146.2 (.0292) | 1.450 | 4.3526 | 7.634 | 1.455 | 2.6 |
| 23 { Lusk A | 432.4 | | 434.5 +.1827 | 4.312 | 4.3769 | 4.1409 | 4.1807 | |
| #1 | 264.9 | 4025 | 266.6 | | | | | |
| #3 | 53.8 | 4028 | 54.2 | | | | | |
| Remaining | 113.7 | 0 | 113.7 | | | | | |
| 18 State EK | 441.0 | 0 | 441.0 (.5527) | 4.376 | 5.9534 | 6.2066 | 7.3439 | 18.1 |
| | | | | 10.138 | | | | |
| Dalport | | | | | | | | |
| Amco Federal | 1,590.6 | | 1,556.1 +.1083 | 15.442 | 15.2155 | 15.3238 | 14.7513 | 32.5 |
| 5 { #1 | 324.4 | 3858 | 312.9 | | | | | |
| #2 | 232.1 | 3852 | 223.5 | | | | | |
| #3 | 426.7 | 3865 | 412.3 | | | | | |
| Remaining | 607.4 | 0 | 607.4 | | | | | |
| 19 Rob | 526.1 | 0 | 526.1 +.2691 | 6.213 | 5.1122 | 5.3903 | 4.5368 | 10.5 |
| 16 Spurck State | 1,921.6 | 0 | 1,921.6 (.2566) | 19.069 | 16.1292 | 15.8726 | 14.1026 | 9.6 |
| 15 Sunset State | 542.2 | 0 | 542.2 (.3652) | 5.380 | 6.2666 | 5.9014 | 6.4116 | 1.3 |
| | | | | 46.104 | | | | |
| Exxon | | | | | | | | |
| 10 { DeSmet Federal | 435.4 | | 426.7 +.0920 | 4.234 | 3.9260 | 4.0180 | 3.7532 | 2.6 |
| #1 | 313.2 | 3914 | 306.5 | | | | | |
| #2 | 122.2 | 3933 | 120.2 | | | | | |
| 8 { Hessee Federal | 265.1 | | 261.6 (.1663) | 2.596 | 2.6103 | 2.4444 | 2.5796 | .2 |
| #1 | 95.2 | 3944 | 93.9 | | | | | |
| #2 | 169.9 | 3948 | 167.7 | | | | | |
| 24 { Florence Lusk | 1,468.7 | | 1,450.6 (.4183) | 14.395 | 14.7110 | 14.2937 | 14.4657 | 20.2 |
| #1 | 388.8 | 3894 | 378.5 | | | | | |
| #2 | 375.0 | 3896 | 365.3 | | | | | |
| #3 | 360.3 | 4021 | 362.2 | | | | | |
| Remaining | 344.6 | 0 | 344.6 | | | | | |
| | | | | 21.225 | | | | |
| Jack McClellan | | | | | | | | |
| 3 Elyse | 269.4 | 0 | 269.4 (.0375) | 2.673 | 4.1907 | 4.1534 | 5.0826 | 13.1 |
| 17 Lois State | 230.1 | 0 | 230.1 +.0636 | 2.283 | 2.9144 | 2.9980 | 3.4036 | 8.0 |
| 1 { Lisa B. Federal | 573.8 | | 576.4 +.0241 | 5.719 | 6.7864 | 6.5230 | 6.8142 | 17.3 |
| #6 | 276.3 | 4007 | 276.8 | | | | | |
| #7 | 118.0 | 4070 | 120.1 | | | | | |
| Remaining | 179.5 | 0 | 179.5 | | | | | |
| 21 Sun State | 195.7 | 0 | 195.7 +.0241 | 1.942 | 1.6549 | 1.6770 | 1.5442 | 1.2 |
| 7 Sue Federal | 295.9 | 0 | 295.9 +.0167 | 2.936 | 2.4352 | 2.7816 | 2.2863 | .7 |
| 14 Barbara | 96.1 | 0 | 96.1 +.1418 | .954 | .8707 | .9825 | .8395 | 4.1 |
| 9 Marion | 2.5 | 0 | 2.5 +.0246 | .025 | .0113 | .20357 | .0500 | 0 |
| 13 { Mary Jane Federal | 302.9 | | 299.5 +.2828 | 2.972 | 3.6226 | 3.7054 | 4.5446 | 9.6 |
| #1 | 134.5 | 3952 | 132.9 | | | | | |
| #2 | 168.4 | 3956 | 166.6 | | | | | |
| 2 Section 13 | 4.9 | 0 | 4.9 | .049 | .0221 | .0221 | | |
| | | | | 19.553 | 22.2105 | 22.7699 | 24.5658 | |
| Wolfson | | | | | | | | |
| 4 Section 31 | 10.5 | 0 | 10.5 | .104 | .072 | .0768 | | |
| 6 Section 6 | 6.5 | 0 | 6.5 (.0801) | .065 | .0472 | .0292 | | |
| 11 Amerada | 36.5 | 0 | 36.5 +.0409 | .362 | .3653 | .4062 | .4766 | .2 |
| | | | | .531 | | | | |
| Roark & Hooker | | | | | | | | |
| 20 Sun State | 83.9 | 0 | 83.9 (.0171) | .333 | 1.0781 | 1.0370 | 1.2322 | 1.0 |
| | | | | | | | | |
| Grace | | | | | | | | |
| 22 State | 162.8 | 0 | 162.8 (.0844) | 1.616 | 1.2373 | 1.1479 | .8558 | 0 |
| | | | 10,077.3 | 100.000 | | | | |

2.67730
 5.3645
 13.0375
 4.5788
 1259.45
 67499
 2.9720
 146675
 7.637
 3.5198
 10.0390
 13.7573
 32.3263
 16.1632

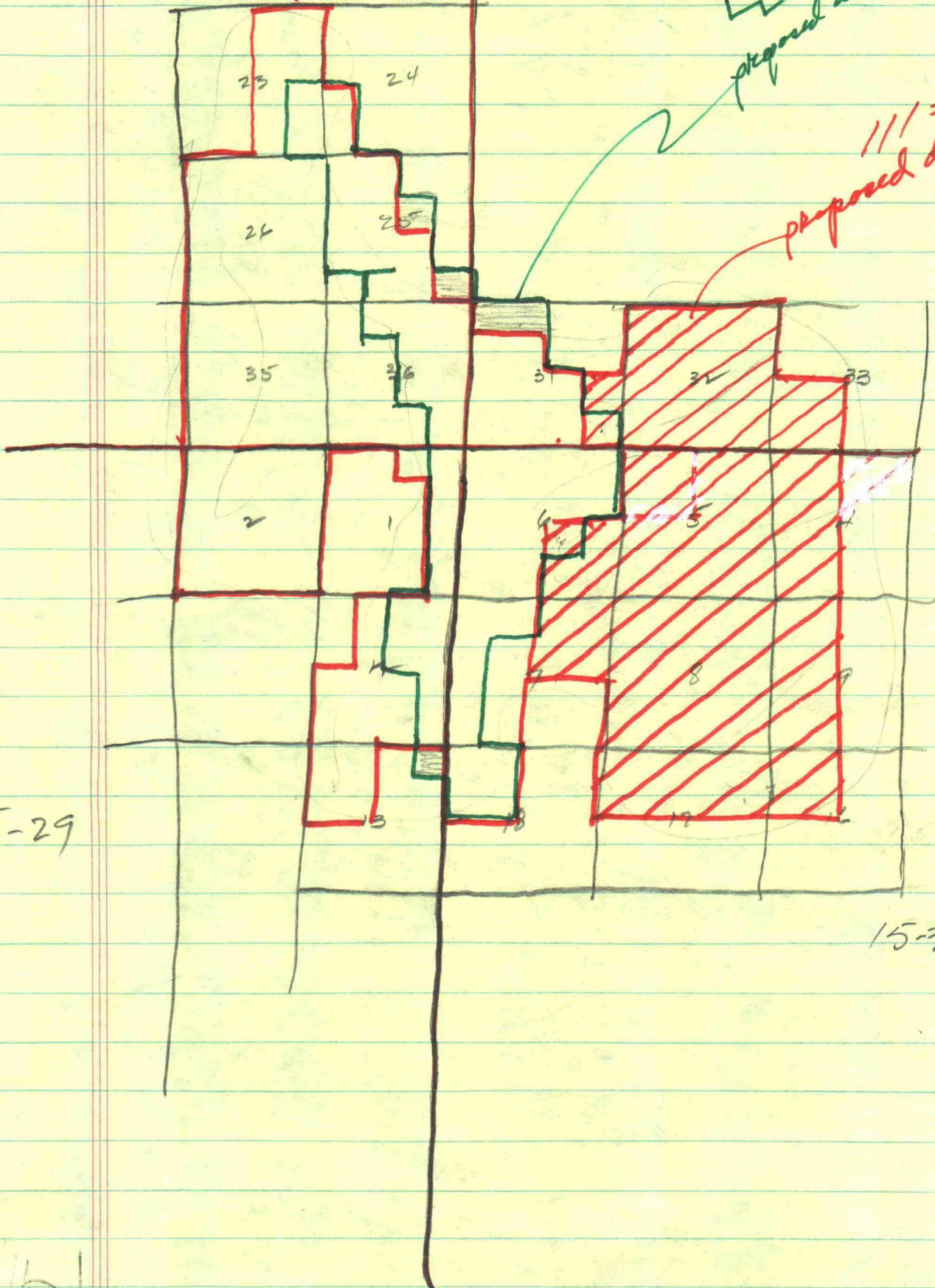
14-29

14-30

present
pool boundary

proposed unit

proposed deletion



15-29

15-30

11/11/11

LAW OFFICES OF
HUNKER, FEDRIC & HIGGINBOTHAM, P.A.

