

YATES PETROLEUM CORPORATION

UNIT OPERATING AGREEMENT

NORTH DAGGER DRAW UPPER PENN UNIT

Dated: October 1, 2003

Township 19 South, Range 25 East

Section 16: All

Section 17: All

Section 18: Lots 3,4, E/2SW/4, SE/4NW/4,  
SW/4NE/4, E/2NE/4, SE/4

Section 19: All

Section 20: All

Section 21: All

Section 28: All

Section 29: All

Section 30: All

Eddy County, New Mexico

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case Nos. 13227/13228 Exhibit No. 5

Submitted by:

Yates Petroleum Corporation

Hearing Date: March 4, 2004

UNIT OPERATING AGREEMENT  
NORTH DAGGER DRAW UPPER PENN UNIT  
EDDY COUNTY, NEW MEXICO

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UNIT OPERATING AGREEMENT  
NORTH DAGGER DRAW UPPER PENN UNIT  
EDDY COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as the 1<sup>st</sup> day of October, 2003 by and between the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto.

WITNESSETH:

WHEREAS, the parties hereto as Working Interest Owners have executed, as of the date hereof, an Agreement entitled "Unit Agreement, North Dagger Draw Upper Penn Unit, Eddy County, New Mexico, herein referred to as "Unit Agreement," which, among other things, provides for a separate agreement to be entered into by Working Interest Owners to provide for Unit Operations as therein defined.

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

ARTICLE 1

CONFIRMATION OF UNIT AGREEMENT

1.1 Confirmation of Unit Agreement. The Unit Agreement is hereby confirmed and by reference made a part of this Agreement. The definitions in the Unit Agreement are adopted for all purposes of this Agreement. If there is any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall govern.

ARTICLE 2

EXHIBITS

2.1 Exhibits. The following exhibits are incorporated herein by reference

2.1.1 Exhibit "A", attached hereto, is a map of the Unit Area showing the boundaries of each Tract and their respective Tract Numbers.

2.1.2 Exhibit "B", attached hereto, is a schedule showing all lands and leases, legal descriptions thereof and ownership within each Tract.

2.1.3 Exhibit "C", attached hereto, is a schedule showing the Unit Participation of each Working Interest Owner. Exhibit "C", or a revision thereof, shall not be conclusive as to the information

therein, except it may be used as showing the Unit Participations of Working Interest Owners for purposes of this Agreement until shown to be in error or revised as herein authorized.

2.1.4 Exhibit "D", attached hereto, is a schedule of remaining primary reserves allocable to each of the Working Interest Owners.

2.1.5 Exhibit "E", attached hereto, is a schedule of values of remaining primary reserves allocable to each Working Interest Owner for the purpose of Withdrawal from the Unit pursuant to paragraph 17.1.

2.1.6 Exhibit "F", attached hereto, is the Accounting Procedure applicable to Unit Operations. If there is any conflict between this Agreement and Exhibit "F", this Agreement shall govern.

2.1.7 Exhibit "G", attached hereto, contains insurance provisions applicable to Unit Operations.

2.1.8 Exhibit "H", attached hereto contains a Certificate of Non-segregated Facilities applicable to the Unit

2.2 Revision of Exhibits. Whenever Exhibits "A" or "B" are revised, Exhibit "C" shall be revised accordingly and be effective as of the same date. Unit Operator shall also revise Exhibit "C" from time to time as required to conform to changes in ownership of which Unit Operator has been notified as provided in the Unit Agreement. Working Interest Owners shall be provided a duplicate copy of any exhibit revised as provided herein.

2.3 Reference to Exhibits. When reference is made herein to an exhibit, it is to the exhibit as originally attached or if revised, the last revision.

### ARTICLE 3

#### SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

3.1 Overall Supervision. Working Interest Owners shall exercise overall supervision and control of all matters pertaining to Unit Operations pursuant to this Agreement and the Unit Agreement. In the exercise of such authority, each Working Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

3.2 Specific Authorities and Duties. The matters with respect to which Working Interest Owners shall decide and take action shall include, but not be limited to, the following:

3.2.1 Method of Operation. The method of the operation, including the type or types of pressure maintenance, secondary recovery, tertiary recovery, or other recovery program to be employed.

3.2.2 Drilling of Wells. The drilling, deepening, or plugging back of any well whether for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.3. Well Abandonment, Use, and Conversion. The abandonment of any well; the use of any well for injection, salt water disposal, or for any purpose other than production; or the conversion of the use of any well from one purpose to another. The reactivation of a well which was shut-in or temporarily abandoned to its former use by Unit Operator shall not require prior approval of Working Interest Owners if the estimated expenditure is less than the expenditure limitation specified in Section 3.2.4.

3.2.4 Expenditures. The making of any single expenditure in excess of Fifty Thousand Dollars (\$50,000.00); however, approval by Working Interest Owners of the drilling, reworking, deepening, or plugging back of any well shall include approval of all necessary expenditures required therefore, and for completing, testing and equipping the well, including necessary flow lines, separators, and lease tankage; provided however, that in case of blowout, explosion, fire, flood or other sudden emergencies, Unit Operator may take steps and incur such expenses as in its opinion are required to deal with the emergency and to safeguard life or property but that Unit Operator shall, as promptly as possible, report the emergency to the Working Interest Owners.

3.2.5 Disposition of Unit Equipment. The selling or otherwise disposing of any major item of surplus Unit Equipment, if the current price of new equipment similar thereto is Twenty Thousand Dollars (\$20,000.00) or more.

3.2.6 Appearance Before a Court or Regulatory Agency. The designating of a representative to appear before any court or regulatory agency in matters pertaining to Unit Operations; however, Unit Operator shall act as such representative in the absence of the designation of a different representative by Working Interest Owners. Such designation shall not prevent any Working Interest Owner from appearing in person or from designating another representative in its own behalf.

3.2.7 Audits. The auditing of the accounts of Unit Operator pertaining to Unit Operations hereunder; however, the audits shall

(a) not be conducted more than once each year except upon the resignation or removal of Unit Operator, and

(b) be made upon the approval of the owner or owners of a majority of Working Interest other than that of Unit Operator, at the expense of all Working Interest Owners other than Unit Operator, or

(c) be made at the expense of those Working Interest Owners requesting such audit, if owners of less than a majority of Working Interest, other than that of Unit Operator, request such an audit, and

(d) be made upon not less than thirty (30) days written notice to Unit Operator.

3.2.8 Inventories. The taking of periodic inventories under the terms of Exhibit "F".

3.2.9 Technical Services. The authorizing of charges to the Joint Account of services by consultants or Unit Operator's technical personnel not covered by the overhead charges provided by Exhibit "F."

3.2.10 Assignments to Committees. The appointment of committees to study any problems in connection with Unit Operations.

3.2.11 The removal of Unit Operator and the selection of a successor.

3.2.12 The enlargement of the Unit Area.

3.2.13 The adjustment and readjustment of investments.

3.2.14 The termination of the Unit Agreement.

#### ARTICLE 4

##### MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall inform Unit Operator in writing of the names and addresses of the representative and alternate who are authorized to represent and bind such Working Interest Owner with respect to Unit Operations. The representative or alternate may be changed from time to time by written notice to Unit Operator.

4.2 Meetings. All meetings of Working Interest Owners shall be called by Unit Operator upon its own motion or at the request of two (2) or more Working Interest Owners having a total Unit Participation then in effect of not less than ten percent (10%). No meeting shall be called on less than fourteen (14) days advance written notice, with agenda for the meeting attached. Working Interest Owners who attend the meeting may amend items included in the agenda and may act upon an amended item or other items presented at the meeting. The representative of Unit Operator shall be chairman of each meeting.

4.3 Voting Procedure. Working Interest Owners shall decide all matters coming before them as follows;

4.3.1 Voting Interest. Each Working Interest Owner shall have a voting interest equal to its Unit Participation in effect at the time of the vote.

4.3.2 Vote Required. Unless otherwise provided herein or in the Unit Agreement, Working Interest Owners shall determine all matters by the affirmative vote of three or more Working Interest Owners having a combined voting interest of at least seventy-five percent (75%); however, should any one Working Interest Owner have

more than twenty-five percent (25%) voting interest, its negative vote or failure to vote shall not defeat a motion, and such motion shall pass if approved by Working Interest Owners having a majority voting interest, unless three or more Working Interest Owners having combined voting interest of at least five percent (5%) likewise vote against the motion or fail to vote.

4.3.3 Vote at Meeting by Non-attending Working Interest Owner. Any Working Interest Owner not represented at a meeting may vote on any agenda item by letter, telegram, fax or email, addressed to the representative of Unit Operator if its vote is received prior to the vote at the meeting, provided the agenda items are not amended.

4.3.4 Poll Votes. Working Interest Owners may vote on and decide, by letter, telegram, fax or email, any matter submitted in writing to Working Interest Owners. If a meeting is not requested, as provided in Section 4.2, within seven (7) days after a written proposal is sent to Working Interest Owners, the vote taken by letter, telegram, fax or email shall become final. Unit Operator will give prompt notice of the results of such voting to all Working Interest Owners.

## ARTICLE 5

### INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS

5.1 Reservation of Rights. Working Interest Owners severally reserve to themselves all their rights, except as otherwise provided in this Agreement, and the Unit Agreement.

5.2 Specific Rights. Each Working Interest Owner shall have, among others, the following specific rights:

5.2.1 Access to Unit Area. Access to the Unit Area at all reasonable times to inspect Unit Operations, all wells, and the records and data pertaining thereto.

5.2.2 Reports. The right to receive from Unit Operator, upon written request, copies of all reports to any governmental agency, reports of crude oil runs and stocks, inventory reports, and all other information pertaining to Unit Operations. The cost of gathering and furnishing information not ordinarily furnished by Unit Operator to all Working Interest Owners shall be charged to the Working Interest Owner that requests the information.

5.3 Undrilled Locations. Unit Operator shall have the option to drill any undrilled locations on tracts committed to the Unit Area at Unit Expense subject to Article 3.2.2 and partners' approval as listed under Article 4.3.

5.4 Taking Unitized Substances In Kind. Each Working Interest Owner shall have the right to take in kind and separately dispose of its proportionate share of all oil and gas produced from the Unit Area, exclusive

of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose within the Unitized Area, provided the same are so constructed, maintained and operated as not to interfere with Unit Operations. Any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party taking delivery. In the event any Working Interest Owner shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unitized Formation then so long as such condition continues, Unit Operator, for the account and at the expense of the Working Interest Owner of the Tract or Tracts concerned, and in order to avoid curtailing the operation of the Unit Area, shall sell or otherwise dispose of such production to itself or to others, provided that all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of three years, and at not less than the prevailing market price in the area for like production, and the account of such Working Interest Owner shall be charged therewith as having received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owner of the Tract or Tracts concerned.

Unit Operator shall be responsible for the payment of all royalty, overriding royalty and production payments due on each Tract committed hereto, and each Working Interest Owner shall hold each other Working Interest Owner and Unit Operator harmless against all claims, demands and causes of action by owners of such royalty, overriding royalty and production payments. Any Working Interest Owner receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract shall be responsible for the payment of all royalty, overriding royalty and production payments due thereon, and each such party shall hold each other Working Interest Owner and Unit Operator harmless against all claims, demands and causes of action by owners of such royalty, overriding royalty and production payments.

## ARTICLE 6

### UNIT OPERATOR

6.1 Unit Operator. Yates Petroleum Corporation, a New Mexico corporation, is hereby designated as Unit Operator.

6.2. Resignation or Removal of Unit Operator. Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Land Commissioner and the A.O. unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

The Unit Operator shall, upon default or failure in the performance of its duties and obligations hereunder, be subject to removal by Working Interest Owners having in the aggregate eighty percent (80%) or more of the Unit Participation then in effect exclusive of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Land Commissioner and the A.O.

In all such instances of effective resignation or removal, until a successor to Unit Operator is selected and approved as hereinafter provided, the Working Interest Owners shall be jointly responsible for the performance of the duties of the Unit Operator and shall, not later than thirty (30) days before such resignation or removal becomes effective, appoint a Unit Manager to represent them in any action to be taken hereunder.

The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, books and records, materials, appurtenances and any other assets used in connection with the Unit Operations to the new duly qualified successor Unit Operator or to the Unit Manager if no such new Unit Operator is elected. Nothing herein shall be construed as authorizing the removal of any material, equipment or appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator who resigns or is removed hereunder from any liability or duties accruing or performable by it prior to the effective date of such resignation or removal.

6.3 Successor Unit Operator. Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator as herein provided. 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 Land Commissioner and the A.O. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the Land Commissioner and/or the A.O., at their election, may declare this Agreement terminated.

In selecting a successor Unit Operator, the affirmative vote of three or more Working Interest Owners having a total of sixty-five percent (65%) or more of the total Unit Participation shall prevail; provided that if any one Working Interest Owner has a Unit Participation of more than thirty-five percent (35%), its negative vote or failure to vote shall not be regarded as sufficient unless supported by the vote of two or more other Working Interest Owners having a total Unit Participation of at least five percent (5%). If the Unit Operator who is removed votes only to succeed itself or fails to vote, the successor Unit Operator may be selected by the affirmative vote of the owners of at least seventy-five percent (75%) of the Unit Participation remaining after excluding the Unit Participation of Unit Operator so removed.

## ARTICLE 7

### AUTHORITIES AND DUTIES OF UNIT OPERATOR

7.1 Exclusive Right to Operate Unit. Subject to the provisions of this Agreement and to instructions from Working Interest Owners, Unit Operator shall have the exclusive right and be obligated to conduct Unit Operations.

7.2 Workmanlike Conduct. Unit Operator shall conduct Unit Operations in a good and workmanlike manner, as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them informed of all matters, which Unit Operator, in the exercise of its best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages, unless such damages result from its gross negligence or willful misconduct.

7.3 Liens and Encumbrances. Unit Operator shall endeavor to keep the lands and leases in the Unit Area and Unit Equipment free from all liens and encumbrances occasioned by Unit Operations, except the lien and security interest of Unit Operator and Working Interest Owners granted hereunder.

7.4 Employees. The number of employees used by Unit Operator in conducting Unit Operations, their selection, hours of labor, and compensation, shall be determined by Unit Operator. Such employees shall be the employees of Unit Operator.

7.5 Records. Unit Operator shall keep correct books, accounts, and records of Unit Operations.

7.6 Reports to Working Interest Owners. Unit Operator shall furnish Working Interest Owners semiannual reports of Unit Operations.

