

DOYLE HARTMAN

Oil Operator

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MAY 30 1997

CONSERVATION DIVISION

Via Certified Mail, Return Receipt Requested

May 29, 1997

OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Attn: Donald Romine, V.P. Western Region
Robert Hunt, Asset Team Leader
T. Kent Wooley, Senior Landman

Re: Follow-up Request for OXY USA, Inc. to Comply with
NMOCD Order No. R-6447 Creating the 9326.56-acre
MLMU Statutory Unit and Unitizing All MLMU Interests

Gentlemen:

Reference is made to our letter of yesterday, May 28, 1997, regarding the above described subject matter.

For your use, while reviewing our letter of May 28, 1997, please find enclosed herewith a copy of NMOCD Order No. R-6447 dated August 27, 1980, which order created the 9326.56-acre Myers Langlie Mattix Unit Area statutory unit and replaced the 9923.68-acre voluntary Myers Langlie Mattix Unit created by that certain Myers Langlie Mattix Unit Agreement dated January 1, 1973, that was approved by NMOCD Order No. R-4660 dated November 16, 1973. A copy of NMOCD Order No. R-4660 is also enclosed herewith.

From a careful review of NMOCD Order No. R-4660, you will note that NMOCD Order No. R-4660 simply approved a private agreement between those interest owners that chose to contractually commit their interests to the voluntary Myers Langlie Mattix Unit Agreement. In New Mexico, "...there are no statutes or rules which specify what should be included in an application for approval of a voluntary unit agreement..."

OXY USA, Inc.
May 29, 1997
Page 2

However, with the adoption, by the New Mexico Legislature, of the Statutory Unitization Act [70-7-1 through 70-7-21 NMSA 1978], the NMOCD's authority was expanded by permitting it to compel the unitized management, operation and development of reservoirs under certain specified circumstances and conditions. Consequently, once the NMOCD has made all of the necessary findings precedent to the issuance of a statutory order, it then, in accordance with Section 70-7-6 (C) NMSA 1978, shall make an order creating the statutory unit, which order unitizes all interests within the designated unitized area and unitized interval. The newly created statutory unit, once it is in full force and effect, replaces any voluntary unit that may have been previously created by private contract, with the newly created statutory unit to be operated pursuant to the statutory order, the Statutory Unitization Act [70-7-1 through 70-7-21 NMSA 1978], and the specific unit agreement and unit operating agreement approved by the statutory order.

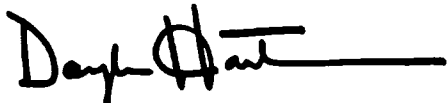
Since "...the New Mexico Supreme Court has observed that the Division "is a creature of statute" whose powers are expressly defined and limited by the laws creating it, *Continental Oil Company v. Oil Conservation Comm'n*, 70 N.M. 310, 315, 373 P.2d 809, 814 (1962)...," the statutory order that is issued by the NMOCD shall be pursuant to the provisions of Section 70-7-7 NMSA 1978 and shall contain:

...a legal description of the unit area including the vertical limits of the unitized interval and a description of the nature of the operations contemplated thereon. The order will also contain provisions which: (1) allocate unit production to the separate tracts therein; (2) provide for credits and charges for wells and other material and equipment contributed to the unit; (3) govern how the working interest costs for unit operations will be charged and paid; and (4) provide for carrying certain working interest owners on a limited, carried or net profits basis, payable out of production. The order also designates the unit operator, sets forth the working interest voting procedures, sets the time for unit operations to commence and terminate, and contains such other provisions as are appropriate for carrying on unit operations...

Therefore, in recognition of the foregoing, we again respectfully request that OXY immediately commence honoring all provisions of the NMOCD Order No. R-6447 and the Statutory Unitization Act [70-7-1 through 70-7-21 NMSA 1978].

Very truly yours,

DOYLE HARTMAN, Oil Operator

A handwritten signature in black ink, appearing to read "Doyle Hartman", with a long horizontal flourish extending to the right.

Doyle Hartman

OXY USA, Inc.
May 29, 1997
Page 3

enclosures (10)

rcp/rjr
wpdocs\corresp.dh\mlmu.4

cc: William J. LeMay, Director
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OXY USA, Inc.

May 29, 1997

Page 4

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Bureau of Land Management
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6987
Order No. R-6447

APPLICATION OF GETTY OIL COMPANY
FOR STATUTORY UNITIZATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 5, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of August, 1980, the Commission, a quorum being present, having considered the testimony and the record and being otherwise 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.

(2) That the applicant, Getty Oil Company, seeks the statutory unitization, pursuant to the "Statutory Unitization Act," Sections 70-7-1 through 70-7-21, NMSA 1978, of 9,360 acres, more or less, being a portion of the Langlie Mattix Pool, Lea County, New Mexico, said portion being known as the Myers Langlie-Mattix Unit Area and applicant further seeks approval of the Unit Agreement as revised and the Unit Operating Agreement as revised.

(3) That the Myers Langlie-Mattix Unit Agreement was approved by the Oil Conservation Commission by Order No. R-4680 entered in Case No. 5087 on October 31, 1973.

(4) That the Myers Langlie-Mattix Unit became effective on February 1, 1974, and has been operated by Getty Oil Company and its predecessor in interest, Skelly Oil Company, since that date.

