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**IMPROVED RECOVERY UNIT
UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO
NO. _____**

Exhibit No. 2
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
AVALON (DELAWARE) UNIT
EDDY COUNTY, NEW MEXICO

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STATE/FEDERAL/FEE

**UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
AVALON (DELAWARE) UNIT
EDDY COUNTY, NEW MEXICO**

THIS AGREEMENT, entered into as of the _____ day of _____, 199__, 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. Sec. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting 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 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 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 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 1 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 70, 7, N.M.S. 1978 Annotated) to approve this Agreement and the conservation provisions hereof; and

1 WHEREAS, the parties hereto hold sufficient interest in the Unit Area covering the land hereinafter
2 described to give reasonably effective control of operations therein; and
3

4 WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste,
5 and secure other benefits obtainable through development and operation of the area subject to this
6 Agreement under the terms, conditions, and limitations herein set forth;
7

8 NOW THEREFORE, in consideration of the premises and the promises herein contained, the
9 parties hereto commit to this Agreement their respective interest in the below-defined Unit Area, and agree
10 severally among themselves as follows:
11

12 SECTION 1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25,
13 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations,
14 heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder
15 are accepted and made a part of this Agreement as to Federal lands, provided such regulations are not
16 inconsistent with the terms of this Agreement; and as to non-Federal lands, the oil and gas operating
17 regulations in effect as of the Effective Date hereof governing drilling and producing operations, not
18 inconsistent with the terms hereof or the laws of the state in which the non-Federal land is located, are
19 hereby accepted and made a part of this Agreement.
20

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

23 (a) "Unit Area" is defined as those lands depicted on Exhibit "A" and described in Exhibit "B"
24 hereof, and such land is hereby designated and recognized as constituting the Unit Area,
25 containing 2,118.78 acres, more or less, in Eddy County, New Mexico.

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

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

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

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

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

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

37 (h) "Unitized Formation" shall mean that interval underlying the Unit Area described as, the
38 Delaware Mountain Group, extending from 100 feet above the base of the Goat Seep Reef to the
39 top of the Bone Spring formation and including, but not limited to, the Cherry Canyon and Brushy
40 Canyon Formations, as identified by the Compensated Neutron/Lithodensity/Gamma Ray log
41 dated September 14, 1990 run in the Exxon Yates "C" Federal # 36, located 1305' from the North
42 line and 1305' from the East line in the Northeast Quarter of Section 31, Township 20 south,
43 Range 28 East, Eddy County, New Mexico, with the top of the Unitized Interval being found in said
44 well at a depth of 2,378 feet below the surface (869 feet above sea level) and the base of the
45 Unitized Interval being found at a depth of 4,880 feet below the surface (1,633 feet below sea
46 level), or stratigraphic equivalents, thereof.

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

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

51 (k) "Tract Participation" is defined as the percentage of participation shown on Exhibit "C " for
52 allocating Unitized Substances to a Tract under this agreement.

1 (l) "Unit Participation" is the sum of the percentages obtained by multiplying the Working Interest
2 of a Working Interest Owner in each Tract by the Tract Participation of such Tract provided that
3 Unit Participation shall be subject to adjustment as set out in Articles 12 and 13 of Unit Operating
4 Agreement.

5 (m) "Working Interest" is the right to search for, produce and acquire Unitized Substances whether
6 held as an incident of ownership of mineral fee simple title, under an oil and gas lease, operating
7 agreement, or otherwise held, which interest is chargeable with and obligated to pay or bear,
8 either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing
9 and producing the Unitized Substances from the Unitized Formation and operations thereof
10 hereunder. However, it is expressly understood and agreed that any royalty interest created out of
11 a working interest subsequent to the execution of this Agreement by the owner of the working
12 interest shall continue to be subject to such working interest burdens and obligations.

13 (n) "Working Interest Owner" is any party hereto owning a Working Interest, including a carried
14 working interest, holding an interest in Unitized Substances by virtue of a lease, operating
15 agreement, fee title or otherwise. The owner of oil and gas rights that are free of lease or other
16 instrument creating a Working Interest in another shall be regarded as a Working Interest Owner
17 to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner
18 with respect to his remaining one-eighth (1/8) interest therein.

19 (o) "Royalty Interest" or "Royalty" is an interest other than a Working Interest in, or right to receive
20 a portion of, the Unitized Substances or the proceeds thereof and includes the royalty interest
21 reserved by the lessor or by an oil and gas lease and any overriding royalty interest, oil payment
22 interest, net profit contracts, or any other payment or burden which does not carry with it the right
23 to search for and produce unitized substances.

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

25 (q) "Unit Operating Agreement" is the agreement entered into by and between the Unit Operator
26 and the Working Interest Owners as provided in Section 9, *infra*, and shall be styled "Unit
27 Operating Agreement, of the Avalon (Delaware) Unit, Eddy County, New Mexico".

28 (r) "Oil and Gas Rights" is the right to explore, develop and operate lands within the Unit Area for
29 the production of Unitized Substances, or to share in the production so obtained or the proceeds
30 thereof.

31 (s) "Outside Substances" is any substance, including but not limited to water, carbon dioxide
32 (CO₂), nitrogen, propane, butane, or other substances used for the operation of the property,
33 obtained from any source other than the Unitized Formation and injected into the Unitized
34 Formation.

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

38 (u) "Unit Operator" is the party designated by Working Interest Owners under the Unit Operating
39 Agreement to conduct Unit Operations.

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

42 (w) "Improved Recovery Project" is work undertaken for the purpose of effecting additional
43 recovery of Unitized Substances, preventing waste and/or conserving natural resources.
44 Improved Recovery Project includes, but is not limited to, those processes and classes of
45 processes which are sometimes referred to as waterflooding, pressure maintenance, enhanced
46 recovery, secondary recovery, tertiary recovery, and post-primary recovery operations.

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

49 (y) "Unit Expense" is all cost, expense, or indebtedness incurred by Working Interest Owners or
50 Unit Operator pursuant to this Agreement and the Unit Operating Agreement for or on account of
51 Unit Operations. Expenses incurred for operations prior to the Effective Date shall not be
52 considered Unit Expense, even if billed after the Effective Date.

1 (z) "Effective Date" is the date determined in accordance with Section 24, or as redetermined in
2 accordance with Section 39.
3

4 SECTION 3. EXHIBITS. The following exhibits are incorporated herein by reference: Exhibit "A"
5 attached hereto is a map showing the Unit Area and the boundaries and identity of tracts and leases in
6 said Unit Area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing,
7 to the extent known to the Unit Operator, the acreage comprising each Tract, percentages and kind of
8 ownership of oil and gas interests in all land in the Unit Area. Exhibit "C" attached hereto is a schedule
9 showing Tract Participation of each Tract. Exhibit "D" attached hereto is a schedule showing reserves by
10 Tract. However, nothing herein or in said schedule or map shall be construed as a representation by any
11 party hereto as to the ownership of any interest other than such interest or interests as are shown in said
12 map or schedule as owned by such party. The shapes and descriptions of the respective Tracts have
13 been established by using the best information available. Each Working Interest Owner is responsible for
14 supplying Unit Operator with accurate information relating to each Working Interest Owner's interest. If it
15 subsequently appears that any Tract, because of diverse royalty or working interest ownership on the
16 Effective Date hereof, should be divided into more than one Tract, or when any revision is requested by
17 the A.O., or any correction of any error other than mechanical miscalculations or clerical is needed, then
18 the Unit Operator, with the approval of the Working Interest Owners, may correct the mistake by revising
19 the exhibits to conform to the facts. The revision shall not include any reevaluation of engineering or
20 geological interpretations used in determining Tract Participation. Each such revision of an exhibit made
21 prior to thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each other such
22 revision of an exhibit shall be effective at 7:00 a.m. on the first day of the calendar month next following
23 the filing for record of the revised exhibit or on such other date as may be determined by Working Interest
24 Owners and set forth in the revised exhibit. Copies of such revision shall be filed with the Land
25 Commissioner, and not less than four copies shall be filed with the A.O. In any such revision, there shall
26 be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances
27 produced, or proceeds thereof.
28

29 SECTION 4. EXPANSION AND CONTRACTION. When practicable, the above described Unit
30 Area may, with the approval of the A.O. and Land Commissioner be expanded to include therein any
31 additional Tract or Tracts regarded as reasonably necessary or advisable for the purposes of this
32 Agreement. However, in such expansion there shall be no retroactive allocation or adjustment of Unit
33 Expense or of interests in the Unitized Substances produced, or proceeds thereof, but provided further
34 that, pursuant to Subsection (b), the Working Interest Owners may agree upon an adjustment of
35 investment by reason of the expansion. Such expansion shall be effected in the following manner:

36 (a) The Working Interest Owner or Owners of a Tract or Tracts desiring to bring such Tract or
37 Tracts into this unit, shall file an application therefor with Unit Operator requesting such
38 admission.

39 (b) Unit Operator shall circulate a notice of the proposed expansion to each Working Interest
40 Owner in the Unit Area and in the Tract proposed to be included in the unit, setting out the basis
41 for admission, the Tract Participation to be assigned to each Tract in the enlarged Unit Area, any
42 adjustment of investment to be made due to such expansion, and other pertinent data. After
43 negotiation (at a Working Interest Owners meeting or otherwise) if at least three Working Interest
44 Owners having in the aggregate seventy-five percent (75%) of the Unit Participation then in effect
45 have agreed to inclusion of such Tract or Tracts in the Unit Area, then Unit Operator shall:

46 1. After obtaining preliminary concurrence by the A.O. and Land Commissioner, prepare a notice
47 of proposed expansion describing the contemplated changes in the boundaries of the Unit Area,
48 the reason therefor, the basis for admission of the additional Tract or Tracts, the Tract
49 Participation to be assigned thereto and the proposed effective date thereof; and

50 2. Deliver copies of said notice to Land Commissioner, the A.O. at the proper BLM Office, each
51 Working Interest Owner and to the last known address of each lessee and lessor whose interests
52 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 second month subsequent to the date of notice. 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 (h) of this Agreement.

SECTION 6. UNIT OPERATOR. Exxon Corporation is hereby designated the 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 reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, 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 interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Land Commissioner and the A.O. unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period. The Unit Operator shall, upon default or failure in the performance of its duties and obligations hereunder, be subject to removal by Working Interest Owners having in the aggregate eighty percent (80%) or more of the Unit Participation then in effect exclusive of the participation of the Working Interest Owner who is the Unit Operator, provided that Working Interest Owners voting for removal own at least ten (10) percent of total Unit Participation. Such removal shall be effective upon notice thereof to the Land Commissioner and the A.O.

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

The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, books and records, materials, appurtenances and any other assets used in connection with the Unit Operations to the new duly qualified successor Unit Operator or to the Unit Manager if no such new Unit Operator is elected. Nothing herein shall be construed as authorizing the

1 removal of any material, equipment or appurtenances needed for the preservation of any wells. Nothing
2 herein contained shall be construed to relieve or discharge any Unit Operator or Unit Manager who
3 resigns or is removed hereunder from any liability or duties accruing or performable by it prior to the
4 effective date of such resignation or removal.
5

6 **SECTION 8. SUCCESSOR UNIT OPERATOR.** Whenever the Unit Operator shall tender its
7 resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners
8 shall select a successor Unit Operator as herein provided. Such selection shall not become effective until
9 (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and
10 (b) the selection shall have been approved by the Land Commissioner and the A.O. If no successor Unit
11 Operator or Unit Manager is selected and qualified as herein provided, the Land Commissioner and/or the
12 A.O., at their election, may declare this Agreement terminated.

13 In selecting a successor Unit Operator, the affirmative vote of three or more Working Interest Owners
14 having a total of sixty-five percent (65%) or more of the total Unit Participation shall prevail. If the Unit
15 Operator who is removed votes only to succeed itself or fails to vote, the successor Unit Operator may be
16 selected by the affirmative vote of the owners of at least seventy-five percent (75%) of the Unit
17 Participation remaining after excluding the Unit Participation of Unit Operator so removed.
18

19 **SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT.** Costs and
20 expenses incurred by Unit Operator in conducting Unit Operations hereunder shall be paid, apportioned
21 among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement.
22 Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall
23 be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in
24 conformity with their underlying operating agreements, leases or other contracts and such other rights and
25 obligations as between Unit Operator and the Working Interest Owners as may be agreed upon by the
26 Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be
27 deemed either to modify any of the terms and conditions of this Agreement or to relieve the Unit Operator
28 of any right or obligation established under this Agreement, and in case of any inconsistency or conflict
29 between this Agreement and the Unit Operating Agreement, this Agreement shall prevail. Copies of any
30 Unit Operating Agreement executed pursuant to this Section shall be filed with the Land Commissioner
31 and with the A.O. at the Proper BLM Office as required prior to approval of this Agreement.
32

33 **SECTION 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR.** Except as otherwise
34 specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the
35 parties hereto including surface rights which are necessary or convenient for prospecting for, producing,
36 storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised
37 by the Unit Operator as herein provided. Upon request, acceptable evidence of title to said rights shall be
38 deposited with said Unit Operator, and together with this Agreement, shall constitute and define the rights,
39 privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to
40 any land or to any lease or operating agreement, it being understood that under this Agreement the Unit
41 Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the
42 parties hereto only for the purposes herein specified.
43

44 **SECTION 11. PLAN OF OPERATIONS.** It is recognized and agreed by the parties hereto that all
45 of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances and
46 that the object and purpose of this Agreement is to formulate and to put into effect an Improved Recovery
47 Project. Unit Operator shall have the right to inject into the Unitized Formation any substances for an
48 Improved Recovery Project in accordance with a plan of operation approved by the Working Interest
49 Owners, the A.O., the Land Commissioner and the Division, including the right to drill and maintain
50 injection wells on the Unitized Land and completed in the Unitized Formation, and to use abandoned well
51 or wells producing from the Unitized Formation for said purpose. Subject to like approval, the Plan of
52 Operation may be revised as conditions may warrant.

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

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

15
16 **SECTION 12. USE OF SURFACE AND USE OF WATER.** The parties to the extent of their rights
17 and interests, hereby grant to Unit Operator the right to free use of as much of the surface of the Unitized
18 Land, including the water thereunder, as may be reasonably necessary for Unit Operations including the
19 laying, operating, and replacing of all lines of any type and the construction and operation of all facilities
20 reasonably required for Unit operations. Unit Operator's free use of water for Unit Operations, shall not
21 include any water from any well, lake, pond or irrigation ditch of a surface owner, unless approval for such
22 use is granted by the surface owner.

23 Unit Operator shall pay the surface owner for damages to growing crops, fences, improvements and
24 structures on the Unitized Land that result from Unit Operations, and such payments shall be considered
25 as items of unit expense to be borne by all the Working Interest Owners of lands subject hereto.

26
27 **SECTION 13. TRACT PARTICIPATION.** In Exhibit "C" attached hereto there are listed and
28 numbered the various Tracts within the Unit Area, and set forth opposite each Tract are figures which
29 represent the Tract Participation during Unit Operations if all Tracts in the Unit Area qualify as provided
30 herein. The Tract Participation of each Tract as shown in Exhibit "C" was determined in accordance with
31 the following formula:

32
33
$$\text{TRACT PARTICIPATION PERCENTAGE} = 25\% \cdot A/B + 50\% \cdot C/D + 25\% \cdot E/F$$

34 Where:

35 A= Tract's remaining primary reserves as of 1/1/93; see Exhibit D

36 B= Total remaining primary reserves as of 1/1/93= 1192.2 MBO

37 C= Tract's waterflood reserves; See Exhibit D

38 D = Total waterflood reserves= 8269.4 MBO

39 E = Tract's tertiary reserves; See Exhibit D

40 F = Total tertiary reserves= 39883.0 MBO

41
42 In the event less than all Tracts are included in the Unit on the Effective Date hereof, the Tract
43 Participation shall be calculated on the basis of all Tracts so included rather than all Tracts in the Unit Area
44 with appropriate charge to the reserve values shown for each tract in Exhibit "D".

45
46 **SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION.** On and after the Effective Date
47 hereof, the Tracts within the Unit Area which shall be entitled to participation in the production of Unitized
48 Substances shall be those Tracts more particularly described in Exhibit "B" that corner or have a common
49 boundary (Tracts separated only by a public road or a railroad right-of-way shall be considered to have a
50 common boundary), and that otherwise qualify as follows:

51 (a) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the
52 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 Owner 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, 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 Participation 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 their respective Working Interests in the 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 a schedule of those tracts which have been committed and made subject to this Agreement and are entitled to participate in Unitized Substances. Said schedule 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 formula set forth in Section 13 (Tract Participation) above. This schedule of participation shall be revised Exhibit "C" 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 a new schedule is approved by the Land Commissioner and 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, camp 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 Land Commissioner) shall be apportioned among and allocated to the qualified Tracts in accordance with the respective Tract Participation as set forth in the schedule of participation in Exhibit "C". 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

1 parties entitled to share in the production from such Tract in the same manner, in the same proportions,
2 and upon the same conditions, as they would have participated and shared in the production from such
3 Tracts, or in the proceeds thereof, had this Agreement not been entered into; and with the same legal
4 force and effect. Notwithstanding the foregoing, it is understood and agreed that the rights of the Working
5 Interest Owners to their proportionate share of production hereunder shall be subject to certain provisions
6 of the Unit Operating Agreement, including, but not limited to, the Gas Balancing Agreement which is
7 Exhibit G to said Unit Operating Agreement, certain provisions dealing with the non-participation of
8 Working Interest Owners, the failure of Working Interest Owners to pay their share of Unit Expense, and
9 with certain pre-existing Agreements among the Working Interest Owners.

10 No Tract committed to this Agreement and qualified for participation as above provided shall be
11 subsequently excluded from participation hereunder on account of depletion of Unitized Substances.
12 If the Working Interest and/or the Royalty Interest in any Tract are divided with respect to separate parcels
13 or portions of such Tract and owned now or hereafter in severalty by different persons, the Tract
14 Participation shall in the absence of a recordable instrument executed by all owners in such Tract and
15 furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in
16 proportion to the number of surface acres in each.

17
18 **SECTION 15.B. EXCESS IMPUTED NEWLY DISCOVERED CRUDE OIL.** Each Tract shall be
19 allocated any excess imputed newly discovered crude oil in the proportion that its Tract Participation bears
20 to the total of the Tract Participation of all Tracts not previously allocated the total number of barrels of
21 crude oil allocable to these Tracts out of unit production in accordance with the Tract Participation of such
22 Tracts; provided, however, that excess imputed newly discovered crude oil allocated to each such Tract,
23 when added to the total number of barrels of imputed newly discovered crude oil previously allocated to it,
24 shall not exceed, in any month, the total number of barrels of oil allocable to it out of unit production in
25 accordance with its Tract Participation.

26
27 **SECTION 15.C. EXCESS IMPUTED STRIPPER CRUDE OIL.** Each Tract shall be allocated any
28 excess imputed stripper crude oil in the proportion that its Tract Participation bears to the total of the Tract
29 Participation of all Tracts not previously allocated the total number of crude oil barrels allocable to these
30 Tracts out of unit production in accordance with the Tract Participation of such Tracts; provided, however,
31 that excess imputed stripper crude oil allocated to each such Tract, when added to the total number of
32 barrels of imputed stripper crude oil previously allocated to it, shall not exceed, in any month, the total
33 number of barrels of oil allocable to it out of unit production in accordance with its Tract Participation.

34
35 **SECTION 15.D. TAKING UNITIZED SUBSTANCES IN KIND.** The Unitized Substances
36 allocated to each Tract shall be delivered in kind to the respective parties entitled thereto by virtue of the
37 ownership of oil and gas rights therein. Each such party shall have the right to construct, maintain and
38 operate all necessary facilities for that purpose within the Unitized Area, provided the same are so
39 constructed, maintained and operated as not to interfere with Unit Operations. Subject to Section 17
40 hereof, any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of
41 the Unitized Substances shall be borne by the party taking delivery. In the event any Working Interest
42 Owner shall fail to take or otherwise adequately dispose of its proportionate share of the production from
43 the Unitized Formation then so long as such condition continues, Unit Operator, for the account and at the
44 expense of the Working Interest Owner of the Tract or Tracts concerned, and in order to avoid curtailing
45 the operation of the Unit Area, may, but shall not be required to, sell or otherwise dispose of such
46 production to itself or to others, provided that all contracts of sale by Unit Operator of any other party's
47 share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the
48 minimum needs of the industry under the circumstances, but in no event shall any such contract be for a
49 period in excess of one year, and at not less than the prevailing market price in the area for like
50 production, and the account of such Working Interest Owner shall be charged therewith as having
51 received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit
52 Operator shall be paid to the Working Interest Owner of the Tract or Tracts concerned. Notwithstanding

1 the foregoing, Unit Operator shall not make a sale into interstate commerce of any Working Interest
2 Owner's share of gas production without first giving such Working Interest Owner sixty (60) days' notice of
3 such intended sale.

4 Any Working Interest Owner receiving in kind or separately disposing of all or any part of the Unitized
5 Substances allocated to any Tract, or receiving the proceeds therefrom if the same is sold or purchased
6 by Unit Operator, shall be responsible for the payment of all royalty, overriding royalty and production
7 payments due thereon, and each such party shall hold each other Working Interest Owner harmless
8 against all claims, demands and causes of action by owners of such royalty, overriding royalty and
9 production payments.

10 If, after the Effective Date of this Agreement, there is any Tract or Tracts that are subsequently committed
11 hereto, as provided in Section 4 (Expansion) hereof, or any Tract or Tracts within the Unit Area not
12 committed hereto as of the Effective Date hereof but which are subsequently committed hereto under the
13 provisions of Section 14 (Tracts Qualified for Participation) and Section 32 (Nonjoinder and Subsequent
14 Joinder); or if any Tract is excluded from this Agreement as provided for in Section 21 (Loss of Title), the
15 schedule of participation as shown in Exhibit "C" shall be revised by the Unit Operator; and the revised
16 Exhibit "C", upon approval by the Land Commissioner and the A.O., shall govern the allocation of
17 production on and after the effective date thereof until a revised schedule is approved as hereinabove
18 provided.

19
20 **SECTION 16. OUTSIDE SUBSTANCES.** If any outside substance obtained from formations not
21 subject to this Agreement is introduced into the Unitized Formation for use in an Improved Recovery
22 Project which shall be in conformity with a Plan of Operation first approved by the Land Commissioner and
23 the A.O., a like amount of such outside substance with appropriate deduction for loss or depletion from
24 any cause may be withdrawn from unit wells completed in the Unitized Formation royalty free, but not
25 royalty free as to the Unitized Substances extracted therefrom; provided that such withdrawal shall be at
26 such time as may be provided in the approved Plan of Operation or as otherwise may be consented to or
27 prescribed by the Land Commissioner and the A.O. as conforming to good petroleum engineering
28 practices and provided further that such right of withdrawal shall terminate on the termination date of this
29 Agreement.

30
31 **SECTION 17. ROYALTY SETTLEMENT.** The State of New Mexico and United States of
32 America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the
33 substances produced from any Tract unitized hereunder, shall continue to be entitled to such right to take
34 in kind their share of the Unitized Substances allocated to such Tract, and Unit Operator shall make
35 deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and
36 regulations. Settlement for Royalty not taken in kind shall be made by Working Interest Owners
37 responsible therefor under existing contracts, laws and regulations on or before the last day of each month
38 for Unitized Substances produced during the preceding calendar month; provided, however, that nothing
39 herein contained shall operate to relieve the lessees of any land from their respective lease obligations for
40 the payment of any Royalty due under the leases, except that such Royalty shall be computed on Unitized
41 Substances as allocated to each Tract in accordance with the terms of this Agreement. With respect to
42 Federal leases committed hereto on which the royalty rate depends upon the daily average production per
43 well, such average production shall be determined in accordance with the operating regulations pertaining
44 to Federal leases as though the committed Tracts were included in a single consolidated lease.
45 If the amount of production or the proceeds thereof accruing to any Royalty Owner (except the United
46 States of America) in a Tract depends upon the average production per well or the average pipeline runs
47 per well from such Tract during any period of time, then such production shall be determined from and
48 after the effective date hereof by dividing the quantity of Unitized Substances allocated hereunder to such
49 Tract during such period of time by the number of wells located thereon capable of producing Unitized
50 Substances as of the Effective Date hereof, provided that any Tract not having any well so capable of
51 producing Unitized Substances on the Effective Date hereof shall be considered as having one such well
52 for the purpose of this provision.

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

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

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

14
15 **SECTION 18. RENTAL SETTLEMENT.** Rentals or minimum Royalties due on the leases
16 committed hereto shall be paid by Working Interest Owners responsible therefor under existing contracts,
17 laws and regulations provided that nothing herein contained shall operate to relieve the lessees of any
18 land from their respective lease obligations for the payment of any rental or minimum Royalty in lieu
19 thereof, due under their leases. Rental for lands of the State of New Mexico subject to this Agreement
20 shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or
21 minimum Royalty for lands of the United States of America subject to this Agreement shall be paid at the
22 rate specified in the respective leases from the United States of America, unless such rental or minimum
23 Royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized
24 representative.

25
26 **SECTION 19. CONSERVATION AND REGULATORY OBLIGATIONS.** Operations hereunder
27 and production of Unitized Substances shall be conducted to provide for the most economical and efficient
28 recovery of said substances without waste, as defined by or pursuant to Federal and State laws and
29 regulations.

30 It is expressly understood and agreed that the only wells deemed to be included in the Unit shall be those
31 wells contributed to the Unit and accepted by the Unit, pursuant to the terms hereof or drilled for the Unit in
32 accordance with the terms hereof and the terms of the Unit Operating Agreement; and that the Unit
33 Operator and the Working Interest Owners, as such, shall have no responsibility or liability, including
34 plugging liability, for any wells not included in the Unit, or for any damages caused by a well that is
35 included in the Unit to the extent that such damages were caused prior to the well's inclusion in the Unit.
36 Nothing contained herein or in the Unit Operating Agreement shall result in the Unit Operator or the
37 Working Interest Owners being liable for the cleanup of any wastes, or for any other cleanup or
38 restoration, except to the extent such cleanup or restoration is required as a result of Unit Operations.

39
40 **SECTION 20. DRAINAGE.** The Unit Operator shall take all reasonable and prudent measures to
41 prevent drainage of Unitized Substances from unitized land by wells on land not subject to this Agreement.
42 The Unit Operator, upon approval by the Working Interest Owners, the A.O. and the Land Commissioner,
43 is hereby empowered to enter into a borderline agreement or agreements with working interest owners of
44 adjoining lands not subject to this Agreement with respect to operation in the border area for the maximum
45 economic recovery, conservation purposes and proper protection of the parties and interest affected.

46
47 **SECTION 21. LOSS OF TITLE.** In the event title to 100% of Working Interest and Royalty
48 Interest in and to any Tract of unitized land shall fail and the true owner cannot be induced to join in this
49 Agreement, such Tract shall be automatically regarded as not committed hereto, and there shall be such
50 readjustment of future costs and benefits as may be required on account of the loss of such title. In the
51 event of a dispute as to title to any Royalty, Working Interest, or other interests subject thereto, payment
52 or delivery on account thereof may be withheld 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 Substance are delivered or to whom the proceeds thereof are paid furnish security for the proper accounting therefor 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 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 Exhibit "B". Unit Operator as such 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 their approval hereof, or by the approval hereof by their duly authorized representatives, do 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 any 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 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

1 committed hereto shall be segregated as to that portion committed and that not committed, and
2 the terms of such lease shall apply separately to such segregated portions commencing as of the
3 Effective Date hereof. Provided, however, that notwithstanding any of the provisions of this
4 Agreement to the contrary, such lease (including both segregated portions) shall continue in full
5 force and effect beyond the term provided therein as to all lands embraced in such lease if oil or
6 gas is, or has heretofore been discovered in paying quantities on some part of the lands
7 embraced in such lease committed to this Agreement or, so long as a portion of the Unitized
8 Substances produced from the Unit Area is, under the terms of this Agreement, allocated to the
9 portion of the lands covered by such lease committed to this Agreement, or, at any time during the
10 term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the
11 Unit Operator is then engaged in bona fide drilling, reworking, or improved recovery operations on
12 any part of the lands embraced in such lease, then the same as to all lands embraced therein
13 shall remain in full force and effect so long as such operations are diligently prosecuted, and if
14 they result in the production of oil or gas, said lease shall continue in full force and effect as to all
15 of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being
16 produced from any portion of said lands.

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

26
27 **SECTION 23. COVENANTS RUN WITH LAND.** The covenants herein shall be construed to be
28 covenants running with the land with respect to the interest of the parties hereto and their successors in
29 interest until this Agreement terminates, and any grant, transfer or conveyance of interest in land or leases
30 subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations
31 hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any
32 Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar
33 month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the
34 recorded instrument or transfer; and no assignment or transfer of any Royalty Interest subject hereto shall
35 be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month
36 after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy,
37 of the recorded instrument or transfer.

38
39 **SECTION 24. EFFECTIVE DATE AND TERM.** This Agreement shall become binding upon each
40 party who executes or ratifies it as of the date of execution or ratification by such party and shall become
41 effective at 7:00 AM applicable local time on the first day of the calendar month next following the approval
42 of this Agreement by the A.O., the Land Commissioner and the Division.
43 If this Agreement does not become effective on or before January 1, 1997, it shall ipso facto expire on
44 said date (hereinafter call "Expiration Date") and thereafter be of no further force or effect, unless prior
45 thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined
46 Participation of at least seventy-five percent (75%); and at least seventy-five percent (75%) of such
47 Working Interest Owners committed to this Agreement have decided to extend Expiration Date for a
48 period not to exceed one (1) year (hereinafter called "Extended Expiration Date"). If Expiration Date is so
49 extended and this Agreement does not become effective on or before the Extended Expiration Date, it
50 shall ipso facto expire on Extended Expiration Date and thereafter be of no further force and effect.
51 Unit Operator shall record within thirty (30) days after the Effective Date of this Agreement, in the office of
52 the County Clerk of Eddy County, New Mexico, where a counterpart of this Agreement has been recorded,

1 a certificate to the effect that this Agreement has become effective according to its terms and stating
2 further the effective date.

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

7 This Agreement may be terminated with the approval of the Land Commissioner and the A.O. by Working
8 Interest Owners owning eighty percent (80%) of the Unit Participation then in effect whenever such
9 Working Interest Owners determine that Unit Operations are no longer desirable, profitable, or in the
10 interest of conservation. Upon approval, such termination shall be effective as of the first day of the month
11 after said Working Interest Owners' determination. Notice of any such termination shall be recorded by
12 Unit Operator in the office of the County Clerk of Eddy County, New Mexico, within thirty (30) days of the
13 effective date of termination.

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

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

21
22 **SECTION 25. RATE OF PROSPECTING, DEVELOPMENT & PRODUCTION.** All production
23 and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly
24 authorized person or regulatory body under any Federal or State Statute. The A.O. is hereby vested with
25 authority to alter or modify from time to time, in his discretion, the rate of prospecting and development
26 and within the limits made or fixed by the Division to alter or modify the quantity and rate of production
27 under this Agreement, such authority being hereby limited to alteration or modification in the public
28 interest, the purpose thereof and the public interest to be served thereby to be stated in the order of
29 alteration or modification; provided, further, that no such alteration or modification shall be effective as to
30 any land of the State of New Mexico as to the rate of prospecting and development in the absence of the
31 specific written approval thereof by the Land Commissioner and as to any lands in the State of New
32 Mexico or privately-owned lands subject to this Agreement or to the quantity and rate of production from
33 such lands in the absence of specific written approval thereof by the Division.
34 Powers in this Section vested in the A.O. shall only be exercised after notice to Unit Operator and
35 opportunity for hearing to be held not less than fifteen (15) days from notice, and thereafter subject to
36 administrative appeal before becoming final.

37
38 **SECTION 26. NONDISCRIMINATION.** Unit Operator in connection with the performance of
39 work under this Agreement relating to leases of the United States, agrees to comply with all of the
40 provisions of Section 202 (1) to (7) inclusive of Executive Order 11246, (30 F.R. 12319), which are hereby
41 incorporated by reference in this Agreement.

42
43 **SECTION 27. APPEARANCES.** Unit Operator shall have the right to appear for or on behalf of
44 any interests affected hereby before the Land Commissioner, the Department, and the Division or any
45 other legally constructed authority, and to appeal from any order issued under the rules and regulations of
46 any such authorities, or to apply for relief from any of said rules and regulations or in any proceedings
47 relative to operations before the Land Commissioner, the Department or the Division or any other legally
48 constituted authority; provided, however, that any other interested party shall also have the right at his or
49 its own expense to be heard in any such proceeding.

50
51 **SECTION 28. NOTICES.** All notices, demands, objections or statements required hereunder to
52 be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally

1 delivered to the party or parties or sent by postpaid certified or registered mail, addressed to such party or
2 parties at their last known address set forth in connection with the signatures hereto or to the ratification or
3 consent hereof or to such other address as any such party or parties may have furnished in writing to the
4 party sending the notice, demand or statement.

5
6 SECTION 29. NO WAIVER OF CERTAIN RIGHTS. Nothing in this Agreement contained shall
7 be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or
8 defense as to the validity or invalidity of any law of the State wherein said Unitized Lands are located, or
9 regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any
10 right beyond his or its authority to waive; provided, however, each party hereto covenants that it will not
11 resort to any action to partition the Unitized Land or the Unit Equipment.

12
13 SECTION 30. EQUIPMENT AND FACILITIES NOT FIXTURES ATTACHED TO REALTY. Each
14 Working Interest Owner has heretofore placed and used on its Tract or Tracts committed to this
15 Agreement various well and lease equipment and other property, equipment and facilities. It is also
16 recognized that additional equipment and facilities may hereafter be placed and used upon the Unitized
17 Land as now or hereafter constituted. Therefore, for all purposes of this Agreement, any such equipment
18 shall be considered to be personal property and not fixtures attached to realty. Accordingly, said well and
19 lease equipment and personal property is hereby severed from the mineral estates affected by this
20 Agreement, and it is agreed that any such equipment and personal property shall be and remain personal
21 property of the Working Interest Owners for all purposes.

22
23 SECTION 31. UNAVOIDABLE DELAY. All obligations under this Agreement requiring the Unit
24 Operator to commence or continue improved recovery operations or to operate on or produce Unitized
25 Substances from any of the lands covered by this Agreement shall be suspended while, but only so long
26 as, the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with
27 such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or by any rule,
28 regulation or order of a governmental agency, unavoidable accident, uncontrollable delays in
29 transportation, inability to obtain necessary materials or equipment in open market, or other matters
30 beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

31
32 SECTION 32. NONJOINDER AND SUBSEQUENT JOINDER. Joinder by any Royalty Owner, at
33 any time, must be accompanied by appropriate joinder of the corresponding Working Interest Owner in
34 order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to this
35 Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the
36 Unit Operating Agreement in order for such interest to be regarded as effectively committed to this
37 Agreement.

38 Any oil or gas interest in the Unitized Formations not committed hereto prior to submission of this
39 Agreement to the Land Commissioner and the A.O. for final approval may thereafter be committed hereto
40 upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for
41 Participation) hereof, at any time up to the Effective Date hereof on the same basis of Tract Participation
42 as provided in Section 13, by the owner or owners thereof subscribing, ratifying, or consenting in writing to
43 this Agreement and, if the interest is a Working Interest, by the owner of such interest subscribing also to
44 the Unit Operating Agreement.

45 It is understood and agreed, however, that from and after the Effective Date hereof the right of subsequent
46 joinder as provided in this Section shall be subject to such requirements or approvals and on such basis
47 as may be agreed upon by Working Interest Owners owning not less than sixty-five percent (65%) of the
48 Unit Participation then in effect, and approved by the Land Commissioner and A.O. Such subsequent
49 joinder by a proposed Working Interest Owner must be evidenced by his execution or ratification of this
50 Agreement and the Unit Operating Agreement and, where State or Federal land is involved, such joinder
51 must be approved by the Land Commissioner or A.O. Such joinder by a proposed Royalty Owner must be
52 evidenced by his execution, ratification or consent of this Agreement and must be consented to in writing

1 by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in
2 behalf of such proposed Royalty Owner. Except as may be otherwise herein provided, subsequent joinder
3 to this Agreement shall be effective as of the first day of the month following the filing with the Land
4 Commissioner and A.O. of duly executed counterparts of any and all documents necessary to establish
5 effective commitment of any Tract or interest to this Agreement, unless objection to such joinder by the
6 Land Commissioner or the A.O., is duly made sixty (60) days after such filing.
7

8 **SECTION 33. COUNTERPARTS.** This Agreement may be executed in any number of
9 counterparts, no one of which needs to be executed by all parties, and may be ratified or consented to by
10 separate instrument in writing, specifically referring hereto, and shall be binding upon all those parties who
11 have executed such a counterpart, ratification or consent hereto with the same force and effect as if all
12 parties had signed the same document, and regardless of whether or not it is executed by all other parties
13 owning or claiming an interest in the land within the described Unit Area. Furthermore, this Agreement
14 shall extend to and be binding on the parties hereto, their successors, heirs and assigns.
15

16 **SECTION 34. JOINDER IN DUAL CAPACITY.** Execution as herein provided by any party as
17 either a Working Interest Owner or a Royalty Owner shall commit all interests owned or controlled by such
18 party; provided, that if the party is the owner of a Working Interest, he must also execute the Unit
19 Operating Agreement.
20

21 **SECTION 35. TAXES.** Each party hereto shall, for its own account, render and pay its share of
22 any taxes levied against or measured by the amount or value of the Unitized Substances produced from
23 the Unitized Land; provided, however, that if it is required or if it be determined that the Unit Operator or
24 the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto,
25 it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed
26 therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their
27 respective allocated share of said Unitized Substances. No taxes shall be charged to the United States or
28 to the State of New Mexico, nor to any lessor who has a contract with a lessee which requires his lessee
29 to pay such taxes.
30

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

37 **SECTION 37. PRODUCTION AS OF THE EFFECTIVE DATE.** Unit Operator shall make a
38 proper and timely gauge of all leases and other tanks within the Unit Area in order to ascertain the amount
39 of merchantable oil above the pipeline connection, in such tanks as of 7:00 a.m. on the Effective Date
40 hereof. All such oil which has been produced in accordance with established allowables shall be and
41 remain the property of the Working Interest Owner entitled thereto, the same as if the unit had not been
42 formed; and the responsible Working Interest Owner shall promptly remove said oil from the Unitized
43 Land. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest
44 Owners, subject to the payment of all Royalty to Royalty Owners under the terms hereof. The oil that is in
45 excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized
46 Substances produced after Effective Date hereof.
47 If, as of the Effective Date hereof, any Tract is overproduced with respect to the allowable of the wells on
48 that Tract and the amount of over-production has been sold or otherwise disposed of, such over-
49 production shall be regarded as a part of the Unitized Substances produced after the Effective Date hereof
50 and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances
51 allocated to such Tract.
52

1 SECTION 38. NO SHARING OF MARKET. This Agreement is not intended to provide and shall
2 not be construed to provide, directly or indirectly, for any cooperative refining, joint sale or marketing of
3 Unitized Substances.
4

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

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

17 SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the Effective Date
18 hereof, all Tracts within the Unit Area shall be entitled to participation in the production of Unitized
19 Substances
20

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

23 SECTION 24. EFFECTIVE DATE AND TERM. This Agreement shall become effective at 7:00
24 AM applicable local time on the first day of the calendar month next following the effective date
25 of the Division's order approving statutory unitization upon the terms and conditions of this
26 Agreement, as amended (if any amendment is necessary) to conform to the Division's order;
27 approval of this Agreement, as so amended, by the Land Commissioner; and the A.O. and the
28 recording by Unit Operator of this Agreement or notice thereof for record in the office of the
29 County Clerk of Eddy County, New Mexico. Unit Operator shall not record this Agreement or
30 notice thereof, and hence this Agreement shall not become effective, unless within ninety (90)
31 days after the date all other prerequisites for effectiveness of this Agreement have been
32 satisfied, such Agreement is approved by Working Interest Owners owning a combined Unit
33 Participation of at least seventy-five percent (75 %) as to all Tracts within the Unit Area.
34 Unit Operator shall, within thirty (30) days after the Effective Date of this Agreement, file for
35 record in the office of the County Clerk of Eddy County, New Mexico, a certificate to the effect
36 that this Agreement has become effective in accordance with its terms, therein identifying the
37 Division's order approving statutory unitization and stating the Effective Date.
38

- 39 (3) This Agreement and/or the Unit Operating Agreement shall be amended in any and all respects
40 necessary to conform to the Division's order approving statutory unitization.
41 Any and all amendments of this Agreement and/or the Unit Operating Agreement that are necessary to
42 conform said agreements to the Division's order approving statutory unitization shall be deemed to be
43 hereby approved in writing by the parties hereto without any necessity for further approval by said parties,
44 except as follows:
45

46 (a) If any amendment of this Agreement has the effect of reducing any Royalty Owner's
47 participation in the production of Unitized Substances, such Royalty Owner shall not be deemed
48 to have hereby approved the amended agreement without the necessity of further approval in
49 writing by said Royalty Owner; and
50

51 (b) If any amendment of this Agreement and/or the Unit Operating Agreement has the effect of
52 reducing any Working Interest Owner's participation in the production of Unitized Substances or

1 increasing such Working Interest Owner's share of Unit Expense, such Working Interest Owner
2 shall not be deemed to have hereby approved the amended agreements without the necessity of
3 further approval in writing by said Working Interest Owner.
4

5 Executed as of the day and year first above written.
6
7

8 EXXON CORPORATION
9

10 By: 
11

12 Attorney-in-Fact
13

14 Date of Execution:
15

16 JUN 23, 1995
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Area Indmn. 

MPO Ind. Supv. DRL

MPO Oprs. Actg. CDZ

MPO Law SLC

Oprs. Tech. Mgr. _____

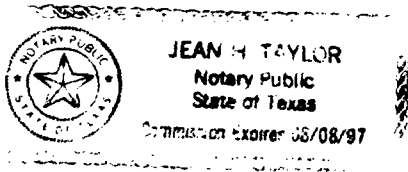
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4 STATE OF TEXAS)
5)ss.
6 COUNTY OF MIDLAND)
7

8 The foregoing instrument was acknowledged before me this 23rd day of
9 June, 19 97, by Eric, Attorney in Fact,
10 for/of Exxon Corporation, a New Jersey corporation, or/behalf of said corporation.
11

12 My Commission Expires:

13 8-8-97

14 Jean H. Taylor
15
16



LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE					
1	T20S-R28E Section 29: SWSW	40.00	NMNM-17100 (Out of NMNM-0401842) HBP	U.S.A.- All (12.5% Royalty)	Mary H. Ard- 33.34 William A. Hudson II- 33.33% Edward R. Hudson, Jr.- 33.33%	Oryx Energy Company	3.056570	Yates Petroleum Corporation	9.444760					
						Pennzoil Exploration and Production Company	0.566210	Yates Drilling Company	9.444760					
						Mark D. Wilson	2.000000	Abo Petroleum Corporation	3.148260					
						Robert E. Boling Est	1.000000	Myco Industries, Inc.	9.444760					
						Robert Michael Boling Per Rep	}	Claremont Corporation	0.724340					
						Janet Lynn Richardson Per Rep		Mary H. Ard	3.863200					
						Mary L. Boling		William A. Hudson II	3.863200					
						Total ORR						1.000000	Edward R. Hudson, Jr.	3.863200
												7.622780	Exxon Corporation	6.250000
													Kerr-McGee Corporation	0.698350
													Rosalind Redfern	0.338970
													John J. Redfern III, Indep Exec}	0.338970
													Est of John J. Redfern, Jr. }	
													Martin Living Trust	0.482903
													R. Ken Williams	0.482903
							Edward H. Judson	0.482904						
							Devon Energy Corporation (NV)	2.382880						
							Ernie Bello	0.024701						
							Mrs. Frances B. Bunn	0.024701						
							Gendron Family Revocable Tr	0.037052						
							David Goodnow	0.024701						
							Joseph R. Hodge	0.004117						
							Sanford J. Hodge, III	0.004117						
							E. G. Holden Testamentary Tr	0.012351						
							Isaac A. Kawasaki	0.024701						
							Betsy H. Keller	0.012351						
							Charles Cline Moore	0.061753						
							Agnes Cluthe Oliver Tr	0.024701						
							William B. Oliver Tr	0.024701						
							Adolph P. Schuman Martl Tr	0.024701						
							Space Building Corp.	0.061753						
							J. F. Van Vranken, Jr.	0.024701						
							Unit Petroleum	10.505708						
							Whiting Petroleum Corporation	2.818810						
							Tipperary Oil & Gas Corporation	2.818810						
							Hayes Partners I	8.052840						

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	Description of Land	Number of Acres	Serial Number and Expiration Date of Lease	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
3a	(As to Lot 1) (Stonewall EP State #7)					Robert E. Boling Est	1.000000	Yates Petroleum Corporation	10.083120
						Robert Michael Boling Per Rep	}	Yates Drilling Company	10.083120
						Janet Lynn Richardson Per Rep	}	Abo Petroleum Corporation	3.361040
						Mary L. Boling	1.000000	Myco Industries, Inc.	10.083120
						Total ORR	8.140320	Claremont Corporation	0.773310
								Mary H. Ard	4.124310
								William A. Hudson II	4.124310
								Edward R. Hudson, Jr.	4.124310
								Exxon Corporation	27.973850
								Kerr-McGee Corporation	0.745550
								Rosalind Redfern	0.361880
								John J. Redfern III, Indep Exec}	0.361880
								Est of John J. Redfern, Jr. }	
								Martin Living Trust	
								R. Ken Williams	0.515540
						Edward H. Judson	0.515540		
						Devon Energy Corporation (NV)	2.300800		
						Ernie Bello	0.007911		
						Mrs. Frances B. Bunn	0.007911		
						Gendron Family Revocable Tr	0.011867		
						David Goodnow	0.007911		
						Joseph R. Hodge	0.001318		
						Sanford J. Hodge, III	0.001318		
						E. G. Holden Testamentary Tr	0.003956		
						Isaac A. Kawasaki	0.007911		
						Betsy H. Keller	0.003956		
						Charles Cline Moore	0.019779		
						Agnes Cluthe Oliver Tr	0.007911		
						William B. Oliver Tr	0.007911		
						Adolph P. Schuman Martl Tr	0.007911		

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								Charles Cline Moore	0.019779
								Agnes Cluthe Oliver Tr	0.007911
								William B. Oliver Tr	0.007911
								Adolph P. Schuman Martl Tr	0.007911
								Space Building Corp.	0.019779
								J. F. Van Vranken, Jr.	0.007911
								Unit Petroleum	11.687116
								Whiting Petroleum Corporation	2.919802
								Tipperary Oil & Gas Corporation	2.919801
								Yates Petroleum Corporation	2.300800
								Total this sub-tract	100.000000
3c	(As to NENW) (Stonewall EP State #6)							Yates Petroleum Corporation	10.083120
								Yates Drilling Company	10.083120
								Abo Petroleum Corporation	3.361040
								Mycos Industries, Inc.	10.083120
								Ernie Bello	0.026371
								Mrs. Frances B. Bunn	0.026371
								Gendron Family Revocable Tr	0.039556
								David Goodnow	0.026371
								Joseph R. Hodge	0.004394
								Sanford J. Hodge, III	0.004394
								E. G. Holden Testamentary Tr	0.013184
								Isaac A. Kawasaki	0.026371
								Betsy H. Keller	0.013185
								Charles Cline Moore	0.065927
								Agnes Cluthe Oliver Tr	0.026371
								William B. Oliver Tr	0.026371
								Adolph P. Schuman Martl Tr	0.026371
								Space Building Corp.	0.065927
								J. F. Van Vranken, Jr.	0.026371
								Unit Petroleum	11.394842
								Whiting Petroleum Corporation	2.919802
								Tipperary Oil & Gas Corporation	2.919801

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
3d (As to SENW) (Stonewall EP State #8)								Claremont Corporation	0.773310
								Mary H. Ard	4.124310
								William A. Hudson II	4.124310
								Edward R. Hudson, Jr.	4.124310
								Exxon Corporation	27.973850
								Kerr-McGee Corporation	0.745550
								Rosalind Redfern	0.361880
								John J. Redfern III, Indep Exec}	
								Est of John J. Redfern, Jr. }	0.361880
								Martin Living Trust	0.515540
								R. Ken Williams	0.515540
								Edward H. Judson	0.515540
								Devon Energy Corporation (NV)	2.300800
								Yates Petroleum Corporation	2.300800
								Total this sub-tract	100.000000
								Yates Petroleum Corporation	10.083120
								Yates Drilling Company	10.083120
								Abo Petroleum Corporation	3.361040
								Myco Industries, Inc.	10.083120
								Ernie Bello	0.026371
								Mrs. Frances B. Bunn	0.026371
								Gendron Family Revocable Tr	0.039556
								David Goodnow	0.026371
								Joseph R. Hodge	0.004394
								Sanford J. Hodge, III	0.004394
								E. G. Holden Testamentary Tr	0.013184
								Isaac A. Kawasaki	0.026371
								Betsy H. Keller	0.013185
								Charles Cline Moore	0.065927
								Agnes Cluthe Oliver Tr	0.026371
								William B. Oliver Tr	0.026371
								Adolph P. Schuman Martl Tr	0.026371
								• Space Building Corp.	0.065927

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								J. F. Van Vranken, Jr. Unit Petroleum Whiting Petroleum Corporation Tipperary Oil & Gas Corporation Claremont Corporation Mary H. Ard William A. Hudson II Edward R. Hudson, Jr. Exxon Corporation Kerr-McGee Corporation Rosalind Redfern John J. Redfern III, Indep Exec} Est of John J. Redfern, Jr. }	0.026371 11.394842 2.919802 2.919801 0.773310 4.124310 4.124310 4.124310 27.973850 0.745550 0.361880 0.361880
								Martin Living Trust R. Ken Williams Edward H. Judson Devon Energy Corporation (NV) Yates Petroleum Corporation	0.515540 0.515540 0.515540 2.300800 2.300800
								Total this sub-tract	100.000000
3e	(As to SWNE)							Yates Petroleum Corporation Yates Drilling Company Abo Petroleum Corporation Myco Industries, Inc. Ernie Bello Mrs. Frances B. Bunn Gendron Family Revocable Tr David Goodnow Joseph R. Hodge Sanford J. Hodge, III E. G. Holden Testamentary Tr Isaac A. Kawasaki Betsy H. Keller Charles Cline Moore Agnes Cluthe Oliver Tr	7.562340 7.562340 2.520780 7.562340 0.019778 0.019778 0.029667 0.019778 0.003296 0.003296 0.009889 0.019778 0.009889 0.049445 0.019778

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
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EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
4	T20S-R28E Section 30: N/2SE (As To NW/SE) (Stonewall "YE" State #1)	80.00	LG-2726-1 HBP	STATE OF NEW MEXICO ALL (12.5% Royalty)	Pennzoil Exploration & Production Company			William B. Oliver Tr	0.019778
								Adolph P. Schuman Martl Tr	0.019778
								Space Building Corp.	0.049445
								J. F. Van Vranken, Jr.	0.019778
								Unit Petroleum	8.623816
								Whiting Petroleum Corporation	2.151009
								Tipperary Oil & Gas Corporation	2.151009
								Claremont Corporation	0.579982
								Mary H. Ard	3.093233
								William A. Hudson II	3.093232
								Edward R. Hudson, Jr.	3.093232
								Exxon Corporation	20.980388
								Kerr-McGee Corporation	0.559163
								Rosalind Redfern	0.271410
								John J. Redfern III, Indep Exec} of Est of John J. Redfern, Jr.}	0.271410
								Martin Living Trust	
								R. Ken Williams	0.386655
4a								Edward H. Judson	0.386655
								Yates Petroleum Corporation	1.725600
								Devon Energy Corporation (NV)	1.725600
								Pennzoil Exploration & Production Company	25.000000
								Total this sub-tract	100.000000
								Yates Petroleum Corporation	7.562340
								Yates Drilling Company	7.562340
								Abo Petroleum Corporation	2.520780
								Myco Industries, Inc.	7.562340
								Ernie Bello	0.019778
								Mrs. Frances B. Bunn	0.019778
								Gendron Family Revocable Tr	0.029667
								• David Goodnow	0.019778

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								Joseph R. Hodge	0.003296
								Sanford J. Hodge, III	0.003296
								E. G. Holden Testamentary Tr	0.009889
								Isaac A. Kawasaki	0.019778
								Betsy H. Keller	0.009889
								Charles Cline Moore	0.049445
								Agnes Cluthe Oliver Tr	0.019778
								William B. Oliver Tr	0.019778
								Adolph P. Schuman Martl Tr	0.019778
								Space Building Corp.	0.049445
								J. F. Van Vranken, Jr.	0.019778
								Unit Petroleum	12.925834
								Claremont Corporation	0.579982
								Mary H. Ard	3.093233
								William A. Hudson II	3.093232
								Edward R. Hudson, Jr.	3.093232
								Exxon Corporation	20.980388
								Kerr-McGee Corporation	0.559163
								Rosalind Redfern	0.271410
								John J. Redfern III, Indep Exec} of Est of John J. Redfern, Jr.}	0.271410
								Martin Living Trust	0.386655
								R. Ken Williams	0.386655
								Edward H. Judson	0.386655
								Yates Petroleum Corporation	1.725600
								Devon Energy Corporation (NV)	1.725600
								Pennzoil Exploration & Production Company	25.000000
								Total this sub-tract	100.000000
4b	(As to NESE)							Yates Petroleum Corporation	7.562340
								Yates Drilling Company	7.562340
								Abo Petroleum Corporation	2.520780
								Myco Industries, Inc.	7.562340
								Ernie Bello	0.019778
								• Mrs. Frances B. Bunn	0.019778

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
5	T20S-R28E Section 30: Lots 3,4 E/2SW; S/2SE	242.73	K-6854-2 HBP	STATE OF NEW MEXICO ALL (12.5% Royalty)	EXXON CORPORATION-100%	Oryx Energy Company Pennzoil Exploration and Production Company	3.493220 0.647100	Gendron Family Revocable Tr	0.029667
								David Goodnow	0.019778
								Joseph R. Hodge	0.003296
								Sanford J. Hodge, III	0.003296
								E. G. Holden Testamentary Tr	0.009889
								Isaac A. Kawasaki	0.019778
								Betsy H. Keller	0.009889
								Charles Cline Moore	0.049445
								Agnes Cluthe Oliver Tr	0.019778
								William B. Oliver Tr	0.019778
								Adolph P. Schuman Martl Tr	0.019778
								Space Building Corp.	0.049445
								J. F. Van Vranken, Jr.	0.019778
								Unit Petroleum	12.925834
								Claremont Corporation	0.579982
								Mary H. Ard	3.093233
								William A. Hudson II	3.093232
								Edward R. Hudson, Jr.	3.093232
								Exxon Corporation	20.980388
								Kerr-McGee Corporation	0.559163
								Rosalind Redfern	0.271410
								John J. Redfern III, Indep Exec} of Est of John J. Redfern, Jr. }	0.271410
								Martin Living Trust	
								R. Ken Williams	0.386655
								Edward H. Judson	0.386655
								Yates Petroleum Corporation	1.725600
								Devon Energy Corporation (NV)	1.725600
								Pennzoil Exploration & Production Company	25.000000
								Total this sub-tract	100.000000
5	T20S-R28E Section 30: Lots 3,4 E/2SW; S/2SE	242.73	K-6854-2 HBP	STATE OF NEW MEXICO ALL (12.5% Royalty)	EXXON CORPORATION-100%	Oryx Energy Company Pennzoil Exploration and Production Company	3.493220 0.647100		

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
						Mark D. Wilson	2.000000		
						Robert E. Boling Est	1.000000		
						Robert Michael Boling Per Rep	}		
						Janet Lynn Richardson Per Rep			
						Mary L. Boling	1.000000		
						Total ORR	8.140320		

5a (As to Lot 3)
(Stonewall "WM" State #6)

Yates Petroleum Corporation	10.083120
Yates Drilling Company	10.083120
Abo Petroleum Corporation	3.361040
Myco Industries, Inc.	10.083120
Ernie Bello	0.026371
Mrs. Frances B. Bunn	0.026371
Gendron Family Revocable Tr	0.039556
David Goodnow	0.026371
Joseph R. Hodge	0.004394
Sanford J. Hodge, III	0.004394
E. G. Holden Testamentary Tr	0.013184
Isaac A. Kawasaki	0.026371
Betsy H. Keller	0.013185
Charles Cline Moore	0.065927
Agnes Cluthe Oliver Tr	0.026371
William B. Oliver Tr	0.026371
Adolph P. Schuman Martl Tr	0.026371
Space Building Corp.	0.065927
J. F. Van Vranken, Jr.	0.026371
Unit Petroleum	11.394842
Whiting Petroleum Corporation	2.919802
Tipperary Oil & Gas Corporation	2.919801
Claremont Corporation	0.773310
Mary H. Ard	4.124310
William A. Hudson II	4.124310
Edward R. Hudson, Jr.	4.124310
Exxon Corporation	27.973850
Kerr-McGee Corporation	0.745550

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
5b	(As to Lot 4) (Stonewall "WM" State #4)				Rosalind Redfern				0.361880
					John J. Redfern III, Indep Exec}				0.361880
					of Est of John J. Redfern, Jr.}				0.515540
					Martin Living Trust				0.515540
					R. Ken Williams				0.515540
					Edward H. Judson				0.515540
					Devon Energy Corporation (NV)				2.300800
					Yates Petroleum Corporation				2.300800
					Total this sub-tract				100.000000
					Yates Petroleum Corporation				10.083120
					Yates Drilling Company				10.083120
					Abo Petroleum Corporation				3.361040
					Myco Industries, Inc.				10.083120
					Ernie Bello				0.026371
					Mrs. Frances B. Bunn				0.026371
					Gendron Family Revocable Tr				0.039556
					David Goodnow				0.026371
					Joseph R. Hodge				0.004394
					Sanford J. Hodge, III				0.004394
					E. G. Holden Testamentary Tr				0.013184
					Isaac A. Kawasaki				0.026371
					Betsy H. Keller				0.013185
					Charles Cline Moore				0.065927
					Agnes Cluthe Oliver Tr				0.026371
					William B. Oliver Tr				0.026371
					Adolph P. Schuman Martl Tr				0.026371
					Space Building Corp.				0.065927
					J. F. Van Vranken, Jr.				0.026371
					Unit Petroleum				11.498420
					Whiting Petroleum Corporation				2.868013
					Tipperary Oil & Gas Corporation				2.868012
					Claremont Corporation				0.773310
					Mary H. Ard				4.124310
					William A. Hudson II				4.124310

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								Edward R. Hudson, Jr.	4.124310
								Exxon Corporation	27.973850
								Kerr-McGee Corporation	0.745550
								Rosalind Redfern	0.361880
								John J. Redfern III, Indep Exec}	
								of Est of John J. Redfern, Jr.}	0.361880
								Martin Living Trust	0.515540
								R. Ken Williams	0.515540
								Edward H. Judson	0.515540
								Devon Energy Corporation (NV)	2.300800
								Yates Petroleum Corporation	2.300800
								Total this sub-tract	100.000000

5c (As to NESW)
(Stonewall "WM" State #5)

Yates Petroleum Corporation	10.083120
Yates Drilling Company	10.083120
Abo Petroleum Corporation	3.361040
Myco Industries, Inc.	10.083120
Ernie Bello	0.026371
Mrs. Frances B. Bunn	0.026371
Gendron Family Revocable Tr	0.039556
David Goodnow	0.026371
Joseph R. Hodge	0.004394
Sanford J. Hodge, III	0.004394
E. G. Holden Testamentary Tr	0.013184
Isaac A. Kawasaki	0.026371
Betsy H. Keller	0.013185
Charles Cline Moore	0.065927
Agnes Cluthe Oliver Tr	0.026371
William B. Oliver Tr	0.026371
Adolph P. Schuman Martl Tr	0.026371
Space Building Corp.	0.065927
J. F. Van Vranken, Jr.	0.026371
• Unit Petroleum	11.394842

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								Whiting Petroleum Corporation	2.919802
								Tipperary Oil & Gas Corporation	2.919801
								Claremont Corporation	0.773310
								Mary H. Ard	4.124310
								William A. Hudson II	4.124310
								Edward R. Hudson, Jr.	4.124310
								Exxon Corporation	27.973850
								Karr-McGee Corporation	0.745550
								Rosalind Redfern	0.361880
								John J. Redfern III, Indep Exec}	
								of Est of John J. Redfern, Jr. }	0.361880
								Martin Living Trust	0.515540
								R. Ken Williams	0.515540
								Edward H. Judson	0.515540
								Devon Energy Corporation (NV)	2.300800
								Yates Petroleum Corporation	2.300800
								Total this sub-tract	100.000000
5d	(as to SESW) (Stonewall "WM" State #3)							Yates Petroleum Corporation	10.083120
								Yates Drilling Company	10.083120
								Abo Petroleum Corporation	3.361040
								Myco Industries, Inc.	10.083120
								Ernie Bello	0.026371
								Mrs. Frances B. Bunn	0.026371
								Gendron Family Revocable Tr	0.039556
								David Goodnow	0.026371
								Joseph R. Hodge	0.004394
								Sanford J. Hodge, III	0.004394
								E. G. Holden Testamentary Tr	0.013184
								Isaac A. Kawasaki	0.026371
								Betsy H. Keller	0.013185
								Charles Cline Moore	0.065927
								Agnes Cluthe Oliver Tr	0.026371

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								William B. Oliver Tr	0.026371
								Adolph P. Schuman Martl Tr	0.026371
								Space Building Corp.	0.065927
								J. F. Van Vranken, Jr.	0.026371
								Unit Petroleum	11.498420
								Whiting Petroleum Corporation	2.868013
								Tipperary Oil & Gas Corporation	2.868012
								Claremont Corporation	0.773310
								Mary H. Ard	4.124310
								William A. Hudson II	4.124310
								Edward R. Hudson, Jr.	4.124310
								Exxon Corporation	27.973850
								Kerr-McGee Corporation	0.745550
								Rosalind Redfern	0.361880
								John J. Redfern III, Indep Exec}	
								of Est of John J. Redfern, Jr. }	0.361880
								Martin Living Trust	0.515540
								R. Ken Williams	0.515540
								Edward H. Judson	0.515540
								Devon Energy Corporation (NV)	2.300800
								Yates Petroleum Corporation	2.300800
								Total this sub-tract	100.000000
5e	(as to SWSE) (Stonewall "WM" State #1)							Yates Petroleum Corporation	7.562340
								Yates Drilling Company	7.562340
								Abo Petroleum Corporation	2.520780
								Myco Industries, Inc.	7.562340
								Ernie Bello	0.019778
								Mrs. Frances B. Bunn	0.019778
								Gendron Family Revocable Tr	0.029667
								David Goodnow	0.019778
								Joseph R. Hodge	0.003296
								Sanford J. Hodge, III	0.003296

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								E. G. Holden Testamentary Tr	0.009889
								Isaac A. Kawasaki	0.019778
								Betsy H. Keller	0.009889
								Charles Cline Moore	0.049445
								Agnes Cluthe Oliver Tr	0.019778
								William B. Oliver Tr	0.019778
								Adolph P. Schuman Martl Tr	0.019778
								Space Building Corp.	0.049445
								J. F. Van Vranken, Jr.	0.019778
								Unit Petroleum	12.925834
								Claremont Corporation	0.579982
								Mary H. Ard	3.093233
								William A. Hudson II	3.093232
								Edward R. Hudson, Jr.	3.093232
								Exxon Corporation	20.980388
								Kerr-McGee Corporation	0.559163
								Rosalind Redfern	0.271410
								John J. Redfern III, Indep Exec}	0.271410
								of Est of John J. Redfern, Jr.}	
								Martin Living Trust	0.386655
								R. Ken Williams	0.386655
								Edward H. Judson	0.386655
								Yates Petroleum Corporation	1.725600
								Devon Energy Corporation (NV)	1.725600
								Pennzoil Exploration & Production Company	25.000000
								Total this sub-tract	100.000000
								Yates Petroleum Corporation	7.562340
								Yates Drilling Company	7.562340
								Abo Petroleum Corporation	2.520780
								Myco Industries, Inc.	7.562340
								Ernie Bello	0.019778
								Mrs. Frances B. Bunn	0.019778
								Gendron Family Revocable Tr	0.029667
								David Goodnow	0.019778

5f (As to SESE)
(Stonewall "WM" State #2)

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
								Joseph R. Hodge	0.003296
								Sanford J. Hodge, III	0.003296
								E. G. Holden Testamentary Tr	0.009889
								Isaac A. Kawasaki	0.019778
								Betsy H. Keller	0.009889
								Charles Cline Moore	0.049445
								Agnes Cluthe Oliver Tr	0.019778
								William B. Oliver Tr	0.019778
								Adolph P. Schuman Martl Tr	0.019778
								Space Building Corp.	0.049445
								J. F. Van Vranken, Jr.	0.019778
								Unit Petroleum	8.623816
								Whiting Petroleum Corporation	2.151009
								Tipperary Oil & Gas Corporation	2.151009
								Claremont Corporation	0.579982
								Mary H. Ard	3.093233
								William A. Hudson II	3.093232
								Edward R. Hudson, Jr.	3.093232
								Exxon Corporation	20.980388
								Kerr-McGee Corporation	0.559163
								Rosalind Redfern	0.271410
								John J. Redfern III, Indep Exec}	0.271410
								of Est of John J. Redfern, Jr.}	
								Martin Living Trust	0.386655
								R. Ken Williams	0.386655
								Edward H. Judson	0.386655
								Yates Petroleum Corporation	1.725600
								Devon Energy Corporation (NV)	1.725600
								Pennzoil Exploration & Production Company	25.000000
								Total this sub-tract	100.000000
6	T20S-R27E Section 25; E/2E/2	160.00	K-6527-1 HBP	STATE OF NEW MEXICO ALL (12.5% Royalty)	Premier Oil & Gas, Inc. -100%			Premier Oil & Gas, Inc.	100.000000

EXHIBIT "B"
SCHEDULE OF OWNERSHIP
SCHEDULE SHOWING ALL LANDS AND LEASES
WITHIN THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NM

Tract NO	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	OVERRIDING ROYALTY	PERCENTAGE	WORKING INTEREST	PERCENTAGE
11	T20S-R28E Section 32: SENW (below 1,000 feet); NESW	80.00	FEE-HBP Lease dated 07/15/54	KEYSTONE CORP ET AL Royalty 1/8 (Davis Bros., L.L.C. 6.25%) (Sabine Royalty Tr 3.125%) (Singer Brothers 3.125%) Total Royalty 12.500%	Exxon Corporation-100%			Exxon Corporation	100.000000
12	T20S-R28E Section 32: SWNE, W/2SE	120.00	FEE-HBP Lease dated 08/03/73	Davis Bros., L.L.C. 50.00% Royalty 1/4 (NationsBank of 25.00% Texas, N. A. Tr of Sabine Royalty Tr) Royalty 3/16 FEE-HBP Lease dated 10/30/72 Royalty 3/16 FEE-HBP Lease dated 10/31/71	Exxon Corporation Oxy USA Inc. Seventy-Seven Corporation Unit Petroleum William B. Oliver Trust Agnes Cluthe Oliver Trust Estate of Jack O. McCall Charles Cline Moore TR Oil Corporation Whiting Petroleum Corporation Tipperary Oil & Gas Corporation Yates Drilling Company Los Chicos Myco Industries, Inc. John A. Yates Tract Total 100.000000	Texas Commerce Bank, Trustee of the Delta-Flag Royalty Trust Robert L. Spears Mark D. Wilson Robert E. Boling Est Robert Michael Boling Per Rep Janet Lynn Richardson Per Rep Mary L. Boling Total ORR 5.0351562	62.500000 15.000000 1.666680 4.895246 0.008970 0.008970 0.072580 0.029030 0.870900 1.223812 1.223812 4.166670 2.083330 4.166660 2.083340 100.000000	Exxon Corporation Oxy USA Inc. Seventy-Seven Corporation Unit Petroleum William B. Oliver Tr Agnes Cluthe Oliver Tr Estate of Jack O. McCall Charles Cline Moore TR Oil Corporation Whiting Petroleum Corporation Tipperary Oil & Gas Corporation Yates Drilling Company Los Chicos Myco Industries, Inc. John A. Yates Tract Total	62.500000 15.000000 1.666680 4.895246 0.008970 0.008970 0.072580 0.029030 0.870900 1.223812 1.223812 4.166670 2.083330 4.166660 2.083340 100.000000

AVALON DELAWARE UNIT
SCHEDULE OF TRACT PARTICIPATION
EXHIBIT C

Tract	Tract Participation
Tract 1	0.00127811
Tract 2	0.53873810
Tract 3a	0.02419206
Tract 3b	0.04411633
Tract 3c	0.00284844
Tract 3d	0.03613108
Tract 3e	0.00227227
Tract 4a	0.00534375
Tract 4b	0.00155079
Tract 5a	0.04239256
Tract 5b	0.02205552
Tract 5c	0.06556912
Tract 5d	0.06327370
Tract 5e	0.01981539
Tract 5f	0.00720522
Tract 6	0.01019231
Tract 7	0.00268034
Tract 8	0.00118608
Tract 9	0.00278502
Tract 10	0.09372665
Tract 11	0.01144928
Tract 12	0.00119788
Total	1.00000000

EXHIBIT "D"
RESERVES BY TRACT

TRACT	REMAINING PRIMARY RESERVES	WATERFLOOD RESERVES	TERTIARY RESERVES
1	0.00	0.00	203.90
2	741.80	4,368.20	18,995.00
3-A	0.00	345.10	530.60
3-B	43.40	403.60	1,693.00
3-C	0.00	0.80	446.70
3-D	33.40	373.30	1,045.90
3-E	0.00	0.00	362.50
4-A	0.00	0.00	852.50
4-B	0.00	0.00	247.40
5-A	53.40	368.10	1,425.90
5-B	19.30	174.50	1,189.70
5-C	33.80	741.50	2,177.20
5-D	40.30	698.40	2,009.30
5-E	20.20	157.50	966.20
5-F	0.00	69.30	481.00
6	0.00	0.00	1,626.00
7	0.00	0.00	427.60
8	0.70	0.00	165.80
9	0.00	0.00	444.30
10	202.80	499.40	3,350.90
11	3.10	69.70	1,050.50
12	0.00	0.00	191.10
TOTAL	1,192.20	8,269.40	39,883.00

RESERVE DATA
UNITS ARE THOUSAND OF BARRELS

It is understood and agreed that the above numbers are estimates that were utilized in determining Tract Participation for the Unit; they do not constitute any representation as to the amount of oil that may actually be recovered by each tract or by the unit as a whole.

**UNIT OPERATING AGREEMENT
OF THE AVALON (DELAWARE) UNIT
EDDY COUNTY, NEW MEXICO**

Exhibit No. 3
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

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10 1.2 Definitions

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17 2.1.3 Exhibit F: Accounting Procedure

18 2.1.4 Exhibit G: Gas Balancing Agreement

19 2.1.5 Exhibit H: List of Well Bores

20 2.1.6 Exhibit I: Notice of Lien and Mortgage- Financing Statement

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1 16.3 Waiver of Rights to Partition

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7 17.2 Liability for Claims and Judgments

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10 17.5 Force Majeure

11
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25 **RESTRICTION OF DISPOSITION**

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29 20.3 Four or More Working Interest Owners

30
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40 22.1 Effective Date

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42
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2 23.1.2 Right to Operate
3 23.1.3 Salvaging Wells
4 23.1.4 Cost of Salvaging
5

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8

- 9 24.1 Original, Counterparts, or Ratification
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11

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13 **SUCCESSORS AND ASSIGNS**
14

- 15 25.1 Successors and Assigns
16

- 17
18 Exhibit "A"- Map of Unit Area
19 Exhibit "B"- Schedule of Ownership
20 Exhibit "C"- Tract Participation
21 Exhibit "D"- Reserves by Tract
22 Exhibit "E"- Unit Participation
23 Exhibit "F"- Accounting Procedure
24 Exhibit "G"- Gas Balancing Agreement
25 Exhibit "H"- List of Well Bores
26 Exhibit "I"- Notice of Lien and Mortgage-Financing Statement
27 Exhibit "J"- Equal Opportunity Clause
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2
3 **UNIT OPERATING AGREEMENT**
4 **OF THE AVALON (DELAWARE) UNIT**
5 **EDDY COUNTY, NEW MEXICO**

6 **THIS AGREEMENT**, entered into as of the _____ day of _____, 199_, by and
7 between the parties who have signed the original of this instrument, a counterpart thereof or other
8 instrument agreeing to be bound or who are otherwise bound by the provisions hereof;

9
10 **WITNESSETH:**
11

12 **WHEREAS**, the parties hereto as Working Interest Owners have executed, as of the date
13 hereof, an Agreement entitled, "Unit Agreement for the Development and Operation of the
14 Avalon (Delaware) Unit Area", Eddy County, New Mexico (the "Unit Agreement"), which,
15 among other things, provides for a separate Agreement to be entered into by Working Interest
16 Owners to provide for the development and operation of the Unit Area as therein defined;
17

18 **NOW THEREFORE**, in consideration of the mutual agreements herein set forth, it is
19 agreed as follows:
20

21 **ARTICLE 1**
22 **CONFIRMATION OF UNIT AGREEMENT AND DEFINITIONS**
23

24 1.1 **Confirmation of Unit Agreement.** The Unit Agreement is hereby confirmed and by
25 reference made a part of this Agreement. If there is any conflict between the Unit Agreement and
26 this Agreement, the Unit Agreement shall govern.
27

28 1.2 **Definitions.** The definitions contained in the Unit Agreement are adopted for all purposes
29 of this Agreement.
30

31 **ARTICLE 2**
32 **EXHIBITS**
33

34 2.1 **Exhibits.** The following exhibits are incorporated herein by reference:
35

36 2.1.1 **Exhibits "A", "B", "C", and "D"** of the Unit Agreement.
37

38 2.1.2 **Exhibit "E"** attached hereto, which is a schedule showing the total Unit
39 Participation of each Working Interest Owner. Exhibit "E", or a revision thereof,
40 shall not be conclusive as to the information therein, except it may be used as
41 showing the Unit participation of the Working Interest Owners for the purposes of
42 this Agreement until shown to be in error and revised as herein.
43

44 2.1.3 **Exhibit "F"**, attached hereto, which is the Accounting Procedure applicable to
45 the Unit Operations. If there is any conflict between this Agreement and
46 Exhibit "F", this Agreement shall govern.

2.1.4 **Exhibit "G"**, attached hereto, which is the Gas Balancing Agreement applicable to Unit Operations.

2.1.5 **Exhibit "H"**, attached hereto, which is the List of Well Bores.

2.1.6 **Exhibit "I"**, attached hereto, which is the Notice of Lien and Mortgage-Financing Statement.

2.1.7 **Exhibit "J"**, attached hereto, which contains Equal Opportunity provisions applicable to Unit Operations.

2.2 **Revision of Exhibits.** Should Exhibits "A", "B", "C", be revised in accordance with provisions of the Unit Agreement, Exhibit "E" shall be revised accordingly and be effective as of the same date. Unit Operator shall also revise Exhibit "E" from time to time as required to conform to changes in ownership of which Unit Operator has been notified as provided in the Unit Agreement.

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

ARTICLE 3

SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

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

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

3.2.1 **Method of Operation.** The method of operation, including any type of Improved Recovery Project.

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

3.2.3 **Well Recompletion and Change of Status.** The recompletion, abandonment or change of status of any well, or the use of any well for injection or other purposes.

3.2.4 **Expenditures.** The making of any single expenditure in excess of One Hundred Thousand Dollars (\$100,000); provided that approval by Working Interest Owners of the drilling, reworking, deepening or plugging back of any well shall include approval of all necessary expenditures required therefore, and for

1 completing, testing and equipping the same, including necessary flow lines,
2 separators and lease tankage.

3
4 **3.2.5 Disposition of Unit Equipment.** The selling or otherwise disposing of any major
5 item of surplus Unit Equipment, if the current list price of new equipment similar
6 thereto is One Hundred Thousand Dollars or more.

7
8 **3.2.6 Audits.** The auditing of the accounts of Unit Operator pertaining to Unit
9 Operations hereunder; however, such audits shall

10
11 (a) Not be conducted more than once each year except upon the resignation or
12 removal of Unit Operator, and

13
14 (b) Be made upon the approval of the owner or owners of a majority of the
15 Working Interest other than that of Unit Operator, at the expense of all
16 Working Interest Owners other than Unit Operator, or be made at the
17 expense of those Working Interest Owners requesting such audit, if
18 owners of less than a majority of the Working Interests, other than that of
19 the Unit Operator, request such an audit, and

20
21 (c) Be made upon not less than thirty (30) days written notice to Unit
22 Operator.

23
24 **3.2.7 Technical Services.** The authorizing of charges to the joint account for services
25 by consultants or Unit Operator's technical personnel not covered by the charges
26 provided for in Exhibit "F".

27
28 **3.2.8 Assignments to Committees.** The appointment of committees to study any
29 problems in connection with Unit Operations.

30
31 **3.2.9 Removal of Unit Operator.** The removal of Unit Operator and the selection of a
32 successor as provided in the Unit Agreement.

33
34 **3.2.10 Expansion of Unit Area.** The enlargement of the Unit Area.

35
36 **3.2.11 Termination of Unit Agreement.** The termination of the Unit Agreement.

37
38 **3.2.12 Contracts for Outside Substances.** Approval of contracts negotiated by Unit
39 Operator pursuant to Section 7.13.

40
41 **ARTICLE 4**
42 **MANNER OF EXERCISING SUPERVISION**

43
44 **4.1 Designation of Representatives.** Each Working Interest Owner shall in writing inform
45 Unit Operator of the names and addresses of the representative and alternate who are authorized
46 to represent and bind such Working Interest Owner with respect to Unit Operations. The

representative or alternate may be changed from time to time by written notice to Unit Operator.

4.2 Meetings. All meetings of Working Interest Owners shall be called by Unit Operator upon its own motion or at a request of two or more of the Working Interest Owners having a total Unit Participation of not less than five percent (5%). No meeting shall be called sooner than fourteen (14) days following the date that written notification thereof is mailed. Working Interest Owners who attend the meeting may amend items included in the agenda and may act upon an amended item or other items presented at the meeting. The representative of Unit Operator or its alternate shall be chairman of each meeting. The Unit Operator will prepare and furnish minutes of all meetings to the Working Interest Owners.

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

4.3.1 Voting Interest. Each Working Interest Owner shall have a voting interest equal to its Unit Participation at the time the ballot is distributed. It is expressly recognized that Unit Participation (and the resulting voting interest) may be adjusted as the result of a Working Interest Owner electing not to participate in Unit Operations pursuant to Articles 12 and/or 13.

4.3.2 Vote Required- Generally. Unless otherwise provided herein or in the Unit Agreement, all matters shall be decided by an affirmative vote of the owner of the largest voting interest plus the owners of ten percent (10%) of the voting interest remaining after deducting the largest voting interest, provided that in no event may a proposal be approved by less than seventy-five percent (75%) of the voting interest.

4.3.3 Vote Required for Drilling Well. Any proposal that includes the drilling of one or more wells to a depth of 2,400 feet or greater may be approved by an affirmative vote of the owners of eighty-five percent (85%) or more of the voting interest.

4.3.4 Vote Required for Expenditures in Excess of One Million Dollars (\$1,000,000). Any proposal that is reasonably expected to require expenditures in excess of One Million Dollars (\$1,000,000) may be approved by an affirmative vote of the owners of eighty-five percent (85%) or more of the voting interest.

4.3.5 Vote Required to Proceed With CO₂ Injection. Notwithstanding anything in this agreement to the contrary, any proposal to commence CO₂ injection shall require the affirmative vote of the owners of the largest two voting interests, provided that in no event shall a proposal be approved by a vote of less than 75% of the voting interest. It is understood and agreed that the requirements of this section shall apply to any proposal to commence the injection of CO₂ including a pilot or test project, or to substantially expand the area covered by the injection of such CO₂, as well as any proposal for a study of commencing such injection,

provided that any proposal involving the ongoing operation and maintenance of previously approved CO₂ injection shall not be deemed to be covered by the terms hereof. It is further understood and agreed that, for the purposes of this section 4.3.5, and only for such purposes, the voting interest of the following parties shall

be deemed to be owned by a single party:

Yates Petroleum Corporation

Yates Drilling Company

MYCO Industries, Inc.

Abo Petroleum Corporation

Los Chicos

John A. Yates

S. P. Yates

It is further understood and agreed that (i) Yates Petroleum Corporation shall represent the entire voting interest of all the above parties, and the vote of Yates Petroleum Corporation shall be binding on all of such parties; and (ii) In the event that any of the above parties disposes of any of its interest to any party other than those parties listed above, such interest shall no longer be deemed to be owned by the owner of the above interests.

4.3.6 Vote Required to Amend Unit Operating Agreement. This Unit Operating Agreement may be amended by an affirmative vote of ninety percent (90%) or more voting interest; provided that, should any one working Interest Owner have ninety percent (90%) or more of the voting interest, its vote must be supported by the vote of two (2) or more other Working Interest Owners.

4.3.7 Overhead Rates. The overhead rates provided for in Exhibit "F" hereof may be amended by a vote of the Unit Operator plus fifty percent (50%) of the voting interest remaining after deducting the voting interest of the Unit Operator, provided that in no event may overhead rates be amended by less than seventy-five percent (75%) of the voting interest.

4.3.8 Vote at Meeting by Non-Attending Working Interest Owners. Any Working Interest Owner who is not represented (either in person or by proxy) at a meeting may vote by letter, facsimile or telegram addressed to the representative of the Unit Operator if its vote is received prior to the vote on the item. Such vote will not be counted with respect to any item on the agenda which is amended at the meeting.

4.3.9 Poll Votes. Working Interest Owners may vote on and decide by letter, facsimile or telegram, any matter submitted in writing to Working Interest Owners. If no meeting is requested, as provided in Section 4.2, within fourteen (14) days after the proposal is sent to Working Interest Owners the vote taken by letter or telegram shall become final. Unit Operator will give prompt notice of the results of such voting to all Working Interest Owners.

ARTICLE 5
INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS

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

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

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

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

5.3 Taking Unitized Substances in Kind. The Unitized Substances allocated to each Tract shall be taken in kind by the respective parties entitled thereto by virtue of their ownership of Oil and Gas Rights therein or by purchase from such parties. Such parties shall have the right at their sole cost and expense, to construct, maintain and operate within the Unit Area all necessary facilities for that purpose, provided that they are so constructed, maintained and operated so as not to interfere with Unit Operations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the receiving party. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of Unitized Substances.

5.4 Failure to Take Production in Kind. If any party fails to take in kind or separately dispose of its share of Oil and or/ Gas included in the Unitized Substances, Unit Operator shall have the right, but not the obligation, for the time being and subject to revocation at will by the party owning such share, to purchase for its own account or sell to others such share; provided that all contracts for sale by Unit Operator of any other party's share of such Oil and/or Gas 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. The proceeds of the Oil and/or Gas so disposed of by Unit Operator shall be paid to the party entitled thereto in accordance with applicable laws and regulations.

5.5 Disposition of Gas. In the event one or more parties' separate disposition of its share of Gas included in the Unitized Substances causes deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total Gas allocated to it hereunder, the balancing or accounting between the respective accounts of the parties shall be in accordance with the provisions of Exhibit "G" hereto. It is expressly understood that, as of the Effective Date, the parties shall all be deemed to be in balance as to their interest in Gas included

1 in the Unitized Substances, and that, if there was any imbalance in the taking of gas produced
2 from the Unitized Formation prior to the Effective Date, those parties as to which such imbalance
3 exists shall settle such imbalance in accordance with applicable law and any agreements
4 applicable to such imbalance. For the purpose of this provision, "Gas" means those hydrocarbons
5 included in Unit production which at atmospheric conditions of temperature and pressure are in a
6 gaseous phase, including hydrocarbons found therein which may be extracted or isolated as
7 liquefied petroleum gas or natural gasoline by processing the gas other than by conventional
8 surface separators.

9
10 **5.6 Taking Outside Substances in Kind.** The implementation of an Improved Recovery
11 Project may require injection into the Unitized Formation of substantial volumes of Outside
12 Substances. At such time as the Working Interest Owners determine to produce and dispose of
13 such Outside Substances, it is understood that such production will be shared and owned in
14 accordance with the Unit Participation for each Working Interest Owner at the time of such
15 disposal, and the provisions of Sections 5.3, 5.4 and 5.5 above shall apply to the taking and
16 failure to take such Outside Substances **mutatis mutandis**.

17
18 **5.7 No Sharing of Market.** Nothing herein shall be construed to provide directly or
19 indirectly for any cooperative refining, joint sale or marketing of Unit Production or of Outside
20 Substances produced from the Unitized Formation.

21
22 **5.8 Reversionary Interest.** In the event that the ownership of any Tract is subject to change
23 due to the payout, or multiple payout, of a well within the Unit under the terms of any other
24 agreement, including, but not limited to, an operating agreement or a farmout agreement, it is
25 understood and agreed that such payout, or multiple payout as the case may be, shall be deemed
26 to have occurred as of the Effective Date, it being understood that the parties to the agreements
27 creating such interest(s) shall negotiate in good faith to agree upon some compensation for the
28 conversion of such interests prior to the date which conversion would have occurred in the
29 absence of this Agreement.

30 31 **ARTICLE 6** 32 **UNIT OPERATOR**

33
34 **6.1 Initial Unit Operator.** Exxon Corporation is hereby designated as the initial Unit
35 Operator.

36 37 **ARTICLE 7** 38 **AUTHORITIES AND DUTIES OF UNIT OPERATOR**

39
40 **7.1 Exclusive Right to Operate Unit.** Subject to the provisions of this Agreement and to
41 instructions from Working Interest Owners, Unit Operator shall have the exclusive right and be
42 obligated to conduct Unit Operations.

43
44 **7.2 Workmanlike Conduct.** Unit Operator shall conduct Unit Operations in a good and
45 workmanlike manner as would a prudent operator under the same or similar circumstances. Unit
46 Operator shall not be liable to Working Interest Owners for damages unless such damages result

1 from its gross negligence or willful misconduct.

2
3 **7.3 Liens and Encumbrances.** Unit Operator shall endeavor to keep the lands and leases in
4 the Unit Area free from all liens and encumbrances occasioned by Unit Operations except the
5 lien of Unit Operator granted hereunder.

6
7 **7.4 Employees.** The number of employees used by Unit Operator in conducting Unit
8 Operations, their selection, hours of labor and compensation shall be determined by Unit
9 Operator. Such employees shall be the employees of Unit Operator.

10
11 **7.5 Records.** Unit Operator shall keep correct books, accounts and records of Unit
12 Operations.

13
14 **7.6 Laws and Regulations.** Unit Operator agrees to comply with all laws and regulations
15 applicable to any activities carried out in the name of or on behalf of any one or more of the
16 Working Interest Owners under the provisions of this Agreement and/or any amendments to it.

17
18 **7.7 Financial Settlements, Billings, and Reports.** Unit Operator agrees that all financial
19 settlements, billings, and reports rendered to any one or more of the Working Interest Owners, as
20 provided for in this Agreement and/or amendments to it, will, to the best of its knowledge and
21 belief, reflect properly the facts about all activities and transactions handled for the account of
22 such Working Interest Owner(s), which data may be relied upon as being complete and accurate
23 in any further recording and reporting made by such Working Interest Owner(s) for whatever
24 purposes.

25
26 **7.8 Notification.** Unit Operator agrees to notify the other Working Interest Owners promptly
27 upon discovery of any instance where the Unit Operator fails to comply with the provision
28 Section 7.6 above or where the Unit Operator has reason to believe that data covered by Section
29 7.7 above is no longer accurate and complete.

30
31 **7.9 Reports to Governmental Authorities.** Unit Operator shall make all reports to
32 governmental authorities that it has the duty to make as Unit Operator.

33
34 **7.10 Engineering and Geological Information.** Unit Operator shall furnish to a Working
35 Interest Owner upon written request, a copy of all logs and other non-interpretive engineering
36 and geological data pertaining to Unit Operations, subject to the provisions of Section 5.2.2.

37
38 **7.11 Expenditures.** Unit Operator is authorized to make single expenditures not in excess of
39 One Hundred Thousand Dollars (\$100,000) without prior approval of Working Interest Owners.
40 If an emergency occurs, Unit Operator may immediately make or incur such expenditures in
41 excess of this limit as in its opinion are required to deal with the emergency. Unit Operator shall
42 report to Working Interest Owners, as promptly as possible, the nature of the emergency
43 necessitating such expenditures and the action taken.