7.7 Reports to Governmental Authorities. Unit Operator shall make all reports to governmental authorities that it has the duty to make as Unit Operator.

7.8 Engineering and Geological Information. Unit Operator shall furnish to a Working Interest Owner, upon written request, a copy of all logs and other engineering and geological data pertaining to wells drilled for Unit Operations.

7.9 Expenditures. Unit Operator is authorized to make single expenditures not in excess of Fifty Thousand Dollars (\$50,000.00) without prior approval of Working Interest Owners. If an emergency occurs, Unit Operator may immediately make or incur such expenditures as in its opinion are required to deal with the emergency. Unit Operator shall report to Working Interest Owners, as promptly as possible, the nature of the emergency and the action taken.

7.10 Wells Drilled by Unit Operator. All wells drilled by Unit Operator shall be at the usual rates prevailing in the area. Unit Operator may employ its own tools and equipment, but the charge therefore shall not exceed the



usual rates prevailing in the area, and the work shall be performed by Unit Operator under the same terms and conditions as are usual in the area in contracts of independent contractors doing work of an similar nature.

7.11 Mathematical Errors. Unit Operator is empowered to correct any mathematical errors, which might exist in the pertinent exhibits to this Agreement.

7.12 Border Agreement. Subject to the provisions and conditions in the Unit Agreement, Unit Operator shall have the right and authority to enter into border protection agreements or cooperative agreements with respect to lands adjacent to the Unit Area for the purpose of coordinating operations.

7.13 Conflict of Supervision. Neither the Unit Operator nor the Working Interest Owners, nor any of them, shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provisions thereof to the extent that the said Unit Operator or the Working Interest Owners, or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained.

## ARTICLE 8

### TAXES

8.1 Ad Valorem Taxes. Beginning with the first calendar year after the Effective Date hereof, Unit Operator shall make and file all necessary ad valorem tax renditions and returns with the proper taxing authorities with respect to all property of each Working Interest Owner used or held by Unit Operator for Unit Operations. Unit Operator shall settle assessments arising therefrom. Any Working Interest Owner dissatisfied with any proposed rendition or assessment of its interest in property shall have the right, at its own expense, to protest and resist the same. All such ad valorem taxes shall be paid by Unit Operator and charged to the joint account; however, if the interest of a Working Interest Owner is subject to a separately assessed overriding royalty interest, production payment, or other interest in excess of one-eighth (1/8) royalty, such Working Interest Owner shall notify Unit Operator of such interest prior to the rendition date and shall be given credit for the reduction in taxes paid resulting therefrom.

8.2 Other Taxes. Each Working Interest Owner shall pay or cause to be paid all production, severance, gathering, and other taxes imposed upon or with respect to the production or handling of its share of Unitized Substances, except that on gas production only the taking parties shall pay such taxes.

## ARTICLE 9

### INSURANCE

9.1 Insurance. Unit Operator, with respect to Unit Operations, shall:

- (a) comply with the Workmen's Compensation Laws of the State,
- (b) carry Employer's Liability and other insurance required by the laws of the State, and
- (c) provide other insurance as set forth in Exhibit "G".

## ARTICLE 10

### ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon the Effective Date, Working Interest Owners shall deliver to Unit Operator the following:

10.1.1 Wells. All wells completed in the Unitized Formation.

10.1.2 Well and Lease Equipment. The casing and tubing in each such well, the wellhead connections thereon, and all other well, lease and operating equipment that is used in the operation of such wells which Working Interest Owners determine is necessary or desirable for conducting Unit Operations.

10.1.3 Records. A copy of all production and well records for such wells.

10.2 Inventory and Evaluation of Personal Property. Working Interest Owners shall at Unit Expense inventory and evaluate, the personal property taken over by Unit Operator under Section 10.1.2. Such inventory shall include and be limited to those items of equipment considered controllable under Exhibit "F" except, upon determination of Working Interest Owners, items considered non-controllable may be included in the inventory in order to be included in the inventory for record purposes, but shall be excluded from evaluation and investment adjustment.

10.3 Investment Adjustment. Upon approval by Working Interest Owners of the inventory and evaluation, each Working Interest Owner shall be credited with the value, as determined in accordance with Section 10.2 above, of its interest in all personal property taken over by Unit Operator under Section 10.1.2. and charged with an amount equal to that obtained by multiplying the total value of all such personal property taken over the Unit Operator under Section 10.1.2. by such Working Interest Owner's Unit Participation. If the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be paid and in all other respects be treated as any other item of Unit Expense chargeable against such Working Interest Owners. If against such Working Interest Owner, the resulting net credit shall be paid to such working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above.

10.4 General Facilities. The acquisition of warehouses, warehouse stocks, lease houses, camps, facility system, and office buildings necessary for Unit Operations shall be by negotiation by the owners thereof and Unit Operator, subject to the approval of Working Interest Owners.

10.5 Ownership of Personal Property and Facilities. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest, equal to its Unit Participation in all wells, equipment, personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this agreement.

## ARTICLE 11

### UNIT EXPENSE

11.1 Basis for Charge to Working Interest Owners. Unit Operator initially shall pay all Unit Expense. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense. Each Working Interest Owner's share of such Unit Expense shall be the same as its Unit Participation for:

- (a) items in the nature of capital assets including, without limitation, real property if acquired;
- (b) acquiring, drilling, re-drilling, equipping and re-equipping water injection wells, re-plugging or converting oil wells to water injection wells, pumping and pipeline facilities for such wells, and changing any injection interval in any such well;
- (c) re-entry and re-plugging of wells outside the unit area as necessary to permit water injection into appropriate wells within the unit area;
- (d) gathering lines and facilities and common tank batteries utilized or acquired for Unit Operations, and
- (e) water purchased from parties other than Working Interest Owners obtained for injection purposes and the costs of transportation and injection thereof into the Unit Area.

Unit Operator will furnish make-up water from its Dagger Draw disposal system at no cost for Unit Operations so long as such water is available. Unit Operator shall charge as Unit Expense 2 cents per barrel handling fee for the make-up water handling and 6 cents per barrel for produced water injection. Each Working Interest Owner's share of all other Unit Expense shall be the same as its Unit Participation in effect at that time. All charges, credits and accounting for Unit Expense shall be in accordance with Exhibit "F".

The First Phase Unit Operations shall be defined as all Unit Operations necessary to prepare the Unit for injection, initiate injection into the Unitized Formation and shall extend until the first day of the month immediately following six (6) months after the initiation of injection into the Unitized Formation. First Phase Unit Expense shall include all Unit

Expense necessary to accomplish the First Phase Unit Operations inclusive of Unit Expense accrued through six (6) months after initiation of injection.

11.2 Budgets. Upon execution of this agreement and the Unit Agreement, and simultaneously therewith, Working Interest Owners agree to the estimated Budget for the First Phase Unit Expense. Each Working Interest Owner shall agree and be obligated to pay their respective share of First Phase Unit Expense through completion of the First Phase Unit Operations. Subsequent to the First Phase Operations Unit Operator shall prepare a budget of estimated Unit Expense for the remainder of the calendar year and on or before the first day of each October thereafter shall prepare such a budget for the ensuing calendar year. Budgets shall be estimates only, and shall be adjusted or corrected by Working Interest Owners and Unit Operator whenever an adjustment or correction is proper. A copy of each budget and adjusted budget shall be furnished promptly to each Working Interest Owner.

11.3 Advance Billings. Unit Operator shall have the right, without prejudice to other rights or remedies, to require Working Interest Owners to advance their respective share of estimated Unit Expense by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized estimate thereof for the succeeding month, with a request for payment in advance. Within fifteen (15) days after receipt of the estimate, each Working Interest Owner shall pay to Unit Operator its share of such estimate. Adjustments between estimated and actual Unit Expense shall be made by Unit Operator at the close of each calendar month, and the accounts of Working Interest Owners shall be adjusted accordingly.

11.4 Commingling of Funds. Funds received by Unit Operator under this agreement need not be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.5 Lien and Security Interest of Unit Operator and the Working Interest Owners. Each Working Interest Owner grants to Unit Operator a lien upon its Oil and Gas Rights in each Tract and a security interest in its share of Unitized Substances when extracted and its interest in all Unit Equipment to secure payment of its share of Unit Expense, together with interest thereon at the rate of twelve percent (12%) per annum, with the further provision that Unit Operator grants a like lien to Working Interest Owners. To the extent that Unit Operator has a security interest under the Uniform Commercial Code of the State of New Mexico, Unit Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of a judgment by Unit Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Working Interest Owners in the payment of its share of Unit Expense, Unit Operator shall have the right, without prejudice, to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed by such Working Interest Owners, plus interest, has been paid. Each purchaser shall be entitled to rely upon Unit Operator's written statement concerning the amount of any default. The rights herein granted the Unit Operator shall in like manner apply to the other Working Interest Owners.

In addition to the liens and security interest as provided herein, each Non-Operator to this Agreement, to secure payment of its share of expenses incurred under this Operating Agreement, grants Operator a lien on all of its right, title and interest now owned or hereafter acquired in the contract Area including, but not limited to, the oil and gas leases, mineral estates and other mineral interests subject to this Operating Agreement and any properties now or hereafter pooled or unitized with any of the properties affected by such mineral interests; and all unsevered and unextracted oil, gas and other hydrocarbons that may be produced, obtained or secured from the lands covered and affected by such mineral interests.

In addition to the rights and remedies afforded to Operator pursuant to the terms hereof, or at law or in equity, it is understood and agreed that each defaulting party grants to the Operator a contractual right of offset in and to all money, production, proceeds from the sale of production and property of every kind or character of such defaulting party, now or at any time hereunder coming within Operator's custody or control, wheresoever located whether or not subject to the terms of the Agreement or any other agreement between Operator and defaulting party. Operator, may, at its election, at any time and from time to time, reduce (or eliminate, as the case may be) any debt owing to it by any defaulting party by applying such defaulting party's money, proceeds or property in the custody or control of Operator to the balance owed on such debt and giving such defaulting party appropriate credit therefore. Any such amount so applied shall first be applied to any past due interest, if any, then to any costs, including attorney's fees, incurred by Operator in the collection of the proceeds or property, and then to the underlying debt. It is agreed and understood that Operator's contractual right of offset shall extend to and include all proceeds of production attributable to the defaulting party from any wells in which the defaulting party owns an interest.

In addition to all rights and remedies afforded Operator under this agreement, in the event any debt owing by the defaulting party to Operator shall exceed any money, proceeds of sale of production, or property of such defaulting party as provided in the contractual right of offset as provided above, the Operator may elect to proceed and foreclose the lien of Operator against the interest of any defaulting party in the contract area.

11.6 Unpaid Unit Expense. If any Working Interest Owner fails to pay its share of Unit Expense, whether subject to Advance Billing or usual monthly billing, Unit Operator shall give such Working Interest Owner a second notice requesting payment. If within fifteen (15) days after receipt of the second notice the Working Interest Owner has not paid to Unit Operator its unpaid Unit Expense, such Working Interest Owner shall be deemed in default and shall be deemed to have relinquished to the Unit Operator, and any other Working Interest Owner agreeing to pay its proportionate part of the defaulting owner's Unit Expense, all of its Oil and Gas Rights and Working Interest in and to the Unit. Thereafter such defaulting owner shall be relieved from all further obligations and liabilities hereunder and under the Unit Agreement, and the rights of the defaulting Working Interest Owner hereunder and under the Unit Agreement shall cease insofar as they existed by virtue of the interest relinquished. Upon the effective date of relinquishment, the Unit Participations of the Working Interest Owners paying the default shall be revised to reflect the increase in their shares resulting from the default interest. Should there be a legitimate dispute of

a Unit Expense and a Working Interest Owner continues to pay undisputed Unit Expenses no default or relinquishment will occur until a determination has been made under the audit procedures herein and further provided in Exhibit "F". Notwithstanding anything herein to the contrary, all Working Interest Owners shall remain responsible, subject to the Lien and Security provisions of Section 11.5, for payment of their proportionate share of the costs of plugging and abandoning the Unit wells.

11.7 Carved-Out Interest. If any Working Interest Owners shall, after executing this agreement, create an overriding royalty, production payment, net proceeds interest, carried interest, or any other interest out of its Working Interest, such carved-out interest shall be subject to the terms and provisions of this agreement, specifically including, but without limitation, Section 11.5 hereof entitled "Lien of Unit Operator." If the Working Interest Owner creating such carved-out interest (a) fails to pay any Unit Expense chargeable to such Working Interest Owner under this agreement, and the production of Unitized Substances accruing to the credit of such Working Interest Owner is insufficient for that purpose, or (b) withdraws from this agreement under the terms and provisions of Article 17 hereof, the carved-out interest shall be chargeable with a pro rata portion of all Unit Expense incurred hereunder, the same as though such carved-out interest were a Working Interest, and Unit Operator shall have the right to enforce against such carved-out interest the lien and all other rights granted in Sections 11.5 and 11.6 for the purpose of collecting the Unit Expense chargeable to the carved-out interest.

11.8 Salvage Credit. Credit for Unit Equipment salvaged shall be divided in the same proportion as the Unit participation.

11.9 Rentals. The Working Interest Owners in each Tract shall pay all rentals, minimum royalty, advance rentals or delay rentals due under the lease thereon and shall concurrently submit to the Unit Operator evidence of payment.

## ARTICLE 12

### NON-UNITIZED FORMATIONS

12.1 Right to Operate. The Working Interest Owners recognize that there are Existing Operating Agreements covering the Unitized Formation, as to each Spacing Unit as designated by the New Mexico Oil Conservation Division, as well as other formations. This Unit Operating Agreement supercedes the Existing Operating Agreements only as to the Unitized Formation, and such Existing Operating Agreement continues in full force and effect as to any other lands and formations covered thereby. Any Working Interest Owner that now has or hereafter acquires the right to drill for and produce oil, gas, or other minerals, from a formation above or underlying the Unit Area other than the Unitized Formation, shall have the right to do so notwithstanding this Agreement or the Unit Agreement. In exercising the right, however, the Working Interest Owner shall exercise care to prevent unreasonable interference with Unit Operations. No Working Interest Owner shall produce Unitized Substances through any well drilled or operated by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be protected in a manner satisfactory

to Working Interest Owners so that the production of Unitized Substances will not be affected adversely.