210 HINKLE BUILDING
POST OFFICE BOX 1837

GEORGE H. HUNKER, JR.
DON M. FEDRIC
RONALD M. HIGGINBOTHAM
ROBERT I. WALDMAN

ROSWELL, NEW MEXICO 88201

TELEPHONE 622-2700
AREA CODE 505

December 10, 1975

Mr. Larry L. Lamb
Lamb, Metzgar, Franklin & Lines, P.A.
500 Second Street, N.W.
Albuquerque, New Mexico 87101

Re: Case No. 5596, N.M.O.C.C.
Burk Royalty for Statutory
Unitization

Dear Mr. Lamb:

We have prepared an Order for the Commission, as requested by Mr. Stamets, and have also filed a Motion for a Continuance. Copies of these two instruments are enclosed for your client's file. They were transmitted to the N.M.O.C.C. on December 9, 1975.

Sincerely yours,

HUNKER-FEDRIC, P.A.



George H. Hunker, Jr.

CHH:dd
Encls.

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

cc: Mr. Jack L. McClellan
McClellan Oil Corporation
P.O. Box 848
Roswell, New Mexico 88201

ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON

RALPH D. SHAMAS

December 9, 1975

William F. Carr, Esquire
General Counsel
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Case No. 5596 - Application of
Burk Royalty Company
for statutory unitization

Dear Bill:

Pursuant to Mr. Stamets' request, enclosed are the Applicant's Requested Findings and Conclusions, which I believe should be incorporated in the Commission's Order if the Application be granted. I have omitted only the formal recitations.

Copies are being mailed this date to George Hunker and Larry Lamb.

With regards, I am,

Very truly yours,



Paul Cooter

PC:sas

Encl.

cc: George H. Hunker, Jr., Esquire
Larry L. Lamb, Esquire

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter hereof.

(2) That the applicant, Burk Royalty Company, seeks compulsory unitization of the Double L Queen Pool covering 2,670.10 acres, more or less, of State, Federal and fee lands, described as follows:

CHAVES COUNTY, NEW MEXICO

Township 14 South, Range 29 East, N.M.P.M.

Section 23: $E\frac{1}{2}SE\frac{1}{4}$
Section 24: $W\frac{1}{2}SW\frac{1}{4}$
Section 25: $NW\frac{1}{4}$, $SW\frac{1}{4}NE\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$,
 $W\frac{1}{2}SE\frac{1}{4}$ and $SE\frac{1}{4}SE\frac{1}{4}$
Section 36: $NE\frac{1}{4}NW\frac{1}{4}$, $NE\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$ and $SE\frac{1}{4}SE\frac{1}{4}$

Township 14 South, Range 30 East, N.M.P.M.

Section 31: $W\frac{1}{2}$, $W\frac{1}{2}SE\frac{1}{4}$ and $SE\frac{1}{4}SE\frac{1}{4}$

Township 15 South, Range 29 East, N.M.P.M.

Section 1: $E\frac{1}{2}E\frac{1}{2}$
Section 12: $NE\frac{1}{4}$ and $E\frac{1}{2}SE\frac{1}{4}$
Section 13: $NE\frac{1}{4}NE\frac{1}{4}$

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

Section 6: $N\frac{1}{2}$, $SW\frac{1}{4}$, and $NW\frac{1}{4}SE\frac{1}{4}$
Section 7: $W\frac{1}{2}W\frac{1}{2}$ and $NE\frac{1}{4}NW\frac{1}{4}$
Section 18: $NW\frac{1}{4}$

together with approval of the plan for unit operations, as provided for in the Unit Agreement and Unit Operating Agreement.

(3) That the Double L Queen Pool, as hereinabove described, has been reasonably defined by development.

(4) That the applicant has heretofore sought, and been granted approval to institute a waterflood project in the Double L Queen Unit by Order No. R-5007 of the Commission dated May 6, 1975.

(5) That the unitized management, operation and further development of the Double L Queen Pool is reasonably necessary in order to effectively carry on secondary recovery operations and to substantially increase the ultimate recovery of oil from the pool.

(6) That the unitized methods of operation as applied to the Double L Queen Pool is feasible, will prevent waste, and will result with reasonable probability in the increased recovery of substantially more oil from the pool than would otherwise be recovered.

(7) That the estimated additional costs of such operations will not exceed the estimated value of the additional oil so recovered plus a reasonable profit.

(8) That such unitization and adoption of the unitized methods of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Double L Queen Pool.

(9) That the applicant has heretofore sought, and been granted approval of the Double L Queen Unit Agreement in principal as a proper conservation measure by Order No. R-5004 of the Commission dated May 6, 1975.

(10) That both prior and subsequent to the entry of Orders Nos. R-5004 and R-5007, the applicant has made a good faith effort to secure voluntary unitization within the Double L Queen Pool.

(11) That the plan for unit operations, as provided for in the Unit Agreement and Unit Operating Agreement, has been ratified by the owners of working interests which will be required to pay more than 75% of the costs of

the unit operations from and after the effective date hereof, and by more than 75% of the owners of the proceeds from production free of costs of the unit operations.

(12) That the participation formula contained in the unitization agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis, and protects the correlative rights of all owners of interest within the unit area.

IT IS, THEREFORE, ORDERED:

(1) That the Double L Queen Unit Agreement covering 2,670.10 acres, more or less, of State, Federal and fee lands, as hereinabove described, unitizing the same for production from the Double L Queen Pool is hereby approved.

(2) That the applicant, Burk Royalty Company is hereby authorized to institute a waterflood project in the Double L Queen Unit area, Double L Queen Pool, pursuant to the same provisions as set forth in Order No. R-5007 of the Commission.

(3) That the Unit Agreement allocates to the separately owned tracts in the unit area all the oil and gas that is produced from the area, from and after the effective date hereof on the following basis:

| <u>TRACT NUMBER</u> | <u>DESCRIPTION OF LAND</u> | <u>TRACT PARTICIPATION PERCENTAGE</u> |
|-------------------------|--|---|
| 1 | Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 18, Township 15 South, Range 30 East | 6.4884 |
| 2 | NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 13, Township 15 South, Range 29 East | .0221 |
| 3 | W $\frac{1}{2}$ SE $\frac{1}{4}$ Section 31, Township 14 South, Range 30 East | 4.1909 |

| | | |
|----|--|---------|
| 4 | SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 31, Township 14 South, Range 30 East | .0468 |
| 5 | W $\frac{1}{2}$ Section 31, Township 14 South, Range 30 East | 15.2155 |
| 6 | NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 6, Township 15 South, Range 30 East | .0293 |
| 7 | E $\frac{1}{2}$ SW $\frac{1}{4}$ Section 6, Township 15 South, Range 30 East | 2.4652 |
| 8 | Lots 1 and 2 Section 7, Township 15 South, Range 30 East | 2.6103 |
| 9 | NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 7, Township 15 South, Range 30 East | .0113 |
| 10 | Lots 6 and 7 Section 6, Township 15 South, Range 30 East | 3.9260 |
| 11 | W $\frac{1}{2}$ NE $\frac{1}{4}$ Section 12, Township 15 South, Range 29 East | .3653 |
| 12 | E $\frac{1}{2}$ SE $\frac{1}{4}$ Section 23, Township 14 South, Range 29 East | .7526 |
| 13 | Lots 3 and 4 Section 7, Township 15 South, Range 30 East | 3.6226 |
| 14 | SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 12, Township 15 South, Range 29 East | .8407 |
| 15 | SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 12, Township 15 South, Range 29 East | 6.2666 |
| 16 | NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ Section 25, Township 14 South, Range 29 East and NE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 36, Township 14 South, Range 29 East | 16.1292 |
| 17 | NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 12, Township 15 South, Range 29 East | 2.9144 |
| 18 | NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 25, Township 14 South, Range 29 East | 5.9534 |
| 19 | SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ Section 1, Township 15 South, Range 29 East | 5.1212 |
| 20 | NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 24, Township 14 South, Range 29 East | 1.0481 |
| 21 | SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 24, Township 14 South, Range 29 East | 1.6549 |

| | | |
|----|---|---------|
| 22 | NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 1, Township 15 South, Range 29 East | 1.2343 |
| 23 | Lots 1 and 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 6, Township 15 South, Range 30 East | 4.3769 |
| 24 | Lots 3, 4 and 5, SE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 6, Township 15 South, Range 30 East | 14.7140 |

which allocation is fair, reasonable and just.

(4) That the Double L Queen Unit Operating Agreement includes:

(a) A provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment contributed to the unit operations;

(b) A provision governing how the costs of unit operations, including capital investments, shall be determined and charged to the separately owned tracts and how said costs shall be paid including a provision providing when, how and by whom the unit production allocated to an owner who does not pay the share of costs of unit operations charged to such owner, or the interest of such owner may be sold and the proceeds applied to the payment of such costs;

(c) A provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production, upon such terms and conditions which are determined to be just and reasonable, and allowing an appropriate charge for interest for such service payable out of such owner's share of production, providing that any non-consenting working interest owner being so carried shall be deemed to have relinquished to the unit operator all of his operating rights and working interest in and to the unit until his share of the cost, service charge and interest are repaid to the unit operator;

(d) A provision designating the unit operator and providing for the supervision and conduct of the unit operations, including the selection, removal or substitution of an operator among the working interest owners to conduct the unit operations;

(e) A provision for a voting procedure for the decision of matters to be decided by the working interest owners in respect to which each working interest owner shall have a voting interest equal to its unit participation.