44
45 **7.12 Wells Drilled by Unit Operator.** All wells drilled by Unit Operator shall be at the usual
46 rates prevailing in the area. Unit Operator may employ its own tools and equipment, but the

charge therefor shall not exceed the prevailing rate in the area, and the work shall be performed by Unit Operator under the same terms and conditions as are usual in the area in contracts of independent contractors doing work of a similar nature.

7.13 Exclusive Right to Contract for Outside Substances. Subject to the provisions of this Agreement and to the instructions from and approval of the Working Interest Owners, the Unit Operator is authorized and shall have the exclusive right and obligation to contract for and on behalf of the Unit for such purchase, exchange, storage, use and acquisition of Outside Substances as is reasonable and necessary for conducting any Improved Recovery Project under such terms and conditions as Unit Operator shall deem proper and advisable. Each Working Interest Owner shall have the right to supply its proportionate share of Outside Substances in kind, subject to such Working Interest Owner complying with all reasonable conditions and requirements established from time to time by the Working Interest Owners for such purpose, it being understood that such requirements may include a requirement that Working Interest Owners elect whether they will supply their share of Outside Substances in kind for the entire period to be covered by a proposed contract for the acquisition of such Outside Substances. Notwithstanding anything contained in this Agreement, Unit Operator shall have the right to re-inject any Outside Substances produced in the course of Unit Operations.

7.14 Border Agreements. Unit Operator may, after approval by Working Interest Owners pursuant to Section 4.3.2, enter into border agreements with respect to lands adjacent to the Unit Area for the purpose of coordinating operations.

7.15 Appearance Before a Court or Regulatory Agency. The Unit Operator shall designate a representative to appear before any court or regulatory agency in matters pertaining to Unit Operations; provided that such designation shall not prevent any Working Interest Owner from appearing in person or from designating another representative in its own behalf and at its expense.

ARTICLE 8 TAXES

8.1 Ad Valorem Taxes. Beginning with the first calendar year after the Effective Date hereof, Unit Operator shall make and file all necessary ad valorem tax renditions and returns with the proper taxing authorities with respect to all property of each Working Interest Owner used or held by Unit Operator for Unit Operations. Unit Operator shall settle assessments arising therefrom. All such taxes shall be charged to and borne by the parties owning the same in proportion to their respective Unit Participation therein, provided that for any period prior to the Effective Date, such taxes shall be charged to and be borne by the parties based on their interest (or the interest of their predecessor in interest) prior to Unitization. Other ad valorem taxes upon or directly measured by the value of Unitized Substances produced from the subject lands shall be charged to and borne by the parties in the same proportion as the assessed value of their respective portions of the Unitized Substances bears to the whole; provided that, if the interest of a Working Interest Owner is subject to a separately assessed overriding royalty interest, production payment or other interest in excess of one-eighth (1/8) royalty, such Working Interest Owner shall be given credit for the reduction in taxes paid resulting therefrom.

1
2 **8.2 Other Taxes.** Each Working Interest Owner shall pay, or cause to be paid, all production,
3 severance, gathering and other taxes imposed upon, or with respect to, the production or handling
4 of its share of Unitized Substances.
5

6 **ARTICLE 9**
7 **INSURANCE**
8

9 **9.1 Insurance.** Unit Operator, with respect to Unit Operations, shall do the following:
10

11 **9.1.1 Workman's Compensation.** Comply with the Workman's Compensation laws of
12 the State of New Mexico.
13

14 **9.1.2 Employer's Liability Insurance.** Carry Employer's Liability and other insurance
15 as required by the laws of the State of New Mexico.
16

17 **9.1.3 Other Insurance.** Unit Operator shall not carry any other insurance on behalf of
18 the Unit.
19

20 **ARTICLE 10**
21 **PROPERTY TAKEN OVER**
22

23 **10.1 Personal Property Taken Over.** Upon the Effective Date of the Unit, the Working
24 Interest Owners shall deliver to Unit Operator all personal property and fixtures necessary or
25 useful for Unit Operations as follows:
26

27 **10.1.1 Wells and Well Equipment.** All wells listed on Exhibit "H" and associated well
28 equipment shall be delivered subject to the terms of Article 11 hereof, provided that: (i)
29 Exhibit "H" may be amended to add or delete wells by vote of the Working Interest
30 Owners as provided herein; and (ii) Within ten (10) days after the Effective Date, or after
31 a well has been added to Exhibit "H" by vote of the Working Interest Owners, whichever
32 is applicable, the owner of such well may elect, by written notification to Unit Operator,
33 to retain such well and its associated well equipment, subject to the requirements of
34 Section 11.4 hereof.
35

36 **10.1.2 Lease and Operating Equipment.** Subject to the procedures set out in Section
37 10.3, all lease and operating equipment, and all wells other than those covered by Section
38 10.1.1 and facility systems related to production from the Unitized Formation or which
39 may be useful for Unit Operations and which are located on the Unitized Area shall be
40 deemed to have been delivered to Unit Operator as of the Effective Date, provided that
41 within ten (10) days of such Effective Date the owner of any such equipment that does
42 not wish to contribute it to the Unit may, by written notification to Operator, elect to
43 retain such equipment.
44

45 **10.1.3 Working Interest Owners Retain Responsibility for Wells.** Notwithstanding
46 anything contained herein to the contrary, it is understood and agreed that the parties shall

1 retain the authority to conduct testing, evaluation and repair operations on the wells listed
2 on Exhibit "H" hereto, and the facilities associated therewith in order to establish and/or
3 render same useful for Unit Operations as provided in Article 10 & 11, and that, until
4 such time as said well(s) and well equipment have been accepted by the Unit as provided
5 herein, the owners thereof shall retain all liability and responsibility for such wells, and
6 shall be solely responsible for complying with all permitting and bonding requirements
7 applicable thereto.
8

9 **10.2 Records.** Within ten (10) days of the Effective Date, each Working Interest Owner shall
10 deliver to Unit Operator a copy of all production and well records pertaining to any well which
11 (i) has produced or is currently producing from the Unitized Formation; and/or (ii) is listed on
12 Exhibit "H".
13

14 **10.3 Inventory and Evaluation of Personal Property.** Working Interest Owners shall
15 appoint an inventory committee which shall, as of the Effective Date or as soon thereafter as is
16 feasible, cause to be taken, under the supervision of the Unit Operator and at Unit Expense, joint
17 physical inventories of the lease and well equipment described in Section 10.1.2, which
18 inventories shall be used as a basis for determining the items of equipment to be taken over by
19 the Unit Operator hereunder. Physical inventories conducted prior to the Effective Date hereof
20 may be used for this purpose with approval by Working Interest Owners. The Unit Operator shall
21 notify each Working Interest Owner within each separate Tract at least ten (10) days prior to the
22 taking of the inventory with respect to said Tract, so that each of said Working Interest Owners
23 may make arrangements to be represented at the taking of the inventory. Such inventories shall
24 include those items of equipment normally considered controllable as recommended in the
25 materials classification manual in Bulletin No. 6 dated June, 1982 or any amendments thereto,
26 published by the Council of Petroleum Accountants Societies, except that intangible drill and
27 complete costs will also be included and valued at \$225,000 per well for the purposes of the
28 inventory adjustment. Such inventories shall exclude all items not of use and value to the Unit
29 and not necessary to Unit Operations. Following completion of the inventories, such inventories
30 shall be priced in accordance with the provisions of Exhibit "F" hereto, and made a part hereof.
31 Such pricing shall be performed under the supervision of the Unit Operator, with Working
32 Interest Owners furnishing such additional assistance in valuation as may be available and
33 necessary.
34

35 **10.4 Inventory and Valuations.** After completion of the applicable inventory and evaluation
36 of property in accordance with the provisions of Section 10.3, Unit Operator shall submit to each
37 Working Interest Owner a copy of the inventory and valuations thereon together with a letter
38 ballot for approval of such inventory and valuations. Any item of equipment not listed on said
39 inventory shall be deemed excluded from the Unit. Within sixty (60) days after receipt of such
40 inventory and valuations each Working Interest Owner shall return such letter ballot to Unit
41 Operator indicating its approval or disapproval thereof. It is agreed that such inventory and
42 valuations shall be binding upon all parties if approved by Working Interest Owners owning as
43 much as sixty-five percent (65%) of the Working Interest in the Unit Area, except that if one
44 owner exceeds sixty five percent (65%), one other Working Interest Owner will be required to
45 approve such inventory and valuations for it to be binding. It is understood and agreed that,
46 notwithstanding anything contained herein to the contrary, Unit Operator shall submit the

1 inventory and evaluation for approval by Working Interest Owners only after all of the wellbores
2 to be included in the Unit have been declared to be either usable or not usable in accordance with
3 the terms of Article 11 hereof.

4
5 **10.5 Investment Adjustments.** As soon as practicable after approval by Working Interest
6 Owners of the inventory and valuations as provided in Section 10.4, each Working Interest
7 Owner shall be credited with the value of its interest in all personal property taken over by Unit
8 Operator under Section 10.1, and charged with an amount equal to that obtained by multiplying
9 the total value of all such personal property so taken over by Unit Operator under Section 10.1 by
10 such Working Interest Owner's Unit Participation, as shown on Exhibit "E", attached hereto. If
11 the charge against any Working Interest Owner is greater than the amount credited to such
12 Working Interest Owner, the resulting net charge shall be paid and in all other respects be treated
13 as any other item of Unit Expense chargeable against such Working Interest Owner subject to the
14 terms of Section 12.3. If the credit to any Working Interest Owner is greater than the amount
15 charged against such Working Interest Owner, the resulting net credit shall be paid to such
16 Working Interest Owner by Unit Operator out of funds received by it in settlement of the net
17 charges described above.

18
19 **10.6 General Facilities.** The acquisition of any warehouses, warehouse stocks, lease houses,
20 facility or facilities systems, and office buildings necessary for Unit Operations and not
21 contributed to the Unit under the terms hereof, shall be by negotiations by and between the
22 owners thereof and Unit Operator, subject to the requirements of Article 3.

23
24 **10.7 Ownership of Personal Property and Facilities.** Each Working Interest Owner,
25 individually, shall, by virtue hereof, own an undivided interest in all personal property and
26 facilities taken over or otherwise acquired by Unit Operator pursuant to this Agreement equal to
27 its Unit Participation, as shown on Exhibit "E" attached hereto.

28 29 **ARTICLE 11** 30 **WELLBORES**

31
32 **11.1 Usable Wells.** Whether currently active, shut-in, temporarily abandoned, plugged and
33 abandoned or completed in a non-Unitized interval, a well must meet all of the following
34 conditions to qualify as "Usable" for the purposes of this Agreement:

35
36 **11.1.1 Completion Interval.** The well must be completed in the Unitized Formation, and
37 not completed outside the Unitized Formation.

38
39 **11.1.2 Casing Integrity.** The well must demonstrate casing integrity by acceptably
40 completing a pressure test for depths above the top of the Unitized Formation,
41 said pressure test to be performed with water at a minimum surface pressure of
42 700 pounds per square inch for a minimum of thirty minutes, as documented
43 using a chart recorder. To recognize thermal effects and other conditions that
44 might affect pressure readings, a pressure change of 10% during the test period
45 will be accepted if, in the opinion of the Unit Operator, such change is not the
46 result of test fluid loss or gain.

1
2 11.1.3 **Isolation of Non-Unitized Formations.** If a well was ever previously completed
3 in an interval other than the Unitized Formation or if pressure communication into
4 such intervals is suspected for any reason, the source of the communication must
5 be repaired.

6
7 11.1.4 **Wellbore Condition.** The well must be free of scale, junk and debris to the base
8 of the productive zone of the Unitized Formation.

9
10 11.1.5 **Wellbore Size.** Any production casing and liner, if present, must be at least 4-1/2"
11 diameter.

12
13 11.1.6 **Cement Integrity.** The well must have cement integrity sufficient to protect the
14 Goat Seep Reef. The owner of the well must provide wellbore records sufficient
15 to demonstrate such cement integrity. If the Unit Operator, acting in its sole
16 discretion, determines that the records provided are not sufficient to demonstrate
17 such cement integrity, an injecting temperature tracer survey shall be run in
18 accordance with procedures established or approved by the Unit Operator.

19
20 11.1.7 **Other Wells.** Notwithstanding anything contained in this Section 11.1 to the
21 contrary, in the event that a well covered hereby is to be utilized as a source of
22 water from, or for disposal to, a formation other than the Unitized Formation, than
23 the zone to be used for water production or disposal shall be substituted for the
24 Unitized Formation in the application of this Section, provided, that, with regard
25 to Section 11.1.4, the criteria shall be that the well shall be sufficiently free of
26 scale, junk and debris for the wells intended purpose.

27
28 11.2 **Wellbores Made Usable.** After the Effective Date, but within the two (2) year
29 period described in Section 11.3 below, the Unit Operator shall determine which wells may be
30 accepted as Usable in accordance with the criteria set out in Section 11.1.

31
32 11.2.1 **Testing and Remedial Work Performed by Wellbore Owner.** The tests
33 required to demonstrate a wellbore's compliance with the requirements of Section
34 11.1 may be performed by the owners of the wellbore at their risk and expense,
35 provided that the procedures for such testing shall be approved in advance by Unit
36 Operator, Unit Operator shall have the right to witness such tests, and Unit
37 Operator shall make the final determination of whether a wellbore is Usable based
38 on the results of such tests. Within thirty (30) days of being notified by Unit
39 Operator that a wellbore has been determined not be Usable, the owners of such
40 wellbore may elect to perform workover operations, at their sole risk and expense,
41 to attempt to make a deficient well Usable, but the Unit Operator reserves the
42 right to review and approve any of the workover procedure(s). The Unit Operator
43 must be notified at least five (5) days prior to commencement of workover
44 operations and Unit Operator's representatives must be permitted to witness such
45 operations and such work must be completed within sixty (60) days of its
46 commencement, unless an extension of such sixty (60) day period is granted by

Unit Operator.

11.2.2 Testing and Remedial Work Performed by Unit Operator. At any time within six months after the Effective Date, any wellbore owner may request that any testing required under Section 11.1 and/or any remedial work required to make a wellbore Usable be performed by the Unit Operator. Following any such written request, the Unit Operator will review wellbore records to determine appropriate procedures and cost estimates. Should the Unit Operator determine that the required testing or remedial work is technically feasible and can be performed on a timely basis, then the Unit Operator may, at its sole discretion, agree to perform the required testing and/or remedial work. The wellbore owners shall bear the sole cost, risk, and expense of such testing and/or remedial work and the cost incurred by Unit Operator shall be reimbursed by the wellbore owners.

11.3 Wellbores Accepted as Usable. Any wellbore which is to be contributed to the Unit shall not be accepted as Usable until it can be assessed pursuant to Sections 11.1 and 11.2 hereof. Notwithstanding the foregoing any well not so assessed within two (2) years following the Effective Date of the Unit shall be deemed not Usable. Notwithstanding the foregoing, if, at any time prior to the two (2) year period provided for herein, a workover is to be performed for the benefit of the Unit on a wellbore that has not yet been determined to be Usable, Unit Operator shall notify the owners of such wellbore, and said owners shall have thirty (30) days to perform the testing required under Section 11.1, or request that Unit Operator perform such testing pursuant to Section 11.2.2, and the provisions of said Section 11.2 shall apply to any remedial work which may be required as a result of such testing.

11.4 Wellbores Not Accepted as Usable. Any wellbore that (1) is operated or owned by a Working Interest Owner, (2) is within the Unit area, (3) has previously been completed in the Unitized Formation or is suspected of being in pressure communication with the Unitized Formation, and (4) is not accepted as Usable by the Working Interest Owners pursuant to the terms hereof, must either be plugged and abandoned by the owner or isolated from the Unitized Formation and must pass a casing integrity pressure test as described in Section 11.1.2 to verify that isolation. Said test to be performed at the expense of the owner of the well provided that Unit Operator shall be given forty eight (48) hours notice of such test and shall have the opportunity to witness the test. In the event that any owner fails to comply with the pressure test request or to remedy any pressure communication conditions, the Unit Operator shall have the right to withhold production funds or credits from the non-complying owner(s) until such time as testing compliance is achieved, and any pressure communication is remedied.

ARTICLE 12 NON-CONSENT PROVISION

12.1 Election. It is understood and agreed that any Working Interest Owner may elect to be carried hereunder, subject to the following terms and conditions: When Unit Operator circulates the Unit Agreement and Unit Operating Agreement for execution, Unit Operator shall also circulate a ballot under which a party may elect: (a) whether it wishes to be carried; and (b) if it

elects not to be carried, the amount of Working Interest as to which it is willing to assume additional participation pursuant to the terms hereof. Failure to return said ballot shall be deemed an election to be carried. In the event that, following the receipt of the Working Interest Owners' ratifications by Unit Operator, the Working Interest Owners, collectively, have not agreed to assume participation as to one hundred percent (~~100%~~) of the Working Interest, Unit Operator shall give all Working Interest Owners that have elected to Participate the option to increase the amount of additional participation they are willing to assume within ten (10) days of receiving notice of such option. Thereafter, Unit Operator may elect to assume additional participation. If, following such contact, the Working Interest Owners, collectively, have still not agreed to assume participation as to one hundred percent (~~100%~~) of the Working Interest, Unit Operator shall not proceed with the Unitization which is the subject of this agreement. It is understood and agreed that, if the Unit Operating Agreement and the Unit Agreement do become effective under the respective terms thereof, and any parties that did not previously ratify the Unit Operating Agreement and the Unit Agreement, nevertheless become Working Interest Owners as a result of the Oil Conservation Division of the State of New Mexico (the "Division") approving this Unit pursuant to the New Mexico Statutory Unitization Act, such Working Interest Owners shall have the right to elect to participate in the Unit and to elect an amount of additional participation that they are willing to assume within thirty (30) days after said approval by the Division. Once all parties have made the elections allowed under the provisions hereof, the interest of those Working Interest Owners that have elected to be carried shall be allocated among those Working Interest Owners that have elected to participate in proportion to their Working Interest in the Unit, provided that no Working Interest Owner shall be allocated any additional participation in excess of the amount of participation which said Working Interest Owner has elected to assume.

12.2 Non-Consent Penalty. The entire cost and risk of conducting operations shall be borne by the Working Interest Owners in the proportion that they have elected to participate pursuant to the terms hereof (hereinafter, such Working Interests Owners shall be referred to as "Consenting Parties"). Each Working Interest Owner that has elected to be carried (hereinafter, such Working Interest Owners shall be referred to as "Non-Consenting Parties") shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Parties' share of Unit Production (including its share of any Outside Substances produced and sold) until the proceeds of the sale of such share, calculated at the well, or the market value thereof if such share is not sold (after deducting production taxes, excise taxes, royalty or/and overriding royalty payable out of or measured by the production from such well accruing with respect to such interest) shall equal the Unit Expense accruing for such interest plus an amount equal to 200% of all of such Unit Expense allocated to such Non-Consenting Parties' Working Interest, it being further understood and agreed that the unpaid balance of any amount payable out of a Non-Consenting Party's interest hereunder (including the additional 200% of such expenses provided for above) shall bear interest at the rate of 2% above prime rate as established by the Chase Manhattan Bank of New York City to be determined monthly, or at the maximum contract rate permitted by the applicable usury laws, whichever is the lesser. It is expressly understood and agreed that, notwithstanding anything contained herein to the contrary, the 200% penalty provided for above shall be applied as follows: For any month in which a Non-Consenting Party's share of Unit Expenses exceeds its share of Unit Revenues, the 200% penalty shall be applied to the difference between such expenses and revenues, and the resulting amount shall be

1 added to the Non-Consenting Party's unpaid balance. For any month in which a Non-Consenting
2 Party's share of Unit revenues exceeds its share of Unit expenses, no penalty shall be charged on
3 such expenses, and the difference between such revenues and expenses shall be applied to such
4 Non-Consenting Party's unpaid balance.

5
6 **12.3 Handling of Inventory Adjustment for Non-Consent Parties.** It is understood and
7 agreed that Unit Operator shall promptly provide Working Interest Owners with notification of
8 the approval of the inventory and valuation pursuant to Article 10, and that, with regard to any
9 Working Interest Owner that has elected to be carried under Section 12.1, and has not had its
10 Working Interest revert to it pursuant to the terms hereof, the following shall apply: (i) if such
11 Working Interest Owner has a net charge against its interest following the inventory adjustment,
12 such charge shall be considered an expense in the month in which the inventory adjustment is
13 applied and shall be treated as any other expense under Sections 12.1 and 12.2 (ii) if such
14 Working Interest Owner has a net credit against its interest following the inventory adjustment,
15 the amount of such credit shall be applied to the outstanding balance of such Working Interest
16 Owner in the same manner as revenue in the month in which the inventory adjustment is applied,
17 and if the amount of such credit is sufficient for the Working Interest of such Working Interest
18 Owner to revert to it pursuant to the terms hereof, such Working Interest shall revert, and the
19 amount of any net credit remaining shall be paid to Working Interest Owner.

20
21 **12.4 Payoff of Non-Consent Party's Unpaid Balance.** Any Non-Consenting Party shall have
22 the right, at any time, to pay off the amount of its net unpaid balance and, in the event that any
23 Non-Consenting Party exercises this right, the Working Interest of such Non-Consenting Party
24 shall revert to it on the month following the month of such payment.

25 26 **ARTICLE 13** 27 **UNIT EXPENSE**

28
29 **13.1 Discharge of Unit Expense.** Unit Operator initially shall pay and discharge all Unit
30 Expense. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit
31 Expense. Each Working Interest Owner's share shall be the same as its Unit Participation.

32
33 **13.2 Budgets.** Before or as soon as practical after the Effective Date, Unit Operator shall
34 prepare a budget of estimated Unit Expense (including but not limited to charges for Outside
35 Substances) for the remainder of the calendar year. On or before the first day of each October
36 thereafter or within 60 days of the Effective Date if the Effective Date is after August 1, Operator
37 shall prepare a budget for the ensuing calendar year. Budgets shall be estimates only. A copy of
38 each budget will be furnished to each Working Interest Owner.

39
40 **13.3 Advance Billing.** Unit Operator shall have the right to require Working Interest Owners
41 to advance their respective shares of estimated Unit Expenses, including charges for Outside
42 Substances, in accordance with Exhibit "F"

43
44 **13.4 Commingling of Funds.** No funds received by Unit Operator under this Agreement need
45 be segregated or maintained by it as a separate fund, but may be commingled with its own funds.
46

1 **13.5 Lien and Security Interest of Unit Operator.** In order to secure payment by Working
2 Interest Owners of amounts due Operator from time to time under the terms hereof as its share of
3 expense, plus interest thereon as provided in section 13.6 hereof, Working Interest Owners
4 hereby grant to Operator the following: (1) A lien and mortgage covering all of Working Interest
5 Owners' leasehold, unleased mineral or other Working Interest in and under the Unitized Lands
6 which are of record as of the date hereof or hereafter acquired by Working Interest Owners; (2) A
7 lien and mortgage covering, and a security interest in, Working Interest Owner's undivided
8 portion of the Unit Equipment; (3) A security interest in Working Interest Owners' undivided
9 portion of the oil and/or gas when extracted from the Unitized Lands and in the accounts arising
10 from the sale by Working Interest Owners of such oil and gas; (4) A lien and security interest
11 covering all contract rights, general intangibles, interests in partnerships or other associations,
12 and any other interests arising from the development of the Unitized Lands for oil and gas
13 purposes; and (5) A lien and security interest covering the proceeds of the sale of any of the
14 collateral referenced in (1)-(4) above, together with a lien and security interest attaching to the
15 collateral to the extent required to reimburse for any interest, court costs, and attorneys' fees to
16 which a party may be entitled by reason of exercise of any lien or security rights hereunder. In
17 order to secure payment by Operator from time to time of its share of expense under the terms
18 hereof, Operator has granted and does hereby grant to Working Interest Owners a lien and
19 mortgage and a security interest of the same nature and effect as those described in the above.
20 Each of the parties hereto hereby agrees to execute and provide, upon the request of any other
21 party hereto, a "Notice of Lien and Mortgage-Financing Statement" in the form attached hereto
22 as Exhibit "J", and authorizes any party hereto to file such instrument in the appropriate records
23 of the county or counties where the contract lands are located and in the Uniform Commercial
24 Code records of the appropriate Secretary of State's office and/or such other records as may be
25 required under the Uniform Commercial Code of the State. To the extent that Operator has a
26 security interest under the New Mexico Uniform Commercial Code Operator shall be entitled to
27 exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the
28 obtaining of judgment by Unit Operator for the secured indebtedness shall not be deemed an
29 election of remedies or otherwise affect the lien rights or security interest as security for the
30 payment thereof. In addition, upon default by any Working Interest Owner in the payment of its
31 share of Unit Expense, Unit Operator shall have the right, without prejudice to other rights or
32 remedies, to collect from the purchaser the proceeds from the sale of such Working Interest
33 Owner's share of Unitized Substances until the amount owned by such Working Interest Owner,
34 plus interest, has been paid. Each purchaser shall be entitled to rely upon Unit Operator's written
35 statement concerning the amount of any default.

36
37 **13.6 Unpaid Unit Expense.** If any Working Interest Owner fails or is unable to meet its
38 financial obligations in connection with the Unit then at the election of the Unit Operator, the
39 unpaid balance of said Working Interest Owner's share of Unit Expense shall be carried and paid
40 by all non-defaulting Working Interest Owners in the proportion that the Unit Participation of
41 each bears to the total Unit Participation of all such Working Interest Owners (including Unit
42 Operator). Such amount shall bear interest at the rate of 2% above prime rate as established by
43 the Chase Manhattan Bank of New York City to be determined monthly, or at the maximum
44 contract rate permitted by the applicable usury laws, whichever is the lesser. Working Interest
45 Owners so paying the same shall be reimbursed therefore, together with interest thereon, if and
46 when the amount so carried and the interest thereon are collected from the Working Interest

Owner primarily chargeable therewith. The amount carried shall be due and payable out of the proceeds from the defaulting Working Interest Owner's share of Unit Production including production of Outside Substances. During the time that any Working Interest Owner fails to pay its share of the Unit Expense, such Working Interest Owner shall be deemed to have surrendered and assigned its voting rights pursuant to this Agreement and the Unit Agreement to the non-defaulting Working Interest Owners in proportion to their Unit Participation in the Unit. All credits to any such defaulting Working Interest Owner on account of the sale or other disposal of Unit Equipment, or otherwise, shall also be applied against the unpaid share of Unit Expense charged against such Working Interest Owner.

13.7 Penalty Provision. In the event that any Working Interest Owner fails to pay any amounts due hereunder for a period of sixty (60) days after such amounts are due, Unit Operator shall have the right, but not the obligation, to serve a "Notice of Non-Consent" upon such Working Interest Owner, and, if such failure to pay is not cured within thirty (30) days thereafter, Unit Operator shall have the right to declare that such defaulting Working Interest Owner has elected to become a Non-Consenting Party, as provided for in Section 12.1 hereof, and that all unpaid sums shall be subject to repayment with a 200% penalty plus interest as though said Working Interest Owner had elected to be carried under said Section 12.1. With regard to the interest of such a defaulting Working Interest Owner, at the Operator's election either: (i) The Operator shall not charge any of the defaulting Working Interest Owner's expenses to the non-defaulting Working Interest Owners, and the Operator shall be deemed the Consenting Party as to such defaulting Working Interest Owner's Working Interest; or (ii) The Operator shall charge the non-defaulting Consenting Working Interest Owners with their proportionate part of any defaulting Working Interest Owner's expenses, and, all such non-defaulting Consenting Working Interest Owners shall be deemed to be Consenting Parties as to their proportionate part of such defaulting Working Interest Owner's Working Interest.

13.8 Carved-Out Interest. If any Working Interest Owner shall, after executing this Agreement, create an overriding royalty, production payment, net proceeds interest, carried interest, or any other interest out of its Working Interest, such carved-out interest shall be subject to the terms and provisions of this Agreement, specifically including, but without limitation, Section 13.5 hereof entitled "Lien and Security Interest of Unit Operator." If the Working Interest Owner creating such carved-out interest (a) fails to pay any Unit Expense chargeable to such Working Interest Owner under this Agreement, and the production of Unitized Substances accruing to the credit of such Working Interest Owner is insufficient for that purpose, or (b) withdraws from this Agreement under the terms and provisions of Article 20 hereof, the carved-out interest shall be chargeable with a pro rata portion of all Unit Expense incurred hereunder, the same as though such carved-out interest were a Working Interest, and Unit Operator shall have the right to enforce against such carved-out interest the lien and all other rights granted in Section 13.5 for the purpose of collecting the Unit Expense chargeable to the carved-out interest.

ARTICLE 14 ENVIRONMENTAL LIABILITY

14.1 Indemnity. Each Working Interest Owner agrees to protect, indemnify and hold all other Working Interest Owners harmless against all claims, demands, damages, losses, liabilities,

1 penalties, fines, liens, judgments, costs or expenses whatsoever, including, without limitation,
2 attorney's fees and costs (hereinafter, such claims, demands, etc., shall be collectively referred to
3 as "Claims") known, or unknown, foreseen or unforeseen, that may arise on account of or in
4 connection with any real or personal property or fixtures contributed to the Unit by the
5 indemnifying Working Interest Owner, except to the extent that such Claim arises as a result of
6 Unit Operations. It is understood that the term "Claims" shall include all matters pertaining to
7 environmental and environmentally related laws, including, but not limited to the Comprehensive
8 Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et
9 seq.), the Resource Conservations and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.) the
10 Clean Water Act (33 U.S.C. Section 466 et seq.), the Safe Drinking Water Act (14 U.S.C.
11 Sections 1401-1450), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et
12 seq.), the Toxic Substances Control Act (15 U.S. C. Sections 2601-2629) and any amendments
13 thereto or regulations adopted thereunder, as well as any State statutes and regulations adopted
14 pursuant to said Federal Laws.

15
16 **14.2 Investigation.** At any time prior to, or within two (2) years after, the Effective Date, any
17 Working Interest Owner hereto (or group of Working Interest Owners, acting together by
18 agreement) shall have the right to conduct an investigation to determine and document the
19 existence of any potential Claims associated with the Unit. The scope of such investigation shall
20 be at the sole discretion of the Working Interest Owner conducting it. All other Working Interest
21 Owners, including Operator (if Operator is not conducting the investigation) shall grant the
22 Working Interest Owner conducting the investigation such access to all land, facilities and
23 records as may be reasonably necessary to conduct such investigation. In the event that such
24 investigation may require the disclosure of any information which the disclosing Working
25 Interest Owner regards as proprietary or confidential, the disclosing Working Interest Owner may
26 require that the Working Interest Owner conducting the investigation execute a confidentiality
27 agreement imposing reasonable limits on the use and dissemination of such information. It is
28 understood and agreed that the results of any investigation shall only be disclosed to the Working
29 Interest Owner(s) that conduct said investigation, provided that, in the event that such
30 investigation discloses the existence of any Claims, or of a situation that is reasonably likely to
31 lead to the existence of a Claim in the future, the Working Interest Owner(s) that are contributing
32 the property that is affected by such Claim or potential Claim and the Unit Operator shall be
33 notified of the existence thereof, whether or not such parties participated in said investigation.

34 35 **ARTICLE 15** 36 **NON-UNITIZED FORMATIONS** 37

38 **15.1 Right to Operate.** Any Working Interest Owner that now has or hereafter acquires the
39 right to drill for and produce oil, gas, or other minerals from a formation within the Unit Area,
40 other than the Unitized Formation, shall have the right to do so notwithstanding this Agreement
41 or the Unit Agreement. In exercising the right, however, the Working Interest Owner shall
42 exercise reasonable precaution to prevent unreasonable interference with Unit Operations. No
43 Working Interest Owner shall produce Unitized Substances through any well drilled or operated
44 by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the
45 Unitized Formation shall be protected in a manner satisfactory to Working Interest Owners so
46 that the production of Unitized Substances will not adversely be affected.

1
2 15.2 **Multiple Completions.** No well shall be multiple completed to produce from the
3 Unitized Formation and any other formation within the Unit Area without express approval of
4 the Working Interest Owners.
5

6 **ARTICLE 16**
7 **TITLES**
8

9 16.1 **Warranty and Indemnity.** Each Working Interest Owner represents and warrants that it
10 is the owner of the respective Working Interests set forth opposite its name in Exhibit "B", and
11 hereby agrees to indemnify and hold harmless the other Working Interest Owners from any loss
12 due to failure in whole or in part of its title to any such interest, except failure of title arising out
13 of Unit Operations. Such indemnity shall be limited to an amount equal to the net value that has
14 been received from the sale or receipt of Unitized Substances attributed to the interest as to
15 which title failed. Each failure of title will be deemed to be effective, insofar as this Agreement is
16 concerned, as of the first day of the calendar month in which such failure is finally determined,
17 and there shall be no retroactive adjustment of Unit Expense or retroactive allocation of Unitized
18 Substances or the proceeds therefrom, as a result of title failure.
19

20 16.2 **Failure Because of Unit Operations.** The failure of title to any Working Interest in any
21 Tract by reason of Unit Operations, including non-production from such Tract, shall not change
22 the Unit Participation of the Working Interest Owner whose title failed in relation to the Unit
23 Participation of the other Working Interest Owners at the time of the title failure.
24

25 16.3 **Waiver of Rights to Partition.** Each Working Interest Owner hereto agrees that, during
26 the existence of this Agreement, it will not resort to any action to partition the interval of the
27 formation Unitized hereunder or the Unit Equipment, and to that extent waives the benefits of all
28 laws authorizing such partition.
29

30 **ARTICLE 17**
31 **LIABILITY, CLAIMS, SUITS, AND FORCE MAJEURE**
32

33 17.1 **Individual Liability.** The duties, obligations and liabilities of Working Interest Owners
34 shall be several and not joint or collective; and nothing herein contained shall ever be construed
35 as creating a partnership of any kind, joint venture, association or trust among Working Interest
36 Owners.
37

38 17.2 **Liability for Claims and Judgments.** All damage or injury to the Unit or Unit
39 Equipment shall be borne by the parties hereto in proportion to their interests therein. The
40 liability, if any, of the parties hereto in damages for claims growing out of personal injury to or
41 death from third parties or injury to or destruction of property of third parties resulting from the
42 Unit Operations conducted hereunder including such liability as may result from the negligence
43 (but not gross negligence or willful misconduct) of the Unit Operator shall be borne in proportion
44 to their Unit Participation as of the date such liability arose, and each party individually may
45 acquire such insurance as it deems proper to protect itself against such claims.
46

1 17.3 **Settlements.** Unit Operator may settle any single damage claim or suit involving Unit
2 Operations if the expenditure does not exceed One Hundred Thousand Dollars (\$100,000)
3 provided the payment is in complete settlement of such claim or suit. If the amount required for
4 settlement exceeds the above specified amount, Working Interest Owners shall assume and take
5 over the further handling of the claim or suit unless such authority is expressly delegated to Unit
6 Operator. All costs and expense of handling, settling or otherwise discharging such claim or suit
7 shall be an item of Unit Expense, subject to the provisions of Exhibit "F" Accounting Procedure.
8 If a claim is made against any Working Interest Owner or if any Working Interest Owner is sued
9 on account of any matter arising from Unit Operations and over which such Working Interest
10 Owner individually has no control because of the rights given Working Interest Owners and Unit
11 Operator by this Agreement and the Unit Agreement, the Working Interest Owner shall
12 immediately notify the Unit Operator, and the claim or suit shall be treated as any other claim or
13 suit involving Unit Operations.

14
15 17.4 **Notices of Damages, Claims and Suits by Unit Operator to Working Interest**
16 **Owners.** Unit Operator shall report to Working Interest Owners as soon as practicable after each
17 occurrence, damages or losses to Unit Equipment, and accidents, occurrences, claims or suits
18 involving third party bodily injury or property damage which are not covered by insurance
19 carried for the benefit of Working Interest Owners.

20
21 17.5 **Force Majeure.** Any obligation imposed by this Agreement on each party, except for the
22 payment of money, shall be suspended while compliance therewith is prevented, in whole or in
23 part, by a strike, fire, war, civil disturbance, act of God; by Federal, state or municipal laws; by
24 any rule, regulation or order of a governmental agency; by inability to secure materials or by any
25 other cause beyond the reasonable control of such party. No party shall be required against its
26 will to adjust or settle any labor dispute. Neither this Agreement nor any lease or other
27 instrument subject hereto shall be terminated by reason of the suspension of Unit Operations due
28 to any of the causes set forth in this Section.

29
30 **ARTICLE 18**
31 **INTERNAL REVENUE PROVISION**
32

33 18.1 **Internal Revenue Provision.** Each Working Interest Owner hereby elects that it and the
34 operations covered by this Agreement may be excluded from the application of Subchapter K of
35 Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, or such portion thereof as the
36 Secretary of the Treasury of the United States or his delegate shall permit by election to be
37 excluded therefrom. Unit Operator is hereby authorized and directed to execute on behalf of each
38 Working Interest Owner such additional or further evidence of the election as may be required by
39 regulations issued under said Subchapter K. Should the regulations require each party to execute
40 such further evidence, each Working Interest Owner agrees to execute or join in the execution
41 thereof. The election hereby made and the other provisions of this paragraph shall apply in like
42 manner to applicable state laws, regulations and rulings now in effect or hereafter enacted that
43 have an effect similar to the Federal provisions referred to herein.

44
45 **ARTICLE 19**
46 **NOTICES**

1
2 19.1 **Notices.** All notices required hereunder shall be in writing and shall be deemed to have
3 been properly served when sent by mail, facsimile or telegram to the address of the
4 representative of each Working Interest Owner as furnished to Unit Operator in accordance with
5 Section 4.1.
6

7 19.2 **Notice of Transfer of Title.** No change of title shall be binding on the Unit or Unit
8 Operator until thirty (30) days after the first day of the calendar month next succeeding the date
9 of receipt by Unit Operator of evidence, satisfactory to it, of such change or ownership. Each
10 such transfer, assignment or conveyance, whether so stating or not, shall operate to impose upon
11 the party or parties acquiring such interest the obligation of the predecessor in interest with
12 respect to the interest so transferred and shall likewise operate to give and grant to the party or
13 parties acquiring such interest all benefits attributable hereunder to such interest.
14

15 **ARTICLE 20**
16 **WITHDRAWAL OF WORKING INTEREST OWNERS AND**
17 **RESTRICTION OF DISPOSITION**
18

19 20.1 **Withdrawal.** A Working Interest Owner may withdraw from this Agreement by
20 transferring, without warranty of title, either expressed or implied, to the other Working Interest
21 Owners who do not desire to withdraw, all its Oil and Gas Rights, together with its interest in
22 Outside Substances and all Unit Equipment and in all wells used in Unit Operations, provided
23 that such transfer shall not relieve such Working Interest Owner from any obligation or liability
24 incurred prior to the first day of the month following receipt by Unit Operator of such transfer.
25 The delivery of the transfer shall be made to Unit Operator for the transferees. The transferred
26 interest shall be owned by the transferees in proportion to their respective Unit Participation. The
27 transferees, in proportion to the respective interest so acquired shall pay the transferor for its
28 interest in Unit Equipment the net fair salvage value thereof (provided that, outside substances
29 shall have no value with respect to this provision), less the transferor's share of the estimated cost
30 of plugging and abandoning all wells then being used or held for Unit Operations, including all
31 associated clean-up costs as determined by the Working Interest Owners. In the event such
32 withdrawing Working Interest Owner's interest in the aforesaid salvage value is less than such
33 Working Interest Owner's share of such estimated costs, the withdrawing Working Interest
34 Owner, as a condition precedent to withdrawal, shall pay the Unit Operator, for the benefit of the
35 transferees, a sum equal to the deficiency. Within sixty (60) days after receiving delivery of the
36 transfer, Unit Operator shall render a final statement to the withdrawing Working Interest Owner
37 for its share of Unit Expense, and any deficiency in salvage value. Provided all Unit Expense,
38 including any deficiency in salvage value, as determined, hereunder, due from the withdrawing
39 Working Interest Owner has been paid in full within thirty (30) days after the rendering of such
40 final statement by the Unit Operator, the transfer shall be effective the first day of the month
41 following its receipt by Unit Operator and, as of such effective date, the withdrawing Working
42 Interest Owner shall be relieved from all further obligations and liabilities hereunder and under
43 the Unit Agreement, and the rights of the withdrawing Working Interest Owner hereunder and
44 under the Unit Agreement shall cease insofar as they existed by virtue of the interest transferred.
45 Notwithstanding anything contained herein to the contrary, it is understood and agreed that a
46 withdrawing Working Interest Owner shall remain fully liable for any Claims (as defined in

1 Section 14.1) to the extent that such Claims arise as a result of Unit Operations conducted while
2 said Working Interest Owner owned its Working Interest, except to the extent that such Claims
3 are covered by amounts deducted under this Section to cover the costs of clean-up, and it is
4 understood and agreed that such continued liability shall be reflected in the documents by which
5 such withdrawal is implemented.

6
7 **20.2 Restriction of Disposition and Withdrawal.** A Working Interest Owner shall not make
8 any disposition of a Working Interest which does not include a corresponding interest in the Unit
9 Equipment. No Working Interest shall be owned apart from a corresponding interest in the Unit
10 Equipment and vice versa. Notwithstanding anything set forth herein, Working Interest Owners
11 may refuse to permit the withdrawal of a Working Interest Owner if its Working Interest is
12 burdened by any royalties, overriding royalties, production payments, net proceeds interest,
13 carried interest, or any other interest created out of the Working Interest in excess of 18.75%
14 unless the other Working Interest Owners willing to accept the assignment agree to accept the
15 Working Interest subject to such burdens. No Working Interest Owner shall be relieved of its
16 obligations hereunder during a blowout, a fire, or other emergency, but may withdraw from this
17 agreement after termination of such emergency, provided such Working Interest Owner shall
18 remain liable for its share of all costs arising from said emergency.

19
20 **20.3 Four or More Working Interest Owners.** If, at any time the interest of any Working
21 Interest Owner is divided among and owned by four or more co-owners, Unit Operator, at its
22 discretion, may require such co-owners to appoint a single trustee or agent with full authority to
23 receive notices, approve expenditures, receive billings for and approve and pay such Working
24 Interest Owner's share of the joint expenses, and to deal generally with, and with power to bind,
25 the co-owners of such Working Interest Owner's interests within the scope of the operations
26 embraced in this Agreement; however, all such co-owners shall have the right to enter into and
27 execute all contracts or agreements for the disposition of their respective shares of the oil and gas
28 produced from the Unit Area and they shall have the right to receive, separately, payment of the
29 sale proceeds hereof.

30 31 **ARTICLE 21** 32 **ABANDONMENT OF WELLS** 33

34 **21.1 Rights of Former Owners.** If Working Interest Owners decide to abandon permanently
35 any well within the Unit Area prior to termination of the Unit Agreement, the Unit Operator shall
36 give written notice thereof to the Working Interest Owners of the Tract on which the well is
37 located, and they shall have the option for a period of ninety (90) days or such lesser period as
38 may be required to be utilized in order to allow Unit Operator to comply with applicable laws
39 and regulations regarding the plugging of wells after the sending of such notice to notify Unit
40 Operator in writing of their election to take over and own the well. Within ten (10) days after the
41 Working Interest Owners of the Tract have notified Unit Operator of their election to take over
42 the well, they shall pay Unit Operator, for credit to the joint account, the amount estimated by
43 Working Interest Owners to be the net salvage value of the casing and equipment in and on the
44 well, if any, less the estimated plugging costs provided that in no event shall the Unit be
45 obligated to pay any amount in exchange for a Working Interest Owner's assumption of plugging
46 costs hereunder.

1
2 The Working Interest Owners of the Tract by accepting the assignment of the wellbore agree to
3 be fully responsible and liable for the well thereafter, to seal off effectively and protect the
4 Unitized Formation as set out in Section 11.4 within sixty (60) days of receiving such
5 assignment, and upon abandonment to plug the well in compliance with applicable laws and
6 regulations.

7
8 **21.2 Plugging.** If the Working Interest Owners of a Tract do not elect to take over a well
9 located thereon which is proposed for abandonment, Unit Operator shall plug and abandon the
10 well in compliance with applicable laws and regulations.

11
12 **ARTICLE 22**
13 **EFFECTIVE DATE AND TERM**
14

15 **22.1 Effective Date.** This Agreement shall become effective on the date and at the time that
16 the Unit Agreement becomes effective.

17
18 **22.2 Term.** This Agreement shall continue in effect so long as the Unit Agreement remains in
19 effect, and thereafter until (a) all Unit wells have been abandoned and plugged or turned over to
20 Working Interest Owners in accordance with Article 21; (b) all Unit Equipment and real property
21 acquired for the joint account have been disposed of by Unit Operator in accordance with
22 instructions of Working Interest Owners; (c) any cleanup operations pertaining to the Unit that
23 are required by applicable laws and regulations have been completed, and (d) there has been a
24 final accounting.

25
26 **ARTICLE 23**
27 **ABANDONMENT OF OPERATIONS**
28

29 **23.1 Termination.** Upon termination of the Unit Agreement, the following will occur:

30
31 **23.1.1 Oil and Gas Rights.** Oil and Gas rights in and to each separate Tract shall no
32 longer be affected by this Agreement, and thereafter the parties shall be governed
33 by the terms and provisions of the leases, contracts and other instruments
34 affecting the separate Tracts.

35
36 **23.1.2 Right to Operate.** Working Interest Owners of any Tract that desire to take over
37 and continue to operate wells located thereon may do so by paying Unit Operator,
38 for credit to the joint account, the net salvage value, if any, of the casing and
39 equipment in and on the wells taken over, less estimated plugging costs, for the
40 wells as estimated by Working Interest Owners, provided that in no event shall
41 the Unit be obligated to pay any amount in exchange for a Working Interest
42 Owner's assumption of plugging costs hereunder, and by agreeing to plug
43 properly each such well at such time as it is abandoned.

44
45 **23.1.3 Salvaging Wells.** Unit Operator shall salvage as much of the casing and
46 equipment in or on wells not taken over by Working Interest Owner of separate

Tracts as can economically and reasonably be salvaged, and shall cause the wells to be plugged and abandoned properly.

23.1.4 **Cost of Salvaging.** The cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operations shall constitute a Unit Expense to be borne by the Working Interest Owners in proportion to their respective Unit Participations.

ARTICLE 24 SIGNING, RATIFICATION, OR APPROVAL

24.1 **Original, Counterparts, or Ratification.** This Agreement may be signed, ratified or approved by signing the original of this instrument, a counterpart or other instrument adopting the provisions hereof, all with the same effect as if all persons had signed the same instrument. Persons signing, ratifying or otherwise approving this Agreement thereby agree to all of the provisions hereof.

24.2 **Prior Agreements.** It is recognized there are certain existing agreements by and between several of the Working Interest Owners hereto, covering a portion of the Oil and Gas Rights subject to this Operating Agreement. In case of any inconsistency or conflict between this Operating Agreement and those certain existing agreements, excluding the Unit Agreement, this Operating Agreement shall govern.

ARTICLE 25 SUCCESSORS AND ASSIGNS

25.1 **Successors and Assigns.** The provisions hereof shall be covenants running with the lands, leases and interests covered hereby and shall be binding upon and inure to the benefit of the respective heirs devisees, legal representatives, successors and assigns of the parties hereto.

UNIT OPERATOR AND WORKING INTEREST OWNER

Executed this 22nd day of JUNE, 1995

Attest

Exxon Corporation

By: [Signature]
Unit Operator
Attorney In Fact

Area Indmn. [Signature]
MPO Ind. Supv. [Signature]
MPO Oprs. Actg. [Signature]
MPO Law [Signature]
Oprs. Tech. Mgr. _____

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Abo Petroleum Corporation

By: _____

Mary H. Ard

Ernie Bello

Mrs. Francis B. Bunn

Chevron PBC, Inc.

By: _____

Claremont Corporation

By: _____

Devon Energy Corporation (NV)

By: _____

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Edward H. Judson

Fred A. Fox & D. Marjean Fox
Living Trust

By: _____

Gendron Family Revocable Trust

By: _____

David Goodnow

Hayes Partners I

By: _____

Joseph R. Hodge

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Sanford J. Hodge III

E. G. Holden Testamentary Trust

By: _____

Edward R. Hudson, Jr.

By: _____

William A. Hudson II

Isaac A. Kawasaki

Betsy H. Keller

Kerr-McGee Corporation

By: _____

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Los Chicos

By: _____

Martin Living Trust

By: _____

James L. Martin Jr. Trust

By: _____

Jack O. McCall Estate

By: _____

Charles Cline Moore

Myco Industries, Inc.

By: _____

Napeco

By: _____

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Angus Cluthe Oliver Trust

By: _____

William B. Oliver Trust

By: _____

Oxy U.S.A., Inc.

By: _____

Premier Oil & Gas, Inc.

By: _____

John J. Redfern III, Independent
Executor of the Estate of John J. Redfern

By: _____

Rosalind Redfern

John L. Schlagal

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Adolph P. Schuman, Marital Trust

By: _____

Seventy-Seven Corporation

By: _____

Sigmar, Inc.

By: _____

Space Building Corporation

By: _____

Tipperary Oil Corporation

By: _____

TR Oil Corporation

By: _____

Unit Petroleum Company

By: _____

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J. F. Van Vranken, Jr.

Whiting Petroleum Corporation

By: _____

R. Ken Williams

Yates Drilling Company

By: _____

Yates Petroleum Corporation

By: _____

John A. Yates

S. P. Yates

1
2 **STATE OF** _____

3
4 **COUNTY OF** _____

5
6 The foregoing instrument was acknowledged before me this ____ day of
7 _____, 199_, by _____ as
8 _____ of _____
9
10 a _____ Corporation, on behalf of this Corporation.

11
12 WITNESS my hand and official seal.

13 _____
14 Notary Public

15
16 My Commission expires:

17 _____
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20 _____ County, _____
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27 **STATE OF** _____

28
29 **COUNTY OF** _____

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31 The foregoing instrument was acknowledged before me this ____ day of
32 _____, 199_, by _____ as
33 _____ of _____
34
35 a _____ Corporation, on behalf of this Corporation.

36
37 WITNESS my hand and official seal.

38 _____
39 Notary Public

40
41 My Commission expires:

42 _____
43
44
45 _____ County, _____
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1 **TRUST OR OTHER PARTY ACTING THROUGH AN AGENT OR**
2 **REPRESENTATIVE**

3
4 **STATE OF** _____

5
6 **COUNTY OF** _____

7
8 The foregoing instrument was acknowledged before me

9
10 this ____ day of _____, 199_, by _____

11
12 as _____ of _____

13
14 a _____, on behalf of said _____

15
16 WITNESS my hand and official seal.

17
18 _____
19 Notary Public

20 My Commission expires:

21
22 _____
23
24 _____ County, _____

25
26 **STATE OF** _____

27
28 **COUNTY OF** _____

29
30 The foregoing instrument was acknowledged before me

31
32 this ____ day of _____, 199_, by _____

33
34 as _____ of _____

35
36 a _____, on behalf of said _____

37
38 WITNESS my hand and official seal.

39
40 _____
41 Notary Public

42 My Commission expires:

43
44 _____
45
46 _____ County, _____

INDIVIDUAL

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this

_____ day of _____, 199_, by

_____.

WITNESS my hand and official seal.

Notary Public

My Commission expires:

_____ County, _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this

_____ day of _____, 199_, by

_____.

WITNESS my hand and official seal.

Notary Public

My Commission expires:

_____ County, _____

AVALON DELAWARE UNIT
PARTICIPATION BY OWNER
EXHIBIT E

Owner	UNIT PARTICIPATION
Abo Petroleum Corporation	1.132305
Ard, Mary H.	1.356554
Bello, Ernie	0.007413
Bunn, Mrs. Frances B.	0.007413
Claremont Corporation	0.254354
Devon Energy Corporation (NV)	0.757062
Exxon Corporation	73.920333
Fox, Fred A. & D. Marjean Living Trust	0.001081
Gendron Family Revocable Tr	0.011119
Goodnow, David	0.007413
Hayes Partners I	0.010292
Hodge, Joseph R.	0.001235
Hodge, Sanford J. III	0.001235
Holden, E. G. Testamentary Tr	0.003706
Hudson, Edward R. Jr.	1.356554
Hudson, William A. II	1.356554
Judson, Edward H.	0.196442
Kawasaki, Isaac A.	0.007413
Keller, Betsy H.	0.003706
Kerr-McGee Corporation	0.245224
Los Chicos	0.002496
Martin Living Trust	0.196442
Martin, James L. Jr., Trust	0.001081
McCall, Jack O. Estate of	0.000087
Moore, Charles Cline	0.018567
Myco Industries, Inc.	3.358184
Oliver, Agnes Cluthe Tr	0.007424
Oliver, William B. Tr	0.007424
Oxy U.S.A., Inc.	0.151985
Pennzoil Exploration and Production Company	0.904686
Premier Oil & Gas, Inc.	1.019231
Redfern, John J. III, Indep Exec of Est of John J. Redfern,	0.119028
Redfern, Rosalind	0.119028
Schlagal, John L.	0.000927
Schuman, Adolph P. Martl Tr	0.007413
Seventy-Seven Corporation	0.001997
Sigmar, Inc.	0.003166
Space Building Corp.	0.018532
Tipperary Oil & Gas Corporation	0.519742
TR Oil Corporation	0.001043
Unit Petroleum Company	4.657971
Van Vranken, J. F. Jr.	0.007413
Whiting Petroleum Corporation	0.519742
Williams, R. Ken	0.198526
Yates Drilling Company	3.348300
Yates Petroleum Corporation	4.149893
Yates, John A.	0.012380
Yates, S. P.	0.009884
	100.000000

EXHIBIT " F "

Attached to and made a part of Unit Operating Agreement of the Avalon (Delaware) Unit,
Eddy County, New Mexico between Exxon Corporation, as Operator and Yates
Petroleum Company, et al Non-Operators

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

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

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

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

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

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

"Parties" shall mean Operator and Non-Operators.

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

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

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

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

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

2. Statement and Billings

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

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.
thirty (30)

B. Each Non-Operator shall pay its proportion of all bills within ~~fifteen (15)~~ days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at Citibank N.A. of New York on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

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4. Adjustments

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

5. Audits

A. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of those Non-Operators approving such audit.

B. The Operator shall reply in writing to an audit report within 180 days after receipt of such report. If an audit exception(s) cannot be reconciled within 180 days, the non-operator(s) shall be

6. Approval By Non-Operators notified of the audit exception(s) status.

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

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Ecological and Environmental

Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements to satisfy environmental considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or archaeological nature and pollution control procedures as required by applicable laws and regulations.

2. Rentals and Royalties

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

3. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the overhead rates.

(4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II. Such costs under

this Paragraph 3B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 3A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II.

4. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II shall be Operator's actual cost not to exceed the percent most recently recommended by the Council of Petroleum Accountants Societies.

5. Material

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

6. Transportation

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

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store where like material is normally available or railway receiving point nearest the Joint Property unless agreed to by the Parties.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store where like material is normally available, or railway receiving point nearest the Joint Property unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of subparagraphs A and B above, the option to equalize or charge actual trucking cost is available when the actual charge is \$400 or less excluding accessorial charges. The \$400 will be adjusted to the amount most recently recommended by the Council of Petroleum Accountants Societies.

7. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

8. Equipment and Facilities Furnished By Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed twelve percent (12%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in paragraph 8A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

9. Damages and Losses to Joint Property

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

10. Legal Expense

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

11. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties hereto in accordance with the tax value generated by each party's working interest.

12. Insurance

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

13. Abandonment and Reclamation

Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory authority.

14. Communications

Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

15. Other Expenditures

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

III. OVERHEAD**1. Overhead - Drilling and Producing Operations**

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:
 - (X) Fixed Rate Basis, Paragraph 1A, or
 - () Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

() shall be covered by the overhead rates, or
 (X) shall not be covered by the overhead rates.

- iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

(X) shall be covered by the overhead rates, or
 () shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

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

Drilling Well Rate \$ 7,292.00
 (Prorated for less than a full month)

- * Producing Well Rate \$ 550.00
 * Subject to modification as provided below.
 (2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.
- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

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

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

B. Overhead - Percentage Basis

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

(a) Development

_____ Percent (_____ %) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 10 of Section II and all salvage credits.

(b) Operating

_____ Percent (_____ %) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 2 and 10 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

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

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

2. Overhead - Major Construction

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

- A. _____ 5 _____ % of first \$100,000 or total cost if less, plus
 B. _____ 3 _____ % of costs in excess of \$100,000 but less than \$1,000,000, plus
 C. _____ 2 _____ % of costs in excess of \$1,000,000.

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

3. Catastrophe Overhead

To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the expenditures, Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account for overhead based on the following rates:

- A. _____ 5 _____ % of total costs through \$100,000; plus

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

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

Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead provisions of this Section III shall apply.

4. Amendment of Rates

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

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

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

1. Purchases

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

2. Transfers and Dispositions

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

A. New Material (Condition A)

(1) Tubular Goods Other than Line Pipe

- (a) Tubular goods, sized 2½ inches OD and larger, except line pipe, shall be priced at Eastern mill published carload base prices effective as of date of movement plus transportation cost using the 80,000 pound carload weight basis to the railway receiving point nearest the Joint Property for which published rail rates for tubular goods exist. If the 80,000 pound rail rate is not offered, the 70,000 pound or 90,000 pound rail rate may be used. Freight charges for tubing will be calculated from Lorain, Ohio and casing from Youngstown, Ohio.
- (b) For grades which are special to one mill only, prices shall be computed at the mill base of that mill plus transportation cost from that mill to the railway receiving point nearest the Joint Property as provided above in Paragraph 2.A.(1)(a). For transportation cost from points other than Eastern mills, the 30,000 pound Oil Field Haulers Association interstate truck rate shall be used.
- (c) Special end finish tubular goods shall be priced at the lowest published out-of-stock price, f.o.b. Houston, Texas, plus transportation cost, using Oil Field Haulers Association interstate 30,000 pound truck rate, to the railway receiving point nearest the Joint Property.
- (d) Macaroni tubing (size less than 2½ inch OD) shall be priced at the lowest published out-of-stock prices f.o.b. the supplier plus transportation costs, using the Oil Field Haulers Association interstate truck rate per weight of tubing transferred, to the railway receiving point nearest the Joint Property.

(2) Line Pipe

- (a) Line pipe movements (except size 24 inch OD and larger with walls ¾ inch and over) 30,000 pounds or more

shall be priced under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.

- (b) Line pipe movements (except size 24 inch OD and larger with walls $\frac{3}{4}$ inch and over) less than 30,000 pounds shall be priced at Eastern mill published carload base prices effective as of date of shipment, plus 20 percent, plus transportation costs based on freight rates as set forth under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.
- (c) Line pipe 24 inch OD and over and $\frac{3}{4}$ inch wall and larger shall be priced f.o.b. the point of manufacture at current new published prices plus transportation cost to the railway receiving point nearest the Joint Property.
- (d) Line pipe, including fabricated line pipe, drive pipe and conduit not listed on published price lists shall be priced at quoted prices plus freight to the railway receiving point nearest the Joint Property or at prices agreed to by the Parties.
- (3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property.
- (4) Unused new Material, except tubular goods, moved from the Joint Property shall be priced at the current new price, in effect on date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property. Unused new tubulars will be priced as provided above in Paragraph 2.A.(1) and (2).

B. Good Used Material (Condition B)

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

(1) Material moved to the Joint Property

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

(2) Material used on and moved from the Joint Property

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

(b) At sixty-five percent (65%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as used Material.

(3) Material not used on and moved from the Joint Property

At seventy-five percent (75%) of current new price as determined by Paragraph A.

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

C. Other Used Material

(1) Condition C

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

(2) Condition D

Material, excluding junk, no longer suitable for its original purpose, but usable for some other purpose shall be priced on a basis commensurate with its use. Operator may dispose of Condition D Material under procedures normally used by Operator without prior approval of Non-Operators.

- (a) Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing or drill pipe utilized as line pipe shall be priced at used line pipe prices.
- (b) Casing, tubing or drill pipe used as higher pressure service lines than standard line pipe, e.g. power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non upset basis.

(3) Condition E

Junk shall be priced at prevailing prices. Operator may dispose of Condition E Material under procedures normally utilized by Operator without prior approval of Non-Operators.

D. Obsolete Material

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

E. Pricing Conditions

- (1) Loading or unloading costs may be charged to the Joint Account at the rate of twenty-five cents (25¢) per hundred weight on all tubular goods movements, in lieu of actual loading or unloading costs sustained at the stocking point. The above rate shall be adjusted as of the first day of April each year following January 1, 1985 by the same percentage increase or decrease used to adjust overhead rates in Section III, Paragraph 1.A(3). Each year, the rate calculated shall be rounded to the nearest cent and shall be the rate in effect until the first day of April next year. Such rate shall be published each year by the Council of Petroleum Accountants Societies.
- (2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

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

4. Warranty of Material Furnished By Operator

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

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

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

2. Reconciliation and Adjustment of Inventories

Adjustments to the Joint Account resulting from the reconciliation of a physical inventory shall be made within six months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Joint Account for overages and shortages, but, Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

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

4. Expense of Conducting Inventories

- A. The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the Parties.
- B. The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except inventories required due to change of Operator shall be charged to the Joint Account.

Article III.1.A.(1) (Continued)

Notwithstanding anything to the contrary contained herein, it is understood and agreed that the Overhead Producing Well Rate provided for in Section III.1.A.(1) shall be increased by 27% upon the approval by Working Interest Owners (as provided in the Unit Operating Agreement) of any project which involves the injection of CO₂ (it being understood that the actual commencement of injection of CO₂ shall not be required), and that, upon the termination of the injection of CO₂ pursuant to such project (or any continuation thereof) said Overhead Producing Well Rate shall be decreased by 22%. It is understood that the adjustment provided for hereunder shall apply to the Overhead Producing Well Rate as it may have been previously adjusted pursuant to the terms hereof, and/or modified pursuant to the terms of the Unit Operating Agreement.

1 **NOTE:** Instructions For Use of Gas Balancing
 2 Agreement **MUST** be reviewed before finalizing this
 3 document.
 4
 5
 6

EXHIBIT "G"

GAS BALANCING AGREEMENT ("AGREEMENT")
 ATTACHED TO AND MADE PART OF THAT CERTAIN

OPERATING AGREEMENT DATED _____

11 BY AND BETWEEN Exxon Corporation, _____,
 12 AND Yates Petroleum Corporation et al ("OPERATING AGREEMENT")
 13 RELATING TO THE Avalon (Delaware) Unit _____ AREA,
 14 Eddy _____ COUNTY/~~TARRANT~~, STATE OF New Mexico

1. DEFINITIONS

The following definitions shall apply to this Agreement:

1.01 "Arm's Length Agreement" shall mean any gas sales agreement with an unaffiliated purchaser or any gas sales agreement with an affiliated purchaser where the sales price and delivery conditions under such agreement are representative of prices and delivery conditions existing under other similar agreements in the area between unaffiliated parties at the same time for natural gas of comparable quality and quantity.

1.02 "Balancing Area" shall mean (select one):

☐ each well subject to the Operating Agreement that produces Gas or is allocated a share of Gas production. If a single well is completed in two or more producing intervals, each producing interval from which the Gas production is not commingled in the wellbore shall be considered a separate well.

☒ all of the acreage and depths subject to the Operating Agreement.

☐

1.03 "Full Share of Current Production" shall mean the Percentage Interest of each Party in the Gas actually produced from the Balancing Area during each month.

1.04 "Gas" shall mean all hydrocarbons produced or producible from the Balancing Area, whether from a well classified as an oil well or gas well by the regulatory agency having jurisdiction in such matters, which are or may be made available for sale or separate disposition by the Parties, excluding oil, condensate and other liquids recovered by field equipment operated for the joint account. "Gas" does not include gas used in joint operations, such as for fuel, recycling or reinjection, or which is vented or lost prior to its sale or delivery from the Balancing Area.

1.05 "Makeup Gas" shall mean any Gas taken by an Underproduced Party from the Balancing Area in excess of its Full Share of Current Production, whether pursuant to Section 3.3 or Section 4.1 hereof.

1.06 "Mcf" shall mean one thousand cubic feet. A cubic foot of Gas shall mean the volume of gas contained in one cubic foot of space at a standard pressure base and at a standard temperature base.

1.07 "MMBtu" shall mean one million British Thermal Units. A British Thermal Unit shall mean the quantity of heat required to raise one pound avoirdupois of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

1.08 "Operator" shall mean the individual or entity designated under the terms of the Operating Agreement or, in the event this Agreement is not employed in connection with an operating agreement, the individual or entity designated as the operator of the well(s) located in the Balancing Area.

1.09 "Overproduced Party" shall mean any Party having taken a greater quantity of Gas from the Balancing Area than the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

1.10 "Overproduction" shall mean the cumulative quantity of Gas taken by a Party in excess of its Percentage Interest in the cumulative quantity of all Gas produced from the Balancing Area.

1.11 "Party" shall mean those individuals or entities subject to this Agreement, and their respective heirs, successors, transferees and assigns.

1.12 "Percentage Interest" shall mean the percentage or decimal interest of each Party in the Gas produced from the Balancing Area pursuant to the Operating Agreement covering the Balancing Area.

1.13 "Royalty" shall mean payments on production of Gas from the Balancing Area to all owners of royalties, overriding royalties, production payments or similar interests.

1.14 "Underproduced Party" shall mean any Party having taken a lesser quantity of Gas from the Balancing Area than the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

1.15 "Underproduction" shall mean the deficiency between the cumulative quantity of Gas taken by a Party and its Percentage Interest in the cumulative quantity of all Gas produced from the Balancing Area.

1.16 ☐ (Optional) "Winter Period" shall mean the month(s) of _____ in one calendar year and the month(s) of _____ in the succeeding calendar year.

2. BALANCING AREA

2.1 If this Agreement covers more than one Balancing Area, it shall be applied as if each Balancing Area were covered by separate but identical agreements. All balancing hereunder shall be on the basis of Gas taken from the Balancing Area measured in (Alternative 1) ☒ Mcfs or (Alternative 2) ☐ MMBtus.

2.2 In the event that all or part of the Gas deliverable from a Balancing Area is or becomes subject to one or more maximum lawful prices, any Gas not subject to price controls shall be considered as produced from a single Balancing Area and Gas subject to each maximum lawful price category shall be considered produced from a separate Balancing Area.

3. RIGHT OF PARTIES TO TAKE GAS

3.1 Each Party desiring to take Gas will notify the Operator, or cause the Operator to be notified, of the volumes nominated, the name of the transporting pipeline and the pipeline contract number (if available) and meter station relating to such delivery, sufficiently in advance for the Operator, acting with reasonable diligence, to meet all nomination and other

requirements. Operator is authorized to deliver the volumes so nominated and confirmed (if confirmation is required) to the transporting pipeline in accordance with the terms of this Agreement.

3.2 Each Party shall make a reasonable, good faith effort to take its Full Share of Current Production each month, to the extent that such production is required to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative rights, or to maintain oil production.

3.3 When a Party fails for any reason to take its Full Share of Current Production (as such Share may be reduced by the right of the other Parties to make up for Underproduction as provided herein), the other Parties shall be entitled to take any Gas which such Party fails to take. To the extent practicable, such Gas shall be made available initially to each Underproduced Party in the proportion that its Percentage Interest in the Balancing Area bears to the total Percentage Interests of all Underproduced Parties desiring to take such Gas. If all such Gas is not taken by the Underproduced Parties, the portion not taken shall then be made available to the other Parties in the proportion that their respective Percentage Interests in the Balancing Area bear to the total Percentage Interests of such Parties.

3.4 All Gas taken by a Party in accordance with the provisions of this Agreement, regardless of whether such Party is underproduced or overproduced, shall be regarded as Gas taken for its own account with title thereto being in such taking Party.

3.5 Notwithstanding the provisions of Section 3.3 hereof, no Overproduced Party shall be entitled in any month to take any Gas in excess of three hundred percent (300%) of its Percentage Interest of the Balancing Area's then-current Maximum Monthly Availability; provided, however, that this limitation shall not apply to the extent that it would preclude production that is required to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative rights, or to maintain oil production. "Maximum Monthly Availability" shall mean the maximum average monthly rate of production at which Gas can be delivered from the Balancing Area, as determined by the Operator, considering the maximum efficient well rate for each well within the Balancing Area, the maximum allowable(s) set by the appropriate regulatory agency, mode of operation, production facility capabilities and pipeline pressures.

3.6 In the event that a Party fails to make arrangements to take its Full Share of Current Production required to be produced to maintain leases in effect, to protect the producing capacity of a well or reservoir, to preserve correlative rights, or to maintain oil production, the Operator may sell any part of such Party's Full Share of Current Production that such Party fails to take for the account of such Party and render to such Party, on a current basis, the full proceeds of the sale, less any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of such Full Share of Current Production. In making the sale contemplated herein, the Operator shall be obligated only to obtain such price and conditions for the sale as are reasonable under the circumstances and shall not be obligated to share any of its markets. Any such sale by Operator under the terms hereof shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one year. Notwithstanding the provisions of Article 3.4 hereof, Gas sold by Operator for a Party under the provisions hereof shall be deemed to be Gas taken for the account of such Party.

4. IN-KIND BALANCING

4.1 Effective the first day of any calendar month following at least fifteen (15) days' prior written notice to the Operator, any Underproduced Party may begin taking, in addition to its Full Share of Current Production and any Makeup Gas taken pursuant to Section 3.3 of this Agreement, a share of current production determined by multiplying twenty five percent (25 %) of the Full Shares of Current Production of all Overproduced Parties by a fraction, the numerator of which is the Percentage Interest of such Underproduced Party and the denominator of which is the total of the Percentage Interests of all Underproduced Parties desiring to take Makeup Gas. In no event will an Overproduced Party be required to provide more than twenty five percent (25 %) of its Full Share of Current Production for Makeup Gas. The Operator will promptly notify all Overproduced Parties of the election of an Underproduced Party to begin taking Makeup Gas.

4.2 ☐ (Optional - Seasonal Limitation on Makeup - Option 1) Notwithstanding the provisions of Section 4.1, the average monthly amount of Makeup Gas taken by an Underproduced Party during the Winter Period pursuant to Section 4.1 shall not exceed the average monthly amount of Makeup Gas taken by such Underproduced Party during the _____ (_____) months immediately preceding the Winter Period.

4.2 ☐ (Optional - Seasonal Limitation on Makeup - Option 2) Notwithstanding the provisions of Section 4.1, no Overproduced Party will be required to provide more than _____ percent (_____) % of its Full Share of Current Production for Makeup Gas during the Winter Period.

4.3 ☐ (Optional) Notwithstanding any other provision of this Agreement, at such time and for so long as Operator, or (insofar as concerns production by the Operator) any Underproduced Party, determines in good faith that an Overproduced Party has produced all of its share of the ultimately recoverable reserves in the Balancing Area, such Overproduced Party may be required to make available for Makeup Gas, upon the demand of the Operator or any Underproduced Party, up to _____ percent (_____) % of such Overproduced Party's Full Share of Current Production.

5. STATEMENT OF GAS BALANCES

5.1 The Operator will maintain appropriate accounting on a monthly and cumulative basis of the volumes of Gas that each Party is entitled to receive and the volumes of Gas actually taken or sold for each Party's account. Within forty-five (45) days after the month of production, the Operator will furnish a statement for such month showing (1) each Party's Full Share of Current Production, (2) the total volume of Gas actually taken or sold for each Party's account, (3) the difference between the volume taken by each Party and that Party's Full Share of Current Production, (4) the Overproduction or Underproduction of each Party, and (5) other data as recommended by the provisions of the Council of Petroleum Accountants Societies Bulletin No. 24, as amended or supplemented hereafter. Each Party taking Gas will promptly provide to the Operator any data required by the Operator for preparation of the statements required hereunder.

5.2 If any Party fails to provide the data required herein for four (4) consecutive production months, the Operator, or where the Operator has failed to provide data, another Party, may audit the production and Gas sales and transportation volumes of the non-reporting Party to provide the required data. Such audit shall be conducted only after reasonable notice and during normal business hours in the office of the Party whose records are being audited. All costs associated with such audit will be charged to the account of the Party failing to provide the required data.

6. PAYMENTS ON PRODUCTION

6.1 Each Party taking Gas shall pay or cause to be paid all production and severance taxes due on all volumes of Gas actually taken by such Party.

6.2 ☒ (Alternative 1 - Entitlements) Each Party shall pay or cause to be paid all Royalty due with respect to Royalty

owners to whom it is accountable as if such Party were taking its Full Share of Current Production, and only its Full Share of Current Production.

6.2.1 ☐ (Optional - For use only with Section 6.2 - Alternative 1 - Entitlement) Upon written request of a Party taking less than its Full Share of Current Production in a given month ("Current Underproducer"), any Party taking more than its Full Share of Current Production in such month ("Current Overproducer") will pay to such Current Underproducer an amount each month equal to the Royalty percentage of the proceeds received by the Current Overproducer for that portion of the Current Underproducer's Full Share of Current Production taken by the Current Overproducer; provided, however, that such payment will not exceed the Royalty percentage that is common to all Royalty burdens in the Balancing Area. Payments made pursuant to this Section 6.2.1 will be deemed payments to the Underproduced Party's Royalty owners for purposes of Section 7.5.

6.2 ☐ (Alternative 2 - Sales) Each Party shall pay or cause to be paid Royalty due with respect to Royalty owners to whom it is accountable based on the volume of Gas actually taken for its account.

6.3 In the event that any governmental authority requires that Royalty payments be made on any other basis than that provided for in this Section 6, each Party agrees to make such Royalty payments accordingly, commencing on the effective date required by such governmental authority, and the method provided for herein shall be thereby superseded.

7. CASH SETTLEMENTS

7.1 Upon the earlier of the plugging and abandonment of the last producing interval in the Balancing Area, the termination of the Operating Agreement or any pooling or unit agreement covering the Balancing Area, or at any time no Gas is taken from the Balancing Area for a period of twelve (12) consecutive months, any Party may give written notice calling for cash settlement of the Gas production imbalances among the Parties. Such notice shall be given to all Parties in the Balancing Area.

7.2 Within sixty (60) days after the notice calling for cash settlement under Section 7.1, the Operator will distribute to each Party a Final Gas Settlement Statement detailing the quantity of Overproduction owed by each Overproduced Party to each Underproduced Party and identifying the month to which such Overproduction is attributed, pursuant to the methodology set out in Section 7.4.

7.3 ☒ (Alternative 1 - Direct Party-to-Party Settlement) Within sixty (60) days after receipt of the Final Gas Settlement Statement, each Overproduced Party will pay to each Underproduced Party entitled to settlement the appropriate cash settlement, accompanied by appropriate accounting detail. At the time of payment, the Overproduced Party will notify the Operator of the Gas imbalance settled by the Overproduced Party's payment.

7.3 ☐ (Alternative 2 - Settlement Through Operator) Within sixty (60) days after receipt of the Final Gas Settlement Statement, each Overproduced Party will send its cash settlement, accompanied by appropriate accounting detail, to the Operator. The Operator will distribute the monies so received, along with any settlement owed by the Operator as an Overproduced Party, to each Underproduced Party to whom settlement is due within ninety (90) days after issuance of the Final Gas Settlement Statement. In the event that any Overproduced Party fails to pay any settlement due hereunder, the Operator may turn over responsibility for the collection of such settlement to the Party to whom it is owed, and the Operator will have no further responsibility with regard to such settlement.

7.3.1 ☐ (Optional - For use only with Section 7.3, Alternative 2 - Settlement Through Operator) Any Party shall have the right at any time upon thirty (30) days' prior written notice to all other Parties to demand that any settlements due such Party for Overproduction be paid directly to such Party by the Overproduced Party, rather than being paid through the Operator. In the event that an Overproduced Party pays the Operator any sums due to an Underproduced Party at any time after thirty (30) days following the receipt of the notice provided for herein, the Overproduced Party will continue to be liable to such Underproduced Party for any sums so paid, until payment is actually received by the Underproduced Party.

7.4 ☒ (Alternative 1 - Historical Sales Basis) The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the Gas taken from time to time by the Overproduced Party in excess of the Overproduced Party's Full Share of Current Production. Any Makeup Gas taken by the Underproduced Party prior to monetary settlement hereunder will be applied to offset Overproduction chronologically in the order of accrual.

7.4 ☐ (Alternative 2 - Most Recent Sales Basis) The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the volume of Gas that constituted Overproduction by the Overproduced Party from the Balancing Area. For the purpose of implementing the cash settlement provision of the Section 7, an Overproduced Party will not be considered to have produced any of an Underproduced Party's share of Gas until the Overproduced Party has produced cumulatively all of its Percentage Interest share of the Gas ultimately produced from the Balancing Area.

7.5 The values used for calculating the cash settlement under Section 7.4 will include all proceeds received for the sale of the Gas by the Overproduced Party calculated at the Balancing Area, after deducting any production or severance taxes paid and any Royalty actually paid by the Overproduced Party to an Underproduced Party's Royalty owner(s), to the extent said payments amounted to a discharge of said Underproduced Party's Royalty obligation, as well as any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of the Overproduction.

7.5.1 ☒ (Optional - For Valuation Under Percentage of Proceeds Contracts) For Overproduction sold under a gas purchase contract providing for payment based on a percentage of the proceeds obtained by the purchaser upon resale of residue gas and liquid hydrocarbons extracted at a gas processing plant, the values used for calculating cash settlement will include proceeds received by the Overproduced Party for both the liquid hydrocarbons and the residue gas attributable to the Overproduction.

7.5.2 ☐ (Optional - Valuation for Processed Gas - Option 1) For Overproduction processed for the account of the Overproduced Party at a gas processing plant for the extraction of liquid hydrocarbons, the full quantity of the Overproduction will be valued for purposes of cash settlement at the prices received by the Overproduced Party for the sale of the residue gas attributable to the Overproduction without regard to proceeds attributable to liquid hydrocarbons which may have been extracted from the Overproduction.

7.5.2 ☒ (Optional - Valuation for Processed Gas - Option 2) For Overproduction processed for the account of the Overproduced Party at a gas processing plant for the extraction of liquid hydrocarbons, the values used for calculating cash settlement will include the proceeds received by the Overproduced Party for the sale of the liquid hydrocarbons extracted from the Overproduction, less the actual reasonable costs incurred by the Overproduced Party to process the Overproduction and to transport, fractionate and handle the liquid hydrocarbons extracted therefrom prior to sale.

7.6 To the extent the Overproduced Party did not sell all Overproduction under an Arm's Length Agreement, the cash settlement will be based on the weighted average price received by the Overproduced Party for any gas sold from the

Balancing Area under Arm's Length Agreements during the months to which such Overproduction is attributed. In the event that no sales under Arm's Length Agreements were made during any such month, the cash settlement for such month will be based on the spot sales prices published for the applicable geographic area during such month in a mutually acceptable pricing bulletin.

7.7 Interest compounded at the prime rate in effect at Citibank, N.A. of New York plus 1% ~~rate of~~ ~~XXXXXX%~~ per annum or the maximum lawful rate of interest applicable to the Balancing Area, whichever is less, will accrue for all amounts due under Section 7.1, beginning the first day following the date payment is due pursuant to Section 7.3. Such interest shall be borne by the Operator or any Overproduced Party in the proportion that their respective delays beyond the deadlines set out in Sections 7.2 and 7.3 contributed to the accrual of the interest.

7.8 In lieu of the cash settlement required by Section 7.3, an Overproduced Party may deliver to the Underproduced Party an offer to settle its Overproduction in-kind and at such rates, quantities, times and sources as may be agreed upon by the Underproduced Party. If the Parties are unable to agree upon the manner in which such in-kind settlement gas will be furnished within sixty (60) days after the Overproduced Party's offer to settle in kind, which period may be extended by agreement of said Parties, the Overproduced Party shall make a cash settlement as provided in Section 7.3. The making of an in-kind settlement offer under this Section 7.8 will not delay the accrual of interest on the cash settlement should the Parties fail to reach agreement on an in-kind settlement.

7.9 ☒ (Optional - For Balancing Areas Subject to Federal Price Regulation) That portion of any monies collected by an Overproduced Party for Overproduction which is subject to refund by orders of the Federal Energy Regulatory Commission or other governmental authority may be withheld by the Overproduced Party until such prices are fully approved by such governmental authority, unless the Underproduced Party furnishes a corporate undertaking, acceptable to the Overproduced Party, agreeing to hold the Overproduced Party harmless from financial loss due to refund orders by such governmental authority.

7.10 ☒ (Optional - Interim Cash Balancing) At any time during the term of this Agreement, any Overproduced Party may, in its sole discretion, make cash settlement(s) with the Underproduced Parties covering all or part of its outstanding Gas imbalance, provided that such settlements must be made with all Underproduced Parties proportionately based on the relative imbalances of the Underproduced Parties, and provided further that such settlements may not be made more often than once every twenty-four (24) months. Such settlements will be calculated in the same manner provided above for final cash settlements. The Overproduced Party will provide Operator a detailed accounting of any such cash settlement within thirty (30) days after the settlement is made.

8. TESTING

Notwithstanding any provision of this Agreement to the contrary, any Party shall have the right, from time to time, to produce and take up to one hundred percent (100%) of a well's entire Gas stream to meet the reasonable deliverability test(s) required by such Party's Gas purchaser, and the right to take any Makeup Gas shall be subordinate to the right of any Party to conduct such tests; provided, however, that such tests shall be conducted in accordance with prudent operating practices only after thirty (30) days' prior written notice to the Operator and shall last no longer than seventy two (72) hours.

9. OPERATING COSTS

Nothing in this Agreement shall change or affect any Party's obligation to pay its proportionate share of all costs and liabilities incurred in operations on or in connection with the Balancing Area, as its share thereof is set forth in the Operating Agreement, irrespective of whether any Party is at any time selling and using Gas or whether such sales or use are in proportion to its Percentage Interest in the Balancing Area.

10. LIQUIDS

The Parties shall share proportionately in and own all liquid hydrocarbons recovered with Gas by field equipment operated for the joint account in accordance with their Percentage Interests in the Balancing Area.

11. AUDIT RIGHTS

Notwithstanding any provision in this Agreement or any other agreement between the Parties hereto, and further notwithstanding any termination or cancellation of this Agreement, for a period of two (2) years from the end of the calendar year in which any information to be furnished under Section 5 or 7 hereof is supplied, any Party shall have the right to audit the records of any other Party regarding quantity, including but not limited to information regarding Btu-content. Any Underproduced Party shall have the right for a period of two (2) years from the end of the calendar year in which any cash settlement is received pursuant to Section 7 to audit the records of any Overproduced Party as to all matters concerning values, including but not limited to information regarding prices and disposition of Gas from the Balancing Area. Any such audit shall be conducted at the expense of the Party or Parties desiring such audit, and shall be conducted, after reasonable notice, during normal business hours in the office of the Party whose records are being audited. Each Party hereto agrees to maintain records as to the volumes and prices of Gas sold each month and the volumes of Gas used in its own operations, along with the Royalty paid on any such Gas used by a Party in its own operations. The audit rights provided for in this Section 11 shall be in addition to those provided for in Section 5.2 of this Agreement.

12. MISCELLANEOUS

12.1 As between the Parties, in the event of any conflict between the provisions of this Agreement and the provisions of any gas sales contract, or in the event of any conflict between the provisions of this Agreement and the provisions of the Operating Agreement, the provisions of this Agreement shall govern.

12.2 Each Party agrees to defend, indemnify and hold harmless all other Parties from and against any and all liability for any claims, which may be asserted by any third party which now or hereafter stands in a contractual relationship with such indemnifying Party and which arise out of the operation of this Agreement or any activities of such indemnifying Party under the provisions of this Agreement, and does further agree to save the other Parties harmless from all judgments or damages sustained and costs incurred in connection therewith.

12.3 Except as otherwise provided in this Agreement, Operator is authorized to administer the provisions of this Agreement, but shall have no liability to the other Parties for losses sustained or liability incurred which arise out of or in connection with the performance of Operator's duties hereunder, except such as may result from Operator's gross negligence or willful misconduct. Operator shall not be liable to any Underproduced Party for the failure of any Overproduced Party (other than Operator) to pay any amounts owed pursuant to the terms hereof.

12.4 This Agreement shall remain in full force and effect for as long as the Operating Agreement shall remain in force and effect as to the Balancing Area, and thereafter until the Gas accounts between the Parties are settled in full, and shall inure to the benefit of and be binding upon the Parties hereto, and their respective heirs, successors, legal representatives

1 and assigns, if any. The Parties hereto agree to give notice of the existence of this Agreement to any successor in interest of
 2 any such Party and to provide that any such successor shall be bound by this Agreement, and shall further make any transfer of
 3 any interest subject to the Operating Agreement, or any part thereof, also subject to the terms of this Agreement.

4 12.5 Unless the context clearly indicates otherwise, words used in the singular include the plural, the plural includes the
 5 singular, and the neuter gender includes the masculine and the feminine.

6 12.6 In the event that any "Optional" provision of this Agreement is not adopted by the Parties to this Agreement by a
 7 typed, printed or handwritten indication, such provision shall not form a part of this Agreement, and no inference shall be
 8 made concerning the intent of the Parties in such event. In the event that any "Alternative" provision of this Agreement is not
 9 so adopted by the Parties, Alternative 1 in each such instance shall be deemed to have been adopted by the Parties as a result
 10 of any such omission. In those cases where it is indicated that an Optional provision may be used only if a specific Alternative
 11 is selected: (i) an election to include said Optional provision shall not be effective unless the Alternative in question is selected;
 12 and (ii) the election to include said Optional provision must be expressly indicated hereon, it being understood that the
 13 selection of an Alternative either expressly or by default as provided herein shall not, in and of itself, constitute an election to
 14 include an associated Optional provision.

15 12.7 This Agreement shall bind the Parties in accordance with the provisions hereof, and nothing herein shall be construed
 16 or interpreted as creating any rights in any person or entity not a signatory hereto, or as being a stipulation in favor of any
 17 such person or entity.

18 12.8 If contemporaneously with this Agreement becoming effective, or thereafter, any Party requests that any other Party
 19 execute an appropriate memorandum or notice of this Agreement in order to give third parties notice of record of same and
 20 submits same for execution in recordable form, such memorandum or notice shall be duly executed by the Party to which such
 21 request is made and delivered promptly thereafter to the Party making the request. Upon receipt, the Party making the request
 22 shall cause the memorandum or notice to be duly recorded in the appropriate real property or other records affecting the
 23 Balancing Area.

24 12.9 In the event Internal Revenue Service regulations require a uniform method of computing taxable income by all
 25 Parties, each Party agrees to compute and report income to the Internal Revenue Service (select one) ☐ as if such Party were
 26 taking its Full Share of Current Production during each relevant tax period in accordance with such regulations, insofar as same
 27 relate to entitlement method tax computations; or ☐ based on the quantity of Gas taken for its account in accordance with
 28 such regulations, insofar as same relate to sales method tax computations.

29 13. ASSIGNMENT AND RIGHTS UPON ASSIGNMENT

30 13.1 Subject to the provisions of Sections 13.2 (if elected) and 13.3 hereof, and notwithstanding anything in this Agreement
 31 or in the Operating Agreement to the contrary, if any Party assigns (including any sale, exchange or other transfer) any of its
 32 working interest in the Balancing Area when such Party is an Underproduced or Overproduced Party, the assignment or other
 33 act of transfer shall, insofar as the Parties hereto are concerned, include all interest of the assigning or transferring Party in the
 34 Gas, all rights to receive or obligations to provide or take Makeup Gas and all rights to receive or obligations to make any
 35 monetary payment which may ultimately be due hereunder, as applicable. Operator and each of the other Parties hereto shall
 36 thereafter treat the assignment accordingly, and the assigning or transferring Party shall look solely to its assignee or other
 37 transferee for any interest in the Gas or monetary payment that such Party may have or to which it may be entitled, and shall
 38 cause its assignee or other transferee to assume its obligations hereunder.