## ARTICLE 13

### TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective working interests set forth opposite its name in Exhibit "B" of the Unit Agreement, and agrees to indemnify and hold harmless the other Working Interest Owners from any loss due to failure, in whole or in part, or its title to any such interest, except failure of title arising out of Unit Operations; however, such indemnity and any liability for breach of warranty shall be limited to an amount equal to the net value that has been received from the sale or receipt of Unitized Substances attributed to the interest as to which title failed. Each failure of title will be deemed to be effective, insofar as this Agreement is concerned, as of 7:00 a.m. on the first day of the calendar month in which such failure is finally determined, and there shall be no retroactive adjustment of Unit Expense, or retroactive allocation of Unitized Substances or the proceeds therefrom, as a result of title failure.

13.2 Failure Because of Unit Operations. The failure of title of any Working Interest in any Tract because of Unit Operations, including non-production from such Tract, shall not change the Unit Participation of the Working Interest Owner whose title failed in relation to the Unit Participations of the other Working Interest Owners at the time of the title failure.

## ARTICLE 14

### LIABILITY, CLAIMS, AND SUITS

14.1 Individual Liability. The duties, obligations, and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein shall ever be construed as creating a partnership of any kind, joint venture, association, or trust among Working Interest Owners.

14.2 Settlements. Unit Operator may settle any single damage claim or suit involving Unit Operations if the expenditure does not exceed Thirty Thousand Dollars (\$30,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, Working Interest Owners shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Unit Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be an item of Unit Expense. If a claim is made against any Working Interest Owner or if any Working Interest Owner is sued on account of any matter arising from Unit Operations over which such Working Interest Owner individually has no control because of the rights given Working Interest Owners and Unit Operator by this Agreement and the Unit Agreement, the Working Interest Owner shall immediately notify Unit Operator, and the claim or suit shall be treated as any other claim or suit involving Unit Operations.

## ARTICLE 15

### LAWS AND REGULATIONS

15.1 Internal Revenue Provision. Notwithstanding any provisions herein that the rights and liabilities of the parties hereunder are several and not joint or collective, or that this Agreement and operations hereunder shall not constitute a partnership, if for Federal income tax purposes this Agreement and the operations hereunder are regarded as a partnership then each of the parties hereto elects to be excluded from the application of all of the provisions of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Unit Operator is hereby authorized and directed to execute on behalf of each of the parties hereto such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations. Should there be any requirement that each party hereto further evidence this election, each party hereto agrees to execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. Each party hereto further agrees not to give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the State of New Mexico, or any future income tax of the United States, contain provisions similar to those in Subchapter K, Chapter I, Subtitle A, of the Internal Revenue Code of 1986, under which an election similar to that provided by Section 761 of the Code is permitted, each of the parties agrees to make such election as may be permitted, or required by such laws. In making this election, each of the parties' states that the income derived by such party from the operations under this Agreement can be adequately determined without the computation of partnership taxable income.

15.2 Statutory Unitization. If working Interest Owners owning at least, seventy-five percent (75%) of the Unit Participation have become parties to this Agreement and if Royalty Interest Owners owning at least seventy-five percent (75%) of the Royalty Interest have become parties hereto, the Unit Operator may make application to the New Mexico Oil Conservation Division of the Energy and Minerals Department for statutory unitization of the uncommitted interests.

## ARTICLE 16

### NOTICES

16.1 Notices. All notices required hereunder shall be in writing and shall be deemed to have been properly served when sent by mail, telegram, fax, email, or telephone to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Article 4. Any notice given by telephone shall be promptly followed by written confirmation.



## ARTICLE 17

### WITHDRAWAL OF WORKING INTEREST OWNER

17.1 Withdrawal. At the completion of the First Phase Unit Operations Unit Operator shall give notice to each Working Interest Owner. A Working Interest Owner shall then have 30 days from receipt of notice to make a one-time election to withdraw from this Agreement and the Unit by transferring, without warranty of title, either express or implied, to the other Working Interest Owners, effective the first day following completion of the First Phase Unit Operations, all its Oil and Gas Rights, exclusive of Royalty Interests, together with its interest in all Unit Equipment and in all wells used in Unit Operations. The instrument of transfer may be delivered to Unit Operator for the transferees. Such transfer shall not relieve the Working Interest Owner from any obligation or liability incurred prior to the first day of the month following receipt by Unit Operator of the instrument of transfer. The interest transferred shall be owned by the transferees in proportion to their respective Unit Participations then in effect or in other proportions as may be agreed by the transferees. The transferees, in proportion to the respective interests so acquired, shall pay transferor according to the Schedule of Values for Withdrawal from the Unit, Exhibit "E." (The Schedule of Values for Withdrawal from the Unit, Exhibit "E", are calculated taking into consideration the net salvage value of Unit Equipment, the cost of salvaging and of plugging and abandoning wells then being used or held for Unit Operations.) In the event such withdrawing owner's interest in the aforesaid value is negative, the withdrawing owner, as a condition precedent to withdrawal, shall pay the Unit Operator, for the benefit of Working Interest Owners succeeding to its interest, a sum equal to the deficiency. Within sixty (60) days after receiving delivery of the transfer, Unit Operator shall render a final statement to the withdrawing owner for its share of Unit Expense, including any deficiency in value incurred as of the first day of the month following the date of receipt of the transfer. Provided all Unit Expense, including any deficiency hereunder, due from the withdrawing owner has been paid in full within thirty (30) days after the rendering of such final statement by the Unit Operator, the transfer shall be effective the first day of the month following its receipt by Unit Operator and, as of such effective date, withdrawing owner shall be relieved from all further obligations and liabilities hereunder and under the Unit Agreement, and the rights of the withdrawing Working Interest Owner hereunder and under the Unit Agreement shall cease insofar as they existed by virtue of the interest transferred. Upon the effective date of transfer, the Unit Participations of the transferees shall be revised to reflect the increase in their shares resulting from the transferred interest. Working Interest Owners electing not to withdraw during the 30 day election period provided shall thereafter participate in Unit Operations and be required to pay their proportionate share of Unit Expense until termination of the Unit, including all costs of plugging and abandoning Unit Wells.

## ARTICLE 18

### ABANDONMENT OF WELLS

18.1 Rights of Former Owners. If Working Interest Owners decide to permanently abandon any well within the Unit Area prior to termination of the

Unit Agreement, Unit Operator shall give written notice thereof to the Working Interest Owners of the Spacing Unit on which the well is located, and they shall have the option for a period of ninety (90) days after the sending of such notice to notify Unit Operator in writing of their election to take over and own the well. Should the Working Interest Owners within the Spacing Unit elect not to take over the well the Unit Operator shall give written notice to the other Working Interest Owners in the Unit, and they shall have the option for a period of ninety (90) days after the sending of such notice to notify Unit Operator in writing of their election to take over and own the well. Within ten, (10) days after the Working Interest Owners have notified Unit Operator of their election to take over the well, they shall pay Unit Operator, for credit to the joint account, the amount determined to be the net salvage value of the casing and equipment in and on the well. The Working Interest Owners, by taking over the well, agree to seal off the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations.

18.2 Plugging. If no Working Interest Owners elect to take over a well located within the Unit Area that is proposed for abandonment, Unit Operator shall plug and abandon the well in compliance with applicable laws and regulations.

## ARTICLE 19

### EFFECTIVE DATE AND TERM

19.1 Effective Date. This Agreement shall become effective when the Unit Agreement becomes effective.

19.2 Term. This Agreement shall continue in effect so long as the Unit Agreement remains in effect, and thereafter until (a) all Unit wells have been plugged and abandoned or turned over to Working Interest Owners in accordance with Article 20; (b) all Unit Equipment and real property acquired for the joint account have been disposed of by Unit Operator in accordance with instructions of Working Interest Owners; and (c) there has been a final accounting.

## ARTICLE 20

### ABANDONMENT OF OPERATIONS

20.1 Termination. Upon termination of the Unit Agreement, the following will occur:

20.1.1 Oil and Gas Rights. Oil and Gas Rights in and to each separate Tract shall no longer be affected by this Agreement, and thereafter the parties shall be governed by the terms and provisions of the leases, contracts and other instruments, including Existing Operating Agreements, affecting the separate Tracts and Spacing Units.

20.1.2. Right to Operate. Working Interest Owners of any Spacing Unit that desire to take over and continue to operate wells

located thereon may do so by paying Unit Operator, for credit to the joint account, the net salvage values, as determined by Working Interest Owners, of the casing and equipment in and on the wells taken over and by agreeing upon abandonment to plug each well in compliance with applicable laws and regulations.

20.1.3 Salvaging Wells. Unit Operator shall salvage as much of the casing and equipment in or on wells not taken over by Working Interest Owners of separate Tracts as can economically and reasonable be salvaged, and shall cause the wells to be plugged and abandoned in compliance with applicable laws and regulations.

20.1.4 Cost of Abandonment. The cost of abandonment of Unit Operations shall be Unit Expense.

20.1.5 Distribution of Assets. Working Interest Owners shall share in the distribution of Unit Equipment, or the proceeds thereof, in proportion to their Unit Participations.

## ARTICLE 21

### LAWS, REGULATIONS AND CERTIFICATE OF COMPLIANCE

21.1 Laws and Regulations This Agreement and operations hereunder are subject to all valid rules, regulations and orders of all regulatory bodies having jurisdiction and to all other applicable federal, state and local laws, ordinances, rules, regulations and orders; and any provision of this agreement found to be contrary to or inconsistent with any such law, ordinance, rule, regulation or order shall be deemed modified accordingly. This Agreement and all matters pertaining hereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the law of the state of New Mexico.

21.2 Certificate of Compliance. In the performance of work under this agreement, the parties agree to comply with, and Unit Operator shall require each independent contractor to comply with, the Federal contract provisions of Exhibit "H."

## ARTICLE 22

### EXECUTION

22.1 Original, Counterpart, or other Instruments. An owner of a Working Interest may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto. The signing of any such instrument shall have the same effect as if all parties had signed the same instrument.

ARTICLE 23

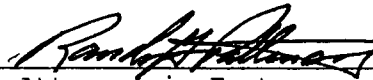
SUCCESSORS AND ASSIGNS

23.1 Successors and Assigns. This Agreement shall extend to, be binding upon, and inure to the benefit of the parties hereto and their respective heirs, devisees, legal representative, successors, and assigns, and shall constitute a covenant running with the lands, leases, and interests covered hereby.

Should any interest committed hereto be or become owned by three (3) or more parties, then all of such parties shall be obligated to appoint a single agent to represent such interest for the purpose of accepting billings and receiving payments, if any, arising hereunder, or under the Unit Agreement, and for vote upon any matter which is the subject of determination of by the Working Interest Owners.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates opposite their respective signatures.

YATES PETROLEUM CORPORATION  
Unit Operator and Working Interest Owner

By   
Attorney-in-Fact

STATE OF NEW MEXICO        )  
                                      ) ss.  
COUNTY OF EDDY            )

The foregoing instrument was acknowledged before me this 24<sup>th</sup> day of October, 2003, by Randy G. Patterson, Attorney-in Fact for Yates Petroleum Corporation, a New Mexico corporation , on behalf of said corporation.

My Commission Expires:

3-1-06

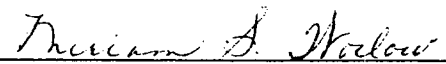
  
Notary Public



EXHIBIT "A"

