

**UNIT AGREEMENT**  
**FOR THE DEVELOPMENT AND OPERATION**  
**OF THE**  
**WEST BLINEBRY - DRINKARD UNIT**  
**LEA COUNTY, NEW MEXICO**

EXHIBIT **B**

# UNIT AGREEMENT

## WEST BLINEBRY - DRINKARD UNIT LEA COUNTY, NEW MEXICO

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THIS AGREEMENT, entered into as of the 1<sup>st</sup> day of December, 2007, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto".

WITNESSETH

WHEREAS, the parties hereto are the owners of working, royalty, or other oil and gas interests in the Unit Area subject to this Agreement; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly, or separately with others, in collectively adapting and operating a cooperative or unit plan of development or operation of any oil or gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Land of the State of New Mexico is authorized by an Act of the Legislature (Section 1, Chapter 88, Laws 1943, as amended by Section 1 of Chapter 176, Laws of 1961) (Chapter 19, Article 10, Section 45, New Mexico Statutes 1978 Annotated), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 1, Chapter 88, Laws 1943, as amended by Section 1, Chapter 162, Laws of 1951), (Chapter 19, Article 10, Section 47, New Mexico Statutes. 1978 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease

may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico (hereinafter referred to as the "Division") is authorized by an Act of the Legislature (Chapter 72 Laws of 1935 as amended) (Chapter 70, Article 2, Section 2 et seq., New Mexico Statutes 1978 Annotated) to approve this Agreement and the conservation provisions hereof; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico is authorized by law (Chapter 65, Article 3 and Article 14, N.M.S. 1953 Annotated) to approve this Agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interest in the Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this Agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this Agreement their respective interest in the below defined Unit Area, and agree severally among themselves as follows:

SECTION 1. ENABLING ACT AND REGULATION. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this Agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this Agreement; and as to non-federal lands, the oil and gas operating regulations in effect as of the Effective Date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of

the state in which the non-federal land is located, are hereby accepted and made a part of this Agreement.

SECTION 2. UNIT AREA AND DEFINITIONS. For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

(a) "Authorized Officer" or "A.O." is any employee of the Bureau of Land Management who has been delegated the required authority to act on behalf of the BLM.

(b) "Department" is defined as the Department of the Interior of the United States of America.

(c) "Division" is defined as the Oil Conservation Division of the Department of Energy and Minerals of the State of New Mexico.

(d) "Effective Date" is the date determined in accordance with Section 24, or as redetermined in accordance with Section 39.

(e) "Oil and Gas Rights" are rights to explore, develop and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

(f) "Outside Substances" is any substance obtained from any source other than the Unitized Formation and which is injected into the Unitized Formation.

(g) "Plan of Operation" shall have the meaning ascribed to such term in Section 11 hereof.

(h) "Proper BLM Office" is defined as the Bureau of Land Management office having jurisdiction over the federal lands included in the Unit Area.

(i) "Royalty Interest" or "Royalty" is an interest other than a Working Interest in, or right to receive a portion of, the Unitized Substances or the proceeds thereof and includes; the Royalty Interest reserved by the lessor or by an oil and gas lease and any overriding royalty interest, oil

payment interest, net profit contracts, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(j) "Royalty Owner" is the owner of a Royalty Interest.

(k) "Secretary" is defined as the Secretary of the Interior of the United States of America, or his duly authorized delegate.

(l) "Tract" is each parcel of land described as such and given a Tract number in Exhibit "B-1".

(m) "Tract Participation" is defined as the percentage of participation shown on Exhibit "B-2" for allocating Unitized Substances to a Tract under this Agreement.

n) "Unit Area" is defined as those lands described in Exhibit "B-1" and depicted on Exhibit "A" hereof, and such land is hereby designated and recognized as constituting the Unit Area, containing 2,480.00 acres, more or less, in Lea County, New Mexico.

(o) "Unit Equipment" is all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

(p) "Unit Expense" is all cost, expense or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Agreement and the Unit Operating Agreement for or on account of Unit Operations.

(q) "Unit Manager" is any person or corporation appointed by the Working Interest Owners to perform the duties of the Unit Operator until the selection and qualification of a successor Unit Operator as provided for in Section 7 hereof.

(r) "Unit Operating Agreement" is the Agreement entered into by and between the Unit Operator and the Working Interest Owners as provided in Section 9, infra, and shall be styled "Unit Operating Agreement, West Blinbry - Drinkard Unit, Lea County, New Mexico".

(s) "Unit Operations" is any operation conducted pursuant to this Agreement and the Unit Operating Agreement.

(t) "Unit Operator" is the party designated by the Working Interest Owners pursuant to Section 6 of this Agreement and any successor thereof selected and qualified in accordance with the provisions of this Agreement and the Unit Operating Agreement.

(u) "Unit Participation" is the sum of the percentages obtained by multiplying the Working Interest of a Working Interest Owner in each Tract by the Tract Participation of such Tract.

(v) "Unitized Formation" shall mean that interval underlying the Unit Area, the vertical limits of which extend from an upper limit 75 feet above the stratigraphic Blinebry marker to a lower limit at the top of the Abo formation as seen on the Type Log from the Apache Corporation Hawk B-1 #34 located at 1040' FSL and 1470' FWL, Section 9-T21S-R37E, and is that interval which is correlative to the interval from 5584' to 6690' below the surface measured from the derrick floor as shown on Exhibit "C" Type Log. The Blinebry marker has been defined by the New Mexico Oil Conservation Commission ("NMOCC") at a depth of 5457 feet (elevation 3380, sub-sea datum 2077) in Exxon State S #20, located in SW/4 NW/4 of Sections 2-T22S-R37E, Lea County, New Mexico.)

(w) "Unitized Lands" shall have the means ascribed to such term in Section 5 of this Agreement.

(x) "Unitized Substances" are all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons, other than outside substances, within and produced from the Unitized Formation.

(y) "Working Interest" is the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership of mineral fee simple title, under an oil and gas lease, operating agreement, or otherwise, which interest is chargeable with and obligated to pay or bear, either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing and producing the Unitized Substances from the Unitized Formation and operations thereof

hereunder. Provided that any Royalty Interest created out of a Working Interest subsequent to the execution of this Agreement by the owner of the Working Interest shall continue to be subject to such Working Interest burdens and obligations.

(z) "Working Interest Owners" is any party hereto owning a Working Interest, including a carried Working Interest Owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, mineral fee title or otherwise. The owner of Oil and Gas Rights that are free of lease or other instrument creating a Working Interest in another shall be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances and as a Royalty Owner with respect to the remaining one-eighth (1/8) of his interest therein.

(aa) "Land Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.

SECTION 3. EXHIBITS. The following exhibits are incorporated herein by reference: Exhibit "A" attached hereto is a map showing the Unit Area and the boundaries and identity of Tracts and leases in said Unit Area to the extent known to the Unit Operator. Exhibit "B-1" attached hereto is a schedule showing, to the extent known to the Unit Operator, the acreage comprising each Tract, percentages and kind of ownership of Oil and Gas Interests in all land in the Unit Area. Exhibit "B-2" attached hereto is a schedule showing the Tract Participation of each Tract. Exhibit "B-3" attached hereto is a schedule showing a summary of Tract Participation for the Proper BLM Office. Exhibit "C" attached hereto is a copy of the Type Log identifying the unitized interval underlying the Unit Area. However, nothing herein or in said schedules or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedules as owned by such party. The shapes and descriptions of the respective Tracts have been established by using the best information available as of the date of execution of this Agreement. Each Working Interest Owner is responsible for supplying Unit Operator with accurate information relating to such Working Interest Owner's interest. If it subsequently appears that any Tract, because of diverse Royalty or Working Interest ownership, should be divided into more than one Tract, or when any revision is requested by the A.O., or any correction of any error other than mechanical miscalculations or clerical is needed, then the Unit Operator, with the approval of the Working Interest Owners, may



correct the mistake by revising the Exhibits to conform to the facts. The revision shall not include any reevaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an Exhibit made within thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each other, such revision of an Exhibit occurring outside of such thirty (30) day period shall be effective at 7:00 a.m. on the first day of the calendar month next following the filing for record of the revised Exhibit or on such other date as may be determined by the Working Interest Owners and set forth in the revised Exhibit. Copies of such revision shall be filed with the Land Commissioner, and not less than four copies of any such revision shall be filed with the A.O. In any such revision, there shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof.

SECTION 4. EXPANSION. The above described Unit Area may, with the approval of the A.O. and Land Commissioner, when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this Agreement provided however, in any such expansion there shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof. Pursuant to Subsection (b) of this Section 4, the Working Interest Owners may agree upon an adjustment of investment by reason of any such expansion. Such expansion shall be affected in the following manner:

(a) The working interest owner or owners of a tract or tracts desiring to bring such tract or tracts into this unit, shall file an application therefore with Unit Operator requesting such admission.

(b) Unit Operator shall circulate a notice of the proposed expansion to each of the Working Interest Owners in the Unit Area and in the tract proposed to be included in the unit, setting out the basis for admission, the Tract Participation to be assigned to each Tract in the enlarged Unit Area and other pertinent data. After negotiation (at a Working Interest Owners' meeting or otherwise,) if at least two Working Interest Owners having in the aggregate at least sixty-five percent (65%) of the Unit Participation then in effect have agreed to the inclusion of such tract or tracts in the Unit Area, then Unit Operator shall:

(1) After obtaining preliminary concurrence by the A.O. and Land Commissioner, prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefore, the basis for admission of the additional tract or tracts, the tract participation to be assigned thereto and the proposed effective date thereof; and

(2) Deliver copies of said notice to (i) the Land Commissioner, (ii) the A.O. at the Proper BLM Office, (iii) each Working Interest Owner and (iv) the last known address of each lessee and lessor whose interests are affected, advising such parties that thirty (30) days will be allowed for submission to the Unit Operator of any objection to such proposed expansion; and

(3) File, upon the expiration of said thirty (30) day, period as set out in (2) immediately above with the Land Commissioner and A.O. the following: (a) evidence of mailing or delivering copies of said notice of expansion; (b) an application for approval of such expansion; (c) an instrument containing the appropriate joinders in compliance with the participation requirements of Section 14, and Section 34, *infra*; and

(d) a copy of all objections received along with the Unit Operator's response thereto.