39 13.2 ☒ (Optional - Cash Settlement Upon Assignment) Notwithstanding anything in this Agreement (including but not
 40 limited to the provisions of Section 13.1 hereof) or in the Operating Agreement to the contrary, and subject to the provisions
 41 of Section 13.3 hereof, in the event an Overproduced Party intends to sell, assign, exchange or otherwise transfer any of its
 42 interest in a Balancing Area, such Overproduced Party shall notify in writing the other working interest owners who are
 43 Parties hereto in such Balancing Area of such fact at least sixty (~~60~~) days prior to closing the
 44 transaction. Thereafter, any Underproduced Party may demand from such Overproduced Party in writing, within
 45 thirty (~~30~~) days after receipt of the Overproduced Party's notice, a cash settlement of its
 46 Underproduction from the Balancing Area. The Operator shall be notified of any such demand and of any cash settlement
 47 pursuant to this Section 13, and the Overproduction and Underproduction of each Party shall be adjusted accordingly. Any cash
 48 settlement pursuant to this Section 13 shall be paid by the Overproduced Party on or before the earlier to occur (i) of sixty (60)
 49 days after receipt of the Underproduced Party's demand or (ii) at the closing of the transaction in which the Overproduced
 50 Party sells, assigns, exchanges or otherwise transfers its interest in a Balancing Area on the same basis as otherwise set forth in
 51 Sections 7.3 through 7.6 hereof, and shall bear interest at the rate set forth in Section 7.7 hereof, beginning sixty (60) days
 52 after the Overproduced Party's sale, assignment, exchange or transfer of its interest in the Balancing Area for any amounts not
 53 paid. Provided, however, if any Underproduced Party does not so demand such cash settlement of its Underproduction from the
 54 Balancing Area, such Underproduced Party shall look exclusively to the assignee or other successor in interest of the
 55 Overproduced Party giving notice hereunder for the satisfaction of such Underproduced Party's Underproduction in accordance
 56 with the provisions of Section 13.1 hereof.

57 13.3 The provisions of this Section 13 shall not be applicable in the event any Party mortgages its interest or disposes of its
 58 interest by merger, reorganization, consolidation or sale of substantially all of its assets to a subsidiary or parent company, or to
 59 any company in which any parent or subsidiary of such Party owns a majority of the stock of such company.

60 14. OTHER PROVISIONS

EXHIBIT "H"			
LIST OF WELL BORES			
WELL			WELL
TRACT	OPERATOR	LEASE	NUMBER
2711	EXXON	BURTON FLAT SECTION 6 STATE	1
2709	EXXON	BURTON FLAT SECTION 6 STATE	3
1919	EXXON	HONDO A STATE	1
2119	EXXON	HONDO A STATE	2
2319	EXXON	HONDO A STATE	3
2519	EXXON	HONDO A STATE	4
2321	EXXON	HONDO FEE	2
2315	EXXON	YATES C FEDERAL	2
2313	EXXON	YATES C FEDERAL	10
	EXXON	YATES C FEDERAL	22
2515	EXXON	YATES C FEDERAL	11
2317	EXXON	YATES C FEDERAL	12
2311	EXXON	YATES C FEDERAL	13
2517	EXXON	YATES C FEDERAL	14
2511	EXXON	YATES C FEDERAL	15
1913	EXXON	YATES C FEDERAL	17
2315	EXXON	YATES C FEDERAL	18
1915	EXXON	YATES C FEDERAL	3
2719	EXXON	YATES C FEDERAL	35
2016	EXXON	YATES C FEDERAL	36
1917	EXXON	YATES C FEDERAL	4
1911	EXXON	YATES C FEDERAL	5
2113	EXXON	YATES C FEDERAL	6
2115	EXXON	YATES C FEDERAL	7
2111	EXXON	YATES C FEDERAL	8
2117	EXXON	YATES C FEDERAL	9
2309	MWJ	GWA STATE	1
2509	MWJ	GWA STATE	2
1709	PREMIER	EDDY FV STATE	3
1909	YATES	CITIDEL ZG	1
1311	YATES	STONEWALL EP ST	5
1111	YATES	STONEWALL EP ST	7
1313	YATES	STONEWALL EP ST	8
1715	YATES	STONEWALL WM ST	1
1717	YATES	STONEWALL WM ST	2
1713	YATES	STONEWALL WM ST	3
1711	YATES	STONEWALL WM ST	4
1513	YATES	STONEWALL WM ST	5
1511	YATES	STONEWALL WM ST	6
1515	YATES	STONEWALL YE STATE	1

EXHIBIT "I"

MEMORANDUM OF OPERATING AGREEMENT AND
NOTICE OF LIEN AND MORTGAGE — FINANCING STATEMENT
(EXXON-OPERATOR)

Attached to that certain Operating Agreement dated _____, 19____, between Exxon Corporation, as Operator, and Yates Petroleum Company, et al., as Non-Operators.

STATE OF NEW MEXICO §

COUNTY OF EDDY §

EXXON CORPORATION ("Operator") and the undersigned _____ ("Non-Operator") have entered into an Operating Agreement providing for the development and production of crude oil, natural gas and associated substances, dated _____, 19____, covering the following described lands:

Those lands as described in Exhibit "B" to the Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit.

The Operating Agreement provides for mutual liens and security interests to secure payment by the parties of their respective share of costs under the Operating Agreement.

Without limiting or superseding the liens and security interests provided for in the Operating Agreement and in order to further secure payment by Non-Operator of amounts due Operator from time to time under the terms of the Operating Agreement as its share of expense, Non-Operator has granted and does hereby grant to Operator, its successors and assigns, the following:

1. A lien and mortgage covering all of Non-Operator's leasehold, unleased mineral or other working interest in and under the above-referenced lands which are of record as of the date hereof or hereafter acquired by Non-Operator.
2. A lien and mortgage covering, and a security interest in, the undivided portion of the equipment located on the above-referenced lands, including fixtures, which is employed in the production of oil and/or gas therefrom and is owned as of the date hereof or hereafter acquired by Non-Operator.
3. A security interest in Non-Operator's undivided portion of the oil and/or gas when extracted from the above-referenced lands and in the accounts arising from the sale by Non-Operator of such oil and gas, and in rights under any gas balancing agreements.
4. A lien and security interest covering all contract rights, general intangibles, interests in partnerships or other associations, and any other interests arising from the development of the above described lands for oil and gas purposes.
5. A lien and security interest covering the proceeds of the sale of any of the collateral referenced in 1-4 above, together with a lien and security interest attaching to the collateral to the extent required to reimburse for any interest, court costs, and attorneys' fees to which a party may be entitled by reason of exercise of any lien or security rights hereunder.

In order to secure payment by Operator from time to time of its share of expense under the above-referenced Operating Agreement, Operator has granted and does hereby grant to Non-Operator and the other parties to said Operating

Agreement who execute this instrument a lien and mortgage and a security interest of the same nature and effect as those described in the preceding paragraph.

The minerals or the like (including oil and gas) or accounts described in the preceding paragraphs will be financed at the wellhead or wellheads located on the lands described above. This instrument shall be filed for record in the real estate records of the county or counties named in the land description shown above. The secured party is not a seller or purchase moneylender of the collateral described in items 1-5 above.

Furthermore, this Memorandum of Operating Agreement and Notice of Lien and Mortgage -- Financing Statement incorporates by reference all other terms and conditions of said Operating Agreement. Said Operating Agreement specifically provides as follows:

1. That a party's ability to freely sell, assign, or transfer interests in land committed to the agreement is restricted or encumbered. These restrictions or encumbrances may include a preferential right to purchase the interest of any party desiring to sell its interest under the agreement, restrictions on the surrender of leases, a maintenance of uniform interest provision, provisions applicable to renewal or extension of leases, provisions applicable to acreage or cash contributions, non-consent provisions, and gas storage and balancing provisions, among others.
2. That each party to the agreement has the right to take-in-kind or separately dispose of its proportionate share of oil and gas produced.
3. That the liability of the parties to the agreement is several, and not joint and collective, with each party being liable only for its proportionate share of costs of developing and operating the contract area.

In the event the description of the land covered by the above-referenced Operating Agreement is revised in any manner by the parties thereto, then each party to said Operating Agreement is authorized to execute and file for record an appropriate amendment to this instrument setting forth the revised land description and stating that the same terms and provisions contained in this instrument shall apply to such revised land description. Said amendment need not be executed by more than one party to said Operating Agreement. The party which executes and files of record said amendment shall promptly mail to all other parties to said Operating Agreement a copy of said amendment showing the recording reference.

Should any person or firm desire additional information regarding the Operating Agreement or wish to inspect a copy of same, said person or firm should contact the Operator by writing to:

Exxon Corporation
P. O. Box 1600
Midland, Texas 79702-1600
Attention: Division Land Supervisor

Each party to said Operating Agreement may execute as a Non-Operator a counterpart of this instrument which contains a signature page for such party. Operator may combine the signature pages executed by such parties with the first two pages identical to the first two pages hereof and file and/or record such aggregated instrument.

Memorandum of Operating Agreement and
Notice of Lien and Mortgage -- Financing Statement
Page 3 of 3

EXECUTED on the date set forth by each party's signature below, but EFFECTIVE
as of the 23rd day of JUNE, 1995

EXXON CORPORATION, Operator

Area Indmn. JH
MPO Ind. Supv. DK
MPO Oprs. Actg. CD
MPO Law SIL
Oprs. Tech. Mgr. _____

Date: _____

By: _____

ADDRESS: P. O. Box 1600
Midland, Texas 79702-1600
TAX I.D. NO.: 13-5409005

(Non-Operator)

Date: _____

By: _____

ADDRESS: _____

TAX I.D. NO: _____

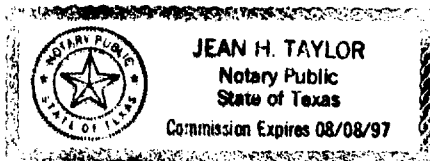
STATE OF TEXAS §
§
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 23rd day of
JUNE, 1995, by M. J. Fry as Attorney-in-fact
for and on behalf of EXXON CORPORATION a New Jersey corporation.

Witness my hand and official seal the day and year last above written.

My commission expires: 8-8-97

Jean H. Taylor
Notary Public



STATE OF §
§
COUNTY OF §

The foregoing instrument was acknowledged before me this _____ day of
_____, 19____, by _____ as
_____ for and on behalf of _____
a _____
corporation.

Witness my hand and official seal the day and year last above written.

My commission expires: _____

Notary Public

EXHIBIT "J"

NON-DISCRIMINATION AND CERTIFICATE OF NON-SEGREGATED FACILITIES

Attached to that certain Operating Agreement dated _____, 19____
between Exxon Corporation, as Operator,
and Yates Petroleum Company et al, as Non-Operator(s).

I. EQUAL EMPLOYMENT OPPORTUNITY PROVISION

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

- 1) The Operator will not discriminate against any employee or applicant for employment because of race, color, religion, national origin or sex. The operator will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin or sex. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided for the contracting officer setting forth the provision of this non-discrimination clause.
- 2) The Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin or sex.
- 3) The Operator will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Operator's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- 4) The Operator will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- 5) The Operator will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- 6) In the event of the Operator's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Operator may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rules, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- 7) The Operator will include the provisions of paragraphs 1) through 7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Operator will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of

enforcing such provisions including sanctions for non-compliance. Provided, however, that in the event the Operator becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Operator may request the United States to enter into such litigation to protect the interests of the United States.

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

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

II. CERTIFICATION OF NON-SEGREGATED FACILITIES

- 1) Operator assures Non-Operators that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. For this purpose, it is understood that the phrase "segregated facilities" includes facilities which are in fact segregated on a basis of race, color, religion or national origin, because of habit; local custom or otherwise. It is further understood and agreed that maintaining or providing segregated facilities for its employees or permitting its employees to perform their services at any location under its control where segregated facilities are maintained is a violation of the equal opportunity clause required by Executive Order 11246 of September 24, 1965.
- 2) Operator further understands and agrees that a breach of the assurance herein contained subjects it to the provisions of the Order at 41 CFR Chapter 60 of the Secretary of Labor dated May 21, 1968, and the provisions of the equal opportunity clause enumerated in contracts between the United States of America and Non-Operators.
- 3) Whoever knowingly and willfully makes any false, fictitious or fraudulent representation may be liable to criminal prosecution under 18 U.S.C. Paragraph 1001.

III. OCCUPATIONAL SAFETY AND HEALTH ACT

Operator will observe and comply with all safety and health standards promulgated by the Secretary of Labor under Section 107 of the Contract Work Hours and Standards Act, published in 29 CFR Part 1518 and adopted by the Secretary of Labor as occupational safety and health standards under the Williams-Steiger Occupational Safety and Health Act of 1970. Such safety and health standards shall apply to all subcontractors and their employees as well as to the prime contractor and its employees.

IV. VETERAN'S PREFERENCE

Operator agrees to comply with the following insofar as contracts it lets for an amount of \$10,000 or more which will generate 400 or more man-days of employment (each man-day consisting of any day in which an employee performs more than one hour of work) and further agrees to include the following provision in contracts with Contractors and Subcontractors:

"CONTRACTOR AND SUBCONTRACTOR LISTING REQUIREMENT"

- 1) As provided by 41 CFR 50-250, the contractor agrees that all employment openings of the contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by the contract and including those occurring at an establishment of the contractor other than the

one wherein the contract is being performed but excluding those of independently operated corporate affiliates, shall, to the maximum extent feasible, be offered for listing at an appropriate local office of the State employment service system wherein the opening occurs and to provide such periodic reports to such local office regarding employment openings and hires as may be required: Provided, that this provision shall not apply to openings which the contractor fills from within the contractor's organization or are filled pursuant to a customary and traditional employer-union hiring arrangement and that listing of employment openings shall involve only the normal obligations which attach to the placing of job orders.

- 2) The contractor agrees to place the above provisions in any subcontract directly under this contract."

V. CERTIFICATION OF COMPLIANCE WITH ENVIRONMENTAL LAWS

Operator agrees to comply with the Clean Air Act (42 U.S.C. Paragraph 1857) and the Federal Water Pollution Control Act (33 U.S.C. Paragraph 1251) when conducting operations involving nonexempt contracts. In all nonexempt contracts with subcontractors, Operator shall require:

- 1) No facility to be utilized by Subcontractor in the performance of this contract with Operator is listed on the Environmental Protection Agency (EPA) List of Violating Facilities. See Executive Order No. 11738 of September 12, 1973, and 40 CFR Paragraph 15.20.
- 2) Prompt written notification shall be given by Subcontractor to Operator of any communication indicating that any such facility is under consideration to be included on the EPA List of Violating Facilities.
- 3) Subcontractor shall comply with all requirements of Section 114 of the Clean Air Act (42 U.S.C. Paragraph 1857) and Section 308 of the Federal Water Pollution Control Act (33 U.S.C. Paragraph 1251), relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in these Sections, and all regulations and guidelines issued thereunder.
- 4) The foregoing criteria and requirements shall be included in all of Subcontractor's nonexempt subcontracts, and Subcontractor shall take such action as the Government may direct as a means of enforcing such provisions. See 40 CFR Paragraph 15.4 & 5.
- 5) Operator agrees to notify non-operators of any violations in the afore provisions.

VI. Operator agrees to comply with Executive Orders 11458 and 11625 regarding Minority Business Enterprises and all orders, rules, and regulations issued thereunder or amendments thereto.

VII. Operator agrees to comply with Rehabilitation Act of 1973 and all orders, rules, and regulations issued thereunder and amendments thereto.

AVALON DELAWARE UNIT

PARTICIPATION BY OWNER

Owner	UNIT PARTICIPATION	Join	Non-Consent
Abo Petroleum Corporation	<u>1.132305</u>	1.132305	
Ard, Mary H.	1.356554	1.356554	
Bello, Ernie	0.007413	0.007413	
Bunn, Mrs. Frances B.	0.007413	0.007413	
Claremont Corporation	0.254354	0.254354	
Devon Energy Corporation (NV)	0.757062		
Exxon Corporation	73.920333	73.920333	
Fox, Fred A. & D. Marjean Living Trust	0.001081	0.001081	
Gendron Family Revocable Tr	0.011119		
Goodnow, David	0.007413		0.007413
Hayes Partners I	0.010292		
Hodge, Joseph R.	0.001235		
Hodge, Sanford J. III	0.001235		
Holden, E. G. Testamentary Tr	0.003706		
Hudson, Edward R. Jr.	1.356554	1.356554	
Hudson, William A. II	1.356554	1.356554	
Judson, Edward H.	0.196442	0.196442	
Kawasaki, Isaac A.	0.007413		
Keller, Betsy H.	0.003706		
Kerr-McGee Corporation	0.245224		
Los Chicos	0.002496	0.002496	
Martin Living Trust	0.196442	0.196442	
Martin, James L. Jr., Trust	0.001081	0.001081	
McCall, Jack O. Estate of	0.000087		
Moore, Charles Cline	0.018567		
Myco Industries, Inc.	<u>3.358184</u>	3.358184	
Oliver, Agnes Cluthe Tr	0.007424	0.007424	
Oliver, William B. Tr	0.007424		
Oxy U.S.A., Inc.	0.151985		
Pennzoil Exploration and Production Company	0.904686	0.904686	
Premier Oil & Gas, Inc.	1.019231		
Redfern, John J. III, Indep Exec of Est of John J. Redfern,	0.119028		
Redfern, Rosalind	0.119028		
Schlagal, John L.	0.000927	0.000927	
Schuman, Adolph P. Martl Tr	0.007413		
Seventy-Seven Corporation	0.001997		0.001997
Sigmar, Inc.	0.003166	0.003166	
Space Building Corp.	0.018532		0.018532
Tipperary Oil & Gas Corporation	0.519742	0.519742	
TR Oil Corporation	0.001043		
Unit Petroleum Company	4.657971	4.657971	
Van Vranken, J. F. Jr.	0.007413		
Whiting Petroleum Corporation	0.519742	0.519742	
Williams, R. Ken	0.198526	0.198526	
Yates Drilling Company	<u>3.348300</u>	3.348300	
Yates Petroleum Corporation	4.149893	4.149893	
Yates, John A.	<u>0.012380</u>	0.012380	
Yates, S. P.	0.009884	0.009884	
	100.000000	97.479847	0.027942

Exhibit No. 4
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

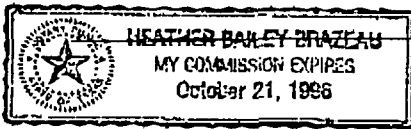
Mary H. Aard
Signature
MARY H. Aard
Print Name of Party

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on this 28 day of June, 1995, by MARY T AARD

My Commission Expires: 10-21-96

Heather Bailey Brafau
Notary Public in and for State of TEXAS



TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ___ day of _____, 19__, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ___ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____


**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

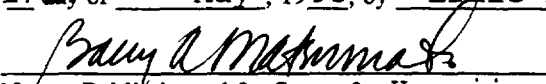
WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL


Signature
ERNIE BELLO
Print Name of Party

STATE OF Hawaii §
COUNTY OF Honolulu §

This instrument was acknowledged before me on this 17th day of May, 1995, by Ernie Bello.
My Commission Expires: 11-25-98

Notary Public in and for State of Hawaii

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

**TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR
REPRESENTATIVE**

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Frances B. Bunn
Signature
Frances B. Bunn
Print Name of Party

STATE OF Hawaii §
City of Honolulu §
COUNTY OF Honolulu §

This instrument was acknowledged before me on this 18 day of May, 1995, by FRANCES B. BUNN.
My Commission Expires: 9-13-95 Pamela Jean Simon
Notary Public in and for State of Hawaii is

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Claremont Corporation

Print Name of Party

By: Frank W. Podpechan
As: President

STATE OF OKLAHOMA §
COUNTY OF ROGERS §

This instrument was acknowledged before me on this 16 day of May, 1995, by Frank W. Podpechan, as President of Claremont Corporation, a Oklahoma corporation, on behalf of the corporation.

My Commission Expires: November 4, 1998
Notary Public in and for State of Oklahoma

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party

By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature _____

Print Name of Party _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party _____

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Fred A. & D. Marjorie Fox Living Trust

Print Name of Party

By: Fred A. Fox

As: Trustee

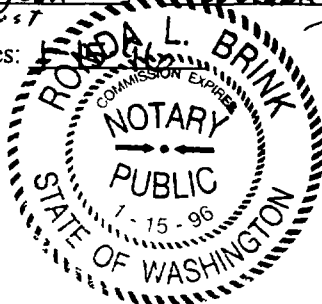
STATE OF Washington §

COUNTY OF Skagit §

This instrument was acknowledged before me on this 24 day of May, 1995, by Fred A. Fox of Fred A. & D. Marjorie Fox Living Trust, a revocable trust, on behalf of said Trust.

My Commission Expires: _____

Ronda L. Brink
Notary Public in and for State of 1-15-96



RONDA L. BRINK


**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL


Signature
Edward R. Hudson, Jr.
Print Name of Party

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on this 20 day of June, 1995, by Edward R. Hudson, Jr.

My Commission Expires: 7/31/96



VIRGINIA CLARKE
Notary Public


Notary Public in and for State of Texas
Virginia Clarke

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ___ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ___ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

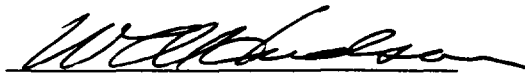
**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL



Signature

William A. Hudson II

Print Name of Party

STATE OF TEXAS §

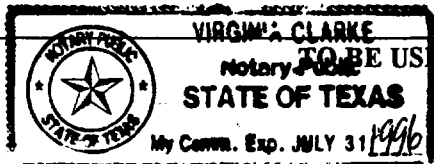
COUNTY OF TARRANT §

This instrument was acknowledged before me on this 20 day of June, 19 95, by William A. Hudson II.

My Commission Expires: 7/31/96


Notary Public in and for State of TEXAS

Virginia Clarke



TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

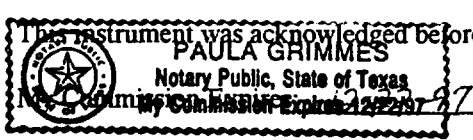
WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Edward H. Judson
Signature
Edward H. Judson
Print Name of Party

STATE OF Texas §
COUNTY OF Midland §

This instrument was acknowledged before me on this 25 day of May, 1995, by Edward H. Judson.
 Paula Grimmes
Notary Public in and for State of Texas

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

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TO BE USED IF THE PARTY IS AN INDIVIDUAL

James L Martin Jr
Signature
JAMES L MARTIN JR
Print Name of Party

STATE OF Okla §
COUNTY OF Nowata §

This instrument was acknowledged before me on this 18 day of May, 1995, by James L Martin Jr
My Commission Expires: June 22, 1995 May C West
Notary Public in and for State of Okla

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature _____

Print Name of Party _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party _____

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

William H. Martin
Print Name of Party

By: William H. Martin

As: Trustee

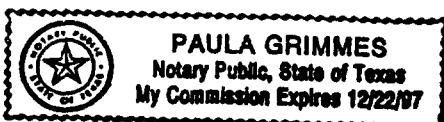
STATE OF Texas §

COUNTY OF Midland §

This instrument was acknowledged before me on this 25 day of May, 1995, by William H. Martin of Martin Living Trust, a Trustee, on behalf of said Trust.

My Commission Expires: 12-22-97

Paula Grimmer
Notary Public in and for State of Texas



**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature _____
Print Name of Party _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

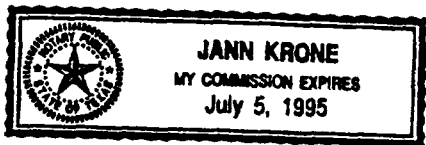
TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Brown Brothers Harriman Trust
Company of Texas **TRUSTEE**
Print Name of Party _____
By: Robert G. McKenzie
As: Executive Vice President
TRUSTEE

STATE OF Texas §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 19th day of MAY, 1995 by Robert G. McKenzie of Brown Brothers Harriman Trust, a EXECUTIVE VICE-PRESIDENT, on behalf of said TRUSTEE Company of Texas.

My Commission Expires: July 5, 1995
Notary Public in and for State of Texas



**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

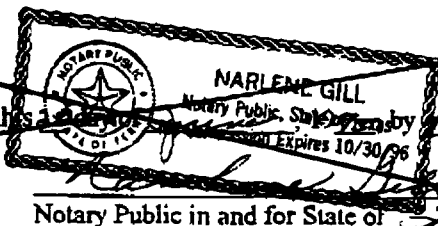
NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Paul L. Bruce
Signature
Paul L. Bruce
Print Name of Party

STATE OF Texas §
COUNTY OF Harris §

This instrument was acknowledged before me on this 26 day of June, 1995, by Paul L. Bruce
My Commission Expires: 10/30/96



Notary Public in and for State of Texas

TO BE USED IF THE PARTY IS A CORPORATION

Pennzoil Exploration and Production Company
Print Name of Party
By: Paul L. Bruce
As: Agent and Attorney-in-fact

STATE OF Texas §
COUNTY OF Harris §

This instrument was acknowledged before me on this 26 day of June, 1995, by Paul L. Bruce
as Attorney-in-fact of Pennzoil Company, a Delaware
corporation, on behalf of the corporation.

My Commission Expires: 10/30/96



Narlene Gill
Notary Public in and for State of Texas

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §

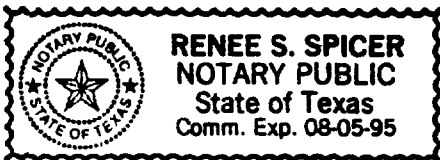
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION



SEVENTY-SEVEN CORPORATION

Print Name of Party

By: [Signature]

As: President

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 16 day of May, 1995 by John S. Bullard, as President of Seventy-Seven Corporation, a Texas corporation, on behalf of the corporation.

My Commission Expires: 08-05-95

[Signature]
Notary Public in and for State of Texas

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

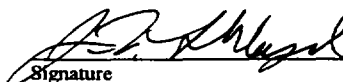
**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

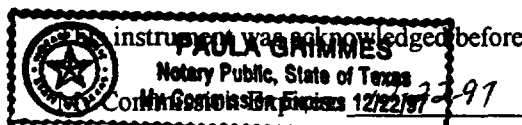
WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL


Signature
John L. Schlager
Print Name of Party

STATE OF Texas §
Midland §
COUNTY OF Midland §



instrument was acknowledged before me on this 25 day of May, 1995, by John L. Schlager.
Paula Grimmer
Notary Public in and for State of TEXAS

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

**TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR
REPRESENTATIVE**

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature _____

Print Name of Party _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Robert Dicke
Print Name of Party

By: Robert Dicke
As: President

STATE OF Mass §
COUNTY OF Bristol §

This instrument was acknowledged before me on this 16 day of May, 1995 by Robert Dicke as President of space Bldg, a mass corporation, on behalf of the corporation.

My Commission Expires: _____
Sharon J. Medeiros
Notary Public in and for State of Massachusetts
My Commission Expires 12/31/2012

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

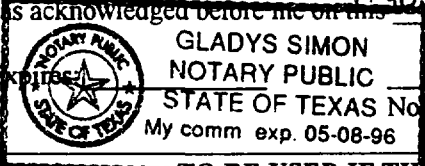
TO BE USED IF THE PARTY IS AN INDIVIDUAL

Robert L. Spears
Signature

Print Name of Party

STATE OF Tx §
COUNTY OF Kerr §

This instrument was acknowledged before me on this 30 day of May, 1995, by Robert L. Spears

My Commission Expires: 05-08-96
 Gladys Simon
Notary Public in and for State of TX

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

**TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR
REPRESENTATIVE**

Print Name of Party

By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

ATTEST:

Elaine R. Treece
Elaine R. Treece
Corporate Secretary
STATE OF COLORADO §

COUNTY OF DENVER §

TIMPERARY OIL & GAS CORPORATION

Print Name of Party
By: _____
As: Jeff D. Obourn
Vice President-Land

This instrument was acknowledged before me on this 23rd day of May, 1995 by Jeff T. Obourn, as Vice President-Land of Tipperary Oil & Gas Corporation, a Texas corporation, on behalf of the corporation.

My Commission Expires: 12/19/98
Michelle R. S. Sullivan
 Notary Public in and for State of Colorado
 Michelle R. S. Sullivan

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party

By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Unit Petroleum Company

Phillip M. Keeley
Vice President

lip _____
Print Name of Party

By: *Phillip M. Keeley*
As: _____

STATE OF Oklahoma §
COUNTY OF Tulsa §

This instrument was acknowledged before me on this 9th day of June, 1995 by Phillip M. Keeley, as Vice President of Unit Petroleum Company, an Oklahoma corporation, on behalf of the corporation.

My Commission Expires: 10-13-98
Barbara A. Dean
Notary Public in and for State of Oklahoma

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party

By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

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TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature _____

Print Name of Party _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Whiting Petroleum Corporation

Print Name of Party _____

By: John R. Hazlett
As: Vice President

STATE OF Colorado §
COUNTY OF Denver §

This instrument was acknowledged before me on this 19 day of May, 1995, by John R. Hazlett as Vice President of Whiting Petroleum Corporation, a Delaware corporation, on behalf of the corporation.

My Commission Expires: _____
Christy M. Evenden
1700 Broadway, Suite 2300
Denver, CO 80290
My Commission Expires February 21, 1996

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party _____

By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____


**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

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TO BE USED IF THE PARTY IS AN INDIVIDUAL

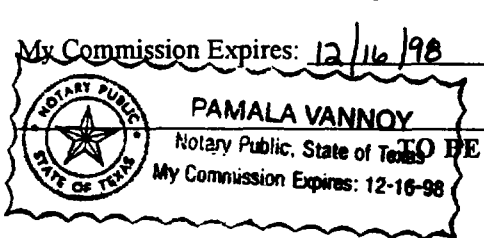


Signature
R. Ken Williams

Print Name of Party

STATE OF TEXAS §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 14 day of JUNE, 1995, by R KEN WILLIAMS





Notary Public in and for State of TEXAS

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

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YATES PETROLEUM CORPORATION

Peyton Yates
Attorney-in-Fact

YATES DRILLING COMPANY

Peyton Yates
Attorney-in-Fact

ABO PETROLEUM CORPORATION

John A. Yates, Jr.
Attorney-in-Fact

MYCO INDUSTRIES, INC.

Frank Yates, Jr.
Attorney-in-Fact

LOS CHICOS

John A. Yates, Jr.
Attorney-in-Fact

S. P. YATES

S. P. Yates

JOHN A. YATES

John Yates

STATE OF NEW MEXICO)
)ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 23rd day of June, 1995 by Peyton Yates, Attorney-in-Fact for Yates Petroleum Corporation, by Peyton Yates, Attorney-in-Fact for Yates Drilling Company, by Frank Yates, Jr., Attorney-in-Fact for Myco Industries, Inc., by John A. Yates, Jr., Attorney-in-Fact for Abo Petroleum Corporation, all New Mexico corporations, on behalf of said corporations and by John A. Yates, Jr., Attorney-in-Fact for Los Chicos, a partnership, by S. P. Yates, individually and by John A. Yates, individually.

My commission expires:

August 9, 1997

Anna E. Pritz
Notary Public

Exh. #5



- PRODUCING OIL WELL
- SHUT IN OIL WELL
- TEMPORARILY ABANDONED OIL WELL
- ABANDONED OIL WELL
- PRODUCING GAS WELL
- TEMPORARILY ABANDONED GAS WELL
- ACTIVE INJECTION WELL
- SALT WATER INJECTION WELL
- SALT WATER DISPOSAL WELL
- DRY HOLE
- DRY HOLE, JUNKED AND ABANDONED
- ABANDONED LOCATION

USED IN ORELAND THIS WAY.

Map 7

EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESEARCH TECHNOLOGY GROUP - CROCKFORD

TOTAL GROSS THICKNESS MAP

ANALYSIS OF ZONES EXPOSED

WALTON (DELAWARE) FIELD
EDDY COUNTRY, NEW MEXICO
MAYNARD (TEXAS) FIELD, WYOMING (WY)
New materials, various types of modifications, etc.

1000 2000 3000 4000 5000 6000 7000 8000 9000 10000

INCHES

TO: GEORGE D. CROCKFORD, V. P. MGR.

DATE: 12/1/80

AVALON DELAWARE UNIT
WORKING INTEREST OWNERS NOT YET RATIFIED

Owner	UNIT PARTICIPATION
Devon Energy Corporation (NV)	0.757062
Gendron Family Revocable Tr	0.011119
Hayes Partners I	0.010292
Hodge, Joseph R.	0.001235
Hodge, Sanford J. III	0.001235
Holden, E. G. Testamentary Tr	0.003706
Kawasaki, Isaac A.	0.007413
Keller, Betsy H.	0.003706
Kerr-McGee Corporation	0.245224
McCall, Jack O. Estate of	0.000087
Moore, Charles Cline	0.018567
Oliver, William B. Tr	0.007424
Oxy U.S.A. Inc.	0.151985
Premier Oil & Gas, Inc.	1.019231
Redfern, John J. III, Indep Exec of Est of John J. Redfern,	0.119028
Redfern, Rosalind	0.119028
Schuman, Adolph P. Marital Tr	0.007413
TR Oil Corporation	0.001043
Van Vranken, J. F. Jr.	0.007413
	2.492211

6/28/95

Ratification of Unit By Royalty and Overriding Royalty		
Owners of the Avalon (Delaware) Unit		
Eddy County, New Mexico		
Owner	Ratified Unit	No Response
Mary L. Boling	X	
Robert E. Boling Est	X	
Davis Bros., L.L.C.	X	
William C. Eiland	X	
FJC Partnership	X	
Robert L. Haynie & Sue Haynie		
Oryx Energy Company		
Pennzoil Exploration and Production Company	X	
Patricia Nell Rigg	X	
Sabine Royalty Tr Nationsbank of TX		
Singer Bros.	X	
Robert L. Spears	X	
SRT Trust No 1	X	
State of New Mexico	X	
Texas Commerce Bank Tr of the Delta-Flag Royalty Tr	X	
U. S. A.	X	
Venessa H. Shotwell	X	
Mark D. Wilson	X	
Martin Yates III Est	X	
Harvey E. Yates	X	
John Ashby Yates	X	
Lillie Mae Yates Est	X	
S. P. Yates	X	
Peggy A. Yates Est		
a:\royorlst.xls		

Exhibit No. 5
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Mary L. Beking
Signature
MARY L Beking
Print Name of Party

STATE OF N.M. §
COUNTY OF Eddy §

This instrument was acknowledged before me on this 21 day of June, 1995, by Mary L. Beking
My Commission Expires: 10-24-98 Nelson Moore
Notary Public in and for State of N.M.

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR
REPRESENTATIVE

ESTATE OF Robert E. Boling

Print Name of Party

By: *Robert Michael Boling Janet Richard*

As: *Personal Representative*

STATE OF *New Mexico* §

COUNTY OF *Eddy* §

This instrument was acknowledged before me on this ____ day of *June*, 19*95*, by *Robert Michael Boling Janet Richard* of
Estate of Robert E. Boling, as *Personal Representative*, on behalf of said *ESTATE*.

My Commission Expires: *6-26-95*

Sherridan R. Waugh
Notary Public in and for State of *New Mexico*

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____

As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

...
DAVIS BROS., L.L.C.

Print Name of Party

By: Lee H. Davis

As: Manager

STATE OF OKLAHOMA §
COUNTY OF TULSA §

This instrument was acknowledged before me on this 2nd day of May, 1995 by Lee H. Davis, Manager of Davis Bros., L.L.C., a limited liability company on behalf of said limited liability company.

My Commission Expires: August, 1997

Melode M. Sullivan
Notary Public in and for State of Oklahoma

RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR
REPRESENTATIVE

Diane McElligott

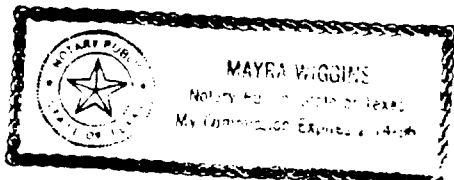
Print Name of Party

By: Diane McElligott
As: Vice President and Trust Officer

STATE OF Texas §
COUNTY OF Midland §

This instrument was acknowledged before me on this 24 day of May, 1995 by Diane McElligott of
Texas Commerce Bank, a Vice President & Trust Officer on behalf of said _____.

My Commission Expires: _____
Mayra Wiggins
Notary Public in and for State of Texas



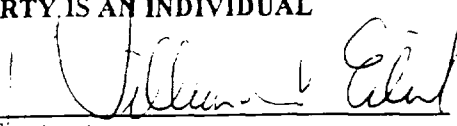
**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL


Signature _____
Print Name of Party William C Eiland

STATE OF Texas §
COUNTY OF Midland §

This instrument was acknowledged before me on this 10 day of May, 1995, by William C Eiland

My Commission Expires:  Randy Biggs
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____,
as _____ of _____, a _____
corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR
REPRESENTATIVE

FJC Partnership

Print Name of Party

By: Floyd Abbott

As: Partner

STATE OF New Mexico §

COUNTY OF Lea §

This instrument was acknowledged before me on this 18 day of May, 1995 by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: 4-3-99

Genia A. Taylor
Notary Public in and for State of New Mexico

RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Patricia Nell Rigg
Signature
PATRICIA NELL RIGG
Print Name of Party

STATE OF ARIZONA §
COUNTY OF PIMA §

This instrument was acknowledged before me on this 18 day of May, 1995, by PATRICIA NELL RIGG.

My Commission Expires: June 30, 1997

Berke Martinez
Notary Public in and for State of Arizona

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

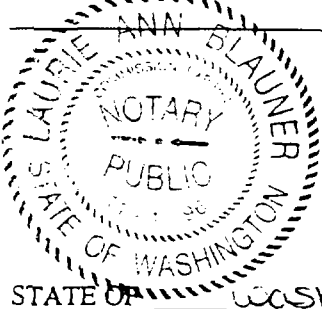
Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".



TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Vanessa H. Shotwell L.A.E.
Print Name of Party

STATE OF Washington §

COUNTY OF King §

This instrument was acknowledged before me on this 17th day of May, 1995, by Vanessa H. Shotwell L.A.E.

My Commission Expires: 11/1/96
Laurie Ann Blauer
Notary Public in and for State of Washington

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____
Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

..

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____
Notary Public in and for State of _____

RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

NORWEST BANK NEW MEXICO, N.A., TRUSTEE

SRT Trust No 1

Print Name of Party

By: Sylvian E. Gillespie

As: Sr. Vice President

STATE OF New Mexico §

COUNTY OF Chaves §

This instrument was acknowledged before me on this 18th day of May, 1995, by Sylvian E. Gillespie, as Sr. Vice President of Norwest Bank New Mexico, NA, a New Mexico corporation, on behalf of the corporation.

My Commission Expires: 4/10/99

Cynthia L. Greer

Notary Public in and for State of New Mexico

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR
REPRESENTATIVE

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL

Signature

Print Name of Party

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19____, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

...

SINGER BROS.

Print Name of Party

By: _____

As: General Partner

STATE OF OKLAHOMA §

COUNTY OF TULSA §

This instrument was acknowledged before me on this ^{23rd} day of May, 1995 by George A. Singer of Singer Bros. a general partner on behalf of said partnership.

My Commission Expires: 8-21-98

Danise Ferguson
Notary Public in and for State of Oklahoma

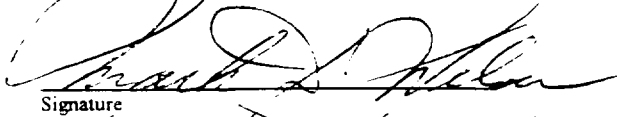
**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

TO BE USED IF THE PARTY IS AN INDIVIDUAL



Signature

MARK D. WILSON
Print Name of Party

STATE OF Texas §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 22 day of June, 1995, by Mark D. Wilson

My Commission Expires: 6/9/98



Notary Public in and for State of Texas

DIANNE S. WRIGHT
Notary Public, State of Texas
My Commission Expires 6-9-98

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

Print Name of Party

By: _____

As: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

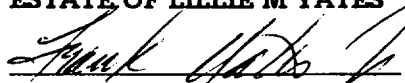
**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

NOW, THEREFORE, for the consideration stated in said Unit Agreement, each of the undersigned does hereby adopt, ratify and confirm said Unit Agreement and agrees to become a party thereto and be bound by the provisions thereof. Each of the undersigned joins herein with respect to all of its interests in each and all of the separately owned parcels described in Exhibit "B" or included within the unit outline on Exhibit "A" to said Unit Agreement, whether or not described in said Exhibit "B".

**ESTATE OF MARTIN YATES, III
ESTATE OF LILLIE M YATES**


Frank Yates, Jr., Attorney-in-Fact
for S. P. Yates, Peyton Yates, and
Frank Yates, Jr., Personal
Representative of the Estate of
Martin Yates III, Deceased, and
as Attorney-in-Fact for S. P. Yates,
B W. Harper and Frank Yates, Jr.,
Personal Representatives of the
Estate of Lillie M. Yates, Deceased.

JOHN ASHBY YATES

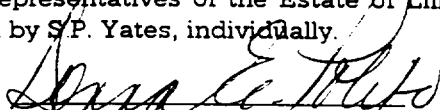

S. P. YATES


STATE OF NEW MEXICO)
 : ss
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 23rd day of June, 1995 by Frank Yates, Jr., Attorney-in-Fact for S. P. Yates, Peyton Yates, and Frank Yates, Jr., Personal Representative of the Estate of Martin Yates, III, Deceased and as Attorney-in-Fact for S. P. Yates, B.W. Harper and Frank Yates, Jr., Personal Representatives of the Estate of Lillie M. Yates, Deceased, and by John Ashby Yates, individually and by S.P. Yates, individually.

My commission expires:

August 9, 1997


Notary Public

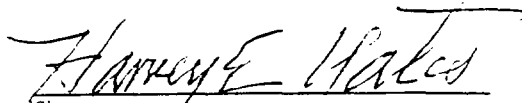
**RATIFICATION OF UNIT AGREEMENT - IMPROVED RECOVERY UNIT
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE
AVALON (DELAWARE) UNIT AREA
EDDY COUNTY, NEW MEXICO**

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, each of the undersigned owns or claims to own a Royalty Interest or Working Interest as defined in that certain agreement entitled "Improved Recovery Unit - Unit Agreement for the Development and Operation of the Avalon (Delaware) Unit Area, Eddy County, New Mexico" and does hereby acknowledge receipt of a copy of said Unit Agreement, and

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TO BE USED IF THE PARTY IS AN INDIVIDUAL


Signature
HARVEY E. YATES
Print Name of Party

STATE OF NEW MEXICO §
COUNTY OF CHAVES §

This instrument was acknowledged before me on this 12th day of JUNE, 19 95 by HARVEY E. YATES

My Commission Expires: 3/28/99


Notary Public in and for State of New Mexico

TO BE USED IF THE PARTY IS A CORPORATION

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____, as _____ of _____, a _____ corporation, on behalf of the corporation.

My Commission Expires: _____

Notary Public in and for State of _____

TO BE USED IF THE PARTY IS AN TRUST, OR OTHER PARTY ACTING THROUGH AN AGENT OR REPRESENTATIVE

...

Print Name of Party _____
By: _____
As: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 19__, by _____ of _____, a _____, on behalf of said _____.

My Commission Expires: _____

Notary Public in and for State of _____

6/29/95

**AVALON DELAWARE UNIT
ROYALTY OWNERS NOT YET RATIFIED**

Owner
Robert L. Haynie & Sue Haynie Oryx Energy Company Sabine Royalty Tr Nationsbank of TX Peggy A. Yates Est

Exhibit No. 5A
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date June 29, 1995

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

May 15, 1995

Exxon Company USA
P.O. Box 1600
Midland, Texas 79702-1600

Attention: Mr. Joe Thomas

Re: Request for Preliminary Approval
Avalon Delaware Unit
Eddy County, New Mexico

MDA	RECEIVED				MPG
RLA	LAND SERVICES				RGG
RKF					RTL
SHJ					TAL
PLK	MAY 17 1995				JBE
DCR					SHK
JBT					LLM
	MPO - MIDLAND				SES
					JHT
HANDLE	REVIEW	SEE ME	CIRC	FILE	

Dear Mr. Thomas:

This office has reviewed the unexecuted copy of the unit agreement for the proposed Avalon Delaware Unit, Eddy County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases until final approval and an effective date are given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Two copies of the Unit Agreement.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged before a notary. One set of ratifications must contain original signatures.
4. Initial Plan of Operation.
5. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
6. A copy of the Unit Operating Agreement.

Exhibit No. 6-A
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

Exxon Company USA

Page 2

May 11, 1995

7. Per your telephone conversation with Pete Martinez of this office, please revise Exhibit "A" & "B" to coincide with the BLM's survey plats. The following unit acreage should be changed: Federal Acreage, State Acreage, Fee Acreage and Total Acreage.
8. In Unit Agreement Page 3, Section 2(a), the acreage should be changed to 2,118.78.
9. Please date the unit agreement on Page 1.
10. A redesignation of all well names and numbers. The list should include the OCD property name, property number, pool name, pool code and API number.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS



BY:
JAMI BAILEY, Deputy Director
Oil/Gas and Minerals Division
(505) 827-5745

RP/JB/cpm

Enclosure

cc: Reader File

BLM-Roswell--Attention: Mr. Armando Lopez
OCD-Santa Fe--Attention: Mr. Roy Johnson



IN REPLY
REFER TO

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell District Office
1717 West Second Street
Roswell, New Mexico 88201-2019

MDA	RECEIVED		MPC
RLA	LAND SERVICES		RGG
RKF			RTL
PLK			TAL
DCR	MAY 18 1995		JBE
JBT			SHK
	MPO - MIDLAND		LLM
			SES
	HANDLE	REVIEW	JHT
		SEE ME	FILE
		CIRC	

NMNM94450X
3180 (06200)

MAY 17 1995

Exxon Company, U.S.A.
Attention: Mr. Joe B. Thomas
P. O. Box 1600
Midland, TX 79702-1600

Gentlemen:

Your application of May 2, 1995, filed with the BLM requests the designation of the Avalon (Delaware) Unit area, embracing 2118.78 acres, more or less, Eddy, County, New Mexico, as logically subject to secondary operations under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3180, the land requested as outlined on your plat marked Exhibit A, Exxon Company, U.S.A., Avalon (Delaware) Unit, Eddy County, New Mexico, is hereby designated as a logical unit area for the purpose of conducting secondary recovery operations and has been assigned No. NMNM94450X. This designation is valid for a period of one year from the date of this letter.

Waterflooding will be limited to that interval underlying the Unit Area described as, the Delaware Mountain Group, extending from 100 feet above the base of the Goat Seep Reef to the top of the Bone Spring formation and including, but not limited to, the Cherry Canyon and Brushy Canyon formations, as identified by the Compensated Neutron/Lithodensity/Gamma Ray log dated September 14, 1990, run in the Exxon Yates "C" Federal #36, located in the Center of the NW $\frac{1}{4}$ section 31, T. 20 S., R. 28 E., Eddy County, New Mexico, with the top of the Unitized Interval being found in said well at a depth of 2,378 feet below the surface (869 feet above sea level) and the base of the Unitized Interval being found at a depth of 4,880 feet below the surface (1,633 feet below sea level) or stratigraphic equivalents, thereof.

Your basis for allocation of unitized substances and your proposed use of the Form of Agreement are acceptable. Exhibits A and B need to be corrected to show the acreage compiled from the official records of the Bureau of Land Management. The corrections to be made are shown in red on the enclosed Exhibits A and B.

If conditions are such that modification of said standard form is deemed necessary, two copies of the proposed modifications with appropriate justification must be submitted to this office for preliminary approval.

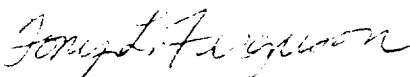
In the absence of any type of land requiring special provisions or any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

Exhibit No. 6-B
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

When the executed agreement is transmitted to the BLM for final approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the reprint of the aforementioned form. You will also need to submit a listing of current well names and proposed unit well name changes.

Inasmuch as this unit agreement involves State and Fee land, we are sending a copy of the letter to the Commissioner of Public Lands and the NMOCD. Please contact the State of New Mexico before soliciting joinders regardless of prior contacts or clearances from the state.

Sincerely,



Tony L. Ferguson
Assistant District Manager,
Minerals Support Team

Enclosures

EXHIBIT 7

TABLE OF CONTENTS

(UNITIZATION CORRESPONDENCE AND NOTES)

DATE	PARTIES	TOPIC
05/29/91	WIOs	Exxon held a preliminary WIO meeting for a technical discussion and initial plans for a secondary recovery unit.
11/20/91	WIOs	Exxon held a second preliminary WIO meeting with technical discussion and project plans discussed.
03/09/92	Exxon-WIOs	Technical Report issued. Technical report proposed that at least 90% of the WIOs approve the Technical Report.
07/10/92	Yates-Exxon	Yates returned the executed Pre-Unitization Voting Agreement.
10/28/92	Exxon-Premier	Responds to Premier's questions of 10/26/92
11/12/92	Premier-Exxon	Compliments Technical Report. Has minor concerns: <ul style="list-style-type: none"> • Limits of primary production for Lower Cherry/Upper Brushy • Proposes 3 additional injectors on the west edge of his 4 tracts (4-40s) • Challenges FV3 reserves
11/25/92	Yates-Exxon	Outlines questions concerning the Unit.
Nov/Dec/92	Exxon-Premier	Meeting to review concerns. Exxon acquires FV3 well log and drilling report from Premier
12/09/92	Exxon-Yates	Technical report review meeting.
12/22/92	Exxon-Premier	Exxon does not believe the FV3 (or FV1) to be productive on primary in the LCC/UBC, and that additional west-side injectors are probably not appropriate
01/07/93	Yates-Coquina	Discussed the results of the 12/09/92 meeting Yates had with Exxon.
01/27/93	Exxon	The Sundry Notice application for the Avalon Enhanced Oil Recovery Project was approved by the BLM
02/01/93	Exxon meetings with BLM (Carlsbad) & NMOCD (Artesia)	Reviewed the Avalon project with the BLM and the NMOCD. Agenda and attendance list attached
02/02/93	Exxon meetings with NMSLO & NMOCD both in Santa Fe	Reviewed the Avalon project with the NMSLO & NMOCD. Agenda and attendance list attached.
02/09/93	Exxon-BLM	Summarizes the points covered in the 02/01/93 meeting
04/15/93	Exxon-WIO	Exxon sent out ballots to amend the Technical report and to add certain addenda. This addendum was approved in June of 1994

01/94	Exxon-WIO	Exxon requested copies of Division Orders, Division Order Title Opinions; and Title Opinions.
04/08/94	Exxon- WIO	Exxon informed the WIOs that the Technical Report was approved and proposed a WIO meeting on April 26, 1994 to: <ul style="list-style-type: none"> • discuss the participation formula & percentages • current development plan • distribute and review the proposed Avalon Unit and Unit Operating Agreement
04/28/94	Exxon-WIO	Exxon sent out minute notes from the 04/08/94 WIO meeting and solicited written comments and any suggested changes to the UA/UOA from the WIOs. Exxon proposed a WIO meeting on 06/03/94 (changed to 06/17/94).
06/17/94	WIO Meeting	Approximately 90% of WIO were represented. WIO presented feedback on: <ul style="list-style-type: none"> • Proposed Unit • Participation formula • Bidding out of Oil and CO2 • Proposed drilling and producing rates • Vote required should be greater than 75% • Yates to take lead in developing alternative Equity formula • Premier presented its differing opinions on: <ol style="list-style-type: none"> 1. the UCC reservoir 2. significant differences between Premier and Exxon involving geologic picks 3. asked to withdraw tract from Unit.
06/20/94	Exxon-WIO's	Presented meeting notes and summary of WIO meeting of 06/17/94
09/06/94	Yates-Exxon	Yates proposed two new Equity formulas
10/10/94	Exxon-Yates	Exxon responded to Yates's 09/06/94 proposal
12/05/94	Yates-Exxon	Yates proposes two additional participation formulas
02/09/95	Yates- Exxon	Yates suggested three areas to clarify: <ul style="list-style-type: none"> • Veto by minority owners • Buyouts of other interests in the Unit • Non-Consents
02/22/95	Exxon-WIO	<ul style="list-style-type: none"> • Exxon revising UA/UOA to address WIO's concerns • Single phase formula • Requesting WIO's to vote on non-binding ballot if agree to the Unitization proposal • 97.4231% agreed to the non-binding ballot (ballot responses attached) • Two parties voted "no": Premier and Whiting
02/23/95	Exxon-Yates	Exxon agreed to amend the voting procedure as requested by Yates
05/01/95	Exxon-Royalty ORR owners	Exxon mailed out a "draft" Unit Agreement to the Royalty and Overriding Royalty owners
05/02/95	Exxon meeting with BLM (Roswell)	Exxon requested approval of the Avalon (Delaware) Unit as logically subject to secondary operations under the Unitization provisions of the Mineral Leasing Act

05/05/95	Exxon meeting with NMSLO (Santa Fe)	Reviewed project and Agenda from BLM meeting 05/02/95. Requested SLO approval of the proposed Unit Agreement
05/11/95	Exxon-Whiting	Exxon responded to Whiting's concerns set out by their "no" vote on the 02/22/95 ballot. Whiting subsequently voted to join the Unit
05/12/95	Exxon-WIO's	Exxon mailed out certified return receipt requested: <ul style="list-style-type: none"> • Unit Agreement and Ratification form for such Unit Agreement • Unit Operating Agreement and signature pages for execution • Notice of Election for WIO in unit to join or go Non-consent • Application for Statutory Unitization and for approval of unorthodox well locations • Application for Authority to Institute an Improved recovery project and to qualify for recovered Oil Tax
05/12/95	Exxon-Royalty and Overriding Royalty Owners	Exxon mailed out certified return receipt requested: <ul style="list-style-type: none"> • Unit Agreement and Ratification form for such Unit Agreement • Application for Statutory Unitization and approval of unorthodox well locations
05/12/95	Exxon-Surface Owners/ Tenants of land within the Avalon (Delaware) Unit Area	Exxon mailed out certified return receipt requested: <ul style="list-style-type: none"> • Application for authority to Institute Oil Recovery project and to Qualify for Recovered Oil Tax
06/12/95	Exxon-Royalty and Overriding Royalty Owners	Replacement Exhibits "A" & "B" to set out the acreage as requested by the BLM/State; correction of spelling errors; correction of WIO's company name. No change was made in the terms of the Agreement or participation's of the WIOs
06/12/95	Exxon-WIO	Same information was sent to WIOs as set out above

EXXON COMPANY, U.S.A.

POST OFFICE BOX 3116 • MIDLAND, TEXAS 79702-3116

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

J. WAYNE ACHEE
PRODUCTION MANAGER

March 9, 1992


Pre-Unitization Voting Agreement
Ballot # 92-03-34

Working Interest Owners
Proposed Avalon (Delaware) Unit
Eddy County, New Mexico

Please find attached for your approval a Pre-Unitization Voting Agreement for the proposed Avalon (Delaware) Unit. Exxon is continuing to draft the development plans for the unit in an effort to expedite the overall effort. Your continued support is appreciated.

When executed, the Agreement should be returned to the address shown below. Any general questions should be directed to Larry D. Long, telephone (915) 688-7932. Any title questions or information should be directed to Joe B. Thomas, telephone (915) 688-7162 or to his attention at the address shown below.

Sincerely,



JWA:hho
Attachment

Return Ballot to: Exxon Company, U.S.A.
Operations Accounting
Attn: J. J. Degraffenreid
P. O. Box 51040
Midland, Texas 79710-1040

Title Information to:
Exxon Company, U.S.A.
Attn: J. B. Thomas
P. O. Box 1600
Midland, Texas 79702-1600

PRE-UNITIZATION VOTING AGREEMENT
PROPOSED AVALON (DELAWARE) UNIT
EDDY COUNTY, NEW MEXICO

The purpose of this Agreement is to establish the pre-unitization voting procedures for the formation of the Avalon (Delaware) Unit (the "Unit") covering lands shown on the plat, designated as Attachment "A" which is attached hereto and made a part hereof. The proposed area to be unitized is designated on said plat as the "Unitization Area." The proposed reservoir interval (the "Interval") to be unitized is that interval known as the Delaware Mountain Group, which is below the Goat Seep Reef and above the Bone Spring Formation and includes the Cherry Canyon and Brushy Canyon Formations.

Since certain decisions will need to be made by vote of the working interest owners (the "Owners") in the Unit prior to the approval of the Unit, this Agreement will define the voting interests for any pre-unitization decisions described in Attachment "B" attached hereto and made a part of this Agreement, it being understood that the result of such decisions shall be a proposal for unitization that shall be presented to all owners of working and royalty interests and other interests in the Unitization Area and to the appropriate regulatory agencies.

For the purpose of determining and describing the ownership of the working interest in the Unitization Area, designations have been made for the quarter-quarter sections and lots (the "Well-Tracts") as defined by the map shown in Attachment "C" attached hereto and made a part of this Agreement. The voting percentage by Well-Tract shall be determined by calculating a composite interest based on the following parameters:

A weighting factor of 40% applied to each well's cumulative oil production (through July 1991) for each well within the Unitization Area and from the proposed unitized interval as a fraction of the total of such production from all such wells;

a weighting factor of 40% applied to each well's current oil production from those same wells and interval and as averaged over the period February 1991 - July 1991 as a fraction of the total of such production from all such wells;

and a weighting factor of 20% applied to each Well-Tract's acreage as a fraction of the total acreage in the Unitization Area.

For the purposes of this Agreement, the production and acreage values to be used will be the estimates shown in Attachment "D" attached hereto and made a part of this Agreement, it being understood and agreed that said production volumes and acreages may require adjustment for other unitization purposes.

Each owner's pre-unit voting percentage shall be determined by applying ownership percentages of each Well-Tract to the Well-Tract's composite interest. The currently understood ownership of each Well-Tract is shown in Attachment "E" attached hereto and made a part of this Agreement. The ownership of each Well-Tract may be revised from time-to-time, based upon notification by the affected owner(s) of a conveyance or other transfer of ownership or as the result of title examination, prior to unitization approval and any such adjustments will apply to voting decisions made subsequent to the adjustment only.

Should the proposed Unitization Area be expanded by agreement of the Owners, the additional area(s) shall be added based on the same parameters and weighting factors as described in the preceding paragraphs and all voting percentages adjusted accordingly. Should the Unitization Area be reduced by agreement of the Owners, the voting percentages will be adjusted by using the same parameters and weighting factors described in the preceding paragraphs and applied to the revised area.

Title examination shall commence on the Unitization Area by Exxon upon the signing of this Agreement. The examination will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the application leases. At the time this Agreement is signed, each party contributing leases and/or oil and gas interests to a Well-Tract, or to be included in a drill well within a Well-Tract, shall furnish to Exxon all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Exxon by the parties, but necessary for the examination of the title, shall be obtained by Exxon. Exxon shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Exxon in procuring opinions, abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, and division order title opinions) shall be borne by the parties contributing the Well-Tract(s) to the Unit in proportion to their ownership of the working interest therein. Exxon shall make no charge for services rendered by its staff attorneys or other in-house personnel in the performance of the above functions. Each party shall be responsible for securing curative matter and amendments or agreements required in connection with leases or oil and gas interests contributed by such party.

Exxon shall be responsible for the preparation and recording of designations or declarations as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

The combined voting interests by owner are shown in Attachment "F" attached hereto and made a part of this Agreement. The interests in Attachment "F" may be adjusted from time-to-time only as a result of changes in either the ownership reflected in adjustments to Attachment "E" or as a result of changes in the Unitization Area.

Except for pre-unitization expenditure ballots, approval of any decision based on the voting procedure described in this Agreement and its attachments shall require in the aggregate 90% of the ownership interests shown in Attachment "F". Pre-unitization expenditure ballots shall require 65%, but the funding participation for such approved ballots shall be on a voluntary basis with the costs prorated among those owners approving such ballots in proportion to the percentages shown in Attachment "F". Pre-unitization expenditures shall be equalized at the time of unitization in accordance with provisions of the Unit Operating Agreement.

This Agreement shall become effective when an aggregate of 90% of the ownership interests shown in Attachment "F" have approved it. This Agreement shall terminate either by the approval of an aggregate of 65% of the ownership interests shown in Attachment "F", or when the Unit has been approved by both the State of New Mexico and the Federal Bureau of Land Management, which ever comes first.

This Agreement will be superseded by the Unit Agreement and Unit Operating Agreement when the Unit becomes effective.

This Agreement and the rights and obligations of the parties hereunder shall be governed and construed in accordance with the laws of the State of New Mexico, and the parties hereto do submit to the jurisdiction of the Courts of the State of New Mexico.

Signed and agreed to this 17th day of July, 1992

Signature: Shirley P. (Kurt V.) for First

Title: Production Mgr (relief)

Firm: Exxon Company USA

Address: _____

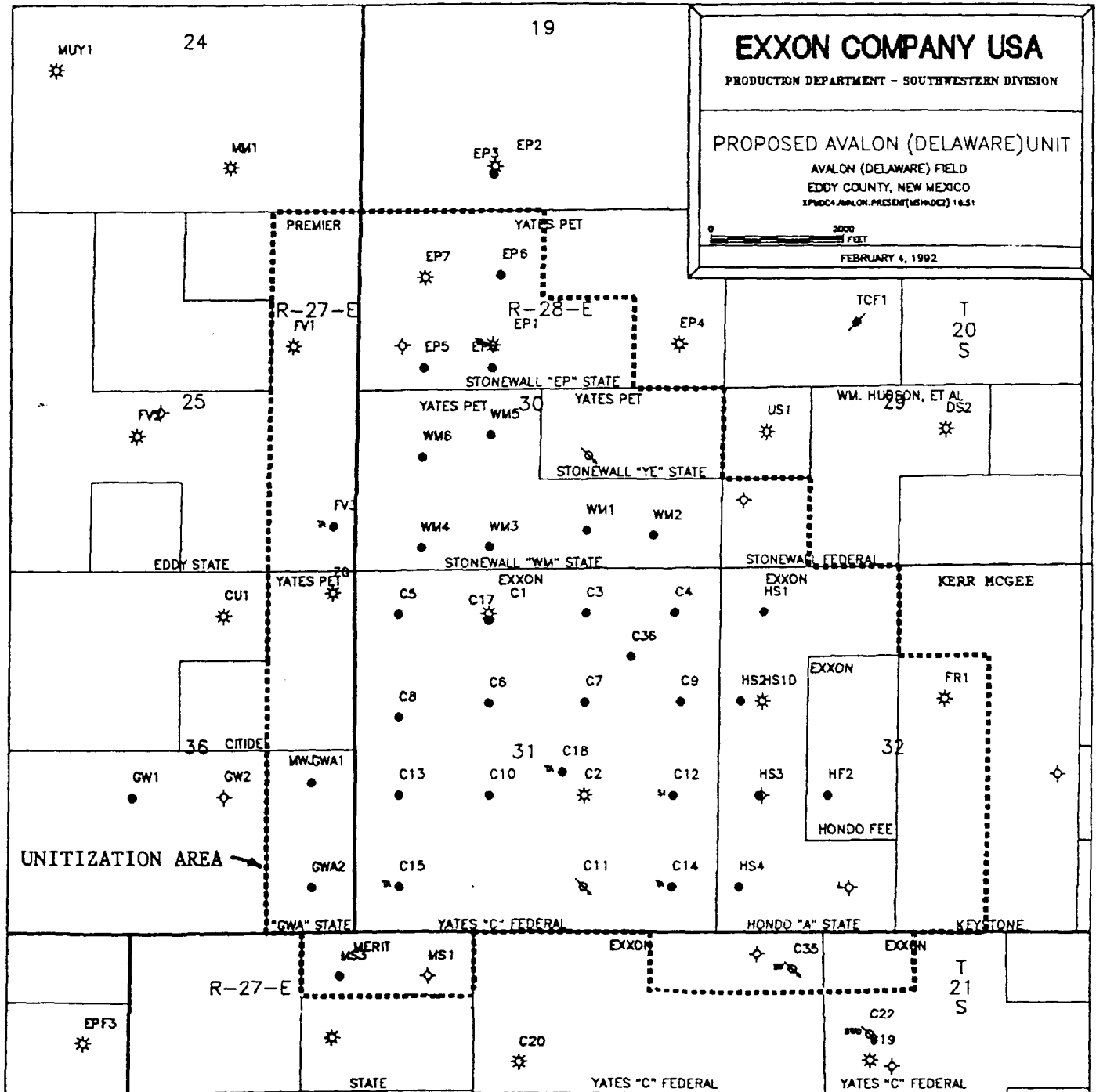
Signature: _____

Title: _____

Firm: _____

Address: _____

ATTACHMENT "A"
PROPOSED AVALON (DELAWARE) UNIT
UNITIZATION AREA



ATTACHMENT "B"
PROPOSED AVALON (DELAWARE) UNIT
PRE-UNITIZATION VOTING PROCEDURE APPLICATIONS

The pre-unitization voting procedures and percentages and approval criteria described in this Agreement shall apply to the following decisions:

- Acceptance of the Technical Report as the basis for unitization
- Decisions to expand or contract the proposed Unitization Area
- Decision on parameters to be considered in participation formula(s)
- Decision on the number of phases and participation formula(s) to be used
- Acceptance of participation formula(s)
- Acceptance of the form of the Unit Agreement and Unit Operating Agreement
- Ballot(s) on pre-unit funding proposals (except as qualified by provisions of the Agreement)
- Any other pre-unit matter(s) requiring joint ownership decision

ATTACHMENT "C"
PROPOSED AVALON (DELAWARE) UNIT
WELL-TRACT DEFINITION MAP

EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION

PROPOSED UNIT AREA

AVALON (DELAWARE) UNIT

EDDY COUNTY, NEW MEXICO

XPMFZV.AVALON.JOBS(ACRES2) 7:52

FEBRUARY 7, 1992

UNITIZATION AREA

LEGEND

TOP LINE = OPERATOR
 SECOND LINE = WELL TRACT NUMBER
 THIRD LINE = TOWNSHIP
 FOURTH LINE = RANGE
 FIFTH LINE = SECTION NUMBER
 SIXTH LINE = QUARTER-QUARTER OR LOT NUMBER

PREMIER 1109 T_20_S R_27_E 25 NE4 OF NE4		YATES 1111 T_20_S R_28_E 30 NW4 OF NW4		YATES 1113 T_20_S R_28_E 30 NE4 OF NW4			
PREMIER 1309 T_20_S R_27_E 25 SE4 OF NE4		YATES 1311 T_20_S R_28_E 30 SW4 OF NW4		YATES 1313 T_20_S R_28_E 30 SE4 OF NW4		YATES 1315 T_20_S R_28_E 30 SW4 OF NE4	
PREMIER 1509 T_20_S R_27_E 25 NE4 OF SE4		YATES 1511 T_20_S R_28_E 30 NW4 OF SW4		YATES 1513 T_20_S R_28_E 30 NE4 OF SW4		YATES 1515 T_20_S R_28_E 30 NW4 OF SE4	
PREMIER 1709 T_20_S R_27_E 25 SE4 OF SE4		YATES 1711 T_20_S R_28_E 30 SW4 OF SW4		YATES 1713 T_20_S R_28_E 30 SE4 OF SW4		YATES 1715 T_20_S R_28_E 30 SW4 OF SE4	
YATES 1909 T_20_S R_27_E 36 NE4 OF NE4		EXXON 1911 T_20_S R_28_E 31 NW4 OF NW4		EXXON 1913 T_20_S R_28_E 31 NE4 OF NW4		EXXON 1915 T_20_S R_28_E 31 NW4 OF NE4	
YATES 2109 T_20_S R_27_E 36 SE4 OF NE4		EXXON 2111 T_20_S R_28_E 31 SW4 OF NW4		EXXON 2113 T_20_S R_28_E 31 SE4 OF NW4		EXXON 2115 T_20_S R_28_E 31 SW4 OF NE4	
WWJ 2309 T_20_S R_27_E 36 NE4 OF SE4		EXXON 2311 T_20_S R_28_E 31 NW4 OF SW4		EXXON 2313 T_20_S R_28_E 31 NE4 OF SW4		EXXON 2315 T_20_S R_28_E 31 NW4 OF SE4	
WWJ 2509 T_20_S R_27_E 36 SE4 OF SE4		EXXON 2511 T_20_S R_28_E 31 SW4 OF SW4		EXXON 2513 T_20_S R_28_E 31 SE4 OF SW4		EXXON 2515 T_20_S R_28_E 31 SW4 OF SE4	
MERIT 2709 T_21_S R_27_E 6 LOT 2		MERIT 2711 T_21_S R_27_E 6 LOT 1		EXXON 2717 T_21_S R_27_E 5 LOT 2		EXXON 2719 T_21_S R_27_E 5 LOT 1	
				EXXON 2721 T_21_S R_27_E 4 LOT 4			

FEBRUARY 7, 1992

LEGEND

TOP LINE = OPERATOR

SECOND LINE = WELL TRACT NUMBER

THIRD LINE = TOWNSHIP

FOURTH LINE = RANGE

FIFTH LINE = SECTION NUMBER

SIXTH LINE = QUARTER-QUARTER OR LOT NUMBER

ATTACHMENT "D"
PROPOSED AVALON (DELAWARE) UNIT
PRE-UNITIZATION WELL-TRACT PARAMETER VALUES

WELL-TRACT PARAMETER VALUES AND PERCENTAGES OF TOTALS
COMPOSITE FACTOR WEIGHTED BY 40% CURRENT PRODUCTION
40% CUMULATIVE PRODUCTION
20% ACRES

WELL TRACT	CURRENT PRODUCTION BOPD	PRODUCTION PERCENT OF TOTAL	CUMULATIVE PRODUCTION 1000 BO	CUMULATIVE PERCENT OF TOTAL	ACRES	ACRES PERCENT OF TOTAL	COMPOSITE WELL-TRACT PERCENTAGE
1109	0.0	0.000000	0.000	0.000000	40.17	1.882275	0.376455
1111	0.0	0.000000	0.000	0.000000	41.23	1.931944	0.386389
1113	0.0	0.000000	0.000	0.000000	41.23	1.931944	0.386389
1309	0.0	0.000000	0.000	0.000000	40.46	1.895863	0.379173
1311	51.6	6.260481	114.727	4.341981	41.01	1.921635	4.625312
1313	51.4	6.240357	96.950	3.669189	41.01	1.921635	4.348146
1315	0.0	0.000000	0.000	0.000000	40.36	1.891178	0.378236
1509	0.0	0.000000	0.000	0.000000	40.79	1.911326	0.382265
1511	24.3	2.953487	72.747	2.753198	41.05	1.923509	2.667376
1513	59.8	7.264653	96.064	3.635658	41.01	1.921635	4.744451
1515	0.0	0.000000	1.658	0.062749	40.41	1.893521	0.403804
1517	0.0	0.000000	0.000	0.000000	40.37	1.891646	0.378329
1709	0.0	0.000000	5.074	0.192032	40.88	1.915544	0.459921
1711	19.8	2.401427	99.242	3.755933	41.03	1.922572	2.847459
1713	60.3	7.316304	99.662	3.771828	40.99	1.920698	4.819393
1715	8.7	1.059848	41.135	1.556804	40.38	1.892115	1.425084
1717	0.0	0.000000	0.000	0.000000	40.34	1.890240	0.378048
1719	0.0	0.000000	0.000	0.000000	40.30	1.888366	0.377673
1909	0.0	0.000000	0.000	0.000000	40.50	1.897738	0.379548
1911	19.1	2.318250	114.480	4.332633	40.86	1.914606	3.043274
1913	53.5	6.494587	164.742	6.234859	40.89	1.916012	5.474981
1915	63.4	7.693288	163.538	6.189292	40.34	1.890240	5.931080
1917	80.0	9.713036	192.937	7.301933	40.38	1.892115	7.184411
1919	15.3	1.856746	36.974	1.399326	40.27	1.886960	1.679821
1921	0.0	0.000000	0.000	0.000000	40.27	1.886960	0.377392
2109	0.0	0.000000	0.000	0.000000	40.07	1.877589	0.375518
2111	18.3	2.227022	78.779	2.981486	41.07	1.924447	2.468293
2113	80.0	9.713036	171.779	6.501183	41.10	1.925852	6.870858
2115	65.3	7.922698	191.853	7.260908	40.54	1.899612	6.453365
2117	32.1	3.896618	184.703	6.990307	40.57	1.901018	4.734974
2119	17.8	2.163297	124.915	4.727558	40.22	1.884618	3.133266
2121	0.0	0.000000	0.000	0.000000	40.22	1.884618	0.376924
2123	0.0	0.000000	0.000	0.000000	40.25	1.886023	0.377205
2309	0.5	0.056346	10.415	0.394168	39.96	1.872435	0.554693
2311	28.4	3.442493	118.066	4.468350	41.24	1.932412	3.550820
2313	27.5	3.339192	129.061	4.884469	41.24	1.932412	3.675947
2315	0.0	0.000000	22.719	0.859828	40.79	1.911326	0.726196
2317	0.0	0.000000	29.482	1.115782	40.79	1.911326	0.828578
2319	20.4	2.476556	134.916	5.106058	40.16	1.881806	3.409407
2321	7.8	0.946484	16.385	0.620110	40.16	1.881806	1.002999
2323	0.0	0.000000	0.000	0.000000	40.19	1.883212	0.376642
2509	1.4	0.169039	5.545	0.209857	40.17	1.882275	0.528013
2511	0.0	0.000000	11.940	0.451884	41.12	1.926789	0.566111
2513	0.0	0.000000	0.000	0.000000	41.12	1.926789	0.385358
2515	0.0	0.000000	0.000	0.000000	40.98	1.920229	0.384046
2517	0.0	0.000000	24.611	0.931433	40.98	1.920229	0.756619
2519	15.8	1.919800	84.094	3.182639	40.11	1.879463	2.416868
2521	0.0	0.000000	0.000	0.000000	40.12	1.879932	0.375986
2523	0.0	0.000000	0.000	0.000000	40.13	1.880400	0.376080
2709	1.3	0.154952	3.080	0.116566	29.02	1.359811	0.380570
2711	0.0	0.000000	0.000	0.000000	29.14	1.365434	0.273087
2717	0.0	0.000000	0.000	0.000000	28.93	1.355594	0.271119
2719	0.0	0.000000	0.000	0.000000	28.48	1.334508	0.266902
2721	0.0	0.000000	0.000	0.000000	28.72	1.345754	0.269151
TOTAL	823.6	100.000000	2642.273	100.000000	2134.12	100.000000	100.000000

ATTACHMENT "E"
PROPOSED AVALON (DELAWARE) UNIT
PRE-UNITIZATION WELL-TRACT WORKING INTEREST OWNERSHIPS

OPERATOR	LEASE	OWNER	WELL-TRACT OWNER FRACTION	WELL-TRACTS INCLUDED
EXXON	YATES C FEDERAL	EXXON	1.00000000	1911-1917, 2111-2117, 2311-2317, 2511-2517
EXXON	HONDO A STATE	EXXON	1.00000000	1919, 1921, 2119, 2319, 2519, 2521
EXXON	HONDO FEE	EXXON	1.00000000	2121, 2321
EXXON	YATES C FEDERAL B	EXXON	1.00000000	2717, 2719, 2721
HUDSON	STONEWALL FEDERAL	W.A.HUDSON, II	0.33333333	
HUDSON	STONEWALL FEDERAL	E.R.HUDSON, JR	0.33333333	
HUDSON	STONEWALL FEDERAL	MARY HUDSON ARD	0.33333333	
KERR MCGEE	KEYSTONE	KERR MCGEE	1.00000000	2123, 2323, 2523
MERIT	BURTON FLAT ST	MERIT	1.00000000	2709, 2711
MWJ	GWA STATE	MARTIN, WILLIAMS, JUDSON	0.67968750	
MWJ	GWA STATE	MYCO INDUSTRIES, INC	0.08333340	
MWJ	GWA STATE	JOHN A. YATES	0.08333330	
MWJ	GWA STATE	S.P.YATES	0.08333330	
MWJ	GWA STATE	SIGMAR, INC	0.02669270	
MWJ	GWA STATE	LAJ CORPORATION	0.01757810	
MWJ	GWA STATE	F.A. AND D.M.FOX	0.00911460	
MWJ	GWA STATE	JAMES L.MARTIN, TRUSTEE	0.00911460	
MWJ	GWA STATE	JOHN L. SCHLAGAL	0.00781250	
PREMIER	EDDY STATE	PREMIER	1.00000000	1109, 1309, 1509, 1709
YATES	STONEWALL EP STATE	EXXON	0.27973850	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	COQUINA	0.17651980	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	YPC	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	YDC	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MYCO	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	W.A.HUDSON, II	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	E.R.HUDSON, JR	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MARY HUDSON ARD	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	ABO	0.03361040	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	NORTH AMERICAN-YATES	0.02300800	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	HONDO	0.02300800	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MWJ	0.01546620	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	CLAREMONT	0.00773310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	FLAG REDFERN	0.00745550	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	ROSALIND REDFERN	0.00723760	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL WM ST	EXXON	0.27973850	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	COQUINA	0.17651980	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	YPC	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	YDC	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MYCO	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	W.A.HUDSON, II	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	E.R.HUDSON, JR	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MARY HUDSON ARD	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	ABO	0.03361040	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	NORTH AMERICAN-YATES	0.02300800	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	HONDO	0.02300800	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MWJ	0.01546620	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	CLAREMONT	0.00773310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	FLAG REDFERN	0.00745550	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	ROSALIND REDFERN	0.00723760	1511, 1513, 1711, 1713
YATES	STONEWALL YE STATE	CHEVRON	0.25000000	1515, 1517
YATES	STONEWALL YE STATE	EXXON	0.20980388	1515, 1517
YATES	STONEWALL YE STATE	COQUINA	0.13238985	1515, 1517
YATES	STONEWALL YE STATE	YPC	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	YDC	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	MYCO	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	W.A.HUDSON, II	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	E.R.HUDSON, JR	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	MARY HUDSON ARD	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	ABO	0.02520780	1515, 1517
YATES	STONEWALL YE STATE	NORTH AMERICAN-YATES	0.01725600	1515, 1517
YATES	STONEWALL YE STATE	HONDO	0.01725600	1515, 1517
YATES	STONEWALL YE STATE	MWJ	0.01159965	1515, 1517
YATES	STONEWALL YE STATE	CLAREMONT	0.00579982	1515, 1517
YATES	STONEWALL YE STATE	FLAG REDFERN	0.00559163	1515, 1517
YATES	STONEWALL YE STATE	ROSALIND REDFERN	0.00542820	1515, 1517
YATES	STONEWALL WM ST B	CHEVRON	0.25000000	1715, 1717
YATES	STONEWALL WM ST B	EXXON	0.20980388	1715, 1717
YATES	STONEWALL WM ST B	COQUINA	0.13238985	1715, 1717
YATES	STONEWALL WM ST B	YPC	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	YDC	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	MYCO	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	W.A.HUDSON, II	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	E.R.HUDSON, JR	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	MARY HUDSON ARD	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	ABO	0.02520780	1715, 1717
YATES	STONEWALL WM ST B	NORTH AMERICAN-YATES	0.01725600	1715, 1717
YATES	STONEWALL WM ST B	HONDO	0.01725600	1715, 1717
YATES	STONEWALL WM ST B	MWJ	0.01159965	1715, 1717
YATES	STONEWALL WM ST B	CLAREMONT	0.00579982	1715, 1717
YATES	STONEWALL WM ST B	FLAG REDFERN	0.00559163	1715, 1717
YATES	STONEWALL WM ST B	ROSALIND REDFERN	0.00542820	1715, 1717
YATES	CITIDEL	YATES	1.00000000	1909, 2109

VOTING PERCENTAGE BY OWNER
WEIGHTED BY 40% CURRENT PRODUCTION
40% CUMULATIVE PRODUCTION
20% ACRES

OWNER	VOTING PERCENTAGE	= (WEIGHT FACTOR	X	OWNER BOPD	/	TOTAL AREA BOPD	+	(WEIGHT FACTOR	X	OWNER CUMUL 1000 BO	/	TOTAL AREA CUMUL 1000 BO	+	(WEIGHT FACTOR	X	OWNER ACRES	/	TOTAL AREA ACRES
CHEVRON	0.646316	=	(0.4000	*	2.2 /	/	823.6	+	(0.4000	*	10.698 /	2642.273	+	(0.2000	*	40.4 /	2134.1				
CLAREMONT	0.209893	=	(0.4000	*	2.1 /	/	823.6	+	(0.4000	*	4.729 /	2642.273	+	(0.2000	*	3.8 /	2134.1				
COQUINA	4.791116	=	(0.4000	*	48.3 /	/	823.6	+	(0.4000	*	107.940 /	2642.273	+	(0.2000	*	86.5 /	2134.1				
EXXON	74.207433	=	(0.4000	*	621.2 /	/	823.6	+	(0.4000	*	2167.030 /	2642.273	+	(0.2000	*	1198.8 /	2134.1				
HONDO	0.624465	=	(0.4000	*	6.3 /	/	823.6	+	(0.4000	*	14.069 /	2642.273	+	(0.2000	*	11.3 /	2134.1				
E.R. HUDSON JR	1.245315	=	(0.4000	*	11.3 /	/	823.6	+	(0.4000	*	25.220 /	2642.273	+	(0.2000	*	33.6 /	2134.1				
W.A. HUDSON II	1.245315	=	(0.4000	*	11.3 /	/	823.6	+	(0.4000	*	25.220 /	2642.273	+	(0.2000	*	33.6 /	2134.1				
MARY HUDSON ARD	1.245315	=	(0.4000	*	11.3 /	/	823.6	+	(0.4000	*	25.220 /	2642.273	+	(0.2000	*	33.6 /	2134.1				
KERR HUGGEE	1.129927	=	(0.4000	*	0.0 /	/	823.6	+	(0.4000	*	0.000 /	2642.273	+	(0.2000	*	120.6 /	2134.1				
MERIT	0.653657	=	(0.4000	*	1.3 /	/	823.6	+	(0.4000	*	3.080 /	2642.273	+	(0.2000	*	58.2 /	2134.1				
MMJ	0.419785	=	(0.4000	*	4.2 /	/	823.6	+	(0.4000	*	9.457 /	2642.273	+	(0.2000	*	7.6 /	2134.1				
MARTIN, WILLIAMS AND JUDSON	0.735902	=	(0.4000	*	1.3 /	/	823.6	+	(0.4000	*	10.848 /	2642.273	+	(0.2000	*	54.5 /	2134.1				
SIGMAR, INC	0.028900	=	(0.4000	*	0.0 /	/	823.6	+	(0.4000	*	0.426 /	2642.273	+	(0.2000	*	2.1 /	2134.1				
LAJ CORP	0.019032	=	(0.4000	*	0.0 /	/	823.6	+	(0.4000	*	0.261 /	2642.273	+	(0.2000	*	1.4 /	2134.1				
F.A. FOX AND D.M. FOX	0.009868	=	(0.4000	*	0.0 /	/	823.6	+	(0.4000	*	0.145 /	2642.273	+	(0.2000	*	0.7 /	2134.1				
JAMES L. MARTIN JR, TRUSTEE	0.008459	=	(0.4000	*	0.0 /	/	823.6	+	(0.4000	*	0.125 /	2642.273	+	(0.2000	*	0.6 /	2134.1				
JOHN L. SCHLAGAL	1.597814	=	(0.4000	*	0.0 /	/	823.6	+	(0.4000	*	5.074 /	2642.273	+	(0.2000	*	162.3 /	2134.1				
PREMIER	0.202358	=	(0.4000	*	2.0 /	/	823.6	+	(0.4000	*	4.559 /	2642.273	+	(0.2000	*	3.7 /	2134.1				
FLAG REDFERN	0.196444	=	(0.4000	*	2.0 /	/	823.6	+	(0.4000	*	4.426 /	2642.273	+	(0.2000	*	3.5 /	2134.1				
ROSALIND REDFERN	0.755065	=	(0.4000	*	0.0 /	/	823.6	+	(0.4000	*	0.000 /	2642.273	+	(0.2000	*	80.6 /	2134.1				
YATES	2.736770	=	(0.4000	*	27.6 /	/	823.6	+	(0.4000	*	61.657 /	2642.273	+	(0.2000	*	49.4 /	2134.1				
YDC	2.736770	=	(0.4000	*	27.6 /	/	823.6	+	(0.4000	*	61.657 /	2642.273	+	(0.2000	*	49.4 /	2134.1				
MYCO	2.826996	=	(0.4000	*	27.6 /	/	823.6	+	(0.4000	*	62.987 /	2642.273	+	(0.2000	*	56.1 /	2134.1				
ABO	0.912257	=	(0.4000	*	9.2 /	/	823.6	+	(0.4000	*	20.552 /	2642.273	+	(0.2000	*	16.5 /	2134.1				
JOHN A. YATES	0.090225	=	(0.4000	*	0.2 /	/	823.6	+	(0.4000	*	1.330 /	2642.273	+	(0.2000	*	6.7 /	2134.1				
S.P. YATES	0.090225	=	(0.4000	*	0.2 /	/	823.6	+	(0.4000	*	1.330 /	2642.273	+	(0.2000	*	6.7 /	2134.1				
NORTH AMERICAN YATES	0.624465	=	(0.4000	*	6.3 /	/	823.6	+	(0.4000	*	14.069 /	2642.273	+	(0.2000	*	11.3 /	2134.1				
TOTAL	100.000000	=	(0.4000	*	823.6 /	/	823.6	+	(0.4000	*	2642.273 /	2642.273	+	(0.2000	*	2134.1 /	2134.1				

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

TELEPHONE (505) 748-1471

July 10, 1992

MDA	RECEIVED	MPC
RLA	LAND SERVICES	RGG
RKF		RTL
SHJ		TAL
PLK	JUN 5 1995	JBE
DCR		SHK
JBT		LLM
		SES
	MPO - MIDLAND	JHT
HANDLE	REVIEW	SEE ME
	CIRC	FILE

01217 to JUAN DEGEFFENKID
✓ he - LARRY LONG
re - JOE THOMAS
7/15/92

Exxon Company, U.S.A.
P.O. Box 3116
Midland, Tx 79702-3116

MDA	RECEIVED	EGA
RKF	SWDV MIDLAND	JLD
PLK		THM
SSM	JUL 15 1992	KAN
JBT	PRODUCTION LAND	JHT
HANDLE	CALL ME	CIRC.
		FILE

Attention: Mr. Joe B. Thomas

Re: Proposed Avalon (Delaware) Unit
Eddy County, New Mexico

Gentlemen:

Enclosed is our executed copy of the Pre-Unitization Voting Agreement for the proposed Avalon (Delaware Unit).

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson
Landman

JR/tnr
Enclosure

EXXON COMPANY, U.S.A.

POST OFFICE BOX 3116 • MIDLAND, TEXAS 79702-3116

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

J. WAYNE ACHEE
PRODUCTION MANAGER

March 9, 1992

Pre-Unitization Voting Agreement
Ballot # 92-03-34

Working Interest Owners
Proposed Avalon (Delaware) Unit
Eddy County, New Mexico

Please find attached for your approval a Pre-Unitization Voting Agreement for the proposed Avalon (Delaware) Unit. Exxon is continuing to draft the development plans for the unit in an effort to expedite the overall effort. Your continued support is appreciated.

When executed, the Agreement should be returned to the address shown below. Any general questions should be directed to Larry D. Long, telephone (915) 688-7932. Any title questions or information should be directed to Joe B. Thomas, telephone (915) 688-7162 or to his attention at the address shown below.

Sincerely,



JWA:hho
Attachment

Return Ballot to: Exxon Company, U.S.A.
Operations Accounting
Attn: J. J. Degraffenreid
P. O. Box 51040
Midland, Texas 79710-1040

Title Information to:
Exxon Company, U.S.A.
Attn: J. B. Thomas
P. O. Box 1600
Midland, Texas 79702-1600

PRE-UNITIZATION VOTING AGREEMENT
PROPOSED AVALON (DELAWARE) UNIT
EDDY COUNTY, NEW MEXICO

The purpose of this Agreement is to establish the pre-unitization voting procedures for the formation of the Avalon (Delaware) Unit (the "Unit") covering lands shown on the plat, designated as Attachment "A" which is attached hereto and made a part hereof. The proposed area to be unitized is designated on said plat as the "Unitization Area." The proposed reservoir interval (the "Interval") to be unitized is that interval known as the Delaware Mountain Group, which is below the Goat Seep Reef and above the Bone Spring Formation and includes the Cherry Canyon and Brushy Canyon Formations.

Since certain decisions will need to be made by vote of the working interest owners (the "Owners") in the Unit prior to the approval of the Unit, this Agreement will define the voting interests for any pre-unitization decisions described in Attachment "B" attached hereto and made a part of this Agreement, it being understood that the result of such decisions shall be a proposal for unitization that shall be presented to all owners of working and royalty interests and other interests in the Unitization Area and to the appropriate regulatory agencies.

~ For the purpose of determining and describing the ownership of the working interest in the Unitization Area, designations have been made for the quarter-quarter sections and lots (the "Well-Tracts") as defined by the map shown in Attachment "C" attached hereto and made a part of this Agreement. The voting percentage by Well-Tract shall be determined by calculating a composite interest based on the following parameters:

A weighting factor of 40% applied to each well's cumulative oil production (through July 1991) for each well within the Unitization Area and from the proposed unitized interval as a fraction of the total of such production from all such wells;

a weighting factor of 40% applied to each well's current oil production from those same wells and interval and as averaged over the period February 1991 - July 1991 as a fraction of the total of such production from all such wells;

and a weighting factor of 20% applied to each Well-Tract's acreage as a fraction of the total acreage in the Unitization Area.