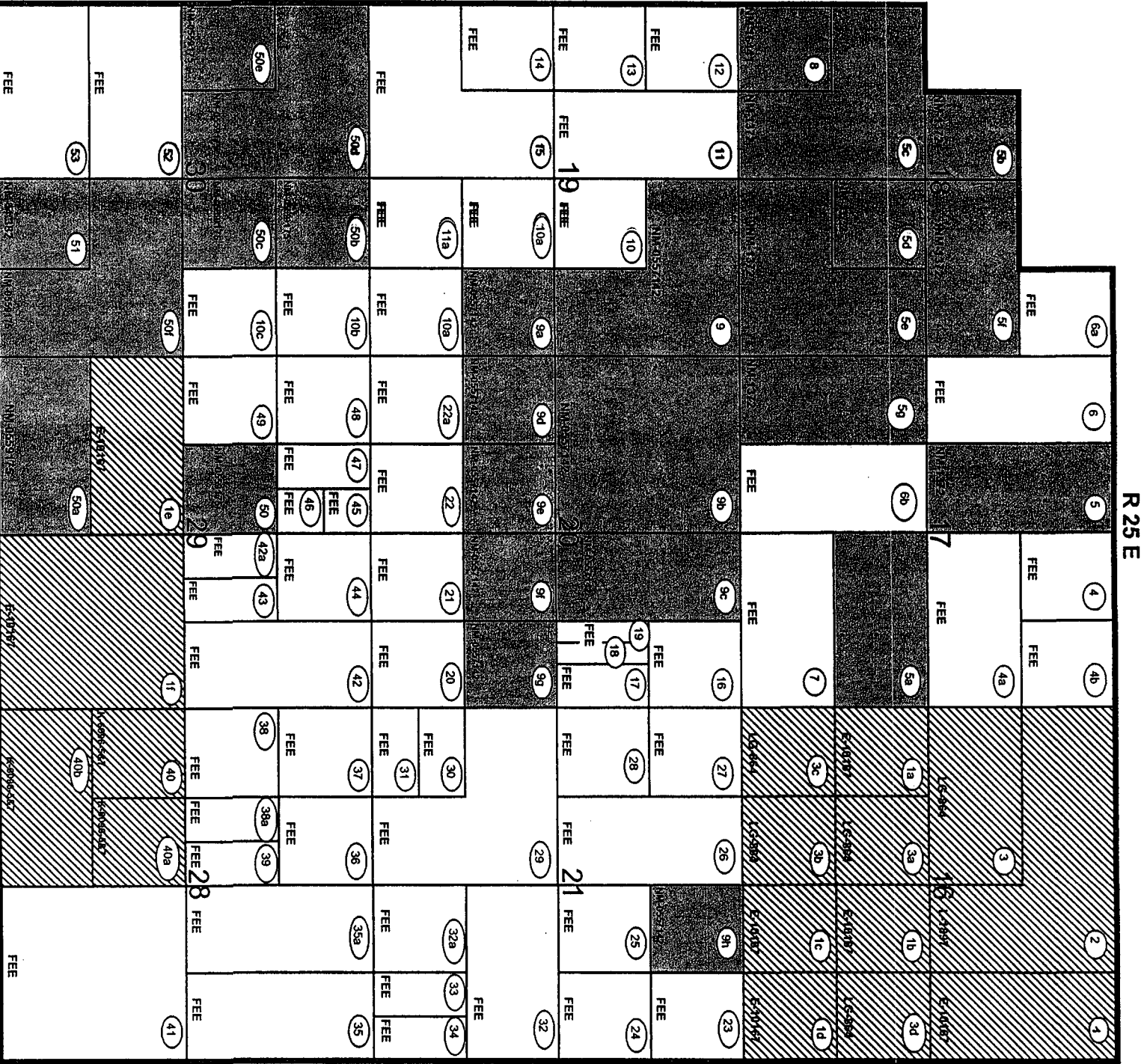
YATES PETROLEUM CORPORATION

NORTH DAGGER DRAW

UPPER PENN UNIT

EDDY COUNTY, NEW MEXICO

T  
1  
9  
S



Federal Land

State Land

Fee Land

All Leases are Held by Production

Scale: 2.5 inches = 1 mile

NORTH DAGGER DRAW UPPER PENN UNIT

1	80.00	State	9f	40.00	Federal	35a	80.00	Fee
1a	40.00	State	9g	40.00	Federal	36	40.00	Fee
1b	40.00	State	9h	40.00	Federal	37	40.00	Fee
1c	40.00	State	10	40.00	Fee	38	40.00	Fee
1d	40.00	State	10a	80.00	Fee	38a	20.00	Fee
1e	80.00	State	10b	40.00	Fee	39	20.00	Fee
1f	160.00	State	10c	40.00	Fee	40	40.00	State
2	160.00	State	11	80.00	Fee	40a	40.00	State
3	80.00	State	11a	40.00	Fee	40b	80.00	State
3a	40.00	State	12	41.21	Fee	41	160.00	Fee
3b	40.00	State	13	41.24	Fee	42	80.00	Fee
3c	40.00	State	14	41.27	Fee	42a	20.00	Fee
3d	40.00	State	15	121.30	Fee	43	20.00	Fee
4	40.00	Fee	16	40.00	Fee	44	40.00	Fee
4a	80.00	Fee	17	20.00	Fee	45	10.00	Fee
4b	40.00	Fee	18	10.00	Fee	46	10.00	Fee
5	80.00	Federal	19	10.00	Fee	47	20.00	Fee
5a	80.00	Federal	20	40.00	Fee	48	40.00	Fee
5b	40.00	Federal	21	40.00	Fee	49	40.00	Fee
5c	121.27	Federal	22	40.00	Fee	50	40.00	Federal
5d	40.00	Federal	22a	40.00	Fee	50a	80.00	Federal
5e	120.00	Federal	23	40.00	Fee	50b	40.00	Federal
5f	80.00	Federal	24	40.00	Fee	50c	40.00	Federal
5g	80.00	Federal	25	40.00	Fee	50d	121.33	Federal
6	80.00	Fee	26	80.00	Fee	50e	41.35	Federal
6a	40.00	Fee	27	40.00	Fee	50f	120.00	Federal
6b	80.00	Fee	28	40.00	Fee	51	40.00	Federal
7	80.00	Fee	29	120.00	Fee	52	81.37	Fee
8	41.22	Federal	30	20.00	Fee	53	81.39	Fee
9	120.00	Federal	31	20.00	Fee			
9a	40.00	Federal	32	80.00	Fee			
9b	160.00	Federal	32a	40.00	Fee			
9c	80.00	Federal	33	20.00	Fee			
9d	40.00	Federal	34	20.00	Fee			
9e	40.00	Federal	35	80.00	Fee			

Lease	Acres	Percent
Federal	1805.17	32.16%
State	1040.00	18.53%
Fee	2767.78	49.31%
Total	5612.95	100.00%

EXHIBIT "B"  
SCHEDULE OF OWNERSHIP  
SHOWING ALL LANDS AND LEASES WITHIN THE NORTH DAGGER DRAW UPPER PENN UNIT  
EDDY COUNTY, NEW MEXICO

SUSAN VIERA  
2/9/04

TR #	TRACT OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
1	80.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: E2NE1/4	80.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	YATES PETROLEUM CORPORATION	100.000000 OPERATING AGREEMENT BOVD X SECTION 16: N2 402-104-C 2-11-1974
1a	40.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: NW1/4SW1/4	40.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	BELLO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUNN, FRANCES B. ELISE G. HOLDER, TESTAMENTARY GENORON, J. W. GOONON, DAVID HODGE, JOSEPH R. HODGE, SANFORD J., III KAWASAKI, DR. ISAAC A. KELLER, BETSY H. MOORE, CHARLES CLINE NEARBURG EXPLORATION COMPANY OLIVER, WILLIAM B. TRUST SCHULMAN, ADOLPH P. SPACE BUILDING CORPORATION UNIT PETROLEUM COMPANY VAN VRANKEN, FREDERICK, JR. YATES PETROLEUM CORPORATION	0.099103 OPERATING AGREEMENT 0.099103 JAMIE ANN ST COM 1 0.048531 SECTION 16: SW1/4 0.148534 402-104-H 2-15-1993 0.099103 0.099103 0.016317 0.016317 0.099103 0.048531 0.247757 4.166667 0.099103 0.247757 34.832590 0.099103 59.431815
1b	40.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: NW1/4SE1/4	40.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	BELLO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUNN, FRANCES B. ELISE G. HOLDER, TESTAMENTARY HODGE, SANFORD J., III KELLER, BETSY H. NEARBURG EXPLORATION COMPANY OLIVER, WILLIAM B. TRUST UNIT PETROLEUM COMPANY VAN VRANKEN, FREDERICK, JR. YATES PETROLEUM CORPORATION	0.033140 OPERATING AGREEMENT 0.033140 BOVD X ST COM 10 0.016570 SECTION 16: SE1/4 0.005324 402-104-U 8-25-1995 0.016570 37.820132 0.033140 24.522231 0.033140 37.853272
1c	40.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: SW1/4SE1/4	40.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	BELLO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUNN, FRANCES B. NEARBURG EXPLORATION COMPANY OLIVER, WILLIAM B. TRUST SPACE BUILDING CORPORATION UNIT PETROLEUM COMPANY VAN VRANKEN, FREDERICK, JR. YATES PETROLEUM CORPORATION	0.033034 OPERATING AGREEMENT 0.033034 BOVD X ST COM 10 37.500000 SECTION 16: SE1/4 0.033034 402-104-U 8-25-1995 0.062595 24.443824 0.033034 37.896320
1d	40.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: SE1/4SE1/4	40.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	BELLO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUNN, FRANCES B. HODGE, SANFORD J., III NEARBURG EXPLORATION COMPANY OLIVER, WILLIAM B. TRUST SPACE BUILDING CORPORATION UNIT PETROLEUM COMPANY VAN VRANKEN, FREDERICK, JR. YATES PETROLEUM CORPORATION	0.033123 OPERATING AGREEMENT 0.033123 BOVD X ST COM 10 0.005621 SECTION 16: SE1/4 37.601442 402-104-U 8-25-1995 0.033123 0.062399 24.510048 0.033123 37.854553
1e	80.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 28: N2SW1/4	80.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	NEARBURG EXPLORATION COMPANY YATES PETROLEUM CORPORATION	50.000000 OPERATING AGREEMENT 50.000000 BOVD X ST 3 SECTION 28: SE1/4 402-104-L 1-15-1993
1f	160.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 28: SE1/4	160.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	YATES PETROLEUM CORPORATION	100.000000 OPERATING AGREEMENT BOVD X SECTION 16: N2 402-104-C 2-11-1974
2	160.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: W1/2NE1/4, N2SW1/4	160.000000	E-10167, MONSANTO COMPANY N4-402-104 STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	YATES PETROLEUM CORPORATION	100.000000 OPERATING AGREEMENT BOVD X SECTION 16: N2 402-104-C 2-11-1974
3	80.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: SW1/4	80.000000	E-10167, MONSANTO COMPANY N4-402-104-B STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	YATES PETROLEUM CORPORATION	100.000000 OPERATING AGREEMENT BOVD X SECTION 16: N2 402-104-C 2-11-1974
3a	40.00 TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4MPM SECTION 16: NE1/4SW1/4	40.000000	E-10167, MONSANTO COMPANY N4-402-104-B STATE - HBP	YATES PETROLEUM CORPORATION	100.000000 COMMISSIONER OF PUBLIC LANDS	NONE	BELLO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUNN, FRANCES B.	0.099103 OPERATING AGREEMENT 0.099103 JAMIE ANN ST COM 1 0.099103



TR #	TRACT DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERRIDE/ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
3b	TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4M1/4 SECTION 16: SE4/SW1/4	40.000000	LC-484, COOQUINAGUIL, ETAL N4-402-104-B STATE - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	ELISIE G. HOLDEN, TESTAMENTARY GENOROW, J. W. HODGE, JOSEPH R. HODGE, JOSEPH R., III KAWASAKI, DR. ISAAC A. KELLER, BETSY H. MOORE, CHARLES CLINE OLIVER, WILLIAM B. TRUST SCHAMM, ADOLPH P. SPACE BUILDING CORPORATION UNIT PETROLEUM COMPANY VAN VRAKEN, FREDERICK, JR. YATES PETROLEUM CORPORATION	0.046531 SECTION 16: SW1/4 0.148654 402-104-H 2-15-1993 0.099103 0.016517 0.016517 0.099103 0.046531 0.247757 0.099103 0.099103 34.632590 0.099103 63.595282
3c	TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4M1/4 SECTION 16: SW1/4SW1/4	40.000000	LC-484, COOQUINAGUIL, ETAL N4-402-104-B STATE - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	BELLO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUNN, FRANCES B. NEARBURG EXPLORATION COMPANY OLIVER, WILLIAM B. TRUST SPACE BUILDING CORPORATION UNIT PETROLEUM COMPANY YATES PETROLEUM CORPORATION	0.100038 OPERATING 0.100038 AGREEMENT 0.100038 AMOLE AMN ST COM 1 4.206983 SECTION 16: SW1/4 0.100038 402-104-H 2-15-1993 0.250084 35.161100 59.862891
3d	TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4M1/4 SECTION 16: NE1/4SE1/4	40.000000	LC-484, COOQUINAGUIL, ETAL N4-402-104-B STATE - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	BELLO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUNN, FRANCES B. OLIVER, WILLIAM B. TRUST UNIT PETROLEUM COMPANY VAN VRAKEN, FREDERICK, JR. YATES PETROLEUM CORPORATION	0.099103 OPERATING 0.099103 AGREEMENT 0.099103 AMOLE AMN ST COM 1 18.323940 SECTION 16: SW1/4 0.099103 402-104-H 2-15-1993 81.171353
4	TOWNSHIP 19 SOUTH, RANGE 25 EAST, N4M1/4 SECTION 17: NW1/4NE1/4	10.000000	ROY E. GLASS, ENUK N4-403-58 FEE - HBP	YATES PETROLEUM CORPORATION	75.000000	0.195310	COLUMBIA RIVER RESOURCES, INC. ESTATE OF LILLIE M. YATES SHARRO OIL LIMITED COMPANY TRUST O UWO PEGGY A. YATES YATES PETROLEUM CORPORATION	0.063340 OPERATING 0.063340 AGREEMENT 0.063340 BOND X ST COM 10 0.016570 SECTION 16: SE1/4 0.006524 402-104-U 8-25-1895 0.016570 0.016570 0.016570 0.063340 24.522234 0.063340 37.653772
		10.000000	CORRELLA M. KIRKALD, ETAL N4-403-5C FEE - HBP	TRUST O UWO PEGGY A. YATES YATES PETROLEUM CORPORATION	75.000000	0.195310	YATES PETROLEUM CORPORATION	12.500000
		1.250000	CAVAND & CATTIE CO / CONOCO N4-403-5N FEE - HBP	YATES PETROLEUM CORPORATION	100.000000	0.073240		
		1.250000	L. J. MARSHALL, ENUK / CONOCO N4-403-5O FEE - HBP	YATES PETROLEUM CORPORATION	100.000000	0.195310		
		2.500000	FLOYD CHILDRESS, ETUX / CONOCO N4-403-5P FEE - HBP	YATES PETROLEUM CORPORATION	100.000000	0.130210		
		2.500000	CLARENCE E. HANBLE, ETUX / CONOCO N4-403-5Q FEE - HBP	YATES PETROLEUM CORPORATION	100.000000	0.195310		
		2.500000	R. R. HINKLE ESTATE / CONOCO N4-403-5R FEE - HBP	YATES PETROLEUM CORPORATION	100.000000	0.195310		
		3.750000	DON PHILLIPS & ASSOCIATES / CONOCO N4-403-5S FEE - HBP	YATES PETROLEUM CORPORATION	100.000000	0.073240		
		1.250000	QUENTRO SUPERIOR FOUNDATION / CONOC N4-403-5T FEE - HBP	YATES PETROLEUM CORPORATION	100.000000	0.073240		
		5.000000	MARSHALL & WESTON, INC. / CONOCO	SOUTHWEST ROYALTIES, INC.	100.000000	0.214640		