(5) That the applicant seeks statutory unitization of this voluntary unit to enable it to institute more effective and efficient operating practices thereby extending the economic life of the unit.

(6) That the unit area should be designated the Myers Langlie-Mattix Unit Area and the horizontal limits of said unit area should be comprised of the following described lands:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, E/2
SW/4, SW/4 SW/4, and SE/4
Section 36: N/2, SE/4, and E/2 SW/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4
Section 29: W/2, W/2 E/2, and E/2 SE/4
Section 30: N/2, SW/4, N/2 SE/4, and
SW/4 SE/4
Sections 31 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: NE/4 NE/4
Section 12: S/2 N/2, N/2 S/2, and SE/4
SE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 2: W/2 NE/4 and W/2
Section 3: NE/4, E/2 SE/4, and W/2
SW/4
Sections 4 and 5: All
Section 6: E/2, E/2 W/2, and NW/4
NW/4
Section 7: N/2, SE/4, and S/2 SW/4
Section 8: N/2, N/2 S/2, and SW/4
SW/4
Section 9: NW/4, N/2 SW/4, N/2 NE/4,
and SE/4 NE/4
Section 10: NW/4, W/2 NE/4, SE/4 NE/4,
E/2 SW/4, and W/2 SE/4

Section 11: SW/4 NW/4

(7) That the vertical limits of said Myers Langlie-Mattix Unit Area should comprise that interval which extends from a point 100 feet above the base of the Seven Rivers formation to

the base of the Queen formation; said interval having been heretofore found to occur in the Texas Pacific Oil Company's Blinbry "B" Well No. 3 located 330 feet from the North line and 2310 feet from the West line of Section 34, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical Log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

(8) That the portion of the Langlie Mattix Pool proposed to be included in the aforesaid Myers Langlie-Mattix Unit Area has been reasonably defined by development.

(9) That the applicant proposes to continue water flooding for the secondary recovery of oil, gas, gaseous substances, sulfur contained in gas, condensate, distillate and all associated and constituent liquid or liquifiable hydrocarbons within and to be produced from the proposed unit area.

(10) That the continuation of secondary recovery operations as a result of statutory unitization should result in the additional recovery of approximately 500,000 barrels of oil.

(11) That the unitized management, operation and further development of the Myers Langlie-Mattix Unit Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil from the unitized portion of the pool.

(12) That the proposed unitized method of operation as applied to the Myers Langlie-Mattix Unit Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil from the unitized portion of the pool than would otherwise be recovered without unitization.

(13) That the estimated additional investment costs which result from statutory unitization are \$1.6 million from which can be deducted \$600,000, which will be saved by not having to maintain separate production facilities on certain tracts within the unit area for a net additional investment of \$1 million.

(14) That the additional recovery to be derived from the extended secondary recovery operations resulting from statutory unitization will have a gross value to the unit of \$18.24 million.

(15) That the estimated additional costs of the proposed operations (as described in Finding No. (13) above) will not exceed the estimated value of the additional oil (as described in Finding No. (14) above) plus a reasonable profit.

(16) That the applicant, the designated Unit Operator pursuant to the Unit Agreement and the Unit Operation Agreement, has made a good faith effort to secure voluntary unitization within the Myers Langlie-Mattix Unit Area.

(17) That the participation formula contained in the Unit Agreement allocates the produced and saved unitized substances to the separately owned tracts in the unit area on a fair, reasonable, and equitable basis.

(18) That statutory unitization and the adoption of the proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Myers Langlie-Mattix Unit Area.

(19) That the granting of the application in this case will have no adverse effect upon other portions of the Langlie Mattix Pool.

(20) That applicant's Exhibits Nos. 9 and 11 as revised by Exhibits 10 and 12 in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(21) That the Myers Langlie-Mattix Unit Agreement and the Myers Langlie-Mattix Unit Operating Agreement provide for unitization and unit operation of the Myers Langlie-Mattix Unit Area upon terms and conditions that are fair, reasonable, and equitable, and which include:

(a) an allocation to the separately owned tracts in the unit area of all oil and gas that is produced from the unit area and which is saved, being the production that is not used in the conduct of unit operations or not unavoidably lost;

(b) 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;

(c) 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 his share of the costs of unit operations shall be charged to such owner, or the interest of such owner, and how his interest may be sold and the proceeds applied to the payment of his costs;

(d) 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 just and reasonable, and which allow an appropriate charge for interest for such service payable out of production, upon such terms and conditions determined by the Commission 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 nonconsenting working interest owner being so carried shall be deemed to have relinquished to the Unit Operator all of his operating rights and working interests in and to the unit until his share of the costs, service charge, and interest are repaid to the Unit Operator;

(e) 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 from among the working interest owners to conduct the unit operations;

(f) a provision for 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 his unit participation; and

(g) the time when the unit operation shall commence and the manner in which, and the circumstances under which, the operations shall terminate and for the settlement of accounts upon such termination.

(22) That applicant seeks establishment of an administrative procedure whereby the conversion of additional wells to injection may be approved without further notice or hearing.

(23) That the statutory unitization of the Myers Langlie-Mattix Unit Area is in conformity with the above findings, and

will prevent waste and protect the correlative rights of all owners of interest within the proposed unit area, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the Myers Langlie-Mattix Unit Area, comprising 9,360 acres, more or less, in the Langlie Mattix Pool, Lea County, New Mexico, is hereby approved for statutory unitization pursuant to the Statutory Unitization Act, Sections 70-7-1 through 70-7-21 NMSA 1978.