(5) That the plan for unit operations, as provided for in the Unit Agreement and Unit Operating Agreement, has been ratified by the owners of working interests which will be required to pay more than 75% of the cost of the unit operations from and after the effective date hereof, and by more than 75% of the owners of the proceeds from production free of costs of the unit operations, including preliminary approval by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey.

(6) That this Order shall become effective upon the date hereof, but shall terminate if final approval of the Double L Queen Unit Agreement is not forthcoming by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey, provided further, that this Order shall terminate ipso facto upon the termination of said Unit Agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

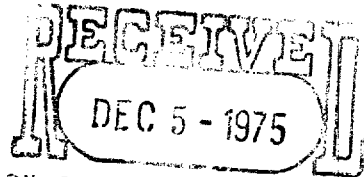
CROWN CENTRAL PETROLEUM CORPORATION



PRODUCERS • REFINERS • MARKETERS OF PETROLEUM PRODUCTS AND PETROCHEMICALS

GENERAL OFFICES • ONE NORTH CHARLES • BALTIMORE, MARYLAND 21203

December 2, 1975



OIL CONSERVATION COMM.
Santa Fe

REPLY TO:

SUITE 1002, WILCO BUILDING
MIDLAND, TEXAS 79701
TELEPHONE: 915-683-6251

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

Attention: Secretary - Director

Re: Proposed Double L Queen Unit
Double L Queen Field
Chaves County, New Mexico

Gentlemen:

In the matter of the application of Burk Royalty Company for statutory unitization in the captioned field, currently under consideration, Crown Central joins with Burk Royalty in this application and respectfully urges approval of the proposed waterflood unit.

Having studied all available geologic and engineering data for the proposed Unit we believe a unitized waterflood operation is the most propitious method of preventing waste and insuring maximum ultimate recovery from this reservoir.

Yours very truly,

A handwritten signature in cursive script, appearing to read "L. E. Lott".

L. E. Lott
District Production Manager

LEL:wt

cc: Burk Royalty Company

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

December 15, 1975

C
George H. Hunker, Jr., Esq.
Hunker-Fedric Law Offices
P. O. Box 1837
Roswell, New Mexico 88201

Re: Case 5596, Application of Burk
Royalty for Statutory Unitization,
Double L Queen Pool, Chaves
County, New Mexico

Dear Mr. Hunker:

P
The Motion for Continuance by McClellan Oil Corpora-
tion in the above-captioned cause was referred to me by the
Commission inasmuch as this case is still pending before
me, as the Examiner who was duly appointed to hear it.

Y
After serious consideration and discussion with
each member of the Commission and our legal staff, I have
decided to grant the Motion for Continuance. This case will
be reopened and readvertized for the examiner hearing to
be held on January 7, 1976, in the Oil Conservation Com-
mission Conference Room, State Land Office Building,
Santa Fe, New Mexico.

Very truly yours,

R. L. STAMETS
Technical Support Chief

RLS/dr

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

December 15, 1975

Paul A. Cooter, Esq.
Atwood, Malone, Mann & Cooter
P. O. Drawer 700
Roswell, New Mexico 88201

Re: Case 5596, Application of Burk
Royalty for Statutory Unitiza-
tion, Double L Queen Pool,
Chaves County, New Mexico

Dear Mr. Cooter:

The Motion for Continuance by McClellan Oil Corpora-
tion in the above-captioned cause was referred to me by the
Commission inasmuch as this case is still pending before me,
as the Examiner who was duly appointed to hear it.

After serious consideration and discussion with each
member of the Commission and our legal staff, I have decided
to grant the motion for Continuance. This case will be
reopened and readvertized for the examiner hearing to be
held on January 7, 1976, in the Oil Conservation Commission
Conference Room, State Land Office Building, Santa Fe, New
Mexico.

Very truly yours,

R. L. STAMETS
Technical Support Chief

RLS/dr

12-1
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JAN 28 1976
November 21, 1975

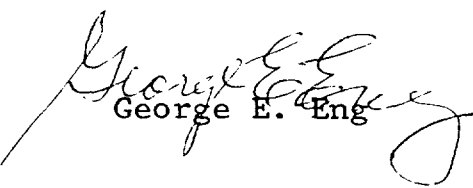
Mr. Joe Ramey
New Mexico Oil Conservation Commission
Box 1148
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

I have an interest in production in Chaves County, New Mexico under the proposed Double L Queen Unit being put together by Burk Royalty Company. I understand that not all interest owners have executed proper agreements and that a hearing has been requested before the New Mexico Oil Conservation Commission concerning the expiration of the Proposed Unit. I would like to urge that you grant this hearing and give us your consideration as to extending the expiration date on the Proposed Unit and also approval of the unitized plan of development.

If you have any questions of me as an individual on this I would be happy to have you call me.

Yours very truly,


George E. Eng

GEE1m.

ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON
RALPH D. SHAMAS

December 17, 1975



Mr. J. D. Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

RE: Case No. 5596 - Application of
Burk Royalty Company for statutory
unitization, of the Double L Queen Unit,
Chaves County, New Mexico

Dear Mr. Ramey:

Would you please amend the Application heretofore
filed to include the following described lands situate in
Chaves County, New Mexico, to-wit:

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

Section 6: $N\frac{1}{2}$, $SW\frac{1}{4}$ and $NW\frac{1}{4}SE\frac{1}{4}$
Section 7: $W\frac{1}{2}W\frac{1}{2}$ and $NE\frac{1}{4}NW\frac{1}{4}$
Section 18: $NW\frac{1}{4}$

These lands, in addition to those described in the Application,
are included in the Unit Agreement and Unit Operating Agreement,
but were omitted from the Application and the Notice of Hearing
on that Application.

With regards, I am,

Very truly yours,



Paul Cooter

PC:sas

cc: George H. Hunker, Jr., Esquire
Larry L. Lamb, Esquire



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

E. E. Morris
Division Engineering
Manager

November 26, 1975

File: BAL-416-4072

Re: Proposed Double "L" Queen Unit
Chaves County, New Mexico

Oil Conservation Commission
State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM

Gentlemen:

The application of Burk Royalty Company for statutory unitization of the Double "L" Queen Field, Chaves County, New Mexico, has been designated as Case 5596 on the hearing docket for December 3, 1975.

This will advise that Amoco Production Company has signed the Unit Agreement and the Unit Operating Agreement for this project. Amoco supports the application of Burk Royalty Company for statutory unitization and joins in urging approval by the Commission for this pending waterflood operation to achieve additional secondary oil recovery.

Yours very truly,

ROC:fjc
3/670

cc: Mr. Jon H. Bear
Burk Royalty Company
800 Oil and Gas Building
Wichita Falls, TX 76301

LAW OFFICES OF
HUNKER-FEDRIC, P.A.

210 HINKLE BUILDING
POST OFFICE BOX 1837

ROSWELL, NEW MEXICO 88201

TELEPHONE 622-2700
AREA CODE 505

GEORGE H. HUNKER, JR.
DON M. FEDRIC

ROBERT I. WALDMAN

November 26, 1975

Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Statutory Unitization Proceeding
Case No. 5596, Docket 30-75

Dear Mr. Ramey:

Jack L. McClellan, President, McClellan Oil Corporation, called this firm this morning and requested us to represent McClellan Oil Corporation and McClellan associates in connection with the above styled matter. Mr. McClellan explained that he had just become aware of the proceeding for statutory unitization of the Double-L Queen Pool, Chaves County, New Mexico, and that his engineer had advised him that it would be virtually impossible for him to prepare completely a case in opposition to the proposals made by the applicant, Burk Royalty Company.

This case is one of initial impression before the Commission, and the attorneys for McClellan et al, find themselves in a position where they do not feel that they can be adequately prepared for the presentation of the matter to the Commission.

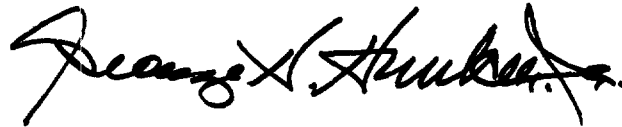
As a consequence of the foregoing and on behalf of the parties who will protest the entry of an Order compelling unitization of the Double-L Queen Pool, we respectfully request that the hearing set for December 3, 1975, be continued to a later date. We would not be opposed to having the matter set over until the hearing of December 17, 1975. The later date would at least give us an opportunity to prepare adequate engineering testimony to substantiate the position of the protestants. Please enter the appearance of our firm on behalf of McClellan Oil Corporation et al, in this matter, and send us copies of any materials which may be filed therein. We are furnishing a xerox copy of this letter to Paul Cooter, who we understand to be the present Attorney for the applicant. Mr. Cooter has indicated that his client is opposed to the granting of a continuance.

Mr. Joe D. Ramey
November 26, 1975
Page 2

We would sincerely appreciate your consideration in this matter.

Respectfully submitted,

HUNKER-FEDRIC LAW OFFICES

A handwritten signature in black ink, appearing to read "George H. Hunker, Jr.", with a stylized flourish at the end.

George H. Hunker, Jr.

