

CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Outer Continental Shelf Lands Act, approved August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331 et seq., and delegated to the Director of the Geological Survey, I do hereby:

- A. Approve the attached agreement for the development and operation of the West Delta-Grand Isle unit area, Gulf of Mexico.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is in the interest of conservation.

Dated JAN 16 1956

Thomas B. Nolan
Acting Director
United States Geological Survey

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WEST DELTA-GRAND ISLE UNIT
AGREEMENT - GULF OF MEXICO

14-08-001-2454



THIS AGREEMENT entered into as of the 21 day of November, 1955,

by and between the parties subscribing, ratifying or consenting hereto and herein referred to as the "the parties hereto".

W I T N E S S E T H

WHEREAS, the parties hereto are the owners of mineral leases within the unit area subject to this agreement embracing lands in the Outer Continental Shelf; and

WHEREAS, the Outer Continental Shelf Lands Act of August 7, 1953 (67 Stat. 462), hereafter referred to as the "Act", authorizes the Secretary of the Interior, in the interest of conservation, to provide for unitization, pooling, and drilling agreements for oil and gas; and

WHEREAS, the parties hereto desire, in the interest of conservation, to enter into this unit agreement and pool their leases for the purpose of exploration, development, and operation of their mineral leases for the production of oil and gas covered thereby under the provisions of Section 5(a) of the Act.

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement all their right, title, and interest now held or hereafter acquired in and to oil and gas within the hereinafter defined unit area, and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS:

The act and all valid pertinent regulations issued thereunder are accepted and made a part of this agreement.

Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of such substances without waste as defined by or pursuant to Federal laws or regulations.

2. UNIT AREA:

The following described land as shown on the United States Official Leasing Map for the West Delta and Grand Isle Areas shall constitute the unit area: Blocks 42, 43, and N/2 of 44 and the S/2 of 32, Grand Isle Area; and Blocks 69, 70, the S/2 of 67 and the S/2 of 68, West Delta Area, containing 27,997.605 acres. The unit area shall be contracted to exclude any unleased

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land if and when required by the Director of the Geological Survey, hereinafter referred to as "Director".

Subject to the approval of the Director, the above described unit area shall when practicable be expanded to include therein any additional land or shall be contracted to exclude lands not within any participating area whenever either expansion or contraction is necessary or advisable to conform with the purposes of this agreement.

Exhibit "A" attached hereto, and made a part hereof for all purposes, is a map showing the unit area and the boundaries, identity, and subdivision of the blocks, and mineral leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto, and made a part hereof for all purposes, is a schedule showing, to the extent known to the Unit Operator, the acreage, percentage and kind of ownership of oil and gas interest in all land in the unit area. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary and six copies shall be filed with the Oil and Gas Supervisor of the U. S. Geological Survey, hereinafter called "Supervisor".

3. UNITIZED LAND AND SUBSTANCES:

All land committed to this agreement by the parties hereto shall constitute land referred to herein as "unitized land" or "unitized acreage". All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

ALL SANDS EXCEPT "PN" SAND ARE UNITIZED. "PN" SAND UNIT RESU DISSOLVED- See: Am't to U/A

4. UNIT OPERATOR:

Continental Oil Company is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include the Unit Operator as the owner of a working interest when such an interest is owned by it. A successor Unit Operator may be designated by the owners of a majority of the working interest in the unitized substances and six executed copies of the designation of successor Unit Operator shall be filed with the Supervisor. Such selection

shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director.

5. PARTICIPATION BETWEEN WORKING INTEREST OWNERS:

Attached hereto for reference is the unit operating agreement entered into between the parties owning mineral leases covering oil and gas within the unitized land pursuant to which costs and expenses incurred by Unit Operator in conducting unit operations shall be paid and apportioned among and borne by the parties to the unit operating agreement, and pursuant to which any production of unitized substances shall be shared by such parties. Amendments thereto, including the basis of participation of other parties joining this unit agreement subsequent to the approval hereof, may be adopted and three true copies of any such amendment shall be filed with the Supervisor within 30 days of the effective date thereof. Nothing in said unit operating agreement or any amendment thereto shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement.

6. PLAN OF DEVELOPMENT:

A. Unless on the effective date of this agreement a well is being drilled or has been completed conformably with the terms hereof, Unit Operator shall, within six (6) months from the effective date hereof, begin to drill a test well on the unitized land and thereafter continue such drilling diligently to a depth of 10,000 feet unless unitized substances shall be discovered in paying quantities at a lesser depth; or the Unit Operator shall at any time establish to the satisfaction of the Supervisor that further drilling of said well would be unwarranted or impracticable.