For the purposes of this Agreement, the production and acreage values to be used will be the estimates shown in Attachment "D" attached hereto and made a part of this Agreement, it being understood and agreed that said production volumes and acreages may require adjustment for other unitization purposes.

Each owner's pre-unit voting percentage shall be determined by applying ownership percentages of each Well-Tract to the Well-Tract's composite interest. The currently understood ownership of each Well-Tract is shown in Attachment "E" attached hereto and made a part of this Agreement. The ownership of each Well-Tract may be revised from time-to-time, based upon notification by the affected owner(s) of a conveyance or other transfer of ownership or as the result of title examination, prior to unitization approval and any such adjustments will apply to voting decisions made subsequent to the adjustment only.

Should the proposed Unitization Area be expanded by agreement of the Owners, the additional area(s) shall be added based on the same parameters and weighting factors as described in the preceding paragraphs and all voting percentages adjusted accordingly. Should the Unitization Area be reduced by agreement of the Owners, the voting percentages will be adjusted by using the same parameters and weighting factors described in the preceding paragraphs and applied to the revised area.

Title examination shall commence on the Unitization Area by Exxon upon the signing of this Agreement. The examination will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the application leases. At the time this Agreement is signed, each party contributing leases and/or oil and gas interests to a Well-Tract, or to be included in a drill well within a Well-Tract, shall furnish to Exxon all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Exxon by the parties, but necessary for the examination of the title, shall be obtained by Exxon. Exxon shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Exxon in procuring opinions, abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, and division order title opinions) shall be borne by the parties contributing the Well-Tract(s) to the Unit in proportion to their ownership of the working interest therein. Exxon shall make no charge for services rendered by its staff attorneys or other in-house personnel in the performance of the above functions. Each party shall be responsible for securing curative matter and amendments or agreements required in connection with leases or oil and gas interests contributed by such party.

Exxon shall be responsible for the preparation and recording of designations or declarations as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

The combined voting interests by owner are shown in Attachment "F" attached hereto and made a part of this Agreement. The interests in Attachment "F" may be adjusted from time-to-time only as a result of changes in either the ownership reflected in adjustments to Attachment "E" or as a result of changes in the Unitization Area.

Except for pre-unitization expenditure ballots, approval of any decision based on the voting procedure described in this Agreement and its attachments shall require in the aggregate 90% of the ownership interests shown in Attachment "F". Pre-unitization expenditure ballots shall require 65%, but the funding participation for such approved ballots shall be on a voluntary basis with the costs prorated among those owners approving such ballots in proportion to the percentages shown in Attachment "F". Pre-unitization expenditures shall be equalized at the time of unitization in accordance with provisions of the Unit Operating Agreement.

This Agreement shall become effective when an aggregate of 90% of the ownership interests shown in Attachment "F" have approved it. This Agreement shall terminate either by the approval of an aggregate of 65% of the ownership interests shown in Attachment "F", or when the Unit has been approved by both the State of New Mexico and the Federal Bureau of Land Management, which ever comes first.

This Agreement will be superseded by the Unit Agreement and Unit Operating Agreement when the Unit becomes effective.

This Agreement and the rights and obligations of the parties hereunder shall be governed and construed in accordance with the laws of the State of New Mexico, and the parties hereto do submit to the jurisdiction of the Courts of the State of New Mexico.

Signed and agreed to this 9th day of July, 1992

Signature: [Signature]

Title: Attorney-In-Fact

Firm: YATES PETROLEUM CORPORATION

Address: 105 South Fourth Street

Artesia, New Mexico 88210

Signature: [Signature]

Title: Attorney-In-Fact

Firm: YATES DRILLING COMPANY

Address: 105 South Fourth Street

Artesia, New Mexico 88210

MYCO INDUSTRIES, INC.

By: [Signature]
Attorney-In-Fact

ABO PETROLEUM CORPORATION

By: [Signature]
Attorney-In-Fact

JOHN A. YATES

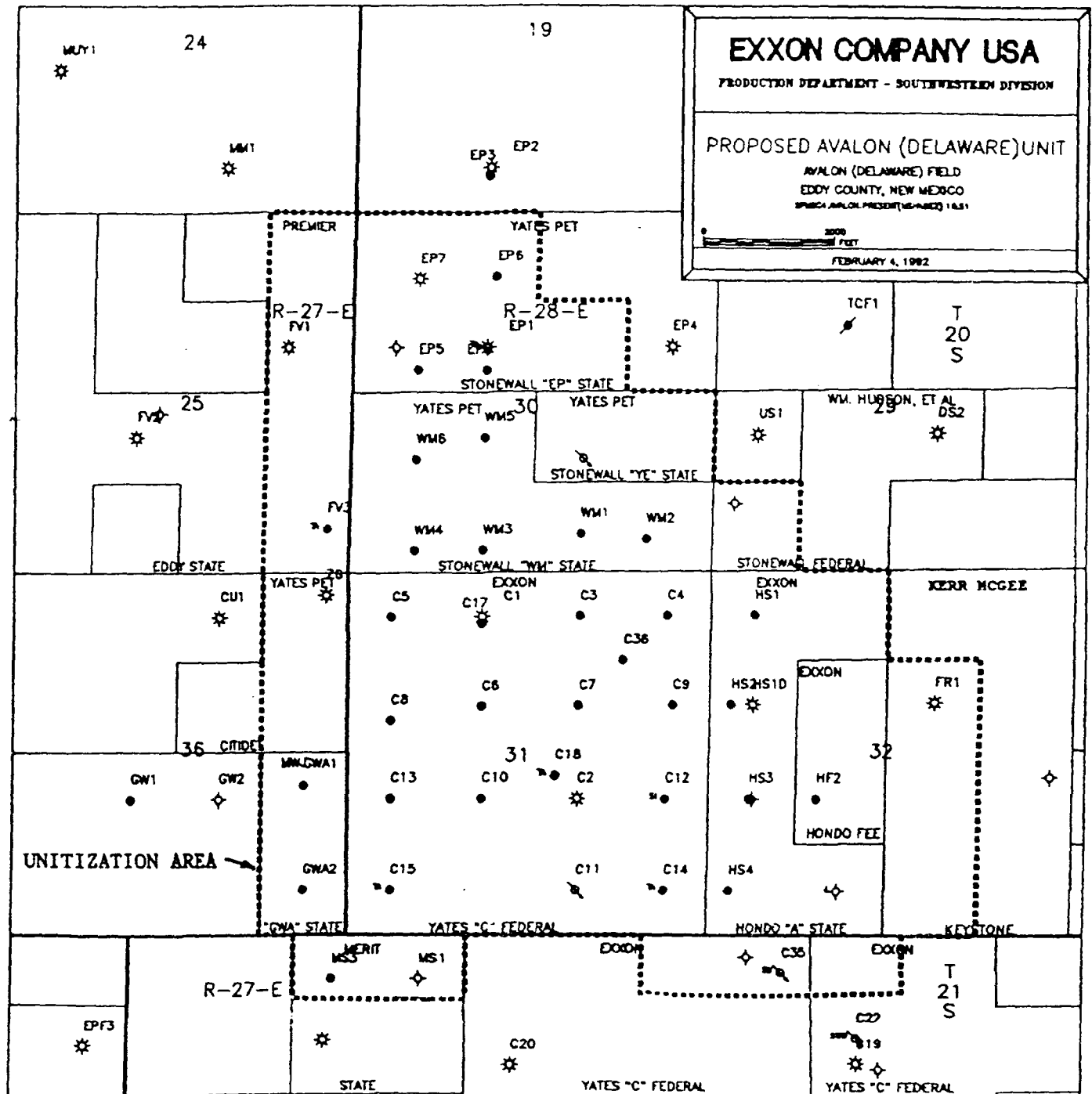
By: [Signature]
Attorney-In-Fact

S. P. YATES

By: [Signature]
Attorney-In-Fact

"YATES" - 10/16/92

ATTACHMENT "A"
PROPOSED AVALON (DELAWARE) UNIT
UNITIZATION AREA



ATTACHMENT "B"
PROPOSED AVALON (DELAWARE) UNIT
PRE-UNITIZATION VOTING PROCEDURE APPLICATIONS

The pre-unitization voting procedures and percentages and approval criteria described in this Agreement shall apply to the following decisions:

- Acceptance of the Technical Report as the basis for unitization
- Decisions to expand or contract the proposed Unitization Area
- Decision on parameters to be considered in participation formula(s)
- Decision on the number of phases and participation formula(s) to be used
- X • Acceptance of participation formula(s)
- X • Acceptance of the form of the Unit Agreement and Unit Operating Agreement
- Ballot(s) on pre-unit funding proposals (except as qualified by provisions of the Agreement)
- Any other pre-unit matter(s) requiring joint ownership decision

ATTACHMENT "C"
PROPOSED AVALON (DELAWARE) UNIT
WELL-TRACT DEFINITION MAP

EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION

PROPOSED UNIT AREA

AVALON (DELAWARE) UNIT

EDDY COUNTY, NEW MEXICO

XPMFZV.AVALON.JOBS(ACRES2) 7:52

FEBRUARY 7, 1992

UNITIZATION AREA

LEGEND

TOP LINE = OPERATOR
 SECOND LINE = WELL TRACT NUMBER
 THIRD LINE = TOWNSHIP
 FOURTH LINE = RANGE
 FIFTH LINE = SECTION NUMBER
 SIXTH LINE = QUARTER-QUARTER OR LOT NUMBER

FEBRUARY 7, 1992							
<p>LEGEND TOP LINE = OPERATOR SECOND LINE = WELL TRACT NUMBER THIRD LINE = TOWNSHIP FOURTH LINE = RANGE FIFTH LINE = SECTION NUMBER SIXTH LINE = QUARTER-QUARTER OR LOT NUMBER</p>							
PREMIER 1109 T_20_S R_27_E 25 NE4 OF NE4	YATES 1111 T_20_S R_28_E 30 NW4 OF NW4	YATES 1113 T_20_S R_28_E 30 NE4 OF NW4					
PREMIER 1309 T_20_S R_27_E 25 SE4 OF NE4	YATES 1311 T_20_S R_28_E 30 SW4 OF NW4	YATES 1313 T_20_S R_28_E 30 SE4 OF NW4	YATES 1315 T_20_S R_28_E 30 SW4 OF NE4				
PREMIER 1509 T_20_S R_27_E 25 NE4 OF SE4	YATES 1511 T_20_S R_28_E 30 NW4 OF SW4	YATES 1513 T_20_S R_28_E 30 NE4 OF SW4	YATES 1515 T_20_S R_28_E 30 NW4 OF SE4	YATES 1517 T_20_S R_28_E 30 NE4 OF SE4			
PREMIER 1709 T_20_S R_27_E 25 SE4 OF SE4	YATES 1711 T_20_S R_28_E 30 SW4 OF SW4	YATES 1713 T_20_S R_28_E 30 SE4 OF SW4	YATES 1715 T_20_S R_28_E 30 SW4 OF SE4	YATES 1717 T_20_S R_28_E 30 SE4 OF SE4	HUDSON 1719 T_20_S R_28_E 29 SW4 OF SW4		
YATES 1909 T_20_S R_27_E 36 NE4 OF NE4	EXXON 1911 T_20_S R_28_E 31 NW4 OF NW4	EXXON 1913 T_20_S R_28_E 31 NE4 OF NW4	EXXON 1915 T_20_S R_28_E 31 NW4 OF NE4	EXXON 1917 T_20_S R_28_E 31 NE4 OF NE4	EXXON 1919 T_20_S R_28_E 32 NW4 OF NW4	EXXON 1921 T_20_S R_28_E 32 NE4 OF NW4	
YATES 2109 T_20_S R_27_E 36 SE4 OF NE4	EXXON 2111 T_20_S R_28_E 31 SW4 OF NW4	EXXON 2113 T_20_S R_28_E 31 SE4 OF NW4	EXXON 2115 T_20_S R_28_E 31 SW4 OF NE4	EXXON 2117 T_20_S R_28_E 31 SE4 OF NE4	EXXON 2119 T_20_S R_28_E 32 SW4 OF NW4	EXXON 2121 T_20_S R_28_E 32 SE4 OF NW4	KERR MCGEE 2123 T_20_S R_28_E 32 SW4 OF NE4
WWJ 2309 T_20_S R_27_E 36 NE4 OF SE4	EXXON 2311 T_20_S R_28_E 31 NW4 OF SW4	EXXON 2313 T_20_S R_28_E 31 NE4 OF SW4	EXXON 2315 T_20_S R_28_E 31 NW4 OF SE4	EXXON 2317 T_20_S R_28_E 31 NE4 OF SE4	EXXON 2319 T_20_S R_28_E 32 NW4 OF SW4	EXXON 2321 T_20_S R_28_E 32 NE4 OF SW4	KERR MCGEE 2323 T_20_S R_28_E 32 NW4 OF SE4
WWJ 2509 T_20_S R_27_E 36 SE4 OF SE4	EXXON 2511 T_20_S R_28_E 31 SW4 OF SW4	EXXON 2513 T_20_S R_28_E 31 SE4 OF SW4	EXXON 2515 T_20_S R_28_E 31 SW4 OF SE4	EXXON 2517 T_20_S R_28_E 31 SE4 OF SE4	EXXON 2519 T_20_S R_28_E 32 SW4 OF SW4	EXXON 2521 T_20_S R_28_E 32 SE4 OF SW4	KERR MCGEE 2523 T_20_S R_28_E 32 SW4 OF SE4
MERIT 2709 T_21_S R_27_E 6 LOT 2	MERIT 2711 T_21_S R_27_E 6 LOT 1			EXXON 2717 T_21_S R_27_E 5 LOT 2	EXXON 2719 T_21_S R_27_E 5 LOT 1	EXXON 2721 T_21_S R_27_E 4 LOT 4	

ATTACHMENT "D"
PROPOSED AVALON (DELAWARE) UNIT
PRE-UNITIZATION WELL-TRACT PARAMETER VALUES

WELL-TRACT PARAMETER VALUES AND PERCENTAGES OF TOTALS
 COMPOSITE FACTOR WEIGHTED BY 40% CURRENT PRODUCTION
 40% CUMULATIVE PRODUCTION
 20% ACRES

WELL-TRACT	CURRENT PRODUCTION BOPD	PRODUCTION PERCENT OF TOTAL	CUMULATIVE PRODUCTION 1000 BO	CUMULATIVE PERCENT OF TOTAL	ACRES	ACRES PERCENT OF TOTAL	COMPOSITE WELL-TRACT PERCENTAGE
1109	0.0	0.000000	0.000	0.000000	40.17	1.882275	0.376455
1111	0.0	0.000000	0.000	0.000000	41.23	1.931944	0.386389
1113	0.0	0.000000	0.000	0.000000	41.23	1.931944	0.386389
1309	0.0	0.000000	0.000	0.000000	40.46	1.895863	0.379173
1311	51.6	6.260481	114.727	4.341981	41.01	1.921635	4.625312
1313	51.4	6.240357	96.950	3.669189	41.01	1.921635	4.348146
1315	0.0	0.000000	0.000	0.000000	40.36	1.891178	0.378236
1509	0.0	0.000000	0.000	0.000000	40.79	1.911326	0.382265
1511	24.3	2.953487	72.747	2.753198	41.05	1.923509	2.667376
1513	59.8	7.264653	96.064	3.635658	41.01	1.921635	4.744451
1515	0.0	0.000000	1.658	0.062749	40.41	1.893521	0.403804
1517	0.0	0.000000	0.000	0.000000	40.37	1.891646	0.378329
1709	0.0	0.000000	5.074	0.192032	40.88	1.915544	0.459921
1711	19.8	2.401427	99.242	3.755933	41.03	1.922572	2.847459
1713	60.3	7.316304	99.662	3.771828	40.99	1.920698	4.819393
1715	8.7	1.059848	41.135	1.556804	40.38	1.892115	1.425084
1717	0.0	0.000000	0.000	0.000000	40.34	1.890240	0.378048
1719	0.0	0.000000	0.000	0.000000	40.30	1.888366	0.377673
1909	0.0	0.000000	0.000	0.000000	40.50	1.897738	0.379548
1911	19.1	2.318250	114.480	4.332633	40.86	1.914606	3.043274
1913	53.5	6.494587	164.742	6.234859	40.89	1.916012	5.474981
1915	63.4	7.693288	163.538	6.189292	40.34	1.890240	5.931080
1917	80.0	9.713036	192.937	7.301933	40.38	1.892115	7.184411
1919	15.3	1.856746	36.974	1.399326	40.27	1.886960	1.679821
1921	0.0	0.000000	0.000	0.000000	40.27	1.886960	0.377392
2109	0.0	0.000000	0.000	0.000000	40.07	1.877589	0.375518
2111	18.3	2.227022	78.779	2.981486	41.07	1.924447	2.468293
2113	80.0	9.713036	171.779	6.501183	41.10	1.925852	6.870858
2115	65.3	7.922698	191.853	7.260908	40.54	1.899612	6.453365
2117	32.1	3.896618	184.703	6.990307	40.57	1.901018	4.734974
2119	17.8	2.163297	124.915	4.727558	40.22	1.884618	3.133266
2121	0.0	0.000000	0.000	0.000000	40.22	1.884618	0.376924
2123	0.0	0.000000	0.000	0.000000	40.25	1.886023	0.377205
2309	0.5	0.056346	10.415	0.394168	39.96	1.872435	0.554693
2311	28.4	3.442493	118.066	4.468350	41.24	1.932412	3.550820
2313	27.5	3.339192	129.061	4.884469	41.24	1.932412	3.675947
2315	0.0	0.000000	22.719	0.859828	40.79	1.911326	0.726196
2317	0.0	0.000000	29.482	1.115782	40.79	1.911326	0.828578
2319	20.4	2.476556	134.916	5.106058	40.16	1.881806	3.409407
2321	7.8	0.946484	16.385	0.620110	40.16	1.881806	1.002999
2323	0.0	0.000000	0.000	0.000000	40.19	1.883212	0.376642
2509	1.4	0.169039	5.545	0.209857	40.17	1.882275	0.528013
2511	0.0	0.000000	11.940	0.451884	41.12	1.926789	0.566111
2513	0.0	0.000000	0.000	0.000000	41.12	1.926789	0.385358
2515	0.0	0.000000	0.000	0.000000	40.98	1.920229	0.384046
2517	0.0	0.000000	24.611	0.931433	40.98	1.920229	0.756619
2519	15.8	1.919800	84.094	3.182639	40.11	1.879463	2.416868
2521	0.0	0.000000	0.000	0.000000	40.12	1.879932	0.375986
2523	0.0	0.000000	0.000	0.000000	40.13	1.880400	0.376080
2709	1.3	0.154952	3.080	0.116566	29.02	1.359811	0.380570
2711	0.0	0.000000	0.000	0.000000	29.14	1.365434	0.273087
2717	0.0	0.000000	0.000	0.000000	28.93	1.355594	0.271119
2719	0.0	0.000000	0.000	0.000000	28.48	1.334508	0.266902
2721	0.0	0.000000	0.000	0.000000	28.72	1.345754	0.269151
TOTAL	823.6	100.000000	2642.273	100.000000	2134.12	100.000000	100.000000

ATTACHMENT "E"
PROPOSED AVALON (DELAWARE) UNIT
PRE-UNITIZATION WELL-TRACT WORKING INTEREST OWNERSHIPS

OPERATOR	LEASE	OWNER	WELL-TRACT OWNER FRACTION	WELL-TRACTS INCLUDED
EXXON	YATES C FEDERAL	EXXON	1.00000000	1911-1917, 2111-2117, 2311-2317, 2511-2517
EXXON	HONDO A STATE	EXXON	1.00000000	1919, 1921, 2119, 2319, 2519, 2521
EXXON	HONDO FEE	EXXON	1.00000000	2121, 2321
EXXON	YATES C FEDERAL B	EXXON	1.00000000	2717, 2719, 2721
HUDSON	STONEWALL FEDERAL	W.A. HUDSON, II	0.33333333	
HUDSON	STONEWALL FEDERAL	E.R. HUDSON, JR	0.33333333	
HUDSON	STONEWALL FEDERAL	MARY HUDSON ARD	0.33333333	
KERR MCGEE	KEYSTONE	KERR MCGEE	1.00000000	2123, 2323, 2523
MERIT	BURTON FLAT ST	MERIT	1.00000000	2709, 2711
MWJ	GWA STATE	MARTIN, WILLIAMS, JUDSON	0.67968750	
MWJ	GWA STATE	MYCO INDUSTRIES, INC	0.08333330	
MWJ	GWA STATE	JOHN A. YATES	0.08333330	
MWJ	GWA STATE	S.P. YATES	0.08333330	
MWJ	GWA STATE	SIGMAR, INC	0.02669270	
MWJ	GWA STATE	LAJ CORPORATION	0.01757810	
MWJ	GWA STATE	F.A. AND D.M. FOX	0.00911460	
MWJ	GWA STATE	JAMES L. MARTIN, TRUSTEE	0.00911460	
MWJ	GWA STATE	JOHN L. SCHLAGAL	0.00781250	
PREMIER	EDDY STATE	PREMIER	1.00000000	1109, 1309, 1509, 1709
YATES	STONEWALL EP STATE	EXXON	0.27973850	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	COQUINA	0.17651980	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	YPC	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	YDC	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MYCO	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	W.A. HUDSON, II	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	E.R. HUDSON, JR	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MARY HUDSON ARD	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	ABO	0.03361040	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	NORTH AMERICAN-YATES	0.02300800	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	HONDO	0.02300800	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MWJ	0.01546620	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	CLAREMONT	0.00773310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	FLAG REDFERN	0.00745550	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	ROSALIND REDFERN	0.00723760	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL WM ST	EXXON	0.27973850	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	COQUINA	0.17651980	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	YPC	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	YDC	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MYCO	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	W.A. HUDSON, II	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	E.R. HUDSON, JR	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MARY HUDSON ARD	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	ABO	0.03361040	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	NORTH AMERICAN-YATES	0.02300800	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	HONDO	0.02300800	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MWJ	0.01546620	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	CLAREMONT	0.00773310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	FLAG REDFERN	0.00745550	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	ROSALIND REDFERN	0.00723760	1511, 1513, 1711, 1713
YATES	STONEWALL YE STATE	CHEVRON	0.25000000	1515, 1517
YATES	STONEWALL YE STATE	EXXON	0.20980388	1515, 1517
YATES	STONEWALL YE STATE	COQUINA	0.13238985	1515, 1517
YATES	STONEWALL YE STATE	YPC	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	YDC	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	MYCO	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	W.A. HUDSON, II	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	E.R. HUDSON, JR	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	MARY HUDSON ARD	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	ABO	0.02520780	1515, 1517
YATES	STONEWALL YE STATE	NORTH AMERICAN-YATES	0.01725600	1515, 1517
YATES	STONEWALL YE STATE	HONDO	0.01725600	1515, 1517
YATES	STONEWALL YE STATE	MWJ	0.01159965	1515, 1517
YATES	STONEWALL YE STATE	CLAREMONT	0.00579982	1515, 1517
YATES	STONEWALL YE STATE	FLAG REDFERN	0.00559163	1515, 1517
YATES	STONEWALL YE STATE	ROSALIND REDFERN	0.00542820	1515, 1517
YATES	STONEWALL WM ST B	CHEVRON	0.25000000	1715, 1717
YATES	STONEWALL WM ST B	EXXON	0.20980388	1715, 1717
YATES	STONEWALL WM ST B	COQUINA	0.13238985	1715, 1717
YATES	STONEWALL WM ST B	YPC	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	YDC	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	MYCO	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	W.A. HUDSON, II	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	E.R. HUDSON, JR	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	MARY HUDSON ARD	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	ABO	0.02520780	1715, 1717
YATES	STONEWALL WM ST B	NORTH AMERICAN-YATES	0.01725600	1715, 1717
YATES	STONEWALL WM ST B	HONDO	0.01725600	1715, 1717
YATES	STONEWALL WM ST B	MWJ	0.01159965	1715, 1717
YATES	STONEWALL WM ST B	CLAREMONT	0.00579982	1715, 1717
YATES	STONEWALL WM ST B	FLAG REDFERN	0.00559163	1715, 1717
YATES	STONEWALL WM ST B	ROSALIND REDFERN	0.00542820	1715, 1717
YATES	CITIDEL	YATES	1.00000000	1909, 2109

OWNER	VOTING PERCENTAGE	(WEIGHT X FACTOR	OWNER BOPD	TOTAL AREA BOPD	(WEIGHT X FACTOR	OWNER CUMUL PROO 1000 BO	TOTAL AREA CUMUL PROO 1000 BO	(WEIGHT X FACTOR	OWNER ACRES	TOTAL AREA ACRES
CHEVRON	0.646316	(0.4000	2.2 /	823.6	(0.4000	10.698 /	2642.273	(0.2000	40.4 /	2134.1
CLAREMONT	0.209893	(0.4000	2.1 /	823.6	(0.4000	4.729 /	2642.273	(0.2000	3.6 /	2134.1
COQUINA	4.791116	(0.4000	48.3 /	823.6	(0.4000	107.940 /	2642.273	(0.2000	86.5 /	2134.1
EXXON	74.207433	(0.4000	621.2 /	823.6	(0.4000	2167.030 /	2642.273	(0.2000	1198.8 /	2134.1
HONDO	0.624485	(0.4000	6.3 /	823.6	(0.4000	14.069 /	2642.273	(0.2000	11.3 /	2134.1
E.R. HUDSON JR	1.245315	(0.4000	11.3 /	823.6	(0.4000	25.220 /	2642.273	(0.2000	33.6 /	2134.1
W.A. HUDSON II	1.245315	(0.4000	11.3 /	823.6	(0.4000	25.220 /	2642.273	(0.2000	33.6 /	2134.1
MARY HUDSON ARD	1.245315	(0.4000	11.3 /	823.6	(0.4000	25.220 /	2642.273	(0.2000	33.6 /	2134.1
KERR MCOEE	1.129927	(0.4000	0.0 /	823.6	(0.4000	0.000 /	2642.273	(0.2000	120.6 /	2134.1
MERITY	0.653657	(0.4000	1.3 /	823.6	(0.4000	3.080 /	2642.273	(0.2000	58.2 /	2134.1
MWJ	0.419785	(0.4000	4.2 /	823.6	(0.4000	9.457 /	2642.273	(0.2000	7.6 /	2134.1
MARTIN, WILLIAMS AND JUDSON	0.735902	(0.4000	1.3 /	823.6	(0.4000	10.848 /	2642.273	(0.2000	54.5 /	2134.1
SIGMAR, INC	0.028900	(0.4000	0.0 /	823.6	(0.4000	0.426 /	2642.273	(0.2000	2.1 /	2134.1
LAJ CORP	0.019032	(0.4000	0.0 /	823.6	(0.4000	0.261 /	2642.273	(0.2000	1.4 /	2134.1
F.A. FOX AND D.M. FOX	0.009868	(0.4000	0.0 /	823.6	(0.4000	0.145 /	2642.273	(0.2000	0.7 /	2134.1
JAMES L. MARTIN JR, TRUSTEE	0.009868	(0.4000	0.0 /	823.6	(0.4000	0.145 /	2642.273	(0.2000	0.7 /	2134.1
JOHN L. SCHLAGAL	0.008459	(0.4000	0.0 /	823.6	(0.4000	0.125 /	2642.273	(0.2000	0.6 /	2134.1
PREMIER	1.597814	(0.4000	0.0 /	823.6	(0.4000	5.074 /	2642.273	(0.2000	162.3 /	2134.1
FLAG REDFERN	0.202358	(0.4000	2.0 /	823.6	(0.4000	4.559 /	2642.273	(0.2000	3.7 /	2134.1
ROSALIND REDFERN	0.196444	(0.4000	2.0 /	823.6	(0.4000	4.426 /	2642.273	(0.2000	3.5 /	2134.1
YATES	0.755065	(0.4000	0.0 /	823.6	(0.4000	0.000 /	2642.273	(0.2000	80.6 /	2134.1
YOC	2.736770	(0.4000	27.6 /	823.6	(0.4000	61.657 /	2642.273	(0.2000	49.4 /	2134.1
YPC	2.736770	(0.4000	27.6 /	823.6	(0.4000	61.657 /	2642.273	(0.2000	49.4 /	2134.1
MYCO	2.826996	(0.4000	27.8 /	823.6	(0.4000	62.987 /	2642.273	(0.2000	56.1 /	2134.1
ABO	0.912257	(0.4000	9.2 /	823.6	(0.4000	20.552 /	2642.273	(0.2000	16.5 /	2134.1
JOHN A. YATES	0.090225	(0.4000	0.2 /	823.6	(0.4000	1.330 /	2642.273	(0.2000	6.7 /	2134.1
S.P. YATES	0.090225	(0.4000	0.2 /	823.6	(0.4000	1.330 /	2642.273	(0.2000	6.7 /	2134.1
NORTH AMERICAN YATES	0.624485	(0.4000	6.3 /	823.6	(0.4000	14.069 /	2642.273	(0.2000	11.3 /	2134.1
TOTAL	100.000000	(0.4000	823.6 /	823.6	(0.4000	2642.273 /	2642.273	(0.2000	2134.1 /	2134.1

CLAREMONT	0.2048310	-	(0.4000	2.2 /	823.6	+	(0.4000	2642.273	+	(0.2000	40.4	/	2134.1
COQUINA	4:791116	-	(0.4000	48.3 /	823.6	+	(0.4000	4.729	+	(0.2000	3.6	/	2134.1
EXXON	74:207433	-	(0.4000	621.2 /	823.6	+	(0.4000	107.940	+	(0.2000	86.5	/	2134.1
HONDO	0.624485	-	(0.4000	6.3 /	823.6	+	(0.4000	2167.030	+	(0.2000	1198.8	/	2134.1
E.R. HUDSON JR	1.245315	-	(0.4000	11.3 /	823.6	+	(0.4000	14.069	+	(0.2000	11.3	/	2134.1
W.A. HUDSON II	1.245315	-	(0.4000	11.3 /	823.6	+	(0.4000	25.220	+	(0.2000	33.6	/	2134.1
MARY HUDSON ARD	1.245315	-	(0.4000	11.3 /	823.6	+	(0.4000	25.220	+	(0.2000	33.6	/	2134.1
KERR MCGEE	1.129927	-	(0.4000	0.0 /	823.6	+	(0.4000	0.000	+	(0.2000	120.6	/	2134.1
MERTIN	0.1533657	-	(0.4000	1.3 /	823.6	+	(0.4000	3.080	+	(0.2000	2.1	/	2134.1
MWJ	0.419785	-	(0.4000	4.2 /	823.6	+	(0.4000	9.457	+	(0.2000	7.6	/	2134.1
SIGMAR, INC	0.735902	-	(0.4000	1.3 /	823.6	+	(0.4000	10.848	+	(0.2000	54.5	/	2134.1
WILLIAMS AND JUDSON	0.028900	-	(0.4000	0.0 /	823.6	+	(0.4000	0.426	+	(0.2000	2.1	/	2134.1
LAJ CORP	0.019032	-	(0.4000	0.0 /	823.6	+	(0.4000	0.261	+	(0.2000	1.4	/	2134.1
F.A. FOX AND D.M. FOX	0.009868	-	(0.4000	0.0 /	823.6	+	(0.4000	0.145	+	(0.2000	0.7	/	2134.1
JAMES L. MARTIN JR, TRUSTEE	0.009868	-	(0.4000	0.0 /	823.6	+	(0.4000	0.145	+	(0.2000	0.7	/	2134.1
JOHN L. SCHLAGAL	0.008459	-	(0.4000	0.0 /	823.6	+	(0.4000	0.125	+	(0.2000	0.6	/	2134.1
PREMIER	1.597614	-	(0.4000	0.0 /	823.6	+	(0.4000	5.074	+	(0.2000	162.3	/	2134.1
FLAG REDFERN	0.202358	-	(0.4000	2.0 /	823.6	+	(0.4000	4.559	+	(0.2000	3.7	/	2134.1
ROBAL IND REDFERN	0.196444	-	(0.4000	2.0 /	823.6	+	(0.4000	4.426	+	(0.2000	3.5	/	2134.1
YATES	0.755065	-	(0.4000	0.0 /	823.6	+	(0.4000	0.000	+	(0.2000	80.6	/	2134.1
YDC	2.736770	-	(0.4000	27.6 /	823.6	+	(0.4000	61.657	+	(0.2000	49.4	/	2134.1
YPC	2.736770	-	(0.4000	27.6 /	823.6	+	(0.4000	61.657	+	(0.2000	49.4	/	2134.1
MYCO	2.826996	-	(0.4000	27.6 /	823.6	+	(0.4000	62.987	+	(0.2000	56.1	/	2134.1
ABO	0.912257	-	(0.4000	9.2 /	823.6	+	(0.4000	20.552	+	(0.2000	16.5	/	2134.1
JOHN A. YATES	0.090225	-	(0.4000	0.2 /	823.6	+	(0.4000	1.330	+	(0.2000	6.7	/	2134.1
S.P. YATES	0.090225	-	(0.4000	0.2 /	823.6	+	(0.4000	1.330	+	(0.2000	6.7	/	2134.1
NORTH AMERICAN YATES	0.624485	-	(0.4000	6.3 /	823.6	+	(0.4000	14.069	+	(0.2000	11.3	/	2134.1
TOTAL	100.000000	-	(0.4000	823.6 /	823.6	+	(0.4000	2642.273	+	(0.2000	2134.1	/	2134.1

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

October 28, 1992

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

Mr. Ken Jones
Premier Production Company
P. O. Box 1246
Artesia, New Mexico 88210

Dear Mr. Jones:

The following addresses your questions of October 26:

- 1) Regarding the differences in reserves between Exhibits G-17 and H-5:
 - The main difference is that H-5 reflects net reserves assuming 1/8 royalty.
 - Also, H-5 represents the increment of a total tertiary flowstream minus the waterflood flowstream whereas G-17 contains all production for the years 1993 through 2060.
- 2) Exhibit G-17 only runs through the year 2060 since we opted to only simulate 80 years of production life (1981-2060); the simulation contained production limits of 3 BOPD per well or WOR=49 or GOR=50,000.
- 3) Our understanding of the New Mexico severance tax credit is that it only applies when the crude price is less than \$28 and only when tertiary production exceeds the secondary base; since the resulting affected production was minor, we opted to exclude the impact.
- 4) We did apply Federal Income Tax credits to all project investments. As noted in the Report, the 15% was applied to purchased CO₂. The Report does not reflect the fact that the credit was also applied to all other facility investments, both tangible and intangible.
- 5) A table is attached which reflects the mapped and adjusted oil-in-place by SCALUP pattern and geologic interval for the Premier patterns. The Cherry includes the Upper Upper Cherry and Lower Upper Cherry. The Brushy includes the Lower Lower Cherry, the Upper Upper Brushy and the Lower Upper Brushy. In our analysis of the entire unit area, the following approach was used: The water saturations were adjusted to reflect actual well production watercuts. Water saturations weren't adjusted unless primary production data existed at a given location and zone. The net pay continuity was adjusted to reflect estimated primary ultimate recoveries. The net pay continuity was correlated to net/gross ratio and then applied to those zones where actual field experience didn't exist. Once the net pay and/or water saturations were adjusted, the revised values were kept for all subsequent operations.

I hope these responses address your questions adequately. If not, please contact me.

Sincerely,

Mike Goodwin

for Larry D. Long

SUMMARY OF MAPPED VS SIMULATION VOLUMES
SIMULATION STEP = PURE PRIMARY OPERATION
WATER SATURATION ADJUSTED TO RECOGNIZE ACTUAL WATERCUT
NET PAY ADJUSTED TO RECOGNIZE CUMULATIVE PRIMARY EUR

OPERATOR	SIMULATION PATTERN	PAY INTERVAL	PATTERN AREA ACRES	MAPPED WATER SATURATION	MAPPED OOIP	NET PAY FACTOR APPLIED	ADJUSTED WATER SATURATION	ADJUSTED OOIP
PREM	1709	CHERRY	48.19	0.391	1830.3	0.380	0.591	466.7

SUMMARY OF MAPPED VS SIMULATION VOLUMES
SIMULATION STEP = PRIMARY RESERVES DURING TERTIARY
OPERATIONS BUT NOT PREVIOUSLY PRODUCED
ADJUSTMENTS RESULT FROM PRIOR ANALYSIS STEPS

OPERATOR	SIMULATION PATTERN	PAY INTERVAL	PATTERN AREA ACRES	MAPPED WATER SATURATION	MAPPED OOIP	NET PAY FACTOR APPLIED	ADJUSTED WATER SATURATION	ADJUSTED OOIP
PREM	1109	CHERRY	41.47	0.414	1329.9	0.568	0.414	755.6
PREM	1109	BRUSHY	41.47	0.750	1992.2	1.000	0.750	1993.1
PREM	1309	CHERRY	45.37	0.414	2195.1	0.628	0.416	1378.9
PREM	1309	BRUSHY	45.37	0.688	2116.0	1.000	0.687	2116.3
PREM	1509	CHERRY	45.62	0.392	1944.7	0.679	0.392	1320.3
PREM	1509	BRUSHY	45.62	0.715	2158.8	1.000	0.715	2159.0
PREM	1709	CHERRY	48.19	0.391	1830.3	0.380	0.595	462.8
PREM	1709	BRUSHY	48.19	0.758	1943.2	1.000	0.758	1943.3

SUMMARY OF MAPPED VS SIMULATION VOLUMES
SIMULATION STEP = WATERFLOOD RESERVES DURING TERTIARY
OPERATIONS BUT NOT PREVIOUSLY PRODUCED
ADJUSTMENTS RESULT FROM PRIOR ANALYSIS STEPS

OPERATOR	SIMULATION PATTERN	PAY INTERVAL	PATTERN AREA ACRES	MAPPED WATER SATURATION	MAPPED OOIP	NET PAY FACTOR APPLIED	ADJUSTED WATER SATURATION	ADJUSTED OOIP
PREM	1109	CHERRY	11.39	0.416	475.3	0.626	0.416	297.8
PREM	1109	BRUSHY	11.39	0.715	637.5	1.000	0.714	637.8
PREM	1309	CHERRY	25.24	0.413	1308.9	0.642	0.416	839.9
PREM	1309	BRUSHY	25.24	0.662	1411.7	1.000	0.662	1411.5
PREM	1509	CHERRY	24.03	0.391	1001.3	0.670	0.391	670.5
PREM	1509	BRUSHY	24.03	0.691	1421.0	1.000	0.691	1421.6
PREM	1709	CHERRY	19.91	0.404	709.2	0.380	0.599	181.2
PREM	1709	BRUSHY	19.91	0.742	1048.5	1.000	0.742	1048.1

SUMMARY OF MAPPED VS SIMULATION VOLUMES
SIMULATION STEP = TERTIARY FLOOD
WATER SATURATION ADJUSTED TO RECOGNIZE ACTUAL WATERCUT
ADJUSTMENTS RESULT FROM PRIOR ANALYSIS STEPS

OPERATOR	SIMULATION PATTERN	PAY INTERVAL	PATTERN AREA ACRES	MAPPED WATER SATURATION	MAPPED OOIP	NET PAY FACTOR APPLIED	ADJUSTED WATER SATURATION	ADJUSTED OOIP
PREM	1109	CHERRY	11.39	0.416	475.3	0.626	0.416	297.8
PREM	1109	BRUSHY	11.39	0.715	637.5	1.000	0.714	637.8
PREM	1309	CHERRY	25.24	0.413	1308.9	0.642	0.416	839.9
PREM	1309	BRUSHY	25.24	0.662	1411.7	1.000	0.662	1411.5
PREM	1509	CHERRY	24.03	0.391	1001.3	0.670	0.391	670.5
PREM	1509	BRUSHY	24.03	0.691	1421.0	1.000	0.691	1421.6
PREM	1709	CHERRY	19.91	0.404	709.2	0.380	0.599	181.2
PREM	1709	BRUSHY	19.91	0.742	1048.5	1.000	0.742	1048.1

Premier Production
P.O. Box 1246
Artesia, N.M. 88210
November 12, 1992

Exxon
P.O. Box 1600
Midland, Tx. 79702-1600
Attn: Larry Long
Subj: Avalon Delaware Unitization

Dear Larry,

Thank you for responding to my questions about the Avalon Delaware Project. Premier Production views favorably the proposed unitization of the Avalon Delaware. As I have remarked in our past conversations, Exxon's engineering report is outstanding and extremely thorough. We will do our best to cooperate in terms of forming the unit. Premier does have a few minor concerns about the report which stem from Exxon's lack of data on Premier's tracts. In this letter, I will discuss three concerns which Premier has with the report and I will present an idea which I submit before Exxon's Engineering Department for consideration.

First, Premier disagrees with Exxon's limits placed on primary production for the Lower Cherry/Upper Brushy Canyon reservoir. We do not have a mudlog for the FV#3 (1709) but we do have a Gulf CNL marked log. From this log, using the quality levels of mud log show per Exxon's Appendix C-4, the Lower Cherry Canyon would grade a 3 (placed oil on pits) and the Upper Brushy Canyon would grade a 2 (with a significant fluorescent show). Premier does agree that our three southernmost locations are 125-150 feet downdip from the gas cap wells--EP#5, WM#6, and WM#4. Yet due to the quality of mud log shows from 1709, we believe the LCC/UBC is productive by primary means. Furthermore, by using Exxon's maps #8-#13, locations 1309 and 1509 are significantly better locations than 1709. We also recognize that location 1109 may be a marginal primary producer from the LCC/UBC, yet when recently opening the backside of the production casing on the FV#1, we had a flow of Delaware oil which could only come from the LCC/UBC or the Middle/Lower Brushy Canyon intervals because the intermediate string covers the Upper Cherry Canyon interval. Because 1109 and FV#1 are structurally similar, with 1109 exhibiting better gross thickness and net hydrocarbon porosity than the FV#1, 1109 may have some LCC/UBC primary potential. In conclusion, it is our estimation that at least three of the four Premier locations are commercial by primary means from the LCC/UBC reservoir. Please note our proposed map of primary limitations marked Exhibit A.

Next, Premier endorses the following idea and presents it to Exxon's Engineering Department for consideration. With the knowledge that the LCC/UBC trap on the northwest edge of the unit is in a significant decline in terms of structure, gross thickness, and porosity, we propose to outline the western edge of our 40's with three LCC/UBC injectors as shown on the maps marked Exhibit B, C, and D. The three injectors would increase the LCC/UBC floodable acreage for 1109 from .5 to .75, for 1309 and 1509 from .5 to 1, and for 1709 from .25 to .5. Our logic behind the idea is the following: (1) this border area is the only part of the total reservoir where gross thickness and porosity is significantly reduced across the acreage (this reduction should help restrict the injection volume to the west therefore allowing most of the volume to sweep eastward), (2) the northwest and northern boundaries of the reservoir exhibit the best vertical seal (LCC TOP) which will allow for preservation of the injected products and enhance oil recovery, and (3) the described pattern would allow for the production wells to be placed 330 feet from the east line which would place the wells in a significantly greater net hydrocarbon porosity thickness area plus solve a future problem of moving the county road which bisects our tracts. Using your OOIP tables, we calculate that this would increase recoverable reserves on our 160+ acres by approximately 800,000 bbls of oil.

Premier's second concern involves the calculation of total reserves for well 1709. In comparing well reserves for 1309, 1509 and 1709, each well has floodable acreage of .5. We find the reserves to be somewhat low for 1709. Since the reserves were partly based on water production, we would like to point out that the cumulative water production reported to the state was not entirely from the UCC section targeted by the EOR. Gulf, in an apparent attempt to expand UCC production, perforated the interval between the Goat Seep Reef and Upper Cherry Canyon Downlap Surface. As per Exxon's report, this section is 100% water. Unfortunately, Gulf discovered this out at some expense. They twice squeezed the zone limiting the amount of water produced from it (the casing still bleeds off at 75 psi per minute). Although the well did not perform at a salt water saturation of 35-40% as calculated from the logs (probably due to a large frac job), we question the adjusted water saturation of .595% for 1709 which Exxon used in adjusting the OOIP tables. } now

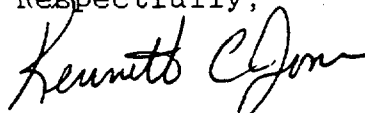
Our final concern with joining the unit is the complete unitization of the Delaware and Premier's loss of the Middle and Lower Brushy Canyon. Although these sections are probably not feasible for EOR (thus limiting the amount of recoverable oil in comparison to the EOR project), it is still a loss to Premier. The Lower Brushy Canyon had excellent shows in both the FV#1 and FV#3. Examination of current LBC producers in the area show poorer porosity and lower resistivity figures than our

← but you don't have multiple 11

FV#3 and FV#1. Furthermore, both wells had fair to good fluorescent and gas shows from the Middle Brushy Canyon which was perforated in the FV#1 offset--the EP#5). The EP#5 first produced out of the Middle Brushy Canyon before the zone was commingled with the LCC/UBC reservoir. By using past LCC/UBC production, 1991 cum totals, and net hydrocarbon porosity from wells surrounding the EP#5, we were able to dedicate 45,000 bbls of cum oil production to the EP#5's Middle Brushy Canyon. This number appears reasonable since the MBC potentialed at 158 bbls per day and made 4600 bbls of oil in the first two months prior to being commingled with the LCC/UBC reservoir. From this information, we estimate MBC/LBC reserves of 150,000 to 300,000 bbls. of oil for our 160 acre tract.

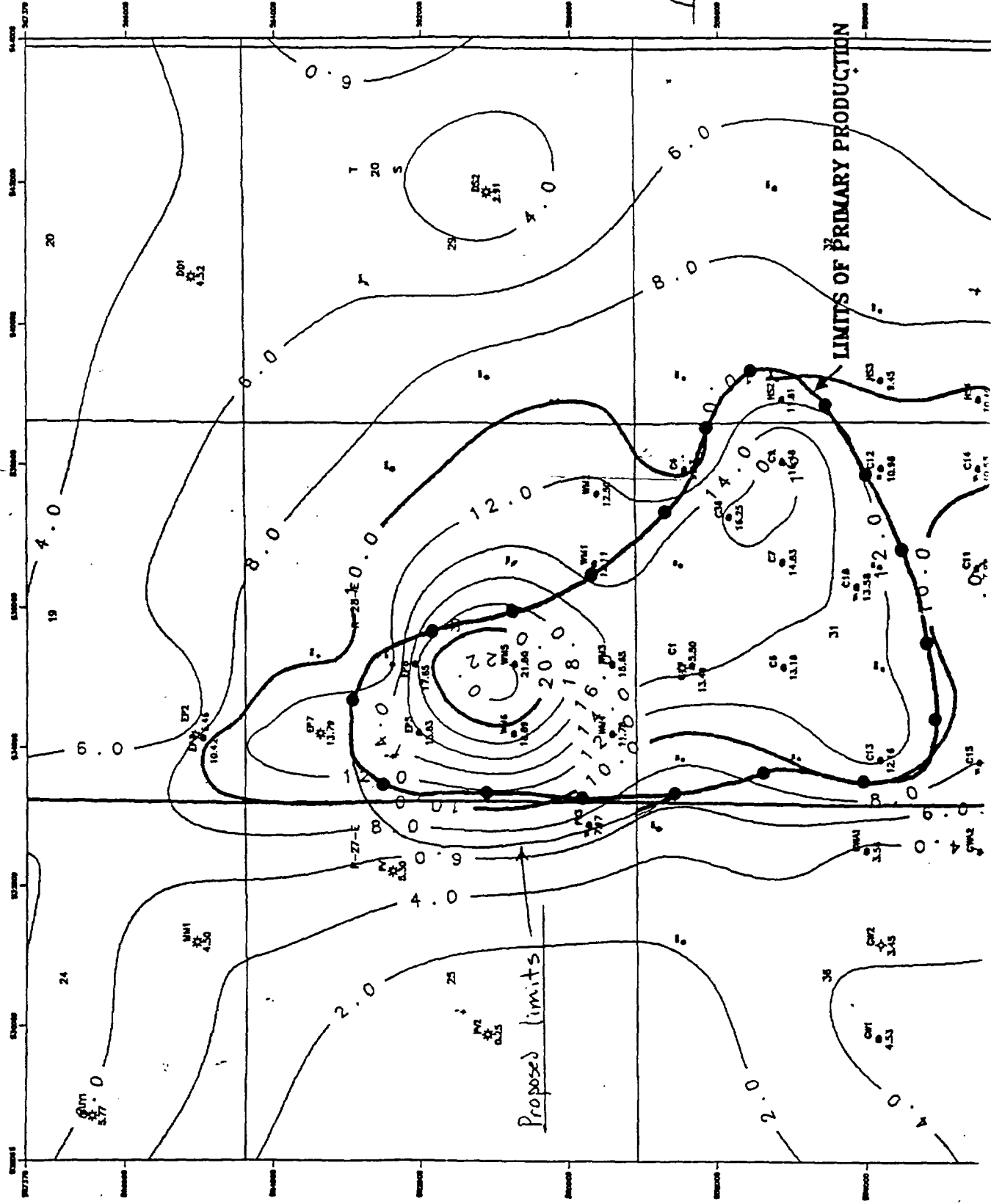
In summary, Premier disagrees with primary production limits placed on the LCC/UBC reservoir. We are concerned about the water saturation limits placed on location 1709 and the loss of the MBC/LBC reservoir on our four locations. We also, in an attempt to conserve and prevent waste of the unit's hydrocarbon, recommend placing the three LCC/UBC injectors as previously noted. Your examination and discussion on our concerns and proposal are welcomed. We look forward to hearing from you soon.

Respectfully,


Kenneth C. Jones

LOWER CHERKY / UPPER BRUSHY CANYON

Hydrocarbon Porosity Thickness



LOWER CHERRY/UPPER BRUSHY

Average Porosity

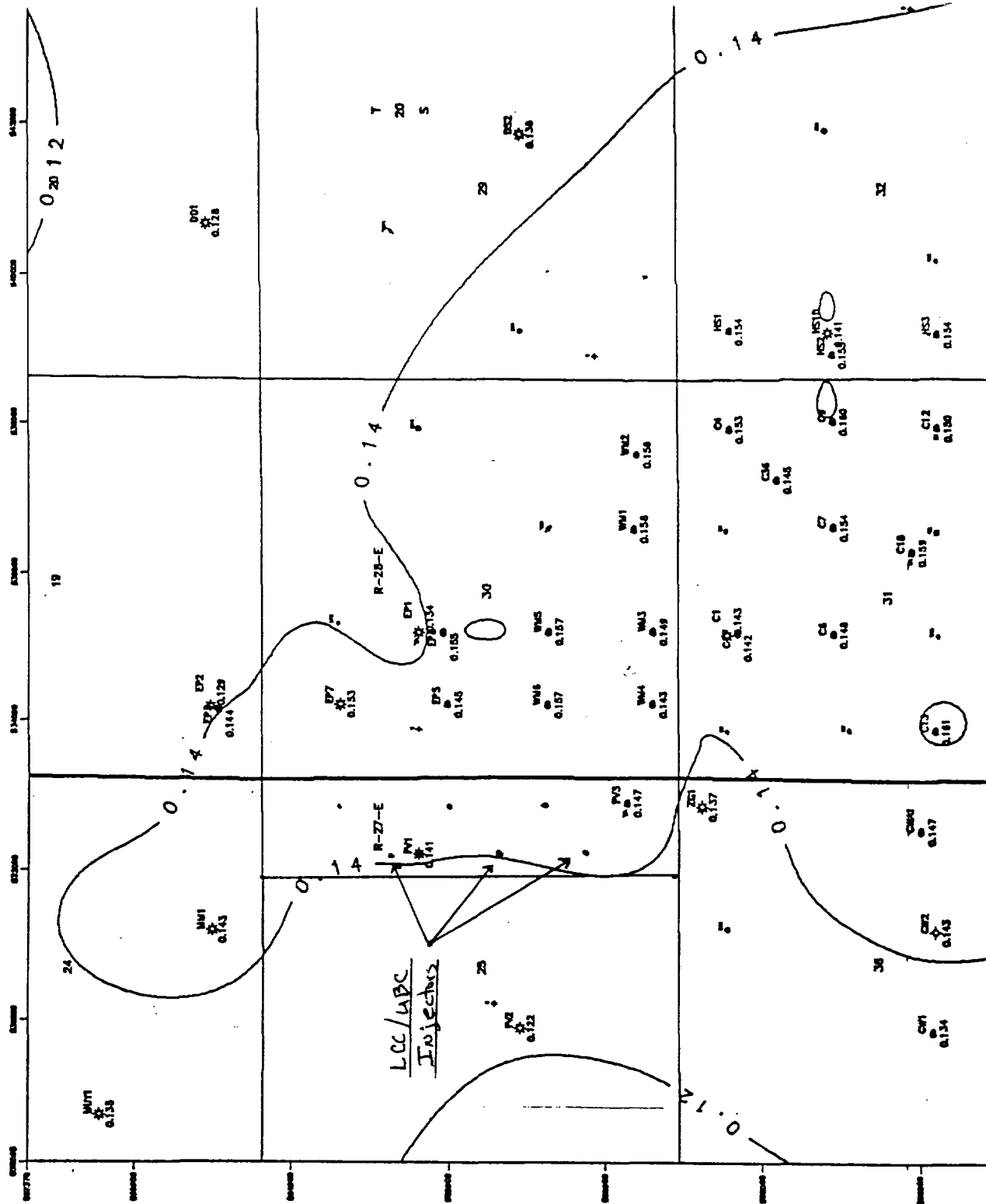
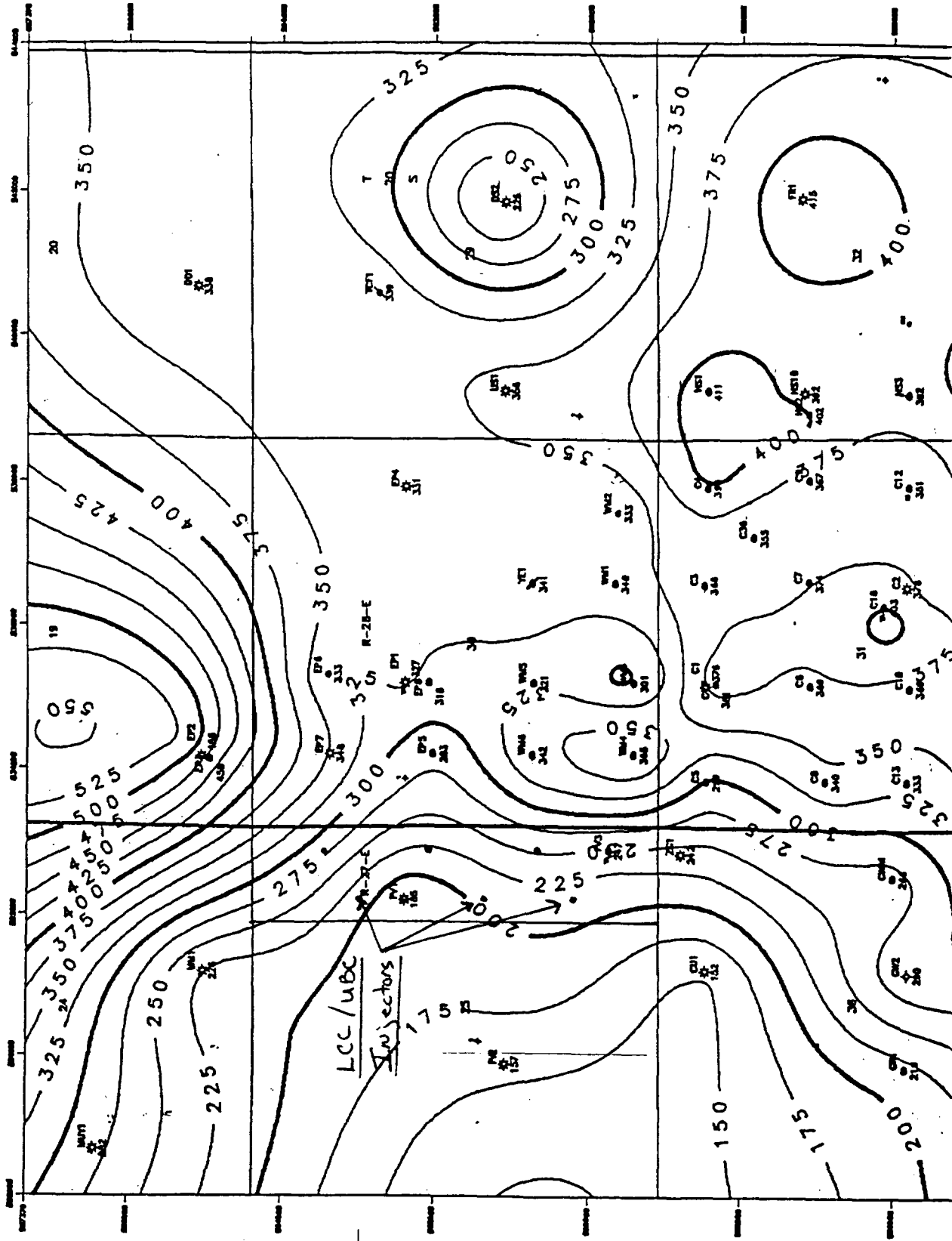


Exhibit 'B'

LOWER CHERRY/UPPER BRUSHY CANYON

Gross Thickness



WELL STA

- PRODUCING
- ◐ SHUT IN OIL
- ◑ TEMPORARIL
- ✕ ABANDONED
- ✕ PRODUCING
- ✕ TEMPORARIL
- ✕ ACTIVE INLET
- ✕ SALT WATER
- ✕ SALT WATER
- ✕ DRY HOLE
- ✕ DRY HOLE
- ✕ ABANDONED

VERTICAL SCALE: FEET AND INCHES
HORIZONTAL SCALE: FEET
ELEVATION: FEET
WELL NO. IN CIRCLE

Exhibit 'C'

LCC/UBC
Injectors

POWER CHERRY/UPPER BRUSHY CANYON Top Reservoir (LCHT)

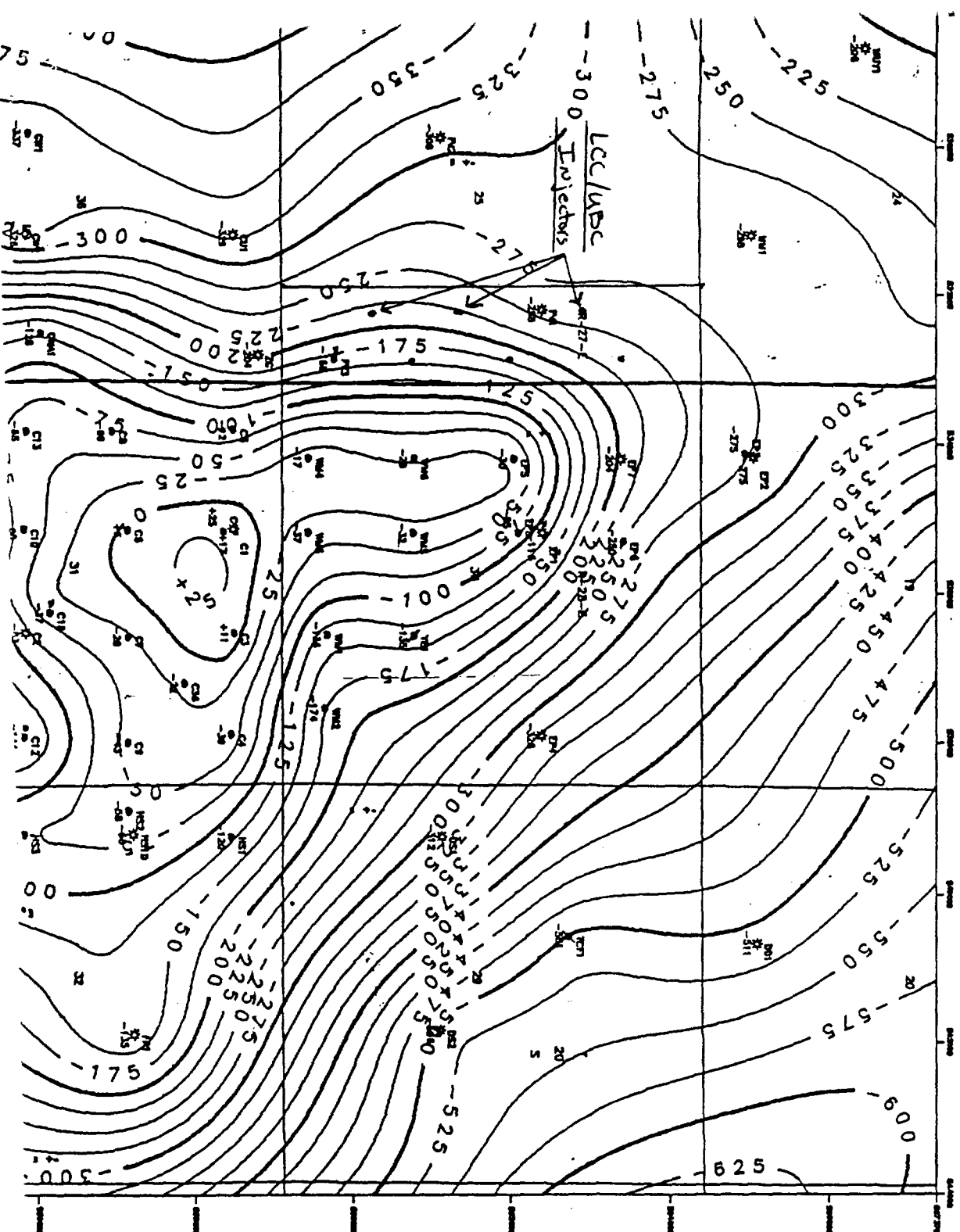


Exhibit 'D'

WELL STATUS SYMBOL LEGI

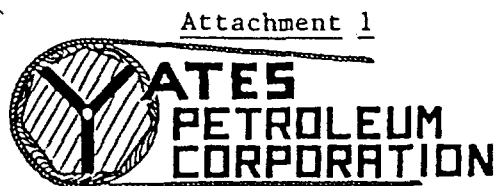
- PRODUCING OIL WELL
- SHUT IN OIL WELL
- TEMPORARILY ABANDONED OIL WELL
- ABANDONED OIL WELL
- PRODUCING GAS WELL
- TEMPORARILY ABANDONED GAS WELL
- ACTIVE INJECTION WELL
- SALT WATER INJECTION WELL
- SALT WATER DISPOSAL WELL
- DRY HOLE
- DRY HOLE, JUNKED AND ABANDONED

WELL/ABOVE SYMBOLS ARE IDENTICAL TO THE WELL STATUS
FOR CONTINUOUS, WELL PRODUCTION INDICATOR
USED IN CIRCLES TO THE LEFT

COMMENT CODE LEGEND

NA : PICK NOT AVAILABLE

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

Carre

S. P. YATES
CHAIRMAN OF THE BOARD
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EXECUTIVE VICE PRESIDENT
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SECRETARY
DENNIS G. KINSEY
TREASURER

November 25, 1992

Exxon
P. O. Box 3116
Midland, Texas 79702-3116

ATTN: Larry Long

RE: Avalon Delaware Unit

Dear Larry,

Yates has reviewed in detail the comprehensive Engineering Report prepared by Exxon for the proposed Avalon Delaware Unit. Your people have done an excellent job, and we hope to proceed with formation of the unit. There are several items that merit discussion for possible clarification or modification. Yates has discussed these items with the Coquina people, and their concerns are similar to ours.

Area Outside Primary Production

We are not convinced that the areas outside the wells where primary production has been established in the Upper Cherry/Upper Brushy can be developed economically with CO₂. My preferred plan would be to unitize the whole area and to develop the CO₂ flood only in the area of primary production. When response is acceptable, conduct a small CO₂ pilot in a promising portion of the outside area. Then expand to the entire outside area only when this pilot succeeds.

We have attempted to divide the economics in your report into two pieces. Our estimates are that the costs to flood the primary area are \$45 million and the costs to flood the outside area are \$39 million. The result is that the CO₂ project in the primary area has an attractive rate of return equal to 25⁺ percent, while the project in the outside area returns an unrisks 13 percent. We may have mishandled some of your numbers, but our concern over development of the outside area seems justified.

I admit that your report could be understood to be compatible with the plan I suggest. The tone of the report allows no uncertainty of success in the outside area, but we should talk about your actual plan of development.

Larry Long
November 25, 1992
-2-

Primary Reserves

Yates calculated primary reserves for all wells in the Avalon Delaware pool. Our numbers agree with the Exxon numbers for all wells except four. Naturally, we get higher reserves than Exxon gets for two Yates wells (Stonewal "EP" #5 and "EP" #8) and lower reserves for two Exxon wells (Yates C #3 and #4). I think we feel that the Exxon GOR limit artificially shuts down the two Yates wells at a time when economic reserves could still be produced. The problem with the two Exxon wells apparently is an adjustment we do not understand. In any case, I believe we should talk about the primary reserves of these four wells.

Geology and Modeling

You've heard us say before that the geological study is very complete while the Engineering work cut a few corners in comparison. I am a little concerned that the modeling work required that permeability be increased by a factor of two or more. This is not unusual in itself, but it might cast doubt on the shaly-sand analysis of the logs which reduced log porosity and indirectly log permeability. Maybe a different log analysis would have given permeabilities that fit the computer model without modification. Probably you all believe there is no chance that the basic geological picture can be wrong.


Workover Reserves

The workover reserves greatly benefit Yates, but they may be overestimated in the Report.

Summary

I hope we can discuss with you the few major concerns we have about the Engineering Report. Yates wants this CO₂ project to happen and we'd like to resolve our concerns with the Report and move on to the details of unitization.

Sincerely,

A handwritten signature in cursive script that reads "Dave Boneau". The signature is written in dark ink and is positioned above the typed name and title.

David F. Boneau
Reservoir Engineering Manager

AVALON TECHNICAL REPORT MEETING
WITH YATES PETROLEUM
December 9, 1992

<u>AGENDA ITEM</u>	<u>DISCUSSION LEADER</u>	<u>ESTIMATED TIME</u>
Introduction/Objectives	Larry Long	15 min.
Discussion/Clarification of Concerns	Yates	15 min.
Development Plan	Gil Beuhler	45 min.
Geology and Modeling	Dave Cantrell Mike Goodwin	90 min.
Primary Reserves - 4 Wells	Mike Goodwin	45 min.
Workover Reserves	Dave Cantrell Mike Goodwin	60 min.
Summary: Remaining Concerns and Proposals	Yates	15 min.
Summary: Proposed Action	Larry Long	15 min.

OTHER ATTENDEES: DAVE BONEAU - YATES
BOB FANT - YATES
MARK JONES - EXXON

Note - Yates letter to Cogging
includes the handouts of
our Dec 9 meeting

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

December 22, 1992

Proposed Avalon Delaware Unit
Technical Report Review

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: David F. Boneau

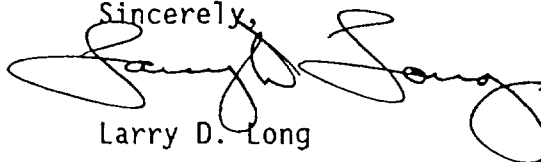
Dear Dave,

Exxon has reassessed the primary reserves for the 5 wells which we discussed in our meeting of December 9. The results of that decline curve analyses are summarized on the attached table. The total adjustment for the 5 wells is 93.2 kBO ultimate primary (or 2.2% of the Unit total) and 4.9 kBO remaining primary as of 1/1/93 (or 0.4% of the Unit total). The adjustments for the "EP" #5, "EP" #8 and "C" #3 are straight-forward. The adjustments for "C" #4 and "C" #36 are slightly more involved since they share an allowable and the former has been shut-in since the latter was put on production. The original estimates for "C" #36 were based on continuity calculations rather than decline curve analysis since the well had been on production only a few months. Reviewing more recent production from the "C" #36 and its two offsets indicates no apparent interference, supporting the greater hydrocarbon-bearing section found in this well. The net increase in remaining primary for the "C" #4/"C" #36 combination is 20.8 kBO over the Report values.

Exxon would prefer not to revise the Technical Report since we feel the revisions are relatively minor, yet would result in a 4-8 week delay in approval. The delay would result from our preference to advise the other owners of prospective changes and to solicit additional input with opportunity for review; then to ballot an addendum to the Report. An addendum would also include a paragraph regarding development philosophy as we discussed. However, if Yates Petroleum prefers that the changes be made, we are willing to take that approach.

We would be glad to discuss the issue further at your convenience.

Sincerely,



Larry D. Long

LDL:hho
Attachment

Attachment 4
PRIMARY RESERVE SUMMARY

WELL	EXHIBIT G19 PRIMARY RESERVES	REVISED DECLINE CURVE RESERVES	DELTA	EXHIBIT G19 1/1/93 RUR	REVISED 1/93 RUR	DELTA
Stonewall "EP" #5 #8	163.6 <u>137.1</u> 300.7	179.8 <u>152.4</u> 332.2	+16.2 <u>+15.3</u> <u>+31.5</u>	27.2 <u>18.1</u> 45.3	43.4 <u>33.4</u> 76.8	+16.2 <u>+15.3</u> <u>+31.5</u>
Yates "C" Federal #3 #4 #36 (2016)	356.4 233.8 45.6 <u>635.8</u> <u>936.5</u>	309.0 210.1 178.4 <u>697.5</u> <u>1029.7</u>	-47.4 -23.7 <u>+132.8</u> <u>+61.7</u> <u>+93.2</u>	160.9 53.0 45.6(a) <u>259.5</u> <u>304.8</u>	113.5 29.3 90.1(b) <u>232.9</u> <u>309.7</u>	-47.4 -23.7 <u>+44.5</u> <u>-26.6</u> <u>+4.9</u>
Total Unit	4182.4		+2.2%	1187.4		+0.4%

(a) The Yates "C" 36 remaining reserves as of 1/93 were based on continuity calculations rather than decline curve as indicated by the "Comments" on Exhibit G-4. At the time the Report was prepared the well had been on production only several months.

(b) The revised estimates are based on the revised EUR of 178.4 kBO and a revised estimated 1/93 cumulative of 88.3 kBO.

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

January 7, 1993

Coquina Oil Company
1717 St James Place
Suite 200
Houston, Texas 77056

Attn: Sherri Clark

Subject - Avalon Delaware Unit

Dear Sherri,

This letter is intended to be a record of the meeting between Yates and Exxon on December 9, 1992, concerning the proposed Avalon Delaware Unit. Exxon replied to our concern about primary reserves on December 22, 1992; and that reply is included here also.

You recall that Yates and Coquina had questions about four areas in the Engineering Report prepared by Exxon. As expressed in my letter of November 25 (Attachment 1) to Larry Long, our questions covered:

- 1) Area Outside Primary Production
- 2) Primary Reserves
- 3) Geology and Modeling
- 4) Workover Reserves

Exxon prepared rather elaborate responses (Attachment 2) to each of the four questions.

Area Outside Primary Production - Gil Beuhler

My main concern is that Exxon may commit about \$100 million for CO2 both inside and outside the area of primary production without decision points to provide an escape mechanism in the remote case that the projects fails early in its life. Exxon attempted to address this concern with the time line on page 3 of Attachment 3. Exxon sees the project having two phases. Phase I covers the initiation of waterflooding during 1993 and 1994. An \$18 million AFE in late 1992 would cover the drilling of 19 wells (18 injectors and one producer all in the area of primary production) plus installation of water-injection facilities. A separate AFE for \$8 million might be issued in 1994 if consolidation of production facilities is necessary after the central waterflood gets underway. Phase II covers the installation of the CO2 project during the period 1996 to 1998. Exxon plans to send out one AFE in the middle of 1995 to cover the drilling of 56 wells, installation of CO2 facilities plus a plant to compress CO2 for recycle. The

Circ: ~~MSA~~ ~~9620~~
MAJ A
- info only
- a few points slightly
misinterpreted;
after studying it, we
may want to clarify
where deemed
appropriate

Sherri Clark
January 7, 1992
-2-

amount of the AFE is about \$77 million for CO2 development both inside and outside the area of primary production. This amount includes about \$23 million for a plant to recycle produced CO2. The actual recycle needs are difficult to estimate before the project begins. Initially, Exxon plans to inject all purchased CO2 into the area of primary production. Some water injectors will be needed outside the primary production area at that time to handle water produced inside the primary production area. However, the number of outside injectors required to support CO2 injection inside the primary production area is only 10 to 20 percent of the outside injectors Exxon plans to drill in the 1996 drilling program. Exxon believes that the entire CO2 project must be installed at once to maximize rate of return. Exxon is comfortable enough with the geology and with its CO2 experience to offset any risk of subpar performance.

Yates pointed out that we disagree with the philosophy behind a single AFE in 1995 for \$77 million. I believe it is prudent to have one AFE in 1995 for a CO2 project inside the area of primary production and a second AFE two to three years later for expansion of CO2 outside the area of primary production. The Exxon people sounded sympathetic to our proposal, but the Exxon system must require management approval of the whole CO2 project in 1995. I asked whether Exxon's management in Dallas could approve the whole thing at one time while Exxon in Midland sent out a series of AFE's over several years. The Exxon reply was that this might be possible, but Exxon prefers its own approach. I feel the Exxon people at the meeting believe that our suggestion is logical, but someone higher in the company required that they follow the company line. Exxon agreed to consider our suggestion. If Exxon doesn't modify its position, Yates and Coquina can only seek a voting procedure that permits us to vote down an AFE for \$77 million in 1995.

Exxon said its economic runs show a 27 percent rate of return for the area of primary production and a 20 percent rate of return outside the area of Primary production. The corresponding Yates values are 25 and 13 respectively.

Geology and Modeling - Dave Cantrell and Mike Goodwin

My letter of November 25 commented about the fact that the computer modeling required reservoir permeability to be increased by a factor of two or more. I hinted that this might cast suspicion on the accuracy of the log analysis. Exxon's answer was that the reservoir permeability had to be increased because the wells are hydraulically fractured. The Exxon geology work gives results that match core data. The modeling via prototype simulation and scale up is a proven technique that Exxon has used in large reservoirs. A three-dimensional reservoir simulation is unreasonable for a reservoir as big as Avalon Delaware.

I feel the Exxon geology and the Exxon modeling is totally adequate. We learned several items I did not know:

- 1) Exxon is performing shear-wave VSP at Avalon to determine directional permeability.

Sherri Clark
January 7, 1993

-3-

- 2) The sonic logs were not corrected for presence of clay since no correction is needed.
- 3) Separate correlations of permeability as a function of porosity were developed for each Delaware zone.
- 4) Water-oil ratios were ignored on wells with large fracture treatments because water is surely produced from out-of-zone.
- 5) Permeabilities in the simulator were derived by correlating core data from nearby wells to the three prototype wells.
- 6) All vertical - permeability data came from core taken at Yates C #36.
- 7) All wells outside the area of primary production were assumed to have low GOR's because they are located down - structure.

Decline Curves (Primary Reserves) - Mike Goodwin

Yates made independent estimates of the remaining oil reserves for all wells in the Avalon Delaware pool and compared estimates with the Exxon numbers in the Engineering Report. The Yates and Exxon estimates matched except for four wells (Stonewall EP #5 and EP #8 and Yates C #3 and #4). At the meeting on December 9, Exxon explained how the Engineering Report calculated reserves, but was not able to explain the differences with the Yates values on the spur of the moment. The Exxon letter of December 22 (Attachment 4) says that the reserves of Yates Stonewall EP #5 and #8 should be increased by 31.5 MBO while the reserves for Exxon Yates C Federal #3 and #4 should decrease by 71.1 MBO. At the same time, the reserves of the Yates C #36 should increase by 44.5 MBO. The Yates C #36 is the newest well in the field and occupies the same spacing unit as Yates C #4.

The Engineering Report divided the wells into two groups for reserve purposes: 1) those with no restrictions on rate or GOR and 2) those where GOR and/or oil allowable restricted production. For the first group, Exxon plotted both log of rate versus time and rate versus oil cumulative. Exxon removed extraneous points and fit lines to the remaining data. An average of the two estimates (weighted according to the statistical error bars) was used as ultimate reserves. Yates C Federal #4 fit into this first group, and some confusion related to the spacing unit shared with Yates C #36 caused the apparent error in its reserves. The second group of wells with restricted production could not be analyzed in so straight-forward a manner. Stonewall EP #5 and #8 plus Yates C #3 and #36 all fall into the second group. The Engineering Report used at least two approaches to the restricted wells. In some cases, rate versus cumulative could be plotted over some intervals where the well did produce at capacity. In other cases, GOR was plotted against oil cumulative on semilog paper up to a limiting GOR of 20,000. Exxon agreed that 20,000 is probably low as a limiting GOR for EP #5 and EP #8; and the reserves have been raised accordingly. Yates C #36 is a special case where the well has produced for a short time at rates above allowable. Initially, Exxon made a conservative

Sherri Clark
January 7, 1993

-4-

estimate of reserves for Yates C #36. The letter of December 22 includes a less conservative estimate for Yates C #36.

One thing that is clear to me is that Exxon's goal has always been to provide an unbiased estimate of reserves. Yates questioned wells where reserves are difficult to estimate.

Workover Reserves - Dave Cantrell, Mike Goodwin

Exxon explained that the Yates work at re-completing Stonewall EP #7 actually fits Exxon's expectation for workover so that the workover reserves should be retained in the Engineering Report.

Yates tested three Delaware zones in the EP #7 and ended up producing 13 BO and 117 BW from the zone at 2558-2572. Exxon contends that its experience shows that oil-on-swab translates into a successful completion after frac while "no show" on swab still means a successful completion after frac in 50 percent of the cases. Also Exxon developed a correlation (Attachment 3, page 73) between feet of hydrocarbon pore volume and production after frac. About 2 feet of hydrocarbon pore volume is required for a minimal completion while 6 to 11 feet is required for production above 100 BOPD. Now apply the Exxon experience to Stonewall EP #7. The zone at 2796-2836 has 3.86 feet of hydrocarbon pore volume. Yates swabbed a small show of gas after acid and abandoned the zone. Exxon believes this is the best zone in the well and it might produce 40 BOPD. The zone at 2662-2686 has 2.50 feet of hydrocarbon pore volume. Yates swabbed the well dry after acid and abandoned the zone. Exxon thinks this zone could produce 25 BOPD. The zone at 2558-2572 has 1.92 feet of hydrocarbon pore volume. Yates swabbed about 1.5 BO in two days and fraced the zone. After swabbing back most of the frac load, Yates produced 13 BO and 117 BW on initial potential. The Exxon correlation says the initial rate should be 11 BOPD.

The Exxon conclusion is that Exxon understands Delaware workovers and Stonewall EP #7 behaved according to the Exxon model. After unitization, Exxon will frac the two lower zones and increase production by 65 BOPD. Since the assumed workover reserves benefit Yates, we are willing to believe the Exxon explanation and leave the workover reserves in the Engineering Report.

SUMMARY

I feel the Exxon responses concerning Workover Reserves and Geology/Modeling are completely acceptable. Exxon essentially agrees with the Yates modifications to Primary Reserves. The Exxon approach to the Area Outside Primary Production still seems crazy to me. The Exxon letter of December 22 repeats Exxon's offer to add a paragraph to the report which says that the economics in the report assume the entire CO2 flood will be implemented as one continuous project, but the risk associated with the area outside primary production may cause some delay in expanding CO2 to the outer ring. Such a delay will have some minor negative effect on the overall economics. So, the questions come down to whether we should accept the Exxon Engineering Report with such an addendum and whether the addendum

Sherri Clark
January 7, 1993
-5-

should include anything about the revised primary reserves. I suggest an addendum with a bit of CO2 philosophy plus a list of revised primary reserves for five wells. What think you?

We owe Exxon a reply on the Engineering Report. Let's talk a few days after you receive this.

Sincerely,

A handwritten signature in cursive script that reads "David Boneau".

David F. Boneau
Reservoir Engineering Supervisor

DFB/mjw

Attachments

cc Larry Long (Exxon)
 Mike Slater
 Brian Collins
 Bob Fant
 Randy Patterson
 Brent May

AVALON ENHANCED OIL RECOVERY PROJECT

AVALON (DELAWARE) FIELD

EDDY COUNTY, N.M.

BLM - CARLSBAD

9 A.M. - FEBRUARY 1, 1993

AGENDA ITEMS:

- **INTRODUCTIONS**
- **PROJECT OVERVIEW/TECHNICAL REPORT**
- **UNITIZATION OVERVIEW**
- **PLANNING SCHEDULE**
- **PERMITTING OVERVIEW**

EDDY COUNTY, N.M.

9 A.M. - FEBRUARY 1, 1993

ATTENDEE	REPRESENTING	PHONE NUMBER
ALEX CORREA	EXXON	915-688-6782
Gary Bowers	BLM	505-887-6544
Dick Mann	BLM	" " "
W.D. Thomas	Exxon	915-688-7162
FRANK D'AMIERE	BLM	505-887-6544
LARRY D. LONG	EXXON	915 688-7932
Mark A. Jones	"	915 688-7935
Tim O'Brien	BLM	505-557-6544
Fernando Blackspat	Exxon	915-688-6778
Bill Duncan	"	915-688-6174
Harry Hunt	BLM	505-887-6544
Donna Bauer	Exxon	915-688-6172

AVALON ENHANCED OIL RECOVERY PROJECT

AVALON (DELAWARE) FIELD

EDDY COUNTY, N.M.

NMOCD - ARTESIA

11 A.M. - FEBRUARY 1, 1993

AGENDA ITEMS:

- **INTRODUCTIONS**
- **PROJECT OVERVIEW**
- **PLANNING SCHEDULE**
- **PERMITTING OVERVIEW**

EDDY COUNTY, N.M.

11 A.M. - FEBRUARY 1, 1993

PHONE NUMBER

Fernando Blazquez	Exxon	915-688-6778
Ken Smith	Exxon	505-748-1283
Mark Jones		915-688-7935
Jim B. Thomas	Exxon	915-688-7162
MARK ASHLEY	OCJ	505-748-1283
Mike Williams	OCJ	505-748-1283
Larry Long	Exxon	915-688-67932
Donna Bauer	"	915-688-6172
ALEX CORREA	"	" - 688-6782
Bill Duncan	"	915-688-6174

EDDY COUNTY, N.M.

8:30 A.M. - FEBRUARY 2, 1993

ATTENDEE	REPRESENTING	PHONE NUMBER
James Bruce	Exxon	(905) 982-4554
Alex Correa	EXXON	915-688-6782
LARRY LONG	EXXON	915-688-7932
JOE B. THOMAS	ETHAN	915-688-7162
Mark Jones	"	915-688-7935
Donna Bauer	"	915-688-6172
Joseph R. MRAZ	SLO	505-827-5748
ERNEST SZABO	SLO	505-827-5774
Pete Martinez	SLO	505-822-5491
Bill Duncan	Exxon	915-688-6174

AVALON ENHANCED OIL RECOVERY PROJECT

AVALON (DELAWARE) FIELD

EDDY COUNTY, N.M.

NMSLO - SANTA FE

8:30 A.M. - FEBRUARY 2, 1993

AGENDA ITEMS:

- **INTRODUCTIONS**
- **PROJECT OVERVIEW/TECHNICAL REPORT**
- **UNITIZATION OVERVIEW**
- **PLANNING SCHEDULE**
- **NMSLO PERMITTING NEEDS**

AVALON ENHANCED OIL RECOVERY PROJECT

AVALON (DELAWARE) FIELD

EDDY COUNTY, N.M.

NMOCD - SANTA FE

10:00 A.M. - FEBRUARY 2, 1993

ATTENDEE	REPRESENTING	PHONE NUMBER
Bill Duncan	Exxon	915 688 6174
Donna Bauer	Exxon	915-688-6172
JOE B. THOMAS	Exxon	(915) 683-7162
LARRY D. LONG	EXXON	(915) 685-7932
Mark Jones	EXXON	(915) 688-7935
ALEX CORREA	"	" 682-6782
Michael E. Stegner	NMOCD	(505) 827-5811
Larry Van RYAN	OCD	(505) 827-5809
Bob Stovall	OCD	(505) 827-5805

AVALON ENHANCED OIL RECOVERY PROJECT

AVALON (DELAWARE) FIELD

EDDY COUNTY, N.M.

NMOCD - SANTA FE

10:00 A.M. - FEBRUARY 2, 1993

AGENDA ITEMS:

- **INTRODUCTIONS**
- **PROJECT OVERVIEW**
- **UNITIZATION OVERVIEW**
- **NMOCD PERMITTING ITEMS**
- **PLANNING SCHEDULE**

EXXON COMPANY, L.P.
POST OFFICE BOX 1778 • MIDLAND, TEXAS 79701-1778

RECEIVED
FEB 9 1993

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ENVIRONMENTAL AND REGULATORY AFFAIRS

February 9, 1993

Avalon Enhanced Oil Recovery Project
Eddy County, New Mexico

Mr. Richard L. Manus
U. S. Department of the Interior
Bureau of Land Management
Carlsbad Resource Area
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

Dear Mr. Manus:

Thank you for the opportunity to meet with you and members of your staff on Monday, February 1, 1993 to discuss the status of the proposed Avalon Enhanced Oil Recovery Project in Eddy County, New Mexico. The list below summarizes the major items discussed at the meeting and is provided for your review as a follow-up.

- The Decision Record from the Environmental Assessment (EA) is currently out for public notice. The BLM asked that Exxon review the EA to ensure all stated facts and figures (volumes, acres, footages, etc.) are correct.
- Approvals for sundry notices and Applications for Permits to Drill (APDs) related to the Avalon project will be tiered to the EA. No additional environmental analysis work will be required for threatened and endangered species or cave and karst. We understand archeological surveys may be required if disturbance within archeological site LA-35587 cannot be avoided or if a discovery is made during construction elsewhere in the project area.
- Only drill wells located on Federal minerals will need to have APDs filed with the BLM. Wells drilled on State or private lands will be permitted through the New Mexico Oil Conservation Division. Should any Federal APDs be submitted prior to approval of the Avalon Unit, unitization will be stipulated as a Condition of Approval.

Exxon appreciates the BLM's consideration of the Avalon project, and we look forward to working with you to streamline permitting and other involvement associated with project implementation. Should you have any questions regarding the project, please call me at (915) 688-6172.

Sincerely,

Donna M. Bauer

Donna M. Bauer
Environmental & Regulatory Affairs

BALLOT # 74-04-135
 PROPERTY Avalon, Technical Report
 DATE MAILED 4-15-93

AFE \$ AMT N/A
 % REQUIRED 90
 DESC OF WORK Approval of Technical Report

OWNER	DATE RECEIVED	INTEREST	TOTAL
Exxon		74.154172	
Martin		.009868	
Reedfern	4-30-93	.098222	
Hudson	}	1.245315	
Hudson		1.245315	
LAF	5-10-93	.019032	
Gates Pitt	1-6-94	3.56553	
Gates Drig	}	2.859357	
Waco		2.949583	
Alb		.987763	
J Yates		.113766	
S Yates		.090226	
Martinez	4-12-94	.423723	87.761872
Los Chiles	6-14-94	.023540	87.785412
ANPC	Verbal, Bill Hegworth 3/1/94 & 4/26/94 & 6/10/94	4.791118	> 90%

Exxon purchase per BBR

MDA	RECEIVED	MPC
RLA	LAND SERVICES	RGG
RKF		RTL
SHJ		TAL
FLK		JBE
DCR	JUN 15 1995	SHK
JBT		LLM
		SES
		JHT
	14PO - MIDLAND	
HANDLE	REVIEW	SEE ME
	CIRC	FILE

Post-It™ brand fax transmittal memo 7671 # of pages > 3

To <u>Ron Mayhew</u>	From <u>Jedie Roughton</u>
Co. <u>Exxon</u>	Co. <u>Wait</u>
Dept.	Phone #
Fax # <u>(915) 688-6258</u>	Fax #

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

APRIL 15, 1993

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

J. WAYNE ACHEE
PRODUCTION MANAGER

Proposed Avalon (Delaware) Unit
Technical Report Addenda
Ballot #93-04-135

Working Interest Owners
Proposed Avalon (Delaware) Unit
Eddy County, New Mexico

Please find enclosed a ballot for your approval to accept certain addenda to the "Report of the Technical Committee for the Working Interest Owners", with the Report and addenda to serve as the basis for future unitization negotiations.

Attached to the ballot are revised Exhibits "E" and "F" of the Pre-Unitization Voting Agreement. Those revisions reflect lease ownership information made available subsequent to the August 1992 update. Per the Agreement, other exhibits to the Agreement are unchanged.

When executed, the Ballot should be returned to the address shown below. Any general questions should be directed to Larry D. Long, telephone (915) 688-7932. Any additional title information or questions should be directed to Joe B. Thomas, telephone (915) 688-7162 or to his attention at the address shown below.

Your continued support in the unitization effort is appreciated.