GHH:dd

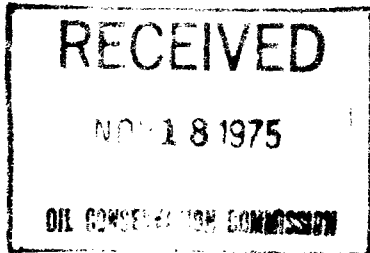
cc: Jack L. McClellan, President
McClellan Oil Corporation
P.O. Box 848
Roswell, New Mexico 88201, w/enc.

cc: Mr. Joe L. Johnson, Jr.
Stevens Engineering
P.O. Box 2249
Wichita Falls, Texas, w/enc.

xc: Mr. Paul A. Cooter
Hinkle, Bondurant, Cox & Eaton
P.O. Box 10
Roswell, New Mexico 88201

ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]



P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
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ROBERT E. SABIN
RUFUS E. THOMPSON

RALPH D. SHAMAS

November 17, 1975

William F. Carr, Esquire
General Counsel
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

A handwritten signature or set of initials, possibly "WFC", written in dark ink.

RE Application of Burk Royalty Company for
compulsory unitization of the Double L
Queen Pool, Chaves County, New Mexico

Dear Bill:

Enclosed herewith are two copies of the Unit Agreement and Unit Operating Agreement, marked Exhibits 1 and 2. Included with each are the revised Exhibit "B", to the Unit Agreement and Exhibit "E" to the Unit Operating Agreement.

Supplementing the Application, there is an additional working interest owner who has not ratified the agreements, and that is Corinne Grace. Mrs. Grace is the record owner of a State Lease, which, I understand, the Commissioner does not recognize as a valid lease, but the USGS insists that this tract be included in the Unit. I anticipate a sufficient number of problems to be presented at the hearing without the Graces, but I did want to advise you of her interest (at least, she isn't on our side).

With regards, I am,

Very truly yours,

A handwritten signature in dark ink, appearing to read "Paul Cooter".

Paul Cooter

PC:sas
Encl.

Case 5596

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE NEW MEXICO 87501

November 12, 1975

C
O
P
Y

Mr. Paul Cooter
Atwood, Malone, Mann & Cooter
P. O. Box 700
Roswell, New Mexico 88201

Dear Paul:

This letter confirms that the application of Burk Royalty Company for compulsory unitization of the Double L Queen Pool will be heard before a Commission Examiner on December 3, 1975 in the Oil Conservation Commission Conference Room.

The Commission must receive the Unit Agreement and the Unit Operating Agreement by Friday, November 21, 1975.

If you have any further questions, do not hesitate to call on me.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/dr

ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON
RALPH D. SHAMAS

November 11, 1975

Mr. J. D. Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Dear Mr. Ramey:

Enclosed herewith is the Application of Burk Royalty Co. for compulsory unitization of the Double L Queen Pool pursuant to the New Mexico Statutory Unitization Act. Attached to the Application are Exhibits Nos. 3 and 4. Exhibits Nos. 1 and 2 are the Unit Agreement and Unit Operating Agreement, copies of which I will forward to you within the next few days.

It is my understanding that this case will be placed on the December 3 docket. Confirmation of that fact will be appreciated.

With regards, I am,

Very truly yours,

Paul Cooter

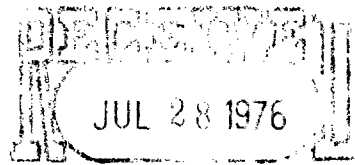
PC:sas

Encl.

cc: Mr. Jon Bear
Mr. W. L. Todd, Jr.

ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]



OIL CONSERVATION COMMISSION
Santa Fe

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

RALPH D. SHAMAS

July 27, 1976

William F. Carr, Esquire
General Counsel
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: No. 5596
Orders Nos. R-5164 and R-5164-A


Dear Mr. Carr:

By the captioned Order, the Commission approved the Double L Queen Pool, Chaves County, New Mexico, for statutory unitization pursuant to the Statutory Unitization Act. Paragraph (14) of that Order provided for ratification by persons owning the required percentage of interest within a period of six months from the date thereof. That six month period is now almost past, and the required ratifications have been procured from over 75% of the royalty and overriding royalty owners and over 70% of the working interest owners. Pursuant to Section 65-14-8C, an extension of six months is requested to procure the additional ratifications from working interest owners who have not yet ratified.

Respectfully submitted,

ATWOOD, MALONE, MANN & COOTER

BY


Attorneys for Applicant,
Berk Royalty Company

PC:sas

cc: Mr. Jon H. Bear
Mr. W. L. Todd, Jr.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

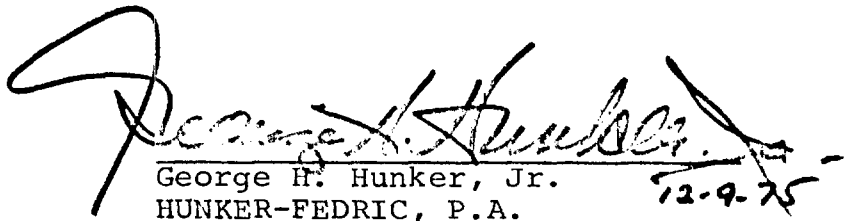
CASE NO. 5596

APPLICATION OF BURK ROYALTY
COMPANY FOR STATUTORY
UNITIZATION DOUBLE L QUEEN POOL,
CHAVES COUNTY, NEW MEXICO.

MOTION FOR CONTINUANCE

COMES NOW McClellan Oil Corporation, by its Attorney,
George H. Hunker, Jr., and moves the Commission to continue
the hearing in the above styled and numbered cause, and in
support thereof, SHOWS:

That the lands described in the Unit Agreement for the
Double L Queen Pool, Chaves County, New Mexico, include certain
lands in Township 15 South, Range 30 East. That the Notice
of Hearing dated November 14, 1975, and published on
November 19, 1975, fails to describe these lands, although
they are included within the Unit Area. As a consequence of
the foregoing defect, it will be necessary to have the matter
before the Commission readvertised and continued until a later
date, at which time all of the parties to the proceeding may
appear and present testimony.


George H. Hunker, Jr.
HUNKER-FEDRIC, P.A.
Attorneys for McClellan Oil
Corporation et al
P.O. Box 1837
Roswell, New Mexico 88201

12-9-75

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5596
Order No. R-

APPLICATION OF BURK ROYALTY
COMPANY FOR STATUTORY
UNITIZATION DOUBLE L QUEEN POOL,
CHAVES COUNTY, NEW MEXICO.

McCLELLAN OIL CORPORATION ET AL,
REQUESTED ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 A.M. on December 3, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on the _____ day of December, 1975, the Commission, a quorum being present, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof. The Applicant, Burk Royalty Company, appeared in person and by attorney. Appearances were noted for the record on behalf of Dalport Oil Corporation, Exxon Company, U.S.A., and Amoco Production Company, all of whom supported the application. McClellan Oil Corporation appeared in person and by its attorney, who represented the Corporation and Abby Corporation, Robert L. Graham, L.C. Harris, Robert M. Patterson, J. Penrod Toles and Albert J. Black, all of whom opposed the project. Corine Grace appeared by her attorney.

2. That the Applicant, Burk Royalty Company, seeks approval of the Double L Queen Unit Agreement and Unit Operating Agreement pursuant to the provisions of the Statutory Unitization

Act, Section 65-14-1, N.M.S.A. (1953), covering 2,670.10 acres, more or less, of federal, state and fee lands in Chaves County, New Mexico, described as follows:

Township 14 South, Range 29 East, N.M.P.M.

Section 23: $E\frac{1}{2}SE\frac{1}{4}$;
Section 24: $W\frac{1}{2}SW\frac{1}{4}$;
Section 25: $NW\frac{1}{4}$, $SW\frac{1}{4}NE\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$,
 $W\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$;
Section 36: $NE\frac{1}{4}NW\frac{1}{4}$, $NE\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$;

Township 14 South, Range 30 East, N.M.P.M.

Section 31: Lots 1-4, $E\frac{1}{2}W\frac{1}{2}$, $W\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}SE\frac{1}{4}$;

Township 15 South, Range 29 East, N.M.P.M.

Section 1: $E\frac{1}{2}E\frac{1}{2}$;
Section 12: $NE\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$;
Section 13: $NE\frac{1}{4}NE\frac{1}{4}$;

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

Section 6: Lots 1-7, $SE\frac{1}{4}NW\frac{1}{4}$, $E\frac{1}{2}SW\frac{1}{4}$,
 $NW\frac{1}{4}NE\frac{1}{4}$, $S\frac{1}{2}NE\frac{1}{4}$;
Section 7: Lots 1-4, $NE\frac{1}{4}NW\frac{1}{4}$;
Section 18: Lots 1-2, $E\frac{1}{2}NW\frac{1}{4}$.

3. That the Notice of Hearing dated November 14, 1975, and published on November 19, 1975, fails to describe the lands in Township 15 South, Range 30 East, N.M.P.M., shown to be included in the unit area, and is therefore defective, as a consequence of which the hearing will have to be readvertised and continued, at which time all parties may appear and present testimony.

4. That the Applicant was heretofore granted authority to institute a waterflood project within the unit area by Commission Order No. R-5007, dated May 6, 1975. That the Double L Queen Pool has been reasonably defined by development and is underlaid by a common source of supply known as the Double L Queen Pool, which said finding was made by the Commission by Order R-5004, dated May 6, 1975. That a copy of the proposed Plan of Unitization and a copy of a proposed Operating Plan covering the manner in which the unit will be supervised and managed and costs allocated and paid, were filed by the Applicant with the Commission.

5. That Applicant has stated in its application that the participation formulas contained in the Unit Agreement and Unit Operating Agreement, allocate the produced and saved unitized

hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis, and that the correlative rights of all interested parties would be protected thereby. The application contains no affirmative statement by Applicant that the proposed Plan of Unitization is considered by the Applicant to be fair, reasonable and equitable.