TRACT #	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EVIDENCE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERHUNG ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE		
		1.250000	QUETICO SUPERIOR FOUNDATION / CONOCO FEE - HBP MARSHALL & WINSTON, INC. / CONOCO	YATES PETROLEUM CORPORATION	100.000000	0.8778910 0.260410 0.073240 1.640630 0.865940 0.8778910 0.107420 0.058590 0.073240 0.865940 0.098620 0.097660 0.214460 0.104170 0.107420 0.165300 0.073240 0.8778910	ESTATE OF LILLIE M. YATES SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES YATES DRILLING COMPANY YATES PETROLEUM CORPORATION YATES, JOHN A.	1.041700 1.041700 1.041800 2.083300 83.750000 1.041700	OPERATING AGREEMENT CONOCO, INC. JENNY COM 1, 2 SECTION 17: NW/4 405-5-12 4-1-1983	
5	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW/4, SECTION 17: E/2NW/4.	80.000000	1372 L. C. JOHNSON FEDERAL - HBP	SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. YATES PETROLEUM CORPORATION	8.330000 8.335000 8.330000 16.670000 8.335000 50.000000	MINERALS MANAGEMENT SERVICE	12.500000	ESTATE OF LILLIE M. YATES SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES YATES DRILLING COMPANY YATES PETROLEUM CORPORATION YATES, JOHN A.	1.041700 1.041700 1.041800 2.083300 83.750000 1.041700	OPERATING AGREEMENT SHARBRO OIL LIMITED COMPANY CONOCO, INC. SECTION 17: SE/4 405-5-AB 4-1-1983
5a	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW/4, SECTION 17: NW/4	80.000000	1372 L. C. JOHNSON FEDERAL - HBP	SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. YATES PETROLEUM CORPORATION	8.330000 8.335000 8.330000 16.670000 8.335000 50.000000	MINERALS MANAGEMENT SERVICE	12.500000	ESTATE OF LILLIE M. YATES SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES YATES DRILLING COMPANY YATES PETROLEUM CORPORATION YATES, JOHN A.	1.041700 1.041700 1.041800 2.083300 83.750000 1.041700	OPERATING AGREEMENT SHARBRO OIL LIMITED COMPANY CONOCO, INC. SECTION 17: SE/4 405-5-AB 4-1-1983
5b	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW/4, SECTION 18: SE/4NW/4	40.000000	1372 L. C. JOHNSON FEDERAL - HBP	SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. YATES PETROLEUM CORPORATION	8.330000 8.335000 8.330000 16.670000 8.335000 50.000000	MINERALS MANAGEMENT SERVICE	12.500000	YATES PETROLEUM CORPORATION	100.000000	OPERATING AGREEMENT SECTION 18: NW/4 JOHNSTON / HANKS (SEE D O OPINION) 401-209-G 1-18-1971
5c	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW/4, SECTION 18: LOT 3 (NW/4SW/4), E/2SW/4	121.270000	1372 L. C. JOHNSON FEDERAL - HBP	SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. YATES PETROLEUM CORPORATION	8.330000 8.335000 8.330000 16.670000 8.335000 50.000000	MINERALS MANAGEMENT SERVICE	12.500000	YATES PETROLEUM CORPORATION	100.000000	
5d	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW/4, SECTION 18: NW/4SE/4	40.000000	1372 L. C. JOHNSON FEDERAL - HBP	SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. YATES PETROLEUM CORPORATION	8.330000 8.335000 8.330000 16.670000 8.335000 50.000000	MINERALS MANAGEMENT SERVICE	12.500000	ESTATE OF LILLIE M. YATES SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES YATES DRILLING COMPANY YATES PETROLEUM CORPORATION YATES, JOHN A.	8.333333 8.333334 8.333333 16.666666 50.000000 8.333334	
5e	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW/4, SECTION 18: NW/4SE/4, S/2SE/4	120.000000	1372 L. C. JOHNSON FEDERAL - HBP	SHARBRO OIL LIMITED COMPANY TRUST Q UWIO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. YATES PETROLEUM CORPORATION	8.330000 8.335000 8.330000 16.670000 8.335000 50.000000	MINERALS MANAGEMENT SERVICE	12.500000	YATES PETROLEUM CORPORATION	100.000000	



TRACT #	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXAMINATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERHIDE ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
83	TOWNSHIP 18 SOUTH, RANGE 28 EAST, N40W, SECTION 17, E2SW1/4.	1.250000	CA LAND & CATTLE CO. / CONOCO	VATES PETROLEUM CORPORATION	HINKLE LIVING TRUST	0.439460		
			NA-403-SN		HINKLE CHARLES E.	0.073240		
		1.250000	FEE - HBP		HINKLE KRISTEN	0.036640		
			NA-403-SO	VATES PETROLEUM CORPORATION	HOWELL, JAMES H. & BETTY R.	0.193320		
		2.500000	FEE - HBP		HOWELL, SHIRLEY M.	0.214840		
			NA-403-SP	VATES PETROLEUM CORPORATION	HOWELL, HUGH M.	0.130200		
		2.500000	FEE - HBP		LANDSHEFT, RICHARD H. JR.	0.185320		
			NA-403-SQ	VATES PETROLEUM CORPORATION	LANDSHEFT, WILLIAM BRIAN	0.130200		
		2.500000	FEE - HBP		LANDSHEFT, JEFFERSON MILLER	0.185320		
			NA-403-SR	VATES PETROLEUM CORPORATION	LANGFORD, LOU ANN	0.185320		
		3.750000	FEE - HBP		LANGFORD, ROBERT GLASS	0.097600		
			NA-403-SS	VATES PETROLEUM CORPORATION	MARSHALL, CLARIBEL Y. TRUST	0.125000		
		1.250000	FEE - HBP		MCCAW, WILLIAM JACK	0.595620		
			NA-403-SI	VATES PETROLEUM CORPORATION	MCCONALD, JAMES C. JR.	0.073240		
		5.000000	FEE - HBP		MCCONALD, JACK SCOTT	0.290440		
			NA-403-1894	VATES PETROLEUM CORPORATION	MCCONALD, JAMES C. JR.	0.520860		
					MCCONALD, JAMES C. JR.	0.878820		
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TRACT #	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERRIDING ROYALTIES AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
9b	TOWNSHIP 19 SOUTH, RANGE 25 EAST, N43PM SECTION 20, NW/4	160.000000	NM-4857-142, Ocotillo Petroleum NM-485-2022 FEDERAL - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	ABO PETROLEUM CORPORATION HOLL YHOCK, LTD LODEWICK, JOHN W. NEARBURG EXPLORATION COMPANY SACRAMENTO PARTNERS LIMITED SPIRAL, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	67.642630 100.000000
9c	TOWNSHIP 19 SOUTH, RANGE 25 EAST, N43PM SECTION 20, W2NE/4	80.000000	NM-4857-142, Ocotillo Petroleum NM-485-2022 FEDERAL - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	ABO PETROLEUM CORPORATION HOLL YHOCK, LTD LODEWICK, JOHN W. NEARBURG EXPLORATION COMPANY SACRAMENTO PARTNERS LIMITED SPIRAL, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	0.623500 2.063440 2.063330 3.125000 7.500000 6.250000 6.250000 68.375000
9d	TOWNSHIP 18 SOUTH, RANGE 25 EAST, N43PM SECTION 20, NW/4SW/4	40.000000	NM-4857-142, Ocotillo Petroleum NM-485-2022 FEDERAL - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	ABO PETROLEUM CORPORATION BELL, ERNIE BURN, FRANCES B. BURN, ROBERT B. COLL, CHARLES H. COLL, CLARKE C. COLL, ERIC J. COLL, JON F. COLL, JON F., II COLL, MAX W., II COLL, MAX W., III COLL, SALLY RODGERS DETENPFE, MELANIE COLL ESTATE OF LILLIE M. YATES MARSHALL & WINSTON, INC. MYCO INDUSTRIES, INC. OLIVER, WILLIAM B. TRUST PANHANDLE ROYALTY COMPANY TRUST Q LUVIO PEGGY A. YATES YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	3.819445 1.171875 0.527343 1.171875 0.083871 0.703125 0.076170 0.468150 3.819445 3.125000 9.375000 3.819445 1.909722 7.639889 59.865890 1.909722
9e	TOWNSHIP 18 SOUTH, RANGE 25 EAST, N43PM SECTION 20, NE/4SW/4	40.000000	NM-4857-142, Ocotillo Petroleum NM-485-2022 FEDERAL - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	ABO PETROLEUM CORPORATION BELL, ERNIE BURN, FRANCES B. BURN, ROBERT B. COLL, CHARLES H. COLL, CLARKE C. COLL, ERIC J. COLL, JON F. COLL, JON F., II COLL, MAX W., II COLL, MAX W., III COLL, SALLY RODGERS DETENPFE, MELANIE COLL ESTATE OF LILLIE M. YATES MARSHALL & WINSTON, INC. MYCO INDUSTRIES, INC. OLIVER, WILLIAM B. TRUST PANHANDLE ROYALTY COMPANY TRUST Q LUVIO PEGGY A. YATES YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	3.819445 1.171875 0.527343 1.171875 0.083871 0.703125 0.076170 0.468150 3.819445 3.125000 9.375000 3.819445 1.909722 7.639889 59.865890 1.909722
9f	TOWNSHIP 18 SOUTH, RANGE 25 EAST, N43PM SECTION 20, NW/4SW/4	40.000000	NM-4857-142, Ocotillo Petroleum NM-485-2022 FEDERAL - HBP	YATES PETROLEUM CORPORATION	100.000000	12.500000	ABO PETROLEUM CORPORATION BELL, ERNIE BURN, FRANCES B. BURN, ROBERT B. COLL, CHARLES H. COLL, CLARKE C. COLL, ERIC J. COLL, JON F. COLL, JON F., II COLL, MAX W., II COLL, MAX W., III COLL, SALLY RODGERS DETENPFE, MELANIE COLL ESTATE OF LILLIE M. YATES MARSHALL & WINSTON, INC. MYCO INDUSTRIES, INC. OLIVER, WILLIAM B. TRUST PANHANDLE ROYALTY COMPANY TRUST Q LUVIO PEGGY A. YATES YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	3.819445 1.171875 0.527343 1.171875 0.083871 0.703125 0.076170 0.468150 3.819445 3.125000 9.375000 3.819445 1.909722 7.639889 59.865890 1.909722



TR #	TRACT ACRES	DESCRIPTION OF LANDS	SEEM NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERSICING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
11	80.00	TOWNSHIP 19 SOUTH, RANGE 26 EAST, N43M4, SECTION 18, E23M4	20.000000 UNLEASED MINERALS 3.333333 UNLEASED MINERALS 3.333333 UNLEASED MINERALS 10.000000 UNLEASED MINERALS 3.333334 UNLEASED MINERALS 20.000000 UNLEASED MINERALS HARVEY E. YATES 20.000000	VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION	100.000000 100.000000 100.000000 100.000000 100.000000 100.000000 100.000000 100.000000	0.156400 0.156400 0.156400 0.156400 0.156400 0.156400 0.156400 0.156400	CONE, KENNETH G. CONE, RANDY LEE HANSON/MACBRIDE PETROLEUM CO. MCCOWN, CATHEE CONE SACRAMENTO PARTNERS LIMITED SPIRAL, INC. VATES PETROLEUM CORPORATION	1.104860 0.388321 1.104870 1.381210 1.104860 1.382430 1.382430 89.204148
11a	40.00	TOWNSHIP 19 SOUTH, RANGE 26 EAST, N43M4, SECTION 18, SW1/4SE4	10.000000 UNLEASED MINERALS 1.666667 UNLEASED MINERALS 1.666667 UNLEASED MINERALS 5.000000 UNLEASED MINERALS 1.666666 UNLEASED MINERALS 10.000000 UNLEASED MINERALS HARVEY E. YATES 10.000000	JOHNSON ENTERPRISES, LTD LODEWICK ENERGY, INC. JOHN W. LODEWICK LAURA B. LODEWICK LAURA PATRICIA LODEWICK SACRAMENTO PARTNERS LIMITED SPIRAL, INC.	100.000000 100.000000 100.000000 100.000000 100.000000 100.000000 100.000000	1.562500 2.343740 1.562500 1.562500 2.343740 4.687500 4.687500	CONE, KENNETH G. CONE, RANDY LEE HANSON/MACBRIDE PETROLEUM CO. MCCOWN, CATHEE CONE SACRAMENTO PARTNERS LIMITED SPIRAL, INC. VATES PETROLEUM CORPORATION	0.823360 6.465720 1.106860 26.05004 12.311480 0.823360 2.746380 48.326100
12	41.21	TOWNSHIP 19 SOUTH, RANGE 26 EAST, N43M4, SECTION 18, LOT 1 (NW1/4NW1/4)	41.210000 S. P. JOHNSON, III / HANK FEE - HBP	VATES PETROLEUM CORPORATION CATHEE CONE MCCOWN ADVENSHINE CHILDRENS KATHLEEN CONE TRUST DOUGLAS L. CONE CLIFFORD CONE FAMILY TRUST TOM R. CONE KENNETH G. CONE KATHLEEN CONE TRUST D C TRUST, MARILYN J. CONE SACRAMENTO OIL COMPANY SACRAMENTO PARTNERS LIMITED SPIRAL, INC.	85.650608 1.442224 1.442225 1.442224 1.442224 1.442224 1.442224 1.442224 1.442224 1.442224 1.442224 0.648083 1.439384 1.439384	8.375000 8.375000	CONE, KENNETH G. CONE, RANDY LEE HANSON/MACBRIDE PETROLEUM CO. MCCOWN, CATHEE CONE SACRAMENTO PARTNERS LIMITED SPIRAL, INC. VATES PETROLEUM CORPORATION	0.823360 6.465720 1.106860 26.05004 12.311480 0.823360 2.746380 48.326100
13	41.24	TOWNSHIP 19 SOUTH, RANGE 26 EAST, N43M4, SECTION 18, LOT 2 (SW1/4NW1/4)	20.620000 RUBIN E. COVERT (MINERALS) 404-4-B MINERAL S. - HBP RUBIN E. COVERT (MINERALS) 404-4-B MINERAL S. - HBP S. P. JOHNSON, III / HANK FEE - HBP 2.060000 403-42 FEE - HBP	VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION	100.000000 100.000000 100.000000 100.000000 100.000000 100.000000 100.000000 100.000000	8.411190 0.637510 2.108410	CONE, KENNETH G. CONE, RANDY LEE HANSON/MACBRIDE PETROLEUM CO. MCCOWN, CATHEE CONE SACRAMENTO PARTNERS LIMITED SPIRAL, INC. VATES PETROLEUM CORPORATION	0.823360 6.465720 1.106860 26.05004 12.311480 0.823360 2.746380 48.326100
14	41.27	TOWNSHIP 19 SOUTH, RANGE 26 EAST, N43M4, SECTION 18, LOT 3 (NW1/4SW1/4)	33.016000 M. H. SHAW, ETAL / CONOCO N43M4-1982 FEE - HBP 8.254000 N43M4-1982-A FEE - HBP	VATES PETROLEUM CORPORATION VATES PETROLEUM CORPORATION	100.000000 100.000000	0.416680 0.416680 0.416680 0.416680 0.416680 0.416680 0.416680 0.416680	CONE, KENNETH G. CONE, RANDY LEE HANSON/MACBRIDE PETROLEUM CO. MCCOWN, CATHEE CONE SACRAMENTO PARTNERS LIMITED SPIRAL, INC. VATES PETROLEUM CORPORATION	0.823360 6.465720 1.106860 26.05004 12.311480 0.823360 2.746380 48.326100