Sincerely,

J. Wayne Achee

JWA:hho
Attachment

Return Ballot to: Exxon Company, U.S.A.
Operations Accounting
Attn: J. J. Degraffenreid
P. O. Box 51040
Midland, Texas 79710-1040

Title Information to:
Exxon Company, U.S.A.
Attn: J. B. Thomas
P.O. Box 1600
Midland, Texas 79702-1600

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

Exxon seeks your approval of the "Report of the Technical Committee for the Working Interest Owners" and the attached Addenda as the basis of all future negotiations regarding the proposed Unit. The Report, dated August 1992, includes two volumes: "VOLUME I - TEXT AND EXHIBITS" and "VOLUME II - MAPS AND CROSS SECTIONS." The Addenda include Items #1 through #5 described in the attachments.

Approval of the Report and Addenda will not constitute a selection of the specific parameters to be used in the participation formula(s) nor of the formula(s) themselves, but does establish that only the data contained in the Report and Addenda will be used for the values of the parameters eventually selected in the negotiating process.

As a result of updated lease ownership information, Exhibits "E" and "F" (dated March 1993) of the approved Pre-Unitization Voting Agreement (the "Agreement") have been revised and are attached. The revisions are made in accordance with the Agreement and do not require approval as part of this ballot, but are included for your information to reflect new voting ownership.

Approved: _____

Title: _____

Representing: _____

Date: _____

Addenda to the "Report of the Technical Committee for the Working Interest Owners"

ITEM #1 SECTION E: MAPPING AND VOLUMETRICS

Exhibit E-7, Well-Tract 2109, Tertiary Factor should be 0.50

ITEM #2 SECTION E: MAPPING AND VOLUMETRICS

Should include the following addition:

The "limits of primary production" shown on Maps 13, 14, 20 and 21 simply indicate the limits of known current production in the Lower Cherry/Upper Brushy Canyon and Upper Cherry Canyon intervals. These productive limits are shown solely for the purpose of comparing mapping results to production data in the Avalon area and are not intended to represent the absolute limits of all potential primary production from these zones.

ITEM #3 SECTION G: FLOWSTREAMS

EXHIBIT G-19 should include the following revisions:

UNIT WELL <u>NUMBER</u>	PRIMARY <u>1/1/93 RUR</u>	PRIMARY <u>EUR</u>
1311	43.4	179.8
1313	33.4	152.4
1915	113.5	309.0
1917	29.3	210.1
2016	90.1	178.4

ITEM #4 SECTION G: FLOWSTREAMS

The following discussion and EXHIBIT G-24 should be included:

The reserves discussed and summarized in Section G of the Technical Report are through-wellbore reserves determined by the procedures detailed in that Section. Those reserves were based on a series of flood pattern configurations largely dictated by existing wellbores as indicated qualitatively in Exhibit G-2. The few producers to-be-drilled were generally centered within their nominal 40-acre tracts. Injectors to-be-drilled were generally placed mid-way between offset producers so as to enhance pattern areal conformance and ultimate recovery. The resulting flood pattern boundaries generally do not conform to lease-lines nor internal nominal 40-acre tract lines. This non-conformance results in some in-place reserves being pushed off their respective tracts to adjacent producing wells during flooding operations.

Exhibit G-24 better represents in-place ownership of the produced reserves. For that Exhibit, primary reserves were not revised from those shown in Exhibit G-19 except for those wells affected by addendum Item #3. Tract Waterflood Reserves were determined by (1) first determining the reserves associated with the waterflood's nominal quarter-patterns (the polygons shown in Exhibit G-2) for each production well; (2) determining the original-oil-in-place for each of the polygons ("tract-patterns") created by the intersections of the quarter-pattern and 40-acre well-tract boundaries; (3) allocating the quarter-pattern reserves to the tract-patterns by the ratio of the associated OOIP's; and (4) recombining the resulting tract-pattern reserves for each well-tract. Both sets of boundaries are defined by co-ordinates used for other calculations reflected in the Report, most notably the volumes contained in Sections E and G. The Tract Waterflood Reserves shown in Exhibit G-24 include both the workover volumes and the waterflood volumes shown separately in Exhibit G-19. The Tract CO₂ Reserves were determined in an analogous procedure.

AVALON (DELAWARE) UNIT
BY WELL-TRACT RESERVES
---RUR AS OF 1/1/93---
---VOLUMES ARE KBO---

WELL TRACT	1/1/93 REMAINING PRIMARY	ULTIMATE PRIMARY RESERVES	TRACT WATERFLOOD RESERVES	TRACT CO2 RESERVES
1109	0.0	0.0	0.0	265.4
1111	0.0	0.0	345.1	530.6
1113	0.0	0.0	0.8	446.7
1309	0.0	0.0	0.0	607.3
1311	43.4	179.8	403.6	1693.0
1313	33.4	152.4	373.3	1045.9
1315	0.0	0.0	0.0	362.5
1509	0.0	0.0	0.0	579.0
1511	53.4	137.1	368.1	1425.9
1513	33.8	154.6	741.5	2177.2
1515	0.0	1.7	0.0	852.5
1517	0.0	0.0	0.0	247.4
1709	0.0	5.1	0.0	174.3
1711	19.3	127.6	174.5	1189.7
1713	40.3	164.8	698.4	2009.3
1715	20.2	66.3	157.5	966.2
1717	0.0	0.0	69.3	481.0
1719	0.0	0.0	0.0	203.9
1909	0.0	0.0	0.0	336.2
1911	66.4	190.7	252.6	1687.4
1913	80.9	268.8	648.3	1861.6
1915	113.5	309.0	1101.1	2271.4
1917	119.4	388.5	156.3	739.5
1919	24.1	68.4	11.3	448.6
1921	0.0	0.0	0.0	143.8
2109	0.0	0.0	0.0	91.4
2111	50.7	138.9	102.5	1195.1
2113	120.3	360.8	553.9	1496.8
2115	38.0	257.6	397.1	1933.6
2117	76.6	275.8	587.5	2241.8
2119	126.9	258.2	232.2	925.2
2121	0.0	0.0	0.0	308.9
2123	0.0	0.0	0.0	51.5
2309	0.4	10.9	0.0	46.7
2311	19.3	150.6	157.9	1207.9
2313	56.7	199.5	264.9	1064.2
2315	0.0	22.7	73.4	523.1
2317	0.0	29.5	28.6	881.0
2319	29.3	173.6	167.5	823.6
2321	3.1	23.2	69.7	741.6
2323	0.0	0.0	0.0	120.1
2509	0.3	6.0	0.0	119.1
2511	0.0	11.9	0.0	522.4
2513	0.0	0.0	0.0	219.4
2515	0.0	0.0	0.4	353.9
2517	0.0	24.6	43.7	525.1
2519	22.5	114.1	88.3	710.5
2521	0.0	0.0	0.1	299.2
2523	0.0	0.0	0.0	19.5
2709	0.0	3.1	0.0	239.4
2711	0.0	0.0	0.0	204.9
2717	0.0	0.0	0.0	148.9
2719	0.0	0.0	0.0	111.9
2721	0.0	0.0	0.0	10.0
TOTAL	1192.2	4275.8	8269.4	39883.0

NOTE: PRIMARY RESERVES ADJUSTED ONLY TO REFLECT ACCOMPANYING ADDENDUM
THAT APPLIES TO WELLS 1311, 1313, 1915 AND 1917 (INCLUDES 2016)
NOTE: WELL 2016 RESERVES ARE INCLUDED WITH THOSE OF WELL 1917 SINCE
THE WELLS SHARE THE SAME PRIMARY PRORATION TRACT
NOTE: WATERFLOOD RESERVES INCLUDE BOTH WORKOVER AND FLOOD RESERVES
NOTE: TOTALS MAY NOT EQUAL EXHIBIT G-19 BECAUSE OF ROUND-OFF

ITEM #5: SECTION H: ECONOMICS

Should include the following addition:

The Technical Report, Section H, describes a development plan with a pressure-building water injection step to be implemented in 1993. After approximately three years of water injection, it is anticipated that the area reservoir pressure will be increased to the level desired for CO₂ miscible operations. The analysis performed by the Technical Committee at the time the Report was compiled indicates that the entire proposed area would achieve acceptable economic performance and that a near-simultaneous implementation across the area achieves the maximum present-worth for the investments required. However, some prospective unit owners have expressed the view that this "near-simultaneous implementation" may not be the optimal plan of development. It is expected that additional reservoir description data resulting from the 1993-94 drill wells; the planned CO₂ injectivity test referenced in the Report; the water injectivity data across the area; the over-all performance data of the water injection phase; and non-technical data such as crude prices will all provide valuable information for optimizing the project and its implementation plan. Thus, while different viewpoints regarding project implementation in the 1996-97 time frame exist at this time, it is likely that additional information gained prior to this time will lead to the development of an agreed upon optimal plan of development. That plan will require approval by the working interest owners in accordance with the ballot and voting procedures outlined in the Unitization Agreement.

ATTACHMENT "E"
PROPOSED AVALON (DELAWARE) U

MARCH, 1993

OPERATOR	LEASE	OWNER	WELL-TRACT OWNER FRACTION	WELL-TRACTS INCLUDED
EXXON	YATES C FEDERAL	EXXON	1.00000000	1911-1917, 2111-2117, 2311-2317, 2511-2517
EXXON	HONDO A STATE	EXXON	1.00000000	1919, 1921, 2119, 2319, 2519, 2521
EXXON	HONDO FEE	EXXON	1.00000000	2121, 2321
EXXON	YATES C FEDERAL B	EXXON	1.00000000	2717, 2719, 2721
HUDSON	STONEWALL FEDERAL	W.A.HUDSON, II	0.33333333	1719
HUDSON	STONEWALL FEDERAL	E.R.HUDSON, JR	0.33333333	1719
HUDSON	STONEWALL FEDERAL	MARY HUDSON ARD	0.33333333	1719
MARALO	KEYSTONE	MARALO	0.37500000	2123, 2323, 2523
MARALO	KEYSTONE	NAPECO	0.25000000	2123, 2323, 2523
MARALO	KEYSTONE	HAMON OPERATING	0.21875000	2123, 2323, 2523
MARALO	KEYSTONE	YATES DRILLING CO	0.04166670	2123, 2323, 2523
MARALO	KEYSTONE	MYCO INDUSTRIES, INC	0.04166660	2123, 2323, 2523
MARALO	KEYSTONE	JOHN A. YATES	0.02083340	2123, 2323, 2523
MARALO	KEYSTONE	LOS CHICOS	0.02083330	2123, 2323, 2523
MARALO	KEYSTONE	DONALD CLAYTON CHAPPELL	0.01562500	2123, 2323, 2523
MARALO	KEYSTONE	CAROL CHAPEL HENRY TR	0.00390625	2123, 2323, 2523
MARALO	KEYSTONE	LISA KENNEDY HICKS	0.00390625	2123, 2323, 2523
MARALO	KEYSTONE	CLAYTON CHAPPELL KENNEDY	0.00390625	2123, 2323, 2523
MARALO	KEYSTONE	JOSEPH O KENNEDY III	0.00390625	2123, 2323, 2523
MERIT	BURTON FLAT ST	MERIT	1.00000000	2709, 2711
MWJ	GWA STATE	MARTIN, WILLIAMS, JUDSON	0.67968750	2309, 2509
MWJ	GWA STATE	MYCO	0.08333340	2309, 2509
MWJ	GWA STATE	JOHN A. YATES	0.08333330	2309, 2509
MWJ	GWA STATE	S.P. YATES	0.08333330	2309, 2509
MWJ	GWA STATE	SIGMAR, INC	0.02669270	2309, 2509
MWJ	GWA STATE	LAJ CORPORATION	0.01757810	2309, 2509
MWJ	GWA STATE	F.A. AND D.H. FOX	0.00911460	2309, 2509
MWJ	GWA STATE	JAMES L. MARTIN, TRUSTEE	0.00911460	2309, 2509
MWJ	GWA STATE	JOHN L. SCHLAGAL	0.00781250	2309, 2509
PREMIER	EDDY STATE	PREMIER	1.00000000	1109, 1309, 1509, 1709
YATES	STONEWALL EP STATE	EXXON	0.27973850	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	COQUINA	0.17651980	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	YATES PETROLEUM CORP	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	YATES DRILLING CO	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MYCO	0.10083120	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	W.A.HUDSON, II	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	E.R.HUDSON, JR	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MARY HUDSON ARD	0.04124310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	ABO	0.03361040	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	NORTH AMERICAN-YATES	0.02300800	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	DEVON	0.02300800	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	MWJ	0.01546620	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	CLAREMONT	0.00773310	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	KERR-MCGEE	0.00745550	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	ROSALIND REDFERN	0.00361880	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL EP STATE	JOHN J. REDFERN	0.00361880	1111, 1113, 1311, 1313, 1315
YATES	STONEWALL WM ST	EXXON	0.27973850	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	COQUINA	0.17651980	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	YATES PETROLEUM CORP	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	YATES DRILLING CO	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MYCO	0.10083120	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	W.A.HUDSON, II	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	E.R.HUDSON, JR	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MARY HUDSON ARD	0.04124310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	ABO	0.03361040	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	NORTH AMERICAN-YATES	0.02300800	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	DEVON	0.02300800	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	MWJ	0.01546620	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	CLAREMONT	0.00773310	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	KERR-MCGEE	0.00745550	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	ROSALIND REDFERN	0.00361880	1511, 1513, 1711, 1713
YATES	STONEWALL WM ST	JOHN J. REDFERN	0.00361880	1511, 1513, 1711, 1713
YATES	STONEWALL YE STATE	CHEVRON PBC	0.25000000	1515, 1517
YATES	STONEWALL YE STATE	EXXON	0.20980388	1515, 1517
YATES	STONEWALL YE STATE	COQUINA	0.13238985	1515, 1517
YATES	STONEWALL YE STATE	YATES PETROLEUM CORP	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	YATES DRILLING CO	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	MYCO	0.07562340	1515, 1517
YATES	STONEWALL YE STATE	W.A.HUDSON, II	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	E.R.HUDSON, JR	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	MARY HUDSON ARD	0.03093232	1515, 1517
YATES	STONEWALL YE STATE	ABO	0.02520780	1515, 1517
YATES	STONEWALL YE STATE	NORTH AMERICAN-YATES	0.01725600	1515, 1517
YATES	STONEWALL YE STATE	DEVON	0.01725600	1515, 1517
YATES	STONEWALL YE STATE	MWJ	0.01159965	1515, 1517
YATES	STONEWALL YE STATE	CLAREMONT	0.00579982	1515, 1517
YATES	STONEWALL YE STATE	KERR-MCGEE	0.00559163	1515, 1517
YATES	STONEWALL YE STATE	ROSALIND REDFERN	0.00271410	1515, 1517
YATES	STONEWALL YE STATE	JOHN J. REDFERN	0.00271410	1515, 1517
YATES	STONEWALL WM ST B	CHEVRON PBC	0.25000000	1715, 1717
YATES	STONEWALL WM ST B	EXXON	0.20980388	1715, 1717
YATES	STONEWALL WM ST B	COQUINA	0.13238985	1715, 1717
YATES	STONEWALL WM ST B	YATES PETROLEUM CORP	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	YATES DRILLING CO	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	MYCO	0.07562340	1715, 1717
YATES	STONEWALL WM ST B	W.A.HUDSON, II	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	E.R.HUDSON, JR	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	MARY HUDSON ARD	0.03093232	1715, 1717
YATES	STONEWALL WM ST B	ABO	0.02520780	1715, 1717
YATES	STONEWALL WM ST B	NORTH AMERICAN-YATES	0.01725600	1715, 1717
YATES	STONEWALL WM ST B	DEVON	0.01725600	1715, 1717
YATES	STONEWALL WM ST B	MWJ	0.01159965	1715, 1717
YATES	STONEWALL WM ST B	CLAREMONT	0.00579982	1715, 1717
YATES	STONEWALL WM ST B	KERR-MCGEE	0.00559163	1715, 1717
YATES	STONEWALL WM ST B	ROSALIND REDFERN	0.00271410	1715, 1717
YATES	STONEWALL WM ST B	JOHN J. REDFERN	0.00271410	1715, 1717
YATES	CITIDEL	YATES	1.00000000	1909, 2109

ATTACHMENT "F"
PROPOSED AVALON (DELAWARE) UNIT
PRE-UNITIZATION OWNER VOTING PERCENTAGES
MARCH, 1993

VOTING PERCENTAGE BY OWNER
WEIGHTED BY 40% CURRENT PRODUCTION
40% CUMULATIVE PRODUCTION
20% ACRES

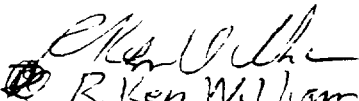
OWNER	VOTING PERCENTAGE	=	(WEIGHT FACTOR	X BOPD	/	TOTAL AREA BOPD	+	(WEIGHT FACTOR	X CUMUL 1000 BO	/	TOTAL AREA) CUMUL PROD 1000 BO	+	(WEIGHT FACTOR	X OWNER ACRES	/	TOTAL AREA ACRES
CHEVRON PBC	0.646316	=	(0.4000	*	2.2 /	823.6)	+	(0.4000	*	10.698 /	2642.273)	+	(0.2000	*	40.4 /	2134.1)
CLAREMONT	0.209893	=	(0.4000	*	2.1 /	823.6)	+	(0.4000	*	4.729 /	2642.273)	+	(0.2000	*	3.8 /	2134.1)
COQUINA	4.791118	=	(0.4000	*	48.3 /	823.6)	+	(0.4000	*	107.940 /	2642.273)	+	(0.2000	*	86.5 /	2134.1)
DEVON	0.624485	=	(0.4000	*	6.3 /	823.6)	+	(0.4000	*	14.069 /	2642.273)	+	(0.2000	*	11.3 /	2134.1)
EXXON	74.207433	=	(0.4000	*	621.2 /	823.6)	+	(0.4000	*	2167.030 /	2642.273)	+	(0.2000	*	1198.8 /	2134.1)
HAMON OPERATING	0.247172	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	26.4 /	2134.1)
E.R. HUDSON JR	1.245315	=	(0.4000	*	11.3 /	823.6)	+	(0.4000	*	25.220 /	2642.273)	+	(0.2000	*	33.6 /	2134.1)
W.A. HUDSON II	1.245315	=	(0.4000	*	11.3 /	823.6)	+	(0.4000	*	25.220 /	2642.273)	+	(0.2000	*	33.6 /	2134.1)
MARY HUDSON ARD	1.245315	=	(0.4000	*	11.3 /	823.6)	+	(0.4000	*	25.220 /	2642.273)	+	(0.2000	*	33.6 /	2134.1)
MARALO	0.423723	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	45.2 /	2134.1)
MERIT	0.653657	=	(0.4000	*	1.3 /	823.6)	+	(0.4000	*	3.080 /	2642.273)	+	(0.2000	*	58.2 /	2134.1)
MWJ	0.419785	=	(0.4000	*	4.2 /	823.6)	+	(0.4000	*	9.457 /	2642.273)	+	(0.2000	*	7.6 /	2134.1)
MARTIN, WILLIAMS AND JUDSON	0.735902	=	(0.4000	*	1.3 /	823.6)	+	(0.4000	*	10.848 /	2642.273)	+	(0.2000	*	54.5 /	2134.1)
SIGMAR, INC	0.028900	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.426 /	2642.273)	+	(0.2000	*	2.1 /	2134.1)
LAJ CORP	0.019032	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.281 /	2642.273)	+	(0.2000	*	1.4 /	2134.1)
F.A.FOX AND D.M.FOX	0.009868	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.145 /	2642.273)	+	(0.2000	*	0.7 /	2134.1)
JAMES L.MARTIN JR, TRUSTEE	0.009868	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.145 /	2642.273)	+	(0.2000	*	0.7 /	2134.1)
JOHN L.SCHLAGAL	0.008459	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.125 /	2642.273)	+	(0.2000	*	0.6 /	2134.1)
NAPECO	0.282482	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	30.1 /	2134.1)
PREMIER	1.597814	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	5.074 /	2642.273)	+	(0.2000	*	162.3 /	2134.1)
KERR MCGEE	0.202358	=	(0.4000	*	2.0 /	823.6)	+	(0.4000	*	4.559 /	2642.273)	+	(0.2000	*	3.7 /	2134.1)
ROSALIND REDFERN	0.098222	=	(0.4000	*	1.0 /	823.6)	+	(0.4000	*	2.213 /	2642.273)	+	(0.2000	*	1.8 /	2134.1)
JOHN J. REDFERN	0.098222	=	(0.4000	*	1.0 /	823.6)	+	(0.4000	*	2.213 /	2642.273)	+	(0.2000	*	1.8 /	2134.1)
YATES	0.755065	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	80.6 /	2134.1)
YATES DRILLING	2.783851	=	(0.4000	*	27.6 /	823.6)	+	(0.4000	*	61.657 /	2642.273)	+	(0.2000	*	54.4 /	2134.1)
YATES PETROLEUM	2.736770	=	(0.4000	*	27.6 /	823.6)	+	(0.4000	*	61.657 /	2642.273)	+	(0.2000	*	49.4 /	2134.1)
MYCO	2.874076	=	(0.4000	*	27.8 /	823.6)	+	(0.4000	*	62.987 /	2642.273)	+	(0.2000	*	61.1 /	2134.1)
ABO	0.912257	=	(0.4000	*	9.2 /	823.6)	+	(0.4000	*	20.552 /	2642.273)	+	(0.2000	*	16.5 /	2134.1)
JOHN A.YATES	0.113766	=	(0.4000	*	0.2 /	823.6)	+	(0.4000	*	1.330 /	2642.273)	+	(0.2000	*	9.2 /	2134.1)
S.P.YATES	0.090225	=	(0.4000	*	0.2 /	823.6)	+	(0.4000	*	1.330 /	2642.273)	+	(0.2000	*	6.7 /	2134.1)
NORTH AMERICAN YATES	0.624485	=	(0.4000	*	6.3 /	823.6)	+	(0.4000	*	14.069 /	2642.273)	+	(0.2000	*	11.3 /	2134.1)
LOS CHICOS	0.023540	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	2.5 /	2134.1)
DONALD CLAYTON CHAPPELL	0.017655	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	1.9 /	2134.1)
CAROL CHAPPELL HENRY TRUST	0.004414	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	0.5 /	2134.1)
LISA KENNEDY HICKS	0.004414	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	0.5 /	2134.1)
CLAYTON CHAPPELL KENNEDY	0.004414	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	0.5 /	2134.1)
JOSEPH O KENNEDY III	0.004414	=	(0.4000	*	0.0 /	823.6)	+	(0.4000	*	0.000 /	2642.273)	+	(0.2000	*	0.5 /	2134.1)
TOTAL	100.000000	=	(0.4000	*	823.6 /	823.6)	+	(0.4000	*	2642.273 /	2642.273)	+	(0.2000	*	2134.1 /	2134.1)

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

Exxon seeks your approval of the "Report of the Technical Committee for the Working Interest Owners" and the attached Addenda as the basis of all future negotiations regarding the proposed Unit. The Report, dated August 1992, includes two volumes: "VOLUME I - TEXT AND EXHIBITS" and "VOLUME II - MAPS AND CROSS SECTIONS." The Addenda include Items #1 through #5 described in the attachments.

Approval of the Report and Addenda will not constitute a selection of the specific parameters to be used in the participation formula(s) nor of the formula(s) themselves, but does establish that only the data contained in the Report and Addenda will be used for the values of the parameters eventually selected in the negotiating process.

As a result of updated lease ownership information, Exhibits "E" and "F" (dated March 1993) of the approved Pre-Unitization Voting Agreement (the "Agreement") have been revised and are attached. The revisions are made in accordance with the Agreement and do not require approval as part of this ballot, but are included for your information to reflect new voting ownership.


Approved: 
R Ken Williams
Title: President
Representing: LAT CORPORATION
Date: 5/31/93

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

Exxon seeks your approval of the "Report of the Technical Committee for the Working Interest Owners" and the attached Addenda as the basis of all future negotiations regarding the proposed Unit. The Report, dated August 1992, includes two volumes: "VOLUME I - TEXT AND EXHIBITS" and "VOLUME II - MAPS AND CROSS SECTIONS." The Addenda include Items #1 through #5 described in the attachments.

Approval of the Report and Addenda will not constitute a selection of the specific parameters to be used in the participation formula(s) nor of the formula(s) themselves, but does establish that only the data contained in the Report and Addenda will be used for the values of the parameters eventually selected in the negotiating process.

As a result of updated lease ownership information, Exhibits "E" and "F" (dated March 1993) of the approved Pre-Unitization Voting Agreement (the "Agreement") have been revised and are attached. The revisions are made in accordance with the Agreement and do not require approval as part of this ballot, but are included for your information to reflect new voting ownership.

Approved: 
Title: W.A. HUDSON JR
Representing: " "
Date: 4/26/93

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

Exxon seeks your approval of the "Report of the Technical Committee for the Working Interest Owners" and the attached Addenda as the basis of all future negotiations regarding the proposed Unit. The Report, dated August 1992, includes two volumes: "VOLUME I - TEXT AND EXHIBITS" and "VOLUME II - MAPS AND CROSS SECTIONS." The Addenda include Items #1 through #5 described in the attachments.

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Approved: Edward R. Hudson, Jr.
Title: Owner
Representing: Edward R. Hudson, Jr.
Date: April 19, 1993

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

Exxon seeks your approval of the "Report of the Technical Committee for the Working Interest Owners" and the attached Addenda as the basis of all future negotiations regarding the proposed Unit. The Report, dated August 1992, includes two volumes: "VOLUME I - TEXT AND EXHIBITS" and "VOLUME II - MAPS AND CROSS SECTIONS." The Addenda include Items #1 through #5 described in the attachments.

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Approved: _____

Title: Rosalind Redfern

Representing: _____

Date: 27 Nov 1993

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

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Approved: January 4, 1994

Title: Attorney-in-Fact

Representing: YATES PETROLEUM CORPORATION

Date: *Ramon Yates*

YATES DRILLING COMPANY

By: *Ramon Yates*
Attorney-in-Fact

MYCO INDUSTRIES, INC.

By: *Frank Hales Jr*
Attorney-in-Fact

LOS CHICOS

ABO PETROLEUM CORPORATION

By: *John A. Yates*
Attorney-in-Fact

JOHN A. YATES

ESTATE OF REGGY A. YATES

By: *S. P. Yates*

S. P. YATES

By: *S. P. Yates*

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

Exxon seeks your approval of the "Report of the Technical Committee for the Working Interest Owners" and the attached Addenda as the basis of all future negotiations regarding the proposed Unit. The Report, dated August 1992, includes two volumes: "VOLUME I - TEXT AND EXHIBITS" and "VOLUME II - MAPS AND CROSS SECTIONS." The Addenda include Items #1 through #5 described in the attachments.

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Approved: James F. Lohman Jr.

Title: Trustee

Representing: _____

Date: 4-19-93

Proposed Avalon (Delaware) Unit Ballot # 93-04-135

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Approved:

M. J. Linton

Title:

Reservoir Engineer

Representing:

Unit Petroleum Co. (ANPC)

Date:

April 1994

April 8, 1994

Meeting Notice

Avalon Field Owners:

The Avalon Field "Report of the Technical Committee for the Working Interest Owners", dated August, 1992 has been approved.

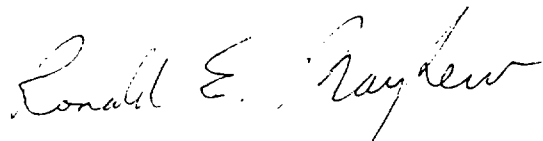
On April 26 we will host a meeting to distribute and review the proposed Avalon Field Unit Agreement (UA) and Unit Operating Agreement (UOA). It is important that you attend in that we will review the field unitization plans which include:

- Participation Formula & Percentages
- Current Development Plan
- UOA/UA

An agenda is provided as Attachment I. A subsequent meeting will be held 4 to 6 weeks later for you to review your written comments/suggested changes with the same group.

Please RSVP your plans to attend the April 26 meeting by returning Attachment II. A map to the meeting location is included as Attachment III. I look forward to meeting those of you who can attend. Should you have questions prior to meeting, feel free to call me at (915) 688-7841 or Gil Beuhler (915) 688-7849.

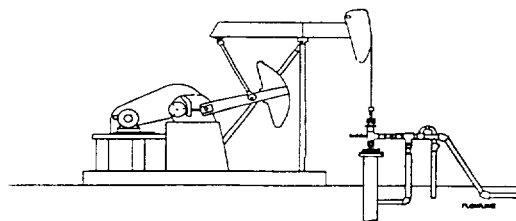
Sincerely,

A handwritten signature in cursive script that reads "Ronald E. Mayhew".

Ronald E. Mayhew
Avalon Project Manager

REM/nh
Attachments

Attachment I: Meeting Agenda



Topic: Proposed Avalon Field Unit

Date: Tuesday, April 26, 1994

Location: Exxon Building PC #4 Training Room, 3300 N. A St. Midland, Tx

Purpose: Provide potential Working Interest Owners of the Avalon Unit with a recommended Unit Agreement and Unit Operating Agreement

Desired Outcomes:

1. Attendees understand significant aspects of proposed Unit and how they affect the proposed agreements
2. Attendees understand what they will & will not be bound to by approving UA/UOA

Steps	Methods/Presenter	Min.	Time
Introduction	Welcome/ Ron Mayhew opens & Attendees introduce selves	5	10:00 am
Agenda Review	Ron Mayhew	5	10:05 am
Exxon Role & Interest	Ron Mayhew presents, group asks for clarifications	10	10:10 am
Overview of Proposed Project and Participation Formula	Gil Beuhler presents, group asks questions at end of each section	45	10:20 am
Unit Agreement	Joe Thomas presents, clarifying questions asked at end of each article	45	11:05 am
Lunch	Provided onsite	30	11:50 am
Unit Operating Agreement	Joe Thomas presents, clarifying questions asked at end of each article	90	12:20 pm
Current Development Plan/Ongoing Optimization	Gil Beuhler presents, group asks questions	20	1:50 pm
Next Steps/Meeting; Exxon Contacts	Ron Mayhew presents	15	2:10 pm
Adjourn			2:25 pm

Avalon Field Unitization

- **Purpose**
 - Provide potential W I Os with recommended Unit Agreement (UA) and Unit Operating Agreement (UOA)
- **Desired Outcomes**
 - Understand significant aspects of proposed Unit and how they affect the agreements
 - Understand what will & will not be bound to by approving UA/UOA



Attachment II: RSVP for Avalon Meeting

Mail to:

Ron Mayhew, EOR Projects Manager
Exxon Co., USA, ML#4
P.O. Box 3116
Midland, Tx 79702-3116

or Express Mail to:

Building CDA #245
23 Desta Drive
Midland, Tx 79705

or Fax to: (915) 688-7847

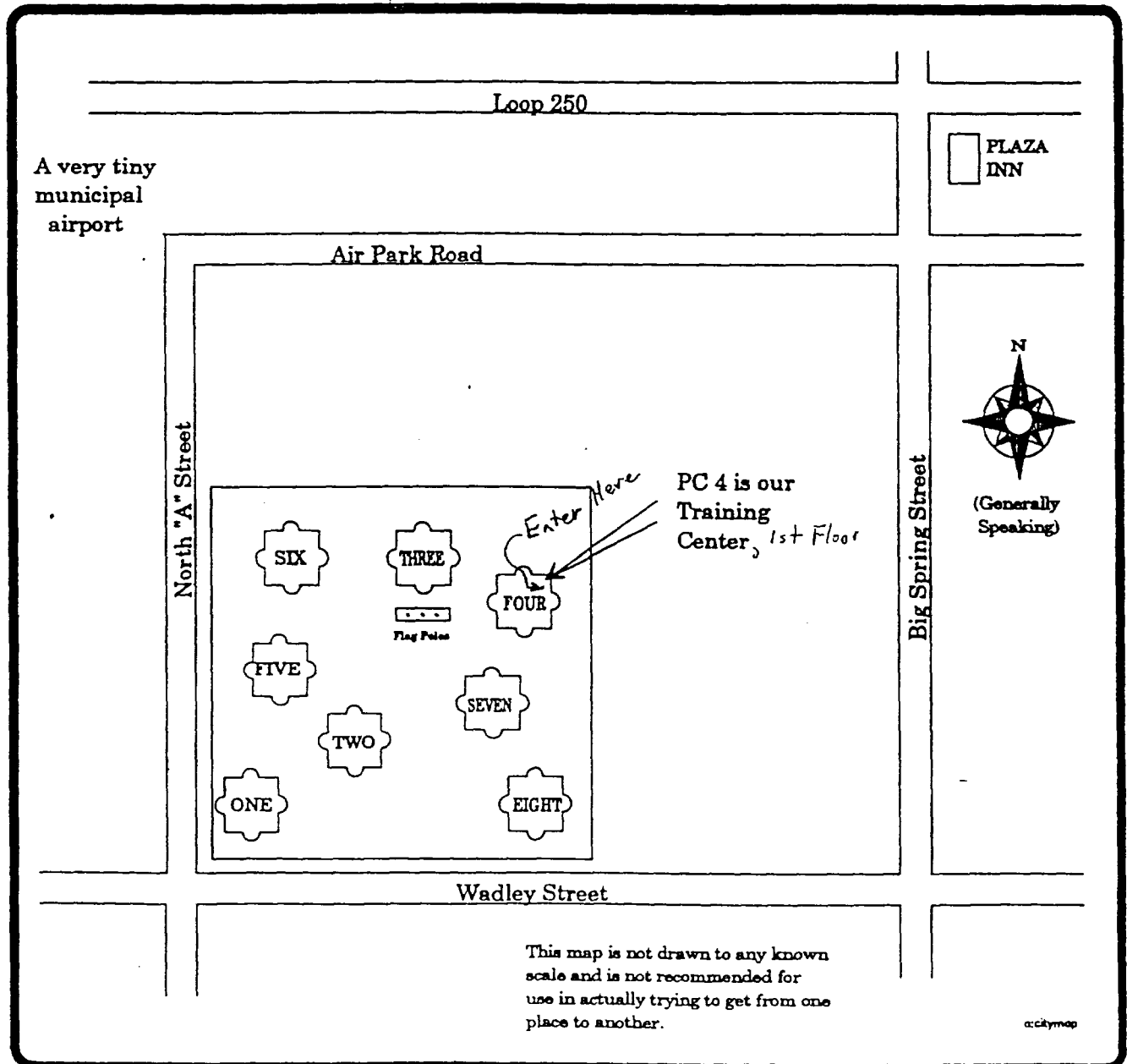
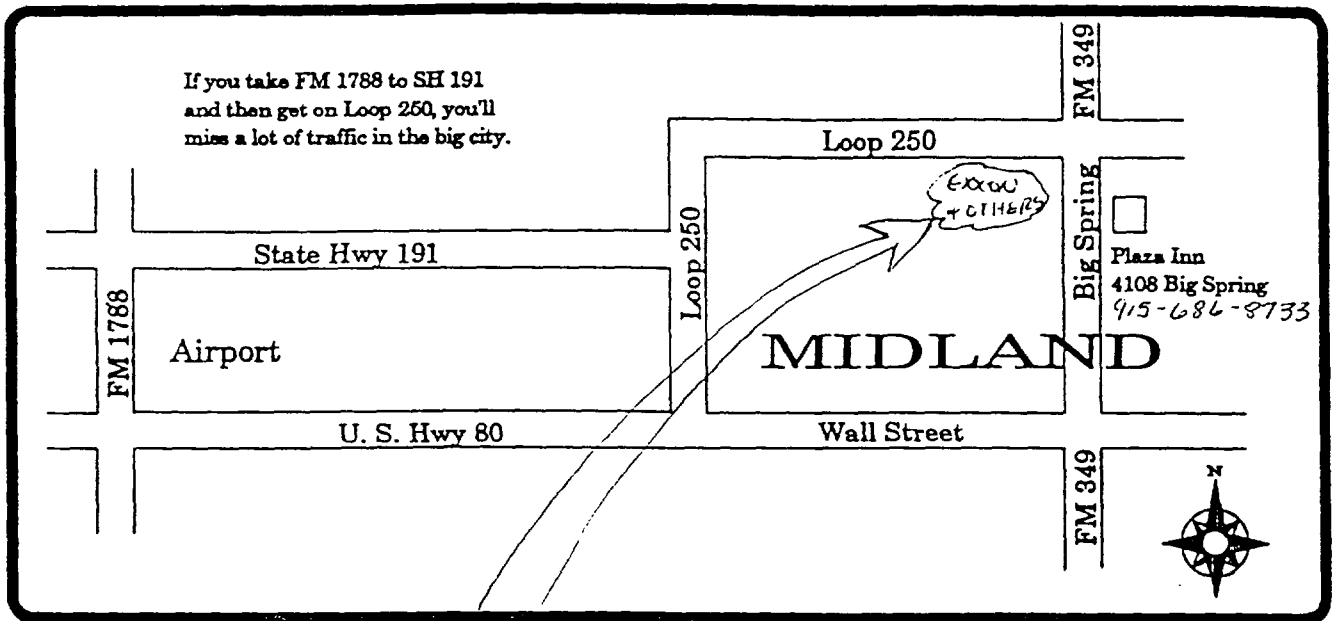
Check one box below and return to Ron Mayhew:

- ☐ We will have ____ persons attending. Provide any dietary concerns we need to address: _____
- ☐ We will not have anyone attending the April meeting, but plan to attend the subsequent meeting.
- ☐ We will not attend either meeting.
- ☐ Please mail me a copy of the 2 volume Technical Report, Avalon Field "*Report of the Technical Committee for the Working Interest Owners*", dated August, 1992

Contact Person: _____
phone: _____
fax: _____

Company Name & Address:

ATTACHMENT III



Avalon Field Unitization

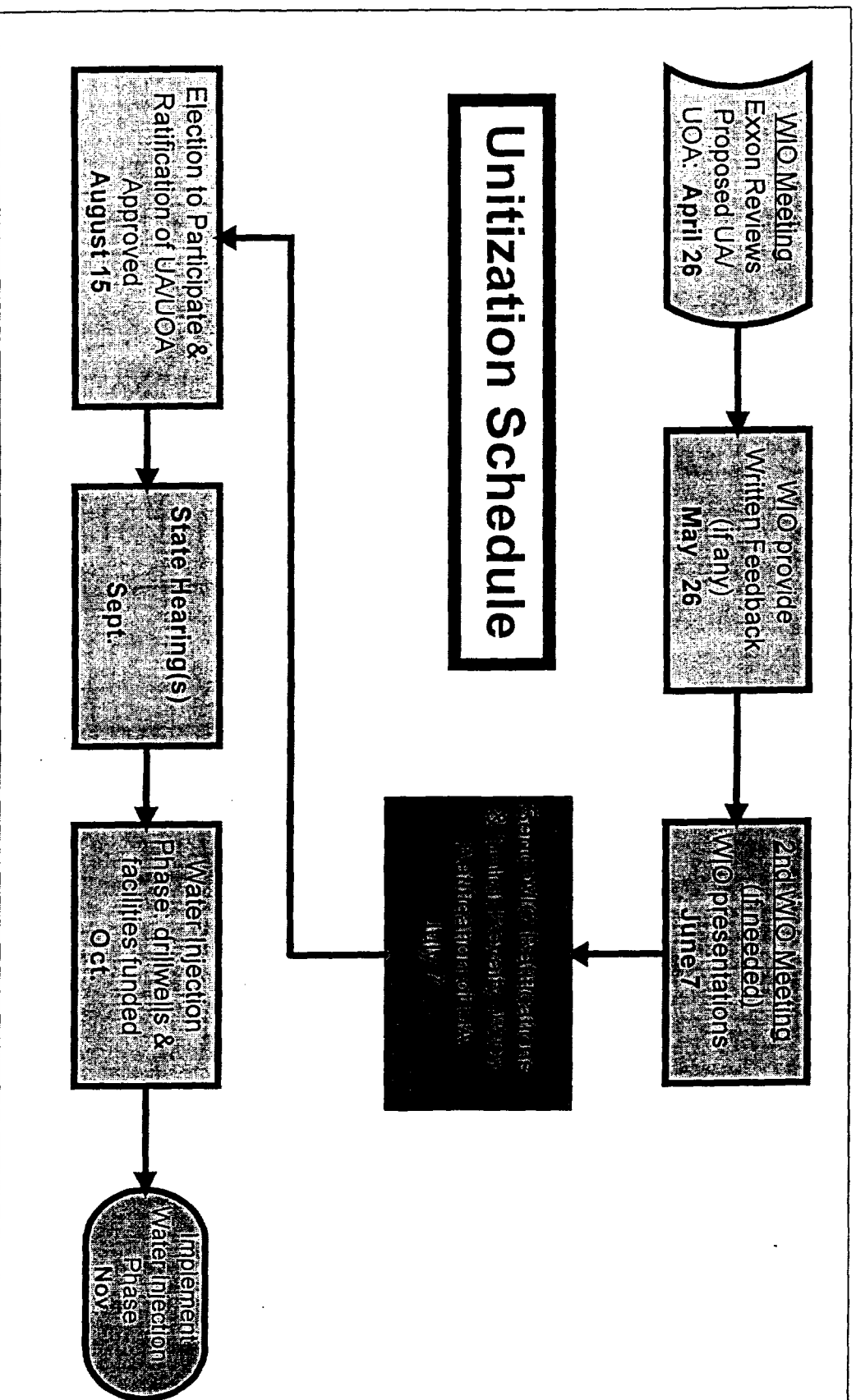
- **Exxon Role**
 - Reservoir Management & Profitability
 - Technical Analysis (Exxon & MIOs)
 - Understand & Address MIO Needs
- **Project Manager Role**
 - Coordinate Unitization Activities
 - Focal Point for Water Injection & CO₂ Phases of Project
 - Project Profitability
 - Endorse Project Design Basis (test need vs. traditional)

Avalon Field Unitization

- **Exxon Commitment**
 - Prize is CO₂ Project
 - » CO₂ Recoverable Reserves
 - » Water Injection Phase Carries Itself
 - Manpower & Funds Expended
- **Exxon Funding & Implementation Ability**
 - 1994 \$ available
 - Future years pace depends on attractiveness and Water Injection Phase performance

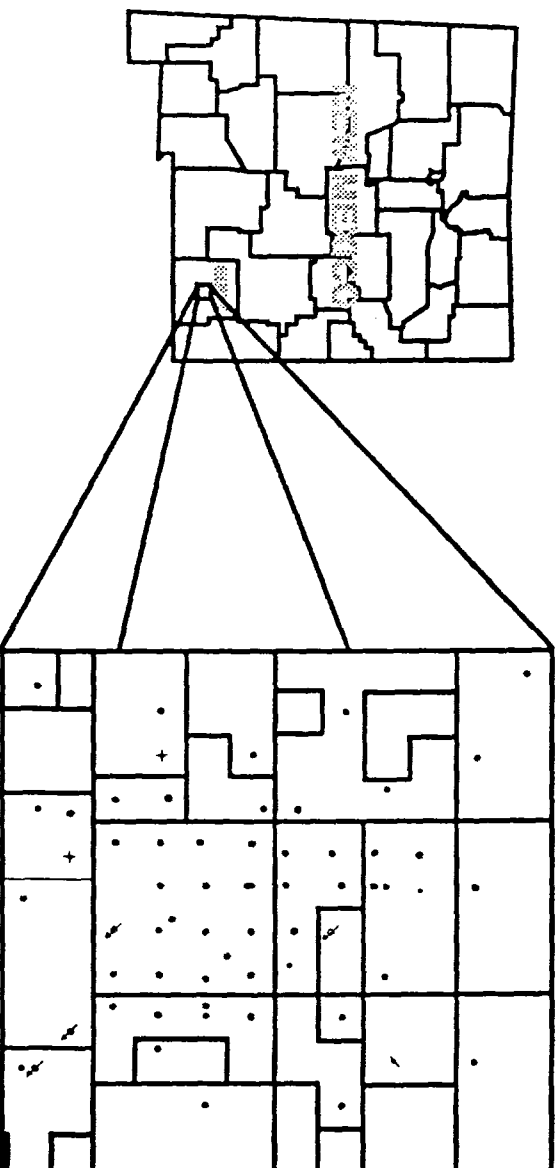


Avalon Field Unitization



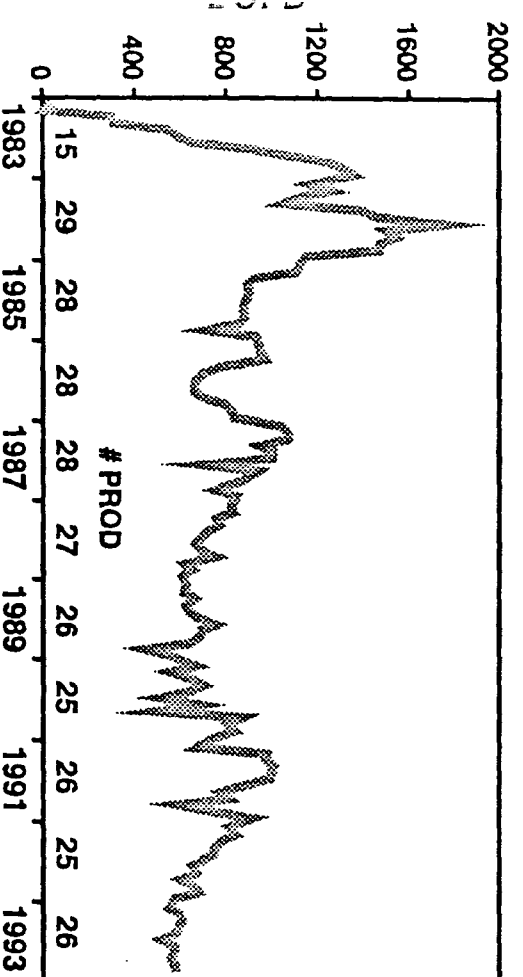
Unitization Schedule

AVALON (DELAWARE) PROJECT FIELD SUMMARY



1100 ACRES PRIMARY PRODUCTIVE ACREAGE
26 ACTIVE PRODUCERS
4 ACTIVE INJECTORS/SWD

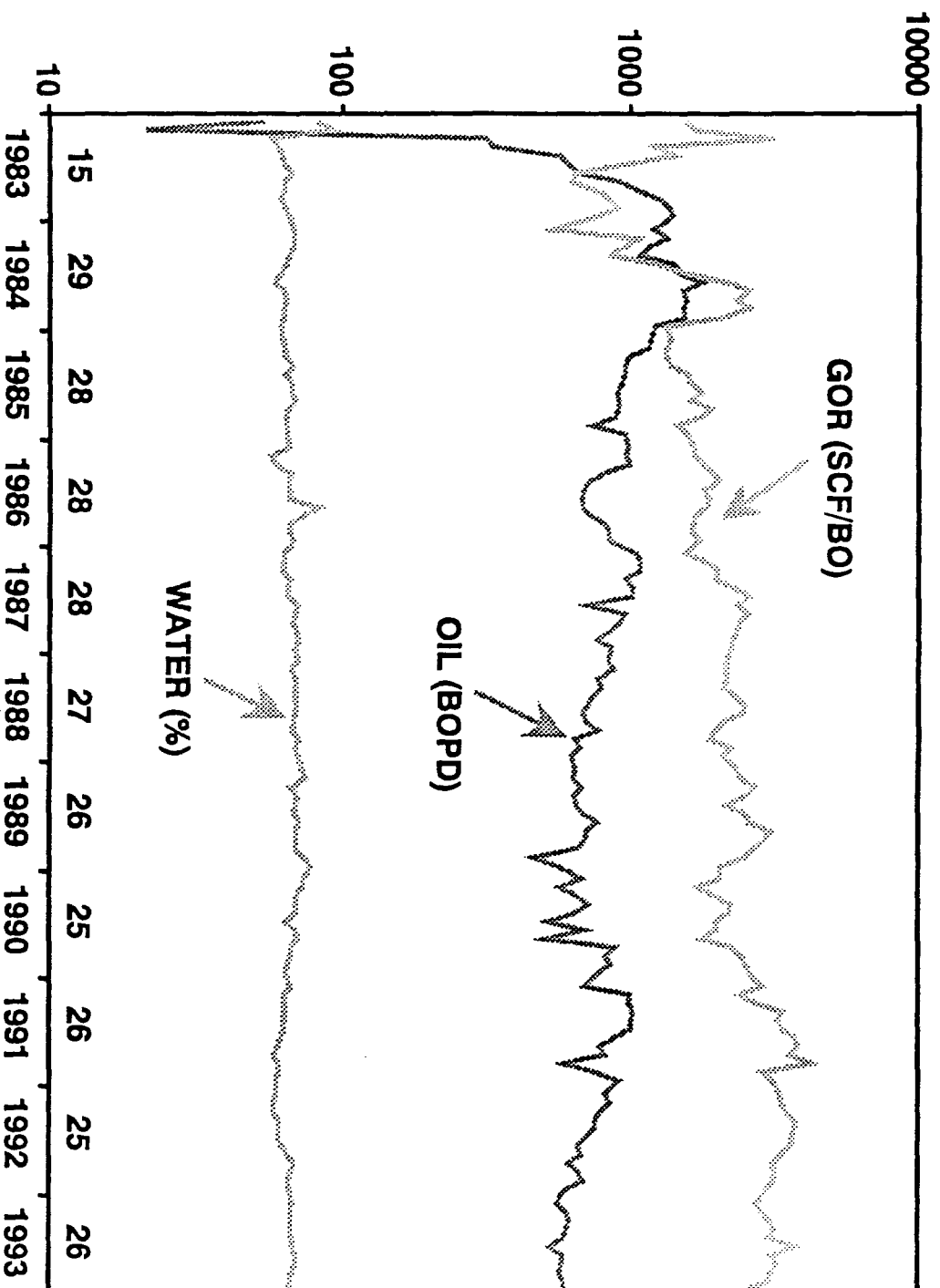
• DELAWARE WELLS



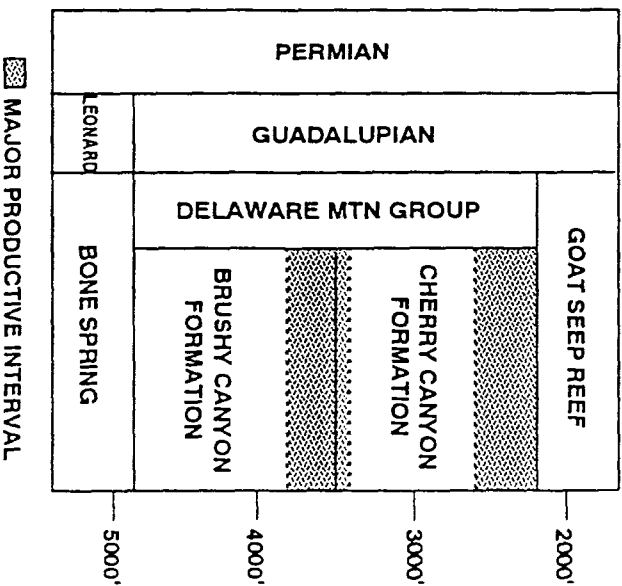
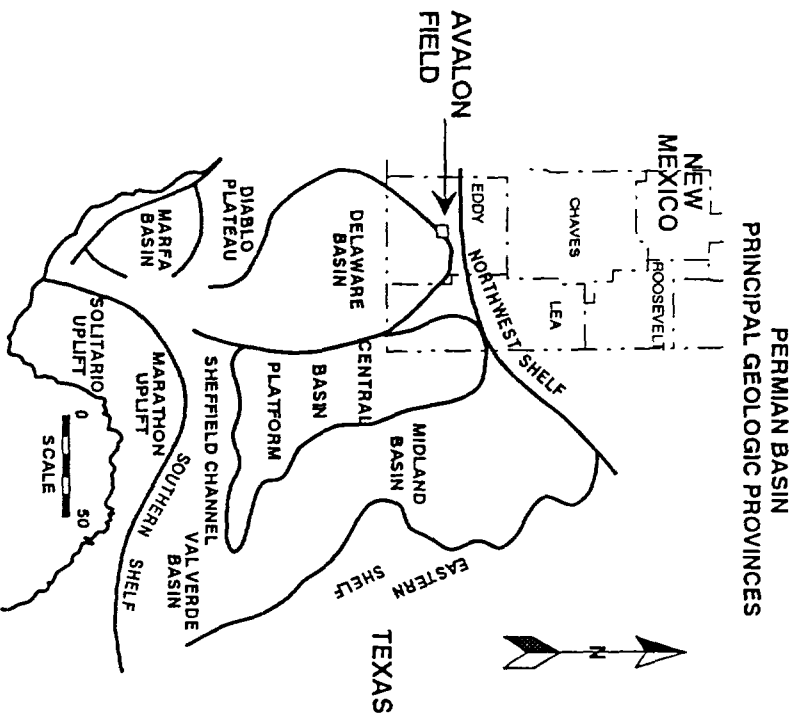
DEVELOPMENT HISTORY

1978: FIRST DELAWARE PRODUCTION IN AREA
1982: PRODUCTION FROM MAJOR PRODUCTIVE HORIZONS BEGINS
1983: FIELD DEVELOPED ON 40-ACRE SPACING
1990: FIRST 20-ACRE WELL DRILLED
1994: CUMULATIVE PRODUCTION 3.3 MBO

AVALON (DELAWARE) FIELD PAST PRODUCTION

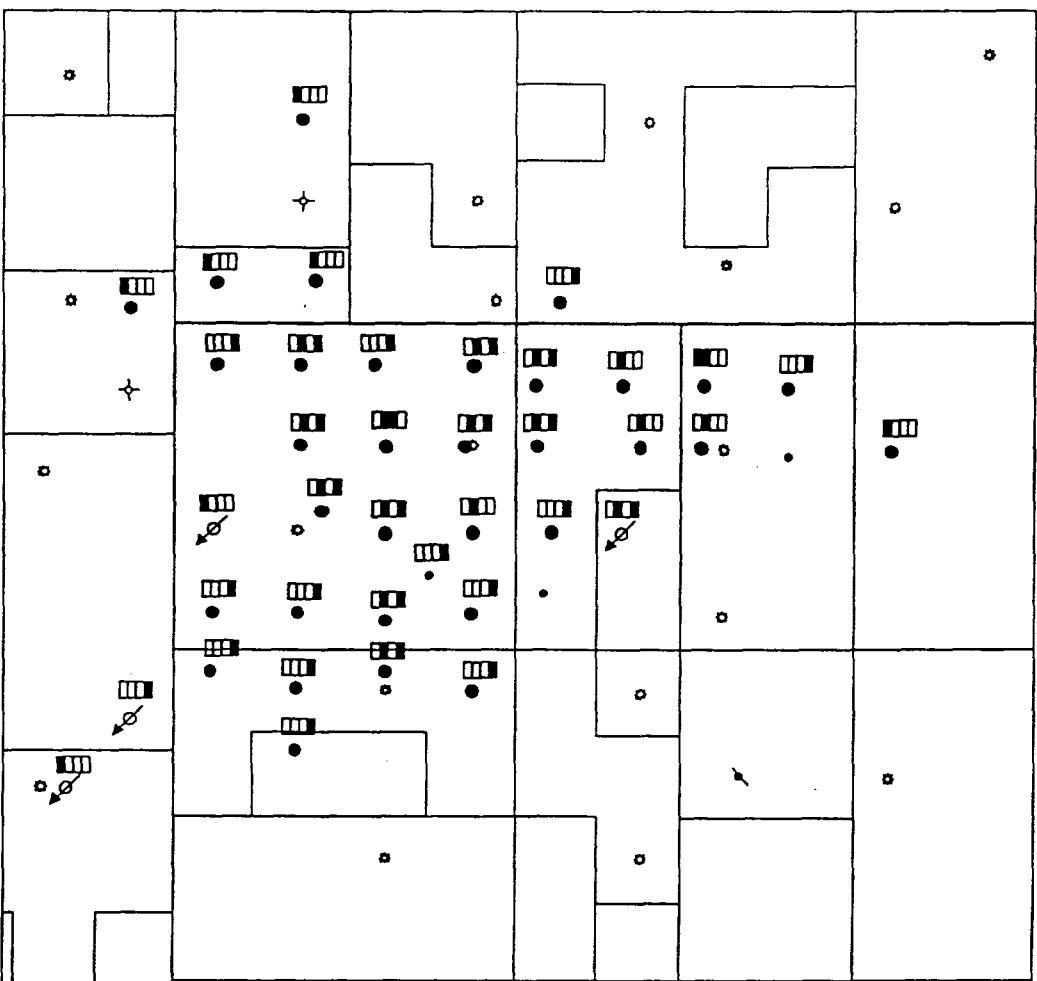


AVALON EOR PROJECT GEOLOGIC OVERVIEW

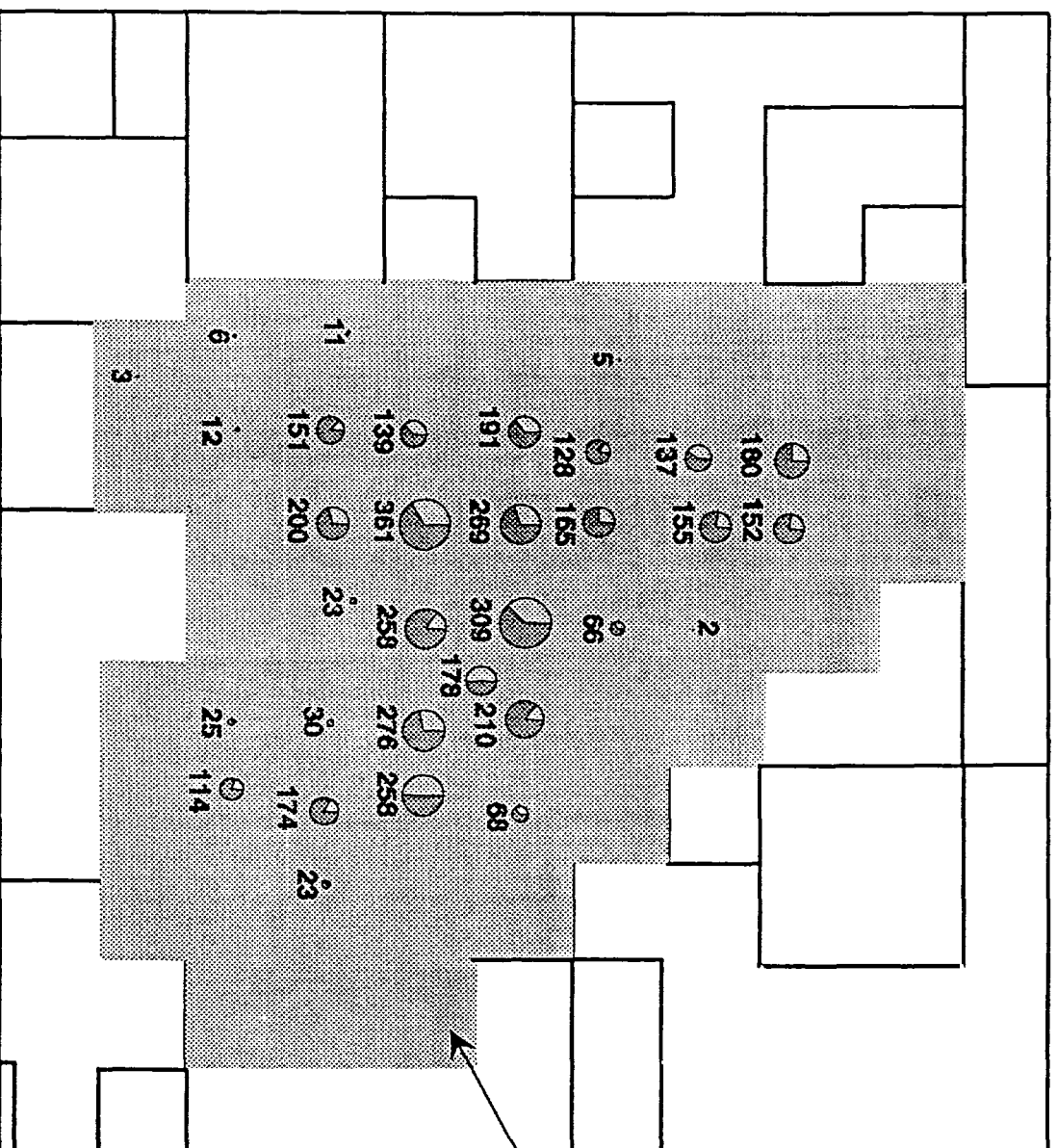


Reservoir Description			
Producing Formation	Upper Cherry Canyon	Upper Brushy Canyon	
Depth	2600 ft	3500 ft	
Reservoir Lithologies	Sand	Sand & Siltstone	
Net Thickness (PAY)	132 ft	158 ft	
Average ϕ	14.4%	14.8%	
Average K	2.3 md	1.1 md	

AVALON (DELAWARE) FIELD COMPLETION ZONES



AVALON (DELAWARE) FIELD PRODUCTION MAP



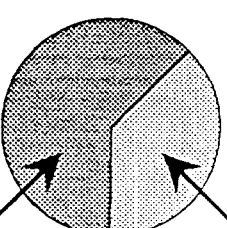
PROPOSED UNIT AREA



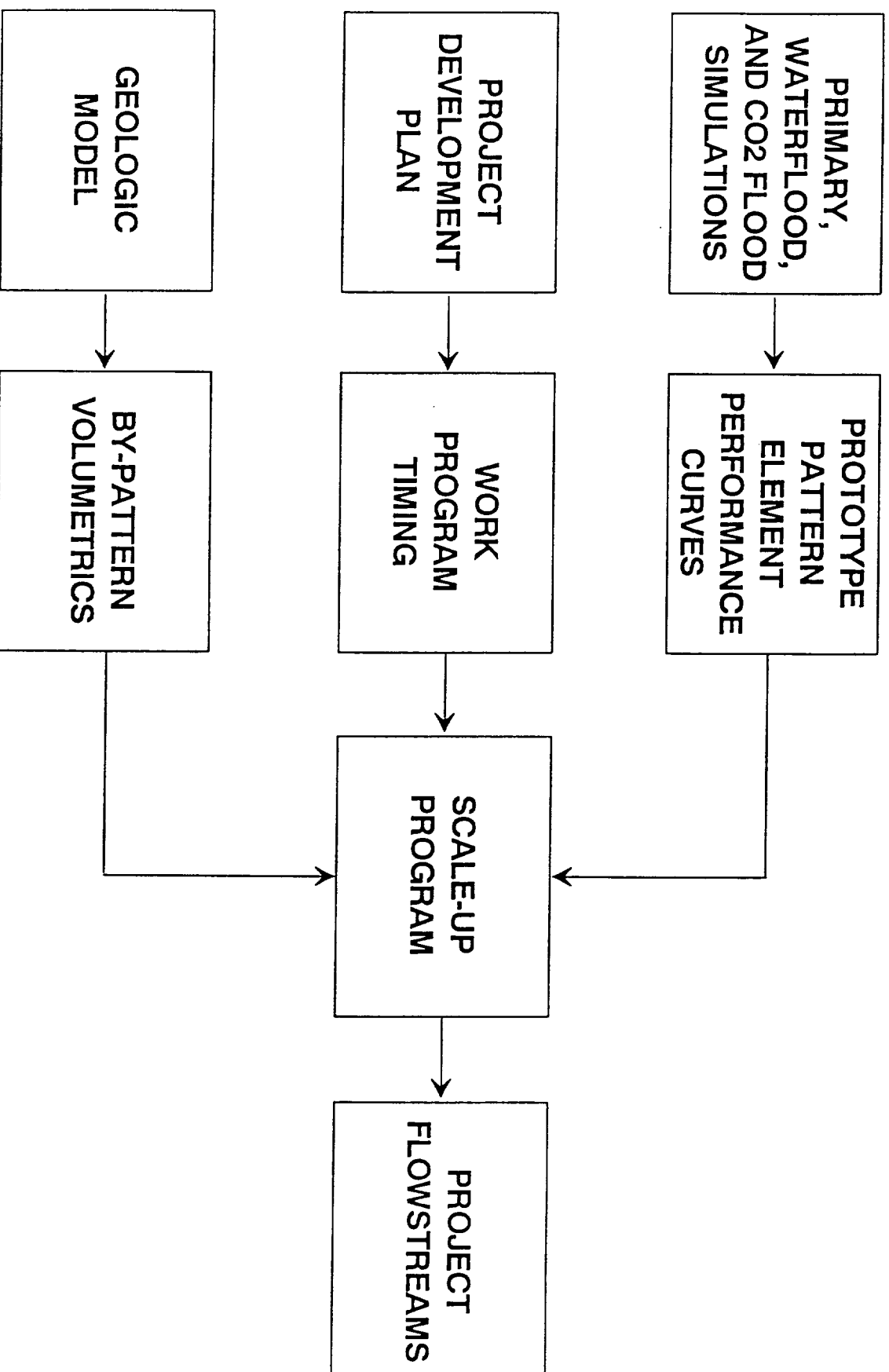
Primary EUR (KBO)

Cumulative (KBO)

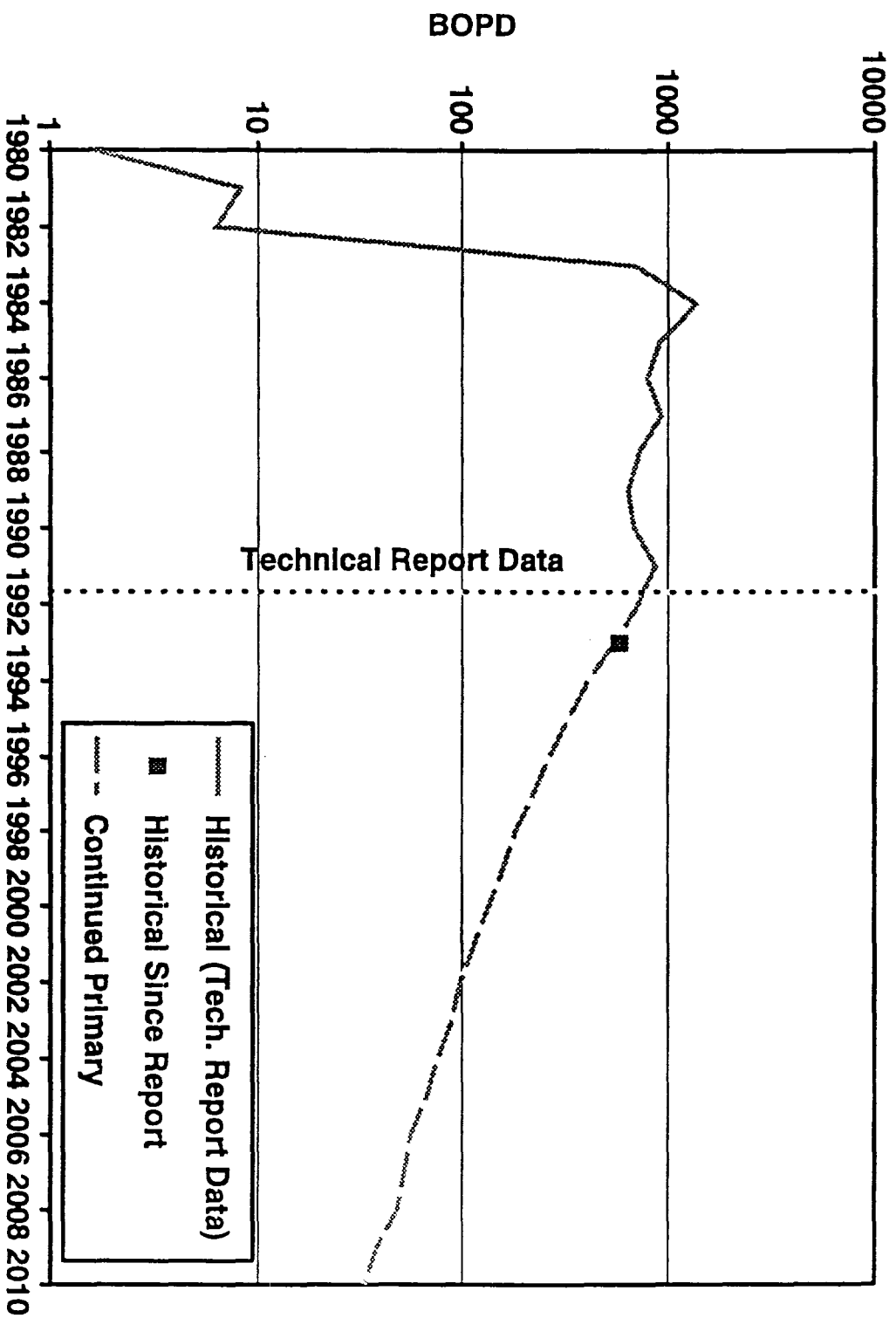
Primary RUR (KBO)



PROJECT FLOWSTREAM METHODOLOGY

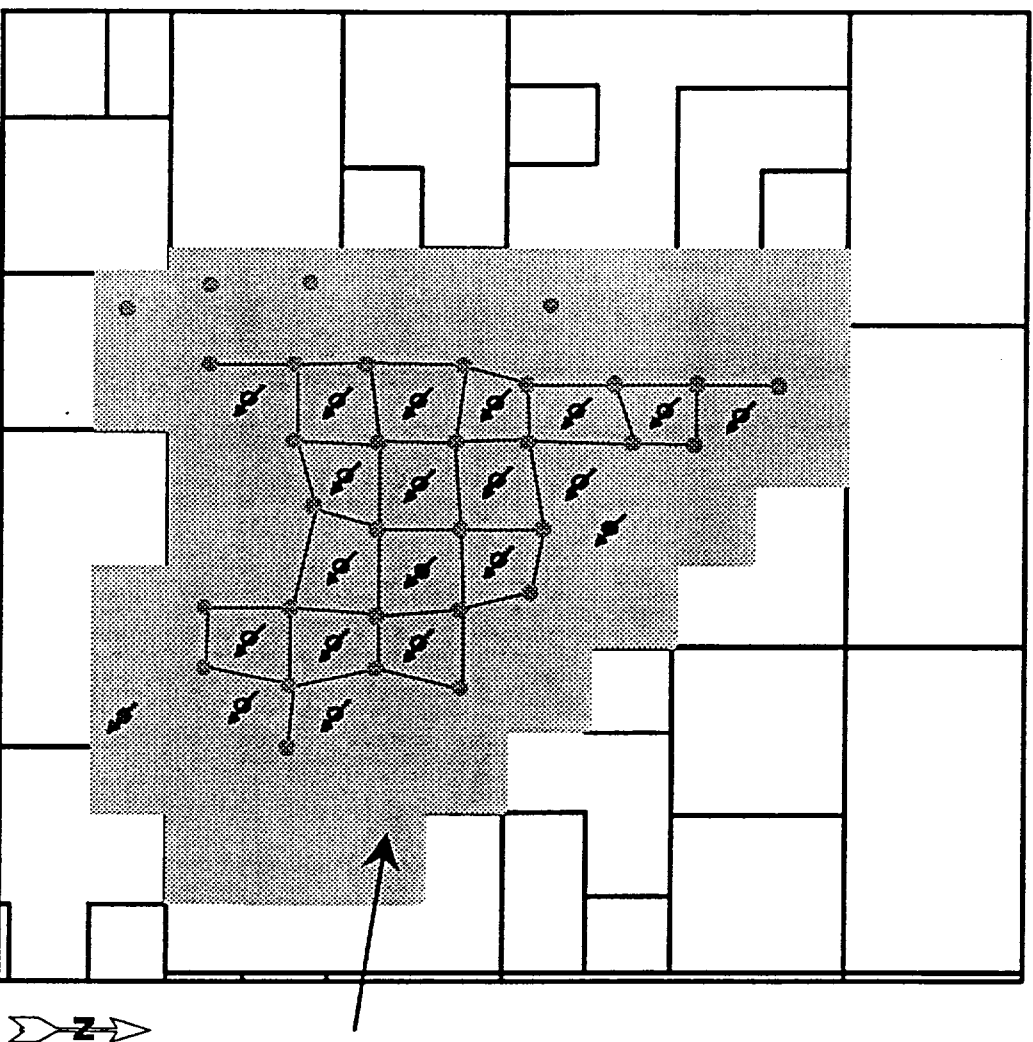


AVALON (DELAWARE) FIELD CONTINUED OPERATIONS



AVALON (DELAWARE) FIELD





WATER INJECTION PHASE DEVELOPMENT



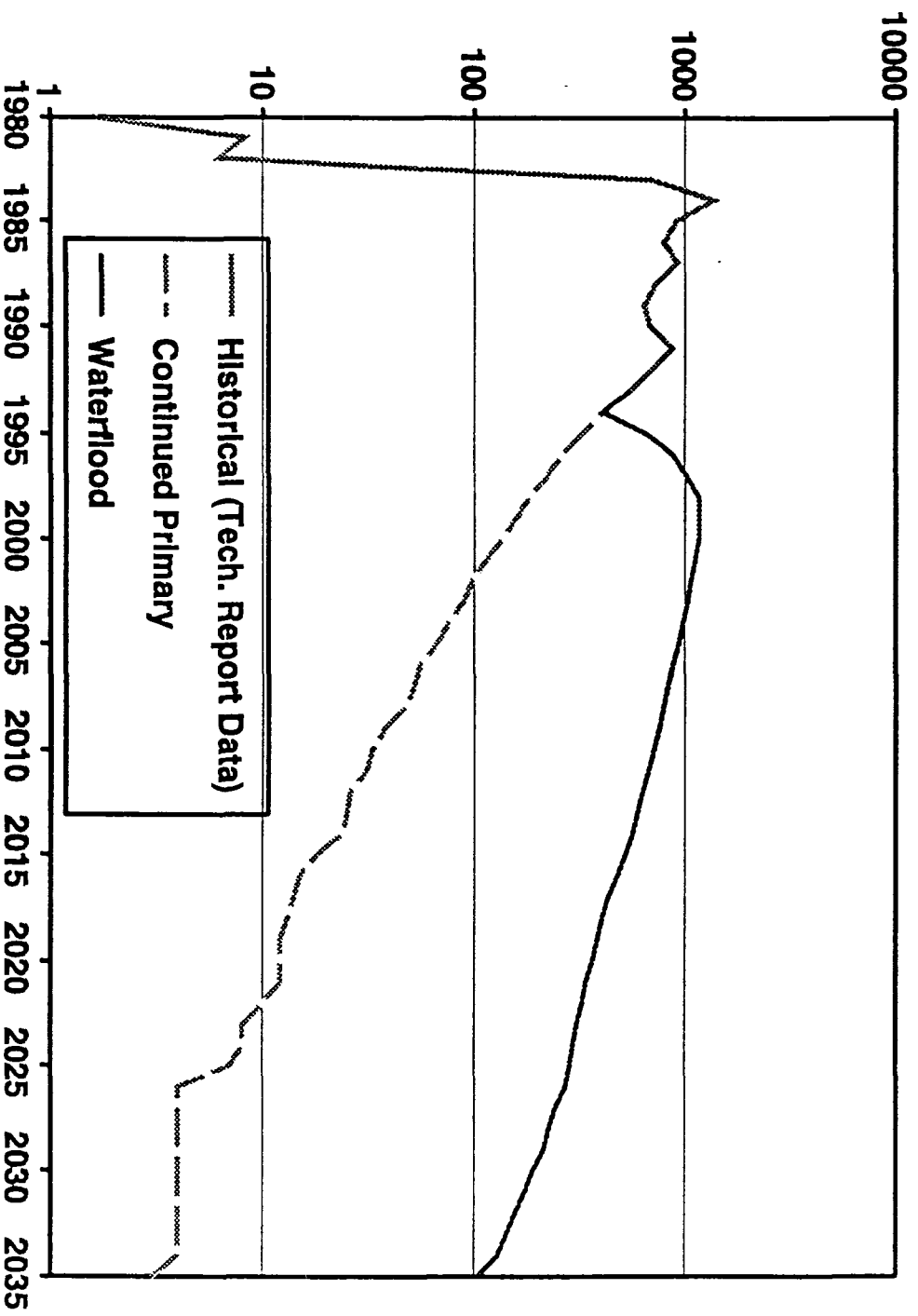
PROPOSED UNIT AREA

DEVELOPMENT SUMMARY

- START 4Q94
- 18 INJECTOR DRILLWELLS
- \$12M GROSS INVESTMENT
- 8 MBO GROSS RESERVES

WELL SYMBOL LEGEND	
	OIL WELL
	OIL WELL (PROPOSED)
	INJECTOR
	INJECTOR (PROPOSED)

AVALON (DELAWARE) FIELD WATERFLOOD vs CONTINUED PRIMARY

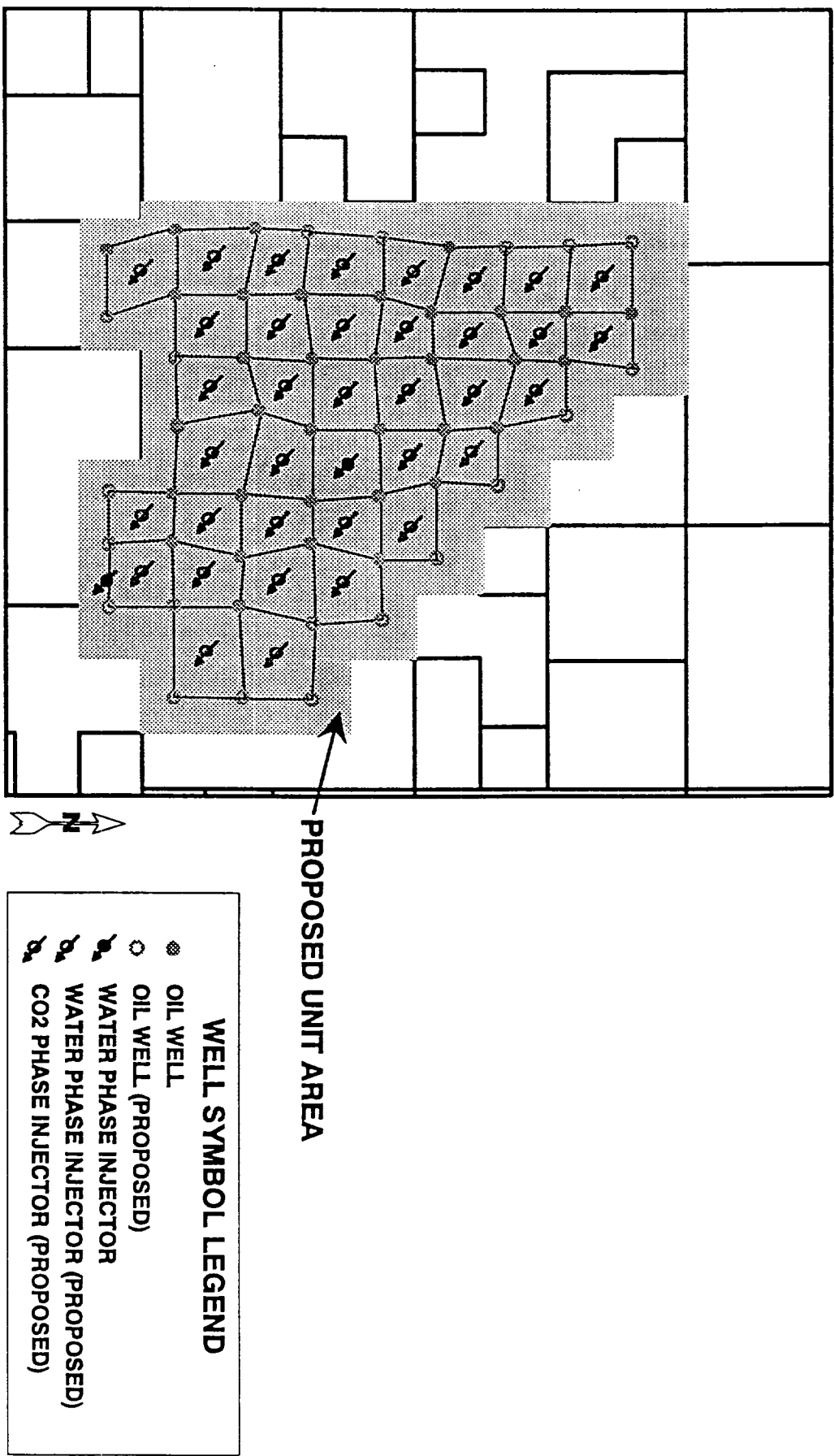


AVALON PROJECT RESERVES SUMMARY

CASE	EFFECTIVE OOIP (MBO)	EUR		Δ EUR	
		(MBO)	(% OOIP)	(MBO)	(% OOIP)
CONTINUED PRIMARY	86 ⁽¹⁾	4.2	4.9	4.2	4.9
WATERFLOOD	80 ⁽²⁾	12.4 ⁽³⁾	15.5	8.2	10.3
CO2 FLOOD	171	52.3	30.6	39.9	23.3

- (1) HISTORY MATCH OOIP
- (2) FLOOD-AFFECTED AREAS
- (3) INCLUDES WORKOVER RESERVES

AVALON (DELAWARE) FIELD CO2 INJECTION PHASE DEVELOPMENT



AVALON (DELAWARE) FIELD TRACT MAP

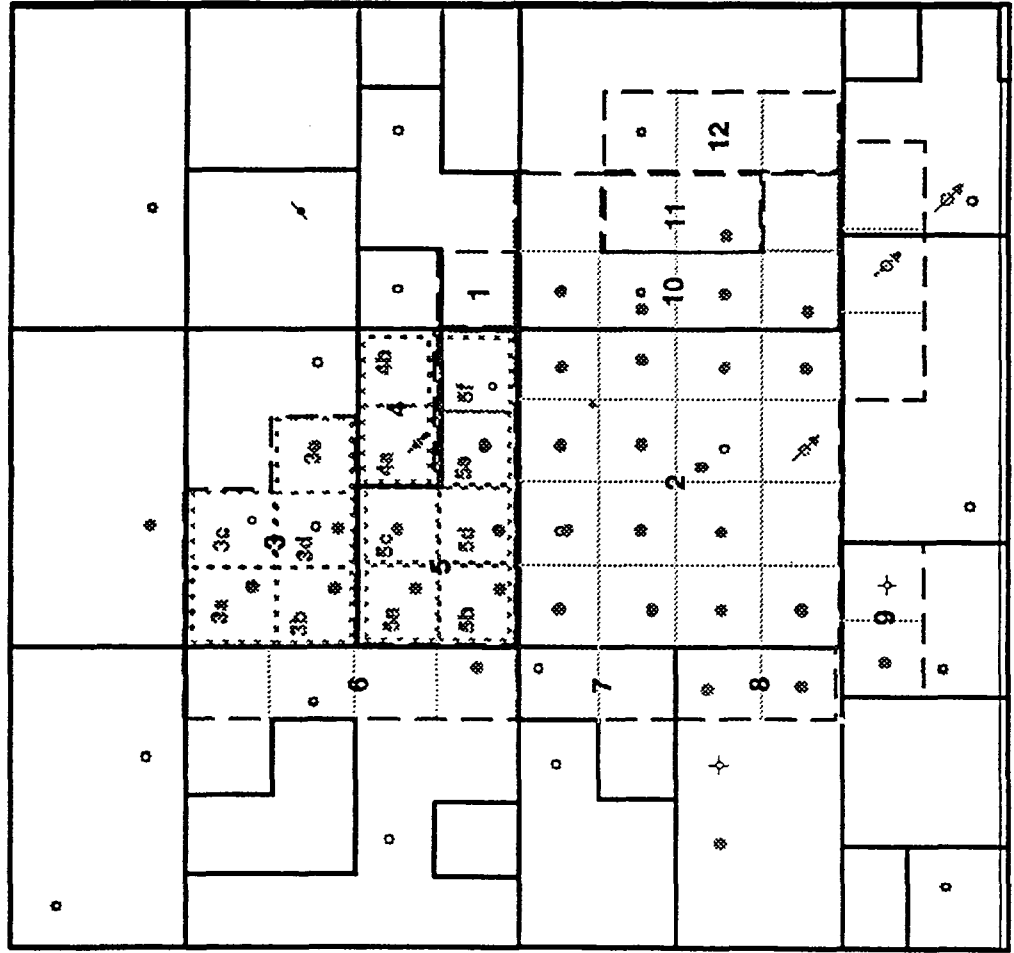


EXHIBIT "D"
RESERVES BY TRACT

TRACT	REMAINING PRIMARY RESERVES	WATERFLOOD RESERVES	TERTIARY RESERVES
1	0.00	0.00	203.90
2	741.80	4,368.20	18,995.00
3-A	0.00	345.10	530.60
3-B	43.40	403.60	1,693.00
3-C	0.00	0.80	446.70
3-D	33.40	373.30	1,045.90
3-E	0.00	0.00	362.50
4-A	0.00	0.00	852.50
4-B	0.00	0.00	247.40
5-A	53.40	368.10	1,425.90
5-B	19.30	174.50	1,189.70
5-C	33.80	741.50	2,177.20
5-D	40.30	698.40	2,009.30
5-E	20.20	157.50	966.20
5-F	0.00	69.30	481.00
6	0.00	0.00	1,626.00
7	0.00	0.00	427.60
8	0.70	0.00	165.80
9	0.00	0.00	444.30
10	202.80	499.40	3,350.90
11	3.10	69.70	1,050.50
12	0.00	0.00	191.10
TOTAL	1,192.20	8,269.40	39,883.00

RESERVE DATA
UNITS ARE THOUSAND OF BARRELS

It is understood and agreed that the above numbers are estimates that were utilized in determining Tract Participation for the Unit; they do not constitute any representation as to the amount of oil that may actually be recovered by each tract or by the unit as a whole.