6. Prior to reaching its decision on the Petition of Applicant, the Commission has determined that the following conditions exist:

A. (1) That the unitized management, operation and further development of the oil or gas pool or portion thereof reasonably necessary in order to effectively carry on secondary recovery operations to substantially increase the ultimate recovery of oil and gas from the pool or unitized portion thereof;

(2) That one or more of the unitized methods of operation as applied to such pool or portion thereof, is feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil and gas from the pool or unitized portion thereof than would otherwise be recovered;

(3) That the estimated additional costs, if any, of conducting such operations will not exceed the estimated value of the additional oil and gas so recovered plus a reasonable profit;

(4) That such unitization and adoption of one or more of such unitized methods of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the pool or portion thereof directly affected;

(5) That the Operator has made a good-faith effort to secure voluntary unitization within the pool or portion thereof directly affected; and

(6) That the participation formula contained in the Unitization Agreement fails to allocate the produced and saved hydrocarbons to the separately owned tracts in the Unit Area on a fair, reasonable and equitable basis, the Commission having determined that the initial formulas prepared in 1973 by the Applicant, are no longer applicable, nor reasonable, nor fair, nor equitable to some of the working interest owners, royalty owners and the overriding royalty owners owning interests.

B. That although the Commission has determined that the participating formula contained in the Unit Agreement does not allocate unitized hydrocarbons on a fair, reasonable and equitable basis, insufficient evidence was introduced at the hearing before the Commission for it to determine the relative value of the separately owned tracts in the Unit Area. The Commission finds that the following formula for participation of the several tracts (as a practical matter) is fair, reasonable and equitable, and that it represents a fair, relative value among the separate tracts when so apportioned.

The Commission finds that the following is a fair, reasonable and equitable formula for participation:

The Phase I and Phase II Tract participation of each Tract as shown in Exhibit "C", should be determined in accordance with the following formulas:

Tract participation during Phase I: 50% A + 50% B
Phase II: 55% C + 45% D

Where A equals ratio of the volume of oil determined to be producible after 12/1/72 from each tract to the summation of the volume of producible oil after 12/1/72 from all tracts, being 346,846 barrels.

B equals ratio of the gross income from each tract to the summation of the gross income from all tracts for the period 6/1/72 to 12/1/72, being \$415,918.00.

C equals ratio of the volume of oil determined to be ultimately producible from each tract to the summation of the volume determined to be ultimately producible from all tracts, being 1,652,558 barrels.

D equals ratio of the acre feet of originally productive oil reservoir from each tract of the summation of acre feet from all tracts, being 10,077.3 acre feet.

The Commission finds that Section 13 of the Unit Agreement entitled, "Tract Participation", should be amended to show that when 1,652,558 barrels, as determined from the official production reports filed with the Oil Conservation Commission, have been produced from said pool, Phase II of the operation shall begin and commence on the first day of the calendar month next following the date after which such total number of barrels shall have been produced.

The Commission cannot approve as a matter of law or principle, a two-phase secondary recovery project to be effective at a time when Phase II has previously come into existence without the commencement of any operation for the waterflooding of the several unitized leases.

C. The Commission finds that it would be unfair and inequitable to the opponents of the Unit (McClellan et al) for their interests to be diluted from 31.1365% participation under Phase I, to 22.2105% participation under Phase II, as of the effective date of the Unit (January 1, 1976), the alleged "economic limit" fixed by the Unit having previously been reached. The Commission finds that "the economic limits" of the Pool have not, in fact, been reached, and that the leasehold wells are in a status of "primary" recovery. As a consequence of this finding, the Commission finds that unitization cannot become effective until 75% of the working interest owners in the Unit under Phase I conditions have ratified and agreed to the Unit. The Commission finds that the opponents to unitization, McClellan et al, own 31.1365% of participation under Phase I, and that these owners have not consented or agreed to unitization and, therefore, as a matter of law, the Agreement cannot become effective.

IT IS THEREFORE ORDERED:

(1) That the Double L Queen Unit, dated January 1, 1975, is not approved.

(2) That due to the defective publication herein, proponent may have the hearing readvertised, continued and reheard.

(3) That the Plan submitted is not fair, reasonable or equitable.

(4) In the event the proponents of the Unit Agreement are willing to consent to the participation formula found herein to be fair, reasonable and equitable, and consent thereto within 30 days after the date hereof, and the consents of the opponents to unitization similarly consent within 30 days hereafter, then and in that event the Unit Agreement, as amended, shall be regarded as being in the interest of conservation, protective of correlative rights and in all manners fair, reasonable and equitable.

(5) In the event the Unit Agreement becomes effective if adopted under (4) above in the alternative method, then and in all events Unit Operator shall commence operations for the waterflooding program (including water injection) outlined in the Unit Agreement and Unit Operating Agreement within a reasonable time and within not less than one (1) year from January 1, 1976, failing in which the Unit Agreement and all rights thereunder shall terminate.

(6) That the jurisdiction of this cause is retained for the entry of such further Orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year first hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary





State of New Mexico

5596



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

March 12, 1987

Burk Royalty Company, Inc.
ATTENTION: Mr. Fred M. Lynch
P. O. Box BRC
Wichita Falls, Texas 76307

Re: 1987 Plan of Operations
Double "L" Queen Unit
Chaves County, New Mexico

Gentlemen:

The Bureau of Land Management has notified this office that your 1987 Plan of Operations for the Double "L" Queen Unit area, Chaves County, New Mexico has been approved. Our records reflect that you have not submitted any Plan of Operations to this office for approval. Under the terms of Article 11 of the Unit Agreement, please submit your Plan of Operations for 1987.

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

Very truly yours.

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY:

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

WRH/FOP/pm
encls.

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



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Drawer 1857
Roswell, New Mexico 88201

April 21, 1977

Burk Royalty Co.
Attention: Mr. Jon H. Bear
800 Oil & Gas Building
Wichita Falls, Texas 76301

Gentlemen:

Your letter of April 7, 1977, transmits a "Certificate of Effectiveness" for the Double "L" Queen unit agreement, Chaves County, New Mexico, establishing the effective date of the unit agreement as April 1, 1977, pursuant to Section 23 of the unit agreement. Copies of such certificate are being distributed to the appropriate Federal offices.

Yours truly,

(Signature of James A. Gillham)

JAMES A. GILLHAM
Acting Ass't. Area Oil & Gas Supervisor

cc: BLM, Santa Fe (w/cy Certificate)
Comm. Pub. Lands, (ltr. only)
NMOCC, Santa Fe (ltr. only)

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 1, 1977

Atwood, Malone, Mann & Cooter
P. O. Drawer 700
Security National Bank Building
Roswell, New Mexico 88201

Attention: Mr. Paul Cooter

Re: Order No. R-5164
Double L-Queen Unit Agreement

Dear Mr. Cooter:

By your letter of January 31, 1977, you submitted working interest and royalty and overriding royalty interest ratifications of the subject unit agreement. An examination of the same indicates that they represent percentages sufficient to satisfy the ratification requirements of Section 65-14-8 NMSA, 1953 Compilation.

All ratifications and amended exhibits required by Order (13) of the above referenced Commission Order have now been received. Such receipt was within the time limit provided in said Order, as extended by the Commission, and Commission Order No. R-5164 is now in full force and effect.

Yours very truly,


JOE D. RAMEY
Director

JDR/TLS/fd

ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
R. E. THOMPSON

RALPH D. SHAMAS
RANDAL W. ROBERTS

April 4, 1977

Mr. Joe D. Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

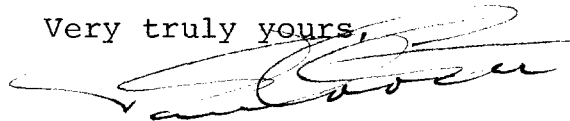
RE: Double L Queen Unit
Chaves County, New Mexico

Dear Mr. Ramey:

For your file, enclosed herewith are (1) copy of the approval by James W. Sutherland, Area Oil and Gas Supervisor of the United States Geological Survey, of the Double L Queen Unit Agreement and (2) copy of the Notice of that unit which was duly recorded in the office of the County Clerk of Chaves County, New Mexico.

With regards, I am,

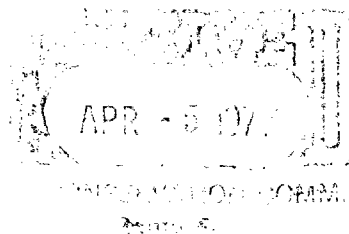
Very truly yours,



Paul Cooter

PC:sas
Encl.
cc: Mr. Jon Bear
Mr. James W. Sutherland

CERTIFICATION--DETERMINATION



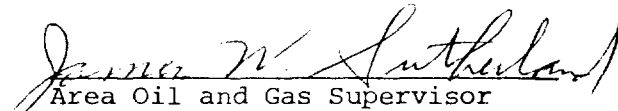
Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Oil and Gas Supervisors of the Geological Survey (33 F.R. 5812), I do hereby:

A. Approve the attached agreement for the development and operations of the Double L Queen Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated: March 30, 1977


Area Oil and Gas Supervisor
United States Geological Survey

Contract Number 14-08-0001-16056

NOTICE OF DOUBLE L QUEEN UNIT

KNOW ALL MEN BY THESE PRESENTS:

That BURK ROYALTY COMPANY, whose address is 800 Oil and Gas Building, Wichita Falls, Texas, 76301, designated Unit Operator in that certain Unit Agreement and Unit Operating Agreement, as amended by New Mexico Oil Conservation Commission Order No. R-5164, hereby gives notice:

(1) That the lands covered by the Double L Queen Unit Agreement, designated the Double L Queen Unit Area, comprise 2,670.10 acres, more or less, and are described as follows:

Township 14 South, Range 29 East, N.M.P.M.