TR #	TRACT ACRES	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
			15.000000	NEW MEXICO OSGAGE COOP NM-403-487-B FEE - HBP	VATES DRILLING COMPANY ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	33.333333 8.333334 18.666667 18.666667 8.333333 18.666666 33.333333 8.333334	0.801640 0.390620 0.355470 0.355470 0.390620 0.355470 0.355470 0.355470 0.355470 0.130200 0.130200	COLL. MAX W. II COLL. MAX W. III COLL. SALLY RODGERS DETENPLE, MELANIE COLL ELSIE G. HOLDEN, TESTAMENTARY ESTATE OF LILLIE M. YATES GENDRON, J. W. GOONOW, DAVID HODGE, JOSEPH R. HODGE, SANFORD J. III KAWASAKI, DR. ISAAC A. KELLER, BETSY H. MOORE, CHARLES CLINE MYCO INDUSTRIES, INC. OLIVER, WILLIAM B. TRUST PANHANDLE ROYALTY COMPANY SCHUMANN ADOLPH P. SHARBR OIL LIMITED COMPANY SPACE BUILDING CORPORATION TRUST O UWO/PEGGY A. YATES VAN VRANKEN, FREDERICK, JR. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION YATES, JOHN A.	0.703125 0.016759 0.469750 0.016759 0.020265 1.318445 0.008194 0.004129 0.000888 0.004129 0.020265 0.010233 3.858333 8.375000 8.375000 0.004129 1.318445 0.010233 0.004129 6.597222 66.015331 1.649306
			0.633333	JOE E. ROSS / ROGER HANKS NM-403-487-E FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333334			
			0.633333	ALTON ROSS / ROGER HANKS NM-403-487-G FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333333			
			0.633333	BOUNIE POWELL / ROGER HANKS NM-403-487-H FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333333			
			0.633333	JEVELL ROSSAM / ROGER HANKS NM-403-487-I FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333333			
			0.633334	MATTHE HEWARD / ROGER HANKS NM-403-487-J FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333333			
			0.633334	C. R. NIXON, ETUX / ROGER HANKS NM-403-487-K FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333333			
			2.500000	MARSHALL & WINSTON, INC. NM-403-1787 FEE - HBP	VATES PETROLEUM CORPORATION	100.000000			
			5.000000	ATLANTIC REO # FELD COMPANY NM-403-1787-A FEE - HBP	VATES PETROLEUM CORPORATION	100.000000			
			2.500000	ELIAS RODRIGUEZ OIL COMPANY / MUIRO NM-497-7 FEE - HBP	VATES PETROLEUM CORPORATION	100.000000			
			5.633333	COLE E. ROSS / ROGER HANKS NM-403-487 FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333334			
			2.500000	BOUNIE H. MARRISON / READING & NM-403-487-A FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333334			
			15.000000	NEW MEXICO OSGAGE COOP NM-403-487-B FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333334			
			1.666667	LENA W. HILDT, ET AL NM-403-487-C FEE - HBP	ABO PETROLEUM CORPORATION SHARBR OIL LIMITED COMPANY TRUST O UWO/PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A.	18.666667 18.666667 18.666667 18.666667 33.333334 8.333334			
21	40.00	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NM/PM SECTION 20 SW/4SE/4							



TRACT #	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERSIGHT ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
0.833333	ALTON ROSS / ROGER HANKS NM-403-487-G FEE - HBP	16.666667	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334	DEVON ENERGY PRODUCTION CO., LP HEARD, JEWEL T. HICKAM, JEWEL T. NEARBY LOCK MINERALS LIMITED COMPANY NEARBY LOCK EXPLORATION COMPANY PANHANDLE ROYALTY COMPANY		SPACE BUILDING CORPORATION TRUST Q UWVO PEGGY A. YATES VAN VRAKEN, FREDERICK, JR. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION YATES, JOHN A.	0.016323 1.868722 0.004129 7.638889 59.765896 1.868723
0.833334	BONNIE POWELL // ROGER HANKS NM-403-487-H FEE - HBP	16.666666	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 8.333333 16.666667 33.333334				
0.833334	ESWELL HICKAM // ROGER HANKS NM-403-487-I FEE - HBP	16.666667	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334				
0.833333	MARTIE HEARD / ROGER HANKS NM-403-487-J FEE - HBP	16.666666	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 8.333333 16.666667 33.333334				
0.833333	C. R. NIXON, ESQ. // ROGER HANKS NM-403-487-K FEE - HBP	16.666667	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334				
3.750000	COLL PRODUCTION, INC. / ROGER HANKS NM-403-487-L FEE - HBP	16.666667	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334				
1.250000	LEAH HINGE COLL. TRUSTEE NM-403-487-M FEE - HBP	16.666666	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 8.333333 16.666667 33.333334				
5.000000	PLAG REDFERN OIL COMPANY / MUNRO NM-487-T FEE - HBP	100.000000	ABO PETROLEUM CORPORATION	8.333333				
5.833333	COLE E. ROSS / ROGER HANKS NM-403-487 FEE - HBP	16.666666	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334				
2.500000	BONNIE H. WARRIS / READING & NM-403-487-A FEE - HBP	16.666667	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334				
15.000000	NEW MEXICO BRIDGE COOP NM-403-487-B FEE - HBP	16.666666	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 8.333333 16.666667 33.333334				
1.866667	LENA W. HILLER ET AL NM-403-487-C FEE - HBP	16.666667	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334				
0.833333	JOE E. ROSS / ROGER HANKS NM-403-487-E FEE - HBP	16.666666	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 8.333333 16.666667 33.333334				
0.833333	ALTON ROSS / ROGER HANKS NM-403-487-G FEE - HBP	16.666667	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UWVO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666667 8.333333 16.666667 33.333334				
0.833334	BONNIE POWELL // ROGER HANKS	16.666666	ABO PETROLEUM CORPORATION	8.333333				









TR #	TRACT ACRES OF LANDS	DESCRIPTION	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	OVERBURDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE
30	20.00	TOWNSHIP 18 SOUTH, RANGE 25 EAST, N40W4 SECTION 21: N25W4SW4	2.500000	H-OBORN, JEWEL JACOB GER HANKS N4-489-497-1 FEE - HBP	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST O UWO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 16.666667 8.333333 33.333334	OLIVER, WILLIAM B. TRUST PITCH ENERGY CORPORATION SACRAMENTO PARTNERS LIMITED SCHULMAN, ADOLPH P. SHARRO OIL LIMITED COMPANY SPACE BUILDING CORPORATION SPIRAL, INC. UNIT PETROLEUM COMPANY VAN VANKEN, FREDERICK, JR. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	0.016520 1.171880 3.906250 0.016520 0.390620 0.010320 3.125000 12.221980 0.016520 3.125000 48.975320
			2.500000	H-OBORN, WYRTHER GERDGER HANKS N4-489-497-J FEE - HBP	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST O UWO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 8.333333 16.666667 33.333334		
			7.500000	WADSWORTH, FREDERICK, CROSS TIMBERS N4-489-1815-A FEE - HBP	YATES PETROLEUM CORPORATION	8.333333 100.000000		
			45.000000	PARSONS, ROSEBURY COMPANY N4-489-1717 FEE - HBP	ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	10.000000 10.000000 10.000000 70.000000		
			7.500000	KEITH, W. COOGE CORPORATION N4-489-1813 FEE - HBP	YATES PETROLEUM CORPORATION	100.000000		
			7.500000	WADSWORTH, FREDERICK, INC. N4-489-1813 FEE - HBP	NEARLUNG EXPLORATION COMPANY MAX W. COLL. II JAMES N. COLL. CHARLES H. COLL.	100.000000 100.000000 100.000000 100.000000		
			3.750000	UNLEASED MINERALS 3.750000	JOHN F. COLL.	100.000000		
			3.750000	UNLEASED MINERALS 3.750000	ABO PETROLEUM CORPORATION	10.000000		
			2.500000	S. P. JOHNSON, BARBARA & TR N4-489-4722-A FEE - HBP	MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY	10.000000 10.000000 70.000000 10.000000 10.000000 70.000000		
			2.500000	PATRICIA LOEWICK COOPER N4-489-4723 FEE - HBP	YATES PETROLEUM CORPORATION SACRAMENTO PARTNERS LIMITED SPIRAL, INC.	10.000000 100.000000 100.000000		
31	20.00	TOWNSHIP 18 SOUTH, RANGE 25 EAST, N40W4 SECTION 21: S25W4SW4	8.333334	WADSWORTH, FREDERICK, INC. N4-489-120 MINERAL S METCALF, LORENE COQUINA N4-489-R FEE - HBP	YATES PETROLEUM CORPORATION ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	100.000000 25.000000 25.000000 25.000000 25.000000	ROSE, JOSEPHINE NORWAY, RICHARD C. SPACE BUILDING CORPORATION BROWN, FRANCES B. BUHN, FRANCES B. COLL. CHARLES H. COLL. CLARKE C. COLL. ERIC J. COLL. ERIC J. COLL. JON F. COLL. JON F. II COLL. MAX W. II COLL. MAX W. III COLL. SALLY RODGERS DETENPTE, MELANIE COLL E. G. L. RESOURCES, INC. ESTATE OF LILLIE M. YATES GERDON, J. W. GOODNOW, DAVID	0.016517 0.016517 0.016517 2.343750 2.343750 1.054687 2.343750 0.167343 0.035317 0.035317 0.035316 0.035316 0.008250 0.008250 0.024778 0.016517
			11.666667	MINERAL S METCALF, LORENE COQUINA N4-489-R FEE - HBP	YATES PETROLEUM CORPORATION	25.000000		
			100.000000	YATES PETROLEUM CORPORATION	NEARLUNG EXPLORATION COMPANY YATES PETROLEUM CORPORATION	14.062480 4.687520		
			100.000000	YATES PETROLEUM CORPORATION	HOOPER, ROBERT G. JOHNSON, S. P. III & BARBARA J. P.C. LIMITED PARTNERSHIP SPIRAL, INC.	0.250000 3.000000 3.000000 3.125000		
			100.000000	YATES PETROLEUM CORPORATION	ABO PETROLEUM CORPORATION	3.125000		
			100.000000	YATES PETROLEUM CORPORATION	BELO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUHN, FRANCES B. COLL. CHARLES H. COLL. CLARKE C.	0.016517 0.016517 0.016517 0.016517 1.054687		
			100.000000	YATES PETROLEUM CORPORATION	COLL. ERIC J. COLL. JON F. COLL. JON F. II COLL. MAX W. II COLL. MAX W. III COLL. SALLY RODGERS DETENPTE, MELANIE COLL E. G. L. RESOURCES, INC. ESTATE OF LILLIE M. YATES GERDON, J. W. GOODNOW, DAVID	0.035316 0.035316 0.035317 0.035317 0.035317 0.035316 0.035316 0.008250 0.008250 0.024778 0.016517		
			100.000000	YATES PETROLEUM CORPORATION	ABO PETROLEUM CORPORATION	3.125000		
			100.000000	YATES PETROLEUM CORPORATION	BELO, ERNIE BROWN BROTHERS HARRIMAN TRUST BUHN, FRANCES B. COLL. CHARLES H. COLL. CLARKE C.	0.016517 0.016517 0.016517 0.016517 1.054687		
			100.000000	YATES PETROLEUM CORPORATION	COLL. ERIC J. COLL. JON F. COLL. JON F. II COLL. MAX W. II COLL. MAX W. III COLL. SALLY RODGERS DETENPTE, MELANIE COLL E. G. L. RESOURCES, INC. ESTATE OF LILLIE M. YATES GERDON, J. W. GOODNOW, DAVID	0.035316 0.035316 0.035317 0.035317 0.035317 0.035316 0.035316 0.008250 0.008250 0.024778 0.016517		
30	20.00	TOWNSHIP 18 SOUTH, RANGE 25 EAST, N40W4 SECTION 21: N25W4SW4	2.500000	H-OBORN, JEWEL JACOB GER HANKS N4-489-497-1 FEE - HBP	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST O UWO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 16.666667 8.333333 33.333334	OLIVER, WILLIAM B. TRUST PITCH ENERGY CORPORATION SACRAMENTO PARTNERS LIMITED SCHULMAN, ADOLPH P. SHARRO OIL LIMITED COMPANY SPACE BUILDING CORPORATION SPIRAL, INC. UNIT PETROLEUM COMPANY VAN VANKEN, FREDERICK, JR. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	0.016520 1.171880 3.906250 0.016520 0.390620 0.010320 3.125000 12.221980 0.016520 3.125000 48.975320
			2.500000	H-OBORN, WYRTHER GERDGER HANKS N4-489-497-J FEE - HBP	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST O UWO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY	8.333333 16.666666 8.333333 16.666667 33.333334		
			7.500000	WADSWORTH, FREDERICK, CROSS TIMBERS N4-489-1815-A FEE - HBP	YATES PETROLEUM CORPORATION	8.333333 100.000000		
			45.000000	PARSONS, ROSEBURY COMPANY N4-489-1717 FEE - HBP	ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION	10.000000 10.000000 10.000000 70.000000		
			7.500000	KEITH, W. COOGE CORPORATION N4-489-1813 FEE - HBP	YATES PETROLEUM CORPORATION	100.000000		
			7.500000	WADSWORTH, FREDERICK, INC. N4-489-1813 FEE - HBP	NEARLUNG EXPLORATION COMPANY MAX W. COLL. II JAMES N. COLL. CHARLES H. COLL.	100.000000 100.000000 100.000000 100.000000		
			3.750000	UNLEASED MINERALS 3.750000	JOHN F. COLL.	100.000000		
			3.750000	UNLEASED MINERALS 3.750000	ABO PETROLEUM CORPORATION	10.000000		
			2.500000	S. P. JOHNSON, BARBARA & TR N4-489-4722-A FEE - HBP	MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY	10.000000 10.000000 70.000000 10.000000 10.000000 70.000000		
			2.500000	PATRICIA LOEWICK COOPER N4-489-4723 FEE - HBP	YATES PETROLEUM CORPORATION SACRAMENTO PARTNERS LIMITED SPIRAL, INC.	10.000000 100.000000 100.000000		