PARTICIPATION CONCERNS/SOLUTIONS

Summary:

- Two Phase
- Phase Change by Vote
- Participation Based on Weighted Reserves

ITEM	TYPICAL CONDITIONS	CONDITIONS AT AVALON	CONCERN	SOLUTION
Economic Uncertainty	Project approved & implemented up front	Future implementation of tertiary project	Oil prices have major impact on viability of future tertiary project	Use two phases
Project Life	10-40 Years	40-60 Years	Present worth of future production less than near term production	Use reserve weighting factors that incorporate timing of production
Production Costs	WF costs only	Tertiary & WF costs	Tertiary expense/BOPD higher than for waterflood	Use reserve weighting factors that incorporate production costs

AVALON (DELAWARE) FIELD
TRACT PARTICIPATION FORMULA

$$\text{PARTICIPATION} = C \cdot \frac{A}{B} + F \cdot \frac{D}{E} + I \cdot \frac{G}{H}$$

(Pri)

(Sec)

(Tert)

Where:

- A = Tract's remaining primary reserves as of 1/1/93; see Exhibit D
- B = Total remaining primary reserves as of 1/1/93 = 1192.2 MBO
- C = Primary reserve weighting factor; see table below
- D = Tract's waterflood reserves; see Exhibit D
- E = Total waterflood reserves = 8269.4 MBO
- F = Waterflood reserve weighting factor; see table below
- G = Tract's tertiary reserves; see Exhibit D
- H = Total tertiary reserves = 39883.0 MBO
- I = Tertiary reserve weighting factor; see table below

Where:

	Phase 1	Phase 2
C	62.4312%	23.4552%
F	37.5688%	20.6375%
I	0	55.9073%

AVALON (DELAWARE) FIELD WEIGHTING FACTORS FOR TRACT PARTICIPATION FORMULA

Phase 1:

Define:	
C_1	$= \frac{\left[\begin{array}{l} \text{Total Remaining} \\ \text{Primary Reserves} \\ \text{at Phase 1 start;} \\ \text{assume 1-1-94} \end{array} \right] * \left[\begin{array}{l} \text{Primary Case} \\ \text{PVP @ 20\%} \\ \hline \text{Primary Reserves} \\ \text{Used in Economics} \end{array} \right]}$
	$= 986.6 \text{ KBO} * \$8\text{M}/1187.4 \text{ KBO}$
	$= \$6.647128\text{M}$
F_1	$= \text{Waterflood Case PVP @ 20\%}$
	$= \$4\text{M}$
Then:	
C	$= C_1 / (C_1 + F_1) = 62.4312\%$
F	$= F_1 / (C_1 + F_1) = 37.5688\%$

AVALON (DELAWARE) FIELD WEIGHTING FACTORS FOR TRACT PARTICIPATION FORMULA

Phase 2:

Define:			
C_2	=	<div> <div>Total Remaining Primary Reserves at Phase 2 start; assume 1-1-97</div> <div> <div>Primary Case PVP @ 20%</div> <div>Primary Reserves Used in Economics</div> </div> </div>	*
	=	622.7 KBO	* \$8M/1187.4 KBO
	=	\$4.195385M	
F_2	=	<div> <div>Total Remaining Waterflood Reserves at Phase 2 start; assume 1-1-97</div> <div> <div>Waterflood Case PVP @ 20%</div> <div>Waterflood Reserves Used in Economics</div> </div> </div>	*
	=	7631.3 KBO	* \$4M/8269.3 KBO
	=	\$3.691389M	
I_2	=	Tertiary Case PVP @ 20%	
	=	\$10M	
Then:			
C	=	$C_2 / (C_2 + F_2 + I_2) = 23.4552\%$	
F	=	$F_2 / (C_2 + F_2 + I_2) = 20.6375\%$	
I	=	$I_2 / (C_2 + F_2 + I_2) = 55.9073\%$	

EXHIBIT "C"
SCHEDULE OF TRACT PARTICIPATION

TRACT	PHASE 1 PARTICIPATION	PHASE 2 PARTICIPATION
1	0.000000	0.285823
2	58.690598	52.122430
3-A	1.567828	1.605034
3-B	4.106300	4.234308
3-C	0.003634	0.628173
3-D	3.444980	3.054857
3-E	0.000000	0.508146
4-A	0.000000	1.195020
4-B	0.000000	0.346801
5-A	4.468684	3.968035
5-B	1.803444	2.482897
5-C	5.138700	5.567460
5-D	5.283274	5.352419
5-E	1.773341	2.144879
5-F	0.314838	0.847206
6	0.000000	2.279299
7	0.000000	0.599402
8	0.036656	0.246187
9	0.000000	0.622812
10	12.888732	9.933423
11	0.478991	1.707508
12	0.000000	0.267881
TOTAL	100.000000	100.000000

PHASE PARTICIPATIONS BY WIO GROUP

WIO GROUP*	PHASE 1 PERCENTAGE	PHASE 2 PERCENTAGE
ANPC	4.833638	5.481625
Chevron	0.522045	1.260513
Claremont	0.211755	0.239281
Devon	0.635433	0.720320
Exxon	79.718394	72.529551
Hayes	0.000000	0.023017
Hudson	3.388077	3.828488
Kerr-McGee	0.204154	0.230691
McCall	0.000000	0.000194
Merit	0.000000	0.622812
Moore	0.000000	0.000078
MWJ	0.451003	0.663202
Oliver	0.000000	0.000048
Oxy	0.000000	0.339883
Premier	0.000000	2.279299
Redfern	0.099094	0.111975
Redfern, John	0.099094	0.111975
SSC	0.000000	0.004465
TROil	0.000000	0.002333
Yates	9.837315	11.550251
	100.000000	100.000000

*Individual owner participation given in Exhibit "E"

AVALON ECONOMIC SUMMARY
(EXHIBIT H-5)

WORKING INTEREST = 100%
NET INTEREST = 87.5%

CASE#	CASE DESCRIPTION (1)	GROSS INVESTMENT (M\$)		NET		ROR (%)	PAYOUT (YRS)	PRESENT VALUE PROFIT (M\$)					CASE#
		1992\$	AS SPENT \$	RESERVES (MBO)	-----								
					0%			5%	10%	15%	20%		

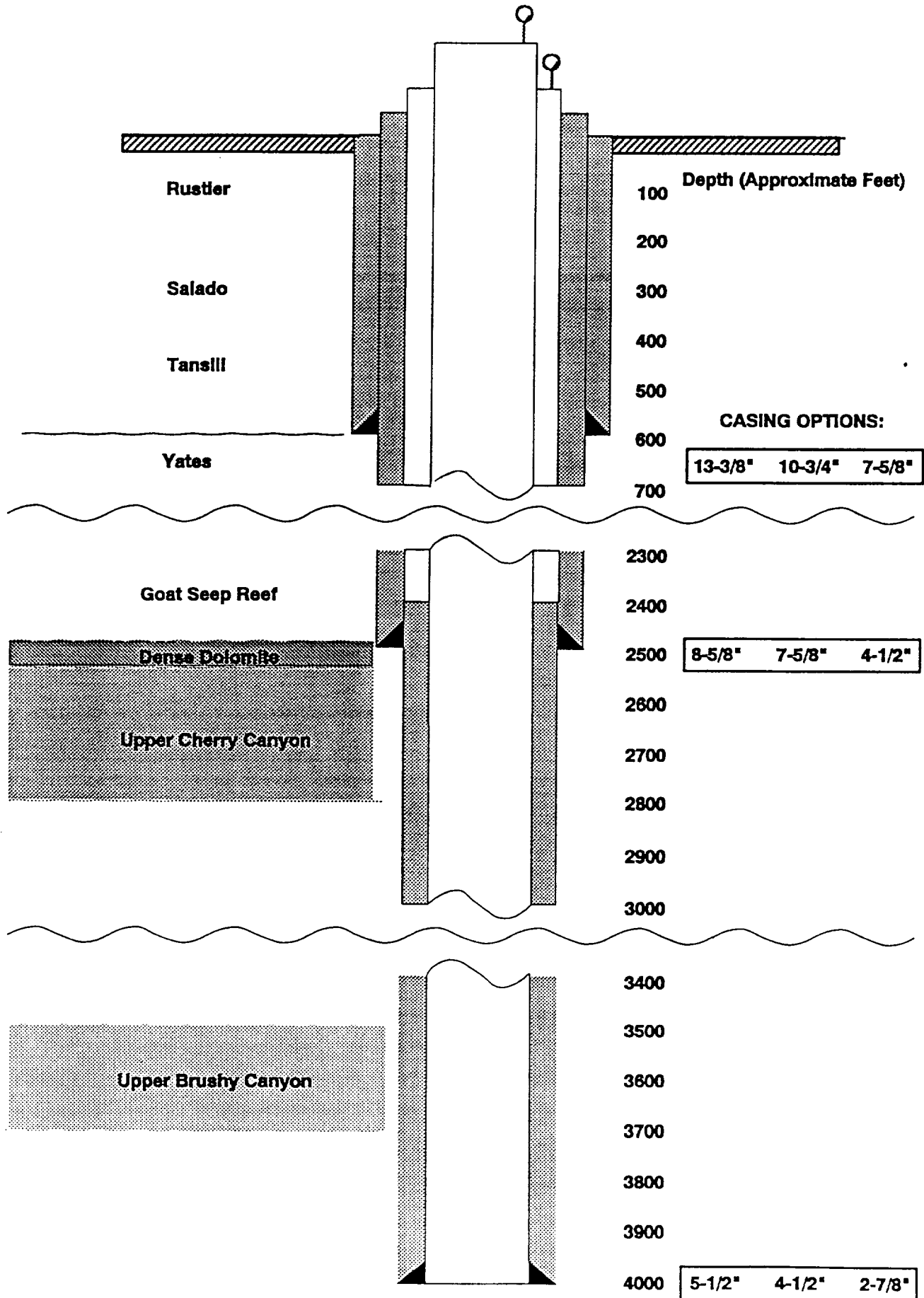
BASE CASES:													
1	FOR PROJECT	84.2	102.7	42.2	25%	9.6		2,157	434	134	47	14	1
2	FOR PROJECT (INCREMENTAL OVER WF)	61.0	77.9	34.9	25%	-		1,927	364	106	35	10	2
PRICING SENSITIVITIES:													
3	OIL PRICE UP \$2 (\$23/BO)	84.2	102.7	42.2	27%	9.3		2,457		155		20	3
4	OIL PRICE DOWN \$2 (\$19/BO)	84.2	102.7	42.2	23%	10.0		1,857		113		8	4
5	FLAT PRICING (NO REAL GROWTH)	84.2	102.7	42.2	23%	9.9		1,177		99		8	5
6	CO2 PRICE UP \$0.25 (\$1.25/KCF)	84.2	102.7	42.2	24%	9.9		2,135		128		11	6
7	CO2 PRICE DOWN \$0.25 (\$0.75/KCF)	84.2	102.7	42.2	26%	9.4		2,179		140		17	7
8	INVESTMENTS UP 10%	92.7	113.0	42.2	23%	9.9		2,151		130		11	8
9	INVESTMENTS DOWN 10%	75.8	92.4	42.2	26%	9.4		2,163		139		18	9
PRODUCTION SENSITIVITIES:													
10	PRIMARY ONLY	0.2	0.2	1.0	>100%	-		17	13	11	9	8	10
11	WATERFLOOD	23.3	24.7	7.2	24%	5.9		230	70	28	12	4	11
12	HIGHER OIL SATURATION (+3% So)	84.2	102.7	50.6	30%	8.7		2,805		182		30	12
13	LOWER OIL SATURATION (-6% So)	84.2	102.7	25.8	17%	11.5		908		58		(9)	13
14	HIGHER INJECTIVITY (+40%)	91.0	111.1	43.7	29%	8.6		1,527		159		28	14
15	LOWER INJECTIVITY (-30%)	79.2	96.4	39.4	21%	10.8		2,667		107		3	15
16	HIGHER SLUG SIZE (.6 HCPV)	84.2	102.7	42.2	25%	9.6		2,200		131		13	16
17	LOWER SLUG SIZE (.4 HCPV)	84.2	102.7	38.3	24%	9.6		1,812		122		13	17

(1) UNLESS NOTED, ECONOMICS ARE INCREMENTAL OVER PRIMARY

INVESTMENT OPTIMIZATION IN PROGRESS

CATEGORY	INVESTMENTS (M\$)		COMMENTS
	TECH. REPORT	CURRENT	
Drilling	9.0	6.3	4-1/2" casing (vs. 5-1/2"); 19 wells (vs. 20); no CRA
Production Facilities	7.4	0.2	No CPF
Injection Facilities	5.8	4.0	Using mostly surplus equipment
Workover	0.9	1.0	13 add pays; 1 conversion
Artificial Lift	0.3	0.3	5 upgrades
Other	0.2	0.1	Formulation evaluation
Total	23.6	11.9	

Avalon EOR Project Proposed Drillwell



ECONOMIC OPTIMIZATION IN PROGRESS

CASE	ROR	CHANGE
Technical Report (WF)	24%	---
New Pricing	13%	\$21/BO @ 6% Escal. --> \$15/BO @ 4% Escal. (@ Startup)
Investments	24%	\$24M --> \$12M
Updated Timing	24%	10/92 Startup --> 10/94 Startup (Unit Approval)
CO2	18%	Not completely optimized for new pricing

Avalon Field Unitization

- **Next Meeting Proposed Agenda**
 - Significant issues (if any) provided Exxon in writing 1 week in advance of meeting
 - Review UA/UOA significant issues (if any)
 - » WIOs Present Suggested UA & UOA changes that have significant financial impact
 - » Group discusses, comments, & offers solutions
 - Provide any legal input on wording if time permits. Lawyers can coordinate in future.
- **Next Meeting Date (June 7 ; ??)**
 - WIO presentations on UA/UOA revisions if needed
- **Critique**

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

April 28, 1994

June 3rd Meeting Notice
Avalon Field, Eddy Co., N. M.

Avalon Field Owners:

On April 26 we reviewed the proposed Unit Agreement (UA) and Unit Operating Agreement (UOA) for the Avalon Field. An attendance list is included as Attachment I. This review included:

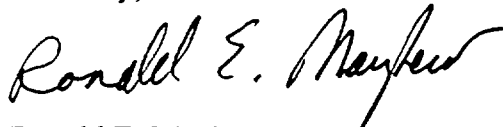
- Project Overview
- Participation Formula & Percentages
- Current Development Plan
- UOA/UA documents (enclosed)
- Effects of lower investments and current oil prices

A subsequent meeting will be held at 10 a.m. Friday, June 3 in the same conference room (Exxon PC-4 Building, Midland, Tx) to discuss your written comments/suggested changes to the UA and UOA to the Working Interest Owners (WIO). We ask that written comments or marked up copies be provided me by May 26. Your lawyers should discuss any legal/wording issues with Scott Lansdown ((915) 688-4982) in advance of the June 3 meeting.

We anticipate the ballots to ratify the UA/UOA and the election to participate in the unit will be mailed to you for approval in July.

Please RSVP (Attachment II) only if you plan to attend. I look forward to seeing those of you who can attend. Should you have questions, feel free to call me at (915) 688-7841 or Gil Beuhler (915) 688-7849.

Sincerely,



Ronald E. Mayhew
Avalon Project Manager

wio429/REM/nh
Attachments I, II, & UA/UOA

Attachment I: Avalon WIO Meeting April 26, 1994

**Meeting
Purpose**

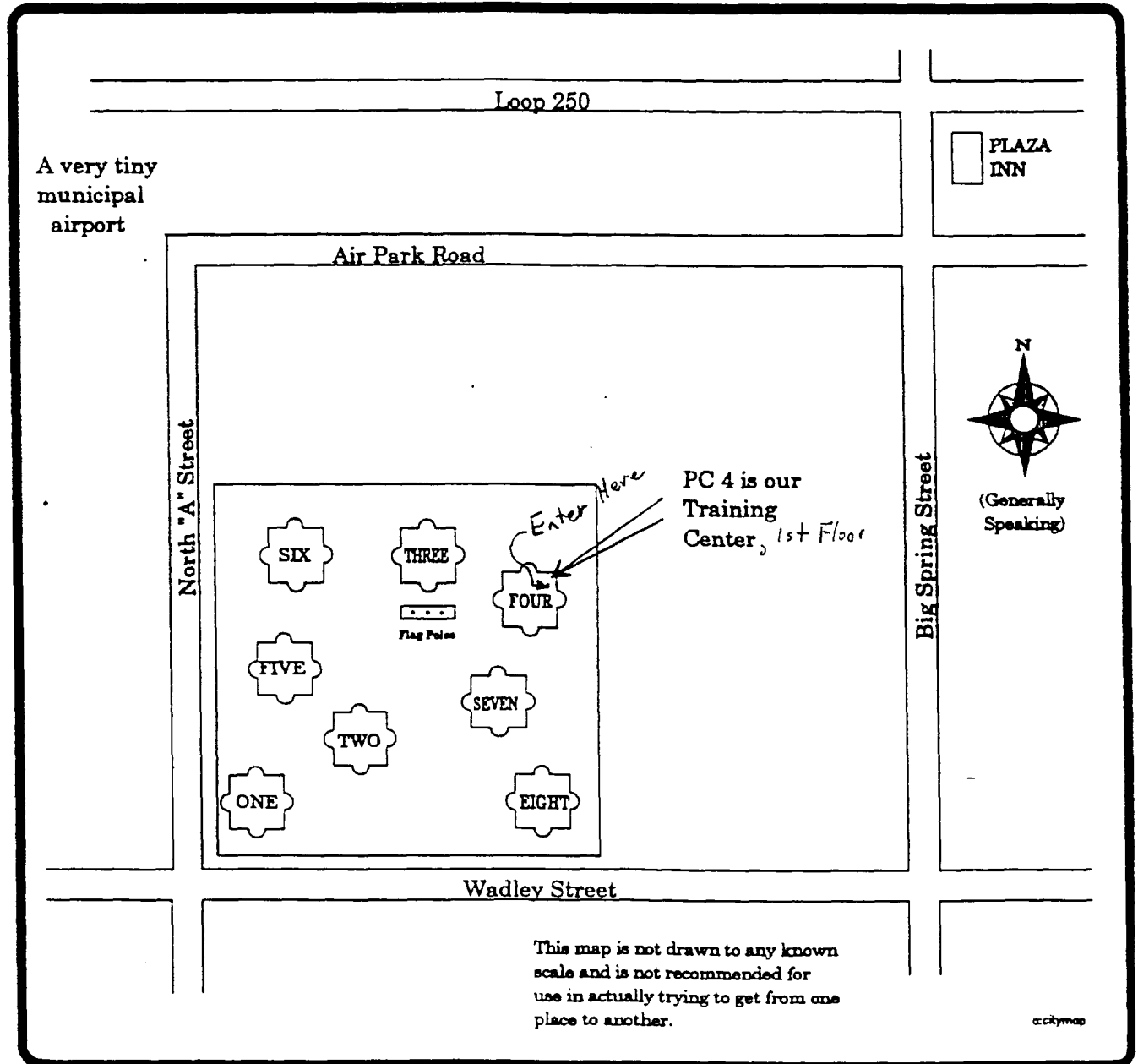
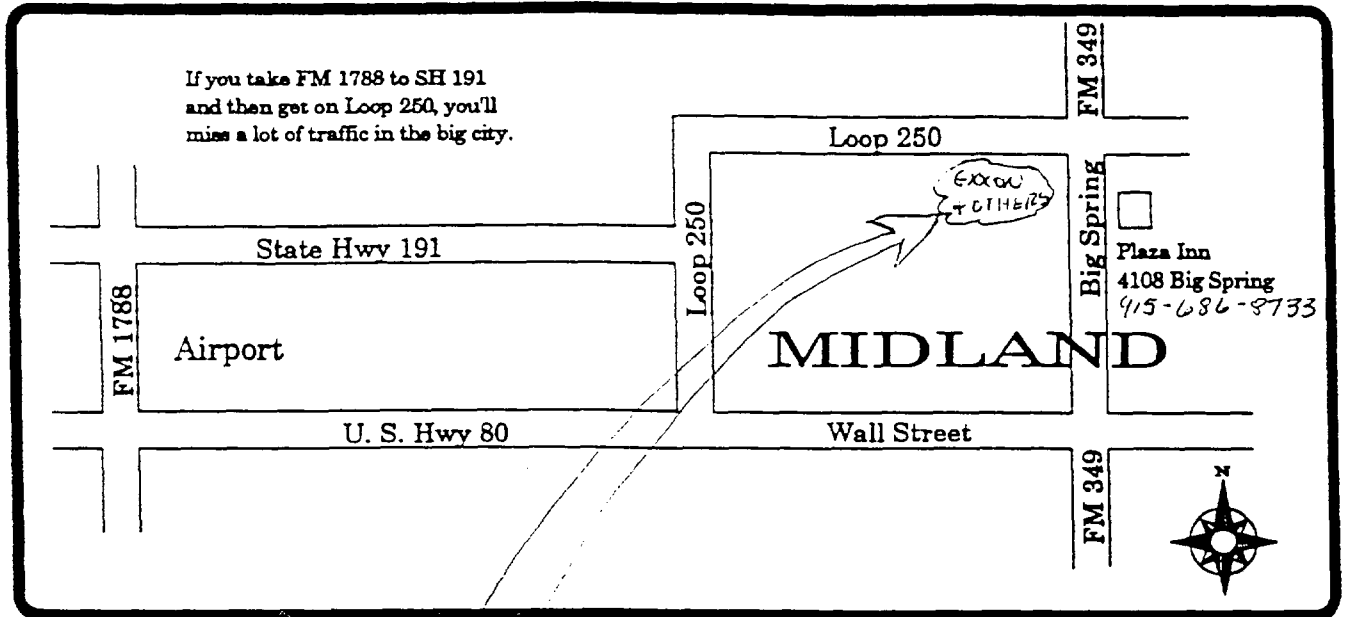
Provide potential Working Interest Owners of the Avalon (New Mexico) Unit with a recommended Unit Agreement and Unit Operating Agreement

Attendees

The following persons attended this WIO Meeting.

Person	Company	Position	phone/fax
Ron Mayhew	Exxon	Project Mgr.	915-688-7841/7847
Gil Beuhler	Exxon	Reservoir Engr.	915-688-7849/7847
Joe Thomas	Exxon	Landman	915-688-7162
Tom Kane	Exxon	Geologist	
Scott Lansdown	Exxon	Law	915-688-4982/4989
Larry Long	Exxon	Reservoir Engr.	
Bill Duncan	Exxon	Regulatory Affairs	
Donna Bauer	Exxon	Regulatory Affairs	
Greg Fisher	Exxon	Accounting Supr.	
Dave Boneau	Yates Petroleum	Reservoir Supr.	505-748-1471/4585
Bob Fant	Yates Petroleum	Reservoir Engr.	505-748-4185/4816
Janet Richardson	Yates Petroleum	Landman	505-748-1471
Rosalie Jones	Premier	Owner	505-748-2093
Ken Jones	Premier	Owner	214-386-6200
Paul White	Premier	Consultant	505-746-9507
Barbara Lalicker	Penzoil	Reservoir Engr.	713-546-4240/4261
Bob Hodge	MWJ Producing	Land Mgr.	915-682-5216
Bill Hayworth	American National Petroleum (ANPC)	Engr. Mgr.	713-780-9494
M. Brad Bennett	Hayes Petroleum, L	owner	

ATTACHMENT III



This map is not drawn to any known scale and is not recommended for use in actually trying to get from one place to another.

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

June 2, 1994

June 17 Meeting Notice
Avalon Field, Eddy Co., NM

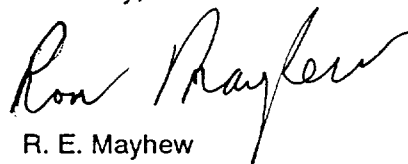
Avalon Field Owners

The June 3rd meeting to discuss your comments of the proposed Unit Agreement and Unit Operating Agreement has been rescheduled for Friday, June 17th. The meeting will be held in the same conference room as the April meeting.

Please RSVP, only if you plan to attend, by completing the statement below and faxing to me at (915) 688-7847 or call Nancee Hanks at (915) 688-7930.

I look forward to seeing those of you who can attend. Should you have any questions, feel free to call me at (915) 688-7841.

Sincerely,



R. E. Mayhew
Avalon Project Manager

NSH
.

Yes, we plan to attend the June 17th meeting. _____ (#) attending

Name _____ (Please print)

Company Name _____

Phone/Fax (915) 688-7847 _____

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND TEXAS 79702-1600

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

MDA	RECEIVED				EGA
RLA	SWDV MIDLAND				JLD
RKF	JUN 22 1994				LLM
PLK					KAN
DCR					JHT
JBT	PRODUCTION LAND				SHJ
HANDLE	CALL ME	SEE ME	CIRC	FILE	

June 20, 1994

June 17 Meeting Notes
Avalon Field, Eddy Co., N. M.

Avalon Field Owners:

On June 17 meeting attendees provided feedback on the proposed Unit Agreement (UA) and Unit Operating Agreement (UOA) for the Avalon Field. The following companies were represented:

- Exxon
- American National Petroleum
- Pennzoil
- Yates Petroleum
- MWJ Producing

Exxon Offices

The attached table, Avalon Working Interest Owners Meeting Summary, June 17, 1994, provides an overview of the issues discussed, the rationale behind positions, and plans for resolution. Additionally, letters commenting on the UA and UOA are enclosed. The issues identified to be high priority were:

Issue	Action
1. Participation Formula	Yates will propose a single phase formula prior to a future meeting.
2. Voting Percent	Exxon will entertain higher voting percentage requirements after equities are established.
3. Bidding Oil/CO ₂	Exxon will look into adding to agreements.

It is anticipated that a **Single Phase Formula** being developed by Yates Petroleum will be mailed to Working Interest Owners in mid-July. If you did not attend the June 17 meeting, but are interested in attending the next Working Interest Owner meeting please notify me (915) 688-7841 so I can inform you of the date and location.

We anticipate the ballots to ratify the UA/UOA and the election to participate in the unit will be mailed to you thereafter.

Sincerely,

Ronald E. Mayhew

Ronald E. Mayhew
Avalon Project Manager



American
National
Petroleum
Company

5847 San Felipe, Ste. 700
Houston, Texas 77057
P.O. Box 27725 (77227-7725)
(713) 780-8494
Fax: (713) 780-9254

June 15, 1994

R. E. Mayhew
CO2 Projects Coordinator
Exxon Company, U.S.A.
SW Division CDA #245
23 Desta Drive
Midland, Texas 79705

RE: Land and Engineering
Comments for Proposed
Avalon Unit, Eddy Co.
New Mexico

Dear Ron:

Please find attached comments and concerns pertaining to the proposed unit in general, the unit participation formula, the proposed Unit Agreement and proposed Unit Operating Agreement. After your review, please call if you want to discuss any issue. Mike Englert and I should be available to offer further clarification.

Again, I do apologize for the tardiness in returning our comments to you. As you and I have discussed, Patrick Petroleum Company i.e. ANPC, is for sale. The preparation of the data room has taken a significant amount of time away from day to day work.

Sincerely,
AMERICAN NATIONAL PETROLEUM CO.

Bill Hayworth
W. F. Hayworth
Engineering Manager

Attachments

cc: M. W. Englert

Engineering Problems & Comments1) Economic Viability

Utilizing an economic study (results presented on H-5 and H-6) with a minimum value of \$19.00 per escalated at 6% is not practical. Prior to moving forward we need to view more realistic pricing combined with the new estimated investment to verify the project viability.

Specific Problems:

- a) Pricing and escalation factor are out of line from reality
- b) Hudson Inc.'s comments indicate that some of their leases are burdened much heavier than the 87.5% estimated in Exxon's economics. This could significantly affect the economics.
- c) Base charges for LEES are double of other operators - need to specifically address in Unit Operating Agreement what fixed costs administrative/lease overhead costs will be included.
- e) Comparison of Net Forecasts (using 87.5%)

	Model Primary		Model Waterflood		Incremental	
	BOPD	BOPY	BOPD	BOPY	BOPD	BOPY
1993	550	200750	889	*324485	339	123735
1994	408	148920	1021	372665	613	223745
1995	325	118625	1121	409165	796	290540

* H-6 economics match this number

Estimated remaining primary as of 1/1/93 - 1192.2 BO

Estimated remaining primary as of 1/1/94 - 986.6 BO
DIFFERENCE 205,600 BO

Economics should have been run on incremental oil production

2) Participation Formula

- a) Formula has little or no basis when you review economic run
- b) PV of 20% is arbitrary and immaterial. Keeping all other values the same, but utilizing PV of 10%, C = 24.61% and F = 75.39% (compared to PV 20% values where C = 62.43% & F = 37.5688%).
- c) Phase 1 formula uses a 1/1/93 remaining reserves denominator (1192.2) while weighting factors use a 1/1/94 remaining reserves (986.6).
- d) Using output (Present worth values) data from economic runs which have inappropriate oil prices, incorrect investments and some of the other problems identified in 1 above yields

nothing but FUNNY numbers.

- e) ANPC believes that the participants in the proposed unit need to move toward more traditional methods to determine tract factors and unit participation.

3) Waterflood Response Time

Although Exxon's model seems to predict the primary performance of the reservoir, I question the 60% increase in dayrate production for 1993 in comparison to 1992. Particularly as it relates to the start of the economic run in October 1992. It seems that the Ford Geraldine Unit response was closer to a year before significant response production was observed. What is the estimated time of fillup and response given that the reservoir has had two additional years of depletion?

4) Linking CO2 Injection with Waterflooding

If it is economically feasible, ANPC is interested in unitizing the Avalon Field for the purpose of waterflooding. Although Exxon sees great merit in initiating a CO2 Flood in the short term, ANPC is more interested in implementing a successful waterflood and based on an early response, verifying its economic viability. At that time, proceed forward in the setup a CO2 flood, if oil prices appear stable and the project is economically feasible.

ANPC prefers to drop all references to a Phase II "CO2 Flood" in the current documents. ANPC is not against the concept but believes that each phase should be managed individually. Exxon's has partially taken this approach by not equipping the wells with CO2 resistant tubulars. Given that there are a limited number of working interest owners in the proposed unit and that the reservoir responds to waterflooding as predicted by the model, it should be relatively easy to move from a secondary unit to a tertiary unit.



**American
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5847 San Felipe, Ste. 700
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Fax: (713) 780-9254

June 15, 1994

Mr. Ron Mayhew
Exxon Company, U.S.A.
Southwest Division
P.O. Box 1600
Midland, Texas 79702-1600

Re: Unit and Unit Operating Agreements
Avalon (Delaware) Unit
Eddy County, New Mexico

Dear Ron:

Pursuant to your request, ANPC has reviewed the subject documents and have the following comments:

A. UNIT AGREEMENT:

1. Section 2., UNIT AREA AND DEFINITIONS.

- a. We ask that the location of the Exxon Yates "C" Federal #36 be verified as set forth in 2.(h).
- b. Phase 1 and Phase 2 should be defined.

2. Section 3., EXHIBITS.

- a. ANPC'S working interest needs an in-depth review and verification as ANPC's interest should now include the interest of Mrs. Francis B. Bunn as a result of a recent acquisition. We will contact your Land Department and discuss any necessary changes.

3. Section 4., EXPANSION AND CONTRACTION.

- a. "Contraction" of the unit is not specifically addressed even though the term is used.
- b. Since there are 53 separate Working Interest Owners, many of whom are grouped together, and Exxon owns 79.72% interest, we believe that voting rights and the overall approval process is critical. It is proposed that at least 50% of the Working Interest Owners owning not less than 85% should be required to approve expansions and/or contractions as well as certain other operational matters.
- c. It is proposed that no less than 50% of the Working Interest Owners owning not less than 85% interest be required to approve operational matters, including whether or not to approve or *not* approve of a Phase 2.

4. Section 11., PLAN OF OPERATIONS.

- a. Eighteen (18) months is an excessive amount of time to either commence operations or make a unilateral decision to terminate the project and agreement. It is proposed that this time frame be

Exxon Company U.S.A.
Avalon (Delaware) Unit

shortened to six (6) months.

5. Section 13., TRACT PARTICIPATION.

- a. ANPC's Engineering Department has *not* yet approved the Tract Participation formula and addresses this issue in its attached comments.

6. Section 15.B., EXCESS IMPUTED NEWLY DISCOVERED CRUDE OIL.

- a. This provision needs discussion.

7. Section 15.C., EXCESS IMPUTED STRIPPER CRUDE OIL.

- a. This provision needs discussion.

8. Section 15.D., TAKING UNITIZED SUBSTANCES IN KIND.

- a. It is proposed that the "Prevailing Market Price" in the area include a bid process.

9. Section 24., EFFECTIVE DATE AND TERM.

- a. It is proposed that no less than 50% of the Working Interest Owners owning not less than 85% interest be required to terminate the unit and project.

10. Section 32., NONJOINDER AND SUBSEQUENT JOINDER.

- a. Approval to set guidelines for joinder under this provision should be agreed upon by Working Interest Owners owning no less than 85% interest.

11. Section 39., STATUTORY UNITIZATION.

- a. This provision should be changed to read not less than 85%.

B. UNIT OPERATING AGREEMENT:

1. Article 3.2.4 **Expenditures.** It is proposed that at such time as project expenditures exceed AFE's by greater than 10%, except in an emergency situation, the working interest owners shall again have an option to proceed or go non-consent.
- 2.. Article 4.3.1 **Voting Interest.**, describes a "vote to proceed to Phase 2" while the Unit Agreement describes a voting procedure "*not* to proceed to Phase 2". The agreement is unclear as to the exact intent of the plan and procedure to move from Phase 1 to Phase 2. This agreement also fails to define Phase 1 and Phase 2.
- 3.. Article 4.3.2 **Voting Required-Generally.**, It is proposed that 50% of the remaining owners with not less than 10% working interest be required under this provision.

Exxon Company U.S.A.
Avalon (Delaware) Unit

4. Article 4.3.3 **Vote Required to Amend Unit Operating Agreement.**, It is suggested that 50% of the owners be required to support an amendment of the Operating Agreement in the event one (1) party owns ninety percent (90).
5. Article 5.4 **Failure to Take Production in Kind.**, It is recommended that a bid process be established for oil sales.
6. Article 7.11 **Expenditures.** It is suggested that once a project has exceeded the AFE by 10%, each working interest owner shall have the option to again make an election to proceed or go non-consent, except in the case of an emergency situation.
7. Article 10.4 **Inventory and Valuations.**, it is recommended that an affirmative vote of 85% be binding, except where one (1) party owns or exceeds 85%, then it will require an affirmative vote of 50% of the remaining parties.
8. Article 13.8 **Carved-Out Interest.**, should be modified to provide that carved-out payments shall cease at such time as the party creating such interest ceases to be a working interest owner by virtue of a non-consent election or otherwise or that such payment is the sole responsibility of the party creating such interest.
9. Article 20.2 **Restriction of Disposition and Withdrawal.** The files indicate that the burdens on ANPC leases exceed 18.75%. At this point, the working interest owners need to be prepared to accept the burdens of record of all parties.
10. Exhibit "F", **COPAS Accounting Procedure, Section III, 1. A. Overhead - Fixed Rate Basis** should have the rates reduced to be more in line with industry standards i.e. Drilling Well Rate of \$4,500 and Producing Well Rate of \$450.

We would appreciate Exxon's consideration to our suggested changes and/or comments regarding our interpretation of the agreements.

Yours very truly,

Michael W. Englert
Land Manager

MWE

West Texas and Eastern New Mexico

5 Oil Wells

		Monthly Drilling Well Rates				Monthly Producing Well Rates			
		1993		1992		1993		1992	
Responses	1992	Mean	Median	Mean	Median	Mean	Median	Mean	Median
141	173	\$3,093	\$3,000	\$3,271	\$3,000	\$323	\$300	\$326	\$300
114	142	4,136	4,000	4,311	4,000	450	425	550	400
42	35	5,146	5,000	5,185	5,000	502	500	501	500
5	6	5,590	5,000	6,529	7,618	538	450	623	668
1	1	4,500	4,500	8,500	8,500	400	400	850	850
8	7	4,018	4,000	3,405	3,650	476	476	372	330
				Depth in Feet					
				0 - 5,000					
				5,001 - 10,000					
				10,001 - 15,000					
				15,001 - 20,000					
				20,001 -					
				No Depth Limit					

West Texas and Eastern New Mexico

5 Gas Wells

		Monthly Drilling Well Rates				Monthly Producing Well Rates			
		1993		1992		1993		1992	
Responses	1992	Mean	Median	Mean	Median	Mean	Median	Mean	Median
72	90	\$3,138	\$3,000	\$3,138	\$3,000	\$330	\$310	\$351	\$300
60	73	4,270	4,000	4,325	4,141	431	425	447	400
32	26	5,462	5,000	5,388	5,000	548	500	514	500
4	10	6,259	5,500	5,209	5,000	544	537	544	575
2	2	6,000	6,000	8,500	8,500	425	425	600	600
8	5	4,199	4,000	4,408	3,816	486	475	430	389
				Depth in Feet					
				0 - 5,000					
				5,001 - 10,000					
				10,001 - 15,000					
				15,001 - 20,000					
				20,001 -					
				No Depth Limit					



May 5, 1994

Mr. Ronald E. Mayhem
EXXON COMPANY, USA
P. O. Box 1600
Midland, Texas 79702-1600

RE: Avalon Field Unit
Eddy County, New Mexico

Dear Ron:

Whiting Petroleum Corporation has reviewed the proposed unit and unit operating agreement. The following are my comments and objections.

Comments:

Your proposed Exhibit "B" does not reflect Whiting's interest in tracts 3c, 3d, 3e, 5a, 5b, 5d and 5f. The enclosed recorded assignment covers the lands in each tract. It was an oversight that the well names were left off.

Objections:

Page 5 of the COPAS accounting procedure. Your drilling and producing well rates are excessive. Recommended rates for wells of this depth should be \$4,730 drilling and \$473 for producing and well overhead.

Please make these corrections to the proposed agreement and exhibits.

Very truly yours,

WHITING PETROLEUM CORPORATION

John R. Hazlett
Vice President - Land Department

JRH:glv:EXXON.L03/JRH01

cc: D. Sherwin Artus

WHITING PETROLEUM CORPORATION
MILE HIGH CENTER, 1700 BROADWAY, SUITE 2300, DENVER, COLORADO 80290-2301 (303) 837-1661 FAX (303) 861-4023
4804 REPUBLIC TOWERS II, 325 N. ST. PAUL ST., DALLAS, TX 75201 (214) 741-1650 FAX (214) 220-3940

An IES INDUSTRIES Company

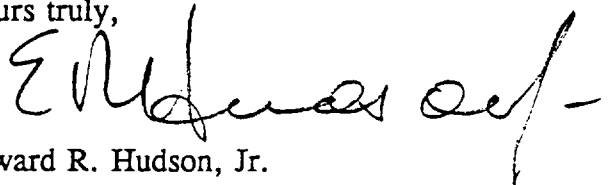
EXHIBIT F ACCOUNTING PROCEDURE

III. OVERHEAD—We feel the fixed rate basis of \$7292 for a drilling well and \$719 for producing and injection wells is too high. The figures that we have received from Ernst & Young for their overhead survey for the West Texas and Eastern New Mexico area (copy attached), show the mean and median rates for wells of this depth are \$3000 - \$3100 for a drilling well and \$300-\$323 for producing and injection wells. The difference of monthly fees on producing and injections wells from \$300 to \$719 is about \$400. This would result in an excess charge, in our opinion, to the joint account for the 129 wells of some \$51,600 a month or \$619,200 a year, which projected over the thirty plus years for the life of the project would total about \$19,000,000. These estimates do not include any escalation provisions

We appreciate Exxon's efforts on behalf of the Unit and hope we can settle these differences. I will be unavailable on June 2, but my brother, Bill Hudson, and my son, Randall Hudson, will attend the meeting.

With best wishes,

Yours truly,

A handwritten signature in black ink, appearing to read "E. R. Hudson, Jr.", with a long horizontal stroke extending to the right.

Edward R. Hudson, Jr.

ERHJr/vc

Ernst & Young Contacts in Oil and Gas Producing Areas

National Director of Energy Services

Charles O. Buckner
1221 McKinney, Suite 2400
Houston, Texas 77010

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Kentucky

Louisville
Thomas E. Schoenbaechler
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Ronald J. Manse
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Richard D. Corn
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West Virginia

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Paul E. Arbogast
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1993

**Fixed Rate
Overhead
Survey**

ERNST & YOUNG

W. A. & E. R. HUDSON INC.

616 TEXAS STREET

FORT WORTH, TEXAS 76102-4612

EDWARD R. HUDSON JR
E. RANDALL HUDSON III

817-336-7109

FAX 817-334-0442

WILLIAM A. HUDSON II
LINDY HUDSON

May 18, 1994

Exxon Company, U. S. A.
P. O. Box 1600
Midland, Tx 79702-1600

RE: Proposed Unit Agreement and Unit Operating Agreement
Avalon Field
Eddy County, New Mexico

Gentlemen:

We have reviewed the proposed Unit and Unit Operating Agreement and have the following comments:

UNIT OPERATING AGREEMENT

Article 4, Section 4.3.2—We feel the required affirmative vote of 75% is too low given the large interest of Exxon. The addition of the one additional vote does not seem to provide a safeguard. We propose the percentage required be 90% to 95% for approval.

Article 20, Section 20.2 Restriction of Disposition and Withdrawal—The provision here makes it impossible for a working interest owner to withdraw without the consent of the other working interest owners if the burdens on his lease exceed 18.75%. Reviewing the schedule of interests, in most cases the burdens on the leases already exceed 18.75%.

When the Hudsons joined the Stonewall Unit, the basis for their interests in the proposed Avalon Unit, they put in a clean federal lease without any overrides. Overriding royalties have since been put on this lease, as well as the other leases that the Hudsons' acquired under the terms of the Unit, by parties other than the Hudsons. The requirement of Section 20.2 would either make withdrawal impossible or perhaps result in a withdrawing party giving up all of his interest in the Unit, but still being required to pay any excess override over 6.25%. We feel that the provision should be changed to "grandfather" any overrides existing at the time of the execution of the Unit and Unit Operating Agreement, not to exceed total burdens of 25%.

Ron Mayhew
June 6, 1994
-2-

me. I think some combination of the second, third and fourth largest owners should be able to veto an expenditure. Thus, the affirmative vote must be set in the 85 to 90 percent range.

4) APO Interests

Exxon proposed that interests be calculated as if all wells have reached payout. This seems like an unnecessary breach of earlier agreements. I think the issue does not affect Exxon's ownership interest one way or the other. Exxon is willing to do the accounting work for multiple phases, but not the accounting to maintain agreements now in force. Yates operates units with well reversions, and it's no big deal. Exxon keeps track of reversions at Fogarty Creek Unit. I just don't see a reason why payouts can't be handled correctly.

I appreciate the fact that Exxon has prepared a first draft of the necessary agreements. Hopefully, the four concerns described above can help to focus our discussions on the major points of contention so that the group can progress toward consensus.

Sincerely,



David F. Boneau
Reservoir Engineering Supervisor

DFB/cvg

xc: Bob Fant
Janet Ricardson
Mike Slater
Peyton Yates
Randy Patterson

P REMIER OIL AND GAS, INC.

May 18, 1994

Exxon Company, U.S.A.
P. O. Box 1600
Midland, Texas 79702-1600

Attention: Mr. Ronald E. Mayhew
Avalon Project Manager

Re: Avalon Delaware Unitization

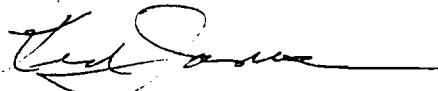
Dear Ron:

Thank you for the courtesy of allowing Premier to present its geological interpretation at the May 13 meeting. Premier still maintains that its interpretation of the UCC Reservoir is correct (i.e. the lower basinal sands between CM-CB markers are consistent and extend across the south half of Section 25, 20S-27E. Our view differs significantly with Exxon's interpretation of a pinch-out of the UCC at the east section line of the property).

Because of our disagreements involving the geological picks of the unit outline, the basis for Exxon's report is not a viable means of establishing a fair and reasonable equity for Premier's tract. Henceforth, we are withdrawing our tract from the proposed unit.

Thank you once again for your time and consideration.

Respectfully,



Ken Jones

*Letters Responding
to Proposed UA/UOA*

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

June 9, 1994

Ron Mayhew
Exxon
P. O. Box 1600
Midland, Texas 79702-1600

RE: Avalon Delaware

Dear Sir:

This note responds in a general way to the proposed agreements for the Avalon Delaware Unit. I will try to outline what I think are important issues and leave issues of wording, syntax and so forth for later. Major issues include:

1) Two-Phases

In earlier discussions and correspondence, Yates expressed reluctance to accept the idea that the CO₂ project in the developed primary area and the CO₂ project in the undeveloped "ring" area should be initiated at the same time under the same huge AFE. I thought Exxon eventually understood the Yates reluctance to a degree. But now, the proposed Exxon agreements return to the idea that CO₂ injection throughout the area is all part of a single grand Phase II. I fear that Exxon has not listened to anything Yates has said for the last two or three years. If you want multiple phases, there should be a phase break between CO₂ in the primary area and CO₂ in the ring area. I think the real answer is a single-phase formula for the unit.

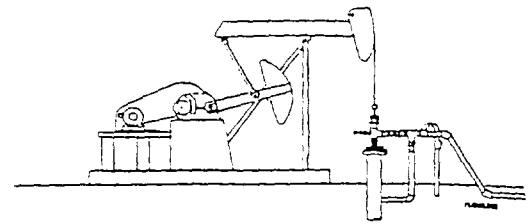
2) Participation Formula

The components of the formula proposed by Exxon are extremely arbitrary. Exxon calculated present values for the primary, waterflood and CO₂ portions of the project. The results of the calculations are sensitive to the discount rate used. For no explained reason, Exxon used a discount rate of 20 percent per year. Exxon also omitted the large reduction in capital costs now expected and did not include these reductions in present value calculations. Both of these factors make the proposed formula favorable to Exxon.

3) Voting Percentage

Exxon proposed that an affirmative vote of 75 percent of the ownership be required to approve expenditures. In reality, this proposal means that Exxon totally controls each vote. This seems wrong to

Meeting Agenda



Topic: Proposed Avalon Field Unit
Date: Friday, June 17, 1994
Location: Exxon Building PC #4 Training Room, 3300 N. A St. Midland, Tx

Purpose: Potential Working Interest Owners of the Avalon Unit provide suggested changes to Exxon's recommended Unit Agreement and Unit Operating Agreement

Desired Outcomes:

1. Attendees understand issues presented by other companies and contribute ideas toward resolution.
2. Agree on next step(s) to progress Unitization.

Steps	Methods/Presenter	Min.	Time
Introduction	Welcome/ Ron Mayhew	5	10:00 am
Agenda Review	Ron Mayhew	5	10:05 am
Working Interest Owner Comments	<ul style="list-style-type: none"> Each company presents issues in their letters. Priority issues clearly distinguished. WIO's offer/discuss resolutions to each issue after presented. Ron Mayhew presents issues from owners not present. Break where convenient 	110	10:10 am
Lunch	Provided onsite	30	12:00pm
Working Interest Owner Comments	<ul style="list-style-type: none"> Continue as in above. 	30	12:30 pm
List Next Steps to Progress Unitization	<ul style="list-style-type: none"> List Priority Items Group offers suggestions on how to work them. Attempt to reach consensus. Vote if necessary. 	40	1:00 pm
Review notes	<ul style="list-style-type: none"> Scott scrolls through; group clarifies as necessary 	15	1:40pm
Next Steps/Meeting; Exxon Contacts	Ron Mayhew presents	5	1:55pm
Adjourn			2:00 pm

To Oil and Gas Producers

We are pleased to provide you with the results of our twelfth annual survey of combined fixed-rate overhead charges.

These results are based on replies to a questionnaire distributed to oil and gas producers in cooperation with 13 organizations. The questionnaire was distributed in July 1993, thus the information should generally reflect operating agreements in effect at that time. The questionnaire was structured to obtain information for drilling and producing rates, varying well depths, and number of operating wells for that depth in 16 U.S. geographic regions (as depicted on the map located on page 34). We had an overall response rate of 45%*. Again this year we asked participants to identify the type and size of their company and whether or not their overhead rates included salaries and expenses for technical employees. Over 93% of those responding provided the following additional information about their companies.

- 90% are privately held.
- 93% are independents with assets of less than \$50 million.
- 80% said their overhead rates do not include any salaries, wages, or personal expenses for technical or professional consultant services.
- 93% of the respondents specified that in any given depth and region they had less than 100 wells.

① Not representative of Water/CO₂ floods
② see corky dots above

Handout

West Texas and Eastern New Mexico

5

Oil Wells

Responses 1993	1992	Depth in Feet	Monthly Drilling Well Rates		Monthly Producing Well Rates	
			1993 Mean Median	1992 Mean Median	1993 Mean Median	1992 Mean Median
141	173	0 - 5,000	\$3,093 \$3,000	\$3,271 \$3,000	\$323 \$300	\$326 \$300
114	142	5,001 - 10,000	4,136 4,000	4,311 4,000	450 425	550 400
42	35	10,001 - 15,000	5,146 5,000	5,185 5,000	502 500	501 500
5	6	15,001 - 20,000	5,590 5,000	6,529 7,618	538 450	623 668
1	1	20,001 -	4,500 4,500	8,500 8,500	400 400	.850 850
8	7	No Depth Limit	4,018 4,000	3,405 3,650	476 476	372 330

Avalon Delaware Unit
June 17, 1994

Yates Petroleum Concerns

1) Formula

- a. One Phase
- b. Exxon Present - Value Method
 - i. 20% Discount Too High
 - ii. 1-1-95 More Likely Start Date
 - iii. These Effects are Important

<u>Method</u>	<u>%</u>	<u>Exxon</u>	<u>Yates</u>
<Exxon>	20	0.756	0.108
Yates	20	0.726	0.113
Yates	15	0.696	0.123
Yates	10	0.683	0.125

- c. Traditional Formulas
 - i. Parameters
 - Original Oil in Place
 - Remaining Primary Oil
 - Waterflood + Workover Oil
 - CO₂ Oil
 - ii. "Reasonable" Combinations give
 - Exxon 0.704 to 0.739
 - Yates 0.116 to 0.126

2) Voting Percentage for Approval

- a. 75% too low
- b. Big Minority Owners need voice

3) After Payout Interests

- a. Exxon thinks \$250,000 wellbore adjustment will help
- b. Yates rechecking nonconsent status - 5 wells
- c. At least three wells will not payout through inventory

4) Overhead Rate

5) Non-Consent in Unit

- a. Really talking about collecting bills?
- b. Complicated with interest.

Avalon Working Interest Owners Meeting Summary, June 17, 1994

Issue	Companies Originating Issue	Company Rationale	Exxon Rationale	Solutions and Next Steps
Withdrawal from Unit	Premier	Disagree with other WIO reservoir interpretations		<ul style="list-style-type: none"> Remap unit boundaries to exclude Premier acreage [all agree]
Participation Formula	<ul style="list-style-type: none"> Yates Petroleum Company American National Petroleum (ANPC) 		<p>20% is based on risks associated with CO2 Project. Capital cost reduction is water injection phase related and much is a result of minimizing preinvestment in CO₂ phase.</p>	<ul style="list-style-type: none"> Yates: Will propose single phase formula and possibly 2 phase formula acceptable to Yates ANPC: Prefer single phase formula, but don't need to include outer ring now (can live with including it) Yates: Suggest using Discount Factor lower than 20%, and start date of 1/1/95
Voting Percentage	<ul style="list-style-type: none"> Yates Petroleum Company American National Petroleum (ANPC) 	<p>75% too low. Large Exxon interest.</p> <p>Should be in 85-90% range, or have some combination of 2nd, 3rd, or 4th largest owners.</p>	<p>75% plus one gave others control during CO₂ phase and Exxon control during water injection phase.</p>	<ul style="list-style-type: none"> Yates: Large minority interests should be able to preclude projects they don't like, suggest combination of 2nd-4th largest owners for approvals ANPC: Would prefer 90% approval requirement Exxon: Would prefer to focus on % requirements rather than number of WIO's All Agree: Wait until participation is finalized to review percentage requirements
After Payout (APO)	Yates Petroleum Company	Yates won't have 3 of 5 wells paid out with intangible portion of investment equalization.	Necessary to determine voting percentage and disposition of funds. Exxon perceived administrative burden to be large; therefore, unfair to impose on other WIO's.	<ul style="list-style-type: none"> Yates: Wishes to maintain status of non-consent parties that have not paid out Yates: If assume status, consider using bpo rather than apo ownership Exxon: Status of non-consent interests must be resolved among parties Yates will research payout status further
Withdrawal from Unit / Overrides	W.A. & E.R. Hudson	Makes withdrawal subject to other WIO. Withdrawing party loses interest.	Exxon has experienced unfair cost burdens elsewhere from high override percentages. Offers other WIO's some protection.	<ul style="list-style-type: none"> Pennzoil: Appears that Hudson not affected, only other interests in tract Exxon: No action planned unless needs are defined further

Avalon Working Interest Owners Meeting Summary, June 17, 1994 (cont.)

Issue	Companies Originating Issue	Company Rationale	Exxon Rationale	Solutions and Next Steps
Overhead	<ul style="list-style-type: none"> W.A. & E.R. Hudson Whiting Petroleum 	Median rates \$3000-\$3100 drilling, \$300-\$323 for producing, See Ernst & Young rates.	<ul style="list-style-type: none"> Rates paid Exxon in Eddy/Lea counties in \$700-\$800 range. Hartzog Draw Unit (waterflood with potential CO₂): >\$700/well. Ernst & Young not representative of water nor CO₂ floods. See basis of Ernst & Young rates. 	<ul style="list-style-type: none"> Various parties: Overhead rates too high Exxon: Ernst & Young rates quoted are not really comparable. Exxon's rates are comparable for similar operations. Yates/ANPC will try to locate comparable overhead data
Define Phase 1 / 2	American National Petroleum (ANPC)	Clarify		<ul style="list-style-type: none"> ANPC: Provide definitions if multiple phases retained
Maximize amount received for oil	American National Petroleum (ANPC)	Process to receive competitive oil price		<ul style="list-style-type: none"> ANPC: Include bid process for selling oil Exxon and ANPC will work together to resolve
Minimize price paid for CO ₂	American National Petroleum (ANPC)	Process to receive competitive CO ₂ price		<ul style="list-style-type: none"> ANPC Modify Section 7.13 to require Operator bid CO₂ Exxon and ANPC will work together to resolve
Operating Costs	American National Petroleum (ANPC)	General Concern of major oil companies		<ul style="list-style-type: none"> ANPC believes Exxon's operating costs are too high Exxon believes its costs are prudent and will work w/ANPC to resolve

Avalon Delaware Unit
June 17, 1994

OST 11/1/94
Data Provided
by Yates

Yates Petroleum Concerns

1) Formula

- a. One Phase
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Exxon 11/1/94
0014

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 - CO₂ Oil
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 - Exxon 0.704 to 0.739
 - Yates 0.116 to 0.126

}

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3) After Payout Interests

- a. Exxon thinks \$250,000 wellbore adjustment will help
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- c. At least three wells will not payout through inventory

\$250K

4) Overhead Rate

5) Non-Consent in Unit

- a. Really talking about collecting bills?
- b. Complicated with interest.

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.00						
Rem Primary	0.43						
WF & WO	0.29						
CO2 Delta	0.28						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.001507
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.755635
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000103
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.025268
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.010588
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.001392
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.012634
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.003144
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.005524
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.008303
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.014410
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.053724
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.107768
	1.000000	1.000000	1.000000	1.000000			1.000000

AVERAGE EXXON 20% DISCOUNT CASE

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.00						
Rem Primary	0.29						
WF & WO	0.20						
CO2 Delta	0.51						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.002745
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.726117
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000168
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.026965
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.010923
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.002535
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.013482
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.005727
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.006292
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.010625
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.026246
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.054874
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.113301
	1.000000	1.000000	1.000000	1.000000			1.000000

YATES 20% DISCOUNT CASE

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.00						
Rem Primary	0.12						
WF & WO	0.23						
CO2 Delta	0.65						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.003499
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.695553
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000204
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.029416
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.011750
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.003231
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.014707
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.007300
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.006991
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.012301
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.033451
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.058783
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.122816
	1.000000	1.000000	1.000000	1.000000			1.000000

YATES 15 % DISCOUNT CASE

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.00						
Rem Primary	0.06						
WF & WO	0.19						
CO2 Delta	0.75						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.004037
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.682848
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000232
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.030139
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.011889
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.003728
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.015069
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.008423
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.007322
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.013308
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.038597
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.059250
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.125158
	1.000000	1.000000	1.000000	1.000000			1.000000

YATES 10 % DISCOUNT CASE

Parameter	Weight	Company	WI Partic	NRI Partici
New Rem Res	11.90%	ABO	1.136421%	0.861423%
Cum Prod		BLM	0.000000%	6.207346%
Primary RUR		Cities	0.353206%	0.309055%
Primary EUR		ZZZOthers	7.263136%	7.506554%
Workover EUR		Exxon	69.558184%	59.398970%
Workover Delta		Fee Other	0.000000%	0.279366%
WF EUR		GWA Others	0.000000%	0.000000%
WF+WO	22.49%	JJ Redfern Jr	0.117208%	0.099298%
CO2 EUR		Mary Hudson A	1.468714%	1.247991%
CO2 Delta	65.61%	Merit	0.736803%	0.644703%
Factor	Use	MWJ	0.695783%	0.594885%
YPC et al WI	12.26%	MYCO	3.353718%	2.489191%
YPC et al NRI	10.71%	Penzoil	1.235639%	1.537023%
YPC NRI-ORRI	9.25%	Premier	3.376482%	2.954421%
Total NRI/WI	87.38%	SLO	0.000000%	6.013288%
(NRI-ORRI)/WI	75.44%	W.A. Hudson, I	2.937429%	2.495985%
		Yates Acct 4	0.738291%	0.636320%
Checks	0.00	Yates Else	0.353206%	0.309055%
100.00%	100.00%	Yates ORRI	0.000000%	1.464441%
100.00%	100.00%	YDC	3.353718%	2.489191%
129796	129796	YPC	3.322062%	2.461492%
		YPC et al WI	12.257417%	10.711114%

ONE PHASE

START 1-1-95

15 % DISCOUNT FACTOR

$$C_1 = 837.7 \text{ MBO} \times 9M / 1187.4 \text{ MBO} = 6.3494 \text{ Million}$$

$$F_1 = 12$$

$$I_1 = 35$$

$$C = \frac{6.3494}{6.3494 + 12 + 35} = \frac{6.3494}{53.3494} = 0.1190$$

$$F = \frac{12}{53.3494} = 0.2249$$

$$I = \frac{35}{53.3494} = 0.6561$$

Parameter	Weight	Company	WI Partic	NRI Partic
New Rem Res	5.47%	ABO	1.162133%	0.880429%
Cum Prod		BLM	0.000000%	6.057083%
Primary RUR		Cities	0.402572%	0.352250%
Primary EUR		ZZZ Others	7.412897%	7.649319%
Workover EUR		Exxon	68.233127%	58.279148%
Workover Delta		Fee Other	0.000000%	0.307685%
WF EUR		GWA Others	0.000000%	0.000000%
WF+WO	19.75%	UJ Redfern Jr	0.119265%	0.101182%
CO2 EUR		Mary Hudson A	1.510730%	1.285709%
CO2 Delta	74.78%	Merit	0.839783%	0.734810%
Factor	Use	MWJ	0.731196%	0.626228%
YPC et al WI	12.55%	MYCO	3.423240%	2.539088%
YPC et al NRI	10.89%	Penzoil	1.330711%	1.642835%
YPC NRI-ORRI	9.46%	Premier	3.848396%	3.367347%
Total NRI/WI	86.77%	SLO	0.000000%	6.135233%
(NRI-ORRI)/WI	75.42%	W.A. Hudson, I	3.021461%	2.571421%
		Yates Acct 4	0.751442%	0.646473%
Checks	0.00%	Yates Else	0.402572%	0.352250%
100.00%	100.00%	Yates ORRI	0.000000%	1.424838%
100.00%	100.00%	YDC	3.423240%	2.539088%
129796	129796	YPC	3.387235%	2.507583%
		YPC et al WI	12.549862%	10.889750%

ONE PHASE

START 1-1-95

10 % DISCOUNT FACTOR

$$C_1 = 837.7 \text{ MBO} \times \frac{11 \text{ M}}{1187.4 \text{ MBO}}$$

$$F_1 = 28$$

$$I_1 = 106$$

$$C = \frac{C_1}{C_1 + F_1 + I_1} = 0.0547$$

$$F = \frac{F_1}{C_1 + F_1 + I_1} = 0.1975$$

$$I = \frac{I_1}{C_1 + F_1 + I_1} = 0.7478$$

Parameter	Weight	Company	WI Partic	NRI Partic
New Rem Res	28.77%	ABO	1.049685%	0.796260%
Curr Prod		BLM	0.000000%	6.545503%
Primary RUR		Cities	0.273908%	0.239669%
Primary EUR		ZZZ Others	6.725925%	6.965178%
Workover EUR		Exxon	72.681068%	62.044651%
Workover Delta		Fee Other	0.000000%	0.224759%
WF EUR		GWA Others	0.000000%	0.000000%
WF+WO	20.35%	JJ Redfern Jr	0.109006%	0.092183%
CO2 EUR		Mary Hudson A	1.345396%	1.140795%
CO2 Delta	50.88%	Merit	0.571385%	0.499962%
Factor	Use	MWJ	0.618458%	0.527491%
YPC et al WI	11.30%	MYCO	3.105617%	2.307131%
YPC et al NRI	10.08%	Penzoil	1.062737%	1.336610%
YPC NRI-ORRI	8.53%	Premier	2.618433%	2.291129%
Total NRI/WI	89.19%	SLO	0.000000%	5.729738%
(NRI-ORRI)/WI	75.46%	W.A. Hudson, I	2.690791%	2.281593%
		Yates Acct 4	0.687179%	0.593771%
Checks	0.00%	Yates Else	0.273908%	0.239669%
100.00%	100.00%	Yates ORRI	0.000000%	1.551284%
100.00%	100.00%	YDC	3.105617%	2.307131%
129796	129796	YPC	3.080887%	2.285493%
		YPC et al WI	11.302893%	10.080740%

ONE PHASE
 START 1-1-95
 20 % DISCOUNT

$$C_1 = 837.7 \text{ MBO} \times \$ 84 / 1187.4 \text{ MBO} = \$ 5.6539 \text{ Million}$$

$$F_1 = 4$$

$$I_1 = 10$$

$$C = \frac{C_1}{C_1 + F_1 + I_1} = \frac{5.6539}{19.6539} = 0.2877$$

$$F = 0.2035$$

$$I = 0.5088$$

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.00						
Rem Primary	0.20						
WF & WO	0.60						
CO2 Delta	0.20						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.001077
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.724494
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000069
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.029340
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.012516
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.000994
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.014670
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.002246
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.006020
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.008361
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.010293
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.063872
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.126048
	1.000000	1.000000	1.000000	1.000000			1.000000

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.20						
Rem Primary	0.20						
WF & WO	0.40						
CO2 Delta	0.20						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.003350
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.704491
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000347
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.029337
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.011588
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.008266
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.014668
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.006890
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.008306
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.011107
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.021411
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.058406
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.121834
	1.000000	1.000000	1.000000	1.000000			1.000000

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.10						
Rem Primary	0.25						
WF & WO	0.40						
CO2 Delta	0.25						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.002483
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.720026
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000225
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.028362
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.011535
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.004879
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.014181
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.005130
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.007110
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.009989
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.018425
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.058345
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.119312
	1.000000	1.000000	1.000000	1.000000			1.000000

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.10						
Rem Primary	0.30						
WF & WO	0.40						
CO2 Delta	0.20						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.002213
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.729350
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000212
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.027666
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.011318
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.004630
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.013833
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.004568
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.006889
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.009424
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.015852
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.057354
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.116691
	1.000000	1.000000	1.000000	1.000000			1.000000

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.00						
Rem Primary	0.30						
WF & WO	0.50						
CO2 Delta	0.20						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.001077
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.739352
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000074
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.027667
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.011782
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.000994
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.013833
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.002246
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.005747
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.008050
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.010293
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.060087
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.118798
	1.000000	1.000000	1.000000	1.000000			1.000000

AVALON DELAWARE UNIT							
Weighting Factors							
OOIP	0.25						
Rem Primary	0.25						
WF & WO	0.25						
CO2 Delta	0.25						
	1.00						
OWNER	OOIP	Rem Primary	WF&WO	CO2 Delta		OWNER	INTEREST
Cities	0.011368	0.000000	0.000000	0.005383		Cities	0.004188
Exxon	0.602341	0.850937	0.702359	0.664458		Exxon	0.705024
GWA Others	0.001387	0.000041	0.000000	0.000306		GWA Others	0.000434
Hudson Brothers	0.033232	0.016519	0.033246	0.030441		Hudson Brothers	0.028360
JJ Redfren Jr	0.009943	0.007247	0.014585	0.011578		JJ Redfren Jr	0.010838
Keystone Others	0.036358	0.000000	0.000000	0.004971		Keystone Others	0.010332
Mary Ard	0.016616	0.008259	0.016623	0.015220		Mary Ard	0.014180
Merit	0.023220	0.000000	0.000000	0.011230		Merit	0.008613
MWJ	0.017660	0.003496	0.006234	0.007904		MWJ	0.008824
Pennzoil	0.021073	0.004236	0.007341	0.015545		Pennzoil	0.012049
Premier	0.055592	0.000000	0.000000	0.051463		Premier	0.026764
Stonewall Others	0.047720	0.037202	0.075049	0.057011		Stonewall Others	0.054246
Yates et al	0.123490	0.072063	0.144563	0.124490		Yates et al	0.116152
	1.000000	1.000000	1.000000	1.000000			1.000000



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

S. P. YATES
PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. - TREAS.

September 6, 1994

Exxon Company, USA
P. O. Box 1600
Midland, Texas 79702-1600

ATTN: Ronald E. Mayhew

RE: Avalon Delaware Unit

Dear Sir:

Yates Petroleum proposes the following participation formula for the Avalon Delaware Unit:

1. The Phase I formula will be

60% Remaining Primary
30% Tract Waterflood Reserves
10% Tract CO₂

2. The Phase II formula will be

20% Remaining Primary
40% Tract Waterflood Reserves
40% Tract CO₂ Reserves

3. Phase I will end and Phase II will begin on 4-1-97 or when oil production from the Unit area (after 1-1-93) reaches 1190 KBO, whichever occurs earlier in time.

4. Operating Expenses during Phase I will be charged according to the Phase I formula and Operating Expenses during Phase II will be charged according to the Phase II formula.

5. Capital Expenses will be charged according to the Phase II formula at all times after unitization.

Ronald Mayhew
September 6, 1994
-2-

The proposed formula gives Exxon and Yates the interests shown below:

	<u>Phase I</u>	<u>Phase II</u>
Exxon	0.790822	0.724939
Yates	0.098309	0.120907

These interests increase slightly if the Premier acreage is eliminated from the Unit.

The date 4-1-97 is the time when remaining primary reserves of 1190 KBO will be produced via continued operations plus a waterflood with a start date of 7-1-95. The numbers below come from Exhibits G-11 and G-14 in the Avalon Technical Report:

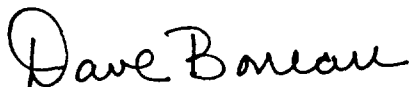
<u>Year</u>	<u>G-11 Primary (KBO)</u>	<u>G-14 WF (KBO)</u>	<u>Cum KBO</u>
1993	201	0	201
1994	149	0	350
1995	119	162	631
1996	96	348	1075
1997	81	391	1547

The cumulative reaches 1190 KBO about 4-1-97.

Attachment 1 shows the interests for all owners under the assumption that Premier remains in the Unit. The numbers in Attachment 2 apply if the Premier acreage is deleted.

I ask that you forward this proposal to the Working Interest Owners and that all owners reply with questions and comments as appropriate.

Sincerely,



David F. Boneau
Reservoir Engineering Supervisor

DFB/cvg

Attachments

	With Premier Acreage				
	G-24 1/1/93 Rem Primary	G-24 Tract Waterflood Reserves	G-24 Tract CO2 Reserves	Phase 2 20 % Primary + 40 % WF + 40 % CO2	Phase 1 60 % Primary + 30 % WF +10 % CO2
Abo Petroleum Corporation	0.6731%	1.3313%	1.1936%	1.1446%	0.9226%
American National Petroleum Corp.	2.8177%	5.5317%	4.7210%	4.6647%	3.8222%
Ard, Mary H.	0.8259%	1.6336%	1.3331%	1.3519%	1.1189%
Bello, Ernie	0.0046%	0.0088%	0.0075%	0.0074%	0.0061%
Bunn, Mrs. Francis B.	0.0046%	0.0088%	0.0075%	0.0074%	0.0061%
Chevron PBC, Inc.	0.4236%	0.6857%	1.8238%	1.0885%	0.6422%
Claremont Corporation	0.1549%	0.3063%	0.2500%	0.2535%	0.2098%
Devon Energy Corporation (NV)	0.0691%	0.1367%	0.1117%	0.1132%	0.0937%
Devon Energy Partners L.P.	0.3916%	0.7746%	0.6331%	0.6414%	0.5307%
Exxon Corporation	85.0937%	70.7857%	67.9021%	72.4939%	79.0822%
Fox, Fred A. & D. Marjean Living Trust	0.0005%	0.0000%	0.0038%	0.0016%	0.0007%
Gendron Family Revocable Tr	0.0069%	0.0132%	0.0112%	0.0111%	0.0092%
Goodnow, David	0.0046%	0.0088%	0.0075%	0.0074%	0.0061%
Hayes Partners I	0.0000%	0.0000%	0.0412%	0.0165%	0.0041%
Hodge, Joseph R.	0.0008%	0.0015%	0.0012%	0.0012%	0.0010%
Hodge, Sanford J. III	0.0008%	0.0015%	0.0012%	0.0012%	0.0010%
Holden, E. G. Testamentary Tr	0.0023%	0.0044%	0.0037%	0.0037%	0.0031%
Hudson, Edward R. Jr.	0.8259%	1.6336%	1.3331%	1.3519%	1.1189%
Hudson, William A. II	0.8259%	1.6336%	1.3331%	1.3519%	1.1189%
Kawasaki, Isaac A.	0.0046%	0.0088%	0.0075%	0.0074%	0.0061%
Keller, Betsy H.	0.0023%	0.0044%	0.0037%	0.0037%	0.0031%
Kerr-McGee Corporation	0.1493%	0.2953%	0.2410%	0.2444%	0.2023%
LAJ Corporation	0.0010%	0.0000%	0.0073%	0.0031%	0.0014%
Los Chicos	0.0000%	0.0000%	0.0100%	0.0040%	0.0010%
Martin, James L. Jr., Trust	0.0005%	0.0000%	0.0038%	0.0016%	0.0007%
Martin, Williams, & Judson	0.3496%	0.6126%	0.7825%	0.6280%	0.4718%
McCall, Jack O. Estate of	0.0000%	0.0000%	0.0003%	0.0001%	0.0000%
Merit Energy Partners, II, L.P.	0.0000%	0.0000%	0.3713%	0.1485%	0.0371%
Merit Energy Partners, III, L.P.	0.0000%	0.0000%	0.3713%	0.1485%	0.0371%
Merit Energy Partners, L.P.	0.0000%	0.0000%	0.3713%	0.1485%	0.0371%
Moore, Charles Cline	0.0115%	0.0219%	0.0189%	0.0186%	0.0154%
Munroe, Vernon	0.0046%	0.0088%	0.0075%	0.0074%	0.0061%
Myco Industries, Inc.	2.0241%	3.9938%	3.4210%	3.3708%	2.7547%
Napeco	0.0000%	0.0000%	0.0719%	0.0287%	0.0072%
Oliver, Angus Cluthe Tr	0.0046%	0.0088%	0.0075%	0.0074%	0.0062%
Oliver, William B. Tr	0.0046%	0.0088%	0.0075%	0.0074%	0.0062%
Oxy U.S.A., Inc.	0.0000%	0.0000%	0.5361%	0.2144%	0.0536%
Premier Oil & Gas, Inc.	0.0000%	0.0000%	4.0769%	1.6308%	0.4077%
Redfern, John J. III, Indep Exec of Est of John J. Redfern,	0.0725%	0.1433%	0.1170%	0.1186%	0.0982%
Redfern, Rosalind	0.0725%	0.1433%	0.1170%	0.1186%	0.0982%
Schlagal, John L.	0.0005%	0.0000%	0.0032%	0.0014%	0.0006%
Martl, Adolph P. Schuman Tr	0.0046%	0.0088%	0.0075%	0.0074%	0.0061%
Seventy-Seven Corporation	0.0000%	0.0000%	0.0080%	0.0032%	0.0008%
Sigmar, Inc.	0.0016%	0.0000%	0.0111%	0.0048%	0.0021%
Space Building Corp.	0.0115%	0.0219%	0.0187%	0.0186%	0.0154%
Tipperary Oil Corporation	0.3199%	0.6561%	0.4468%	0.5052%	0.4334%
TR Oil Corporation	0.0000%	0.0000%	0.0042%	0.0017%	0.0004%
Van Vranken, J. F. Jr.	0.0046%	0.0088%	0.0075%	0.0074%	0.0061%
Whiting Petroleum Corporation	0.3199%	0.6561%	0.4468%	0.5052%	0.4334%
Yates Drilling Company	2.0192%	3.9938%	3.3864%	3.3559%	2.7483%
Yates Petroleum Corporation	2.4800%	4.9051%	4.3094%	4.1818%	3.3905%
Yates, John A.	0.0049%	0.0000%	0.0446%	0.0188%	0.0074%
Yates, S. P.	0.0049%	0.0000%	0.0346%	0.0148%	0.0064%
	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
YPC Et al	7.2063%	14.2240%	12.3996%	12.0907%	9.8309%

	Without Premier Acreage				
	G-24 1/1/93 Rem Primary	G-24 Tract Waterflood Reserves	G-24 Tract CO2 Reserves	20 % Primary + 40 % WF + 40 % CO2	60 % Primary + 30 % WF + +10 % CO2
Abo Petroleum Corporation	0.6731%	1.3313%	1.2443%	1.1649%	0.9277%
American National Petroleum Corp.	2.8177%	5.5317%	4.9217%	4.7449%	3.8423%
Ard, Mary H.	0.8259%	1.6336%	1.3898%	1.3745%	1.1246%
Bello, Ernie	0.0046%	0.0088%	0.0078%	0.0076%	0.0062%
Bunn, Mrs. Francis B.	0.0046%	0.0088%	0.0078%	0.0076%	0.0062%
Chevron PBC, Inc.	0.4236%	0.6857%	1.9014%	1.1195%	0.6500%
Claremont Corporation	0.1549%	0.3063%	0.2606%	0.2577%	0.2109%
Devon Energy Corporation (NV)	0.0691%	0.1367%	0.1165%	0.1151%	0.0941%
Devon Energy Partners, L.P.	0.3916%	0.7746%	0.6600%	0.6522%	0.5334%
Exxon Corporation	85.0937%	70.7857%	70.7881%	73.6483%	79.3708%
Fox, Fred A. & D. Marjean Living Trust	0.0005%	0.0000%	0.0040%	0.0017%	0.0007%
Gendron Family Revocable Tr	0.0069%	0.0132%	0.0117%	0.0113%	0.0093%
Goodnow, David	0.0046%	0.0088%	0.0078%	0.0076%	0.0062%
Hayes Partners I	0.0000%	0.0000%	0.0429%	0.0172%	0.0043%
Hodge, Joseph R.	0.0008%	0.0015%	0.0013%	0.0013%	0.0010%
Hodge, Sanford J. III	0.0008%	0.0015%	0.0013%	0.0013%	0.0010%
Holden, E. G. Testamentary Tr	0.0023%	0.0044%	0.0039%	0.0038%	0.0031%
Hudson, Edward R. Jr.	0.8259%	1.6336%	1.3898%	1.3745%	1.1246%
Hudson, William A. II	0.8259%	1.6336%	1.3898%	1.3745%	1.1246%
Kawasaki, Isaac A.	0.0046%	0.0088%	0.0078%	0.0076%	0.0062%
Keller, Betsy H.	0.0023%	0.0044%	0.0039%	0.0038%	0.0031%
Kerr-McGee Corporation	0.1493%	0.2953%	0.2512%	0.2485%	0.2033%
LAJ Corporation	0.0010%	0.0000%	0.0076%	0.0033%	0.0014%
Los Chicos	0.0000%	0.0000%	0.0104%	0.0042%	0.0010%
Martin, James L. Jr., Trust	0.0005%	0.0000%	0.0040%	0.0017%	0.0007%
Martin, Williams, & Judson	0.3496%	0.6126%	0.8157%	0.6413%	0.4751%
McCall, Jack O. Estate of	0.0000%	0.0000%	0.0004%	0.0001%	0.0000%
Merit Energy Partners, II, L.P.	0.0000%	0.0000%	0.3871%	0.1548%	0.0387%
Merit Energy Partners, III, L.P.	0.0000%	0.0000%	0.3871%	0.1548%	0.0387%
Merit Energy Partners, L.P.	0.0000%	0.0000%	0.3871%	0.1548%	0.0387%
Moore, Charles Cline	0.0115%	0.0219%	0.0197%	0.0189%	0.0155%
Munroe, Vernon	0.0046%	0.0088%	0.0078%	0.0076%	0.0062%
Myco Industries, Inc.	2.0241%	3.9938%	3.5664%	3.4289%	2.7693%
Napoco	0.0000%	0.0000%	0.0749%	0.0300%	0.0075%
Oliver, Angus Cluthe Tr	0.0046%	0.0088%	0.0079%	0.0076%	0.0062%
Oliver, William B. Tr	0.0046%	0.0088%	0.0079%	0.0076%	0.0062%
Oxy U.S.A., Inc.	0.0000%	0.0000%	0.5589%	0.2235%	0.0559%
Premier Oil & Gas, Inc.	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Redfern, John J. III, Indep Exec of Est of John J. Redfern,	0.0725%	0.1433%	0.1219%	0.1206%	0.0987%
Redfern, Rosalind	0.0725%	0.1433%	0.1219%	0.1206%	0.0987%
Schlagal, John L.	0.0005%	0.0000%	0.0034%	0.0014%	0.0006%
Martl, Adolph P. Schuman Tr	0.0046%	0.0088%	0.0078%	0.0076%	0.0062%
Seventy-Seven Corporation	0.0000%	0.0000%	0.0083%	0.0033%	0.0008%
Sigmar, Inc.	0.0016%	0.0000%	0.0116%	0.0049%	0.0021%
Space Building Corp.	0.0115%	0.0219%	0.0195%	0.0189%	0.0154%
Tipperary Oil Corporation	0.3199%	0.6561%	0.4658%	0.5128%	0.4353%
TR Oil Corporation	0.0000%	0.0000%	0.0044%	0.0017%	0.0004%
Van Vranken, J. F. Jr.	0.0046%	0.0088%	0.0078%	0.0076%	0.0062%
Whiting Petroleum Corporation	0.3199%	0.6561%	0.4658%	0.5128%	0.4353%
Yates Drilling Company	2.0192%	3.9938%	3.5303%	3.4135%	2.7627%
Yates Petroleum Corporation	2.4800%	4.9051%	4.4925%	4.2550%	3.4088%
Yates, John A.	0.0049%	0.0000%	0.0465%	0.0196%	0.0076%
Yates, S. P.	0.0049%	0.0000%	0.0361%	0.0154%	0.0065%
	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
YPC Et al	7.2063%	14.2240%	12.9266%	12.3015%	9.8836%

MARTIN YATES, III
1912 - 1985
FRANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

December 5, 1994

Exxon Company, USA
P. O. Box 1600
Midland, Texas 79702-1600

ATTN: Ronald E. Mayhew

RE: Avalon Delaware Unit

Dear Sir:

Yates Petroleum proposes two additional participation formulas (Yates Proposal B and Yates Proposal C) for the Avalon Delaware Unit:

I. Yates Proposal B

1. The Phase I formula will be

70% Remaining Primary
20% Tract Waterflood Reserves
10% Tract CO₂ Reserves

2. The Phase II formula will be

20% Remaining primary
40% Tract Waterflood Reserves
40% Tract CO₂ Reserves

3. Phase I will end and Phase II will begin on 1-1-98 or when oil production from the Unit area (after 1-1-93) reaches 1190 KBO, whichever occurs earlier in time.

4. Capital Expenses during Phase I will be charged according to the Phase I formula and Capital Expenses during Phase II will be charged according to the Phase II formula. These will be a reequalization of monies when the phase change occurs so that all Capital Expenses will ultimately be paid according to the Phase II formula.

Ron Mayhew
December 5, 1994

-2-

5. The initial overhead rate will be \$550 per producing well per month. The overhead rate will increase by 27 percent when CO₂ injection begins and shall continue at the elevated rate as long as CO₂ is injected into any Unit wells. When CO₂ injection ceases, the overhead rate will decrease by 22 percent.

II. Yates Proposal C

1. The Phase I formula will be

60% Remaining Primary
30% Tract Waterflood Reserves
10% Tract CO₂ Reserves

2. Phase II formula as above
3. Phase change as above
4. Capital Expenses will be charged according to the Phase II formula at all times after unitization with the exception described in the next few sentences. "Special Phase II Owners" are those owners with non-zero Tract CO₂ Reserves, but with zero Remaining Primary and zero Tract Waterflood Reserves. Capital Expenses to these "Special Phase II Owners" will be charged according to the Phase I formula during Phase I, and there will be a reequalization of monies when the phase change occurs. The result will be "unbilled" Capital Expenses of about \$180,000 during Phase I. These "unbilled" Capital Expenses will be charged 8/9 to Exxon and 1/9 to Yates Petroleum. The effect is an interest-free loan from Exxon and Yates to the "Special Phase II Owners."
5. Overhead as above

On the subject of APO interests, Yates agrees that the Stonewall YE #1, WM #1, WM #2, EP #6 and EP #7 should all enter the Unit on an APO basis. The wellbore and equipment at Stonewall YE #1 is owned on a different basis (shown in Attachment 1). To repeat, Yates agrees that the participation formula should be based on APO interests for all wells; and Yates asks that the inventory adjustment for Stonewall YE #1 use the actual equipment owners as shown in Attachment 1.

Ron Mayhew
December 5, 1994

-3-

The rest of this note explains that the Yates proposals do not meet the Exxon present-value target, but do meet the present-value target defined by Exxon's share of the primary oil reserves plus Exxon's share of the secondary oil reserves. As you have heard before, I believe the Exxon present-value target has been set unreasonably high by Exxon. You will see that the Yates proposals calculate to be fair on a present-value basis.

On November 21, 1994, you told Bob Fant and me that the Exxon proposal of April (adjusted to a WF start date of 7-1-95) has a present value of \$3.98 million at a discount rate of 20 percent per year. We at Yates adjusted and normalized our economic calculations to give a present value at a discount rate of 20% per year equal to the same \$3.98 million with the same production flow streams and ownership assumed by Exxon. The present values calculated by Yates at 10% and 15% discount rates are shown in Line 1 of Attachment 2. I believe that Line 1 represents a reasonable description of the present-value target selected by Exxon.

Next Yates calculated present values for a) primary production with Exxon WI = 0.851 and b) secondary production with Exxon WI = 0.708 and a waterflood start date of 1-1-96. The Capital and Operating Expenses were the same as were used in "duplicating" the Exxon present-value of \$3.98 million. These two results are shown in Lines 2 and 3 of Attachment 2 with the two cases summed in Line 4. My contention is that Line 4 represents a fair present-value target for Exxon in these discussions and Yates should try to meet the collective target in Line 4. Obviously, this target is lower than the target selected by Exxon, the target displayed in Line 1.

Line 5 of Attachment 2 shows the present value of Exxon interest under Yates Proposal A that you received in September of 1994. My comparison of Line 4 and Line 5 says that our original proposal was "fair" as defined by Yates.

Line 6 shows the present value of the Exxon interest under Yates Proposal B outlined at the start of this note. Again, the present values in Lines 4 and 6 are very similar. From another point of view, Yates has taken away the benefit to Exxon of capital costs being billed at Phase II during Phase I. In our "pseudo Exxon framework", we calculate that this change decreases Exxon's present value at 15 percent discount by \$147K.

Ron Mayhew
December 5, 1994

-4-

Yates has given Exxon a later date for the automatic phase change which is worth \$50K. Yates has also given Exxon a higher interest in Phase I which is worth \$63K. The result is that Proposal B gives Exxon a present value about \$30K less than provided by Proposal A.

Line 7 of Attachment 2 shows the present value calculated by Yates for the Exxon interest under Proposal C. Compared to Proposal A, Exxon loses about \$30K to cover interest on the loan to the "Special Phase II Owners" and Exxon gains about \$50K by moving back the date of the automatic phase change. The result is that Proposal C gives Exxon a present value about \$20K more than provided by Proposal A.

In conclusion, all three Yates proposals give present values clustered very near what Exxon would get from its absolute share of the Remaining Primary and from its absolute share of the Tract Waterflood Reserves. I have tried to make it clear to Exxon why Yates thinks its proposals are fair and how much room Yates has to balance the various components. We are in trouble if the Exxon target remains far from the Yates target, but we can reach agreement if we can see both targets from the same firing position.

Sincerely,



David F. Boneau
Reservoir Engineering Supervisor

DFB/cvg

Attachments

xc: Mike Slater
Janet Richardson
Bob Fant

Attachment 1

Stonewall YE #1 SWD System

<u>Working Interest Owners</u>	<u>WI</u>
Abo Petroleum Corporation	0.04305167
Claremont Corporation	0.00990534
Coquina Oil Corporation	0.21972916
Flag-Redfern Oil Company	0.00954979
Edward R. Heidson, Jr.	0.15848528
MWJ	0.01981069
Mobil Producing TX NM	0.11326129
MYCO Industrices, Inc.	0.12915504
Rosalind Redfern	0.00927066
Yates Drilling Company	0.12915504
Yates Petroleum Corporation	0.12915502
YPC, Account 4	<u>0.02947102</u>
	1.00000000

Attachment 2

Avalon Delaware - Comparison of Present
Values for Exxon/Yates Proposals

Present Value in Million of Dollars

Line	Case	Exxon PV at 10%	Exxon PV at 15%	Exxon PV at 20%	Exxon WI Phase I	Exxon WI Phase II	Date of Phase Change	Phase Modeled in Economics	Capital WI in Phase I
1	Exxon 4/94	9.33	6.09	3.98*	0.789	NA	Vote to change WI for CO ₂	Primary & Secondary	Phase I
2	Exxon Primary	2.64	2.27	2.00	0.851	---		Primary only	
3	Exxon Secondary	6.65	3.57	1.88	---	0.708	Start WF 1-1-96	Secondary only	
4	Exxon Primary & Secondary	9.29	5.85	3.88	0.851	0.708	Start WF 1-1-96	Primary & Secondary	
5	Yates Proposal A (9/94)	9.33	5.85	3.85	0.791	0.725	4-1-97	Primary & Secondary	Phase II
6	Yates Proposal B (12/94)	9.35	5.82	3.80	0.805	0.725	1-1-98	Primary & Secondary	Phase I
7	Yates Proposal C (12/94)	9.38	5.87	3.87	0.791	0.725	1-1-98	Primary & Secondary	Phase II**

* Calculated by Exxon and matched by Yates economics. All other PV numbers came from Yates economic calculations.

** Exception for "Special Phase II Owners" as explained in cover letter.

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

October 10, 1994

Re: Yates Letter: Sept. 6, 1994
Avalon (Delaware) Field, Eddy Co., N.M.

David Boneau, Reservoir Engineering Supervisor
Yates Petroleum Corporation
105 S. Fourth Street
Artesia, N. M. 88210

Dear Mr. Boneau:

One of the action items from our 6/17/94 Working Interest Owners' Meeting was for you to provide an alternative Equity Formula.

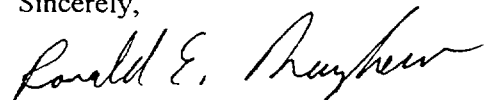
We have reviewed your proposal dated September 6, 1994. Instead of immediately circulating your letter, followed by our response, to the Working Interest Owners (WIO's) we believe it would be simpler if Yates and Exxon attempt to reach agreement on these matters, or at least clarify our positions as much as possible, prior to transmitting to WIOs. Our fundamental difference lies in equity resulting from how Phase 1 and 2 are defined. The waterflood is the reason the Unit has value to all of us and your representation of Phase 1 would be acceptable to us for the waterflood. The CO₂ flood has some probability of happening/not happening and your representation of Phase 2 is acceptable if a CO₂ flood is in the future at Avalon.

If your proposal is modified as follows we could support it:

- **Reference Item 4, your letter:** We prefer to vote for a Phase change coincident with WIO's agreeing to proceed with a CO₂ flood. However, if this is a problem, a compromise we would offer is to revise the automatic phase change date closer to an risked CO₂ injection date, such as the earlier of 12/31/2004 or the actual date of CO₂ injection.
- **Clarification, Item 5:** Investment equalization is not covered. It would seem consistent to treat it similar to Capital Expenditures, basing it on Phase 2 participation.
- **Clarification if Premier Acreage not in Unit:** Attachment 2 in your letter assumes a similar development plan if Premier acreage is not in the Unit. If Premier is not in the unit the 20 acre swath adjoining their 4 tracts could not be flooded; therefore, those reserves in those tracts would not be included in the calculation.

Our response to other areas of interest to you and other owners from our Working Interest Owners meeting are summarized in Attachment I. If these counterproposals are acceptable to you we will circulate the correspondence to all owners and request a vote under the pre-unit voting agreement.

Sincerely,



Ronald E. Mayhew
Avalon Project Manager

Attachment I: Other areas of interest, Avalon Unitization

Topic	WIO Issue	Exxon Proposal
Voting Percentage	75% approval level would give Exxon control of vote during Phase 1	Agree with WIO issue in concept; will work out exact details and numbers when participation determined
After Payout (APO)	requires a change in previous agreements	Unclear what Exxon as operator would need to do. Willing to consider if clear understanding of how to administer can be obtained.
Overhead	seems high compared to Ernst & Young data	<u>As discussed in WIO Meeting:</u> <ul style="list-style-type: none"> • Ernst & Young not comparable . • no change unless comparable data for Avalon is submitted for discussion
Bidding Crude & CO ₂	would like UOA to incorporate bidding of CO ₂ and crude oil by operator for WIO's	Done: Wording submitted to ANPC 8/25/94, who made this request

Ron Mayhew
February 9, 1995

-2-

3. Non Consents - Our reading of the Proposed Agreements leads me to believe that the Yates interest can not increase significantly via the non-consent procedures. If Yates chooses to pick up non-consents to the maximum extent, we gain 0.1 percent while Exxon gains 0.6 so that the Exxon ownership grows rapidly. If everyone else goes non-consent, the final tally is Exxon 86 percent and Yates 14 percent. You need to explain better what Exxon fears in this area.

At this point, Peyton Yates has said Yates would accept the following variation of your earlier proposal:

Ballots submitted for approval to Working Interest Owners will be considered approved if both of the two conditions below are met:

1. 80% of the WIO participation approves the ballot, and
2. the largest owner plus 15% of the remaining *consenting owners* interest approve the ballot.

I think you can see that this proposal reflects the philosophy outlined above.

Sincerely,



David F. Boneau
Manager of Non-Op Properties

DFB/cvg

Attachment

xc: Peyton Yates
Randy Patterson
Janet Richardson
Bob Fant

Dave Boreum, Yates Pet
505 - 748 - 4585

Avalon Voting Approaches

Philosophy

- Exxon agrees that some significant level of WI should agree with ballots for them to be approved.
 - Yates Petroleum agrees that they should not have veto power under current ownership or the future (with considerations of acquisitions and potential for WIO's to go non-consent)
-

Recommended Procedure

The following voting procedure is recommended to meet the philosophy above.