(2) That the lands included within the Myers Langlie-Mattix Unit Area shall be comprised of:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, E/2 SW/4, SW/4 SW/4, and SE/4

Section 36: N/2, SE/4, and E/2 SW/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4

Section 29: W/2, W/2 E/2, and E/2 SE/4

Section 30: N/2, SW/4, N/2 SE/4, and SW/4 SE/4

Sections 31 through 33: All

Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: NE/4 NE/4

Section 12: S/2 N/2, N/2 S/2, and SE/4 SE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 2: W/2 NE/4 and W/2

Section 3: NE/4, E/2 SE/4, and W/2 SW/4

Sections 4 and 5: All

Section 6: E/2, E/2 W/2, and NW/4 NW/4

Section 7: N/2, SE/4, and S/2 SW/4

Section 8: N/2, N/2 S/2, and SW/4 SW/4

Section 9: NW/4, N/2 SW/4, N/2 NE/4, and SE/4 NE/4

Section 10: NW/4, W/2 NE/4, SE/4 NE/4, E/2 SW/4, and W/2 SE/4

Section 11: SW/4 NW/4

(3) That the vertical limits of said Myers Langlie-Mattix Unit Area should comprise that interval which extends from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore found to occur in the Texas Pacific Oil Company's Blinbry "B" Well No. 3 located 330 feet from the North line and 2310 feet from the West line of Section 34, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical Log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

(4) That the applicant shall waterflood for the secondary recovery of oil, gas, gaseous substances, sulfur contained in gas, condensate, distillate, and all associated and constituent liquid or liquified hydrocarbons within and produced from the unit area.

(5) That the Myers Langlie-Mattix Unit Agreement as revised and the Myers Langlie-Mattix Unit Operating Agreement as revised are approved and adopted and incorporated by reference into this order.

(6) That when, pursuant to the terms of Sections 70-7-9 NMSA 1978, the persons owning the required percentage of interest in the unit area have approved or ratified the Unit Agreement and the Unit Operating Agreement, the interests of all persons within the unit area are unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement in writing.

(7) That the applicant as Unit Operator shall notify in writing the Division Director of any removal or substitution of said Unit Operator by any other working interest owner within the unit area.

(8) That the applicant is authorized to convert additional wells to injection in accordance with the provisions of Division Rule 701 E 4.

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

-8-

Case No. 6987

Order No. R-6447

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

ALEX J. ARMIJO; Member


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

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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. 5086
Order No. R-4660

APPLICATION OF SKELLY OIL COMPANY
FOR APPROVAL OF THE MYERS LANGLIE-
MATTIX UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 31, 1973, at Santa Fe, New Mexico, before Examiner
Richard L. Stamets.

NOW, on this 16th day of November, 1973, 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.

(2) That the applicant, Skelly Oil Company, seeks approval
of the Myers Langlie-Mattix Unit Agreement covering 9923.68
acres, more or less, of State, Federal and Fee lands described
as follows:

LEA COUNTY, NEW MEXICO

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, E/2 SW/4,
SW/4 SW/4, and SE/4

Section 36: N/2, SE/4, and E/2 SW/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4 NW/4 and SW/4

Sections 29 through 33: All

Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: NE/4 NE/4

Section 12: S/2 N/2, N/2 S/2, and SE/4 SE/4

EXHIBIT

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 2: W/2 NE/4 and W/2

Section 3: NE/4, E/2 SE/4, and W/2 SW/4

Sections 4 and 5: All

Section 6: E/2, E/2 W/2, and NW/4 NW/4

Section 7: All

Section 8: N/2, N/2 S/2, and SW/4 SW/4

Section 9: N/2 and N/2 SW/4

Section 10: NW/4, W/2 NE/4, SE/4 NE/4, E/2 SW/4,
and W/2 SE/4

Section 11: SW/4 NW/4

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Myers Langlie-Mattix Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

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

-3-

Case No. 5086

Order No. R-4660

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

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LEGAL REPORT OF
OIL AND GAS CONSERVATION ACTIVITIES

A Project of
The Legal Committee
Interstate Oil Compact Commission

Published and Distributed
by the
Interstate Oil Compact Commission
P. O. Box 53127
Oklahoma City, Oklahoma 73105

FOREWORD

When the Interstate Oil Compact Commission was formed in 1935, it was for the purpose of promoting the conservation of oil and gas and the prevention of physical waste. Over the years, the Commission has taken every opportunity to fulfill this purpose.

One of the most important functions of the Interstate Oil Compact Commission is the dissemination of information in the form of printed reports, pamphlets and books for general distribution to state conservation agencies, the public and members of the industry. This Legal Report of Oil and Gas Conservation Activities has long been recognized as an outstanding vehicle for this purpose, as it provides a means of reporting legal activities which have taken place throughout the United States and in Canada during the prior year.

This report for the year 1975 is the twenty-seventh annual issue. It includes articles from thirty-one states and the Canadian provinces of Alberta and British Columbia. Some states are not included in this publication, since those reporters stated that their states had no significant legal activities dealing with oil and gas conservation during the year 1975 on which to report.

These annual Legal Reports are, in effect, supplements to the books, Conservation of Oil and Gas - A Legal History, 1948, and Conservation of Oil and Gas - A Legal History, 1948 - 1958. Both books were published by the Mineral Section of the American Bar Association and are available from the office of the American Bar Association in Chicago, Illinois.