B. If the first well is successful, Unit Operator shall drill a second well from the same platform, such well to be started within 90 days after completion of the first well. If the first well is unsuccessful, Unit Operator shall drill a second well either from the same platform or from a platform at a different location, such well to be started within 6 months after completion of the first well.

C. Regardless of whether the second well is successful, Unit Operator shall drill a third well, to be started within six months after completion of

the second well, either deviated from the same platform or drilled from a platform at a different location.

D. If any of the first three wells drilled are successful, Unit Operator shall drill a fourth well at a location to be selected by Unit Operator, such well to be started within six months after completion of the third well.

E. In the event the first four wells are drilled from the initial platform location, then Unit Operator agrees to start the drilling of an exploratory well from a platform at a different location, such well to be started within six months of the completion of the fourth well.

F. If unitized substances are discovered at a depth of less than 10,000 feet, Unit Operator agrees to drill at least one of the above specified wells to such depth, unless it shall have been established to the satisfaction of the Supervisor that drilling to said depth would be unwarranted or impracticable.

All well locations shall be subject to the approval of the Supervisor. The Director may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted. Upon failure to commence any well provided in this section within the time allowed, including any extension of time granted by the Director, this agreement will automatically terminate, unless within the time provided for commencing any such well the Unit Operator shall have agreed to contract the unitized area to the reasonably proved productive limits on a quarter-quarter-quarter-block basis of any pool or pools theretofore discovered under this agreement.

7. ADDITIONAL PLANS OF DEVELOPMENT:

Although the Plan of Development in Section 6 hereof defines certain wells to be drilled, nevertheless Unit Operator may drill other wells on his own initiative at such locations as are approved by the Supervisor. The Supervisor may require supplemental Plans of Development to the Plan of Development in Section 6. Such plan or plans shall provide for the drilling of such wells as may be necessary to insure reasonable diligence in exploring the unitized lands and for the determination of the area or areas thereof capable of producing unitized substances with due regard to avoidance of waste, conservation of natural resources, and the maximum economic recovery of unitized substances.

8. ROYALTIES AND ALLOCATION: C-WD/GI

All unitized substances produced from the unitized acreage, except any

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part thereof used for production purposes or unavoidably lost, shall for royalty purposes, be allocated on an acreage basis to the participating area in effect at the time of production.

Participating Area A. Until April 21, 1961, the participating area shall be comprised of all unitized acreage.

Participating Area B. April 21, 1961 - April 20, 1966, the participating area shall be comprised of each quarter-quarter block of unitized acreage all or a portion of which is determined to be productive as of April 21, 1961.

Participating Area C. April 21, 1966 - April 20, 1971, the participating area shall be comprised of each quarter-quarter block of unitized acreage all or a portion of which is determined to be productive as of April 21, 1966.

Participating Area D. On and after April 21, 1971, the participating area shall be comprised of each quarter-quarter-quarter block of unitized acreage all or a portion of which is determined to be productive as herein provided.

For the purpose of defining Participating Areas B, C and D, the Unit Operator shall, prior to May 21, 1961, May 21, 1966, and May 21, 1971, and subject to the approval of the Director, determine the productive limits as of April 21, 1961, April 21, 1966, and April 21, 1971, of any oil or gas pool or pools discovered on unitized land. Thereafter, the productive limits of any such pool or pools shall be defined or redefined by Unit Operator, subject to approval of or upon demand of the Director, whenever proper as a result of further drilling or otherwise to include land regarded as reasonably proved to be productive or to exclude land regarded as reasonably proved to be nonproductive.

9. RENTALS AND MINIMUM ROYALTIES:

Effective upon approval of this agreement and until April 20, 1961, lessees shall pay or cause to be paid on or before each anniversary date of each lease, for all acreage unitized and retained under lease, an advance annual rental of \$3 an acre or fraction thereof in lieu of delay rentals prescribed in the leases committed hereto, and in no event shall such advance annual rentals be creditable against production royalties. Regardless of the foregoing, it is agreed that the rental for the acreage embraced by any lease committed to this agreement which is retained in whole or in part for each of the lease years beginning in 1956 and 1957, shall not be less than the rental provided in the lease. In no event shall the aggregate rental for such lease years be less than \$51,100.

Beginning April 21, 1961, lessee shall pay or cause to be paid for each lease:

(a) an annual minimum royalty, payable at the end of each lease year, of \$3 an acre or fraction thereof, for all unitized acreage within the Participating Area as of the beginning of each such lease year, or, if there is production, the deficit between the actual royalty paid during the year and the prescribed minimum royalty, and

(b) an annual rental of \$3 an acre or fraction thereof, payable at the end of each lease year, in no event creditable against production royalties, for all unitized acreage outside of the Participating Area as of the beginning of each such lease year.

The foregoing annual rental or minimum royalty of \$3 an acre shall also be in lieu of any shut-in gas well payments described in the leases committed hereto.