- Approval = Largest Owner + 20% of (Unit WI less Yates & Exxon), unless...
 - there are < 6 non-Yates, non-Exxon owners; then largest owner can approve
- Note: Approval = Exxon plus 2.81% under current ownership (76.73%)
-

Alternate Procedure

The following voting procedure can also meet the philosophy above.

- Approval = 76.7 %, unless
 - Exxon > 76.7 % or Yates > 19%; then largest owner plus 3 consenting WIOs approve, unless
 - there are < 6 non-Yates, non-Exxon owners; then largest owner can approve
-

Procedure Clarifications

The following clarifications are provided to clarify the 2 above procedures.

- Yates: The WI of the 7 companies with Avalon WI affiliated with Yates Petroleum Company
 - If 1 or more of the Yates 7 companies and/or another Yates Petroleum affiliate acquires additional WI, then this WI is added to Yates WI
 - Non-consent WI will be added to the voting WI of the WIOs who carry them
-

Continued on next page

Avalon Voting Approach, Continued

Largest WIOs The largest WIO voting groups are listed below in Columns 1 & 2.

Column 3 shows Cumulative WIO (excluding Yates, ANPC, and 2 Hudsons); where Ard, Premier, and Chevron/PBC with Exxon would exceed 76.5%.

Column 4 shows Cumulative WIO (excluding Yates, ANPC, and 2 Hudsons); where Tipperary, Whiting, MWJ, Devons, and Chevron/PBC would exceed 76.5%.

1. WIO	2. %	3. Cumulative w/o Yates, ANPC, Hudson (large to small)	4. Cumulative w/o Yates, ANPC, Hudson (small to large)
Exxon	73.92	73.92	73.92
Yates et al	12.01		
ANPC	4.65		
Hudsons(2)	2.71		
1. Ard	1.36	75.28	79.59
2. Premier	1.02	76.30	78.23
3. Chevron/ PBC	0.90	77.20	77.21
4. Devon(2)	0.76	77.96	76.31
5. MWJ	0.59	78.55	75.55
6. Whiting	0.52	79.07	74.96
7. Tipperary	0.52	79.59	74.44
30 others	1.04		

The table below shows WIO needed for various approval %. The rationale for needing 76.5% is that 3 of 7 largest OR 5 of 7 smallest are needed to make 76.5%.

Approval %	WIO needed large to small	WIO needed small to large
75	1	5,6,7
75.5	1,2	5,6,7
76	1,2	4,5,6,7
76.5	1,2,3	3,4,5,6,7
77	1,2,3	3,4,5,6,7
77.5	1,2,3,4	2,3,4,5,6,7
78	1,2,3,4,5	2,3,4,5,6,7

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

PRODUCTION DEPARTMENT
MIDLAND PRODUCTION ORGANIZATION

MDA	RECEIVED	MPC
RLA	LAND SERVICES	GGG
SEA		RTL
SHJ		TAL
79702-1600	FEB 27 1995	IBE
DCR		SHK
JBT		LM
		ES
	MPO - MIDLAND	
HANDLE	REVIEW	SEE ME
	CIRC	FILE

February 22, 1995

Avalon (Delaware) Field Unitization
Eddy Co., N. M.

Working Interest Owners:

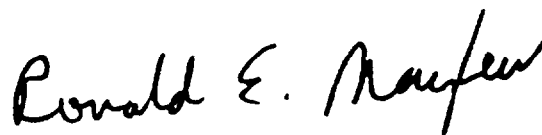
We are in the process of preparing revised Unit and Unit Operating Agreements (UA/UOA) for your approval to form the Avalon (Delaware) Field Unit with modifications that address all of the issues raised at the June 17, 1994 Working Interest Owner (WIO) Meeting (summarized in my letter of June 20, 1994). We appreciate the feedback provided by WIO's to develop these revisions, which are summarized in Attachment II.

The primary issue at the WIO Meeting was the framework for the equity formula. At that meeting, several WIO's expressed a strong interest for a single phase formula. An action item of the meeting was for Yates Petroleum to develop an alternative participation formula to the two-phase formula proposed by Exxon.

Letters that cover various formulas are attached for your information, dated September 6, October 10 and December 5, 1994. The resulting formula agreeable to both Yates and Exxon is summarized in Attachment II with WIO participation shown on Attachment III.

At this time we are requesting either 1.) your concurrence with provisions that are now acceptable to both Exxon and Yates Petroleum or 2.) your proposed changes/rationale (**return Attachment I by March 17, 1995**). This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding. Should you have questions feel free to call me at (915) 688-7841. We appreciate your continued support.

Sincerely,



Ronald E. Mayhew
Avalon Project Manager

Attachments I-III



Attachment I: Response to Exxon on Revised Unitization Proposal

Responses requested by March 17, 1995

Mail to: R. E. Mayhew, Avalon Response
Exxon USA
P.O. Box 1600
Midland, TX 79702-1600 or fax to (915) 688-6258

Please provide your response by checking one box and completing the information below:

Company Name (s): _____

- ☐ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment II: Summary Description of Proposed Modifications to Avalon Field Unit and Unit Operating Agreements

Abbreviations The following abbreviations are used:

WI working interest
WIO working interest owner
AFE Authority For Expenditure

Equity The table below describes proposed revisions to equity participation in the Avalon (Delaware) Field Unit from what Exxon proposed in the previously provided Unit and Unit Operating Agreements.

Feature	Description								
Phases	Participation will be in a single phase only; which was requested by several attendees at the June 94 WIO meeting.								
Reserve Weighting Factors	<p>Participation will be based on tract reserves with the following Reserve Weighting Factors:</p> <table border="1"> <thead> <tr> <th>Reserve Weighting</th><th>Rationale</th></tr> </thead> <tbody> <tr> <td>25 % Remaining Primary</td><td>low risk near term production highest value</td></tr> <tr> <td>50 % Waterflood</td><td>main purpose of unitization</td></tr> <tr> <td>25 % CO₂</td><td>highest technical, economic, and implementation risk</td></tr> </tbody> </table> <p>Note: These percentages are multiplied by each owners tract reserves percentage (by Primary, Waterflood, and CO₂), then summed to obtain a Unit Equity (percentage) as shown on Attachment III.</p>	Reserve Weighting	Rationale	25 % Remaining Primary	low risk near term production highest value	50 % Waterflood	main purpose of unitization	25 % CO ₂	highest technical, economic, and implementation risk
Reserve Weighting	Rationale								
25 % Remaining Primary	low risk near term production highest value								
50 % Waterflood	main purpose of unitization								
25 % CO ₂	highest technical, economic, and implementation risk								
Owner participation	A summary of owner participation is provided in Attachment III.								

Bidding of CO₂ and crude The bidding of crude oil sales and CO₂ supply have been incorporated into the agreements. Contact Scott Lansdown (915) 688-4982 if you would like to review wording.

Continued on next page

Attachment II: Summary Description of Proposed Modifications to Avalon Field Unit and Unit Operating Agreements, Continued

Capital Expenditures & Contributed Investments

All expenditures (capital and operating expense), along with existing investments of use to the Unit would be at the Single Phase participation percentage shown on Attachment III.

Examples:

- Capital Expenditure: \$1M and/or future AFEs/ballots: Each owner pays WI fraction times \$1M and/or ballot amounts
- Operating Expense: Each owner pays WI fraction times monthly operating cost
- Investment Equalization: If a well or portion of surface facility equipment can be utilized in waterflood or CO₂ operations each owner will be credited with the determined value. Then each owner will be debited with an amount equal to their WI fraction times the sum of the values of all wells/equipment brought into the Unit.

Overhead

Overhead rate will be charged as follows:

- initial overhead rate will be \$550/ producing and injection well
- overhead will increase 27% when a CO₂ project is approved by Unit Owners
- overhead will decrease 22% when CO₂ injection ceases

Exception: Exxon may submit AFE's prior to approval of a CO₂ Project to WIOs to conduct CO₂ Project Studies that will be considered as an operating expense outside the overhead category for the purpose of recovering costs for company and consulting personnel.

Examples: These studies could include computer modeling, injectivity test planning & analysis, cost/production estimates, etc. Note: for approval requirements see Voting below

Voting

Ballots/AFE's to WIOs will be considered approved if:

Note: AFE's under \$100k do not require WIO approval

- **CO₂ Study AFE's** (see Overhead above) and **CO₂ Project AFE's** (both pilot and full scale): Largest 2 owners must approve in addition to \$ requirement.
Note: Yates Petroleum's 7 affiliates are defined as a single owner for this purpose. Should these Yates interests be sold a new 2nd largest owner could occur.
 - **AFE's < \$ 1M (to be escalated 3%/year)**: Largest Owner + 10% remaining WI
 - **AFE's ≥ \$1M (to be escalated 3%/year)**: 84 % of the WIO participation
-

Attachment III: Avalon (Delaware) Participation (25,50,25)

	G-24 1/1/93 Rem Primary	G-24 Tract Waterflood Reserves	G-24 Tract CO2 Reserves	Single Phase Formula Participation: 25% Primary, 50% Waterflood, and 25% CO2 flood
Abo Petroleum Corporation	0.6731%	1.3313%	1.1936%	1.1323%
American National Pet. Corp.	2.8177%	5.5317%	4.7210%	4.6505%
Ard, Mary H.	0.8259%	1.6336%	1.3331%	1.3566%
Bello, Ernie	0.0046%	0.0088%	0.0075%	0.0074%
Bunn, Mrs. Francis B.	0.0046%	0.0088%	0.0075%	0.0074%
Chevron PBC, Inc.	0.4236%	0.6857%	1.8238%	0.9047%
Claremont Corporation	0.1549%	0.3063%	0.2500%	0.2544%
Devon Energy Corporation (NV)	0.0691%	0.1367%	0.1117%	0.1136%
Devon Energy Partners L.P.	0.3916%	0.7746%	0.6331%	0.6435%
Exxon Corporation	85.0939%	70.7855%	67.9026%	73.6419%
Fox, Fred A. & D. Marjean Living Trust	0.0005%	0.0000%	0.0038%	0.0011%
Gendron Family Revocable Trust	0.0069%	0.0132%	0.0112%	0.0111%
Goodnow, David	0.0046%	0.0088%	0.0075%	0.0074%
Hayes Partners I	0.0000%	0.0000%	0.0412%	0.0103%
Hodge, Joseph R.	0.0008%	0.0015%	0.0012%	0.0013%
Hodge, Sanford J. III	0.0008%	0.0015%	0.0012%	0.0013%
Holden, E. G. Testamentary Tr	0.0023%	0.0044%	0.0037%	0.0037%
Hudson, Edward R. Jr.	0.8259%	1.6336%	1.3331%	1.3566%
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Kawasaki, Isaac A.	0.0046%	0.0088%	0.0075%	0.0074%
Keller, Betsy H.	0.0023%	0.0044%	0.0037%	0.0037%
Kerr-McGee Corporation	0.1493%	0.2953%	0.2410%	0.2452%
LAJ Corporation	0.0010%	0.0000%	0.0073%	0.0021%
Los Chicos	0.0000%	0.0000%	0.0100%	0.0025%
Martin, James L. Jr., Trust	0.0005%	0.0000%	0.0038%	0.0011%
Martin, Williams, & Judson	0.3496%	0.6126%	0.7825%	0.5893%
McCall, Jack O. Estate of	0.0000%	0.0000%	0.0003%	0.0001%
Merit Energy Partners, II, L.P.*	0.0000%	0.0000%	0.3713%	0.0928%
Merit Energy Partners, III, L.P.*	0.0000%	0.0000%	0.3713%	0.0928%
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Myco Industries, Inc.	2.0241%	3.9938%	3.4210%	3.3582%
Napco	0.0000%	0.0000%	0.0719%	0.0180%
Oliver, Angus Cluthe Tr	0.0046%	0.0088%	0.0075%	0.0074%
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Whiting Petroleum Corporation	0.3199%	0.6561%	0.4468%	0.5197%
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Yates, John A.	0.0049%	0.0000%	0.0446%	0.0124%
Yates, S. P.	0.0049%	0.0000%	0.0346%	0.0099%
	100.0000%	100.0000%	100.0000%	100.0000%
*Note: Exxon purchased Merit interest in 1/95				

EXXON COMPANY, U.S.A.
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

PRODUCTION DEPARTMENT
MIDLAND PRODUCTION ORGANIZATION

February 23, 1995

Avalon (Delaware) Field Unitization
Eddy Co., N. M.

David F. Boneau, Manager Non-Op Properties
Yates Petroleum Corporation
105 S. Fourth St.
Artesia, NM 88210

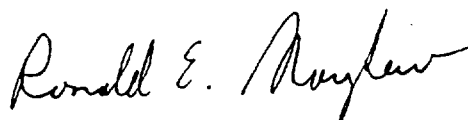
Dear Dave:

We will agree with the 4 requests in your fax dated today, to foster a spirit of cooperation and to progress the project. This is with the assumption that these are the final changes. The wording that I will pass on to our Unit Agreement Drafting Committee is provided below:

- | | |
|---------------|---|
| Voting | Ballots/AFE's to WIOs will be considered approved if:
Note: AFE's under \$100k do not require WIO approval
<ul style="list-style-type: none">• CO₂ Study AFE's (see Overhead above) and Tertiary Project AFE's (both pilot and full scale, both primary and ring areas): Largest 2 owners must approve in addition to \$ requirement.
Note: Yates Petroleum's 7 affiliates are defined as a single owner for this purpose. Should these Yates interests be sold a new 2nd largest owner could occur.• AFE's < \$ 1M: Largest Owner + 10% remaining WI; Minimum of 75%• AFE's ≥ \$1M and drilling of one or more wells: 85 % of the WIO participation |
|---------------|---|

I look forward to continuing our work in forming the Avalon Unit and in implementing the project.

Sincerely,



Ronald E. Mayhew
Avalon Project Manager



MARTIN YATES, III
1912 - 1985
RANK W. YATES
1936 - 1986



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1471

S. P. YATES
CHAIRMAN OF THE BOARD
JOHN A. YATES
PRESIDENT
PEYTON YATES
EXECUTIVE VICE PRESIDENT
RANDY G. PATTERSON
SECRETARY
DENNIS G. KINSEY
TREASURER

February 9, 1995

Ron Mayhew
Exxon Company USA
P. O. Box 1600
Midland, Texas 79702-1600

Post-It™ brand fax transmittal memo 7671		# of pages > 2
To: Ron Mayhew	From: Dave Boneau	
Co. Exxon	Co. YPC	
Dept.	Phone # 505-748-4175	
Fax # 915-688-6258	Fax # 505-748-4585	

RE: Avalon Delaware Voting

Dear Ron,

As you did in your fax dated February 8, I wish to clarify the philosophy related to Avalon voting. Also, this note tries to bring you up to date on relevant activities here at Yates.

Bob Fant and I met with Peyton Yates for an hour or more Monday evening. I met with Randy Patterson, Land Manager, for a long time on Tuesday morning and Randy met with Peyton yesterday before he left for the Dallas Federal Reserve meeting. It is now clearer to me where Exxon and Yates agree and disagree on the approach to the problem.

These are three philosophical areas where clarity might help:

1. Veto - I told you and Yates Management agrees that a minority owner of 15 percent or less should not be able to veto action. Yates Management believes that a minority owners of 20 percent should be able to veto action since the Avalon project is expensive in our eyes. I think Exxon believes that no minority owner should ever have a veto, so we have a clear problem to address.
2. Buyouts - Yates has purchased no interests in the Avalon Delaware area whereas Exxon has purchased Mesa wells plus interests in wells operated by Yates plus interests in non-producing acreage. Recently, Exxon bought the Merit interests. It is true that Yates has made offers to a few owners. These have been rejected. Yates is simply not going to seek aggressively to increase its ownership in a project that is risky and expensive.

ENI% 74.15%

BALLOT # 95-02-38

PROPERTY Avalon

DATE MAILED 2-23-98

AFE \$ AMT - 0 -

% REQUIRED 100%

DESC OF WORK UOA/UH Approval

OWNER **DATE RECEIVED**

INTEREST

TOTAL

[illegible]

FAC no MCO no EWIS 74.15

BALLOT # 95-02-38

PROPERTY Avalon

DATE MAILED 2.23-95

AFE S AMT -0-

% REQUIRED 100%

DESC OF WORK UOA/UA Approval

OWNER DATE RECEIVED INTEREST TOTAL

Edvon		73.6419	
ER Hudson	3-3-95	1.3566	
WA Hudson	2	1.3566	
Ord	3-14-95	1.3566	
Claremont		.2544	
* Premier		disapprove	
Duon		.7571	
Sigmar	3-22-95	.0032	
Schlagel		.0009	
MW&L		.5893	
ABO		1.1323	
Vates, J		.0124	
Vates, J		.0099	
Vates, Orlg		3.3483	
Vates Retro		4.1499	
Muco		3.3582	
Los Chicos		.0025	
Williams		.0011	
Unit		4.6505	
* Whiting	3-27-95	disapprove	
Apperary	2	.5197	96.5014
Rennsie	4-3-95	.9047	
A C Oliver	4-19-95	.0074	
Jay	4-28-95	.0011	97.4146

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
 Exxon Co., U.S.A.
 P. O. Box 51040
 Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): Mary T. Hudson Ard

- ☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): Mary T. Hudson Ard Title: _____

Signature: Mary T. Ard Phone: (817) 377-4830

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

MDA	RECEIVED LAND SERVICES				MPC
RLA					RGG
RKF					RTL
SHJ					TAL
PLK	MAR 17 1995				JBE
DCR					SHK
JBT					LLM
	MPQ - MIDLAND				SES
					JHT
HANDLE	REVIEW	SEE ME	CIRC	FILE	

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): Frances B. Bunn

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): Frances B. Bunn Title: owner

Signature: Frances B. Bunn Phone: (808) 521-9207

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

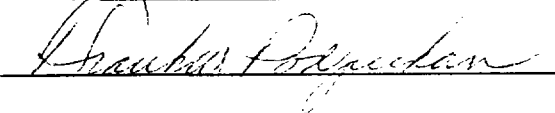
Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): CLAREMONT CORPORATION

- ☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): Frank W. Podpechan Title: President

Signature:  Phone: 918/341-6622

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment II: Summary Description of Proposed Modifications to Avalon Field Unit and Unit Operating Agreements

Abbreviations The following abbreviations are used:

WI working interest
WIO working interest owner
AFE Authority For Expenditure

Equity The table below describes proposed revisions to equity participation in the Avalon (Delaware) Field Unit from what Exxon proposed in the previously provided Unit and Unit Operating Agreements.

Feature	Description								
Phases	Participation will be in a single phase only; which was requested by several attendees at the June 94 WIO meeting.								
Reserve Weighting Factors	<p>Participation will be based on tract reserves with the following Reserve Weighting Factors:</p> <table><tr><th>Reserve Weighting</th><th>Rationale</th></tr><tr><td>25 % Remaining Primary</td><td>low risk near term production highest value</td></tr><tr><td>50 % Waterflood</td><td>main purpose of unitization</td></tr><tr><td>25 % CO₂</td><td>highest technical, economic, and implementation risk</td></tr></table> <p>Note: These percentages are multiplied by each owners tract reserves percentage (by Primary, Waterflood, and CO₂), then summed to obtain a Unit Equity (percentage) as shown on Attachment III.</p>	Reserve Weighting	Rationale	25 % Remaining Primary	low risk near term production highest value	50 % Waterflood	main purpose of unitization	25 % CO ₂	highest technical, economic, and implementation risk
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25 % Remaining Primary	low risk near term production highest value								
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Owner participation	A summary of owner participation is provided in Attachment III.								

Bidding of CO₂ and crude The bidding of crude oil sales and CO₂ supply have been incorporated into the agreements. Contact Scott Lansdown (915) 688-4982 if you would like to review wording.

Continued on next page

Attachment II: Summary Description of Proposed Modifications to Avalon Field Unit and Unit Operating Agreements, Continued

Capital Expenditures & Contributed Investments

All expenditures (capital and operating expense), along with existing investments of use to the Unit would be at the Single Phase participation percentage shown on Attachment III.

Examples:

- Capital Expenditure: \$1M and/or future AFEs/ballots: Each owner pays WI fraction times \$1M and/or ballot amounts
- Operating Expense: Each owner pays WI fraction times monthly operating cost
- Investment Equalization: If a well or portion of surface facility equipment can be utilized in waterflood or CO₂ operations each owner will be credited with the determined value. Then each owner will be debited with an amount equal to their WI fraction times the sum of the values of all wells/equipment brought into the Unit.

Overhead

Overhead rate will be charged as follows:

- initial overhead rate will be \$550/ producing and injection well
- overhead will increase 27% when a CO₂ project is approved by Unit Owners
- overhead will decrease 22% when CO₂ injection ceases

Exception: Exxon may submit AFE's prior to approval of a CO₂ Project to WIOs to conduct CO₂ Project Studies that will be considered as an operating expense outside the overhead category for the purpose of recovering costs for company and consulting personnel.

Examples: These studies could include computer modeling, injectivity test planning & analysis, cost/production estimates, etc. Note: for approval requirements see Voting below

Voting

Ballots/AFE's to WIOs will be considered approved if:

Note: AFE's under \$100k do not require WIO approval

- **CO₂ Study AFE's** (see Overhead above) and **CO₂ Project AFE's** (both pilot and full scale): Largest 2 owners must approve in addition to \$ requirement.
Note: Yates Petroleum's 7 affiliates are defined as a single owner for this purpose. Should these Yates interests be sold a new 2nd largest owner could occur.
 - **AFE's < \$ 1M (to be escalated 3%/year)**: Largest Owner + 10% remaining WI
 - **AFE's ≥ \$1M (to be escalated 3%/year)**: 84 % of the WIO participation
-

Attachment III: Avalon (Delaware) Participation (25,50,25)

	G-24 1/1/93 Rem Primary	G-24 Tract Waterflood Reserves	G-24 Tract CO2 Reserves	Single Phase Formula Participation: 25% Primary, 50% Waterflood, and 25% CO2 flood
Abo Petroleum Corporation	0.6731%	1.3313%	1.1936%	1.1323%
American National Pet. Corp.	2.8177%	5.5317%	4.7210%	4.6505%
Ard, Mary H.	0.8259%	1.6336%	1.3331%	1.3566%
Bello, Ernie	0.0046%	0.0088%	0.0075%	0.0074%
Bunn, Mrs. Francis B.	0.0046%	0.0088%	0.0075%	0.0074%
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Hodge, Joseph R.	0.0008%	0.0015%	0.0012%	0.0013%
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LAI Corporation	0.0010%	0.0000%	0.0073%	0.0021%
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Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

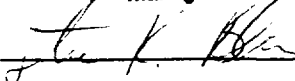
Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): DEVON ENERGY

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): STEVEN K. BLAIR Title: _____
~~Manager Outside Operations~~

Signature:  Phone: 405 552-4522

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

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Bidding of CO₂ and crude

The bidding of crude oil sales and CO₂ supply have been incorporated into the agreements. Contact Scott Lansdown (915) 688-4982 if you would like to review wording.

Continued on next page

Attachment II: Summary Description of Proposed Modifications to Avalon Field Unit and Unit Operating Agreements, Continued

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Examples:

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-

Overhead

Overhead rate will be charged as follows:

- initial overhead rate will be \$550/ producing and injection well
- overhead will increase 27% when a CO₂ project is approved by Unit Owners
- overhead will decrease 22% when CO₂ injection ceases

Exception: Exxon may submit AFE's prior to approval of a CO₂ Project to WIOs to conduct **CO₂ Project Studies** that will be considered as an operating expense outside the overhead category for the purpose of recovering costs for company and consulting personnel.

Examples: These studies could include computer modeling, injectivity test planning & analysis, cost/production estimates, etc. Note: for approval requirements see Voting below

Voting

Ballots/AFE's to WIOs will be considered approved if:

Note: AFE's under \$100k do not require WIO approval

- **CO₂ Study AFE's** (see Overhead above) and **CO₂ Project AFE's** (both pilot and full scale): Largest 2 owners must approve in addition to \$ requirement.
Note: Yates Petroleum's 7 affiliates are defined as a single owner for this purpose. Should these Yates interests be sold a new 2nd largest owner could occur.
 - **AFE's < \$ 1M (to be escalated 3%/year)**: Largest Owner + 10% remaining WI
 - **AFE's ≥ \$1M (to be escalated 3%/year)**: 84 % of the WIO participation
-

Attachment III: Avalon (Delaware) Participation (25,50,25)

	G-24 1/1/93 Rem Primary	G-24 Tract Waterflood Reserves	G-24 Tract CO2 Reserves	Single Phase Formula Participation: 25% Primary, 50% Waterflood, and 25% CO2 flood
Abo Petroleum Corporation	0.6731%	1.3313%	1.1936%	1.1323%
American National Pet. Corp.	2.8177%	5.5317%	4.7210%	4.6505%
Ard, Mary H.	0.8259%	1.6336%	1.3331%	1.3566%
Bello, Ernie	0.0046%	0.0088%	0.0075%	0.0074%
Bunn, Mrs. Francis B.	0.0046%	0.0088%	0.0075%	0.0074%
Chevron PBC, Inc.	0.4236%	0.6857%	1.8238%	0.9047%
Claremont Corporation	0.1549%	0.3063%	0.2500%	0.2544%
Devon Energy Corporation (NV)	0.0691%	0.1367%	0.1117%	0.1136%
Devon Energy Partners L.P.	0.3916%	0.7746%	0.6331%	0.6435%
Exxon Corporation	85.0939%	70.7855%	67.9026%	73.6419%
Fox, Fred A. & D. Marjean Living Trust	0.0005%	0.0000%	0.0038%	0.0011%
Gendron Family Revocable Trust	0.0069%	0.0132%	0.0112%	0.0111%
Goodnow, David	0.0046%	0.0088%	0.0075%	0.0074%
Hayes Partners I	0.0000%	0.0000%	0.0412%	0.0103%
Hodge, Joseph R.	0.0008%	0.0015%	0.0012%	0.0013%
Hodge, Sanford J. III	0.0008%	0.0015%	0.0012%	0.0013%
Holden, E. G. Testamentary Tr	0.0023%	0.0044%	0.0037%	0.0037%
Hudson, Edward R. Jr.	0.8259%	1.6336%	1.3331%	1.3566%
Hudson, William A. II	0.8259%	1.6336%	1.3331%	1.3566%
Kawasaki, Isaac A.	0.0046%	0.0088%	0.0075%	0.0074%
Keller, Betsy H.	0.0023%	0.0044%	0.0037%	0.0037%
Kerr-McGee Corporation	0.1493%	0.2953%	0.2410%	0.2452%
LAI Corporation	0.0010%	0.0000%	0.0073%	0.0021%
Los Chicos	0.0000%	0.0000%	0.0100%	0.0025%
Martin, James L. Jr., Trust	0.0005%	0.0000%	0.0038%	0.0011%
Martin, Williams, & Judson	0.3496%	0.6126%	0.7825%	0.5893%
McCall, Jack O. Estate of	0.0000%	0.0000%	0.0003%	0.0001%
Merit Energy Partners, II, L.P. *	0.0000%	0.0000%	0.3713%	0.0928%
Merit Energy Partners, III, L.P. *	0.0000%	0.0000%	0.3713%	0.0928%
Merit Energy Partners, L.P. *	0.0000%	0.0000%	0.3713%	0.0928%
Moore, Charles Cline	0.0115%	0.0219%	0.0189%	0.0186%
Munroe, Vernon	0.0046%	0.0088%	0.0075%	0.0074%
Mycos Industries, Inc.	2.0241%	3.9938%	3.4210%	3.3582%
Napco	0.0000%	0.0000%	0.0719%	0.0180%
Oliver, Angus Cluthe Tr	0.0046%	0.0088%	0.0075%	0.0074%
Oliver, William B. Tr	0.0046%	0.0088%	0.0075%	0.0074%
Oxy U.S.A., Inc.	0.0000%	0.0000%	0.5361%	0.1340%
Premier Oil & Gas, Inc.	0.0000%	0.0000%	4.0769%	1.0192%
Redfern, John J. III, Indep Exec of Est of	0.0725%	0.1433%	0.1170%	0.1190%
Redfern, Rosalind	0.0725%	0.1433%	0.1170%	0.1190%
Schlagal, John L.	0.0005%	0.0000%	0.0032%	0.0009%
Martl, Adolph P. Schuman Tr	0.0046%	0.0088%	0.0075%	0.0074%
Seventy-Seven Corporation	0.0000%	0.0000%	0.0080%	0.0020%
Sigmar, Inc.	0.0016%	0.0000%	0.0111%	0.0032%
Space Building Corp.	0.0115%	0.0219%	0.0187%	0.0185%
Tipperary Oil Corporation	0.3199%	0.6561%	0.4468%	0.5197%
TR Oil Corporation	0.0000%	0.0000%	0.0042%	0.0011%
Van Vranken, J. F. Jr.	0.0046%	0.0088%	0.0075%	0.0074%
Whiting Petroleum Corporation	0.3199%	0.6561%	0.4468%	0.5197%
Yates Drilling Company	2.0192%	3.9938%	3.3864%	3.3483%
Yates Petroleum Corporation	2.4800%	4.9051%	4.3094%	4.1499%
Yates, John A.	0.0049%	0.0000%	0.0446%	0.0124%
Yates, S. P.	0.0049%	0.0000%	0.0346%	0.0099%
	100.0000%	100.0000%	100.0000%	100.0000%
*Note: Exxon purchased Merit interest in 1/95				

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): Fred A. & D. Margean Fox Living Trust

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): Fred A. Fox Title: Trustee

Signature: Fred A. Fox Phone: (360) 757-0693

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): DEVON ENERGY

- ☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): STEVEN K. BLAIR Title: Manager Outside Operations

Signature: [Signature] Phone: (409) 552-4522

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment II: Summary Description of Proposed Modifications to Avalon Field Unit and Unit Operating Agreements

Abbreviations The following abbreviations are used:

WI working interest
WIO working interest owner
AFE Authority For Expenditure

Equity The table below describes proposed revisions to equity participation in the Avalon (Delaware) Field Unit from what Exxon proposed in the previously provided Unit and Unit Operating Agreements.

Feature	Description								
Phases	Participation will be in a single phase only; which was requested by several attendees at the June 94 WIO meeting.								
Reserve Weighting Factors	<p>Participation will be based on tract reserves with the following Reserve Weighting Factors:</p> <table> <tr> <th>Reserve Weighting</th><th>Rationale</th></tr> <tr> <td>25 % Remaining Primary</td><td>low risk near term production highest value</td></tr> <tr> <td>50 % Waterflood</td><td>main purpose of unitization</td></tr> <tr> <td>25 % CO₂</td><td>highest technical, economic, and implementation risk</td></tr> </table> <p>Note: These percentages are multiplied by each owners tract reserves percentage (by Primary, Waterflood, and CO₂), then summed to obtain a Unit Equity (percentage) as shown on Attachment III.</p>	Reserve Weighting	Rationale	25 % Remaining Primary	low risk near term production highest value	50 % Waterflood	main purpose of unitization	25 % CO ₂	highest technical, economic, and implementation risk
Reserve Weighting	Rationale								
25 % Remaining Primary	low risk near term production highest value								
50 % Waterflood	main purpose of unitization								
25 % CO ₂	highest technical, economic, and implementation risk								
Owner participation	A summary of owner participation is provided in Attachment III.								

Bidding of CO₂ and crude The bidding of crude oil sales and CO₂ supply have been incorporated into the agreements. Contact Scott Lansdown (915) 688-4982 if you would like to review wording.

Continued on next page

Attachment II: Summary Description of Proposed Modifications to Avalon Field Unit and Unit Operating Agreements, Continued

Capital Expenditures & Contributed Investments

All expenditures (capital and operating expense), along with existing investments of use to the Unit would be at the Single Phase participation percentage shown on Attachment III.

Examples:

- Capital Expenditure: \$1M and/or future AFEs/ballots: Each owner pays WI fraction times \$1M and/or ballot amounts
 - Operating Expense: Each owner pays WI fraction times monthly operating cost
 - Investment Equalization: If a well or portion of surface facility equipment can be utilized in waterflood or CO₂ operations each owner will be credited with the determined value. Then each owner will be debited with an amount equal to their WI fraction times the sum of the values of all wells/equipment brought into the Unit.
-

Overhead

Overhead rate will be charged as follows:

- initial overhead rate will be \$550/ producing and injection well
- overhead will increase 27% when a CO₂ project is approved by Unit Owners
- overhead will decrease 22% when CO₂ injection ceases

Exception: Exxon may submit AFE's prior to approval of a CO₂ Project to WIOs to conduct CO₂ Project Studies that will be considered as an operating expense outside the overhead category for the purpose of recovering costs for company and consulting personnel.

Examples: These studies could include computer modeling, injectivity test planning & analysis, cost/production estimates, etc. Note: for approval requirements see Voting below

Voting

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- CO₂ Study AFE's (see Overhead above) and CO₂ Project AFE's (both pilot and full scale): Largest 2 owners must approve in addition to \$ requirement.

Note: Yates Petroleum's 7 affiliates are defined as a single owner for this purpose. Should these Yates interests be sold a new 2nd largest owner could occur.

- AFE's < \$ 1M (to be escalated 3%/year): Largest Owner + 10% remaining WI
 - AFE's ≥ \$1M (to be escalated 3%/year): 84 % of the WIO participation
-

Attachment III: Avalon (Delaware) Participation (25,50,25)

	G-24 1/1/93 Rem Primary	G-24 Tract Waterflood Reserves	G-24 Tract CO2 Reserves	Single Phase Formula Participation: 25% Primary, 50% Waterflood, and 25% CO2 flood
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Merit Energy Partners, II, L.P.*	0.0000%	0.0000%	0.3713%	0.0928%
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Oxy U.S.A., Inc.	0.0000%	0.0000%	0.5361%	0.1340%
Premier Oil & Gas, Inc.	0.0000%	0.0000%	4.0769%	1.0192%
Redfern, John J. III, Indep Exec of Est of	0.0725%	0.1433%	0.1170%	0.1190%
Redfern, Rosalind	0.0725%	0.1433%	0.1170%	0.1190%
Schlagal, John L.	0.0005%	0.0000%	0.0032%	0.0009%
Marl, Adolph P. Schuman Tr	0.0046%	0.0088%	0.0075%	0.0074%
Seventy-Seven Corporation	0.0000%	0.0000%	0.0080%	0.0020%
Sigmar, Inc.	0.0016%	0.0000%	0.0111%	0.0032%
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Tipperary Oil Corporation	0.3199%	0.6561%	0.4468%	0.5197%
TR Oil Corporation	0.0000%	0.0000%	0.0042%	0.0011%
Van Vranken, J. F. Jr.	0.0046%	0.0088%	0.0075%	0.0074%
Whiting Petroleum Corporation	0.3199%	0.6561%	0.4468%	0.5197%
Yates Drilling Company	2.0192%	3.9938%	3.3864%	3.3483%
Yates Petroleum Corporation	2.4800%	4.9051%	4.3094%	4.1499%
Yates, John A.	0.0049%	0.0000%	0.0446%	0.0124%
Yates, S. P.	0.0049%	0.0000%	0.0346%	0.0099%
	100.0000%	100.0000%	100.0000%	100.0000%
*Note: Exxon purchased Merit interest in 1/95				

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040

or FAX (915) 688-6643 ⁶²⁵⁸

Please provide your response by checking one box and completing the information below:

Company Name (s): Edward R. Hudson Jr and William A. Hudson, II

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): Edward R. Hudson, Jr. Title: _____

Signature: *E R Hudson Jr* Phone: 817 336 7109

W A HUDSON II

William A Hudson II ✓ ✓

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

February 28, 1995

Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040

Re: Avalon (Delaware) Field Unitization
Eddy Co., N.M.
Ballot #95-02-38

Gentlemen:

Enclosed is the captioned ballot which has been signed by William A. Hudson, II and myself agreeing with your unitization proposal .

Yours truly,

Edward R. Hudson, Jr.

ERHJr/vc

Enclosure

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): Brown Brothers Harriman Trust
Company of Texas, TRUSTEE A.C. OLIVER TRUST

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): Robert G. McKenzie Title: EXECUTIVE VICE-PRESIDENT

Signature: R.G. McKenzie Phone: 214-979-0034

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

MDA	RECEIVED				MPC
RLA	LAND SERVICES				RGG
RKF					RTL
SHJ	APR 20 1995				TAL
PLK					JBE
DCR					SHK
JBT					LLM
	MPO - MIDLAND				SES
					JHT
HANDLE	REVIEW	SEE ME	CIRC	FILE	

Joe Thomas

MWJ PRODUCING COMPANY

★ PETROLEUM PRODUCERS ★

400 WEST ILLINOIS SUITE 1100
MIDLAND, TEXAS 79701
TELEPHONE (915) 682-5216

March 14, 1995

Exxon Company, USA
P. O. Box 1600
Midland, Texas 79702-1600

Attn: Mr. Ronald Mayhew

MDA	RECEIVED		MPC
RLA	LAND SERVICES		RGG
RKF			RTL
SHJ			TAL
PLK	MAR 20 1995		JBE
DCR			SHK
JBT			LLM
			SES
	MPO - MIDLAND		JHT
HANDLE	REVIEW	SEE ME	CIRC
			FILE

Re: Exxon-Avalon Unit
T-20-S, R-28-E
Eddy Co., New Mexico
MWJ #2224

Dear Mr. Mayhew:

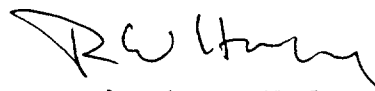
Enclosed please find the response to Exxon on the Revised Unitization Proposal for the following:

Martin Living Trust
R. Ken Williams
Edward H. Judson
Sigmar, Inc.
John Schlagal

If there are questions, please call.

Very truly yours,

MWJ PRODUCING COMPANY



Robert W. Hodge
Land Manager

RWH:sc
Encl.

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): MARTIN LIVING TRUST, R. KEN WILLIAMS, EDWARD H. JUDSON,
SIGMAR, INC., JOHN SCHLAGAL

- ☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): Robert W. Hodge Title: Land Manager

Signature:  Phone: (915) 682-5216

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

F4I
JR

Attachment I: Response to Exxon on Revised Unitization Proposal

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Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): ESTATE OF JACK O. MCCALL

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): DOLORES L. MCCALL Title: EXECUTRIX

Signature: *Dolores L. McCall* Phone: (915) 682-5662

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment I: Response to Exxon on Revised Unitization Proposal**Responses requested by March 17, 1995**

Mail to: R. E. Mayhew, Avalon Response
Exxon USA
P.O. Box 1600
Midland, TX 79702-1600 or fax to (915) 688-6258

Please provide your response by checking one box and completing the information below:

Company Name (s): Pennzoil Exploration and Production Company

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): _____ Title: _____

Signature: Wayne A. Grunwaldt Phone: 3-30-95

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

F4I
JR

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Responses requested by March 17, 1995

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P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): ESTATE OF JACK O. MCCALL

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): DOLORES L. MCCALL Title: EXECUTRIX

Signature: *Dolores L. McCall* Phone: (915) 682-5662

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By (typed or written): _____ Title: _____

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Mail to: R. E. Mayhew, Avalon Response
Exxon USA
P.O. Box 1600
Midland, TX 79702-1600 or fax to (915) 688-6258

Please provide your response by checking one box and completing the information below:

Company Name (s): Pennzoil Exploration and Production Company



We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): _____ Title: _____

Signature: Wayne A. Granwalt Phone: 3-30-95



We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

P REMIER OIL AND GAS, INC.

March 7, 1995

Exxon Company, U.S.A.
Attention: Ronald E. Mayhew
P. O. Box 1600
Midland, TX 79702-1600

RE: Avalon (Delaware) Field Unitization
Ballot #95-02-38

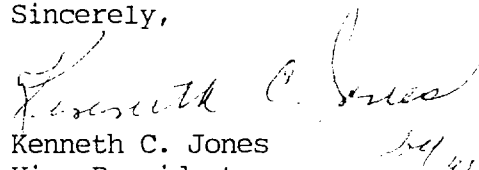
Dear Ron:

Premier Oil and Gas appreciates the opportunity to review the new unit equity formula. Although the new formula simplifies some matters, we are still withdrawing our tracts from the proposed unit. Our differences of opinion on the geological pick, unit outline, and the primary and secondary production for our tracts, still creates an unfair and unreasonable equity for Premier's interest.

If the unit chooses to proceed with statutory unitization, I would appreciate a minimum of sixty days notification. Furthermore, the months of August and September are not available for court proceedings.

Once more, thank you for your time and consideration.

Sincerely,


Kenneth C. Jones
Vice President

Enclosure: Ballot #95-02-38

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): Premier Oil & Gas, Inc.

☐ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

☒ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): Rosalie Jones Title: President

Signature: *Rosalie Jones* Phone: (505) 748-2093

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

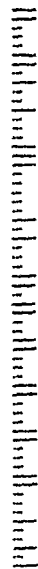
U.S. MAIL
P. O. Box 1246
Artesia, NM 88211-1246



Exxon Company, U.S.A.
Attention: Ronald E. Mayhew
P. O. Box 1600
Midland, TX 79702-1600

ML 70

79702-1600



Attachment I: Response to Exxon on Revised Unitization Proposal**Responses requested by March 17, 1995**

Mail to: R. E. Mayhew, Avalon Response
Exxon USA
P.O. Box 1600
Midland, TX 79702-1600 or fax to (915) 688-6258

Please provide your response by checking one box and completing the information below:

Company Name (s): TIPPERARY OIL & GAS CORPORATION

- ☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): JEFF T. OBOURN Title: VICE PRESIDENT - UNIT

Signature: [Signature] Phone: 303 - 293 - 9379

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.



March 22, 1995

Mr. R. E. Mayhew, Avalon Response
EXXON U.S.A.
P.O. Box 1600
Midland, Texas 79702-1600

Dear Mr. Mayhew:

Pursuant to our telephone conversations March 21, 1995, we "conceptually" agree with your proposal to unitize. We do disagree with two components of the proposal: 1) Overhead Rate; and, 2) AFE approval limits.

Whiting Petroleum has working interests in several wells in the Avalon field as well as numerous other properties in the area, and the Overhead Rate for these properties average less than \$500/month. We believe an Overhead Rate of \$500/month would be appropriate.

Your proposed AFE approval limit of \$100,000 seems far too high, considering the type of project and depth of wells. As I mentioned, the SACROC Unit has a \$40,000 limit which seems to be more reasonable. We request you reconsider your \$100,000 approval limit.

Your consideration of these two concerns would be appreciated.

Very truly yours,

WHITING PETROLEUM CORPORATION

D. Sherwin Artus
Vice President, Operations Department

DSA:glv:EXXON.U01/JRHB2

cc: Yates Petroleum Corp.
David Boneau
105 S. 4th St.
Artesia, NM 88210

WHITING PETROLEUM CORPORATION
MILE HIGH CENTER, 1700 BROADWAY, SUITE 2300, DENVER, COLORADO 80290-2301 (303) 837-1661 FAX (303) 861-4023
4804 REPUBLIC TOWERS II, 325 N. ST. PAUL ST., DALLAS, TX 75201 (214) 741-1650 FAX (214) 220-3940

An IES INDUSTRIES Company

Attachment I: Response to Exxon on Revised Unitization Proposal

Responses requested by March 17, 1995

Mail to: R. E. Mayhew, Avalon Response
Exxon USA
P.O. Box 1600
Midland, TX 79702-1600 or fax to (915) 688-6258

Please provide your response by checking one box and completing the information below:

Company Name (s): WHITING PETROLEUM CORPORATION

- ☐ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

- ☒ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): Sherwin Artus Title: VP-Operations

Signature: Sherwin Artus Phone: 303-837-1661

Please see attached letter.

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040

or FAX (915) 688-6643

*Please change my address to TR Oil Corp
9 Arrowhead Lane
DeKalb, IL 60115*

Please provide your response by checking one box and completing the information below:

Company Name (s): TR Oil Corp

- ☐ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): _____ Title: _____

Signature: Thomas H. Reubens Phone: 407 798 5717

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment I: Response to Exxon on Revised Unitization Proposal**Responses requested by March 17, 1995**

Mail to: R. E. Mayhew, Avalon Response
Exxon USA
P.O. Box 1600
Midland, TX 79702-1600 or fax to (915) 688-6258

Please provide your response by checking one box and completing the information below:

Company Name (s): TIPPERARY OIL & GAS CORPORATION

☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): JEFF T. OBARN Title: VICE PRES. DEPT - UVA

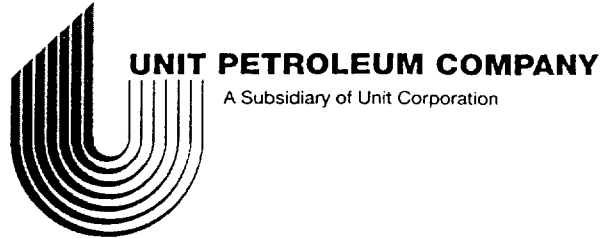
Signature:  Phone: 303 - 293 - 9379

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.



March 10, 1995

Ronald E. Mayhew
Exxon Company USA
P. O. Box 1600
Midland Texas 79702-1600

RE: Avalon Waterflood
Eddy County, New Mexico
Avalon Prospect

Dear Mr. Mayhew:


Enclosed is an executed copy of your Attachment I concerning revisions to the proposed Unit Agreement.

Please make note that effective January 1, 1994 American National Petroleum Company purchased the interest of Vernon Munroe. Effective May 1, 1994 Unit Petroleum Company purchased the interest of American National Petroleum Company.

Copies of the recorded Assignments are enclosed for your files. We ask that you update your records accordingly.

Should you have any questions, do not hesitate to contact us.

Respectfully yours,


Leslie J. Naughton
Senior Landman

LJN/lls

Enclosures

321jn07.doc

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

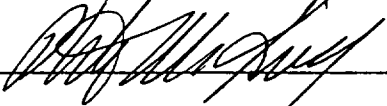
Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by checking one box and completing the information below:

Company Name (s): UNIT PETROLEUM COMPANY

- ☒ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.

By (typed or written): PHILIP M. KEELEY Title: VICE PRESIDENT

Signature:  Phone: (918) 493-7700

- ☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.

By (typed or written): _____ Title: _____

Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Joe Thomas



March 22, 1995

Mr. R. E. Mayhew, Avalon Response
EXXON U.S.A.
P.O. Box 1600
Midland, Texas 79702-1600

Dear Mr. Mayhew:

Pursuant to our telephone conversations March 21, 1995, we "conceptually" agree with your proposal to unitize. We do disagree with two components of the proposal: 1) Overhead Rate; and, 2) AFE approval limits.

Whiting Petroleum has working interests in several wells in the Avalon field as well as numerous other properties in the area, and the Overhead Rate for these properties average less than \$500/month. We believe an Overhead Rate of \$500/month would be appropriate.

Your proposed AFE approval limit of \$100,000 seems far too high, considering the type of project and depth of wells. As I mentioned, the SACROC Unit has a \$40,000 limit which seems to be more reasonable. We request you reconsider your \$100,000 approval limit.

Your consideration of these two concerns would be appreciated.

Very truly yours,

WHITING PETROLEUM CORPORATION

D. Sherwin Artus
Vice President, Operations Department

DSA:glv:EXXON.U01/JRHB2

cc: Yates Petroleum Corp.
David Boneau
105 S. 4th St.
Artesia, NM 88210

WHITING PETROLEUM CORPORATION

MILE HIGH CENTER, 1700 BROADWAY, SUITE 2300, DENVER, COLORADO 80290-2301 (303) 837-1661 FAX (303) 861-4023
4804 REPUBLIC TOWERS II, 325 N. ST. PAUL ST., DALLAS, TX 75201 (214) 741-1650 FAX (214) 220-3940

An IES INDUSTRIES Company

Attachment I: Response to Exxon on Revised Unitization Proposal

Responses requested by March 17, 1995

Mail to: R. E. Mayhew, Avalon Response
Exxon USA
P.O. Box 1600
Midland, TX 79702-1600 or fax to (915) 688-6258

Please provide your response by checking one box and completing the information below:

Company Name (s): WHITING PETROLEUM CORPORATION

☐ We agree with the unitization proposal as described in this letter (and Attachments). Exxon should proceed with modifying the Unit and Unit Operating Agreements.
By (typed or written): _____ Title: _____
Signature: _____ Phone: _____

☒ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.
By (typed or written): Sherwin Artus Title: VP-Operations
Signature: Sherwin Artus Phone: 303-837-1661
Please see attached letter.

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

Attachment I: Response to Exxon on Revised Unitization Proposal

Ballot # 95-02-38

Responses requested by March 17, 1995

Mail to: Operations Accounting Secretary
Exxon Co., U.S.A.
P. O. Box 51040
Midland, Texas 79710-1040 or FAX (915) 688-6643

Please provide your response by **checking one box** and completing the information below:

Company Name (s): Yates Petroleum Corporation, Yates Drilling Company, MVCO Industries, Inc., Abo Petroleum Corporation, Los Chicos, John A. Yates and S. P. Yates

☒ We agree with the unitization proposal as described in this letter (and Attachments)*. Exxon should proceed with modifying the Unit and Unit Operating Agreements.
By (typed or written): David F. Boneau Title: MANAGER NEW OIL PROPERTIES
Signature: David F. Boneau Phone: (505) 748-1471

* and amended by letter of February 23, 1995 and subject to adding the following sentence to the Voting procedure: "The intent of the owners is that a project will not be divided into multiple AFE's in order to circumvent the voting procedure."

☐ We disagree with the unitization proposal as described in this letter (and Attachments). Our proposal for changes along with our rationale is provided in the attached letter.
By (typed or written): _____ Title: _____
Signature: _____ Phone: _____

Note: This is not considered to be approval of the Unit/Unit Operating Agreements, but an endorsement to modify provisions in them; therefore is non-binding.

EXXON COMPANY, U.S.A.
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

May 2, 1995

Request for Preliminary Approval of
Unitization Agreement
Avalon (Delaware) Unit
Eddy County, New Mexico

Armando Lopez, Roswell District
Bureau of Land Management
1717 W. 2nd St.
Roswell, New Mexico 88201

Dear Mr. Lopez:

Exxon Corporation requests Bureau of Land Management (BLM) preliminary approval of the Avalon (Delaware) Unit, and the Unit Agreement which is being delivered to you today. Exxon plans to request approval of the New Mexico Oil Conservation Division in June under the New Mexico Statutory Unitization Act, and we understand that final BLM approval and ratification of the Unit agreement will occur after that time. However, we would like to begin circulating the Unit Agreement and Unit Operating agreement for ratification by the owners next week. If there are any changes that you believe need to be made prior to ratification, we would appreciate having those within the next week.

Please call me if you wish to discuss any part of the proposed project, or the Agreement. My phone number is (915) 688-7841.

Sincerely,

Ronald E. Mayhew
Avalon Project Manager

attachment

Unit Conference

05/02/95

Name	Company	Phone #
John S. Simitz	BLM Geologist	627-0288
Tony Ferguson	BLM	505-627-0298
Tim O'Brien	BLM - Carlsbad	505-887-6544
Bill Duncan	Exxon	915 688 6174
Scott Lausdown	Exxon	915-688-4982
Ken Mathew	Exxon	915-688-7841
Tom	Exxon	915-688-7162
Joe B. Thomas	Exxon	915-688-7162
		Fax - 915-688-7115
Armando Lopez	BLM - Roswell	505-627-0248
Mary Lou Ormseth	BLM	505-627-0258

AGENDA

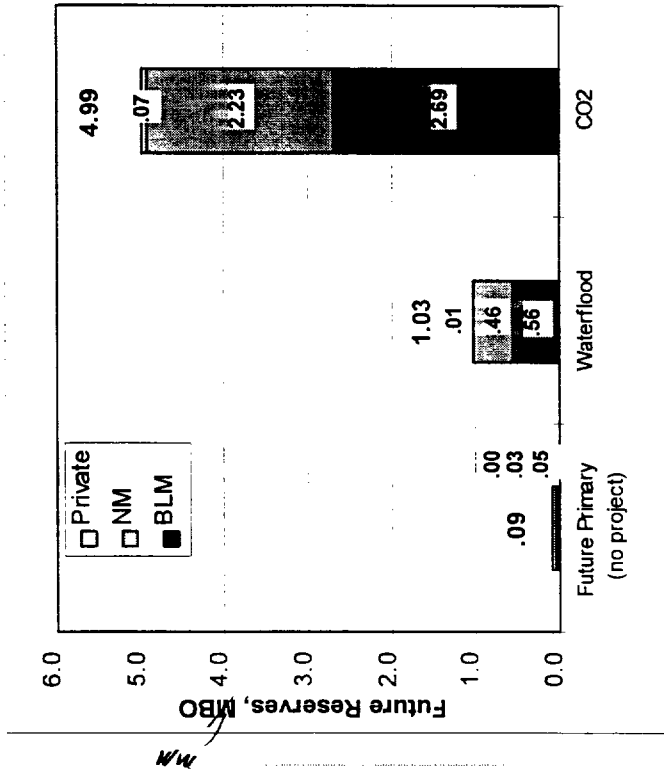
Topic	Presenter	Time, Min:
Geology	Ron Mayhew	5
Reserves and Development Plan	Ron Mayhew	5
Investments	Ron Mayhew	5
Equity	Ron Mayhew	10
Unit Agreement	Joe Thomas - Land & UA Committee Lead Bill Duncan - UA Committee Scott Lansdown - UA Committee	30
Closing	Ron Mayhew	5
		60

EQUITY: FORMULA

• Formula

$$\begin{array}{l}
 \text{Participation} = .25 \\
 \text{Remaining Primary Reserves} + .25 \\
 \text{Total Remaining Primary Reserves} \\
 \text{Waterflood Reserves} + .25 \\
 \text{Total Waterflood Reserves} \\
 \text{CO}_2 \text{ Reserves} \\
 \text{Total CO}_2 \text{ Reserves}
 \end{array}$$

Royalty Share



Gross Reserves, MMBO			
Acres	Remaining Primary	Waterflood	CO ₂
State	1,156	3,832	19,442
Federal	783	4,368	19,199
Private	201	70	1,242
Total	2,140	8,269	39,883

Sum of Tract Participation %*	Royalty Participation*
45	.0559
54	.0675
1	.0017
100	.1251

*Note: Excludes overriding royalty interests

• Considerations

- Reserves vary areally
- Investments
- Operating expenses
- Production timing
- Oil & gas price

STATE LAND OFFICE

MEETING RE AVALON (DELAWARE) UNIT

JOE B THOMAS	(915) 688-7162	EXXON
Ron Mayhew	" 688-7841	EXXON
Bill Duncan	" 688-6174	"
Jeff Albers	505 827-5759	SLO
Janet Richardson	505-748-1471	Yates Petroleum
JAMI BAILEY	505-827-5745	SLO
PETE MARTINEZ	505-827-5791	SLO
ELEANORE NEESTERSON	505-827-5748	SLO
CHARLES D. ENGELKE	827-5880	OSC
DAVE BONEAU	505-748-1471	YATES PETROLEUM
Jim Bruce	505-982-4534	EXXON (Huckel firm)
Scott Lansdown	915-688-4982	EXXON

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

PRODUCTION DEPARTMENT
MIDLAND PRODUCTION ORGANIZATION

May 11, 1995

Proposed Avalon (Delaware) Unit
Unit and Unit Operating Agreements
Eddy County, N.M.

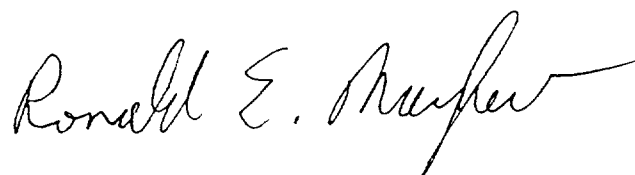
Mr. D. Sherwin Artus
Vice President, Operations Department
Whiting Petroleum Corporation
1700 Broadway Suite 2300
Denver, CO 80290-2301

Dear Mr. Artus:

I appreciate your time and interest in reviewing my letter of February 22, 1995. I was pleased that the equity formula and most terms were agreeable to you. I could have done a better job explaining our basis when I talked with you by phone and that is the purpose of this letter. Your letter of March 22, 1995 indicated concern regarding both overhead rates and the AFE balloting level of \$100,000. Other owners did not consider these issues, but I wanted to offer our rationale, which is provided on the attachment.

We will be mailing you Unit and Unit Operating Agreements shortly and plan to have a hearing with the NMOCD on June 1, 1995. I hope we can count on your support. Please call me should you have questions or concerns (915) 688 - 7841.

Sincerely,



Ronald E. Mayhew
Avalon Project Manager

Attachments
rem/whiting.doc

Overhead Rates

Rates

Unit Operating Agreement: \$ 550/well/month
Your Proposal: \$ 500/well/month

Background

As you know we initially proposed an overhead rate of \$ 729/well, which we felt was necessary to recoup costs associated with a somewhat unique waterflood project and the planning for a tertiary project. Exxon has already done a very large amount of technical, land, and accounting work that won't be reimbursed by Working Interest Owners. We agreed to lower the rate to \$ 550/well to close negotiations and enable the project to proceed.

Comparable Rates

1. Ernst & Young rates were suggested as a comparable basis for rates: We disagree with this point on several accounts:
 - respondents to survey are primarily small companies having smaller technical and support staffs
 - respondents are primarily operators of primary oil production, not water and CO₂ floods
 - the overhead rates by most major oil companies are either not included or not weight averaged

Rates in the area: We agree that rates in the area have a wide range; however \$ 550/well/yr is within the range. If interested I can provide example leases. I verbally provided examples in N. Mexico and Rockies at the June 17 WIO meeting.

What makes Avalon unique?

Avalon's overhead rate is warranted based on the level of engineering surveillance for proper reservoir management. The long life, slow processing rates and very low permeability require more monitoring and work compared to typical Permian Basin fields. Additionally, Avalon has 2 zones which will need to be monitored separately. One could rationalizing even higher rates with that as a basis. Our original plan (Technical Report for WIO's, Aug. 1992) included separate wells for the Cherry and Brushy for injection. We now believe we have a design for dual string injector.

AFE Ballot Level

Amount	The Unit Operating Agreement ballot level is \$ 100,000.
Original Exxon proposal	The original proposal provided in the 4/26/94 WIO meeting was 75 %, when our proposed Phase I participation was 79.7 %. With a single phase formula we realized this was not reasonable.
Exxon need	We have the need of conducting routine operations without the administrative burden of balloting working interest owners. Well work such as stimulations, refracs, and replacing/repairing submersible pumps typically exceed \$ 40,000.
WIO needs	Several WIO's indicated their need to have influence when large expenditures (above \$ 100,000) were planned, wells were to be drilled and when a CO ₂ Project was planned. Major work like adding another water source well (\$ 160,000) would require a WIO ballot.
Compromise	Exxon agreed to the provisions in the Unit Operating Agreement as a compromise to best meet Exxon and WIO needs. The ballot level of \$ 100,000 was an Exxon need, the other ballot provisions/voting requirements align more with WIO needs.

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

MIDLAND PRODUCTION ORGANIZATION

May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Surface Owners/Tenants of Land within the
Avalon (Delaware) Unit Area

Enclosed is Exxon's Application for Authority to Institute an Improved Oil Recovery Project and to Qualify for Recovered Oil Tax. The associated Injection Application was sent to you under separate cover, dated May 10, 1995.

Exxon has requested that this application be set for hearing before the New Mexico Oil Conservation Division at 8:15a.m. MSDT, on June 1, 1995, at 2040 South Pacheco, Santa Fe, New Mexico. Failure to appear at that time will preclude you from objecting to this application at a later date.

If you have any questions, please call Mr. Joe Thomas at 915/688-7162.

Sincerely,



R. E. Mayhew
Avalon Project Manager

REM:lkc
enclosures

EXXON COMPANY, U.S.A.
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

MIDLAND PRODUCTION ORGANIZATION

May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Surface Owners/Tenants of Land within the
Avalon (Delaware) Unit Area

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If you have any questions, please call Mr. Joe Thomas at 915/688-7162.

Sincerely,



R. E. Mayhew
Avalon Project Manager

REM:lkc
enclosures

RECEIVED

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

MAY 1995

Oil Conservation Division

APPLICATION OF EXXON CORPORATION
FOR AUTHORITY TO INSTITUTE AN
IMPROVED OIL RECOVERY PROJECT,
AND TO QUALIFY THE PROJECT FOR
THE RECOVERED OIL TAX RATE,
EDDY COUNTY, NEW MEXICO

No. _____

APPLICATION

Exxon Corporation hereby applies for an order approving the institution of an enhanced oil recovery project for the recovery of hydrocarbons in the proposed Avalon Delaware Unit located in Eddy County, New Mexico, and to qualify the project for the Recovered Oil Tax Rate, and in support thereof, states:

1. Exxon, in a related application, has requested Division approval of statutory unitization and of the Unit Agreement and Unit Operating Agreement for the proposed Avalon Delaware Unit in Eddy County, New Mexico. The Unit Area, Unitized Formation, Unit Agreement, and Unit Operating Agreement are described in said application.

2. Exxon is the operator of the proposed Unit, and its address is Post Office Box 1600, Midland, Texas 79702.

3. Exxon proposes to institute a waterflood project for the enhanced recovery of oil and gas from the Unitized Formation within the Unit Area.

4. By converting certain presently producing wells to injection wells, and by drilling additional injection wells, Exxon proposes to inject fluids into the Cherry Canyon and Brushy Canyon members of the Delaware Mountain Group (Avalon Delaware Pool) in the Avalon Delaware Unit. Attached hereto as

Exhibit 1 is a plat showing the location of all wells located within the Unit Area which are proposed to be used as producing wells and injection wells during the waterflood project.

5. The water to be used for injection is produced water and source water from the Delaware wells serving the Unit. During the initial three year period (approximately) of the project, 10,000 barrels of water per day will be injected. Thereafter, it is anticipated that 9,000 barrels of water per day will be injected.

6. Applicant requests authorization to apply surface pressures in excess of 0.2 psi per foot of depth to the top of the injection zone upon administrative approval as provided by Division rules and regulations.

7. Approval of the enhanced oil recovery project will substantially increase recoverable reserves to be produced within the useful life of the new production facilities which will be installed, thereby preventing waste and protecting correlative rights.

8. A Form C-108 relating to the proposed Unit is attached hereto as Exhibit 2.

9. Exxon also requests that the project be qualified for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, N.M. Stat. Ann. §§ 7-29A-1 et seq. (1993 Repl. Pamp.), and Division Order No. R-9708.

10. The project area, containing 2140.14 acres, more or less, is described as follows:

Township 20 South, Range 27 East

Section 25: E½E½

Section 35: E½E½

Township 20 South, Range 28 East

Section 29: SW¼SW¼

Section 30: SW¼NE¼, Lots 1-4, E½W½, SE¼

Section 31: Lots 1-4, E½W½, E½ (All)

Section 32: SW¼NE¼, W½, W½SE¼

Township 21 South, Range 28 East

Section 4: Lot 4

Section 5: Lots 1, 2

Section 6: Lots 1, 2

A plat outlining the project area is attached as Exhibit "A" to the Unit Agreement submitted in the related unitization application. The leases, lessors, and lessees within the project area are identified in Exhibit "B" attached to the Unit Agreement.

11. Project data includes:

- | | |
|---|----------------------------|
| (a) Number of project producing wells: | 27 |
| (b) Number of project injection wells: | 19 |
| (c) Capital cost of additional facilities: | \$ 14,400,000 |
| (d) Estimated value of incremental
production recovered from the
project: | \$123,000,000 ¹ |

¹ Based on oil at \$15 per barrel, unescalated.

- (e) Anticipated injection commencement date: First Quarter 1996, or upon authorization by the Division.
- (f) Type of fluids injected: Produced and source water.
- (g) Anticipated injection volumes: 10,000 barrels of water per day.

12. The production history of the project area, and the projected oil production from the project area, is exhibited on the graph attached hereto as Exhibit 3.

WHEREFORE, Exxon Corporation requests that this application be set for hearing before the Division on June 1, 1995, and that after hearing the Division enter its order approving the enhanced oil recovery project, qualifying this project as an Enhanced Oil Recovery Project. Exxon further requests the establishment of an allowable for each producing well, in accordance with Division Rules 505(D) and 701(G), equal to the capability of each well to produce.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY



James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Exxon Corporation

VERIFICATION

STATE OF TEXAS

ss.

COUNTY OF MIDLAND

I, Ronald E. Mayhew, being duly sworn upon his oath, deposes
project manager
and states that. He is a ~~secretary~~ supervisor and an employee of
Exxon Corporation. he is familiar with the matters set forth in
the foregoing Application, and the statements therein are true
and correct to the best of his knowledge.

Ronald E. Mayhew

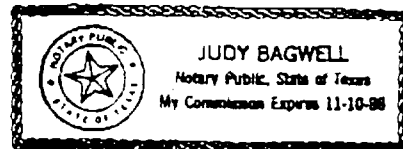
SUBSCRIBED AND SWORN TO before me this 9th day of May,
1995, by Ronald E. Mayhew

Judy Bagwell
Notary Public

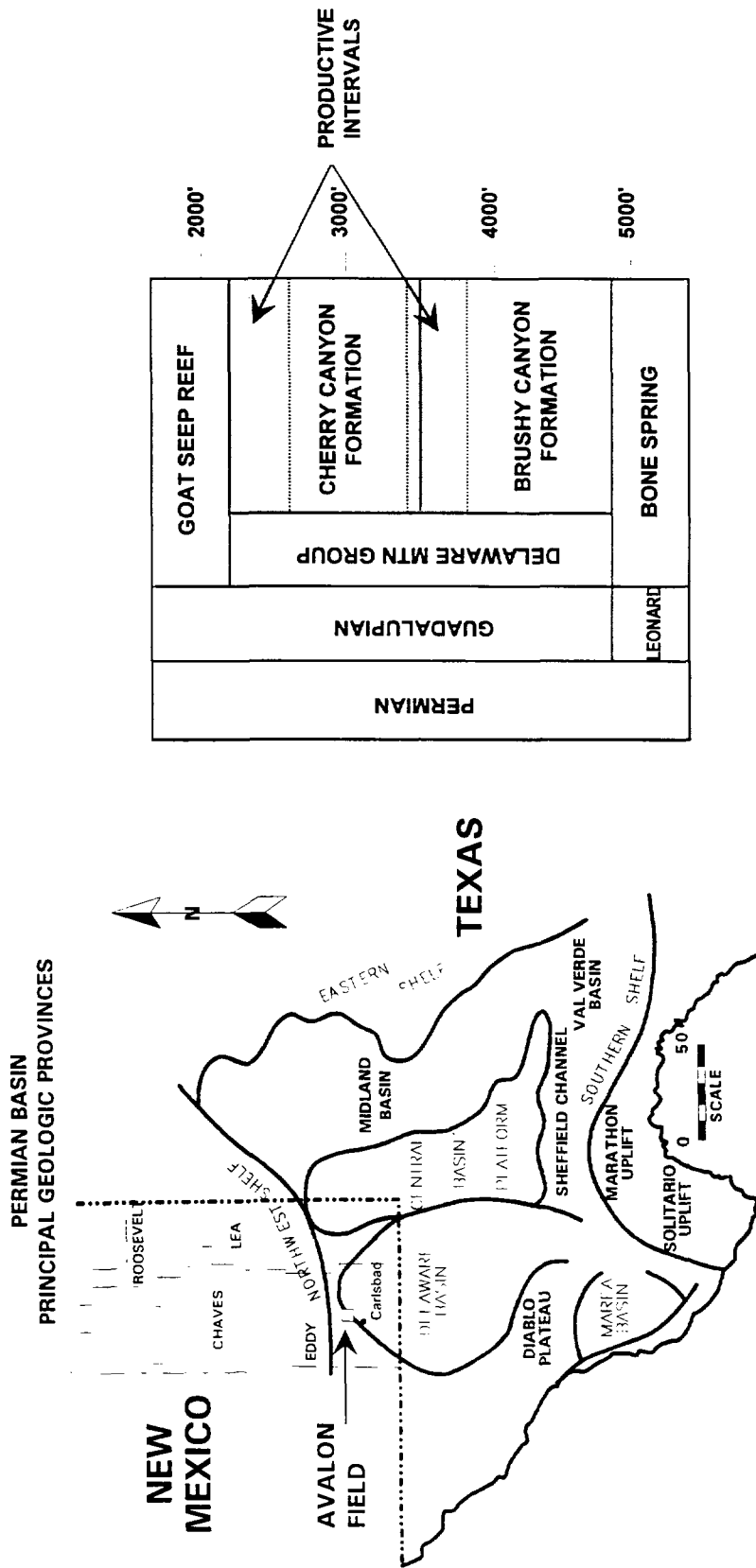
My Commission Expires:

11-10-96

exxaval.app

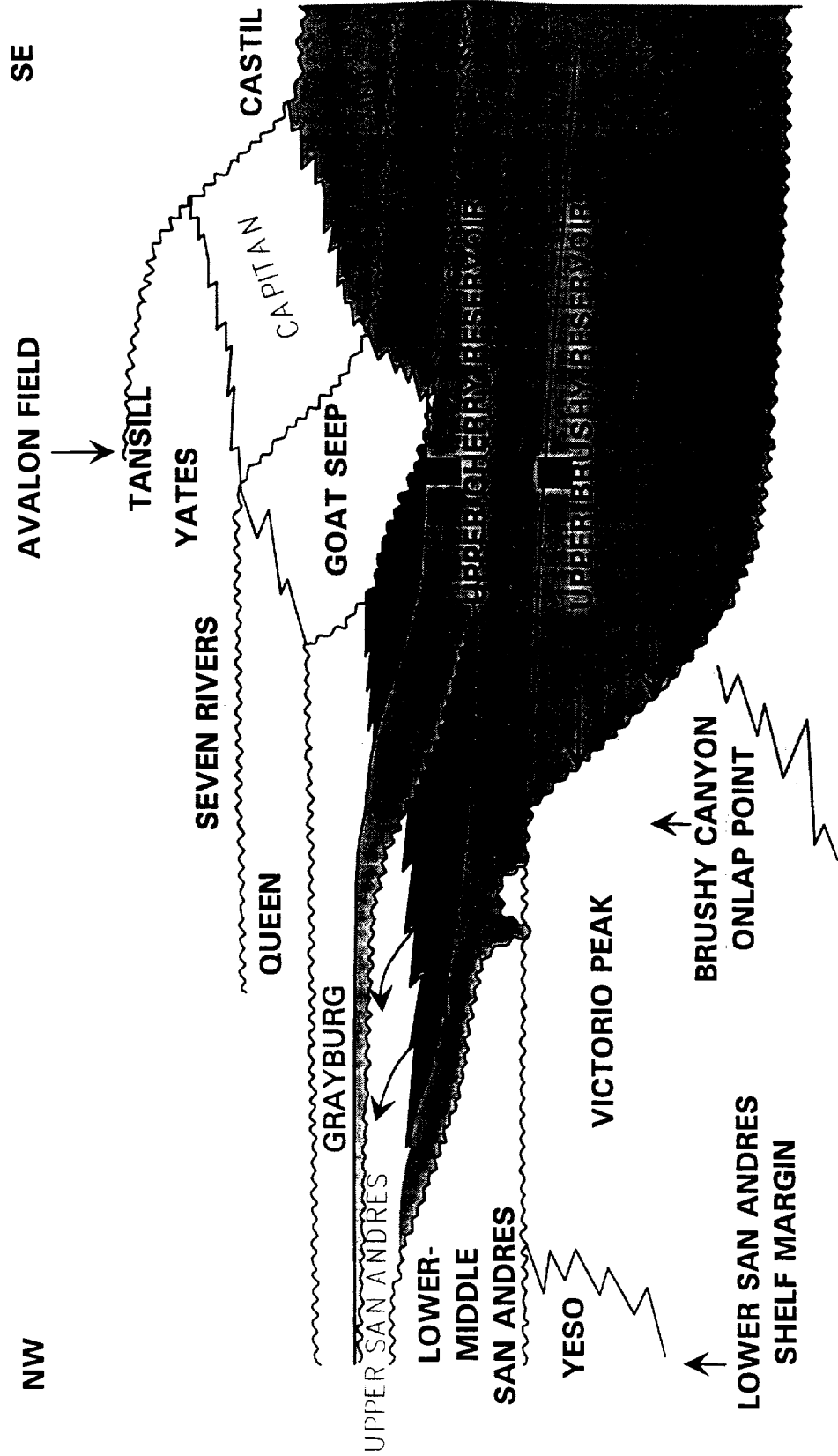


GEOLOGIC OVERVIEW



RESERVOIR DESCRIPTION			
PRODUCING FORMATION	UPPER CHERRY CANYON	LOWER CHERRY CANYON/ UPPER BRUSHY CANYON	
DEPTH	2600 FT	3400 FT	
RESERVOIR LITHOLOGIES	SAND	SAND & SILTSTONE	
NET THICKNESS (PAY)	132 FT	272 FT	
AVERAGE ϕ	14.4%	14.9%	
AVERAGE K	2.3 md	1.1 md	

STRATIGRAPHY



GEOLOGIC MODEL DATABASE AND RESULTS

- **Database**

- Extensive outcrop studies conducted by Exxon and academia in Guadalupe and Delaware Mountains 60 miles south
- Published seismic line 6 miles north
- Avalon geologic model
 - 4 cored wells
 - 71 wells with modern-vintage digital log data
 - + GR, CNL/LDT and DLL/MSFL logs
 - + study area approx 16 sections, Unit 3 sections
 - 35 wells with mudlog data
 - 13 wells with dipmeter information
 - Production data from 32 wells

- **Results & Validation**

- Developed integrated sequence-keyed stratigraphic framework describing reservoir architecture and geometry
- Developed reservoir models describing reservoir quality and fluid distribution
- Validated these models with:
 - core
 - mudlog data
 - production data
 - + 33 well tests
 - + saturations derived from fractional flow were within 2% of log derived saturations

- **Technical Reviews**

- Depositional model reviewed by Deep Water Reservoir Study experts
- Geologic and reservoir models reviewed with Exxon Production Research

DEVELOPMENT PLAN: WATERFLOOD

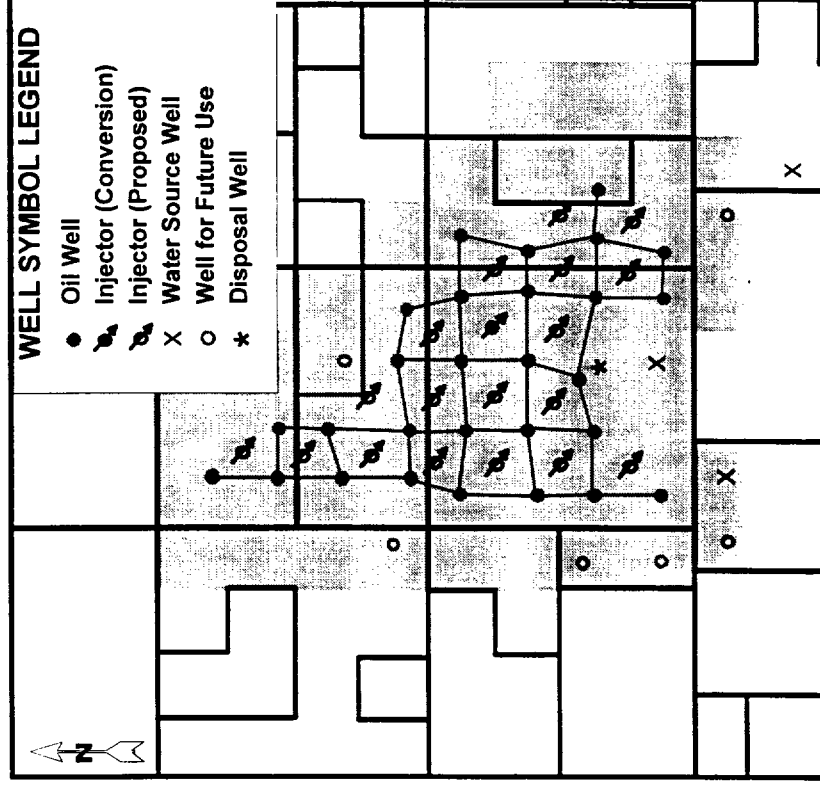
• Reserves

	Primary	Secondary	CO ₂
Incremental Estimated Ultimate Recovery, MMBO	4.2*	8.3	39.9
Cumulative EUR (% OOIP)	4.9	15.5	30.6

*Note: About 3.5 MMBO have been produced

• Scope

- 40-year life
- 19 water injection patterns, 1100 acres in developed area
- 18 injector drillwells/1 conversion
- Water treating and injection facility



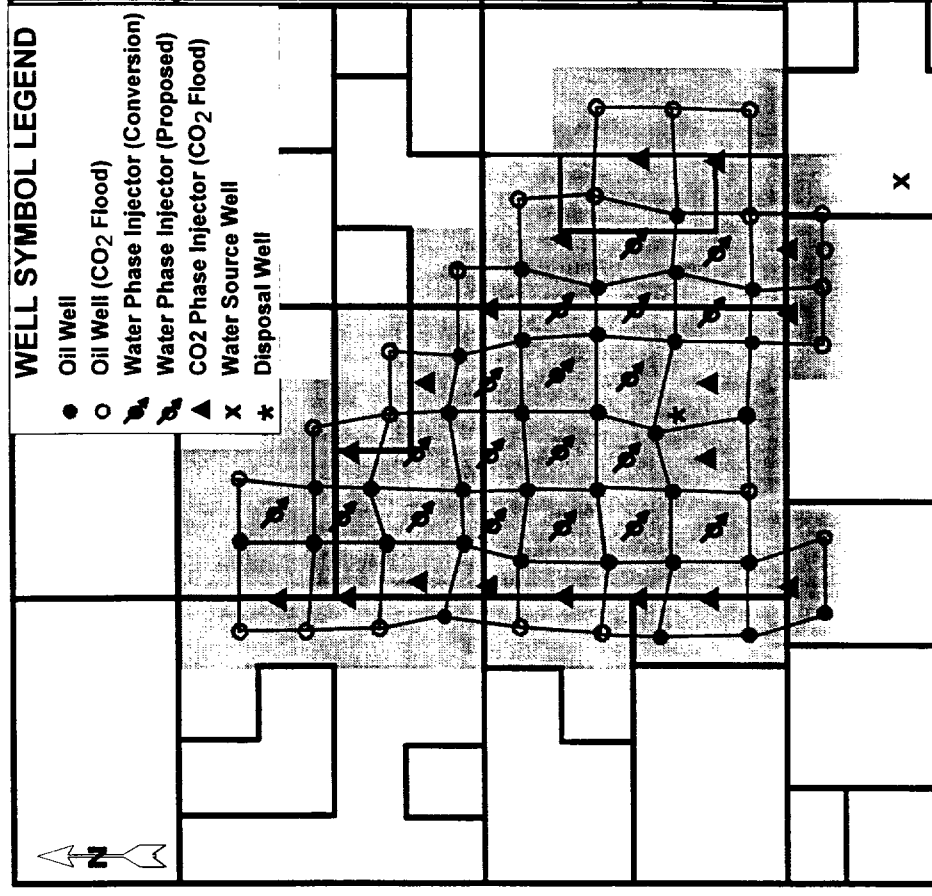
POTENTIAL DEVELOPMENT PLAN: CO₂ FLOOD

- **Scope**

- 37 patterns, 2100 acres expanding into outer ring
- Dual CO₂ injection (Cherry/Brushy)
- Pipeline from Vacuum
- CO₂ recycle compression

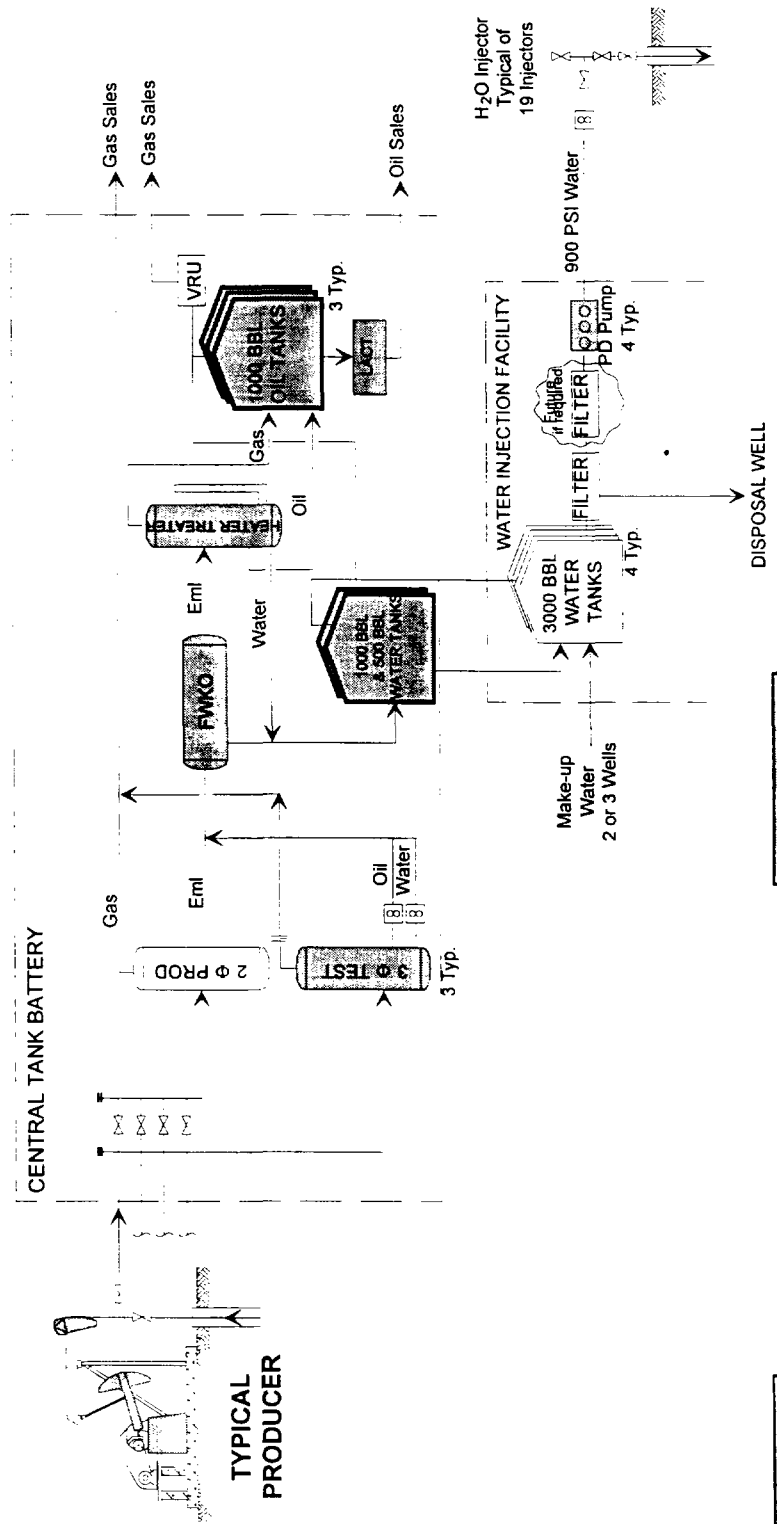
- **Issues**

- Attain miscibility pressure: 3+ years
- Waterflood performance
- Injectivity test/pilot
- Oil price

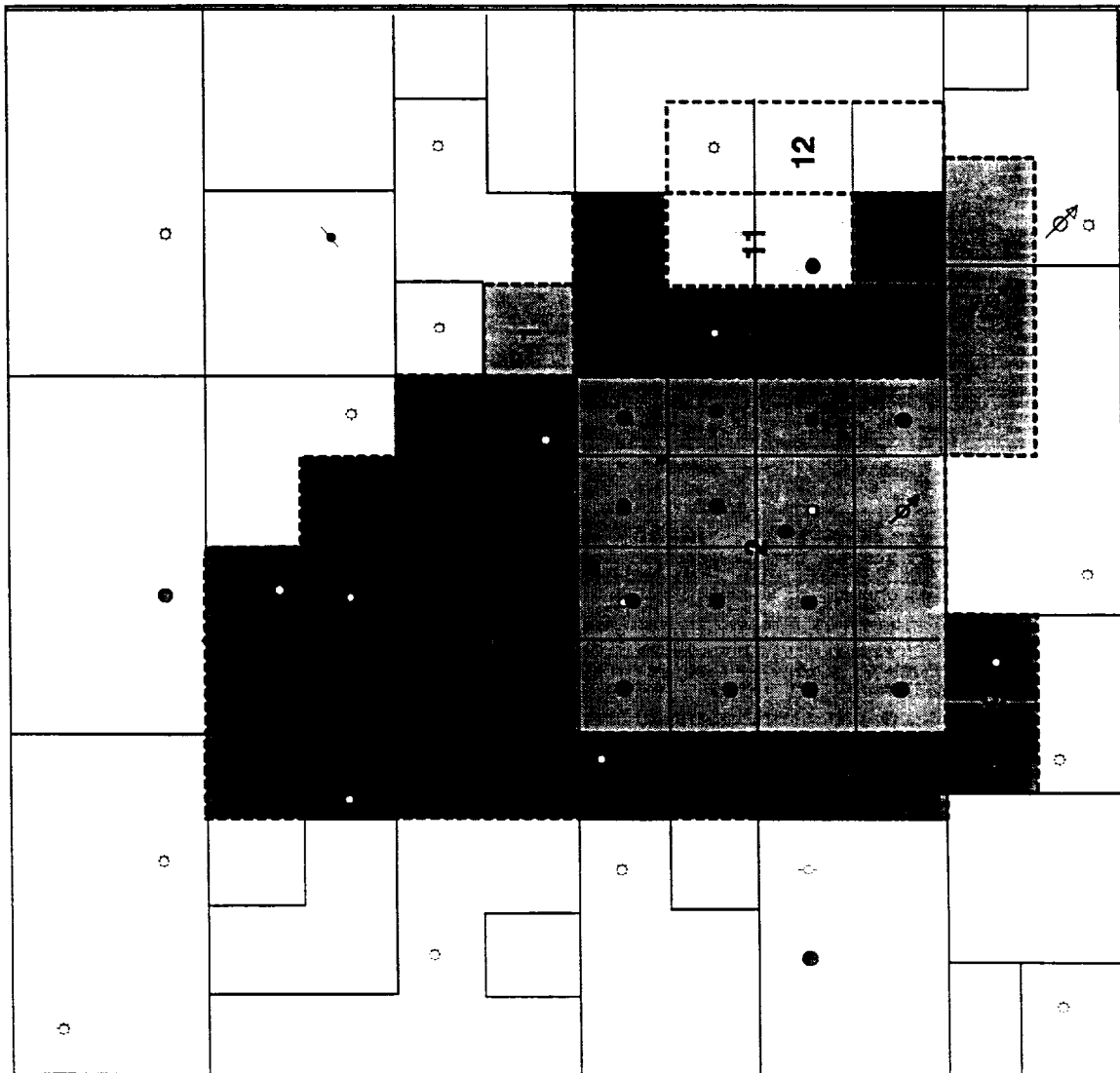


WATERFLOOD INVESTMENTS

Category	Investments, \$MM Gross
1. Drilling & Completion	7.34
2. Facilities	
• Production & Source Water	0.58
• Water Treating	2.44
• Water Injection System	0.77
3. Workover	0.83
4. Formation Evaluation	0.1
5. Allowances	2.29
Total	14.35

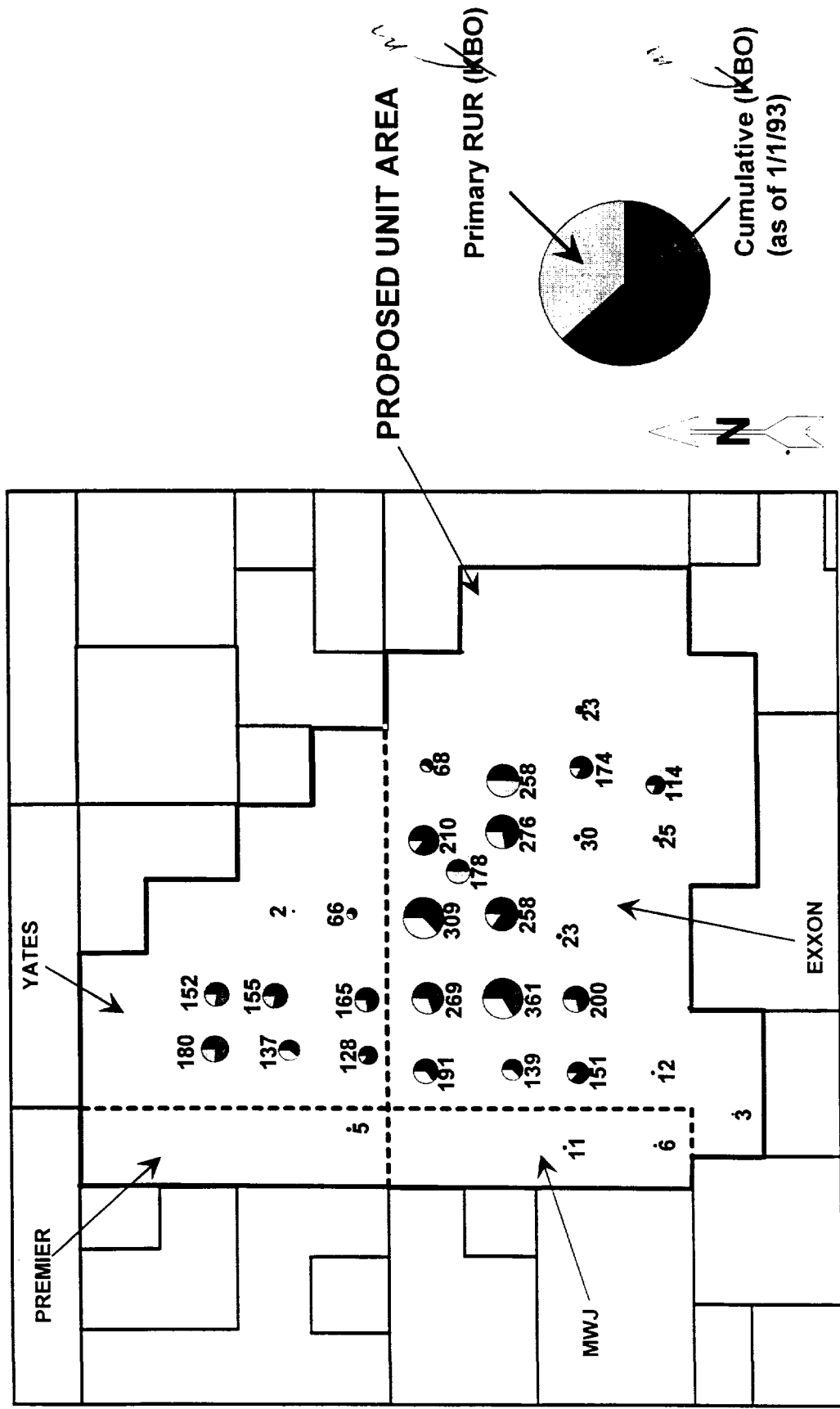


EQUITY: TRACT MAP



ROYALTY	TRACTS	ACRES	%
State	3 - 10	1156	54
Federal	1, 2	783	37
Private	11, 12	201	9
Total		2140	100

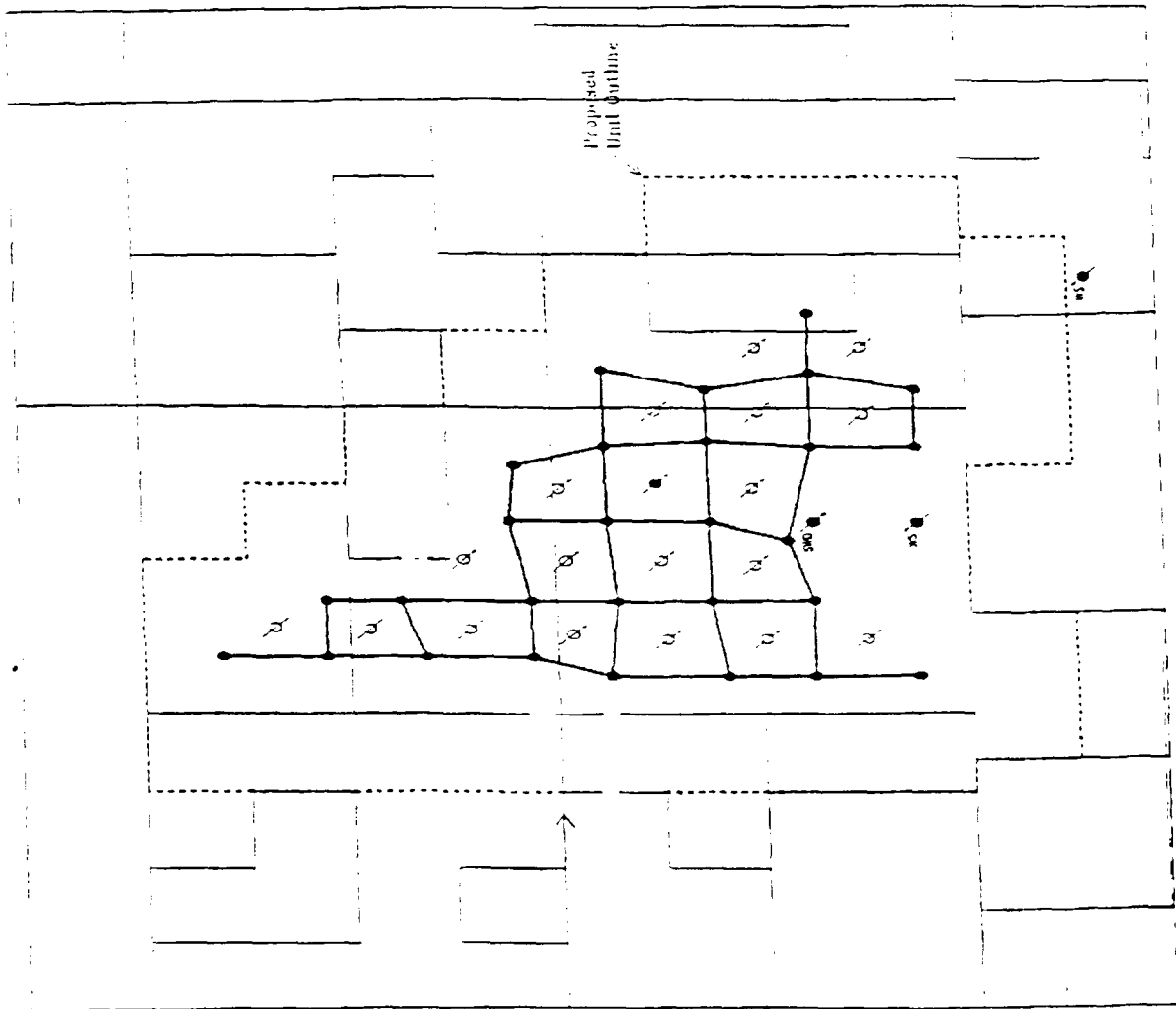
EQUITY: PRODUCTION MAP



WELL SYMBOL LEGEND

- ON WELL
- ON WELL (PROPOSED)
- WATER DISPOSAL
- WATER SOURCE
- WATER SOURCE
- WATER SOURCE

ON WELL (PROPOSED) WATER SOURCE
 ON WELL (PROPOSED) WATER SOURCE
 ON WELL (PROPOSED) WATER SOURCE



APPLICATION FOR AUTHORIZATION TO INJECT

- I. Purpose: ☒ Secondary Recovery ☐ Pressure Maintenance ☐ Disposal ☐ Storage
Application qualifies for administrative approval? ☒ yes ☐ no
- II. Operator: Exxon Corp.
Address: PO Box 1600 Midland, TX 79702
Contact party: Marsha Wilson Phone: (915) 688-7871
- III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? ☐ yes ☒ no
If yes, give the Division order number authorizing the project _____.
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)
- XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification
- I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- Name: Marsha Wilson Title: Staff Office Assistant
Signature: Marsha Wilson Date: 5-8-95
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show the date and circumstance of the earlier submittal.