The Interstate Oil Compact Commission is indebted to the various reporters who have prepared the articles for this publication. Many of these reporters have served in this capacity for many years. Each has performed this service willingly and without remuneration.

Primary responsibility for obtaining the individual reports rests with the Legal Committee of the Interstate Oil Compact Commission and its chairman, Judge Jim C. Langdon of Texas. Editing and compilation is done in the Headquarters Office.

Additional copies are available upon request to the Headquarters Office to anyone desiring them.

W. TIMOTHY DOWD
Executive Director

June, 1976

TABLE OF CONTENTS

PART I

THE STATES

Alabama	A. Charles Freeman	1
Arizona	John Bannister	2
Arkansas	Ned A. Stewart, Jr.	3
California	Robert A. Reid	4
Colorado	Samuel R. Freeman	6
Florida	James T. Williams	6
Georgia	David E. Swanson	6
Illinois	Charles J. Pardee	7
Indiana	Homer R. Brown	7
Kansas	George W. Stafford	7
Kentucky	Benjamin C. Cabbage, Jr.	9
Louisiana	James E. Phillips, Jr.	9
Michigan	Jerome Maslowski	10
Mississippi	Joe R. Fancher, Jr.	11
Montana	Charles G. Maio	13
Nebraska	Ray L. Smith	14
New Mexico	William F. Carr	14
New York	John J. Dragonetti	16
North Carolina	Stephen G. Conrad	16
North Dakota	Gerald W. VandeWalle	17
Ohio	J. Richard Emens	19
Oklahoma	R. M. Williams	19
Pennsylvania	John W. Carroll	22
South Dakota	Fred V. Steece	23
Tennessee	Robert E. Hershey	23
Texas	Fred H. Young	25
Utah	H. Byron Mock and Cleon B. Feight	29
Virginia	G. R. C. Stuart	30
Washington	Vaughn E. Livingston, Jr.	31
West Virginia	Thomas E. Huzzey	31
Wyoming	Michael J. Sullivan	31

PART II

THE CANADIAN PROVINCES

Alberta	A. L. McLarty	33
British Columbia	R. E. Moss	34

NEBRASKA

Legislative

The 1975 session of the Nebraska Unicameral Legislature considered only one bill which involved oil and gas. This bill included oil well service contractors under a water well registration bill. The bill was amended in Committee to exclude oil and gas, and was then killed.

Production

As of December, 1975, there were a total of 1,209 active oil and gas wells and 450 shut-in wells. During 1975, Nebraska wells produced 6,119,671 barrels of oil, 2,311,821 Mcf casinghead gas and 1,572,814 Mcf dry gas.

A total of 377 drilling permits were approved during the year in 23 of Nebraska's 93 counties. At this time, there are 65 secondary recovery and pressure maintenance projects in operation.

Commission

During 1975, the Commission heard 31 cases at public hearing. Twenty-one matters involved unorthodox locations; one was a ratable take; two involved commingling of production; two revised the Rules and Regulations of the Commission; one reduced the conservation mill levy from three to two mills; three involved unitization agreements and secondary recovery by waterflood, two of which were involuntary unitization; and one sought permission to hold geological information confidential for a period longer than twelve months.

Administrative

Reed Gilmore, Kimball, Nebraska; John A. Mason, Sidney, Nebraska; and Ray L. Smith, Chappell, Nebraska, are members of the Nebraska Oil and Gas Conservation Commission. Mr. Gilmore is presently serving as Chairman. Paul H. Roberts is Director and Jack T. Fish is Administrative Assistant.

Reporter: Ray L. Smith, Member, Nebraska Oil and Gas Conservation Commission, Box 245, Chappell, Nebraska 69129; Official Representative, Interstate Oil Compact Commission.

NEW MEXICO

Legislative

Energy Resources Act

In 1975, the New Mexico Legislature enacted Senate Bill 186 which created an Energy Resources Board composed of the Governor's Energy Resources Administrator, the Commissioner of Public Lands, the Director of the Bureau of Mines, the State Petroleum Engineer, the State Geologist, someone knowledgeable in nuclear, geothermal, solar or coal energy and a citizen who is not directly involved in energy business.

This law changes the membership of the Oil Conservation Commission to the Commissioner of Public Lands, the State Petroleum Engineer and the State Geologist. Under this act, the Director of the OCC staff is the State Petroleum Engineer, a new position replacing the present State Geologist. A new office of State Geologist is created and assigned responsibility for collecting geological data on energy resources in New Mexico.

Although the Commission's jurisdiction is not changed, there are provisions for a new appeal

procedure in this law. Whenever two or more members of the Energy Resources Board believe a decision of the Commission contravenes the statewide energy plan adopted by the Board or the public interest, they may file a motion with the Board to call the decision before it. The Board may, by a majority vote, adopt the motion and thereby call the Commission's decision, or any part thereof, before it for review. The Board, after a de novo hearing, issues such orders as are appropriate and the OCC must modify its orders to conform therewith.

The act increased the Oil Conservation Tax to eighteen one-hundredths of one percent of taxable value of sold products and extended its applicability to uranium, coal and geothermal resources.