Section 23: $E\frac{1}{2}SE\frac{1}{4}$
Section 24: $W\frac{1}{2}SW\frac{1}{4}$
Section 25: $NW\frac{1}{4}$, $SW\frac{1}{4}NE\frac{1}{4}$, $N\frac{1}{2}SW\frac{1}{4}$, $SE\frac{1}{4}SW\frac{1}{4}$,
 $W\frac{1}{2}SE\frac{1}{4}$ and $SE\frac{1}{4}SE\frac{1}{4}$
Section 36: $NE\frac{1}{4}NW\frac{1}{4}$, $NE\frac{1}{4}$, $N\frac{1}{2}SE\frac{1}{4}$ and $SE\frac{1}{4}SE\frac{1}{4}$

Township 14 South, Range 30 East, N.M.P.M.

Section 31: $W\frac{1}{2}$, $W\frac{1}{2}SE\frac{1}{4}$ and $SE\frac{1}{4}SE\frac{1}{4}$

Township 15 South, Range 29 East, N.M.P.M.

Section 1: $E\frac{1}{2}E\frac{1}{2}$
Section 12: $NE\frac{1}{4}$ and $E\frac{1}{2}SE\frac{1}{4}$
Section 13: $NE\frac{1}{4}NE\frac{1}{4}$

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

Section 6: $N\frac{1}{2}$, $SW\frac{1}{4}$ and $NW\frac{1}{4}SE\frac{1}{4}$
Section 7: $W\frac{1}{2}W\frac{1}{2}$ and $NE\frac{1}{4}NW\frac{1}{4}$
Section 18: $NW\frac{1}{4}$

(2) That the vertical limits of the Double L Queen Unit Area shall be the Queen Formation found between the approximate depths of 1,870 feet and 1,980 feet in the Dalport Oil Corporation Spurck State Well No. 5, located 1980 feet from the South line and 1980 feet from the East line of Section 36, Township 14 South, Range 29 East.

(3) That effective date of the Double L Queen Unit shall be April 1, 1977, and the term thereof shall continue thereafter as long as provided for in such Unit Agreement.

A copy of the Double L Queen Unit Agreement and Unit Operating Agreement are on file at the office of the Unit Operator aforementioned.

DATED this 2nd day of February, 1977.

BURK ROYALTY COMPANY

BY

[Signature]
SS.

STATE OF TEXAS

COUNTY OF WICHITA

The foregoing instrument was acknowledged before me this 2nd day of February, 1977, by JON H. BEAR, Vice President of BURK ROYALTY COMPANY, a Texas corporation, on behalf of said corporation.

[Signature] KIM PRZYBYLSKI
Notary Public

My Commission Expires:

1/24/79

(State of New Mexico, County of Chaves) ss.

FILED FOR RECORD

MAR 3 1977

at 2:37 P.M. and recorded in
Book 164 page 420
Joyce B. Walker County Clerk
[Signature] Deputy
#13324 Fee \$2.75

Atwood, Malone, Mann & Cooter
Drawer 700 Roswell, New Mexico
88201

ATWOOD, MALONE, MANN & COOTER

A PROFESSIONAL ASSOCIATION

LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

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ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
R. E. THOMPSON
RALPH D. SHAMAS

RANDAL W. ROBERTS

January 31, 1977

Honorable Joe D. Ramey
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Order No. R-5164
Statutory Unitization
Double L. Queen Pool
Chaves County, New Mexico

Dear Mr. Ramey:

The captioned Order dated February 17, 1976, granting Burk Royalty Company's Application for statutory unitization called for an amended Exhibit "E" to the Unit Operating Agreement (Paragraph 11) and Ratifications by the working interest, royalty and overriding royalty owners pursuant to Section 65-14-8 (Paragraph 13).

The amended Exhibit "E" was forwarded to you with my letter of March 18, 1976.

Subsequent thereto, Burk Royalty Company was granted an additional six months extension to procure the necessary Ratifications.

Enclosed herewith are those Ratifications. Some 94.7941% of the working interest owners have ratified the Unit Agreement and Unit Operating Agreement, as amended by the captioned Order, and from 90% to 94% of the royalty and overriding royalty owners, including the State and Federal lands, have ratified the Unit Agreement, as so amended.

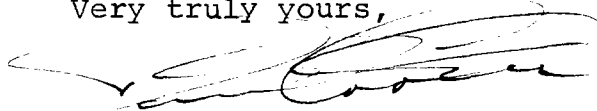
The approvals from the Commissioner of Public Lands and the United States Geological Survey of the original agreements were marked and introduced as Exhibits 3 and 4 at the December 3, 1975, hearing; approvals were obtained subsequent to the issuance of the captioned Order, as the same amended the original agreements, and copies of their letters approving such agreements as so amended are also enclosed.

*Examined
H. M. T.
1/31/77*

It is my understanding that the unit operator, Burk Royalty Company, will file Notice in the office of the County Clerk of Chaves County, New Mexico, setting forth the effective date of the unit to be April 1, 1977 at 7:00 a.m., pursuant to Section 23 of the Unit Agreement, as amended by the captioned Order. You will be furnished a copy of that recorded notice.

Copies of this letter are forwarded to the Commissioner of Public Lands (Attention: Mr. Ray D. Graham, Director, Oil and Gas Division) and Director, U. S. Geological Survey, c/o of the Area Oil and Gas Supervisor, Roswell.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Paul Cooter', is written over a horizontal line.

Paul Cooter

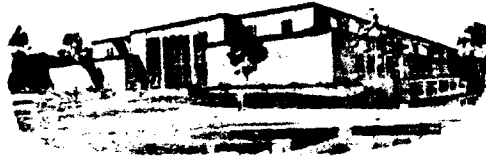
PC:sas
Encl.

cc: Commissioner of Public Lands
Director, U. S. Geological Survey
Burk Royalty Company



State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

May 24, 1976

PHIL R. LUCERO
COMMISSIONER

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

Atwood, Malone, Mann, and Cooter
P. O. Drawer 700
Roswell, New Mexico 88201

Re: Double L Queen Unit
Chaves County, New Mexico

ATTENTION: Mr. Paul A. Cooter

Gentlemen:

The Commissioner of Public Lands has this date approved the modification of the Double L Queen unit agreement which you submitted on behalf of Burk Royalty Company.

Such modification amends Sections 13, 14, 23, and revises Exhibit "C" in accordance with New Mexico Oil Conservation Orders No. 5164 and 5164-A.

The United States Geological Survey gave their approval to the modification May 10, 1976.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division

PRL/RDG/s

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



United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

MAY 10 1976

Atwood, Malone, Mann, and Cooter
Attention: Mr. Paul A. Cooter
P.O. Drawer 700
Roswell, New Mexico 88201

Gentlemen:

Your letter of April 16, 1976, on behalf of Burk Royalty Company, requests modification of the Double L Queen unit agreement as designated by this office October 4, 1974. Such modification amends Sections 13, 14, 23, and revises Exhibit "C" in accordance with New Mexico Oil Conservation Orders No. 5164 and 5164-A dated February 17, 1976, and March 23, 1976, respectively.

Existing circumstances prevented your securing voluntary finalization of the unit agreement and unitization is now to be finalized under the Statutory Unitization Act of the State of New Mexico. The modifications of the unit agreement requested are the result of the findings by the New Mexico Oil Conservation Commission pursuant to such Statutory Act. We hereby concur in the Supervisor's recommendation that the modifications to the unit agreement now requested be accepted. Accordingly, your April 16, 1976 request for modification of the designated unit agreement is hereby approved on this date.

Inasmuch as this unit agreement involves New Mexico State Land, we are sending a copy of this letter to the Land Commissioner in Santa Fe.

Sincerely yours,

William H. Sedgwick
Asst Regional Conservation Manager
For the Director



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO

STATE GEOLOGIST
EMERY C. ARNOLD

August 16, 1976

Paul Cooter, Esq.
Atwood, Malone, Mann & Cooter
P. O. Drawer 700
Roswell, New Mexico 88201

Re: Case No. 5596, Application of Burke
Royalty Company for Statutory Unitization,
Double L-Queen Pool, Chaves County,
New Mexico, Orders Nos. R-5164 and
R-5164-A

Dear Mr. Cooter:

On August 11, 1976, the Oil Conservation Commission met to consider the request of Burke Royalty Company for a six-month time extension to enable it to procure the necessary ratifications to unitize the Double L-Queen Pool under the Statutory Unitization Act.

The Commission reviewed Burke's request and an objection to any extension of time which was raised by certain interest owners in the pool.

This letter is to advise you that, pursuant to the provisions of Section 65-14-8C NMSA, 1953 Comp., the Commission granted the request for a six-month time extension. Burke Royalty Company, therefore, has until February 17, 1977, to obtain the necessary ratifications to put into effect the plan for unitization of the Double L-Queen Pool which was approved by the Commission in the above-captioned orders.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/dr



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

August 16, 1976

George Hunker, Esq.
Hunker-Federic, P.A.
P. O. Box 1837
Roswell, New Mexico 88201

Re: Case No. 5596, Application of Burke
Royalty Company for Statutory Unitization,
Double L-Queen Pool, Chaves County,
New Mexico, Orders Nos. R-5164 and
R-5164-A

Dear Mr. Hunker:

On August 11, 1976, the Oil Conservation Commission met to consider the request of Burke Royalty Company for a six-month time extension to enable it to procure the necessary ratifications to unitize the Double L-Queen Pool under the Statutory Unitization Act.