The expansion shall, after due consideration of all pertinent information and approval by the Land Commissioner and the A.O. become effective as of the date prescribed in the notice thereof, preferably the first day of the month subsequent to the date of notice. Upon the approval of any such expansion, the tract or tracts added to the Unit Area shall thereafter be considered to be a "Tract" or "Tracts" as defined under this Agreement. The revised Tract Participation of the respective Tracts included within the Unit Area prior to such enlargement shall remain the same ratio one to another.

SECTION 5. UNITIZED LAND. All land committed to this Agreement as to the Unitized Formation shall constitute land referred to herein as "Unitized Land" or "Land subject to this Agreement". Nothing herein shall be construed to unitize, pool, or in any way affect the oil,

gas and other minerals contained in or that may be produced from any formation other than the Unitized Formation as defined in Section 2(v) of this Agreement.

SECTION 6. UNIT OPERATOR. APACHE CORPORATION is hereby designated the initial Unit Operator, and by signing this instrument as Unit Operator, agrees and consents to accept the duties and obligations of Unit Operator for the operation, development, and production of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such references means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, when such interests are owned by it, and the term "Working Interest Owner" when used herein shall include or refer to the Unit Operator as the owner of a Working Interest when such an interest is owned by it. Unit Operator shall have a lien upon (i) the interests of the Working Interest Owners in the Unit Area, (ii) the Unitized Substances produced therefrom, (iii) the proceeds thereof and (iv) the Unit Equipment to the extent provided in the Unit Operating Agreement.

SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR. The Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release such 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 its 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 such six (6) month period.

The Unit Operator shall, upon material default or material failure in the performance of its material duties hereunder or under the Unit Operating Agreement, be subject to removal by the affirmative vote of three (3) or more Working Interest Owners having, in the aggregate, sixty-five percent (65%) 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 delivery of notice thereof to the Land Commissioner and the A.O.

In all such instances of effective resignation or removal, until a successor to the outgoing 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 the Unit Area or in the Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall promptly deliver possession of all well 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 Unit Operator is then 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 or Unit Manager 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.

SECTION 8. 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. The selection of a successor Unit Operator 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 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 sixty-five percent (65%) of the Unit Participation remaining after excluding the Unit Participation of Unit Operator so removed.

#### SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT.

Costs and expenses incurred by Unit Operator in conducting Unit Operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement. Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other contracts and such other rights and obligation as between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be deemed either to modify any of the terms and conditions of this Agreement or to relieve the Unit Operator of any right or obligation established under this Agreement and in case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement this Agreement shall prevail. Copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Land Commissioner and with the A.O. at the Proper BLM Office as required prior to approval of this Agreement.

SECTION 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto including surface rights which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances or the proceeds thereof are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Upon request, acceptable evidence of title to said rights shall be deposited with said Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. PLAN OF OPERATIONS. It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized

Substances and that the object and purpose of this Agreement is to formulate and to put into effect an improved recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve natural resources. Unit Operator shall have the right to inject into the Unitized Formation any substances for secondary recovery or enhanced recovery purposes in accordance with a plan of operation (a "Plan of Operation") approved by the Working Interest Owners, the A.O., the Land Commissioner and the Division, including the right to drill and maintain injection wells within the Unit Area and completed in the Unitized Formation, and to use any temporarily or permanently abandoned well or wells that penetrated the Unitized Formation for said purpose. Subject to like approval, the Plan of Operation may be revised as conditions may warrant.

The initial Plan of Operation shall be filed with the A.O., the Land Commissioner and the Division concurrently with the filing of this Unit Agreement for final approval. The initial Plan of Operation and all revisions thereof shall be as complete and adequate as the A.O., the Land Commissioner and the Division may determine to be necessary for timely operation consistent herewith. Upon approval of this Agreement and the initial Plan of Operation by the A.O. and Land Commissioner, said Plan of Operation, and all subsequently approved Plans of Operation, shall constitute the operating obligations of the Unit Operator under this Agreement for the period(s) specified therein. Thereafter, from time to time before the expiration of any existing Plan of Operation, the Unit Operator shall submit for like approval a Plan of Operation for an additional specified period of operations. After such operations are commenced, reasonable diligence shall be exercised by the Unit Operator in complying with the obligations of the currently approved Plan of Operation.

Notwithstanding anything to the contrary herein contained, should the Unit Operator fail to commence Unit Operations for the secondary recovery of Unitized Substances from the Unit Area within eighteen (18) months after the effective date of this Agreement, or any extension thereof approved by the A.O., this Agreement shall terminate automatically as of the date of default.

SECTION 12. USE OF SURFACE AND USE OF WATER. The parties to the extent of their rights and interests, hereby grant to Unit Operator the right to use as much of the surface, including the water thereunder, of the Unitized Land as may reasonably be necessary for Unit Operations. Unit Operator's free use of water or brine or both for Unit Operations, shall not include

any water, from any well, lake, pond, or irrigation ditch of a surface owner, unless approval for such use is granted by the surface owner. Unit Operator shall pay the surface owner for damages to growing crops, fences, improvements and structures on the Unitized Land that result from Unit Operations, and such payments shall be considered as items of Unit Expense to be borne by all the Working Interest Owners in the Unitized Lands.

SECTION 13. TRACT PARTICIPATION. In Exhibit "B-2" attached hereto there are listed and numbered the various Tracts within the Unit Area, and set forth opposite each Tract are figures which represent the Tract Participation, during Unit Operations if all Tracts in the Unit Area qualify as provided herein. The Tract Participation of each Tract as shown in Exhibit "B-2" has been determined in accordance with the following formulas:

Beginning at 7:00 A.M. on the Effective Date of this Agreement and continuing until 7:00 A.M. on the first day of the month next following the date when the total number of barrels of oil produced, saved and removed after August 31, 2007, from the Unitized Formation underlying all Tracts described in the original Exhibit "B-1" equals 2,135,000 barrels, the Tract Participation of each Tract shall be determined by the formula:

Tract Participation, Phase I = 100% A/B

A. the number of barrels of oil equivalent produced from Unitized Formation underlying such Tract during the month of August 2007 (MCF of gas being converted to BO by 6:1 ratio.)

B. the total number of barrels of oil equivalent produced from Unitized Formation underlying all such Tracts during the month of August 2007 (MCF of gas being converted to BO by 6:1 ratio.)

Beginning with the termination of Tract Participation, Phase I as set out above and continuing during the remainder of the term of this agreement, the Tract Participation of each Tract shall be determined by the formula:

Tract Participation, Phase II = 100% C/D

C the number of barrels of cumulative oil production from the Unitized Formation as of April 30, 2007 underlying such Tract.

D the total number of barrels of cumulative oil production from the Unitized Formation as of April 30, 2007 underlying all such Tracts.

In the event less than all Tracts are qualified on the Effective Date hereof, the Tract Participation shall be calculated on the basis of all such qualified Tracts rather than all Tracts in the Unit Area.

SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the Effective Date hereof, the Tracts within the Unit Area which shall be entitled to participation in the production of Unitized Substances shall be those Tracts more particularly described in Exhibit "B-1" that corner or have a common boundary (Tracts separated only by a public road or a railroad right-of-way shall be considered to have a common boundary), and that otherwise qualify as follows:

(a) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this Agreement and as to which Royalty Owners owning seventy-five percent (75%) or more of the Royalty Interest have become parties to this Agreement.

(b) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this Agreement, and as to which Royalty Owners owning less than seventy-five percent (75%) of the Royalty Interest have become parties to this Agreement, and as to which (1) the Working Interest Owner who operates the Tract and Working Interest Owners owning at least seventy-five percent (75%) of the remaining Working Interest in such Tract have joined in a request for the inclusion of such Tract, and as to which (2) Working Interest Owners owning at least seventy-five percent (75%) of the combined Unit Participation in all Tracts that meet the requirements of Section 14(a) above have voted in favor of the inclusion of such Tract.



(c) Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties to this Agreement, regardless of the percentage of Royalty Interest therein that is committed hereto; and as to which (1) the Working Interest Owner who operates the Tract and Working Interest Owners owning at least seventy-five percent (75%) of the remaining Working Interest in such Tract who have become parties to this Agreement have joined in a request for inclusion of such Tract, and have executed and delivered, or obligated themselves to execute and deliver, an indemnity agreement indemnifying and agreeing to hold harmless the other owners of committed Working Interests in other Tracts, their successors and assigns, against all claims and demands that may be made by the owners of Working Interest in such Tract who are not parties to this Agreement, and which arise out of the inclusion of the Tract; and as to which (2) Working Interest Owners; owning at least seventy-five percent (75%) of the Unit Participation in all Tracts that meet the requirements of Section 14(a) and 14(b) have voted in favor of the inclusion of such Tract and to accept the indemnity agreement. Upon the inclusion of such a Tract, the Tract Participations which would have been attributed to the nonsubscribing owners of Working Interest in such Tract, had they become parties to this Agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreements, and joined in the indemnity agreement, in proportion to such Working Interest Owner's respective Working Interests in the relevant Tract.

If on the Effective Date of this Agreement, there is any Tract or Tracts which have not been effectively committed to or made subject to this Agreement by qualifying as above provided, then such Tract or Tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this Agreement for final approval by the Land Commissioner and the A.O., file therewith schedules of those Tracts which have been committed and made subject to this Agreement and are entitled to participate in Unitized Substances. Said schedules shall set forth opposite each such committed Tract the lease number or assignment number, the owner of record of the lease, and the percentage participation of such Tract which shall be computed according to the participation formulas set forth in Section 13 (Tract Participation) above. Exhibit "B-1", "B-2" and "B-3" shall be revised, and upon approval thereof by the Land Commissioner and the A.O., shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until new schedules are approved by the Land Commissioner and the A.O.

SECTION 15.A. ALLOCATION OF UNITIZED SUBSTANCES. All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices on unitized land for drilling, operating, and other production or development purposes and for injection or unavoidable loss in accordance with a Plan of Operation approved by the A.O. and the Land Commissioner) shall be apportioned among and allocated to the qualified Tracts in accordance with the respective Tract Participations effective hereunder during the respective periods such Unitized Substances were produced, as, set forth in the schedule of participation in Exhibit "B-2". All oil, condensate and distillate shall be allocated to the several Tracts based on the Tract Participations. All gas and its associated and constituent liquid of liquefiable hydrocarbons, and gaseous substances and sulphur contained in the gas shall be allocated to the several Tracts based on the Tract Participations. The amount of Unitized Substances so allocated to each Tract, and only that amount (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such Tract) shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

The Unitized Substances allocated to each Tract shall be distributed among, or accounted for, to the parties entitled to share in the production from such Tract, as such production is deemed attributable to such Tract under this Agreement, in the same manner, in the same proportions and upon the same conditions, as they would have participated and shared in the production from such Tracts, or in the proceeds thereof, had this Agreement not been entered into; and with the same legal force and effect.