TRACT #	TRACT DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	LESSEE OF RECORD AND PERCENTAGE	BASIC ROYALTY AND PERCENTAGE	RECORDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	REFERENCE	
40	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW1/4 SECTION 28, NW1/4SW1/4	40.000000	K-4888-547, FINE 30/5 OIL & GAS & CONOCO N4-4822-4822-A STATE -HBP	TRUST Q UMWO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES, JOHN A. ABO PETROLEUM CORPORATION YATES DRILLING COMPANY MYCO INDUSTRIES, INC. YATES PETROLEUM CORPORATION ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION ARCO PERMAN	8.333333 16.666667 33.333334 25.000000 25.000000 25.000000 25.000000 25.000000 25.000000 25.000000 12.500000 12.500000 12.500000 50.000000 100.000000	12.500000	LANDGALDE CORPORATION MEYBOURNE, CURTIS W. NEARBURG EXPLORATION COMPANY RUTHEA, INC. YATES PETROLEUM CORPORATION	0.714286 2.617143 36.571428 0.714286 57.142857	OPERATING AGREEMENT SECTION 28: S2 402-4822-B 1-15-1975
40a	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW1/4 SECTION 28, NE1/4SW1/4	40.000000	K-4888-547, FINE 30/5 OIL & GAS & CONOCO N4-4822-4822-A STATE -HBP	YATES PETROLEUM CORPORATION	COMMISSIONER OF PUBLIC LANDS	12.500000	LANDGALDE CORPORATION MEYBOURNE, CURTIS W. NEARBURG EXPLORATION COMPANY RUTHEA, INC. YATES PETROLEUM CORPORATION	0.625000 2.500000 24.000000 0.625000 8.820000 12.500000 50.000000	OPERATING AGREEMENT SECTION 28: S2 402-4822-B 1-15-1975
40b	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW1/4 SECTION 28, S2SW1/4	80.000000	K-4888-547, FINE 30/5 OIL & GAS & CONOCO N4-4822-4822-A STATE -HBP	YATES PETROLEUM CORPORATION	COMMISSIONER OF PUBLIC LANDS	12.500000	F & J ENERGY PARTNERS, LTD. LANDGALDE CORPORATION MEYBOURNE, CURTIS W. NEARBURG EXPLORATION COMPANY RUTHEA, INC. YATES PETROLEUM CORPORATION	3.633000 0.625000 2.500000 28.464000 3.633000 0.625000 12.500000 50.000000	OPERATING AGREEMENT SECTION 28: S2 402-4822-B 1-15-1975
41	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW1/4 SECTION 28, SE1/4	80.000000	MARSHALL, WILLIAM H., ET AL N4-4822-487-A FEE -HBP MEEDEN, HELEN B.	ABO PETROLEUM CORPORATION MYCO INDUSTRIES, INC. YATES DRILLING COMPANY YATES PETROLEUM CORPORATION NEARBURG EXPLORATION COMPANY	BOND, ELEANOR MARGARET KIRKPATRICK LIVING SURVIVORS TRUST LEWIS, CATHERINE P. PETERSON, KARLA BOND PARKIN, MARGIE BOND RUMYAN, BARBARA JANE REV TRUST TACKITT, KAREN WILLIAMS, JOHN FINLAY WILLIAMS, ROSEMARY	2.063333 1.627068 0.156250 2.063334 2.063333 1.627068 0.234375 1.197917 0.729167 0.078125	LANDGALDE CORPORATION MEYBOURNE, CURTIS W. NEARBURG EXPLORATION COMPANY RUTHEA, INC. YATES PETROLEUM, INC. YATES PETROLEUM CORPORATION	0.625000 2.500000 33.750000 0.625000 12.500000 50.000000	OPERATING AGREEMENT SECTION 28: S2 402-4822-B 1-15-1975
42	TOWNSHIP 19 SOUTH, RANGE 25 EAST, NW1/4 SECTION 28, E2NE1/4	80.00	CARR, E. ROSS N4-4822-497 FEE -HBP LENN, W. HILDT N4-4822-497-C FEE -HBP JOE E. ROSS N4-4822-497-E FEE -HBP AL TEANROSS	ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UMWO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. YATES PETROLEUM CORPORATION ABO PETROLEUM CORPORATION SHARRO OIL LIMITED COMPANY TRUST Q UMWO PEGGY A. YATES ESTATE OF LILLIE M. YATES YATES DRILLING COMPANY YATES, JOHN A. ABO PETROLEUM CORPORATION	16.666666 16.666667 8.333333 33.333334 8.333333 100.000000 16.666666 16.666667 8.333333 16.666667 8.333333 33.333334 8.333333 16.666666	3.125000 1.562500 0.585940 0.280416 0.280416 0.585940 0.781250 7.031250 0.280417 0.401056 0.280416 0.280416 0.236942 0.280416 0.236942	ABO PETROLEUM CORPORATION MEYBOURNE, CURTIS W. NEARBURG EXPLORATION COMPANY RUTHEA, INC. YATES PETROLEUM CORPORATION	1.067750 0.037164 0.006291 0.037164 4.386054 0.001549 2.063334 2.063333 1.063750 0.037163 0.250000 6.250000 0.181191 18.332942 0.037163	OPERATING AGREEMENT BINGER AUY #1 SECTION 28 NE1/4 403-1553-E 1-12-1983











EXHIBIT C  
SCHEDULE SHOWING UNIT PARTICIPATION OF EACH WORKING INTEREST OWNER  
PAGE 1 OF 2

OWNER NAME	UNIT PARTICIPATION
ABO PETROLEUM CORPORATION	1.535016
BP AMERICA PRODUCTION COMPANY	0.060826
MCCOWN, CATHIE CONE	0.083703
AUVENSHINE CHILDREN'S	0.100862
CONE, KATHLEEN TRUST, DEC'D (BOO)	0.067243
BELLO, ERNIE	0.005115
BLANTON, KIMBERLY STEWART	0.014039
BROWN BROTHERS HARRIMAN TRUST	0.004346
BUNN, FRANCES B.	0.005115
BUNN, ROBERT B.	0.002608
COLL, CLARKE C.	0.090069
COLL, ERIC J.	0.090069
COLL, CHARLES H.	0.200151
COLL, CHRISTOPHER DALE	0.014039
COLL, KENNETH JAMES	0.014039
COLL, MICHAEL T.	0.014039
COLL, RICHARD KEITH	0.014039
COLL, SALLY RODGERS	0.080057
COLL, JON F.	0.115922
COLL, JON F. II	0.028329
COLL, MAX W. II	0.120090
COLL, MAX W. III	0.002864
CONE, RANDY LEE	0.033621
CONE, TOM R.	0.076537
CONE, KENNETH G.	0.095039
CONE, KATHLEEN TRUST, DEC'D (KGC)	0.100862
COLUMBIA RIVER RESOURCES, INC.	0.074243
DETEMPLE, MELANIE COLL	0.002864
DEVON ENERGY PRODUCTION CO., LP	0.026739
E. G. L. RESOURCES, INC.	0.117871
EXPLORERS PETROLEUM CORP.	0.067241
F & J ENERGY PARTNERS, LTD.	0.080543
FIRST ROSWELL COMPANY	0.055737
OLIVER, WILLIAM B. TRUST	0.005077
GFB ACQUISITION - 1, LP	0.114987
GENDRON, J. W.	0.003210
GOODNOW, DAVID	0.002159
HANSON-MCBRIDE PETROLEUM CO.	0.104975
HODGE, JOSEPH R.	0.000269
HODGE, SANFORD J. III	0.000576
ELSIE G. HOLDEN, TESTAMENTARY	0.001319
HOLLYHOCK, LTD	0.325241
JALAPENO CORPORATION	0.101898
JOHNSON, S. P. III & BARBARA J.	0.067337
KAWASAKI, DR. ISAAC A.	0.002106
KELLER, BETSY H.	0.001319
LANGDALE CORPORATION	0.040393
LODEWICK, JOHN W.	0.325242

EXHIBIT C  
SCHEDULE SHOWING UNIT PARTICIPATION OF EACH WORKING INTEREST OWNER  
PAGE 2 OF 2

OWNER NAME	UNIT PARTICIPATION
LODEWICK, LAURA PATRICIA	0.325242
MARKS OIL INC.	0.075691
MARSHALL & WINSTON, INC.	0.074708
MEWBOURNE, CURTIS W.	0.161573
MOORE, CHARLES CLINE	0.004128
MOORE, MICHAEL HARRISON	0.012154
MOORE, RICHARD L.	0.012154
MOORE, STEPHEN SCOTT ESTATE	0.012154
MYCO INDUSTRIES, INC.	1.625054
NEARBURG EXPLORATION COMPANY	9.436103
OZARK EXPLORATION, INC.	0.525327
OZARK (GAS) / ALTURA (OIL)	0.530185
PJC LIMITED PARTNERSHIP	0.067337
PANHANDLE ROYALTY COMPANY	0.434066
PITCH ENERGY CORPORATION	0.127640
REYNOLDS, FRED N.	0.080543
RUTHEA, INC.	0.040393
SACRAMENTO PARTNERS LIMITED	2.229919
SCHUMAN, ADOLPH P.	0.002138
SHARBRO OIL LIMITED COMPANY	0.414960
SOUTHWEST ROYALTIES, INC.	1.690908
SPACE BUILDING CORPORATION	0.005803
SPIRAL, INC.	1.086602
TOM BROWN, INC.	0.790735
TRANSREPUBLIC RESOURCES, LTD	0.004842
UNIT PETROLEUM COMPANY	2.432449
VINTAGE PETROLEUM, INC.	0.736598
VOIGT, WILMA EVELYN	0.334424
VAN VRANKEN, FREDERICK, JR.	0.004574
YATES ENERGY CORPORATION	0.213674
TRUST Q U/W/O PEGGY A. YATES	0.298393
HARVEY E. YATES COMPANY	0.507310
ESTATE OF LILLIE M. YATES	0.414960
YATES DRILLING COMPANY	2.131806
YATES, JOHN A.	0.298400
YATES PETROLEUM CORPORATION	68.367068
TOTAL	100.000000

EXHIBIT C  
SCHEDULE SHOWING UNIT PARTICIPATION OF EACH WORKING INTEREST OWNER  
PAGE 1 OF 2

OWNER NAME	UNIT PARTICIPATION
ABO PETROLEUM CORPORATION	1.535016
BP AMERICA PRODUCTION COMPANY	0.060826
MCCOWN, CATHIE CONE	0.083703
AUVENSHINE CHILDREN'S	0.100862
CONE, KATHLEEN TRUST, DEC'D (BOO)	0.067243
BELLO, ERNIE	0.005115
BLANTON, KIMBERLY STEWART	0.014039
BROWN BROTHERS HARRIMAN TRUST	0.004346
BUNN, FRANCES B.	0.005115
BUNN, ROBERT B.	0.002608
COLL, CLARKE C.	0.090069
COLL, ERIC J.	0.090069
COLL, CHARLES H.	0.200151
COLL, CHRISTOPHER DALE	0.014039
COLL, KENNETH JAMES	0.014039
COLL, MICHAEL T.	0.014039
COLL, RICHARD KEITH	0.014039
COLL, SALLY RODGERS	0.080057
COLL, JON F.	0.115922
COLL, JON F. II	0.028329
COLL, MAX W. II	0.120090
COLL, MAX W. III	0.002864
CONE, RANDY LEE	0.033621
CONE, TOM R.	0.076537
CONE, KENNETH G.	0.095039
CONE, KATHLEEN TRUST, DEC'D (KGC)	0.100862
COLUMBIA RIVER RESOURCES, INC.	0.074243
DETEMPLE, MELANIE COLL	0.002864
DEVON ENERGY PRODUCTION CO., LP	0.026739
E. G. L. RESOURCES, INC.	0.117871
EXPLORERS PETROLEUM CORP.	0.067241
F & J ENERGY PARTNERS, LTD.	0.080543
FIRST ROSWELL COMPANY	0.055737
OLIVER, WILLIAM B. TRUST	0.005077
GFB ACQUISITION - 1, LP	0.114987
GENDRON, J. W.	0.003210
GOODNOW, DAVID	0.002159
HANSON-MCBRIDE PETROLEUM CO.	0.104975
HODGE, JOSEPH R.	0.000269
HODGE, SANFORD J. III	0.000576
ELSIE G. HOLDEN, TESTAMENTARY	0.001319
HOLLYHOCK, LTD	0.325241
JALAPENO CORPORATION	0.101898
JOHNSON, S. P. III & BARBARA J.	0.067337
KAWASAKI, DR. ISAAC A.	0.002106
KELLER, BETSY H.	0.001319
LANGDALE CORPORATION	0.040393
LODEWICK, JOHN W.	0.325242

EXHIBIT C  
SCHEDULE SHOWING UNIT PARTICIPATION OF EACH WORKING INTEREST OWNER  
PAGE 2 OF 2

OWNER NAME	UNIT PARTICIPATION
LODEWICK, LAURA PATRICIA	0.325242
MARKS OIL INC.	0.075691
MARSHALL & WINSTON, INC.	0.074708
MEWBOURNE, CURTIS W.	0.161573
MOORE, CHARLES CLINE	0.004128
MOORE, MICHAEL HARRISON	0.012154
MOORE, RICHARD L.	0.012154
MOORE, STEPHEN SCOTT ESTATE	0.012154
MYCO INDUSTRIES, INC.	1.625054
NEARBURG EXPLORATION COMPANY	9.436103
OZARK EXPLORATION, INC.	0.525327
OZARK (GAS) / ALTURA (OIL)	0.530185
PJC LIMITED PARTNERSHIP	0.067337
PANHANDLE ROYALTY COMPANY	0.434066
PITCH ENERGY CORPORATION	0.127640
REYNOLDS, FRED N.	0.080543
RUTHEA, INC.	0.040393
SACRAMENTO PARTNERS LIMITED	2.229919
SCHUMAN, ADOLPH P.	0.002138
SHARBRO OIL LIMITED COMPANY	0.414960
SOUTHWEST ROYALTIES, INC.	1.690908
SPACE BUILDING CORPORATION	0.005803
SPIRAL, INC.	1.086602
TOM BROWN, INC.	0.790735
TRANSREPUBLIC RESOURCES, LTD	0.004842
UNIT PETROLEUM COMPANY	2.432449
VINTAGE PETROLEUM, INC.	0.736598
VOIGT, WILMA EVELYN	0.334424
VAN VRANKEN, FREDERICK, JR.	0.004574
YATES ENERGY CORPORATION	0.213674
TRUST Q U/W/O PEGGY A. YATES	0.298393
HARVEY E. YATES COMPANY	0.507310
ESTATE OF LILLIE M. YATES	0.414960
YATES DRILLING COMPANY	2.131806
YATES, JOHN A.	0.298400
YATES PETROLEUM CORPORATION	68.367068
TOTAL	100.000000