The Commission reviewed Burke's request and an objection to any extension of time which was raised by certain interest owners in the pool.

This letter is to advise you that, pursuant to the provisions of Section 65-14-8C NMSA, 1953 Comp., the Commission granted the request for a six-month time extension. Burke Royalty Company, therefore, has until February 17, 1977, to obtain the necessary ratifications to put into effect the plan for unitization of the Double L-Queen Pool which was approved by the Commission in the above-captioned orders.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/dr



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

August 16, 1976

Larry L. Lamb, Esq.
Lamb, Metzgar, Franklin & Lines
P. O. Box 987
Albuquerque, New Mexico 87103

Re: Case No. 5596, Application of Burke
Royalty Company for Statutory Unitization,
Double L-Queen Pool, Chaves County,
New Mexico, Orders Nos. R-5164 and
R-5164-A

Dear Mr. Lamb:

On August 11, 1976, the Oil Conservation Commission met to consider the request of Burke Royalty Company for a six-month time extension to enable it to procure the necessary ratifications to unitize the Double L-Queen Pool under the Statutory Unitization Act.

The Commission reviewed Burke's request and an objection to any extension of time which was raised by certain interest owners in the pool.

This letter is to advise you that, pursuant to the provisions of Section 65-14-8C NMSA, 1953 Comp., the Commission granted the request for a six-month time extension. Burke Royalty Company, therefore, has until February 17, 1977, to obtain the necessary ratifications to put into effect the plan for unitization of the Double L-Queen Pool which was approved by the Commission in the above-captioned orders.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/dr



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

LAND COMMISSIONER
PHIL R. LUCERO

August 16, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Harley Reavis
Engineer
Exxon Corporation
Exxon Building
Midland, Texas 79701

Re: Case No. 5596, Application of Burke
Royalty Company for Statutory Unitization,
Double L-Queen Pool, Chaves County,
New Mexico, Orders Nos. R-5164 and
R-5164-A

Dear Mr. Reavis:

On August 11, 1976, the Oil Conservation Commission met to consider the request of Burke Royalty Company for a six-month time extension to enable it to procure the necessary ratifications to unitize the Double L-Queen Pool under the Statutory Unitization Act.

The Commission reviewed Burke's request and an objection to any extension of time which was raised by certain interest owners in the pool.

This letter is to advise you that, pursuant to the provisions of Section 65-14-8C NMSA, 1953 Comp., the Commission granted the request for a six-month time extension. Burke Royalty Company, therefore, has until February 17, 1977, to obtain the necessary ratifications to put into effect the plan for unitization of the Double L-Queen Pool which was approved by the Commission in the above-captioned orders.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/dr



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

IN REPLY REFER TO:

Atwood, Malone, Mann, and Cooter
Attention: Mr. Paul A. Cooter
P.O. Drawer 700
Roswell, New Mexico 88201

Gentlemen:

Your letter of April 16, 1976, on behalf of Burk Royalty Company, requests modification of the Double L Queen unit agreement as designated by this office October 4, 1974. Such modification amends Sections 13, 14, 23, and revises Exhibit "C" in accordance with New Mexico Oil Conservation Orders No. 5164 and 5164-A dated February 17, 1976, and March 23, 1976, respectively.

Existing circumstances prevented your securing voluntary finalization of the unit agreement and unitization is now to be finalized under the Statutory Unitization Act of the State of New Mexico. The modifications of the unit agreement requested are the result of the findings by the New Mexico Oil Conservation Commission pursuant to such Statutory Act. We hereby concur in the Supervisor's recommendation that the modifications to the unit agreement now requested be accepted. Accordingly, your April 16, 1976 request for modification of the designated unit agreement is hereby approved on this date.

Inasmuch as this unit agreement involves New Mexico State Land, we are sending a copy of this letter to the Land Commissioner in Santa Fe.

Sincerely yours,

William S. Gillham

W. S. Gillham, Regional Conservation Manager
For the Director

cc: CD Reading File
Area Office (2)
Com. Pub. Lands, Santa Fe
NMOCC, Santa Fe
File
JAGillham:dap



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
March 23, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

Re: CASE NO. 5596
ORDER NO. R-5164-A

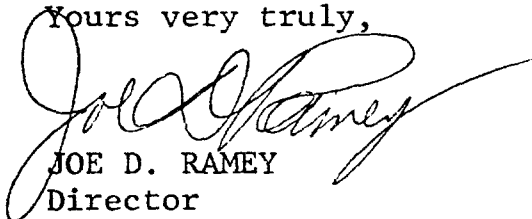
Mr. Paul Cooter
Atwood, Malone, Mann & Cooter
Attorneys at Law
P. O. Drawer 700
Security National Bank Building
Roswell, New Mexico 88201

Applicant:
Burk Royalty Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other Mr. George Hunker



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
February 17, 1976

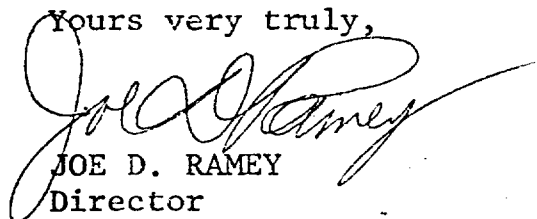
STATE GEOLOGIST
EMERY C. ARNOLD

Re: CASE NO. 5596
ORDER NO. R-5164
Mr. Paul Cooter
Atwood, Malone, Mann & Cooter
Attorneys at Law
P. O. Drawer 700
Security National Bank Building
Roswell, New Mexico 88201
Applicant:
Burk Royalty Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

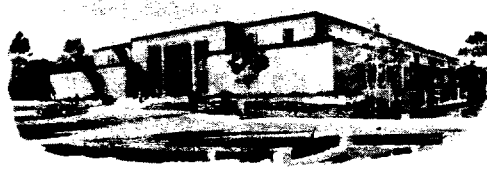
Hobbs OCC x
Artesia OCC _____
Aztec OCC _____

Other Mr. George Hunker

5576

State of New Mexico

TELEPHONE
505-827-2748



Commissioner of Public Lands

May 24, 1976

PHIL R. LUCERO
COMMISSIONER

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

Atwood, Malone, Mann, and Cooter
P. O. Drawer 700
Roswell, New Mexico 88201

Re: Double L Queen Unit
Chaves County, New Mexico

ATTENTION: Mr. Paul A. Cooter

Gentlemen:

The Commissioner of Public Lands has this date approved the modification of the Double L Queen unit agreement which you submitted on behalf of Burk Royalty Company.

Such modification amends Sections 13, 14, 23, and revises Exhibit "C" in accordance with New Mexico Oil Conservation Orders No. 5164 and 5164-A.

The United States Geological Survey gave their approval to the modification May 10, 1976.

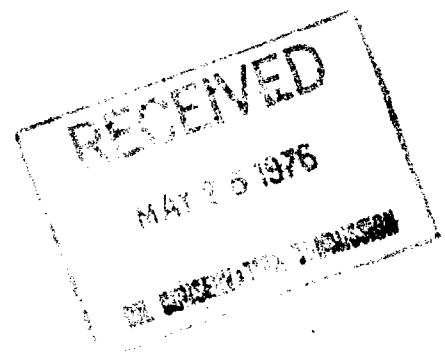
Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

PRL/RDG/s

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



ATWOOD, MALONE, MANN & COOTER
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
RUFUS E. THOMPSON
—
RALPH D. SHAMAS

March 18, 1976

Mr. Joe D. Ramey, Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

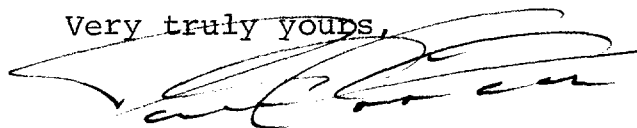
RE: Case No. 5596
Order NO. R-5164
Application of Burk Royalty Company

Dear Mr. Ramey:

Pursuant to Paragraph (11) appearing on page 6 of the captioned order, enclosed are two copies of Amended Exhibit "E" to the Unit Operating Agreement, Exhibit 2 in the case.

The appropriate Ratifications are being prepared and will soon be forwarded to all working interest owners as well as the owners of royalty and overriding royalty interest.

Very truly yours,

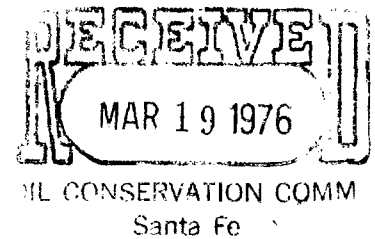


Paul Cooter

PC:sas

cc: George H. Hunker, Jr., Esquire
Mr. Jon H. Bear
Mr. W. L. Todd, Jr.