Statutory Unitization Act

The Commission proposed the Statutory Unitization Act to the New Mexico Legislature and it passed all committees and both houses with no dissenting votes. The Act is limited to secondary and tertiary recovery operations and pressure maintenance projects. It provides that any working interest owner may file an application for compulsory unitization. If all the prerequisites set out in the statute are met by the applicant, the Commission is required to issue an order creating the unit and providing for its unitized operation and management. The order does not become effective, however, until it has been ratified by those persons who will initially be required to pay at least 75 percent of the costs of unit operations and by the owners of at least 75 percent of the production or proceeds thereof that will be credited to interests which are free of costs. If the persons owning the required percentages of interest in the unit area do not approve the plan for unit operations within six months, the unitization order ceases to be of further force or effect.

Geothermal Resources Conservation Act

In 1973 the Legislature conferred jurisdiction over geothermal resources on the Commission. Since this statute was legislation by reference and thereby unconstitutional, the Commission prepared a comprehensive geothermal bill to correct this problem.

The geothermal statutes closely parallel New Mexico's oil and gas statutes and provide a sound legal basis for this state's Geothermal Rules and Regulations which became effective on October 1, 1974.

Oil and Gas Industry Study Interim Committee

The 1975 Legislature created an Oil and Gas Industry Study Interim Committee. Its duty is to study New Mexico's oil and gas statutes, constitutional provisions, regulations, court decisions, and the policies and valuations used by the oil and gas industry. The Committee is to make recommendations to the Legislature on energy legislation.

Administrative

In October, the Commission entered Order No. R-5113 which amended Rules 104 B.I(a) and 104 C.II(a) to include the Wolfcamp formation under the standard 320-acre gas spacing and well location requirements for Southeast New Mexico. These new spacing rules apply to development wells for defined gas pools in the Wolfcamp formation which were created and defined after November 1, 1975.

In November, the Commission approved the application of Texas West Oil and Gas Corporation for compulsory pooling of a 320-acre tract located within the boundaries of the Bell Lake Unit. Texas West had the operating rights to an undivided working interest which was not committed to the unit and proposed to drill a well at an orthodox location for the development of this tract. Commission Order No. R-5039-B pooled the 320-acre spacing unit which included Texas West's 7/32 uncommitted, undivided working interest and a 25/32 undivided working interest committed to the unit.

In 1975, 258 cases were docketed before the Commission or its examiners including the first case for statutory unitization. The Commission issued 218 administrative orders.

Judicial

The Commission was involved in no major court activity during 1975.

Reporter: William F. Carr, General Counsel, Oil Conservation Commission, Box 2088, Santa Fe, New Mexico 87501; Member, Legal Committee, Interstate Oil Compact Commission.

NEW YORK

Legislative

Two amendments were proposed to the New York State Oil, Gas and Solution Mining Law during the 1975 legislative session. Both would have extended regulatory authority into New York's "old fields" (those discovered prior to October 1, 1963). One would have required a permit from the Department of Environmental Conservation for all oil, gas or solution salt mining wells and the second would require the filing of a well spacing plan for the development of old field areas. Although neither proposal was acted upon, there is an automatic reintroduction provision for both bills for 1976.

Administrative

The Department of Environmental Conservation conducted two public hearings concerning spacing in Oriskany gas fields. Both were amendments to existing spacing orders and resulted in minor adjustments in the location or size of existing spacing units.

Judicial

There was no activity in the New York State courts during 1975 regarding oil and gas conservation matters.

Reporter: John J. Dragonetti, Chief, Bureau of Minerals, 50 Wolf Road, Albany, New York 12233; Associate Official Representative, Interstate Oil Compact Commission.

NORTH CAROLINA

Legislative

The 1975 session of the North Carolina General Assembly amended the Oil Pollution Control Act of 1973 to provide for the permitting of oil terminal facilities. "Oil Terminal Facilities" are defined to include all refineries, oil storage facilities, and oil transport or processing facilities that have a capacity of 500 barrels or more. The Secretary of NER is responsible for developing rules, regulations and administrative procedures concerning the siting of oil terminal facilities.

Administrative

During the 1974-1975 fiscal year, the Petroleum Division issued one drilling permit for a test well in Lee County, North Carolina. The well was drilled in the Deep River Triassic Basin and represents the first oil and gas exploration attempt in the Triassic rocks of North Carolina. The well was plugged and abandoned as a dry well on November 1, 1974.

No drilling permits were issued during the first half of the 1975-1976 fiscal year.

The rules and regulations pertaining to the plugging and capping of abandoned oil and gas