No Tract committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances under such Tract.

If the Working Interests and/or the Royalty Interests in any Tract are divided with respect to separate parcels or portions of such Tract and owned now or hereafter in severalty by different persons, the Tract Participation shall, in the absence of a recordable instrument executed by all owners in such Tract and furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

SECTION 15.B. TAKING UNITIZED SUBSTANCES IN KIND. The Unitized

Substances allocated to each Tract may be delivered in kind to the respective parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein. Each such party shall have the right to construct, maintain and operate all necessary facilities for the purpose of receiving such share of Unitized Substances in kind within the Unitized Area, provided the same are constructed, maintained and operated as not to interfere with Unit Operations. Subject to Section 17 hereof, 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, may, but shall not be required to, 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 one year, and at not less than the price received by the Unit Operator, for its share of Unitized Substances 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.

Any Working Interest Owner receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, 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 harmless against all claims, demands and causes of action by owners of such Royalty, overriding royalty and production payments. If, after the Effective Date of this Agreement, there is any Tract or Tracts that are subsequently committed hereto, as provided in Section 4 (Expansion) hereof, or any Tract or Tracts within the Unit Area not committed hereto as of the Effective Date hereof but which are subsequently committed hereto under the provisions of Section 14 (Tracts Qualified for Participation) and Section 32 (Nonjoinder and Subsequent

Joinder); or if any Tract is excluded from this Agreement as provided for in Section 21 (Loss of Title), the schedules as shown in Exhibits "B-1", "B-2" and "B-3" shall be revised by the Unit Operator; and the revised Exhibits "B-1", "B-2" and "B-3", upon approval by the Land Commissioner and the A.O., shall govern the allocation of production on and after the effective date thereof until revised schedules are approved as hereinabove provided.

SECTION 16. OUTSIDE SUBSTANCES. If gas obtained from formations not subject to this Agreement is introduced into the Unitized Formation for use in repressuring, stimulating of production or increasing ultimate recovery which shall be in conformity with a Plan of Operation first approved by the Land Commissioner and the A.O., a like amount of gas with appropriate deduction for loss or depletion from any cause may be withdrawn from unit wells completed in the Unitized Formation royalty free as to dry gas, but not royalty free as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved Plan of Operation or as otherwise may be consented to or prescribed by the Land Commissioner and the A.O. as conforming to good petroleum engineering practices and provided further that such right of withdrawal shall terminate on the termination date of this Agreement.

SECTION 17. ROYALTY SETTLEMENT. The State of New Mexico and the United States of America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the Unitized Substances produced from any Tract unitized hereunder, shall continue to be entitled to such right to take in kind their share of the Unitized Substances allocated to such Tract, and Unit Operator shall make deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for Royalty not taken in kind shall be made by Working Interest Owners responsible therefore under existing contracts, laws and regulations on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any Royalty due under the leases, except that such Royalty shall be computed on Unitized Substances as allocated to each Tract in accordance with the terms of this Agreement. With respect to Federal leases committed hereto on which the royalty rate depends upon the daily average production per well, such average production shall be determined in accordance with the operating regulations

pertaining to Federal leases as though the committed Tracts were included in a single consolidated lease.

If the amount of production or the proceeds thereof accruing to any Royalty Owner (except the United States of America) in a Tract depends upon the average production per well or the average pipeline runs per well from such Tract during any period of time, then such production shall be determined from and after the Effective Date hereof by dividing the quantity of Unitized Substances allocated hereunder to such Tract during such period of time by the number of wells located thereon capable of producing Unitized Substances as of the Effective Date hereof, provided that a Tract not having any well so capable of producing Unitized Substances on the Effective Date hereof shall be considered as having one such well for the purpose of this provision.

All Royalty due the State of New Mexico and the United States of America and the other Royalty Owners hereunder shall be computed and paid on the basis of all Unitized Substances allocated to the respective Tract or Tracts committed hereto, in lieu of actual production from such Tract or Tracts.

With the exception of Federal and State requirements to the contrary, Working Interest Owners may use or consume Unitized Substances for Unit Operations and no Royalty, overriding royalty, production payments or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations.

Each Royalty Owner (other than the State of New Mexico and the United States of America) that executes this Agreement represents and warrants that it is the owner of a Royalty Interest in a Tract or Tracts within the Unit Area as its interest appears in Exhibit "B-2" attached hereto. If any Royalty Interest in a Tract or Tracts should be lost by title failure or otherwise in whole or in part, during the term of this Agreement, then the Royalty Interest of the party representing himself to be the owner thereof shall be reduced proportionately and the interests of all parties shall be adjusted accordingly.

SECTION 18. RENTAL SETTLEMENT. Rentals or minimum royalties due on the leases committed hereto shall be paid by Working Interest Owners responsible therefore under existing

contracts, laws and regulations provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof, due under their leases. Rental for lands of the State of New Mexico subject to this Agreement shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or minimum royalty for lands of the United States of America subject to this Agreement shall be paid at the rate specified in the respective leases from the United States of America, unless such rental or minimum royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 19. CONSERVATION. Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as may be defined by or pursuant to Federal and State laws and regulations.

SECTION 20. DRAINAGE. The Unit Operator shall take reasonable and prudent measures to prevent drainage of Unitized Substances from Unitized land by wells on land not subject to this Agreement. The Unit Operator, upon approval by the Working Interest Owners, the A.O. and the Land Commissioner is hereby empowered to enter into a borderline agreement or agreements with working interest owners of adjoining lands not subject to this Agreement with respect to operations in the border area for the maximum economic recovery, conservation purposes and proper protection of the parties and interests affected.

SECTION 21. LOSS OF TITLE. In the event title to any Tract of unitized land shall fail and the true owner cannot be induced to join in this Agreement, such Tract shall be automatically regarded as not committed hereto, and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any Royalty, Working Interest, or other interests subject to this Agreement, payment or delivery on account thereof may be withheld by the Unit Operator without liability for interest until the dispute is finally settled; provided, that, as to State or Federal lands or leases, no payments of funds due the United States or the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the A.O. or Land Commissioner (as the case may be) to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance

with such final settlement. If the title or right of any party claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the direction of Working Interest Owners shall either:

(a) require that the party to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid furnish acceptable security to the Unit Operator for the proper accounting therefore to the rightful owner if the title or right of such party fails in whole or in part, or

(b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be paid to the party or parties rightfully entitled thereto.

Each Working Interest Owner shall indemnify, hold harmless, and defend all other Working Interest Owners against any and all claims by any party against the interest attributed to such Working Interest Owner on Exhibits "B-1" and "B-2". Unit Operator is relieved from any responsibility for any defect or failure of any title hereunder.

SECTION 22. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this Agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Land Commissioner, respectively, shall and by its approval hereof, or by the approval hereof by their duly authorized representatives, does hereby establish, alter, change or revoke the drilling, producing, rental, minimum Royalty and Royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this Agreement.

Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each Tract subject to this Agreement, regardless of whether there is any development of such Tract of the Unit Area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling, producing or improved recovery operations performed hereunder shall be deemed to be performed upon and for the benefit of each Tract, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations within the Unit Area pursuant to direction or consent of the Land Commissioner and the A.O., or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each Tract within the Unitized Area.

(d) Each lease, sublease, or contract relating to the exploration, drilling, development, or operation for oil and/or gas which by its terms might expire prior to the termination of this Agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the term of this Agreement.

(e) Any lease embracing lands of the State of New Mexico which is made subject to this Agreement shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(f) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the Effective Date hereof. Provided, however, that notwithstanding any of the provisions of this Agreement to the contrary, such lease (including both segregated portions) shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease if oil or gas is, or has heretofore been discovered in paying quantities on some part of the lands embraced in



such lease committed to this Agreement or, so long as a portion of the Unitized Substances produced from the Unit Area is, under the terms of this Agreement, allocated to the portion of the lands covered by such lease committed to this Agreement, or, at anytime during the term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the Unit Operator is then engaged in bona fide drilling, reworking, or improved recovery operations on any part of the lands embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so long as such operations are diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

(g) The segregation of any Federal lease committed to this Agreement is governed by the following provision in the fourth paragraph of Section 17(j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization; provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

SECTION 23. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

SECTION 24. EFFECTIVE DATE AND TERM. This Agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective on the first day of the calendar month next following the approval of this Agreement by the A.O., the Land Commissioner and the Division.

If this Agreement does not become effective on or before May 31, 2009, it shall ipso facto expire on said date (hereinafter called "Expiration Date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Unit Participation of at least seventy-five percent (75%); and at least seventy-five percent (75%) of such working Interest Owners committed to this Agreement have decided to extend Expiration Date for a period not to exceed one (1) year (hereinafter called "Extended Expiration Date"). If Expiration Date is so extended and this Agreement does not become effective on or before Extended Expiration Date, it shall ipso facto expire on the Extended Expiration Date and thereafter be of no further force and effect.

Unit Operator shall file a counterpart of this Agreement or a memorandum of this Agreement stating, among other things, the Effective Date hereof, for record within thirty (30) days after the Effective Date hereof, in the office of the County Clerk of Lea County, New Mexico.

The terms of this Agreement shall be in effect for so long as and during the time that Unitized Substances are produced from the Unitized Land and so long thereafter as drilling, reworking or other operations (including improved or enhanced recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days unless sooner terminated as herein provided.

This Agreement may be terminated with the approval of the Land Commissioner and the A.O. by Working Interest Owners owning at least seventy-five percent (75%) of the Unit Participation then in effect whenever such Working Interest Owners determine that Unit Operations are no longer profitable or in the interest of conservation. Upon approval, such termination shall be effective as of the first day of the month after said Working Interest Owners determination. Notice

of any such termination shall be filed by Unit Operator in the office of the County Clerk of Lea County, New Mexico, within thirty (30) days of the effective date of termination.

Upon termination of this Agreement, the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts just as if this Agreement had never been entered into.

Notwithstanding any other provision in the leases unitized under this Agreement, Royalty Owners hereby grant Working Interest Owners a period of six months after termination of this Agreement in which to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit Operations.