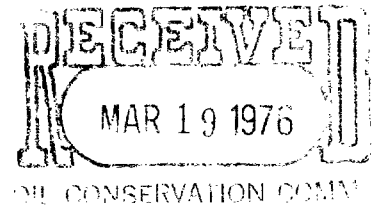
EXHIBIT "E"
To Unit Operating Agreement
DOUBLE L QUEEN UNIT
Chaves County, New Mexico
January 1, 1976



Compiled to Comply With Order No. R-5164
Of the Oil Conservation Commission of The State of New Mexico

| | Unit Participation % | |
|-------------------------------------|----------------------|----------|
| | PHASE I | PHASE II |
| Abby Corporation | 1.3150 | 1.0046 |
| Amerada Hess Corp. | 0.0845 | 0.0845 |
| Amoco | 11.2915 | 11.2220 |
| Warren D. Barton | 0.0210 | 0.0266 |
| Albert J. Black | 2.6476 | 2.2310 |
| Burk Royalty Co. | 21.6898 | 22.6969 |
| Cleary Petroleum Corporation | 0.2515 | 0.4020 |
| Wallace G. Comer | 0.0420 | 0.0532 |
| Crown Central Petroleum Corporation | 0.6858 | 0.7317 |
| Dalport Oil Corporation | 18.5856 | 18.6562 |
| George Eng | 0.0841 | 0.1064 |
| Exxon | 19.0320 | 20.8005 |
| Corine Grace | 0.8080 | 1.1925 |
| Robert L. Graham | 3.8262 | 3.2186 |
| G. W. Green | 0.0210 | 0.0266 |
| L. C. Harris | 3.9800 | 3.4578 |
| Charles H. Juni | 0.0420 | 0.0532 |
| W. W. LaForce, Jr. | 0.3364 | 0.4258 |
| McClellan Oil Corp. | 5.4740 | 4.6298 |
| J. C. Monk | 0.1016 | 0.1266 |
| A. N. Norwood | 0.1682 | 0.2129 |
| Alan Q. Norwood | 0.0841 | 0.1064 |
| Robert M. Patterson | 3.8261 | 3.2185 |
| W. B. Perry, Jr. | 0.0420 | 0.0532 |
| Roark & Hooker | 0.7114 | 0.8864 |
| Tom Schneider | 0.1682 | 0.2129 |
| J. Penrod Toles | 3.8264 | 3.2186 |
| Wall Street Oil Corporation | 0.1682 | 0.2129 |
| Walter Amusements, Inc. | 0.6858 | 0.7317 |
| | 100.0000 | 100.0000 |

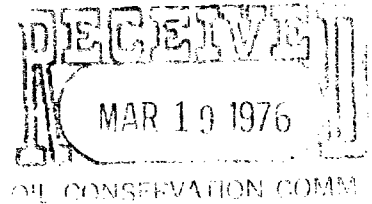
(CONTINUED)
EXHIBIT "E"
To Unit Operating Agreement
DOUBLE L QUEEN UNIT
Chaves County, New Mexico



Compiled to Comply With Order No. R-5164
Of The Oil Conservation Commission of The State of New Mexico

| <u>OPERATOR</u> | <u>TRACT</u> | <u>% PARTICIPATION PHASE I</u> | <u>% PARTICIPATION PHASE II</u> |
|--------------------------|--------------|------------------------------------|-------------------------------------|
| Amerada Hess Corporation | 4 | 0.0520 | 0.0520 |
| | 6 | 0.0325 | 0.0325 |
| | | <u>0.0845</u> | <u>0.0845</u> |
| Amoco | 12 | 0.7250 | 0.7895 |
| | 18 | 7.6285 | 6.0400 |
| | 23 | 2.9380 | 4.3925 |
| | | <u>11.2915</u> | <u>11.2220</u> |
| Cleary Petroleum Corp. | 11 | 0.2515 | 0.4020 |
| Corine Grace | 22 | 0.8080 | 1.1925 |
| Dalport Oil Corp. | 5 | 17.4850 | 15.3345 |
| | 15 | 5.4860 | 5.8540 |
| | 16 | 12.4170 | 16.1630 |
| | 19 | 6.2590 | 5.4650 |
| | | <u>41.6470</u> | <u>42.8165</u> |
| Exxon Corporation | 8 | 1.3550 | 2.4580 |
| | 10 | 4.4265 | 4.0375 |
| | 24 | 13.2505 | 14.3050 |
| | | <u>19.0320</u> | <u>20.8005</u> |
| McClellan Oil Corp. | 1 | 8.0660 | 6.4500 |
| | 2 | 0.0245 | 0.0245 |
| | 3 | 5.2600 | 4.0190 |
| | 7 | 1.7455 | 2.5230 |
| | 9 | 0.0125 | 0.0350 |
| | 13 | 4.3610 | 3.8195 |
| | 14 | 1.7130 | 0.9800 |
| | 17 | 3.5445 | 2.9150 |
| | 21 | 1.3455 | 1.7030 |
| | | <u>26.0725</u> | <u>22.4690</u> |
| Roark & Hooker | 20 | 0.8130 | 1.0130 |
| | | <u><u>100.0000</u></u> | <u><u>100.0000</u></u> |

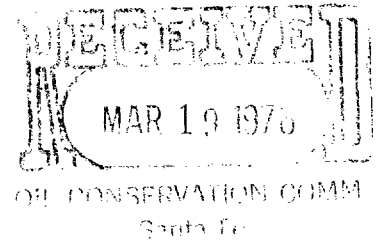
EXHIBIT "E"
To Unit Operating Agreement
DOUBLE L QUEEN UNIT
Chaves County, New Mexico
January 1, 1976



Compiled to Comply With Order No. R-5164
Of the Oil Conservation Commission of The State of New Mexico

| | Unit Participation % | |
|-------------------------------------|----------------------|-----------------|
| | <u>PHASE I</u> | <u>PHASE II</u> |
| Abby Corporation | 1.3150 | 1.0046 |
| Amerada Hess Corp. | 0.0845 | 0.0845 |
| Amoco | 11.2915 | 11.2220 |
| Warren D. Barton | 0.0210 | 0.0266 |
| Albert J. Black | 2.6476 | 2.2310 |
| Burk Royalty Co. | 21.6898 | 22.6969 |
| Cleary Petroleum Corporation | 0.2515 | 0.4020 |
| Wallace G. Comer | 0.0420 | 0.0532 |
| Crown Central Petroleum Corporation | 0.6858 | 0.7317 |
| Dalport Oil Corporation | 18.5856 | 18.6562 |
| George Eng | 0.0841 | 0.1064 |
| Exxon | 19.0320 | 20.8005 |
| Corine Grace | 0.8080 | 1.1925 |
| Robert L. Graham | 3.8262 | 3.2186 |
| G. W. Green | 0.0210 | 0.0266 |
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| | <u>100.0000</u> | <u>100.0000</u> |

(CONTINUED)
EXHIBIT "E"
To Unit Operating Agreement
DOUBLE L QUEEN UNIT
Chaves County, New Mexico



Compiled to Comply With Order No. R-5164
Of The Oil Conservation Commission of The State of New Mexico

| <u>OPERATOR</u> | <u>TRACT</u> | <u>% PARTICIPATION PHASE I</u> | <u>% PARTICIPATION PHASE II</u> |
|--------------------------|--------------|------------------------------------|-------------------------------------|
| Amerada Hess Corporation | 4 | 0.0520 | 0.0520 |
| | 6 | 0.0325 | 0.0325 |
| | | <u>0.0845</u> | <u>0.0845</u> |
| Amoco | 12 | 0.7250 | 0.7895 |
| | 18 | 7.6285 | 6.0400 |
| | 23 | 2.9380 | 4.3925 |
| | | <u>11.2915</u> | <u>11.2220</u> |
| Cleary Petroleum Corp. | 11 | 0.2515 | 0.4020 |
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| Dalport Oil Corp. | 5 | 17.4850 | 15.3345 |
| | 15 | 5.4860 | 5.8540 |
| | 16 | 12.4170 | 16.1630 |
| | 19 | 6.2590 | 5.4650 |
| | | <u>41.6470</u> | <u>42.8165</u> |
| Exxon Corporation | 8 | 1.3550 | 2.4580 |
| | 10 | 4.4265 | 4.0375 |
| | 24 | 13.2505 | 14.3050 |
| | | <u>19.0320</u> | <u>20.8005</u> |
| McClellan Oil Corp. | 1 | 8.0660 | 6.4500 |
| | 2 | 0.0245 | 0.0245 |
| | 3 | 5.2600 | 4.0190 |
| | 7 | 1.7455 | 2.5230 |
| | 9 | 0.0125 | 0.0350 |
| | 13 | 4.3610 | 3.8195 |
| | 14 | 1.7130 | 0.9800 |
| | 17 | 3.5445 | 2.9150 |
| | 21 | 1.3455 | 1.7030 |
| | | <u>26.0725</u> | <u>22.4690</u> |
| Roark & Hooker | 20 | 0.8130 | 1.0130 |
| | | <u>100.0000</u> | <u>100.0000</u> |



United States Department of the Interior

GEOLOGICAL SURVEY

Conservation Division
Western Bank Building
505 Marquette, NW, Room 815
Albuquerque, New Mexico 87102

MAR 30 1977

Atwood, Malone, Mann & Cooter
Attention: Mr. Paul A. Cooter
P.O. Drawer 700
Roswell, New Mexico 88201

Gentlemen:

The Double L Queen unit agreement, Chaves County, New Mexico, with Burk Royalty Co. as unit operator, was approved on this date. Such agreement has been assigned No. 14-08-0001-16056. Please furnish this office with evidence of the effective date of the Double L Queen unit agreement after the requirements of Section 23 of the unit agreement have been satisfied.

One approved copy of the unit agreement is enclosed. Please furnish the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico and all other interested principals with appropriate evidence of this approval.

Sincerely yours,

(ORIG. SGB.) JAMES W. SUTHERLAND

Area Oil and Gas Supervisor

Enclosure

cc:
NMOCC, Santa Fe (1tr. only)
Com. Pub. Lands, Santa Fe (1tr. only)