**APPLICATION FOR STATUTORY UNITIZATION
MYERS LANGLEIE MATTIX UNIT AREA
(Filed June 19, 1980)**

Article 7 Statutory Unitization Act		Application of Getty Oil Company
70-7-1. Purpose of act. The legislature finds and determines that it is desirable and necessary under the circumstances and for the purposes hereinafter set out to authorize and provide for the unitized management, operation and further development of the oil and gas properties to which the <u>Statutory Unitization Act [70-7-1 to 70-7-21 NMSA 1978]</u> is applicable, to the end that greater ultimate recovery may be had therefrom, waste prevented, and correlative rights protected of all owners of mineral interests in each unitized area. It is the intention of the legislature that the Statutory Unitization Act apply to any type of operation that will substantially increase the recovery of oil above the amount that would be recovered by primary recovery alone and not to what the industry understands as exploratory units.		Before the Oil Conservation Commission New Mexico Department of Energy and Minerals Application of Getty Oil Company for Approval of Statutory Unitization, Lea County, New Mexico, Case No. 6987
70-7-5. Requisites of application for unitization. Any working interest owner may file an application with the division requesting an order <u>for the unit operation of a pool or any part thereof</u> . The application shall contain:		Comes now, GETTY OIL COMPANY, by and through its undersigned attorneys and pursuant to the provisions of the Statutory Unitization Act (Sections 70-7-1 through 70-7-21, N.M.S.A., 1978 Comp.) hereby applies to the New Mexico Oil Conservation Commission for an Order <u>unitizing</u> the Myers Langlie-Mattix Unit, Lea County, New Mexico, and in support of its application states: 1. Getty Oil Company (Getty) is a Delaware corporation authorized to transact business in the State of New Mexico and is engaged in the business of, among other things, producing and selling oil and gas.
A. a description of the <u>proposed unit area</u> and the vertical limits to be included therein with a map or plat thereof attached;		2. The Proposed Unit Area for which this application is made consists of 9,360 acres, more or less, of Federal, State and Fee land in Lea County, New Mexico, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. Getty proposes to seek an order pursuant to the Statutory Unitization Act providing for unitized management, operation and further development of the <u>Project Area</u> . A plat of the Project Area is attached hereto as Exhibit B and incorporated herein by reference. 3. The vertical limits of the formation to be included within the <u>proposed unit area</u> means that interval which extends from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore found to occur in the Texas Pacific Oil Company's Blinbry "B" No. 3 well (located 2310 feet from the west line and 330 feet from the north line of Section 34, Township 23 South, Range 37 East, Lea County, New Mexico) at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.
B. a statement that the reservoir or portion thereof involved in the application has been reasonably defined by development;		4. The portion of the reservoir involved in this application has been reasonably defined by development.
C. a statement of the type of operations contemplated for the unit area;		5. The type of operations being conducted in this unit is secondary recovery by means of water flooding.
D. a copy of a proposed plan of unitization which the applicant considers fair, reasonable and equitable;		6. Attached to this application as Exhibit C and incorporated herein by reference is a copy of the proposed plan of statutory unitization which Getty considers fair, reasonable and equitable.
E. a copy of a proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid; and		7. Attached to this application as Exhibit D and incorporated herein by reference is a copy of the proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid.
F. an allegation of the facts required to be found by the division under Section 70-7-6 NMSA 1978.		8. Getty further states:
70-7-6. Matters to be found by the division precedent to issuance of unitization order. A. After an application for unitization has been filed with the division and after notice and hearing, all in the form and manner and in accordance with the procedural requirements of the division, and prior to reaching a decision on the petition, the division shall determine whether or not each of the following conditions exists:		
(1) that the unitized management, operation and further development of the oil or gas pool or a portion thereof is reasonably necessary in order to effectively carry on pressure maintenance or secondary or tertiary recovery operations, to substantially increase the ultimate recovery of oil and gas from the pool or the unitized portion thereof;		a. That the unitized management, operation and further development of the portion of the Langlie-Mattix pool which is the subject of this application is reasonably necessary in order to effectively carry on secondary recovery operations and to substantially increase the ultimate recovery of oil from the unitized portion thereof.
(2) that one or more of the said unitized methods of operations 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;		b. That unitized methods of operations applied to the portion of the Langlie-Mattix pool which is the subject of this application are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil from the unitized portion of 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;		c. That the estimated additional costs, if any, of conducting such operations will not exceed the estimated value of additional oil so recovered plus 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;		d. That such unitization and adoption of unitized methods of operation will benefit the working interest owners and the royalty owners of the oil and gas rights within the portion of the pool 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		e. That Getty Oil Company, as operator, has made a good faith effort to secure voluntary unitization within the portion of the pool affected by this application.
(6) 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.		f. 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.
C. When the division determines that the preceding conditions exist, it shall make findings to that effect and <u>make an order creating the unit</u> and providing for the unitization and unitized operation of the pool or portion thereof described in the order, all upon such terms and conditions as may be shown by the evidence to be fair, reasonable, equitable and which are necessary or proper to protect and safeguard the respective rights and obligations of the working interest owners and royalty owners.		9. Approval of the statutory unitization of the Myers Langlie-Mattix unit sought hereunder is in the interest of conservation, the prevention of waste and the protection of correlative rights. WHEREFORE, Getty Oil Company respectfully requests that this application be set for hearing before the full Commission at the earliest practicable date and that the Commission <u>enter its order granting this application</u> .

BLACK'S LAW DICTIONARY®

Definitions of the Terms and Phrases of
American and English Jurisprudence,
Ancient and Modern

By

HENRY CAMPBELL BLACK, M. A.

SIXTH EDITION

BY

THE PUBLISHER'S EDITORIAL STAFF

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WEST PUBLISHING CO.
1990

Create. To bring into being; to cause to exist; to produce; as, to create a trust, to create a corporation.

THE
AMERICAN
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THIRD EDITION



HOUGHTON MIFFLIN COMPANY

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cre·ate (krē-āt') *tr.v.* **-at·ed, -at·ing, -ates.** 1. To cause to exist; bring into being. See Synonyms at **found**¹. 2. To give rise to; produce: *That remark created a stir.* 3. To invest with an office or title; appoint. 4. To produce through artistic or imaginative effort: *create a poem; create a role.* —**create** *adj.* *Archaic.* Created. [Middle English *createn*, from Latin *creāre, creāt-*. See **ker-**² in Appendix.]

