

**THIRD AMENDMENT
TO
GRAYBURG-JACKSON WEST
COOPERATIVE UNIT AGREEMENT
EDDY COUNTY, NEW MEXICO**

On June 23, 1966, the parties to this Third Amendment, or their predecessors in interest, (the "Owners"), entered into a Unit Agreement (the "Agreement") affecting all Leases and interests included within the Unit, which are described in the Agreement, a counterpart of which is recorded in Volume 170, page 109, of the official records of the County Clerk, Eddy County, New Mexico. The Agreement was subsequently amended by the Owners pursuant to that First Amendment dated March 1, 1968 to include additional lands. The Unit is now comprised of the following lands:

Township 17 South, Range 29 East, NMPM

Section 15: W1/2SW1/4
Section 16: All
Section 21: All
Section 22: W1/2W1/2, E1/2NW1/4,
NE1/4SW1/4, NW1/4NE1/4
Section 27: W1/2SW1/4
Section 28: All

The Agreement was amended again by the Owners pursuant to that Second Amendment dated December 1, 2005 to extend the vertical limits of the Unitized Formation to include all formations from the top of the Seven Rivers formation to the base of the Glorieta-Yeso (Paddock) formation as defined therein.

Owners, by unanimous consent, desire to again amend the Unit Agreement to extend the defined vertical limits of the Unitized Formation to include a deeper formation. For adequate consideration and the mutual benefits to be derived by the Owners, being all parties (or their successors) to the Agreement, as amended, hereby amend the fourth and fifth unnumbered paragraphs of the first page of the Agreement (Volume 170, page 111), and the third unnumbered paragraph of the Second Amendment (Volume ____, page ____), to the extent they refer to and define the Unitized Formation, as follows:

The Unitized Formation extends to and includes all formations from the top of the Seven Rivers formation to the top of the Abo formation. All other terms and provisions of the Agreement referring to the Unitized Formation, either directly or indirectly, are amended to conform herewith.

This Amendment is executed by all Owners as of the date of the acknowledgment of their signatures, but is deemed effective, for all purposes, as of November 1, 2006, the Effective Date. It may be executed in multiple counterparts, which, when taken together, shall be deemed one