10. RELINQUISHMENT OF LEASES:

Each party hereto shall have the right to relinquish any or all leases committed hereto, in whole or in part, pursuant to the provisions of the leases and 43 CFR 201.80, except as follows:

- (a) No relinquishment shall release the obligation to pay the rental provided in any lease retained in whole or in part, or to pay the aggregate rental of \$51,100, as specified in Section 9.
- (b) After April 20, 1961, no relinquishment shall be made of land within a participating area.

11. LEASES AND CONTRACTS CONFORMED AND EXTENDED:

The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary shall and by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, suspend, change or revoke the drilling, production, rental, minimum royalty, shut-in well payments and royalty requirements of Federal leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

- A. Drilling, and producing operations performed hereunder upon any tract of unitized land will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the tracts therein embraced.
- B. Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary, or his duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.
- C. Subject to the relinquishment provisions hereof, any lease committed hereto shall as to the substances unitized continue in force beyond the term so provided therein, or as extended by law, for the life of this agreement, provided unitized substances are discovered in paying quantities on the unitized lands prior to the expiration of such lease. This subsection shall not operate to extend any lease as to lands excluded from the unit area by contraction thereof.

12. EFFECTIVE DATE AND TERM:

This agreement shall become effective upon approval by the Secretary or his duly authorized representative and shall terminate on the 31 day of December 1960, unless:

- A. Such date of expiration is extended by the Director; or
- B. It is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder, and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director; or
- C. A discovery of unitized substances has been made on the unitized area during said initial term, or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, i.e., in this particular instance, in quantities sufficient to pay for the cost of producing same from wells on the unitized area within any participating area established hereunder and, should production cease, so long thereafter as drilling or well reworking operations as approved by the Secretary are conducted hereunder, and so long thereafter as unitized substances can be produced as aforesaid; or
- D. It is terminated as heretofore provided in this agreement; or
- E. With the approval of the Director this agreement may be terminated at any time by the owners of a majority of the working interest in the unitized substances. Notice of any such termination shall be given by Unit Operator to all parties hereto.

13. APPEARANCES:

Unit Operator shall, after notice to other parties affected, have the right to appear for or on behalf of any and all interests affected hereby before the Department of the Interior and to appeal from orders issued under the regulations of said Department or to apply for relief from any of said regulations or

in any proceedings relative to operations before the Department of the Interior or any other legally constituted authority.

14. NO WAIVER OF CERTAIN RIGHTS:

Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

15. UNAVOIDABLE DELAY:

All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, or other applicable law, Federal or other authorized governmental agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

16. FAIR EMPLOYMENT:

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

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

17. COUNTERPARTS:

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

WORKING INTEREST OWNERS

Date Dec. 23, 1955

CONTINENTAL OIL COMPANY

ATTEST:

Keith W. Blum
Asst. Secretary

By

Frank H. Cram
Vice President

Date 12-22-55

THE ATLANTIC REFINING COMPANY

ATTEST:

R. O. Potchernick
ASSISTANT SECRETARY

By

J. N. Mendenhall
GENERAL MANAGER OF
DOMESTIC CRUDE OIL PRODUCTION

6W.
R.C.D. DB

Date 11-24-55

TIDE WATER ASSOCIATED OIL COMPANY

ATTEST:

Robert T. Hark
ASST. SECRETARY

By

EB Miller

APPROVED	
LAW	<u>MR</u>
LAND	
USE, RCDS.	
GAS	
PROD.	<u>PES</u>
OTHER	

Date 11/22/55

CITIES SERVICE PRODUCTION COMPANY

ATTEST:

J. W. McColl

By

J. W. McColl
J. W. McCOLL, ATTORNEY-IN-FACT

UNIT OPERATOR

Date Dec. 23, 1955

CONTINENTAL OIL COMPANY

ATTEST:

Keith W. Blum
Asst. Secretary

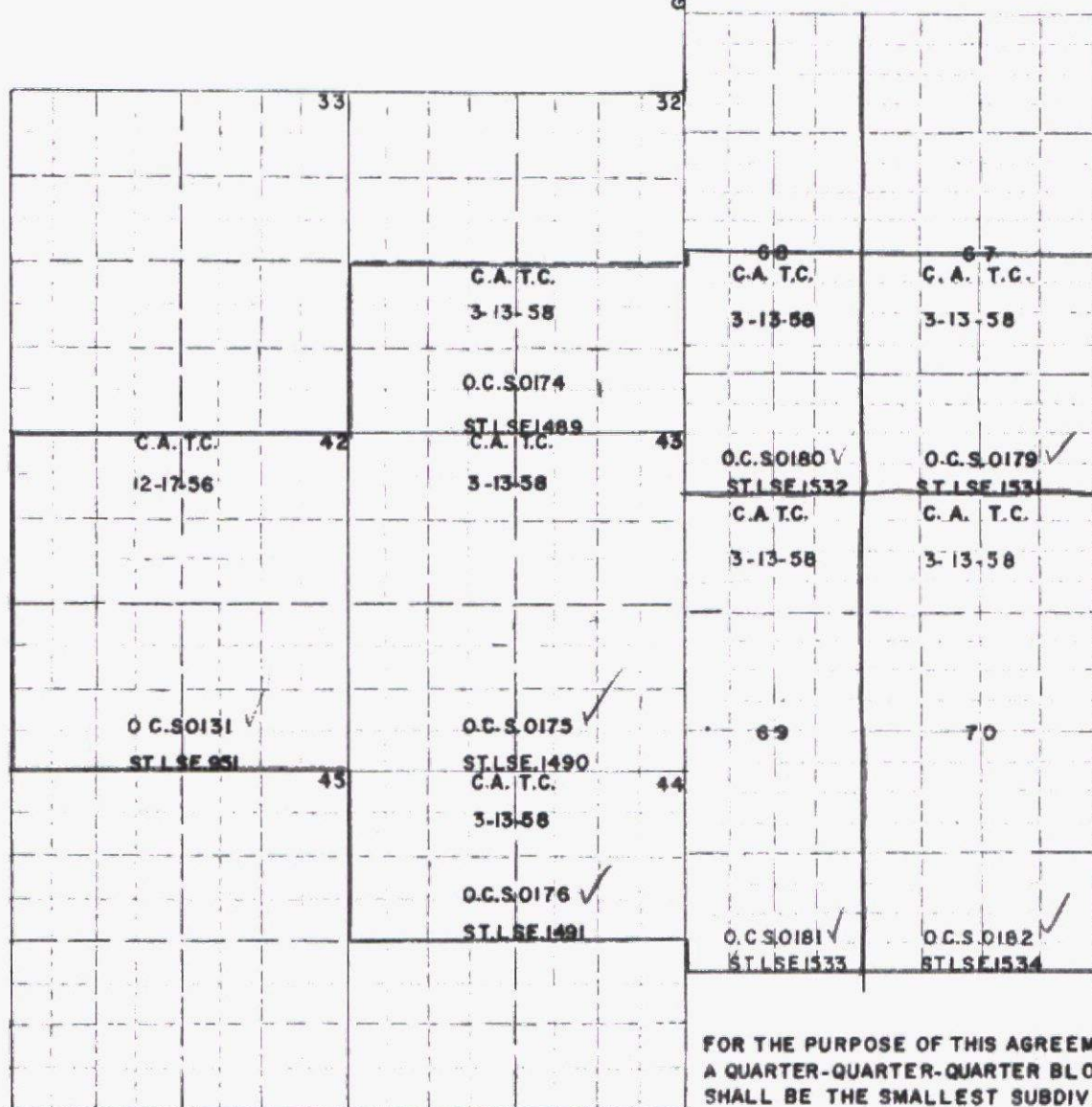
By

Frank H. Cram
Vice President

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GRAND ISLE AREA
WEST DELTA AREA



FOR THE PURPOSE OF THIS AGREEMENT
A QUARTER-QUARTER-QUARTER BLOCK
SHALL BE THE SMALLEST SUBDIVISION
OF THE BLOCKS SHOWN HEREON.

EXHIBIT "A"

SCALE 1" = 8,000'

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EXHIBIT B

Tract No.	Description of Land	Area	No. of Acres	Application or Serial No. & effective or expiration date of lease	Basic Royalty & percentage	Lessee(s) of record	Over-riding Royalty & percentage	Working Interest & percentage
1	32(S/2)	Grand Isle	2500	OCS Serials 0174 3-13-58	U.S. All	Continental Oil Co.; Cities Service Prod. Co.; The Atlantic Ref. Co.; & Tide Water Associated Oil Co.	-	Continental Oil Co. - 25%; Cities Service Prod. Co. - 25%; Atlantic Ref. Co. - 25%; Tide Water Associated Oil Co. - 25%
2	42	do	5000	0131 12-17-56	do	do	-	do
3	43	do	5000	0175 3-13-58	do	do	-	do
4	44(N/2)	do	2500	0176 3-13-58	do	do	-	do
5	67(S/2)	West Delta	2500	0179 3-13-58	do	do	-	do
6	68(S/2)	do	1832.535	0180 3-13-58	do	do	-	do
7	69	do	3665.07	0181 3-13-58	do	do	-	do
8	70	do	5000	0182 3-13-58	do	do	-	do
8 Federal tracts		27,997.605 acres or 100% of the unit area.						

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