Doyle Hartman, Oil Operator
Myers Langlie Mattix Unit Ownership
Lea County, New Mexico

ML/MU Tract No.	Federal Lease No.	Type Interest/ Source	Acquisition Date	Tract Level										MLMU Unit Agreement T.P.F.	Unit Level				DHOO 8/8ths N.R.L. Exc. of R.R.C.	DHOO 8/8ths N.R.L. Inc. of R.R.C.		
				W.I. Conveyed By Sun	8/8ths Stripper R.R.C. ⁽¹⁾ as of 10/1/92	Hartman Group W.I.	Hartman Group N.R.L	DHOO Stipulation Factor	DHOO W.I.	DHOO N.R.L.	DHOO Inc. of R.R.C.	DHOO Unit G.W.I.	DHOO Unit N.R.L		DHOO Unit R.R.C. ⁽²⁾ as of 10/1/92	DHOO N.R.L. Inc. of R.R.C.						
19	LC 060824	W.I. (Sun) R.R.C.	1/2/86	0.500000	0.0880000	0.250000	0.1843750	0.7109375	0.1777344	0.1310791	0.1467197	0.0249538	0.0044351	0.0032709	0.0003903	0.0036612	0.7375000	0.8255000				
20	LC 060825 (a)	W.I. (Sun) R.R.C.	1/2/86	1.000000	0.0880000	0.500000	0.3375000	0.7109375	0.3554688	0.2399414	0.2712227	0.0015631	0.0005556	0.0003751	0.0000489	0.0004239	0.6750000	0.7630000				
21	LC 060825 (a)	W.I. (Sun) R.R.C.	1/2/86	1.000000	0.0880000	0.500000	0.3375000	0.7109375	0.3554688	0.2399414	0.2712227	0.0308133	0.0109532	0.0073934	0.0009639	0.0083573	0.6750000	0.7630000				
22	LC 060825 (a)	W.I. (Sun) R.R.C.	1/2/86	1.000000	0.0880000	0.500000	0.3687500	0.7109375	0.3554688	0.2621582	0.2934395	0.0200252	0.0071183	0.0052498	0.0006264	0.0058762	0.7375000	0.8255000				
23	LC 060825 (b)	W.I. (Sun) R.R.C.	1/2/86	1.000000	0.0880000	0.500000	0.3750000	0.7109375	0.3554688	0.2666016	0.2978828	0.0030952	0.0011002	0.0008252	0.0000968	0.0009220	0.7500000	0.8380000				
24	LC 060825 (b)	W.I. (Sun) R.R.C.	1/2/86	1.000000	0.0880000	0.500000	0.3750000	0.7109375	0.3554688	0.2666016	0.2978828	0.0030468	0.0010830	0.0008123	0.0000953	0.0009076	0.7500000	0.8380000				
25	LC 065722	W.I. (Sun) R.R.C.	1/2/86	0.500000	0.0880000	0.250000	0.1875000	0.7109375	0.1777344	0.1333008	0.1489414	0.0091715	0.0016301	0.0012226	0.0001434	0.0013660	0.7500000	0.8380000				
26	NM 7488	W.I. (Sun) R.R.C.	1/2/86	1.000000	0.0880000	0.500000	0.4375000	0.7109375	0.3554688	0.3110352	0.3423164	0.0339996	0.0120858	0.0105751	0.0010635	0.0116386	0.8750000	0.9630000				
29	NM 0321613	W.I. (Sun) R.R.C.	1/2/86	0.300000	0.0880000	0.150000	0.1237500	0.7109375	0.1066406	0.0879785	0.0973629	0.0102337	0.0010913	0.0009003	0.0000964	0.0009964	0.8250000	0.9130000				
29	NM 0321613	W.I. (Bundy) R.R.C.	3/1/85		0.0880000	0.200000	0.1650000	1.0000000	0.2000000	0.1650000	0.1826000	0.0102337	0.0020467	0.0016886	0.0001801	0.0018687	0.8250000	0.9130000				
29	NM 0321613	Total W.I. Total R.R.C.			0.0880000	0.3500000	0.2887500	0.8761161	0.3066406	0.2529785	0.2799629	0.0102337	0.0031381	0.0025889	0.0002762	0.0028651	0.8250000	0.9130000				
63	Fee	M.I. (McCarthy)	4/8/88			1.0000000				0.0011800	0.0011800	0.0210707	0.0000249		0.0000249							
72	Fee	W.I. (Sun)	1/2/86	1.000000		0.500000	0.4101563	0.7109375	0.3554688	0.2915955	0.2915955	0.0185423	0.0065912	0.0054069	0.0054069		0.8203126	0.8203126				
Total																	0.0486907	0.0377449	0.0037048	0.0414496	0.7751960	0.8512835

(1) Tract 8/8ths Stripper R.R.C. is equal to (0.125 - 0.037) or 0.088 of 8/8ths as to above referenced Federal leases:

(1) Tract 8/8ths Stripper R.R.C. is equal to (0.125 - 0.037) or 0.088 of 8/8ths as to above referenced Federal leases;
i.e., DHOO Tract Level R.R.C. = 0.088 x DHOO W.I.