SECTION 25. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any applicable Federal or State statute. The A.O. is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and, within the limits made or fixed by the Division, to alter or modify the quantity and rate of production under this Agreement, such authority being hereby limited to alteration or modification in the public interest. The purpose of any such alteration or modification and the public interest to be served thereby is to be stated in the order of alternation or modification; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Land Commissioner and as to any lands in the State of New Mexico or privately owned lands subject to this Agreement or to the quantity and rate of production from such lands in the absence of specific written approval thereof by the Division.

Powers in this Section vested in the A.O. shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from the Unit Operator's receipt of such notice, and thereafter subject to administrative appeal before becoming final.

SECTION 26. NONDISCRIMINATION. Unit Operator in connection with the performance of work under this agreement relating to leases of the United States, agrees to comply with all of the provisions of Section 202(l) to (7) inclusive of Executive Order 11246, (30 F.R. 12319), which are hereby incorporated by reference in this Agreement.

SECTION 27. APPEARANCES. Unit Operator shall have the right (i) to appear for or on behalf of any interests affected hereby before the Land Commissioner, the Department and the Division, (ii) to appeal from any order issued under the rules and regulations of the Land Commissioner, the Department or the Division, and/or (iii) to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Land Commissioner, the Department or the Division or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceeding.

SECTION 28. NOTICES. All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or sent by e-mail, facsimile transmission, postpaid certified or registered mail addressed to such party or parties at their last known address set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other addresses as any such party or parties may have furnished in writing to the party sending the notice, demand or statement.

SECTION 29. NO WAIVER OF CERTAIN RIGHTS. Nothing in this Agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said Unitized Lands are located, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive; provided, however, each party hereto covenants that it will not resort to any action to partition the Unitized Land or the Unit Equipment.

SECTION 30. EQUIPMENT AND FACILITIES NOT FIXTURES ATTACHED TO REALTY. Each Working Interest Owner has heretofore placed and used on its Tract or Tracts committed to this Agreement various well and lease equipment and other property, equipment and

facilities. It is also recognized that additional equipment and facilities may hereafter be placed and used upon the Unitized Land as now or hereafter constituted. Therefore, for all purposes of this Agreement, any such equipment shall be considered to be personal property and not fixtures attached to realty. Accordingly, said well and lease equipment and personal property is hereby severed from the mineral estates affected by this Agreement, and it is agreed that any such equipment and personal property shall be and remain personal property of the Working Interest Owners for all purposes and shall be owned by the Working Interest Owners in proportion to their respective Unit Participation.

SECTION 31. UNAVOIDABLE DELAY. All obligations under this Agreement requiring the Unit Operator to commence or continue improved recovery operations or to operate on or produce Unitized Substances from any of the Unitized Lands covered by this Agreement shall be suspended while, but only so long as, the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agency, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials or equipment in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

SECTION 32. NONJOINDER AND SUBSEQUENT JOINDER. Except as set forth in Section 14, the joinder by any Royalty Owner, at any time, must be accompanied by appropriate joinder of the corresponding Working Interest Owner in order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to this Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for such interest to be regarded as effectively committed to this Agreement.

Any oil or gas interest in the Unitized Formation not committed hereto prior to submission of this Agreement to the Land Commissioner and the A.O. for final approval may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for Participation) hereof, at any time up to the Effective Date hereof on the same basis of Tract Participation as provided in Section 13, by the owner or owners thereof subscribing,

ratifying, or consenting in writing to this Agreement and, if the interest is a Working Interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that from and after the Effective Date hereof, the right of subsequent joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by Working Interest Owners owning not less than sixty-five percent (65%) of the Unit Participation then in effect, and approved by the Land Commissioner and the A.O. Such subsequent joinder by a proposed Working Interest Owner must be evidenced by his execution or ratification of this Agreement and the Unit Operating Agreement and, where State or Federal land is involved, such joinder must be approved by the Land Commissioner or A.O. Such joinder by a proposed Royalty Owner must be evidenced by his execution, ratification or consent of this Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder on behalf of such proposed Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective as of the first day of the month following the filing with the Land Commissioner and A.O. of duly executed counterparts of any and all documents necessary to establish effective commitment of any Tract or interest to this Agreement, unless objection to such joinder by the Land Commissioner or the A.O., is duly made sixty (60) days after such filing.

SECTION 33. COUNTERPARTS. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing, specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the land within the described Unit Area. Furthermore, this Agreement shall extend to and be binding on the parties hereto, and their respective successors, heirs and assigns.

SECTION 34. JOINDER IN DUAL CAPACITY. Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests owned or controlled by such party within the Unit Area; provided, that if the party is the owner of a Working Interest, he must also execute the Unit Operating Agreement.

SECTION 35. TAXES. Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefore by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No taxes shall be charged to the United States or to the State of New Mexico, or to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 36. NO PARTNERSHIP. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This Agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

SECTION 37. PRODUCTION AS OF THE EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease tanks and other tanks within the Unit Area in order to ascertain the amount of merchantable oil above the pipeline connection, in such tanks as of 7:00 a.m. on the Effective Date hereof. All such oil which has then been produced in accordance with established allowables shall be and remain the property of the Working Interest Owner entitled thereto, the same as if the unit had not been formed; and the responsible Working Interest Owner shall promptly remove said oil from the unitized land. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owners, subject to the payment of all Royalty to Royalty Owners under the terms hereof. The oil that is in excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized Substances produced after Effective Date hereof. If, as of the Effective Date hereof, any Tract is overproduced with respect to the allowable of the wells on that Tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded as a part of the Unitized Substances produced after the Effective Date hereof and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

SECTION 38. NO SHARING OF MARKET. This Agreement is not intended to provide and shall not be construed to provide, directly or indirectly, for any cooperative refining, joint sale or marketing of Unitized Substances.

SECTION 39. STATUTORY UNITIZATION. If and when Working Interest Owners owning at least seventy-five percent (75%) Unit Participation and Royalty Owners owning at least seventy-five percent (75%) Royalty Interest have become parties to this Agreement or have approved this Agreement in writing and such Working Interest Owners have also become parties to the Unit Operating Agreement, Unit Operator may make application to the Division for statutory unitization of the uncommitted interests pursuant to the Statutory Unitization Act (Chapter 65, Article 14, N.M.S. 1953 Annotated). If such application is made and statutory unitization is approved by the Division, then effective as of the date of the Division's order approving statutory unitization, this Agreement and/or the Unit Operating Agreement shall automatically be revised and/or amended in accordance with the following:

(1) Section 14 of this Agreement shall be revised by substituting for the entire said Section the following:

“SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the Effective Date hereof, all Tracts within the Unit Area shall be entitled to participation in the production of Unitized Substances.”

(2) Section 24 of this Agreement shall be revised by substituting for the first three paragraphs of said Section the following:

“SECTION 24. EFFECTIVE DATE AND TERM. This Agreement shall become effective on the first day of the calendar month next following the effective date of the Division's order approving statutory unitization upon the terms and conditions of this Agreement, as amended (if any amendment is necessary) to conform to the Division's order; approval of this Agreement as so amended, by the Land Commissioner; and the A.O. and the filing by Unit Operator of this Agreement or notice thereof for record in the office of the



County Clerk of Lea County, New Mexico. Unit Operator shall not file this Agreement or notice thereof for record, and hence this Agreement shall not become effective, unless within ninety (90) days after the date all other prerequisites for effectiveness of this Agreement have been satisfied, such filing is approved by Working Interest Owners owning a combined Unit Participation of at least sixty-five percent (65%) as to all Tracts within the Unit Area.

Unit Operator shall, within thirty (30) days after the Effective Date of this Agreement, file for record in the office of the County Clerk of Lea County, New Mexico, a certificate to the effect that this Agreement has become effective in accordance with its terms, therein identifying the Division's order approving statutory unitization and stating the Effective Date."

(3) This Agreement and/or the Unit Operating Agreement shall be amended in any and all respects necessary to conform to the Division's order approving statutory unitization.

Any and all amendments of this Agreement and/or the Unit Operating Agreement that are necessary to conform said agreements to the Division's order approving statutory unitization shall be deemed to be hereby approved in writing by the parties hereto without any necessity for further approval by said parties, except as follows:

(a) If any amendment of this Agreement has the effect of reducing any Royalty Owner's participation in the production of Unitized Substances, such Royalty Owner shall not be deemed to have hereby approved the amended agreement without the necessity of further approval in writing by said Royalty Owner; and

(b) If any amendment of this Agreement and/or the Unit Operating Agreement has the effect of reducing any Working Interest Owner's participation in the production of Unitized Substances or increasing such Working Interest Owner's share of Unit Expense, such Working Interest Owner shall not be deemed to have hereby approved the amended agreements without the necessity of further approval in writing by said Working Interest Owner.

SECTION 40. CONTROLLING AGREEMENT. Notwithstanding anything herein to the contrary, in the event of a conflict between this Agreement and the Unit Operating Agreement, the terms and provisions of this Agreement shall control.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this agreement on the dates evidenced by their respective certificates of acknowledgement hereof.

UNIT OPERATOR AND WORKING INTEREST OWNER  
**APACHE CORPORATION**

By: John Swain  
John Swain  
Attorney-In-Fact

Address: 6120 South Yale, Suite 1500  
Tulsa, Oklahoma 74136-4224

WORKING INTEREST OWNER

**BP AMERICA PRODUCTION COMPANY**

\_\_\_\_\_  
**CHEVRON U.S.A. INC.**

\_\_\_\_\_  
**JOHN P. SEARLS**

\_\_\_\_\_  
**LINDA SEARLS NEIDERT**

**SIX AECHES COMPANY**

---

**SUSAN SEARLS COLLIER**

---

**CAMPBELL ESTATE PARTNERSHIP  
AUSTEN S. CAMPBELL, GENERAL PARTNER**

---

**OSADO OIL & GAS, LTD.  
A TEXAS LIMITED PARTNERSHIP**

---

**ELLIOTT-HALL COMPANY  
LIMITED PARTNERSHIP**

---

**ELLIOTT INDUSTRIES LIMITED  
PARTNERSHIP**

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**GEODYNE NOMINEE CORPORATION**

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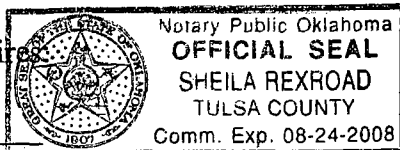
STATE OF OKLAHOMA

§  
§  
§

COUNTY OF TULSA

This instrument was acknowledged before me on 2/13/08 by John Swain, Attorney In Fact for Apache Corporation, Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires \_\_\_\_\_



Sheila Rexroad  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_, as \_\_\_\_\_ of BP America Production Company.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_, as \_\_\_\_\_ of Chevron U.S.A. Inc.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by John P. Searls.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by Linda Searls Neidert.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_ as \_\_\_\_\_ of Six Aeches Company.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by Susan Searls Collier.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF  
COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by Campbell  
Estate Partnership, Austen S. Campbell, General Partner

My Commission Expires:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF  
COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by Osado Oil &  
Gas, Ltd, A Texas Limited Partnership

My Commission Expires:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF  
COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_  
of Elliott Industries Limited Partnership.