EXHIBIT D  
SCHEDULE OF REMAINING PRIMARY RESERVES ALLOCABLE TO EACH WORKING INTEREST OWNER  
PAGE 1 OF 2

OWNER NAME	BOE RESERVES, STBOE
ABO PETROLEUM CORPORATION	10127.0
BP AMERICA PRODUCTION COMPANY	53.2
MCCOWN, CATHIE CONE	342.6
AUVENSHINE CHILDREN'S	342.7
CONE, KATHLEEN TRUST, DEC'D (BOO)	228.3
BELLO, ERNIE	21.1
BLANTON, KIMBERLY STEWART	200.8
BROWN BROTHERS HARRIMAN TRUST	17.1
BUNN, FRANCES B.	21.1
BUNN, ROBERT B.	7.7
COLL, CLARKE C.	770.9
COLL, ERIC J.	770.9
COLL, CHARLES H.	1713.3
COLL, CHRISTOPHER DALE	200.8
COLL, KENNETH JAMES	200.8
COLL, MICHAEL T.	200.8
COLL, RICHARD KEITH	200.8
COLL, SALLY RODGERS	685.3
COLL, JON F.	508.3
COLL, JON F. II	323.2
COLL, MAX W. II	1028.2
COLL, MAX W. III	24.4
CONE, RANDY LEE	114.3
CONE, TOM R.	301.9
CONE, KENNETH G.	342.6
CONE, KATHLEEN TRUST, DEC'D (KGC)	342.7
COLUMBIA RIVER RESOURCES, INC.	270.0
DETEMPLE, MELANIE COLL	24.4
DEVON ENERGY PRODUCTION CO., LP	169.2
E. G. L. RESOURCES, INC.	420.1
EXPLORERS PETROLEUM CORP.	233.3
F & J ENERGY PARTNERS, LTD.	1006.1
FIRST ROSWELL COMPANY	321.7
OLIVER, WILLIAM B. TRUST	21.1
GFB ACQUISITION - 1, LP	618.4
GENDRON, J. W.	8.4
GOODNOW, DAVID	5.5
HANSON-MCBRIDE PETROLEUM CO.	294.5
HODGE, JOSEPH R.	0.3
HODGE, SANFORD J. III	1.7
ELSIE G. HOLDEN, TESTAMENTARY	4.4
HOLLYHOCK, LTD	2666.2
JALAPENO CORPORATION	336.9
JOHNSON, S. P. III & BARBARA J.	113.2
KAWASAKI, DR. ISAAC A.	5.5
KELLER, BETSY H.	4.4
LANGDALE CORPORATION	340.8
LODEWICK, JOHN W.	2666.2
LODEWICK, LAURA PATRICIA	2666.2

EXHIBIT D  
SCHEDULE OF REMAINING PRIMARY RESERVES ALLOCABLE TO EACH WORKING INTEREST OWNER  
PAGE 2 OF 2

OWNER NAME	BOE RESERVES, STBOE
MARKS OIL INC.	422.2
MARSHALL & WINSTON, INC.	280.2
MEWBOURNE, CURTIS W.	1363.4
MOORE, CHARLES CLINE	7.4
MOORE, MICHAEL HARRISON	40.0
MOORE, RICHARD L.	40.0
MOORE, STEPHEN SCOTT ESTATE	40.0
MYCO INDUSTRIES, INC.	10566.5
NEARBURG EXPLORATION COMPANY	74426.6
OZARK EXPLORATION, INC.	1971.8
OZARK (GAS) / ALTURA (OIL)	54.7
PJC LIMITED PARTNERSHIP	113.2
PANHANDLE ROYALTY COMPANY	1359.7
PITCH ENERGY CORPORATION	951.7
REYNOLDS, FRED N.	1006.1
RUTHEA, INC.	340.8
SACRAMENTO PARTNERS LIMITED	12351.1
SCHUMAN, ADOLPH P.	5.5
SHARBRO OIL LIMITED COMPANY	2181.4
SOUTHWEST ROYALTIES, INC.	19994.2
SPACE BUILDING CORPORATION	12.4
SPIRAL, INC.	8438.3
TOM BROWN, INC.	13480.2
TRANSREPUBLIC RESOURCES, LTD	26.1
UNIT PETROLEUM COMPANY	10931.5
VINTAGE PETROLEUM, INC.	6816.6
VOIGT, WILMA EVELYN	1930.7
VAN VRANKEN, FREDERICK, JR.	21.1
YATES ENERGY CORPORATION	706.5
TRUST Q U/W/O PEGGY A. YATES	1682.5
HARVEY E. YATES COMPANY	1654.5
ESTATE OF LILLIE M. YATES	2181.4
YATES DRILLING COMPANY	13492.0
YATES, JOHN A.	1682.5
YATES PETROLEUM CORPORATION	459540.9
TOTAL	681403.0



EXHIBIT E  
SCHEDULE OF VALUES OF REMAINING PRIMARY RESERVES ALLOCABLE TO EACH WORKING  
INTEREST OWNER FOR WITHDRAWAL FROM UNIT PURSUANT TO PARAGRAPH 17.1  
PAGE 1 OF 2

OWNER NAME	VALUE OF RESERVES, DOLLARS
ABO PETROLEUM CORPORATION	9,277
BP AMERICA PRODUCTION COMPANY	838
MCCOWN, CATHIE CONE	832
AUVENSHINE CHILDREN'S	997
CONE, KATHLEEN TRUST, DEC'D (BOO)	665
BELLO, ERNIE	57
BLANTON, KIMBERLY STEWART	307
BROWN BROTHERS HARRIMAN TRUST	51
BUNN, FRANCES B.	57
BUNN, ROBERT B.	23
COLL, CLARKE C.	1,973
COLL, ERIC J.	1,973
COLL, CHARLES H.	4,383
COLL, CHRISTOPHER DALE	307
COLL, KENNETH JAMES	307
COLL, MICHAEL T.	307
COLL, RICHARD KEITH	307
COLL, SALLY RODGERS	1,753
COLL, JON F.	2,539
COLL, JON F. II	620
COLL, MAX W. II	2,630
COLL, MAX W. III	63
CONE, RANDY LEE	332
CONE, TOM R.	750
CONE, KENNETH G.	941
CONE, KATHLEEN TRUST, DEC'D (KGC)	997
COLUMBIA RIVER RESOURCES, INC.	416
DETEMPLE, MELANIE COLL	63
DEVON ENERGY PRODUCTION CO., LP	257
E. G. L. RESOURCES, INC.	1,627
EXPLORERS PETROLEUM CORP.	695
F & J ENERGY PARTNERS, LTD.	1,111
FIRST ROSWELL COMPANY	535
OLIVER, WILLIAM B. TRUST	57
GFB ACQUISITION - 1, LP	999
GENDRON, J. W.	34
GOODNOW, DAVID	23
HANSON-MCBRIDE PETROLEUM CO.	1,044
HODGE, JOSEPH R.	3
HODGE, SANFORD J. III	3
ELSIE G. HOLDEN, TESTAMENTARY	15
HOLLYHOCK, LTD	6,784
JALAPENO CORPORATION	1,045
JOHNSON, S. P. III & BARBARA J.	1,475
KAWASAKI, DR. ISAAC A.	24
KELLER, BETSY H.	15
LANGDALE CORPORATION	557

EXHIBIT E  
SCHEDULE OF VALUES OF REMAINING PRIMARY RESERVES ALLOCABLE TO EACH WORKING  
INTEREST OWNER FOR WITHDRAWAL FROM UNIT PURSUANT TO PARAGRAPH 17.1  
PAGE 2 OF 2

OWNER NAME	VALUE OF RESERVES, DOLLARS
LODEWICK, JOHN W.	6,784
LODEWICK, LAURA PATRICIA	6,784
MARKS OIL INC.	1,658
MARSHALL & WINSTON, INC.	1,636
MEWBOURNE, CURTIS W.	2,230
MOORE, CHARLES CLINE	46
MOORE, MICHAEL HARRISON	266
MOORE, RICHARD L.	266
MOORE, STEPHEN SCOTT ESTATE	266
MYCO INDUSTRIES, INC.	9,644
NEARBURG EXPLORATION COMPANY	24,675
OZARK EXPLORATION, INC.	5,407
OZARK (GAS) / ALTURA (OIL)	8,460
PJC LIMITED PARTNERSHIP	1,475
PANHANDLE ROYALTY COMPANY	5,990
PITCH ENERGY CORPORATION	1,762
REYNOLDS, FRED N.	1,111
RUTHEA, INC.	557
SACRAMENTO PARTNERS LIMITED	40,820
SCHUMAN, ADOLPH P.	23
SHARBRO OIL LIMITED COMPANY	3,886
SOUTHWEST ROYALTIES, INC.	12,980
SPACE BUILDING CORPORATION	71
SPIRAL, INC.	13,620
TOM BROWN, INC.	6,131
TRANSREPUBLIC RESOURCES, LTD	42
UNIT PETROLEUM COMPANY	26,615
VINTAGE PETROLEUM, INC.	10,165
VOIGT, WILMA EVELYN	4,615
VAN VRANKEN, FREDERICK, JR.	51
YATES ENERGY CORPORATION	2,192
TRUST Q U/W/O PEGGY A. YATES	3,485
HARVEY E. YATES COMPANY	5,193
ESTATE OF LILLIE M. YATES	3,887
YATES DRILLING COMPANY	16,197
YATES, JOHN A.	3,484
YATES PETROLEUM CORPORATION	599,500
TOTAL	882,042

## EXHIBIT "F"

### Accounting Procedure

# ACCOUNTING PROCEDURE JOINT OPERATIONS

## I. GENERAL PROVISIONS

### 1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

### 2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

### 3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

### 4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

### 5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

### 6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

## II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

### 1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

### 2. Labor

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of First Level Supervisors in the field.
- (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

### 3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%).

### 4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

### 5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

### 6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

### 7. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

### 8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

### 9. Legal Expense

- A. Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.
- B. Expenses incurred by Operator in representing the Joint Property at hearings or proceedings before state or federal regulatory or administrative agencies.

## 10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

## 11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

## 12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

## III. OVERHEAD

## 1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- (XX ) Fixed Rate Basis, Paragraph 1A, or  
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not (XX) be covered by the Overhead rates.

## A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 5400.00  
Producing Well Rate \$ 540.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

## (a) Drilling Well Rate

- [1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

## (b) Producing Well Rates

- [1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- [2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- [3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- [4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
- [5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

**B. Overhead - Percentage Basis**

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

\_\_\_\_\_ Percent ( %) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

\_\_\_\_\_ Percent ( %) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

**2. Overhead - Major Construction**

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of \$ 25,000.00 :

A. 5 % of total costs if such costs are more than \$ 25,000.00 but less than \$ 100,000.00 ; plus

B. 3 % of total costs in excess of \$ 100,000.00 but less than \$1,000,000; plus

C. 2 % of total costs in excess of \$1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

**3. Amendment of Rates**

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

**IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS**

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

**1. Purchases**

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

**2. Transfers and Dispositions**

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

**A. New Material (Condition A)**

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

**B. Good Used Material (Condition B)**

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

- (b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

**C. Other Used Material (Condition C and D)**

**(1) Condition C**

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

**(2) Condition D**

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

**D. Obsolete Material**

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

**E. Pricing Conditions**

- (1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

- (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

**3. Premium Prices**

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

**4. Warranty of Material Furnished by Operator**

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

## V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

**1. Periodic Inventories, Notice and Representation**

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

**2. Reconciliation and Adjustment of Inventories**

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

**3. Special Inventories**

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

**4. Expense of Conducting Periodic Inventories**

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

EXHIBIT "G"  
Insurance Provisions

ADDITIONAL INSURANCE PROVISIONS

Operator, during the term of this agreement, shall carry insurance for the benefit and at the expense of the parties hereto, as follows:

(A) Workman's Compensation Insurance as contemplated by the state in which operations will be conducted, and Employer's Liability Insurance with limits of not less than \$1,000,000.00 per employee.

(B) Public Liability Insurance:  
Bodily Injury and Property Damage - \$1,000,000.00 single limit each occurrence.

(C) Automobile Public Liability Insurance:  
Bodily Injury \$500,000.00 each person.  
\$1,000,000.00 each occurrence.

Property Damage - \$500,000.00 each accident.

(or)

Bodily Injury and Property Damage - \$1,000,000.00 combined single limit.

(D) Control of Well and Extra Expense - \$10,000,000.00 - Limit of Liability

Except as authorized by this Exhibit "D", Operator shall not make any charge to the joint account for insurance premiums. Losses not covered by Operator's insurance (or by insurance required by this agreement to be carried for the benefit and at the expense of the parties hereto) shall be charged to the joint account.



**EXHIBIT "H"**  
**EQUAL EMPLOYMENT OPPORTUNITY PROVISION**

During the performance of this contract, the Operator agrees as follows:

- (1) The Operator will not discriminate against any employee or applicant for employment because of race, color, religion, national origin or sex. The Operator will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin or sex. Such action 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 in conspicuous places, available to employees and applicants for employment notices to be provided for the contracting officer setting forth the provisions of this non-discrimination clause.
- (2) The Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin or sex.
- (3) The Operator will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Operator's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Operator will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The Operator will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the Operator's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the Operator may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- (7) The Operator will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Operator will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, that in the event the Operator becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Operator may request the United States to enter into such litigation to protect the interests of the United States.

Operator acknowledges that it may be required to file Standard Form 100 (EEO-1) promulgated jointly by the Office of Federal Contract Compliance, the Equal Employment Opportunity Commission and Plans for Progress with Joint Reporting Committee, Federal Depot, Jeffersonville, Indiana, within thirty (30) days of the date of contract award if such report has not been filed for the current year and otherwise comply with or file such other compliance reports as may be required under Executive Order 11246, as amended and Rules and Regulations adopted thereunder.

Operator further acknowledges that he may be required to develop a written affirmative action compliance program as required by the Rules and Regulations approved by the Secretary of Labor under authority of Executive Order 11246 and supply Non-Operators with a copy of such program if they so request.

#### CERTIFICATION OF NON-SEGREGATED FACILITIES

Operator assures Non-Operators that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. For this purpose, it is understood that the phrase "segregated facilities" includes facilities which are in fact segregated on a basis of race, color, religion, or national origin, because of habit; local custom or otherwise. It is further understood and agreed that maintaining or providing segregated facilities for its employees or permitting its employees to perform their services at any location under its control where segregated facilities are maintained is a violation of the equal opportunity clause required by Executive Order 11246 of September 24, 1965.

Operator further understands and agrees that a breach of the assurance herein contained subjects it to the provisions of the Order at 41 CFR Chapter 60 of the Secretary of Labor dated May 21, 1968, and the provisions of the equal opportunity clause enumerated in contracts between the United States of America and Non-Operators.

Whoever knowingly and willfully makes any false, fictitious or fraudulent representation may be liable to criminal prosecution under 18 U. S. C. - 1001 .