(2) DHOO Unit Level R.R.C. as to each tract = 0.088 x DHOO W.I. x T.P.F.;
i.e., as to Tract 19, DHOO Unit Level R.R.C. = 0.1777344 x 0.088 x .0249538 = .0003903

me 382 PAGE 642 RATIFICATION AND APPROVAL

OF THE PLAN FOR UNIT OPERATIONS
AS STATED IN THE UNIT AGREEMENT AND
UNIT OPERATING AGREEMENT OF THE
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

For consideration and the purposes stated in those certain agreements, entitled as above, both being dated January 1, 1973, and to obtain the benefits of unitized management, operation and further development of the oil and gas properties in the Myers Langlie-Mattix Unit pursuant to New Mexico Oil Conservation Commission Order No. R-6447 entered on August 27, 1980, approving statutory unitization of the Myers Langlie-Mattix Unit, the undersigned (whether one or more) represents that it is a Working Interest Owner within the meaning of that term as used in the captioned Unit Agreement and, as such, does hereby consent to ratify and approve the plan for unit operations contained in the captioned Unit Agreement and Unit Operating Agreement, said Agreements being incorporated herein by reference and said plan for unit operations having been approved by the New Mexico Oil Conservation Commission in Order No. R-6447.

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

The undersigned hereby acknowledges receipt of copies of said New Mexico Oil Conservation Commission Order No. R-6447, Unit Agreement and Unit Operating Agreement and further acknowledges that the plan for unit operations prescribed in said documents has been ratified and approved and unconditionally delivered on the date set out hereinbelow.

This ratification shall extend to and be binding upon the undersigned, his heirs, legal representatives, successors and assigns.

The undersigned, whether one or more, is referred to in the neuter gender.

IN WITNESS WHEREOF, this instrument is executed this 23rd
day of October, 1980.

[Signature] SW
Attorney - in fact for Sun Oil Company (Delaware)
for Sun Texas Company,
a Division of Sun Oil Company (Delaware)

ATTEST:

STATE OF Texas }
COUNTY OF Waller } ss.

SUBSCRIBED AND SWORN TO before me this 23rd day of
October, 1980.

[Signature]
Notary Public

My Commission Expires:

Feb 14, 1984

GETTY OIL COMPANY

NOV 19 1980

MIDLAND E&P DISTRICT
PRODUCTION DEPARTMENT

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JAN 6 1981

of 4125 and record of in Book 9 at
Page
By [Signature] Deputy
County Clerk

194

This is a true and correct copy of the original
filed in the office of the County Clerk
Elliott & Watson Title & Abstract Co., Inc.

By [Signature]

WORKING INTEREST - RATIFICATION

163

GETTY OIL COMPANY

OCT - 6 1980

MIDLAND E&P DISTRICT
PRODUCTION DEPARTMENT

mine

BOOK 382 PAGE 580

RATIFICATION AND APPROVAL
OF THE PLAN FOR UNIT OPERATIONS
AS STATED IN THE UNIT AGREEMENT AND
UNIT OPERATING AGREEMENT OF THE
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

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

The undersigned hereby acknowledges receipt of copies of said New Mexico Oil Conservation Commission Order No. R-6447, Unit Agreement and Unit Operating Agreement and further acknowledges that the plan for unit operations prescribed in said documents has been ratified and approved and unconditionally delivered on the date set out hereinbelow.

This ratification shall extend to and be binding upon the undersigned, his heirs, legal representatives, successors and assigns.

The undersigned, whether one or more, is referred to in the neuter gender.

IN WITNESS WHEREOF, this instrument is executed this 30th
day of September, 1980.

X Gloria Bundy

ATTEST:

X Gloria Bundy

STATE OF Florida)
COUNTY OF Howard) ss.

SUBSCRIBED AND SWORN TO before me this 30th day of
September, 1980.

Michael W. Wether
Notary Public For Gloria Bundy

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES JAN. 23 1982
BONDED THRU GENERAL INS. UNDERWRITERS

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JAN 6 1981

at 11:00 a.m. on 1/6
and recorded in Book 382
Page 581
Deana Henge, County Clerk
By Deana Henge Deputy

163

This is a true and correct copy of the original
filed in the office of the County Clerk
Ernest & Wadron Title & Abstract Co., Inc.
By Ernest & Wadron



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 5, 1981

JOE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Case 6987

Mr. William F. Carr
Campbell and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Re: Myers Langlie-Mattix
Unit, Lea County,
New Mexico

Dear Mr. Carr:

The Oil Conservation Commission is in receipt of the sworn affidavit of Raymond W. Blohm, District Production Manager for the Midland Exploration and Production District of Getty Oil Company, wherein Mr. Blohm swears that Getty Oil Company has received written approval or ratification of the plan for unit operations from more than 75 percent of those who would be required initially to pay the costs of unit operations and from more than 75 percent of the interest owners of production proceeds from the unit that will be credited to interests which are free of costs.

The above percentages of ratification or approval of the plan for unitized operations meet the criteria set forth by Section 70-7-8, NMSA, 1978 Comp., and were also within the time limit prescribed by said Section 70-7-8. It is therefore hereby determined that Commission Order No. R-6447 unitizing all interests in the Myers Langlie-Mattix Unit Area, Lea County, New Mexico, is in full force and effect.

Very truly yours,

JOE D. RAMEY
Division Director and
Secretary, Oil Conservation
Commission

JDR/DSN/fd