My Commission Expires:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of Elliott-Hall Company, a Limited  
Partnership, on behalf of said partnership.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

§

COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_ as \_\_\_\_\_ of Geodyne Nominee Corporation, on  
behalf of said corporation.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

**EXHIBIT "B-1"**  
Attached to Unit Agreement  
**WEST BLINEBRY DRINKARD UNIT**  
Lea County, New Mexico  
December 1, 2007

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
1	T21S-R37E, NMPPM Section 4	320	NMLC-031741-A HBP 1/1/1958	USA 12.5% to 25% SCH C	Apache Corporation 50.00%	Apache Corporation 50.00%	Apache Corporation 50.00%
	SW/4 SW/4				BP America Production Company 25.00%	BP America Production Company 25.00%	BP America Production Company 25.00%
	T21S-R37E, NMPPM Section 8				Chevron U.S.A., Inc. 25.00%	Betty Kyle Dressen Irrev. Trust 0.960000% Boys Club of America 0.100000% Cecile Marie Dressen 0.180000% Charles H. Coll 0.250000% Charles R. Hawk 0.322368% Chosen People Ministries Inc. 0.003290% Clarke C. Coll 0.112500% Cecil Bond Kyle, Trustee of the David Bond Kyle 1997 Trst 0.562500% David McIntosh 0.003290% Diana J. Solarski 0.003290%	Chevron U.S.A., Inc. 25.00%
	NE/4 NW/4, NE/4				100.00%		100.00%
	T21S-R37E, NMPPM Section 9						
	W/2 NW/4						
	(Hawk 'A')						

**FEDERAL LANDS:**



TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
					Edward T. Dreessen, Jr. 0.180000%		
					Elks National Foundation 0.100000%		
					Ellen Higley 0.033928%		
					Elliott Industries 0.250000%		
					Elliott-Hall Co. 0.250000%		
					Eric J. Coll 0.112500%		
					Floyd J. & Doris C. Sutton Rev. Living Trst. 0.011309%		
					Forest Home Inc. 0.003290%		
					Gerald Dale Higley 0.042857%		
					Jhawk Ptnshp. 0.166667%		
					Hazel K. Shoemaker 0.003290%		
					Hien Thi Ngo Nguyen 0.003290%		
					Ingrid Dreessen Powell 0.180000%		
					James C. Underwood 0.031250%		
					Jon F. Coll 0.250000%		
					Jon F. Coll II 0.017850%		
					Kathryn Ann Price 0.002381%		

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
						Margaret F. Emery 0.011309%	
						Margaret Peabody 0.038095%	
						Max Coll II 0.150000%	
						Max W. Coll III 0.003575%	
						Melanie Coll De Tempe 0.003575%	
						Molly Michele Azopardi 0.166667%	
						Allie M. Lee Trust 0.375000%	
						New Mexico Boys & Girls Ranches Inc. 0.100000%	
						Perry H. Underwood 0.031250%	
						R. Jane Eppes 0.031250%	
						Raymond Foster Rev. Living Trust 0.792072%	
						Leonard Trust 0.166667%	
						Robert Knight 0.003290%	
						Roberta Buckelew 0.003290%	
						Sabine Royalty Trust 0.687500%	
						Sally Rodgers 0.100000%	

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
						Bishop Wipple Schools 0.100000% Shriner's Hospital for Children 0.125000% Stanley White 0.003290% The Hawk Trust 0.125000% Thomas Carlton Higley 0.038095% Timothy Leonard 0.166667% University of New Mexico Regents 0.100000% Wilbur C. Higley, Jr. 0.011309% <b>7.70148%</b>	
						<b>Total -</b>	
2	T21S-R37E, NMMPM Section 8: E/2 SW/4, SE/4	640	NMNM-90161 HBP 3/1/1958	USA 12.5% Sliding Scale SCH D	Apache Corporation 50.00% BP America Production Company 25.00% Chevron U.S.A., Inc. 25.00% <b>100.00%</b>	Apache Corporation 50.00% BP America Production Company 25.00% Chevron U.S.A., Inc. 25.00% <b>100.00%</b>	
	T21S-R37E, NMMPM Section 9: E/2 NW/4, S/2 (Hawk B-1')						
	<b>Tract 2 ----- 640 net acres or 25.81% of Unit (surface) area</b>						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
3	T21S-R37E, NMPM Section 17: E/2 NE/4, NE/4 SE/4 (Lockhart 'A-17')	120	NMLC-032096-A HBP 10/1/1957	USA 12.5% to 25% SCH C	Apache Corporation 50.00% BP America Production Company 25.00% Chevron U.S.A., Inc. 25.00% <b>100.00%</b>	Apache Corp 0.206250% Arthur M. Lockhart Family Trust 5.000000% Peter & Janet Elliott 0.833330% Melinda Ann Elliott 0.833330% Jeffrey Mills Elliott 0.833340% <b>7.706250%</b>	Apache Corporation 75.00% Chevron U.S.A., Inc. 25.00% <b>100.00%</b>
<b>Tract 3 ----- 120 net acres or 4.84% of Unit (surface) area</b>							
4	T21S-R37E, NMPM Section 21: E/2 NE/4 (Elliott 'A')	80	NMLC-032591-A HBP 9/1/1959	USA 12.5% to 25% SCH C	Apache Corporation 100.00% <b>100.00%</b>	Elliott-Hall Co. Ltd. Partnership 0.6250% Elliott Industries Ltd. Partnership 0.6250% New Mexico Boys & Girls Ranch Inc. 0.10000% Molly M. Azopardi 0.16666% Boys & Girls Clubs of America 0.10000% Elks National Foundation 0.10000% Timothy T. Leonard 0.16667% The Leonard Trust 0.16667%	Apache Corporation 100.00% <b>100.00%</b>

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
						Regents of Univ. of NM 0.10000% Shattuck St. Mary's School 0.10000% Shriners Hospital for Children 0.81250% Shirley Marcia Turner 1.00000% Barney E. Leonard 0.50000% Graciela Leonard 0.50000% Allie M. Lee Trust 2.43750% Daniel L. Veirs 0.484375% Diane Patrick Tipton 0.484375% <b>Total - 3.46875%</b>	
	Tract 4 ----- 80.0 net acres or 3.22% of Unit (surface) area						
	<b>TOTAL FEDERAL</b>	<b>= 1,160 ACRES OR 46.77%</b>					

**STATE LANDS:**

5	T21S-R37E, NMPM Section 16: NW/4	160	B-1557-2 HBP 12/29/1928	STATE 12.500000%	Apache Corporation 100.00%	Apache Corporation 100.00%
	(State C Tract 12)					
	Tract 5 ----- 160 net acres or 6.45% of Unit (surface) area					

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
6	T21S-R37E, NMPM Section 16: NE/4 (Leonard 'E')	160	B-1732-1 2/28/1933	STATE 12.5000000%	Chevron U.S.A., Inc. 100.00%		Chevron U.S.A. Inc. 100.00%
	Tract 6 ----- 160 net acres or 6.45% of Unit (surface) area						
7	T21S-R37E, NMPM Section 16: N/2 S/2 (State 'DA')	160	B-85-16 HBP 7/28/1928	STATE 12.5000000%	Apache Corporation 100.00%		Apache Corporation 100.00%
	Tract 7 ----- 160 net acres or 6.45% of Unit (surface) area						
8	T21S-R37E, NMPM Section 16: S/2 S/2 (State Land 15)	160	B-8105-4 4/10/1939	STATE 12.5000000%	Apache Corporation 100.00%	Daniel L Veirs 0.968750% Diane Patrick Tipton 0.968750% <b>1.937500%</b>	Apache Corporation 100.00%
	Tract 8 ----- 160.0 net acres or 6.45% of Unit (surface) area						
	TOTAL STATE			= 640 ACRES OR 25.81%			
FEE LANDS:							
9	T21S-R37E, NMPM Section 4: LOT 15, NW/4 SE/4 (Gulf Hill)	80	Fee Lease HBP 11/6/1944	Kerry Porter 2.990300% Georgia Hahn 6.250000% George Elmer Goins 3.259700% <b>12.50%</b>	Apache Corporation 100.00%	Daniel L Veirs 0.500000% Gunsmoke Energy Co. 2.730000% <b>3.23%</b>	Apache Corporation 100.00%
	Tract 9 ----- 80.0 net acres or 3.23% of Unit (surface) area			Total -			

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10	T21S-R37E, N1/4 Section 4: NE 1/4 SE 1/4, S 1/2 SE 1/4, SE 1/4 SW 1/4	320	Fee Lease HBP 9/22/1942 (5)	Apache Corporation 1.171880% Gene & Clebbie Duke Rev. Living Trust dtd 1/14/04 0.781250% Burlington Resources Oil & Gas Company 1.562500% J.L. Burke III 0.139160% Marilyn Burke Salter 0.139160% Beverly B. Blair 0.139160% Nancy Farmer 0.139160% DP Oil & Gas, LLC. 0.483630% John Redfern III 0.075960% Katherine A. Keck 0.195310% The National Regulatory 0.027830% Herd Partners Ltd. 0.195310% Waikiki Partners LP 0.075960% Montgomery Petroleum Inc. 0.056962% Ronald O. Holman 0.018988% Clarence Richard Markham 0.013950% Donald Marshall Markham Family 0.013950% Bill J. Markham Estate Trust 0.055800% Albert D. White, Jr. 0.027900% Anna Bess Calfin 0.488290%	Apache Corporation 100.00%		Apache Corporation 100.00%
	T21S-R37E, N1/4 Section 9: NE 1/4						
	(Southland Royalty 'A')						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				College of the Southwest 0.027840%			
				C.B. Jr. Markham Estate Trust 0.027900%			
				Helen M. Owens 0.573730%			
				Hershel T. & Judy B. Owens 0.573730%			
				James M. Owens 0.573730%			
				Lana Owens 0.695800%			
				Southwestern Baptist 0.027830%			
				Texas Tech. Univ. 0.027830%			
				West Texas State University 0.027830%			
				Tony G. & Laurie A. Knot 0.573730%			
				William Ray Proctor 0.013950%			
				James Russell Proctor 0.013950%			
				Julia Benham Testamentary Trust 0.695800%			
				Fairway Oil & Gas Co. 0.227860%			
				Betty Owens Dolph 0.683600%			
				Eldon K. & Ruedeale S. Turner 0.781250%			
				NM O&G Ltd, Jim Cone Gen. Ptn. 0.455730%			
				Janet E. Carter 0.695800%			
				<b>Total -</b> <b>12.500000%</b>			

Tract 10 ----- 320.0 net acres or 12.90% of Unit (surface) area



TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
11	T21S-R37E, NMPM Section 17: SW/4 NE/4, NE/4 SW/4, NW/4 SE/4 (W. W. Weatherly)	120	Fee Lease HBP 5/18/1926	Allison Songer 0.008681% Bart Lee Bratcher 0.078125% Bill B. Bratcher 0.078125% Billie Brenda LeBlanc 0.078125% Billie June Gilmore C/O Diana L. Sheffield 0.390600% Bobbie Glenda Flenniken 0.078125% BP America Production Company 2.343700% Buttram Energies Inc. 2.625000% Carl D. Ganz, Jr. C/O Joan Miller Ganz 0.031250% Carol M. Bros 0.039100% Carole N. Watson 0.156200% Catherine Roach Trst. C/O JPMorgan Chase Bank NA 0.250000% Cathy Ganz Johnsen C/O Joan Miller Ganz 0.031250% Daniel Coder 0.019550% Devon Energy Prod. Company Inc. 1.562500% Emily Berglund Johnson 0.039100% Glen E. Farmer 0.039100% Helen R. Gentry 0.039100%	Apache Corporation 100.00%	Daniel Veirs Profit Sharing Plan 0.968750% Diane Patrick Tipton Profit Sharing Plan 0.968750% <b>1.937500%</b>	Apache Corporation 100.00%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	Ida Miller Estate,						
	Joan Miller Ganz &						
	John W. Lyttle Jr.						
	0.025000%						
	James H. Webber						
	0.117200%						
	Joann P. Kruckeberg						
	0.019550%						
	John P. Brunkow						
	0.019500%						
	Joshua Songer						
	0.008681%						
	June D. Speight						
	0.390600%						
	Katherine L. Meier						
	0.039100%						
	Lanelle Dahnke						
	Clements						
	0.312500%						
	Lorraine S. Black						
	Trust, B. Robert K.						
	Black, Trustee						
	0.520800%						
	Mark Flenniken						
	0.156250%						
	Mary Duke						
	Pearbrook Est., Joan						
	Miller Ganz & John W.						
	Lyttle, Jr.						
	0.162500%						
	Merco of Oklahoma,						
	Inc.						
	0.334800%						
	Michael P. Coder						
	0.058650%						
	Michelle Songer						
	Spence						
	0.008681%						
	Noble E. Flenniken						
	0.761200%						
	Ralph J. Preston						
	0.039100%						
	Richard B. Langer						
	0.019550%						
	Richard B. Lindberg &						
	Claudia K. Lindberg						
	0.039100%						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Robert W. Peters 0.019550%			
				Samuel A. Schrader, Jr. Estate, Jane Hayes Schrader 0.260400%			
				Susan Biorkman 0.156250%			
				Suzan Fannin 0.156250%			
				Thomas A. Clure 0.039000%			
				Thomas C. Brunkow 0.019500%			
				Tommye Glenn Flenniken 0.156250%			
				Dana Collins Neugebauer 0.026042%			
				Darla Clayton 0.0390625%			
				Jan Clark 0.0390625%			
				James M. Collins 0.078125%			
				Jones-Daube Mineral Company 0.446400%			
				Myles Lyndon Collins II 0.026042%			
				Nancy Collins Thetford 0.078125%			
				Silverado Oil & Gas Ltd. Partnership 0.019550%			
				<b>Total-</b>			<b>12.50000%</b>

Tract 11 ----- 120.0 net acres or 4.84% of Unit (surface) area

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
12	T21S-R37E, N1/4 Section 17: NW1/4 NE1/4  (W.W. Weatherly #1)	40	Fee Lease HBP 5/18/1926	Allison Songer 0.008681% Bart Lee Bratcher 0.078125% Bill B. Bratcher 0.078125% Billie Brenda LeBlanc 0.078125% Billie June Gilmore C/O Diana L. Sheffield 0.390600% Bobbie Glenda Flenniken 0.078125% BP America Production Company 2.343700% Bulltram Energies Inc. 2.625000% Carl D. Ganz, Jr. C/O Joan Miller Ganz 0.031250% Carol M. Bros 0.039100% Carole N. Watson 0.156200% Catherine Roach Trst. C/O JPMorgan Chase Bank NA 0.250000% Cathy Ganz Johnsen C/O Joan Miller Ganz 0.031250% Daniel Coder 0.019550% Devon Energy Prod. Company Inc. 1.562500% Emily Berglund Johnson 0.039100% Glen E. Farmer 0.039100% Helen R. Gentry 0.039100%	Six Aeches Comp. 37.50% Osado Oil & Gas, Ltd. A Texas Ltd Partnership 20.31250% Campbell Estate Partnership Austen S. Campbell General Partner 14.06250% John P. Searls 11.71875% Susan Searls Collier 11.71875% Linda Searls Neidert 4.68750% <b>100.00%</b>	*Apache Corporation 12.50%	Six Aeches Comp. 37.50% Osado Oil & Gas, Ltd. A Texas Ltd Partnership 20.31250% Campbell Estate Partnership Austen S. Campbell General Partner 14.06250% John P. Searls 11.71875% Susan Searls Collier 11.71875% Linda Searls Neidert 4.68750% <b>100.00%</b>

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Ida Miller Estate, Joan Miller Ganz & John W. Lyttle Jr. 0.025000%			
				James H. Webber 0.117200%			
				Joann P. Kruckeberg 0.019550%			
				John P. Brunkow 0.019500%			
				Joshua Songer 0.008681%			
				June D. Speight 0.390600%			
				Katherine L. Meier 0.039100%			
				Lanelle Dahnke Clements 0.312500%			
				Lorraine S. Black Trust, B. Robert K. Black, Trustee 0.520800%			
				Mark Flenniken 0.156250%			
				Mary Duke Pearbrook Est., Joan Miller Ganz & John W. Lyttle, Jr. 0.162500%			
				Merco of Oklahoma, Inc. 0.334800%			
				Michael P. Coder 0.058650%			
				Michelle Songer Spence 0.008681%			
				Noble E. Flenniken 0.781200%			
				Ralph J. Preston 0.039100%			
				Richard B. Langer 0.019550%			
				Richard B. Lindberg & Claudia K. Lindberg 0.039100%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Robert W. Peters 0.019550%			
				Samuel A. Schrader, Jr. Estate, Jane Hayes Schrader 0.260400%			
				Susan Biorkman 0.156250%			
				Suzan Fannin 0.156250%			
				Thomas A. Clure 0.039000%			
				Thomas C. Brunkow 0.019500%			
				Tommye Glenn Flenniken 0.156250%			
				Dana Collins Neugebauer 0.026042%			
				Darla Clayton 0.0390625%			
				Jan Clark 0.0390625%			
				James M. Collins 0.078125%			
				Jones-Daube Mineral Company 0.446400%			
				Myles Lyndon Collins II 0.026042%			
				Nancy Collins Thetford 0.078125%			
				Silverado Oil & Gas Ltd. Partnership 0.019550%			
				<b>Total-</b> <b>12.50000%</b>			

Tract 12 ----- 40.0 net acres or 1.61% of Unit (surface) area

\* This tract has an 1/8 ORRI on all oil produced and saved from the premises, provided, however, that if production of oil from all wells on said tract shall average less than fifty (50) barrels per well per day for any calendar month, the ORRI on oil produced during said month shall be decreased to 1/16 ORRI; and an 1/8 ORRI on gas.

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
13 A	T21S-R37E, N1/4PM Section 17: S/2 SE/4	80	Fee Lease HBP 12/22/1944 Fee Lease HBP 7/9/1945 (2) Fee Lease HBP 12/10/1946 (2) Fee Lease HBP 12/20/1946 Fee Lease HBP 1/10/1947 Fee Lease HBP 1/16/1947 Fee Lease HBP 1/21/1947 Fee Lease HBP 2/10/1947 Fee Lease HBP 12/19/2003	A L Cone Partnership 0.781250% Allie M Lee Trust 2.105710% Anita M Mebane 0.173620% Apache Corporation 2.500000% Auvershine Children's Testament 0.039060% Barbara Stock 0.130200% Bradford Ace Christmas 0.091250% Candy Christmas 0.091250% Cathie McCown 0.039060% Debra Lowe Finn 0.097660% Dion Lowe 0.097660% Dwain R Kite Estate 0.173614% Elliott Industries 0.280760% Elliott-Hall Co 0.280760% Elyse S. Patterson Trust Inv LLC 0.311960% H L Lowe Trust F/B/O Haley Lowe 0.032550% Helen Jane Christmas Barbby 0.091250% Hinkle Investment Co 0.093590% Jessica Grant Friday 0.130208% Ila Jayne Clark 0.781250% Jack D Knox 0.065104%	Apache Corporation 100.00%	Debra Lowe Finn 0.0427230% Dion Lowe 0.042724% Fairway Oil & Gas Company 0.638460% H L Lowe Trust F/B/O Haley Lowe 0.014240% Herd Partners LTD 0.060170% Jack Markham 1.337080% John Redfern III 0.212810% Katherine A Keck 0.039060% Kay Lowe Atcheson 0.028490% Kelly Lowe Read 0.014240% Larry K Lowe 0.042725% Lauren Lowe Matthews 0.014240% Loretta D Lowe 0.042723% Marjorie Alice Kastman 0.039060% Montgomery Petroleum Inc 0.159600% NM O&G LTD 1.337080% Robert T Hartley 0.042725% Ronald O Holman 0.053200%	Apache Corporation 100.00%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Joyce Ann Brown 0.196530%		Ronny P Lowe 0.028480%	
				June D Speight 1.250000%		S E Cone JR 0.039060%	
				Katherine A Keck 0.065104%		Shana Lowe Conline 0.042724%	
				Kay Lowe Atcheson 0.065104%		Teddy L Hartley 0.042724%	
				Kelly Lowe Read 0.032550%		Vivian Lowe Anselmi 0.028480%	
				Kenneth G Cone 0.039060%		Waikiki Partners LP 0.212810%	
				Kenneth G Cone Trustee 0.039060%			
				Larry K Lowe 0.0976600%			
				Lauren Lowe Mathews 0.032550%			
				Loretta D Lowe 0.097660%			
				Marilyn Hanson 0.023400%			
				Marjorie Alice Kastman 0.065104%			
				Marjorie Jean Nagle 0.023400%			
				Mary Jane Andrews 0.023400%			
				Mary T Christmas Holladay 0.091250%			
				Milward Kent Miller 0.023400%			
				Opal Denson 0.173610%			
				Pogo Producing Company 1.171880%			
				Randy Lee Cone 0.013020%			
				Robert T Hartley 0.097660%			
				Ronny P Lowe 0.065104%			
					<b>TOTAL -</b>	<b>4.555628%</b>	



TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				S E Cone JR 0.065104%			
				Sabine Royalty Trust 1.171880%			
				Shana Lowe Conine 0.097660%			
				Shriners Hospitals for Children 0.701904%			
				Sue Saunders Graham 0.311960%			
				Teddy L Hartley 0.097660%			
				Texaco Oil and Gas Inc 0.065104%			
				The Long Trusts 0.156250%			
				The Toles Company 0.311960%			
				Therylene Knox Helm 0.065104%			
				Tom Cone 0.026040%			
				Childrens Trust 0.039060%			
				Tom R Cone 0.065104%			
				Vivian Lowe Anselmi 0.195310%			
				Winnie Dill Knox 0.195310%			
				<b>TOTAL - 15.444372%</b>			
13 B	T-21S-R37E, NMPM Section 17: S/2 SE/4			A L Cone Partnership 0.781250%	Apache Corporation 100.00%	Debra Lowe Finn 0.0427230%	Apache Corporation 100.00%
				Allie M Lee Trust 2.105710%		Dion Lowe 0.042724%	
				Anita M Mebane 0.173620%		Fairway Oil & Gas Company 0.638460%	
	Hardy Blinebry Unit #1 Wellbore as to Blinebry formation ONLY API # 3002506652			Apache Corporation 1.500000%		H L Lowe Trust F/B/O Haley Lowe 0.014240%	
	Hardy Blinebry Unit #2 Wellbore as to Blinebry formation ONLY API # 3002506653			Auvenshine Childrens Testament 0.039060%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	Barbara Stock					Herd Partners	
	0.130200%					LTD	
	Bradford Ace					0.060170%	
	Christmas					Jack Markham	
	0.091250%					1.337080%	
	Candy Christmas					John Redfern III	
	0.091250%					0.212810%	
	Cathie McCown					Katherine A	
	0.039060%					Keck	
	Debra Lowe Finn					0.039060%	
	0.097660%					Kay Lowe	
	Dion Lowe					Atcheson	
	0.097660%					0.028490%	
	Dwain R Kile Estate					Kelly Lowe Read	
	0.173614%					0.014240%	
	Elliott Industries					Larry K Lowe	
	0.280760%					0.042725%	
	Elliott-Hall Co					Lauren Lowe	
	0.280760%					Matthews	
	Elyse S. Patterson					0.014240%	
	Trust Inv LLC					Loretta D Lowe	
	0.311960%					0.042723%	
	H L Lowe Trust					Marjorie Alice	
	F/B/O Haley Lowe					Kastman	
	0.032550%					0.039060%	
	Helen Jane					Montgomery	
	Christmas Barb					Petroleum Inc	
	0.091250%					0.159600%	
	Hinkle Investment Co					NM O&G LTD	
	0.093590%					1.337080%	
	Jessica Grant Friday					Robert T Hartley	
	0.130208%					0.042725%	
	Ila Jayne Clark					Ronald O	
	0.781250%					Holman	
	Jack D Knox					0.053200%	
	0.065104%					Ronny P Lowe	
	Joyce Ann Brown					0.028480%	
	0.196530%					S E Cone JR	
	June D Speight					0.039060%	
	1.250000%					Shana Lowe	
	Katherine A Keck					Conine	
	0.065104%					0.042724%	
	Kay Lowe Atcheson					Teddy L Hartley	
	0.065104%					0.042724%	

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Kelly Lowe Read 0.032550%		Vivian Lowe	
				Kenneth G Cone 0.039060%		Anselmi	
				Kenneth G Cone Trustee 0.039060%		Waikiki Partners LP	
				Larry K Lowe 0.0976600%		0.212810%	
				Lauren Lowe Matthews 0.032550%		<b>4.555628%</b>	
				Loretta D Lowe 0.097660%	<b>TOTAL -</b>		
				Marilyn Hanson 0.023400%			
				Marjorie Alice Kastman 0.065104%			
				Marjorie Jean Nagle 0.023400%			
				Mary Jane Andrews 0.023400%			
				Mary T Christmas Holladay 0.091250%			
				Milward Kent Miller 0.023400%			
				Opal Denson 0.173610%			
				Pogo Producing Company 1.171880%			
				Randy Lee Cone 0.013020%			
				Robert T Hartley 0.097660%			
				Ronny P Lowe 0.06510400%			
				S E Cone JR 0.065104%			
				Sabine Royalty Trust 1.171880%			
				Shana Lowe Conine 0.097660%			
				Shriners Hospitals for Children 0.701904%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Sue Saunders Graham 0.311960%			
				Teddy L Harlley 0.097660%			
				Texacal Oil and Gas Inc 0.065104%			
				The Long Trusts 0.156250%			
				The Toles Company 0.311960%			
				Therylene Knox Helm 0.065104%			
				Diane Patrick Tipton 0.031250%			
				Tom Cone Childrens Trust 0.026040%			
				Tom R Cone 0.039060%			
				Vivian Lowe Anselmi 0.065104%			
				Winnie Dill Knox 0.195310%			
				Daniel L. Veirs 0.031250%			
				<b>Total -</b> <b>14.506872%</b>			
	<b>Tract 13</b> ----- 80.0 net acres or 3.23% of Unit (surface) area						
14A	T21S-R37E, NMPM Section 17; SE/4 SW/4 Percy Hardy (Blaineby/Tubb/Drinkard)	40	Fee Lease HBP 12/22/1944 Fee Lease HBP 7/9/1945 (2) Fee Lease HBP 12/10/1946 (2) Fee Lease HBP 12/20/1946 Fee Lease HBP 1/10/1947	A L Cone Partnership 0.781250% Allie M Lee Trust 2.105710% Anita M Mebane 0.173620% Apache Corporation 1.500000% Auvenshine Childrens Testament 0.039060% Barbara Stock 0.130200% Bradford Ace Christmas 0.091250%	Apache Corporation 87.50% Geodyne Nominee Corporation 12.50% <b>100.00%</b>	Daniel L. Veirs 0.560000% Diane Patrick Tipton 0.560000% Debra Lowe Finn 0.0427230% Dion Lowe 0.042724% Fairway Oil & Gas Company 0.638460% H L Lowe Trust F/B/O Haley Lowe 0.014240%	Apache Corporation 87.50% Geodyne Nominee Corporation 12.50% <b>100.00%</b>

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	Fee Lease HBP 1/16/1947		Candy Christmas 0.091250%			Herd Partners LTD	
	Fee Lease HBP 1/21/1947		Cathie McCown 0.039060%			Jack Markham 1.337080%	
	Fee Lease HBP 2/10/1947		Debra Lowe Finn 0.097660%			John Redfern III 0.212810%	
			Dion Lowe 0.097660%			Katherine A Keck	
			Dwain R Kite Estate 0.173614%			0.039060%	
			Elliott Industries 0.280760%			Kay Lowe	
			Elliott-Hall Co 0.280760%			Atcheson	
			Elyse S. Patterson Trust Inv LLC 0.311960%			0.028490%	
			HL Lowe Trust F/B/O Haley Lowe 0.032550%			Kelly Lowe Read 0.014240%	
			Helen Jane Christmas Barbby 0.091250%			Larry K Lowe 0.042725%	
			Hinkle Investment Co 0.093590%			Lauren Lowe	
			Jessica Grant Friday 0.130208%			Matthews 0.014240%	
			Ila Jayne Clark 0.781250%			Loretta D Lowe 0.042723%	
			Jack D Knox 0.065104%			Marjorie Alice Kastman	
			Joyce Ann Brown 0.196530%			0.039060%	
			June D Speight 1.250000%			Montgomery Petroleum Inc	
			Katherine A Keck 0.065104%			0.159600%	
			Kay Lowe Atcheson 0.065104%			NM O&G LTD 1.337080%	
			Kelly Lowe Read 0.032550%			Robert T Hartley 0.042725%	
			Kenneth G Cone 0.039060%			Ronald O Holman 0.053200%	
			Kenneth G Cone Trustee 0.039060%			Ronny P Lowe 0.028480%	
			Larry K Lowe 0.0976600%			S E Cone JR 0.039060%	
						Shana Lowe Conine 0.042724%	
						Teddy L Hartley 0.042724%	
						Vivian Lowe Anselmi	
						0.028480%	
						Waikiki Partners LP 0.212810%	

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	Lauren Lowe Matthews			0.032550%		Apache Corporation 4.375000%	
	Loretta D Lowe			0.097660%			
	Marilyn Hanson			0.023400%			
	Marjorie Alice Kastman			0.066104%			
	Marjorie Jean Nagle			0.023400%			
	Mary Jane Andrews			0.023400%			
	Mary T Christmas			Holladay			
				0.091250%			
	Milward Kent Miller			0.023400%			
	Opal Denson			0.173610%			
	Pogo Producing Company			1.171880%			
	Randy Lee Cone			0.013020%			
	Robert T Hartley			0.097660%			
	Ronny P Lowe			0.06510400%			
	SE Cone JR			0.065104%			
	Sabine Royalty Trust			1.171880%			
	Shana Lowe Corine			0.097660%			
	Shriners Hospitals for Children			0.701904%			
	Sue Saunders Graham			0.311960%			
	Teddy L Hartley			0.097660%			
	Texacal Oil and Gas Inc			0.065104%			
	The Long Trusts			0.156250%			
	The Toles Company			0.311960%			
					<b>TOTAL -</b>	<b>10.050628%</b>	

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
14B	T21S-R37E, NMPM Section 17: SE/4 SW/4  Hardy Blinebry Unit #3 Wellbore as to Blinebry formation ONLY API # 3002506643			Therylene Knox Helm 0.065104%	Apache Corporation 100.00%	Debra Lowe Finn 0.0427230%	Apache Corporation 100.00%
				Tom Cone Childrens Trust 0.026040%			
				Tom R Cone 0.039060%			
				Vivian Lowe Anselmi 0.085104%			
				Winnie Dill Knox 0.195310%			
				<b>Total -</b> <b>14.444372%</b>			
				A L Cone Partnership 0.781250%			
				Allie M Lee Trust 2.105710%			
				Anita M Mebane 0.173620%			
				Apache Corporation 1.500000%			
				Auvershine Childrens Testament 0.039060%	Debra Lowe Finn 0.0427230%	Dion Lowe 0.042724%	Apache Corporation 100.00%
				Barbara Stock 0.130200%			
				Bradford Ace Christmas 0.091250%			
				Candy Christmas 0.091250%			
				Cathie McCown 0.039060%			
				Debra Lowe Finn 0.097660%			
				Dion Lowe 0.097660%			
				Diane Patrick Tipton 0.031250%			
				Dwain R Kile Estate 0.173614%			





TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Marjorie Jean Nagle 0.023400%			
				Mary Jane Andrews 0.023400%			
				Mary T Christmas Holladay 0.091250%			
				Milward Kent Miller 0.023400%			
				Opal Denson 0.173610%			
				Pogo Producing Company 1.171880%			
				Randy Lee Cone 0.013020%			
				Robert T Hartley 0.097660%			
				Ronny P Lowe 0.06510400%			
				S E Cone JR 0.065104%			
				Sabine Royalty Trust 1.171880%			
				Shana Lowe Conine 0.097660%			
				Shriners Hospitals for Children 0.701904%			
				Sue Saunders Graham 0.311960%			
				Teddy L Hartley 0.097660%			
				Texaco Oil and Gas Inc 0.065104%			
				The Long Trusts 0.156250%			
				The Toles Company 0.311960%			
				Therylene Knox Helm 0.065104%			
				Tom Cone Childrens Trust 0.026040%			
				Tom R Cone 0.039060%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Vivian Lowe Anselmi 0.065104%			
				Winnie Dill Knox 0.195310%			
				Daniel L Veirs 0.031250%			
			<b>Total -</b>	<b>14.506872%</b>			

Tract 14 ----- 40.0 net acres or 1.61% of Unit (surface) area

TOTAL FEE LANDS = 680 ACRES OR 27.42%

RECAPITULATION:

Total Federal Lands	=	1160.00	Acres or 46.77%
Total State Lands	=	640.00	Acres or 25.81%
Total Fee Lands	=	680.00	Acres or 27.42%
TOTAL UNIT		2480.00	Acres or 100.00%

**EXHIBIT "B-2"**

Attached to and made a part of that certain  
Unit Agreement dated December 1, 2007,  
WEST BLINEBRY-DRINKARD UNIT AREA  
Apache Corporation, as Unit Operator,  
Lea County, New Mexico

TRACT NO.	WORKING INTEREST OWNER	Tract Working Interest	Participation Factor		Unit Working Interest	
			Phase I	Phase II	Phase I	Phase II
<b><u>FEDERAL LANDS</u></b>						
1	Apache Corporation BP America Production Company Chevron U.S.A. Inc.	50% 25% 25%	6.30032% 6.30032% 6.30032%	6.29076% 6.29076% 6.29076%	0.03150 0.01575 0.01575	0.03145 0.01573 0.01573
	<b>Total</b>	<b>100.00%</b>			<b>0.06300320</b>	<b>0.06290760</b>
2	Apache Corporation BP America Production Company Chevron U.S.A. Inc.	50% 25% 25%	30.38117% 30.38117% 30.38117%	27.27194% 27.27194% 27.27194%	0.151906 -0.075953 0.075953	0.136360 0.068180 0.068180
	<b>Total</b>	<b>100.00%</b>			<b>0.30381170</b>	<b>0.27271940</b>
3	Apache Corporation Chevron U.S.A. Inc.	75% 25%	3.19013% 3.19013%	3.27494% 3.27494%	0.023926 .0007975	0.024562 0.008187
	<b>Total</b>	<b>100.00%</b>			<b>0.03190130</b>	<b>0.03274940</b>
4	Elliott-Hall Company Ltd. Partnership Elliott Industries Ltd. Partnership Apache Corporation	25.00% 25.00% 50.00%	0.41893% 0.41893% 0.41893%	5.65016% 5.65016% 5.65016%	0.001047 0.001047 0.002095	0.014125 0.014125 0.028251
	<b>Total</b>	<b>100.00%</b>			<b>0.00418930</b>	<b>0.05650160</b>
<b><u>STATE LANDS</u></b>						
5	Apache Corporation	100.00%	11.01977%	7.47837%	0.110198	0.074784
	<b>Total</b>	<b>100.00%</b>			<b>0.11019770</b>	<b>0.07478370</b>
6	Chevron U.S.A. Inc.	100.00%	6.07217%	6.83058%	0.060722	0.068306
	<b>Total</b>	<b>100.00%</b>			<b>0.06072170</b>	<b>0.06830580</b>

TRACT NO.	WORKING INTEREST OWNER	Tract		Participation Factor		Unit Working Interest	
		Working Interest		Phase I	Phase II	Phase I	Phase II
7	Apache Corporation	100.00%	10.34503%	6.29076%		0.103450	0.062908
	Total	100.00%				0.10345030	0.06290760
8	Apache Corporation	100.00%	8.16665%	10.97643%		0.081667	0.109764
	Total	100.00%				0.08166650	0.10976430
<b>FEE LANDS</b>							
9	Apache Corporation	100.00%	4.01219%	1.03646%		0.040122	0.010365
	Total	100.00%				0.04012190	0.01036460
10	Apache Corporation	100.00%	16.21330%	16.20914%		0.162133	0.162091
	Total	100.00%				0.16213300	0.16209140
11	Apache Corporation	100.000%	3.04426%	3.74278%		0.030443	0.037428
	Total	100.00%				0.03044260	0.03742780
12	Six Aches Company Osado Oil & Gs Ltd. John P. Searls Susan Searls Collier Campbell Estate Partnership Linda Searls Neidert	37.50% 20.3125% 11.7188% 11.7188% 14.0625% 4.6875%	0.57540% 0.57540% 0.57540% 0.57540% 0.57540% 0.57540%	2.11611% 2.11611% 2.11611% 2.11611% 2.11611% 2.11611%		0.002158 0.001169 0.000674 0.000674 0.000809 0.000270	0.007935 0.004298 0.002480 0.002480 0.002976 0.000992
	Total	100.00%				0.00575400	0.02116110
13A	Apache Corporation	100.00%	0.00000%	1.18689%		0.000000	0.011869
	Total	100.00%				0.00000000	0.01186890
13B	Apache Corporation	100.00%	0.06252%	0.38507%		0.000625	0.003851
	(Hardy Blinbry Unit #1 & #2 - as to the Blinbry Formation)						
	Total	100.00%				0.00062520	0.00385070

TRACT NO.	WORKING INTEREST OWNER	Tract Working Interest	Participation Factor		Unit Working Interest	
			Phase I	Phase II	Phase I	Phase II
14A	Apache Corporation Geodyne Nominee Corporation	87.5000000% 12.5000000%	0.000000% 0.000000%	0.74856% 0.74856%	0.000000 0.000000	0.006550 0.000936
	<b>Total</b>	<b>100.00%</b>			<b>0.00000000</b>	<b>0.00748560</b>
14B	Apache Corporation	100.000000%	0.19815%	0.51103%	0.001982	0.005110
	(Hardy Blinebry Unit #3 - as to the Blinebry Formation)					
	<b>Total</b>	<b>100.00%</b>			<b>0.00198150</b>	<b>0.00511030</b>
	<b>FEDERAL LANDS</b>	<b>TOTAL</b>			<b>0.402906</b>	<b>0.424878</b>
	<b>STATE LANDS</b>	<b>TOTAL</b>			<b>0.356036</b>	<b>0.315761</b>
	<b>FEE LANDS</b>	<b>TOTAL</b>			<b>0.241058</b>	<b>0.259360</b>
	<b>TOTAL FEDERAL, STATE &amp; FEE LANDS</b>				<b>1.0000</b>	<b>1.0000</b>

**EXHIBIT "B-3"**  
Attached to and made a part of that certain  
Unit Agreement dated December 1, 2007,  
**WEST BLINEBRY-DRINKARD UNIT AREA**  
Apache Corporation, as Unit Operator,  
Lea County, New Mexico

TRACT NO.	SERIAL NUMBER	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)	
		<u>PHASE I</u>	<u>PHASE II</u>
<b>FEDERAL LANDS</b>			
1	NMLC-031741-A	0.0630032	0.0629076
2	NMNM-90161	0.3038117	0.2727194
3	NMLC-032096-A	0.0319013	0.0327494
4	NMLC-032591-A	0.0041893	0.0565016
	<b>FEDERAL LANDS</b>		

TRACT NO.	SERIAL NUMBER	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)	
<b>STATE LANDS</b>			
5	B-01557	0.1101977	0.0747837
6	B-1732-1	0.0607217	0.0683058
7	B-85-16	0.1034503	0.0629076
8	B-8105-4	0.0816665	0.1097643
	<b>STATE LANDS</b>		

TRACT NO.	SERIAL NUMBER	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)	
<b>FEE LANDS</b>			
9	Fee Lease	0.0401219	0.0103646
10	Fee Lease	0.162133	0.1620914
11	Fee Lease	0.0304426	0.0374278
12	Fee Lease	0.005754	0.0211611
13A	Fee Lease (B-T-D Formations)	0	0.0118689
13B	Fee Lease (Hardy Blinebry #1 & #2)	0.0006252	0.0038507
14A	Fee Lease (B-T-D Formations)	0	0.0074856
14B	Fee Lease (Hardy Blinebry #3)	0.0019815	0.0051103
<b>FEE LANDS</b>			

	<b>TOTAL FEDERAL STATE &amp; FEE LANDS</b>	1.000000	1.000000
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EXHIBIT "C"