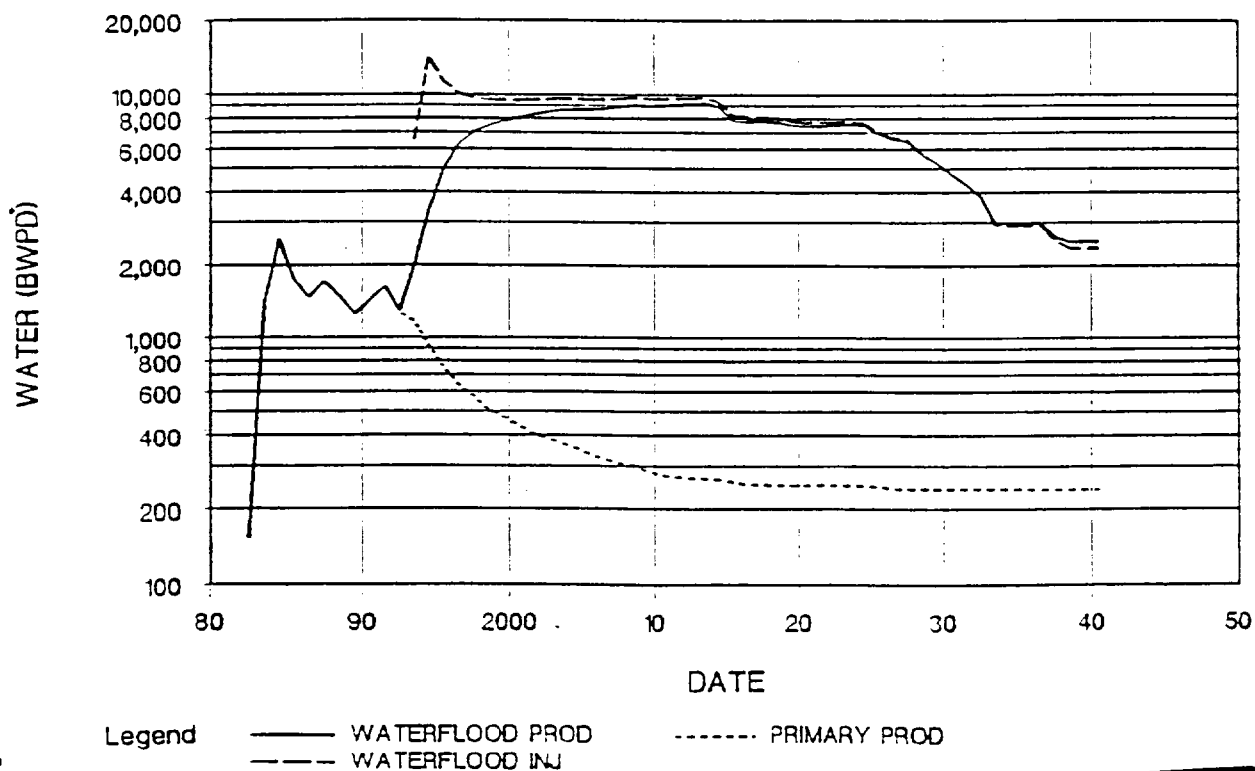
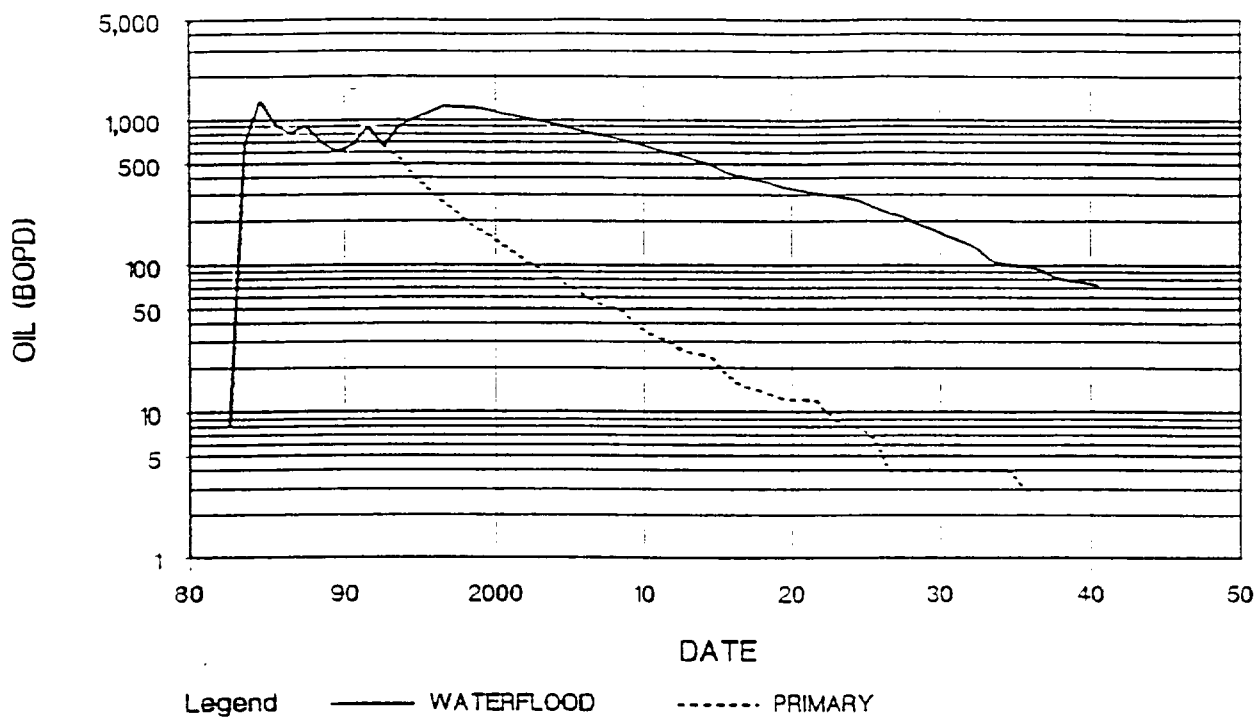
DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate district office.

EXHIBIT

2

AVALON PROJECT FLOWSTREAMS

WATERFLOOD VERSUS CONTINUED PRIMARY



May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Working Interest Owners
Avalon (Delaware) Unit

Enclosed are the following materials relating to the captioned unit:

1. Unit Agreement for the captioned unit, and four copies of the Ratification for such Unit Agreement;
2. Unit Operating Agreement for the captioned unit, four copies of the signature page for the Unit Operating Agreement, and two copies of the signature page for the Memorandum of the Unit Operating Agreement;
3. Notice of Election for Working Interest Owners in the captioned unit;
4. Application for Statutory Unitization and for approval of unorthodox well locations;
5. Application for Authority to Institute an Improved Oil Recovery Project and to Qualify for Recovered Oil Tax. The associated Injection Application was sent to you under separate cover, dated May 10, 1995.

Exxon has requested that the applications that are items 4 and 5 be set for hearing before the New Mexico Oil Conservation Division at 8:15a.m. MDST, on June 1, 1995, at 2040 South Pacheco, Santa Fe, New Mexico. Failure to appear at that time will preclude you from objecting to these applications at a later date.

We hereby request that you agree to the unitization proposed by Exxon by:

- Executing four copies of the Ratification of the Unit Agreement (Item 1) and arranging for them to be notarized;
- Executing four signature pages of the Unit Operating Agreement (Item 2) and two signature pages for the Memorandum of the Unit Operating Agreement, and arranging for the Memorandum to be notarized;
- Completing the Notice of Election (Item 3) in accordance with the instructions contained therein, and executing it.

May 12, 1995

All of the executed items should be returned to the attention of Mr. Joe Thomas at the letterhead address. Please note that your agreement to be bound by the Unit and Unit Operating Agreements does not preclude you from electing to be carried as to Unit Expenses; such election to be carried is controlled by the Notice of Election.

If you have any questions, please call Mr. Thomas at 915/688-7162.

Sincerely,

A handwritten signature in black ink, appearing to read "R. E. Mayhew". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

R. E. Mayhew
Avalon Project Manager

REM:lkc
enclosures

MIDLAND PRODUCTION ORGANIZATION

May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Royalty and Overriding Royalty Owners
Avalon (Delaware) Unit

Enclosed are the following materials relating to the captioned unit:

1. Unit Agreement for the captioned unit, and ^{five}two copies of the Ratification for such Unit Agreement;
2. Application for Statutory Unitization and for approval of unorthodox well locations.

We hereby request that you agree to the unitization proposed by Exxon by executing four copies of the Ratification of the Unit Agreement (Item 1), arranging for them to be notarized, and returning them the attention of Mr. Joe Thomas at the letterhead address.

Exxon has requested that the application that is item 2 be set for hearing before the New Mexico Oil Conservation Division at 8:15a.m. MDST, on June 1, 1995, at 2040 South Pacheco, Santa Fe, New Mexico. Failure to appear at that time will preclude you from objecting to this application at a later date.

If you have any questions, please call Mr. Thomas at 915/688-7162.

Sincerely,



R. E. Mayhew
Avalon Project Manager

REM:lkc
enclosures

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

MIDLAND PRODUCTION ORGANIZATION
LAND SERVICES

June 12, 1995

Avalon (Delaware) Unit
Eddy County, NM

To Royalty and Overriding Royalty Owners

Enclosed are revised Exhibits to replace Exhibits "A" and "B" that were previously sent to you. These Exhibits have been revised to show:

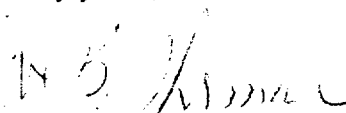
- Shading for Exhibit "A" to show the three types of land, (i.e. Federal, State and Fee land)
- Change of Exhibit "A" and "B" acreage to agree with the BLM/State tract acreage
- Changes of ownership since the previous Exhibits were mailed out.
- Correction of a misspelled name of a WIO (Frances Bunn)
- Correction of a Company's name (Tipperary Oil & Gas Corporation)
- Merger of three interests (Napeco merged into Oxy; Chevron PBC into Pennzoil, E. Davis Trust and L. Davis Trust into Davis Bros. L. L. C.)
- Addition of the 4% Boling/Wilson ORR for Tracts 3e, 5e, and 5f.

There has been no change in the WIO ownership percentages.

Please replace the previous Exhibits with the new ones.

Thank you.

Very truly yours,



Joe B. Thomas

(915)-688-7162 (office)

(915)-688-7154 (Fax)

7-5 TEST. COPY

AVALON (DELAWARE)
UNIT
ROYALTY AND
OVERRIDING ROYALTY
OWNERS

Mary L. Boling
c/o Robert Michael Boling
305 S. 5th Street
Artesia, NM 88210

Robert Michael Boling and
Janet Richardson Personal
Representatives of the
Estate of Robert E. Boling
305 S. 5th Street
Artesia, NM 88210

Davis Bros. L. L. C.
One Williams Center
Suite 2000
Tulsa, OK 74172

William C. Eiland
P. O. Drawer 11228
Midland, TX 79702-1228

Robert L. Haynie And
Sue Haynie
5655 S. Yosemite, Ste 305
Englewood, CO 80111

Oryx Energy Company
P. O. Box 2880
Dallas, TX 75221-2880

Pennzoil Exploration &
Production Company
Attn: Mr. Jim Covey
P. O. Box 2967
Houston, TX 77252-2967

Patricia Nell Rigg
1303 N. Walnut
Tucson, AZ 85712

NationsBank of Texas N.A.
Tr Sabine Royalty Trust
P. O. Box 830308
Dallas, TX 75283-0308

Singer Bros.
P. O. Box 755
Tulsa, OK 74101

SRT Trust No 1
United New Mexico Trust
Co-Tr
P. O. Box 5614
Hobbs, NM 88241

Commissioner of Public
Lands
The State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM 87501

Texas Commerce Bank Tr
Delta-Flag Royalty Tr
P. O. Box 2097
Midland, TX 79702-2097

Bureau of Land
Management
Roswell District Office
1717 West Second Street
Roswell, NM 88201

Venessa H. Shotwell
2200 196th St SE #18
Bothell, WA 98011

Mark D. Wilson
4501 Greentree Blvd
Midland, TX 79707

Martin Yates III Est
S. P. Yates Per Rep
Peyton Yates Per Rep
P. O. Box 840
Artesia, NM 88211-0840

Harvey E. Yates
P. O. Box 1933
Roswell, NM 88210

John Ashby Yates
105 South Fourth St
Artesia, NM 88210

Lillie Mae Yates Est
S. P. Yates Per Rep
Frank Yates, Jr. Per Rep
B. W. Harper Per Rep
P. O. Box 840
Artesia, NM 88211-0840

S. P. Yates
105 S 4th St
Artesia, NM 88210

Peggy A. Yates Est
John A. Yates Pers Rep
105 S 4th St
Artesia, NM 88210

MIDLAND PRODUCTION ORGANIZATION
LAND SERVICES

June 12, 1995

Avalon (Delaware) Unit
Eddy County, NM

To Working Interest Owners

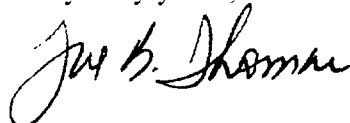
Enclosed are revised Exhibits to replace Exhibits "A"; "B" and "E" that were previously sent to you. Exhibits "A" & "B" are found in the Unit Agreement and Exhibit "E" is found in the Unit Operating Agreement. These Exhibits have been revised to show:

- Shading for Exhibit "A" to show the three types of land, (i.e. Federal, State and Fee land)
- Change of Exhibit "A" and "B" acreage to agree with the BLM/State tract acreage
- Changes of ownership since the previous Exhibits were mailed out.
- Correction of a misspelled name of a WIO (Frances Bunn)
- Correction of a Company's name (Tipperary Oil & Gas Corporation)
- Merger of three interests (Napeco merged into Oxy; Chevron PBC into Pennzoil, E. Davis Trust and L. Davis Trust into Davis Bros. L. L. C.)
- Addition of the 4% Boling/Wilson ORR for Tracts 3e, 5e, and 5f.

There has been no change in the WIO ownership percentages.

Please replace the previous Exhibits with the new ones.

Very truly yours,



Joe B. Thomas
(915)-688-7162 (office)
(915)-688-7154 (Fax)

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF EXXON CORPORATION
FOR STATUTORY UNITIZATION,
EDDY COUNTY, NEW MEXICO

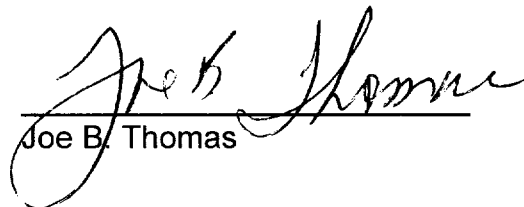
CASE NO. 11298

AFFIDAVIT REGARDING NOTICE

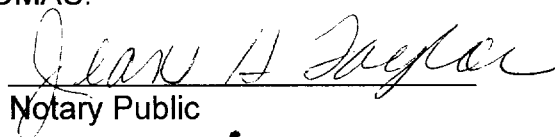
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

JOE B. THOMAS, being duly sworn upon his oath, deposes
and states:

1. I am over the age of 18 and have personal knowledge of the
matters stated herein
2. I am a Landman for Applicant.
3. Applicant has conducted a good faith, diligent effort to find
the correct addresses of interest owners entitled to receive
notice of the Application herein.
4. Notice of the Application was provided to the interest owners
at their correct addresses by mailing each of them, by
certified mail, a copy of the Application. Copies of the notice
letters and certified return receipts are attached hereto.
5. Applicant has complied with the notice provisions of Division
Rule 1207.


Joe B. Thomas

SUBSCRIBED AND SWORN TO before me this 26th day of
June, 1995 by JOE B. THOMAS.


Notary Public

My Commission expires:

8-8-97



Exhibit No. 8
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

MIDLAND PRODUCTION ORGANIZATION

May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Royalty and Overriding Royalty Owners
Avalon (Delaware) Unit

Enclosed are the following materials relating to the captioned unit:

1. Unit Agreement for the captioned unit, and ^{five}two copies of the Ratification for such Unit Agreement;
2. Application for Statutory Unitization and for approval of unorthodox well locations.

We hereby request that you agree to the unitization proposed by Exxon by executing four copies of the Ratification of the Unit Agreement (Item 1), arranging for them to be notarized, and returning them the attention of Mr. Joe Thomas at the letterhead address.

Exxon has requested that the application that is item 2 be set for hearing before the New Mexico Oil Conservation Division at 8:15a.m. MDST, on June 1, 1995, at 2040 South Pacheco, Santa Fe, New Mexico. Failure to appear at that time will preclude you from objecting to this application at a later date.

If you have any questions, please call Mr. Thomas at 915/688-7162.

Sincerely,



R. E. Mayhew
Avalon Project Manager

REM:lkc
enclosures

EXHIBIT

ROYALTY OWNERS

OVERRIDING ROYALTY OWNERS

Is your RETURN A id on the reverse side?	SENDER: <ul style="list-style-type: none">• Complete items 1 and/or 2 for additional services.• Complete items 3, and 4a & b.• Print your name and address on the reverse of this form so that we can return this card to you.• Attach this form to the front of the mailpiece, or on the back if space does not permit.• Write "Return Receipt Requested" on the mailpiece below the article number.• The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
	3. Article Addressed to: Commissioner of Public Lands The State of New Mexico 310 Old Santa Fe Trail Santa Fe, NM 87501	4a. Article Number <u>P-322-573-626</u> 4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise 7. Date of Delivery <u>MAY 15 1991</u> 8. Addressee's Address (Only if requested and fee is paid)
5. Signature (Addressee) <u>Matt Torgillo</u> 6. Signature (Agent)		

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530 DOMESTIC RETURN RECEIPT

Is your RETURN A id on the reverse side?	SENDER: <ul style="list-style-type: none">• Complete items 1 and/or 2 for additional services.• Complete items 3, and 4a & b.• Print your name and address on the reverse of this form so that we can return this card to you.• Attach this form to the front of the mailpiece, or on the back if space does not permit.• Write "Return Receipt Requested" on the mailpiece below the article number.• The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
	3. Article Addressed to: Bureau of Land Management Roswell District Office 1717 West Second Street Roswell, NM 88201	4a. Article Number <u>P-322-573-625</u> 4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise 7. Date of Delivery <u>5-15-95</u> 8. Addressee's Address (Only if requested and fee is paid)
5. Signature (Addressee) <u>[Signature]</u> 6. Signature (Agent) <u>[Signature]</u>		

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
Murrell Abbott and Clyde Abbott P. O. Box 637 Hobbs, NM 88240	4. Article Number <u>P-168-945-832</u> Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED. 8. Addressee's Address (ONLY if requested and fee paid)
5. Signature — Address <u>X Linda Taylor</u> 6. Signature — Agent <u>X</u> 7. Date of Delivery <u>5/17/95</u>	

PS Form 3811, Mar. 1988 ☆ U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Vanessa H. Shotwell 2200 196th Street, SE #18 Bothell, WA 98011	4. Article Number P-322-573-616 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X <i>Vanessa Shotwell</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5-16-95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Singer Brothers P. O. Box 755 Tulsa, OK 74101	4. Article Number P-322-573-617 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery <i>Goldwell</i>	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Robert L. Spears P. O. Box 33384 Kerrville, TX 78029	4. Article Number P-322-573-618 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X <i>Marian Spears</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery MAY 16 1995	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
NationsBank of Texas N.A. Trustee
(Succ) Escrow Agent
Sabine Royalty Trust
P. O. Box 830308
Dallas, TX 75283-0308

4. Article Number
P-168-945-843

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X C WORTHY

7. Date of Delivery
MAY 11 1995 MAY 19 1995

8. Addressee's Address (ONLY if requested and fee paid)

Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Oryx Energy Company
P. O. Box 2880
Dallas, TX 75221-2880

4. Article Number
P-168-945-844

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X

7. Date of Delivery
MAY 17 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Patricia Nell Rigg
1303 North Walnut
Tucson, AZ 85712

4. Article Number
P-322-573-6N

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X Pat Rigg

6. Signature — Agent
X

7. Date of Delivery
578

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Ralph S. Harris II
7624 E. Morelos Place
Tucson, AZ 85710

4. Article Number
P-168-945-837

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X *Mary Harris*

7. Date of Delivery
5/15/95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Robert S. Harris
7624 E. Morelos Place
Tucson, AZ 85710

4. Article Number
P-168-945-840

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X *Mary Harris*

7. Date of Delivery
5/15/95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete Items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Len Mayer
United Bank of Denver Dep. Acct.
Energy and Minerals Group
1700 Broadway
Denver, CO 80274

4. Article Number
P-168-945-839

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X

7. Date of Delivery
MAY 18 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Leon Davis Trust
U/D/O 3/1/68
One William Center, Suite 2000
Tulsa, OK 74172

4. Article Number
P-168-945-838

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address
X *Betty Thomson*

6. Signature - Agent
X

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Elliott Davis Mineral Trust
U/D/O 3/1/68
One William Center, Suite 2000
Tulsa, OK 74172

4. Article Number
P-168-945-835

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address
X *Betty Thomson*

6. Signature - Agent
X

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

First City National Bank, Trustee of the
Delta-Flag Royalty Trust
P. O. Box 2097
Midland, TX 79702-2097

4. Article Number
P-168-945-833

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Address
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

SRT Trust No. 1
United New Mexico Trust Co-Trustee
P. O. Box 5614
Hobbs, NM 88241

4. Article Number
P-168-945-841

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Address
X *[Signature]*
6. Signature — Agent
X *[Signature]*
7. Date of Delivery
5/15/95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Chris Lee Tietz
9501 East Myra Drive
Tucson, AZ 85730

4. Article Number
P-168-945-842

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Address
X *[Signature]*
6. Signature — Agent
X
7. Date of Delivery
5-17-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

Robert Michael Boling and
Janet Richardson
Personal Representatives of the
Estate of Robert E. Boling
727 Three Cross Drive
Roswell, NM 88201

4. Article Number
P-168-945-834

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Address
X *Robert Michael Boling*

6. Signature - Agent
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)
MAY 26 1995

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. A
Mary L. Boling
c/o Robert Michael Boling
727 Three Cross Drive
Roswell, NM 88201

4. Article Number
P-168-945-836

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Address
X *Robert Michael Boling*

6. Signature - Agent
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)
MAY 26 1995

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Mr. W. C. Eiland
P. O. Drawer 11228
Midland, TX 79702

4. Article Number
P-322-573-627

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Address
X *W. C. Eiland*

6. Signature - Agent
X

7. Date of Delivery
MAY 18 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

MIDLAND PRODUCTION ORGANIZATION

May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Working Interest Owners
Avalon (Delaware) Unit

Enclosed are the following materials relating to the captioned unit:

1. Unit Agreement for the captioned unit, and four copies of the Ratification for such Unit Agreement;
2. Unit Operating Agreement for the captioned unit, four copies of the signature page for the Unit Operating Agreement, and two copies of the signature page for the Memorandum of the Unit Operating Agreement;
3. Notice of Election for Working Interest Owners in the captioned unit;
4. Application for Statutory Unitization and for approval of unorthodox well locations;
5. Application for Authority to Institute an Improved Oil Recovery Project and to Qualify for Recovered Oil Tax. The associated Injection Application was sent to you under separate cover, dated May 10, 1995.

Exxon has requested that the applications that are items 4 and 5 be set for hearing before the New Mexico Oil Conservation Division at 8:15a.m. MDST, on June 1, 1995, at 2040 South Pacheco, Santa Fe, New Mexico. Failure to appear at that time will preclude you from objecting to these applications at a later date.

We hereby request that you agree to the unitization proposed by Exxon by:

- Executing four copies of the Ratification of the Unit Agreement (Item 1) and arranging for them to be notarized;
- Executing four signature pages of the Unit Operating Agreement (Item 2) and two signature pages for the Memorandum of the Unit Operating Agreement, and arranging for the Memorandum to be notarized;
- Completing the Notice of Election (Item 3) in accordance with the instructions contained therein, and executing it.

May 12, 1995

All of the executed items should be returned to the attention of Mr. Joe Thomas at the letterhead address. Please note that your agreement to be bound by the Unit and Unit Operating Agreements does not preclude you from electing to be carried as to Unit Expenses; such election to be carried is controlled by the Notice of Election.

If you have any questions, please call Mr. Thomas at 915/688-7162.

Sincerely,

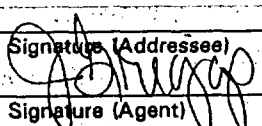
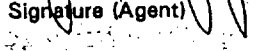
A handwritten signature in cursive script, appearing to read "R. E. Mayhew".

R. E. Mayhew
Avalon Project Manager

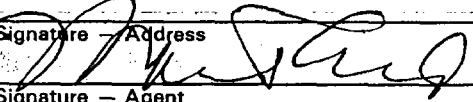
REM:lkc
enclosures

EXHIBIT

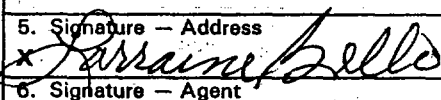
WORKING INTEREST OWNERS

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <ul style="list-style-type: none">• Complete items 1 and/or 2 for additional services.• Complete items 3, and 4a & b.• Print your name and address on the reverse of this form so that we can return this card to you.• Attach this form to the front of the mailpiece, or on the back if space does not permit.• Write "Return Receipt Requested" on the mailpiece below the article number.• The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: ATTN DAVE BONEAU ABO 105 S FOURTH STREET ARTESIA NM 88210		4a. Article Number P 322 573 571	
			4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
	5. Signature (Addressee) 		7. Date of Delivery 5-15-95	
	6. Signature (Agent) 		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-530 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge) 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
3. Article Addressed to: ARD MARY HUDSON 4808 WESTRIDGE AVENUE FT WORTH TX 76116	
4. Article Number P-322-573-582	
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Address X 	
6. Signature — Agent X	
7. Date of Delivery 5-15-95	
8. Addressee's Address (ONLY if requested and fee paid)	

S Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. (Extra charge) 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
3. Article Addressed to: ERNIE BELLO 3325 ALA AKULIKULI STREET HONOLULU HI 96818	
4. Article Number P-322-573-603	
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature — Address X 	
6. Signature — Agent X	
7. Date of Delivery 5/16/95	
8. Addressee's Address (ONLY if requested and fee paid)	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: FRANCIS B BUNN 2493 MAKIKI HEIGHTS HONOLULU HI 96822	4. Article Number P-322-573-604 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>Francis Bunn</i>	
7. Date of Delivery 5/16/95	

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to: CHEVRON PBC (PENNZOIL) ATTN JAMES SPILLANDE P O BOX 2967 HOUSTON TX 77525-2967	4a. Article Number P-322-573-572 4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise 7. Date of Delivery MAY 18 1995
5. Signature (Addressee)	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Agent) <i>[Signature]</i>	

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-530

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: CLAREMONT P O BOX 549 CLAREMONT OK 74018-0549	4. Article Number P-322-573-583 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery MAY 15 1995	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: DEVON ENERGY CORP 1500 MID AMERICA TOWER 20 N BROADWAY OKLAHOMA CITY OK 73102-3260	4. Article Number P-322-573-594 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>[Signature]</i>	
7. Date of Delivery 5-15	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to: F A & D M FOX 1288 EAGLE DRIVE BURLINGTON WA 98233	4a. Article Number P-322-573-573 4b. Service Type: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise 7. Date of Delivery MAY 2 1995 U.S. PS 98233
5. Signature (Addressee) <i>[Signature]</i>	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Agent) <i>[Signature]</i>	

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-530 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: GENDRON FAMILY TRUST MARY G GENDRON TRUSTEE 1280 ENCINO DRIVE SAN MATEO CA 94408	4. Article Number P-168-945-828 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED .
5. Signature — Address X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5-16-95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: DAVID GOODNOW 230 RIDGEFIELD ROAD WILTON CA 06897	4. Article Number P-322-573-610 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X <i>David Goodnow</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5/15	

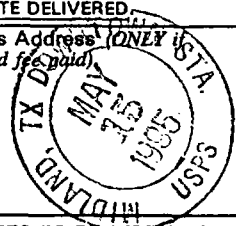
PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: HAYES PARTNERS I P O BOX 3700 MIDLAND TX 79702-3700	4. Article Number P-322-573-608 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid) 
6. Signature — Agent X <i>M. L. Owen</i>	
7. Date of Delivery	

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: JOSEPH R HODGE P O BOX 5090 AUSTIN TX 78763	4. Article Number P-322-573-602 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X <i>Joseph R Hodge</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery MAY 16 1995	

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
SANFORD J HODGE III
4324 HANOVER AVENUE
DALLAS TX 75225

4. Article Number
P-322-573-606

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
5-16-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988

★ U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
E G HOLDEN TEST TRUST
BETSY H KELLER TRUSTEE
2524 UNION STREET
SAN FRANCISCO CA 94123

4. Article Number
P-322-573-592

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
MAY 16 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988

★ U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
E R HUDSON JR
616 TEXAS STREET
FT WORTH TX 76102-4612

4a. Article Number
P-322-573-574

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
MAY 15 1995

5. Signature (Addressee)
X

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service

PS Form 3811, December 1991 ★ U.S.G.P.O. 1992-307-530

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: W A HUDSON II 616 TEXAS STREET FT WORTH TX 76102-4612	4. Article Number P-322-573-581 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>[Signature]</i>	
7. Date of Delivery MAY 12 1995 MAY 15 1995	

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: E H JUDSON ATTN BOB HODGE 400 W ILLINOIS SUITE 1100 MIDLAND TX 79701	4. Article Number P-322-573-587 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>[Signature]</i>	
7. Date of Delivery MAY 15 1995	

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: ISAAC A KAWASAKI 734 KALANIPUU STREET HONOLULU HI 96822	4. Article Number P-322-573-609 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 6/16/95	

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
BETSY H KELLER
2524 UNION STREET
SAN FRANCISCO CA 94123

4. Article Number
P-322-573-605

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Address
X *B.H. Keller*

6. Signature - Agent
X

7. Date of Delivery
MAY 16 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER:
 • Complete items 1 and/or 2 for additional services.
 • Complete items 3, and 4a & b.
 • Print your name and address on the reverse of this form so that we can return this card to you.
 • Attach this card to the front of the mailpiece, or on the back if space does not permit.
 • Write "Return Receipt Requested" on the mailpiece below the article number.
 • The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
 1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
KERR MCGEE CORP
U S ONSHORE REGION
ATTN JOINT VENTURE OPS
211 N ROBINSON SUITE 700
OKLAHOMA CITY OK 73102

4a. Article Number
P-322-573-575

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
MAY 18 1995

5. Signature (Addressee)

6. Signature (Agent)
[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 * U.S.G.P.O. 1992-307-530 DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
LOS CHICOS
ATTN DAVE BONEAU
105 S FOURTH STREET
ARTESIA NM 88210

4. Article Number
P-322-573-597

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Address
X *[Signature]*

6. Signature - Agent
X

7. Date of Delivery
5-15-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Martin Living Trust
Attn: Bob Hodge
400 W. Illinois, Ste. 1100
Midland, TX 79701

4a. Article Number
P-322-573-624

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
5/15/95

5. Signature (Addressee)

6. Signature (Agent)
Prince L. Huggins

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

JAMES L MARTIN JR
RT 5 BOX 494
CLAREMORE OK 74017

4a. Article Number
P-322-573-576

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
5/18/95

5. Signature (Addressee)
James L Martin Jr

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)

2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

JACK O MCCALL ESTATE
1210 MIDLAND NAT BNK TOWER
500 W TEXAS AVENUE
MIDLAND TX 79701

4. Article Number
P-322-573-593

Type of Service:

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X


6. Signature — Agent
X *Cassie Holme*

7. Date of Delivery
1/11/95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 ☆ U.S.G.P.O. 1988-212-865 **DOMESTIC RETURN RECEIPT**

P 168 945 829
**Receipt for
 Certified Mail**
 No Insurance Coverage Provided



CHARLES CLINE MOORE
 138 HARVARD AVENUE
 MILL VALLEY CA 94941

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Fee	
Return Receipt to Whom & Date Delivered	
Return Receipt Date, and Address	
TOTAL Postage & Fees	\$
Postmark or Date	

MIDLAND, TX 79701
 MAY 19 1995

envelope to the

3800, June 1991

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

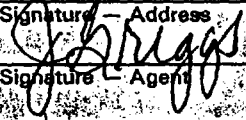
3. Article Addressed to:


MYCO
 ATTN DAVE BONEAU
 105 S FOURTH STREET
 ARTESIA NM 88210

4. Article Number
 P-322-573-598

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Address
 X 

6. Signature - Agent
 X 

7. Date of Delivery
 MAY 19 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3 and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

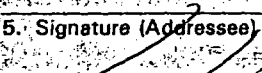
3. Article Addressed to:

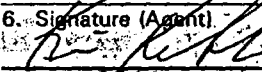
NAPECO
 ATTN WILLIAM ESTEP
 P O BOX 3908
 TULSA OK 74102

4a. Article Number
 P-322-573-577

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
 5-15-95

5. Signature (Addressee)


6. Signature (Agent)


8. Addressee's Address (Only if requested and fee is paid)

also wish to receive the following services (for an extra fee):
 1. ☐ Addressee's Address
 2. ☐ Restricted Delivery
 Consult postmaster for fee.

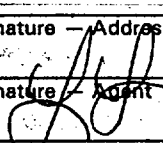
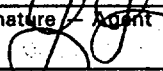
Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1991 * U.S.G.P.O. 1992-307-530 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

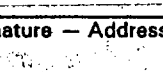
1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: AGNES C OLIVER TRUST BROWN BRO HARRIMAN TRST CO 2001 ROSS AVENUE STE 1150 DALLAS TX 75201	4. Article Number P-322-573-607 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	
7. Date of Delivery MAY 18 1995	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

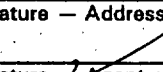
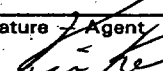
1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: WM B OLIVER TRUST ACT 0805400 P O BOX 100871 HOUSTON TX 77212	4. Article Number P-168-945-830 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X L. DUPREE	
7. Date of Delivery MAY 16 1995	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: OXY ATTN WILLIAM ESTEP P O BOX 3908 TULSA OK 74102	4. Article Number P-322-573-588 Type of Service: <input checked="" type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	
7. Date of Delivery 5-15-95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
Pennzoil Exploration & Production Co.
P. O. Box 2967
Houston, TX 77252-2967

4. Article Number
P-322-573-614

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X *[Signature]*

7. Date of Delivery
MAY 16 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
PREMIER
P O BOX 1246
ARTESIA NM 88210

4. Article Number
P-322-573-599

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X *[Signature]*

7. Date of Delivery
5-15-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:
J.J. REDFERN III
EXEC. of JOHN REDFERN
P.O. BOX 50896
MIDLAND TX 79710

4. Article Number
P-322-573-578

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Address
X

6. Signature — Agent
X *[Signature]*

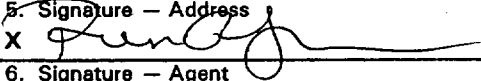
7. Date of Delivery
5-18-95

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

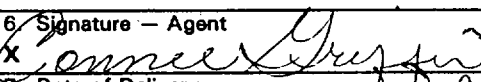
1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: ROSALIND REDFERN ATTN ROSSON KILLINGSTED P O BOX 2127 MIDLAND TX 79702	4. Article Number P-322-573-589 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery MAY 15 1995	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

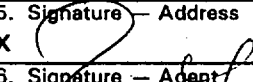
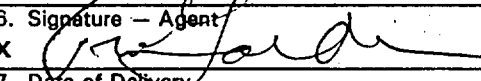
1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: JOHN L SCHLAGAL ATTN BOB HODGE 400 W ILLINOIS SUITE 1100 MIDLAND TX 79701	4. Article Number P-322-573-600 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	
7. Date of Delivery MAY 15 1995	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: ADOLPH P SCHUMAN MARITAL TRUST C/O JAMES CRAFTS JR 400 SAN SOME STREET SAN FRANCISCO CA 94111	4. Article Number P-322-573-613 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X 	
7. Date of Delivery 5-16-98	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: 77 CORP P O BOX 51006 MIDLAND TX 79702	4. Article Number P-322-573-584 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Address X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery MAY 15 1995	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: SIGMAR INC ATTN BOB HODGE 400 W ILLINOIS STE 1100 MIDLAND TX 79701	4. Article Number P-322-573-579 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>[Signature]</i>	
7. Date of Delivery 005-B95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

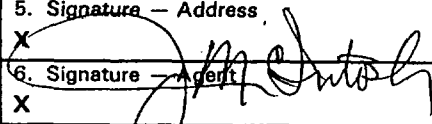
1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: SPACE BUILDING CORP 250 CAPE HWY RTE 44 EAST TAUTON MA 02718	4. Article Number P-322-573-612 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Address X <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5/15/95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: TIPPERARY OIL CORP 633 17TH STREET SUITE 1550 DENVER CO 80202	4. Article Number P-322-573-581 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 15 MAY 1995	

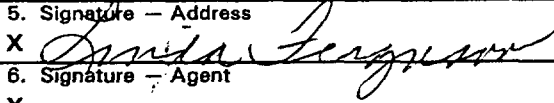
PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: TR OIL CORP 9 ARROWHEAD DEKALB IL 60115	4. Article Number P-322-573-595 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5-17-95	


PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: UNIT PETROLEUM 7130 S LEWIS STE 100 TULSA OK 74136	4. Article Number P-322-573-611 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5-15-95	

PS Form 3811, Mar. 1988

* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

P 168 945 831

**Receipt for
Certified Mail**



No Insurance Coverage Provided

J F VAN VRANKEN JR
S C BERNSTEIN & CO
767 FIFTH AVENUE
NEW YORK NY 101153

Postage	\$
Certified Fee	\$
Special Delivery	
Restricted Delivery	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, June 1991

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

WHITING PETROLEUM CORP
1700 BROADWAY SUITE 2300
DENVER CO 80290-2301

4. Article Number

P-322-573-596

Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**

5. Signature — Address

X

6. Signature — Agent

X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988

★ U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

R KEN WILLIAMS
400 W ILLINOIS STE 1100
MIDLAND TX 79701

4. Article Number

P-322-573-586

Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**

5. Signature — Address

X

6. Signature — Agent

X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

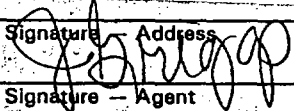
PS Form 3811, Mar. 1988

★ U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

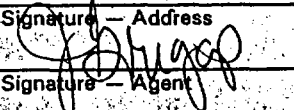
1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: YATES DRILLING ATTN DAVE BONEAU 105 S FOURTH STREET ARTESIA NM 88210	4. Article Number P-322-573-580 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5-15-95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

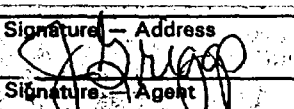
1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: YATES PETROLEUM ATTN DAVE BONEAU 105 S FOURTH STREET ARTESIA NM 88210	4. Article Number P-322-573-591 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5-15-95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: JOHN A YATES ATTN DAVE BONEAU 105 S FOURTH STREET ARTESIA NM 88210	4. Article Number P-322-573-590 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <u>DATE DELIVERED</u> .
5. Signature — Address X 	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery 5-15-95	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

S P YATES
ATTN DAVE BONEAU
105 S FOURTH STREET
ARTESIA NM 88210

4. Article Number

P-322-573-601

Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Address

X

6. Signature - Agent

X

7. Date of Delivery

5.15.95

8. Addressee's Address (ONLY if requested and fee paid)

8 x 9

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF EXXON CORPORATION
FOR A WATERFLOOD PROJECT, QUALIFICATION
FOR THE RECOVERED OIL TAX RATE, AND
FOR 18 NON-STANDARD OIL WELL LOCATIONS,
EDDY COUNTY, NEW MEXICO


CASE NO. 11297

AFFIDAVIT REGARDING NOTICE

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

JOE B. THOMAS, being duly sworn upon his oath, deposes
and states:

- 1. I am over the age of 18 and have personal knowledge of the
 matters stated herein.
- 2. I am a Landman for Applicant.
- 3. Applicant has conducted a good faith, diligent effort to find
 the correct addresses of interest owners entitled to receive
 notice of the Application herein.
- 4. Notice of the Application was provided to the interest owners
 at their correct addresses by mailing each of them, by
 certified mail, a copy of the Application. Copies of the notice
 letters and certified return receipts are attached hereto.
- 5. Applicant has complied with the notice provisions of
 Form C-108 and Division Rule 1207.



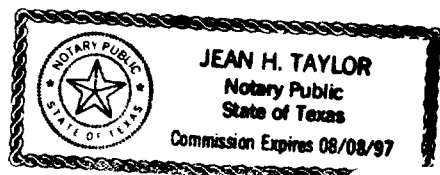
Joe B. Thomas

SUBSCRIBED AND SWORN TO before me this 26th day of
June, 1995 by JOE B. THOMAS.



Notary Public

My Commission expires:
8-8-97



EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

MIDLAND PRODUCTION ORGANIZATION

May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Surface Owners/Tenants of Land within the
Avalon (Delaware) Unit Area

Enclosed is Exxon's Application for Authority to Institute an Improved Oil Recovery Project and to Qualify for Recovered Oil Tax. The associated Injection Application was sent to you under separate cover, dated May 10, 1995.

Exxon has requested that this application be set for hearing before the New Mexico Oil Conservation Division at 8:15a.m. MSDT, on June 1, 1995, at 2040 South Pacheco, Santa Fe, New Mexico. Failure to appear at that time will preclude you from objecting to this application at a later date.

If you have any questions, please call Mr. Joe Thomas at 915/688-7162.

Sincerely,



R. E. Mayhew
Avalon Project Manager

REM:lkc
enclosures

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

Commissioner of Public Lands
The State of New Mexico
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

4. Article Number
P-322-573-619

Type of Service:

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature — Address
X *Mark L. ...*

6. Signature — Agent
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee is paid)

15
1995

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

Harley Ballard
P. O. Box 1777
Carlsbad, NM 88221

4a. Article Number
P-322-573-622

4b. Service Type

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
15
1995

5. Signature (Addressee)
Debbie Ballard

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-530 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

Bureau of Land Management
Carlsbad Resource Office
P. O. Box 1778
Carlsbad, NM 88220

4a. Article Number
P-322-573-620

4b. Service Type

☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☒ Return Receipt for Merchandise

7. Date of Delivery
17
1995

5. Signature (Addressee)

6. Signature (Agent)
Debbie Ballard

8. Addressee's Address (Only if requested and fee is paid)

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-530 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to: Bruce Riggs P. O. Box 847 Carlsbad, NM 88221	4. Article Number P-322-573-621 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature - Address X <i>Bruce Riggs</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

! also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to: Don Raines P. O. Box 847 Carlsbad, NM 88221 <i>Don Raines</i>	4a. Article Number P-322-573-623 4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise 7. Date of Delivery
5. Signature (Addressee)	8. Addressee's Address (Only if requested and fee is paid)
6. Signature (Agent)	

Thank you for using Return Receipt Service.

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530 DOMESTIC RETURN RECEIPT

MIDLAND PRODUCTION ORGANIZATION

May 12, 1995

Avalon (Delaware) Unit Area
Eddy County, New Mexico

Working Interest Owners
Avalon (Delaware) Unit

Enclosed are the following materials relating to the captioned unit:

1. Unit Agreement for the captioned unit, and four copies of the Ratification for such Unit Agreement;
2. Unit Operating Agreement for the captioned unit, four copies of the signature page for the Unit Operating Agreement, and two copies of the signature page for the Memorandum of the Unit Operating Agreement;
3. Notice of Election for Working Interest Owners in the captioned unit;
4. Application for Statutory Unitization and for approval of unorthodox well locations;
5. Application for Authority to Institute an Improved Oil Recovery Project and to Qualify for Recovered Oil Tax. The associated Injection Application was sent to you under separate cover, dated May 10, 1995.

Exxon has requested that the applications that are items 4 and 5 be set for hearing before the New Mexico Oil Conservation Division at 8:15a.m. MDST, on June 1, 1995, at 2040 South Pacheco, Santa Fe, New Mexico. Failure to appear at that time will preclude you from objecting to these applications at a later date.


We hereby request that you agree to the unitization proposed by Exxon by:

- Executing four copies of the Ratification of the Unit Agreement (Item 1) and arranging for them to be notarized;
- Executing four signature pages of the Unit Operating Agreement (Item 2) and two signature pages for the Memorandum of the Unit Operating Agreement, and arranging for the Memorandum to be notarized;
- Completing the Notice of Election (Item 3) in accordance with the instructions contained therein, and executing it.

All of the executed items should be returned to the attention of Mr. Joe Thomas at the letterhead address. Please note that your agreement to be bound by the Unit and Unit Operating Agreements does not preclude you from electing to be carried as to Unit Expenses; such election to be carried is controlled by the Notice of Election.

If you have any questions, please call Mr. Thomas at 915/688-7162.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. E. Mayhew".

R. E. Mayhew
Avalon Project Manager

REM:lkc
enclosures

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

MIDLAND PRODUCTION ORGANIZATION

OPERATIONS INTEGRITY

May 10, 1995

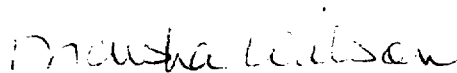
Fluid Injection Application
Avalon Unit
Avalon Field
Eddy County, New Mexico

Surface Owners
Offset Operators
Working Interest Owners

Attached is a copy of the Form C-108 and its attachments for 19 wells in the Avalon Unit for fluid injection. This application has been submitted to the New Mexico State Oil Conservation Division for approval.

If there are any questions, please call me at 915/688-7871.

Sincerely,



Marsha Wilson
Operations Integrity

/mw
Attachments

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

The following were mailed copies of NMOCD Form C-108 and its attachments on 5/10/95.

SURFACE OWNERS

SEC. 30, T20S, R28E	✓ THE STATE OF NEW MEXICO Office of the State Land Commissioner 310 Old Santa Fe Trail SANTE FE, NEW MEXICO 87503	✓ HARLEY BALLARD P. O. BOX 1777 CARLSBAD, N.M. 88221
---------------------	--	--

SEC. 31, T20S, R28E	✓ BUREAU OF LAND MANAGEMENT CARLSBAD RESOURCE OFFICE P.O. BOX 1778 CARLSBAD, N.M. 88220	✓ HARLEY BALLARD P. O. BOX 1777 CARLSBAD, N.M. 88221
---------------------	--	--

SEC. 32, T20S, R28E	✓ BRUCE RIGGS P. O. BOX 847 CARLSBAD, N.M. 88221	✓ DON RAINES P. O. BOX 847 CARLSBAD, NM 88221
---------------------	--	---

✓ THE STATE OF NEW MEXICO
Office of the State Land Commissioner
310 Old Santa Fe Trail
SANTA FE, NEW MEXICO 87503

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

✓ ABO
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

✓ MARY HUDSON ARD
4804 WESTRIDGE AVENUE
FT WORTH, TX 76116

✓ JACK O MCCALL ESTATE
1210 MIDLAND NAT BNK TOWER
500 W. TEXAS AVENUE
MIDLAND, TX 79701

✓ CHEVRON PBC (PENNZOIL)
ATTN: JAMES SPILLANDE
P. O. BOX 2967
HOUSTON, TX 77525-2967

✓ CLAREMONT
P. O. BOX 549
CLAREMONT, OK 74018-0549

✓ DEVON ENERGY CORP.
1500 MID AMERICAN TOWER
20 N. BROADWAY
OKLAHOMA CITY, OK 73102-8260

✓ F A & D M FOX
1288 EAGLE DRIVE
BURLINGTON, WA 98233

✓ 77 CORP.
P. O. BOX 51006
MIDLAND, TX 79702

✓ TR OIL COPR.
C/O DEKALB CORP.
3100 SYCAMORE ROAD
DEKALB, IL 60115

✓ E. R. HUDSON, JR.
616 TEXAS STREET
FT. WORTH, TX 76102-4612

✓ W. A. HUDSON II
616 TEXAS STREET
FT. WORTH, TX 76102-4612

✓ WHITING PETROLEUM CORP.
1700 BROADWAY, STE. 2300
DENVER, CO 80290-2301

✓ KERR MCGEE CORP.
U.S. ONSHORE REGION
ATTN JOINT VENTURE OPS
211 N. ROBINSON, STE. 700
OKLAHOMA CITY, OK 73102

✓ R. KEN WILLIAMS
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

✓ LOS CHICOS
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

✓ JAMES L. MARTIN, JR.
RT. 5, BOX 494
CLAREMORE, OK 74017

✓ E. H. JUDSON
ATTN: BOB HODGE
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

✓ MYCO
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

✓ NAPECO
ATTN: WILLIAM ESTEP
P. O. BOX 3908
TULSA, OK 74102

✓ OXY
ATTN: WILLIAM ESTEP
P. O. BOX 3908
TULSA, OK 74102

✓ PREMIER
P. O. BOX 1246
ARTESIA, NM 88210

✓ J. J. REDFERN III
EXEC OF JOHN REDFERN
CLAYDESTA NAT BANK
STE. 6300
MIDLAND, TX 79705

✓ ROSALIND REDFERN
ATTN: ROSSON KIELLINGSTED
P. O. BOX 2127
MIDLAND, TX 79702

✓ JOHN L. SCHLAGAL
ATTN: BOB HODGE
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

✓ SIGMAR INC.
ATTN: BOB HODGE
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

✓ JOHN A. YATES
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

✓ S. P. YATES
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

✓ YATES DRILLING
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

✓ YATES PETROLEUM
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

✓ JOSEPH R. HODGE
P. O. BOX 5090
AUSTIN, TX 78763

✓ TIPPERARY OIL CORP.
633 17TH STREET, STE. 1550
DENVER, CO 80202

✓ E. G. HOLDEN TEST TRUST
BETSY H. KELLER TRUSTEE
2524 UNION STREET
SAN FRANCISCO, CA 94123

✓ ERNIE BELLO
3325 ALA AKULIKULI STREET
HONOLULU, HI 96818

✓ FRANCIS B. BUNN
2493 MAKIKI HEIGHTS
HONOLULU, HI 96822

✓ ISAAC A. KAWASAKI
734 KALANIPUU STREET
HONOLULU, HI 96822

✓ GENDRON FAMILY TRUST
MARY G. GENDRON TRUSTEE
1280 ENCINO DRIVE
SAN MATEO, CA 91108

✓ BETSY H. KELLER
2524 UNION STREET
SAN FRANCISCO, CA 94123

✓ DAVID GOODNOW
230 RIDGEFIELD ROAD
WILTON, CA 06897

CHARLES CLINE MOORE
138 HARVARD AVENUE
MILL VALLEY, CA 94941

✓ SANFORD J. HODGE III
4324 HOANOVER AVENUE
DALLAS, TX 75225

✓ UNIT PETROLEUM
7130 S. LEWIS, STE 100
TULSA, OK 74136

✓ WM B OLIVER TRUST
ACT 0805400
P. O. BOX 100871
HOUSTON, TX 77212

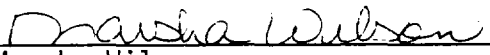
✓ AGNES C OLIVER TRUST
BROWN BRO HARRIMAN TRST
CO.
2001 ROSS AVENUE, STE. 1150
DALLAS, TX 75201

✓ SPACE BUILDING CORP.
250 CAPE HWY RTE 44
EAST TAUTON, MA 02718

✓ J.F. VAN VRANKEN JR.
S.C. BERNSTEIN & CO.
767 FIFTH AVENUE
NEW YORK, NY 101153

✓ HAYES PARTNERS I
P. O. BOX 3700
MIDLAND, TX 79702-3700

✓ ADOLPH P. SCHUMAN MARITAL
TRUST
C/O JAMES CRAFTS, JR.
400 SAN SOME STREET
SAN FRANCISCO, CA 94111


Marsha Wilson
Operations Integrity

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
TIPPERARY OIL CORP.
633 17TH STREET, STE. 1550
DENVER, CO 80202

4a. Article Number
Z 740 407 723

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
15 MAY 1995

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
ISAAC A. KAWASAKI
734 KALANIPUU STREET
HONOLULU, HI 96822

4a. Article Number
Z 740 407 727

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5/16/95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
F A & D M FOX
1288 EAGLE DRIVE
BURLINGTON, WA 98233

4a. Article Number

4b. Service Type
☐ Registered ☐ Insured
☐ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1992-307-530 DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
TR OIL COPR.
C/O DEKALB CORP.
3100 SYCAMORE ROAD
DEKALB, IL 60115

4a. Article Number
Z 740 407 701

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5-17-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1992-307-530 DOMESTIC RETURN RECEIPT

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

Avulon

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 730

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5/15

5. Signature (Addressee)
David Goodman

6. Signature (Agent)
David Goodman

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Avulon

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 725

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5/14/95

5. Signature (Addressee)
Ernie Bello

6. Signature (Agent)
Ernie Bello

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

Is your RETURN ADDRESS completed on the reverse side?

Avulon

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 739

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
MAY 15 1995

5. Signature (Addressee)
Adolph P. Schuman

6. Signature (Agent)
Adolph P. Schuman

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Avulon

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 726

4b. Service Type

☐ Registered ☐ Insured

☒ Certified ☐ COD

☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5/15/95

5. Signature (Addressee)
Francis B. Bunn

6. Signature (Agent)
Francis B. Bunn

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 1298
Hearing Date: June 1995

Avulon

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
2740 407 731

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5-1

8. Addressee's Address (Only if requested and fee is paid)

J.F. VAN VRANKEN JR.
S.C. BERNSTEIN & CO.
767 FIFTH AVENUE
NEW YORK, NY 10113

5. Signature (Addressee)

6. Signature (Agent)
D. ROTAS

PS Form 3811, December 1991 *U.S.G.P.O.: 1983-352-714

DOMESTIC RETURN RECEIPT

Avulon

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)

2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

OXY
ATTN: WILLIAM ESTEP
P. O. BOX 3908
TULSA, OK 74102

4. Article Number
2740 407 712

Type of Service:
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature — Addressee
X

6. Signature — Agent
X

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 *U.S.G.P.O.: 1989-238-815

DOMESTIC RETURN RECEIPT

Avulon

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
2740 407 724

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

E. G. HOLDEN TEST TRUST
BETSY H. KELLER-TRUSTEE
2524 UNION STREET
SAN FRANCISCO, CA 94123

5. Signature (Addressee)

6. Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O.: 1983-352-714

DOMESTIC RETURN RECEIPT

Avulon

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

CLAREMONT
P. O. BOX 549
CLAREMONT, OK 74018-0549

4a. Article Number
2740 407 697

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (Only if requested and fee is paid)

Signature (Addressee)
Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O.: 1982-307-530

DOMESTIC RETURN RECEIPT

Exhibit No.

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

Autolux

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.
1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:	
WHITING PETROLEUM CORP. 1700 BROADWAY, STE. 2300 DENVER, CO 80290-2301	
4. Article Number Z 740 407 704	
Type of Service:	<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature - Addressee X C. Jaxist	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery MAY 15 1995	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

Autolux

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 729

4b. Service Type ☐ Insured
☒ Registered ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

BETSY H. KELLER
2524 UNION STREET
SAN FRANCISCO, CA 94123

5. Signature (Addressee)
6. Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O. 1993-352-714 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

Autolux

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

GENDRON FAMILY TRUST
MARY G. GENDRON TRUSTEE
1280 ENCINO DRIVE
SAN MATEO, CA 91108

4a. Article Number
Z 740 407 728

4b. Service Type ☐ Insured
☒ Registered ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5-15-91

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
6. Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O. 1993-352-714 DOMESTIC RETURN RECEIPT

Autolux

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

SPACE BUILDING CORP.
250 CAPE HWY RTE 44
EAST TAUTON, MA 02718

4a. Article Number
Z 740 407 736

4b. Service Type ☐ Insured
☒ Registered ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5/15/95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
6. Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O. 1993-352-714 DOMESTIC RETURN RECEIPT

Exhibit No. _____

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

AVALLON

● **SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

NAPECO
ATTN: WILLIAM ESTEP
P. O. BOX 3908
TULSA, OK 74102

4. Article Number
Z 740 407 711

Type of Service:
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature — Addressee
X

6. Signature — Agent
X

7. Date of Delivery
5-15-95

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815 DOMESTIC RETURN RECEIPT

AVALLON

● **SENDER:** Complete items 1 and/or 2 for additional services.
Complete items 3, and 4a & b.
Print your name and address on the reverse of this form so that we can return this card to you.
Attach this form to the front of the mailpiece, or on the back if space does not permit.
Write "Return Receipt Requested" on the mailpiece below the article number.
The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

BRUCE RIGGS
P. O. BOX 847
CARLSBAD, N.M. 88221

4a. Article Number
Z 740 407 743

4b. Service Type
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
Bruce Riggs

6. Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O. 1993-352-714 DOMESTIC RETURN RECEIPT

AVALLON

● **SENDER:** Complete items 1 and/or 2 for additional services.
Complete items 3, and 4a & b.
Print your name and address on the reverse of this form so that we can return this card to you.
Attach this form to the front of the mailpiece, or on the back if space does not permit.
Write "Return Receipt Requested" on the mailpiece below the article number.
The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

SANFORD J. HODGE III
4324 HOANOVER AVENUE
DALLAS, TX 75225

4a. Article Number
Z 740 407 732

4b. Service Type
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

7. Date of Delivery
5-13-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O. 1993-352-714 DOMESTIC RETURN RECEIPT

AVALLON

● **SENDER:** Complete items 1 and/or 2 for additional services.
Complete items 3, and 4a & b.
Print your name and address on the reverse of this form so that we can return this card to you.
Attach this form to the front of the mailpiece, or on the back if space does not permit.
Write "Return Receipt Requested" on the mailpiece below the article number.
The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

HARLEY BALLARD
P. O. BOX 1777
CARLSBAD, N.M. 88221

4a. Article Number
Z 740 407 741

4b. Service Type
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
Polly Ballard

6. Signature (Agent)

PS Form 3811, December 1991 *U.S.G.P.O. 1993-352-714 DOMESTIC RETURN RECEIPT

Exhibit No.

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

Arden

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 740

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5-18-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
Mark T. ...

6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Arden

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 733

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5-18-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
G. ...

6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Thank you for using Return Receipt Service.

Arden

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 694

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
5-18-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
Mary Hudson Ard

6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1992-307-530

DOMESTIC RETURN RECEIPT

Arden

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 735

4b. Service Type
☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery
MAY 15 1995

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
Agnes C Oliver Trust

6. Signature (Agent)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

Avallon

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Complete items 1 and/or 2 for additional services. 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

4a. Article Number: Z 740 407 7a2

4b. Service Type: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

7. Date of Delivery: MAY 16 1995

8. Addressee's Address (Only if requested and fee is paid)

JOSEPH R. HODGE
P. O. BOX 5090
AUSTIN, TX 78763

5. Signature (Addressee)
Joseph R. Hodge

6. Signature (Agent)
Avallon

Avallon

SENDER: Complete items 1 and/or 2 for additional services. 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

4. Article Number: Z 740 407 703

4a. Service Type: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

7. Date of Delivery: MAY 12 1995

8. Addressee's Address (Only if requested and fee is paid)

W. A. HUDSON II
616 TEXAS STREET
FT. WORTH, TX 76102-4612

5. Signature — Addressee

6. Signature — Agent
W. A. Hudson II

7. Date of Delivery: MAY 12 1995

PS Form 3811, Apr. 1989

* U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

Avallon

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

4. Article Number: Z 740 407 702

4a. Service Type: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

7. Date of Delivery: MAY 12 1995

8. Addressee's Address (Only if requested and fee is paid)

E. R. HUDSON, JR.
616 TEXAS STREET
FT. WORTH, TX 76102-4612

5. Signature — Addressee

6. Signature — Agent

7. Date of Delivery: MAY 12 1995

Avallon

SENDER: Complete items 1 and/or 2 for additional services. 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

4. Article Number: Z 740 407 700

4a. Service Type: ☐ Registered ☐ Insured ☒ Certified ☐ COD ☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

7. Date of Delivery: MAY 12 1995

8. Addressee's Address (Only if requested and fee is paid)

77 CORP.
P. O. BOX 51006
MIDLAND, TX 79701

5. Signature (Addressee)
Avallon

6. Signature (Agent)
Avallon

PS Form 3811, December 1991

* U.S.G.P.O. 1992-307-530

DOMESTIC RETURN RECEIPT

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

AWALON

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Complete items 1 and 2 for additional services.
• Complete items 3, 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 696

4b. Service Type
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

7. Date of Delivery
5-12-95

8. Addressee's Address (Only if requested and fee is paid)

CHEVRON PBC (PENNZOIL)
ATTN: JAMES SPILLANDE
P. O. BOX 2967
HOUSTON, TX 77525-2967

5. Signature (Addressee)
[Signature]

6. Signature (Agent)
[Signature]

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-307-530

DOMESTIC RETURN RECEIPT

AWALON

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Complete items 1 and 2 for additional services.
• Complete items 3, 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4. Article Number
Z 740 407 705

4b. Service Type
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature -- Addressee
X

6. Signature -- Agent
X

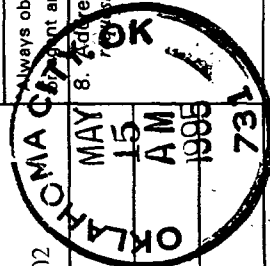
7. Date of Delivery
MAY 15 AM 1995

8. Addressee's Address (ONLY if requested and fee paid)

KERR MCGEE CORP.
U.S. ONSHORE REGION
ATTN JOINT VENTURE OPS
211 N. ROBINSON, STE. 700
OKLAHOMA CITY OK 73102

PS Form 3811, Apr. 1989 * U.S.G.P.O. : 1989-238-815

DOMESTIC RETURN RECEIPT



AWALON

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested.
1. ☐ Show to whom delivered, date, and addressee's address.
2. ☐ Restricted Delivery
(Extra charge)

3. Article Addressed to:

4. Article Number
Z 740 407 708

Type of Service:
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature -- Addressee
X

6. Signature -- Agent
X

7. Date of Delivery
2-13-95

8. Addressee's Address (ONLY if requested and fee paid)

JAMES L. MARTIN, JR.
RT. 5, BOX 494
CLAREMORE, OK 74017

PS Form 3811, Apr. 1989 * U.S.G.P.O. : 1989-238-815

DOMESTIC RETURN RECEIPT

AWALON

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Complete items 1 and/or 2 for additional services.
• Complete items 3, 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:

4a. Article Number
Z 740 407 717

4b. Service Type
☐ Registered
☒ Certified
☐ Express Mail
☐ Insured
☐ COD
☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature (Addressee)

6. Signature (Agent)
[Signature]

7. Date of Delivery
5-11-95

8. Addressee's Address (Only if requested and fee is paid)

SIGMAR INC.
ATTN: BOB HODGE
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

PS Form 3811, December 1991 * U.S.G.P.O. : 1992-352-714

DOMESTIC RETURN RECEIPT

Exhibit No.

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

AVULON

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

HAYES PARTNERS I
P. O. BOX 3700
MIDLAND, TX 79702-3700

4a. Article Number

Z 740 407 738

4b. Service Type

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

MAY 10 1995

8. Addressee's Address (Only if requested and fee is paid)

MIDLAND, TX 79702-3700

5. Signature (Addressee)

Constance L. Hayes

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

AVULON

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

JOHN L. SCHLAGAL
ATTN: BOB HODGE
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

4a. Article Number

Z 740 407 716

4b. Service Type

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

MAY 10 1995

5. Signature (Addressee)

Constance L. Hayes

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

AVULON

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

E. H. JUDSON
ATTN: BOB HODGE
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

4. Article Number

Z 740 407 709

Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

Constance L. Hayes

6. Signature - Agent

Constance L. Hayes
Date of Delivery 5-11-95

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

AVULON

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. ☐ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:

R. KEN WILLIAMS
400 W. ILLINOIS, STE. 1100
MIDLAND, TX 79701

4. Article Number

Z 740 407 706

Type of Service:

- ☐ Registered ☐ Insured
☒ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee

Constance L. Hayes

6. Signature - Agent

Constance L. Hayes
Date of Delivery 5-11-95

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

Exhibit No. _____

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 20 1995

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
JACK O MCCALL ESTATE
1210 MIDLAND NAT BNK TOWER
500 W. TEXAS AVENUE
MIDLAND, TX 79701

4a. Article Number
Z 740 407 695

4b. Service Type
☐ Registered
☒ Certified
☐ Insured
☐ COD
☐ Express Mail
☐ Return Receipt for Merchandise

7. Date of Delivery
5-11-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)
Melinda Brown

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
BUREAU OF LAND MANAGEMENT
CARLSBAD RESOURCE OFFICE
P.O. BOX 1778
CARLSBAD, N.M. 88220

4a. Article Number
Z 740 407 742

4b. Service Type
☐ Registered
☒ Certified
☐ Insured
☐ COD
☐ Express Mail
☐ Return Receipt for Merchandise

7. Date of Delivery
5-12-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)
B. H. H.

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
WM B OLIVER TRUST
ACT 0805400
P. O. BOX 100871
HOUSTON, TX 77212

4a. Article Number
Z 740 407 934

4b. Service Type
☐ Registered
☒ Certified
☐ Insured
☐ COD
☐ Express Mail
☐ Return Receipt for Merchandise

7. Date of Delivery
MAY 12 1995

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)
L. DUPREE

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

DOMESTIC RETURN RECEIPT

SENDER:
• Complete items 1 and/or 2 for additional services.
• Complete items 3, and 4a & b.
• Print your name and address on the reverse of this form so that we can return this card to you.
• Attach this form to the front of the mailpiece, or on the back if space does not permit.
• Write "Return Receipt Requested" on the mailpiece below the article number.
• The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
DEVON ENERGY CORP.
1500 MID AMERICAN TOWER
20 N. BROADWAY
OKLAHOMA CITY, OK 73102-8260

4a. Article Number
Z 740 407 698

4b. Service Type
☐ Registered
☒ Certified
☐ Insured
☐ COD
☐ Express Mail
☐ Return Receipt for Merchandise

7. Date of Delivery
5-12-95

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)

6. Signature (Agent)
J. Reynolds

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

DOMESTIC RETURN RECEIPT

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

Arulan

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

YATES PETROLEUM
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

4a. Article Number

Z 740 407 721

4b. Service Type

- ☐ Registered
- ☒ Certified
- ☐ Insured
- ☐ COD
- ☐ Express Mail
- ☐ Return Receipt for Merchandise

7. Date of Delivery

MAY 11 1995

5. Signature (Addressee)

[Signature]

6. Signature (Agent)

[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Arulan

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

YATES DRILLING
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

4a. Article Number

Z 740 407 720

4b. Service Type

- ☐ Registered
- ☒ Certified
- ☐ Insured
- ☐ COD
- ☐ Express Mail
- ☐ Return Receipt for Merchandise

7. Date of Delivery

MAY 11 1995

5. Signature (Addressee)

[Signature]

6. Signature (Agent)

[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Arulan

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

ABO
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

4a. Article Number

Z 740 407 693

4b. Service Type

- ☐ Registered
- ☒ Certified
- ☐ Insured
- ☐ COD
- ☐ Express Mail
- ☐ Return Receipt for Merchandise

7. Date of Delivery

MAY 11 1995

5. Signature (Addressee)

[Signature]

6. Signature (Agent)

[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Arulan

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

S. P. YATES
ATTN: DAVE BONEAU
105 S. FOURTH STREET
ARTESIA, NM 88210

4a. Article Number

Z 740 407 719

4b. Service Type

- ☐ Registered
- ☒ Certified
- ☐ Insured
- ☐ COD
- ☐ Express Mail
- ☐ Return Receipt for Merchandise

7. Date of Delivery

MAY 11 1995

5. Signature (Addressee)

[Signature]

6. Signature (Agent)

[Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1993-352-714 **DOMESTIC RETURN RECEIPT**

Exhibit No. _____

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 20 1995

Avalon

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional service(s) requested. 1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
3. Article Addressed to: MYCO ATTN: DAVE BONEAU 105 S. FOURTH STREET ARTESIA, NM 88210	4. Article Number Z 740 407 710
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.	
5. Signature of Addressee <i>[Signature]</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature of Agent <i>[Signature]</i>	
7. Date of Delivery MAY 11 1995	

PS Form 3811, Apr. 1989 *U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

Is your RETURN ADDRESS completed on the reverse side?

SENDER: • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.	
3. Article Addressed to: JOHN A. YATES ATTN: DAVE BONEAU 105 S. FOURTH STREET ARTESIA, NM 88210	
4a. Article Number Z 740 407 718	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
7. Date of Delivery MAY 11 1995	
8. Addressee's Address (Only if requested and fee is paid)	
5. Signature of Addressee <i>[Signature]</i>	
6. Signature of Agent <i>[Signature]</i>	

PS Form 3811, December 1991 *U.S.G.P.O. 1989-352-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.	
3. Article Addressed to: PREMIER P.O. BOX 1246 ARTESIA, NM 88210 <i>[Signature]</i>	
4a. Article Number Z 740 407 713	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
7. Date of Delivery MAY 11 1995	
8. Addressee's Address (Only if requested and fee is paid)	
5. Signature of Addressee <i>[Signature]</i>	
6. Signature of Agent <i>[Signature]</i>	

PS Form 3811, December 1991 *U.S.G.P.O. 1989-352-714

DOMESTIC RETURN RECEIPT

Exhibit No. _____
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 20, 1995

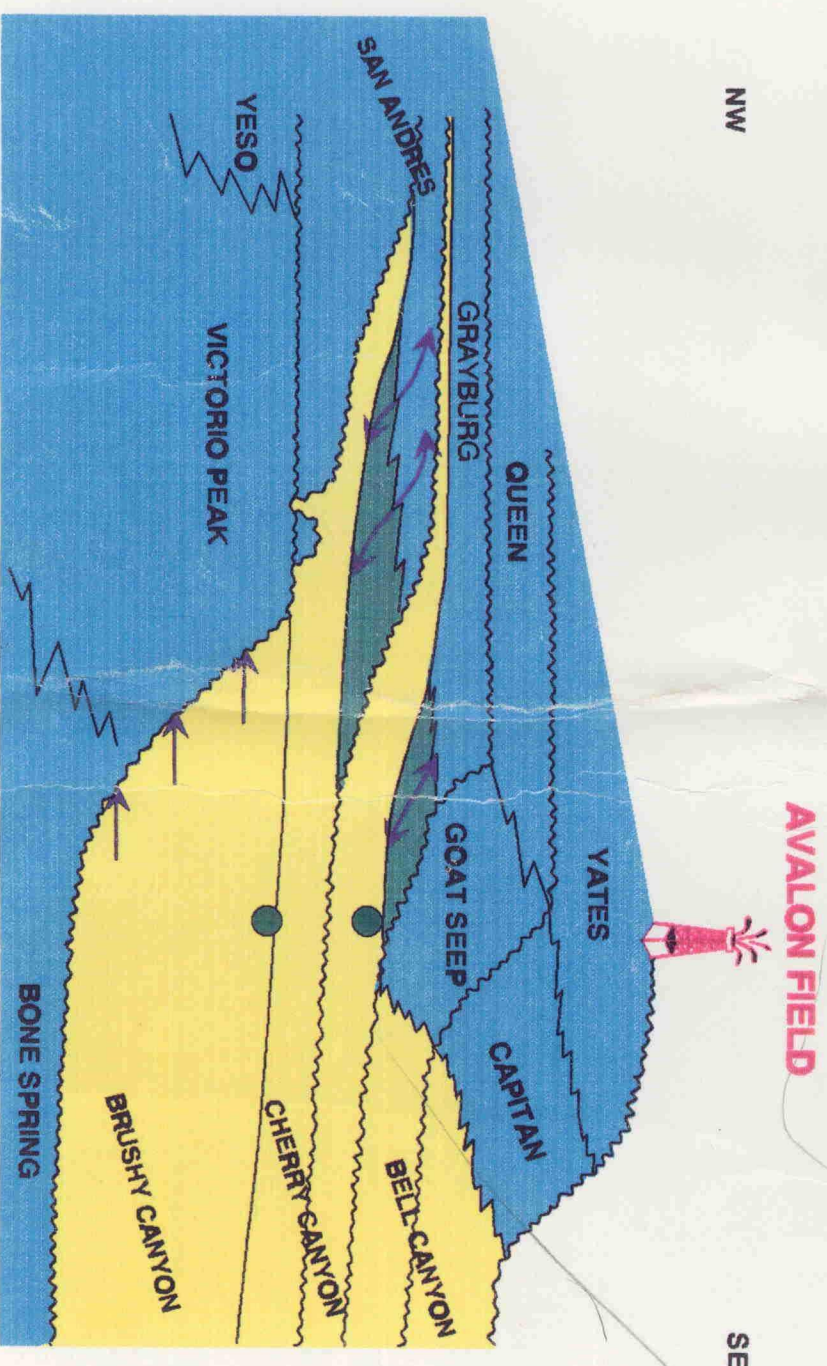
AVALON (DELAWARE) FIELD

EDDY COUNTY, NEW MEXICO

REPORT OF THE TECHNICAL COMMITTEE FOR THE

WORKING INTEREST OWNERS

VOLUME II - MAPS AND CROSS SECTIONS



EXXON COMPANY, USA

SOUTHWESTERN PRODUCTION DIVISION
RESERVOIR TECHNOLOGY GROUP

AUGUST, 1992

AVALON (DELAWARE) FIELD

Eddy County, New Mexico

REPORT OF THE TECHNICAL COMMITTEE
FOR THE WORKING INTEREST OWNERS

VOLUME II - TEXT AND EXHIBITS

With Contributions By:

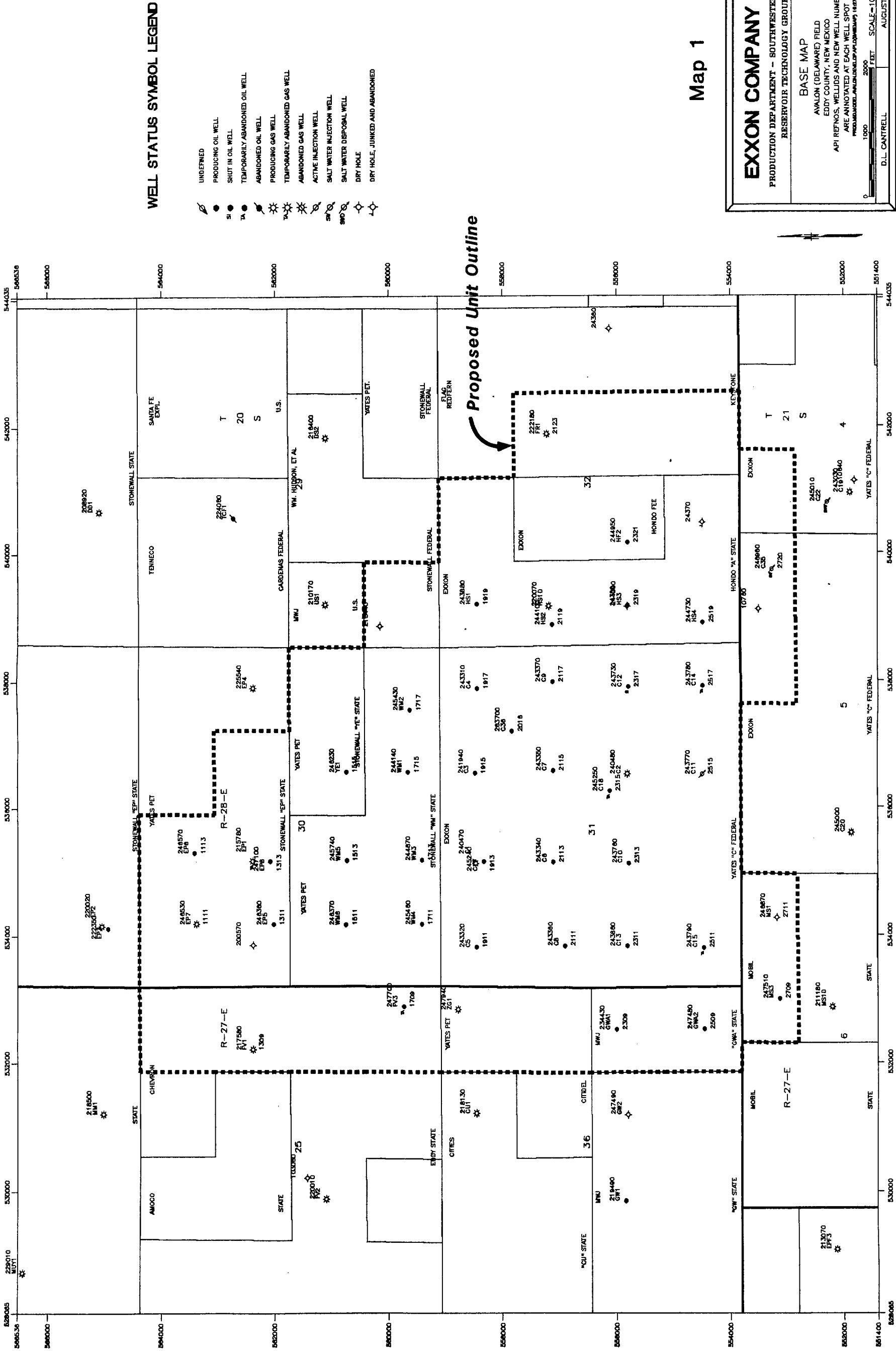
G. G. Beuhler
T. W. Brannon
A. C. Brummert
D. L. Cantrell
J. M. Goodwin
F. M. Haynes
T. V. Kane
R. M. Stuart

August 1992

VOLUME II - MAPS AND CROSS SECTIONS

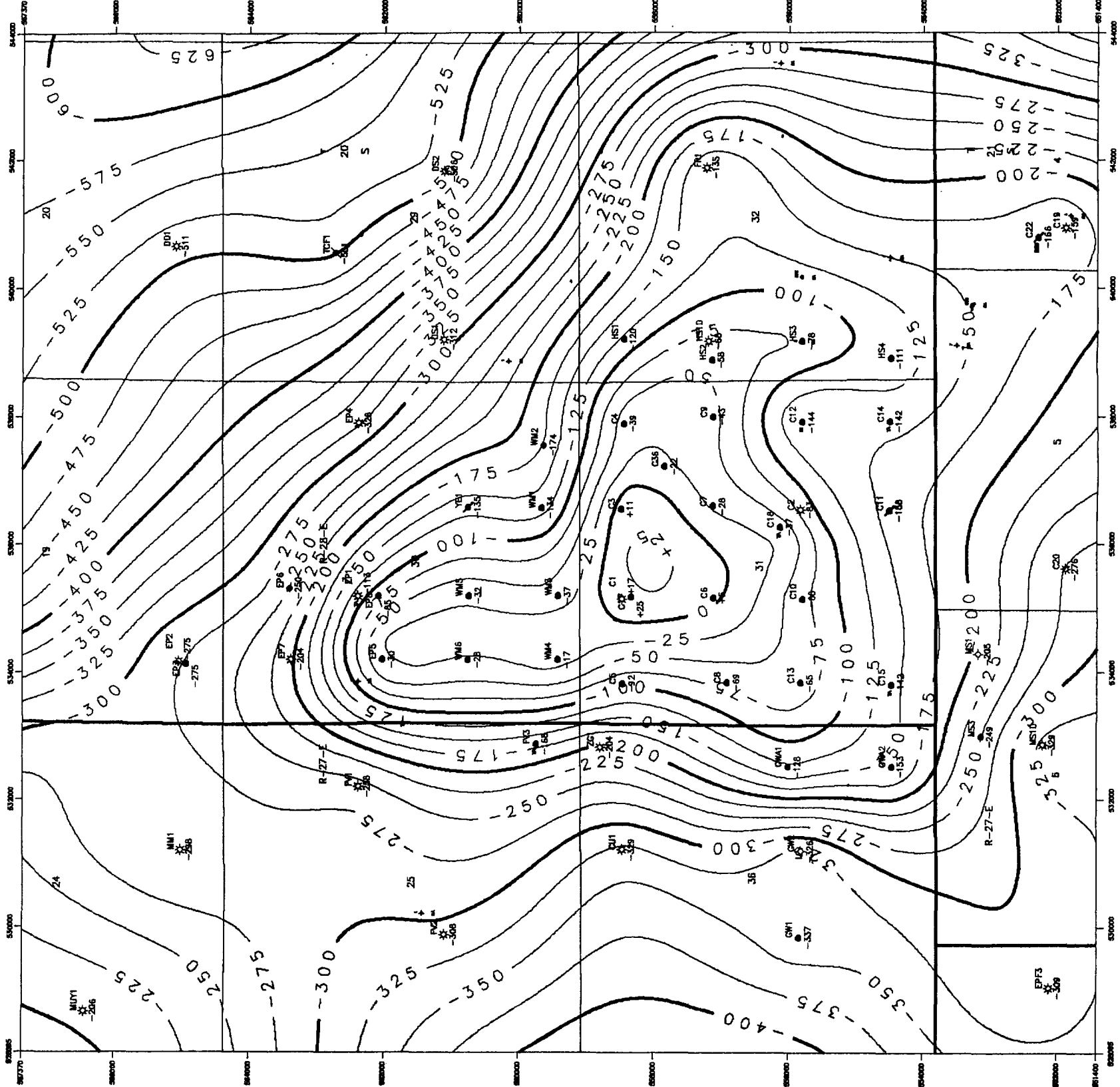
Map 1	Avalon (Delaware) Field Basemap
Map 2	Lower Cherry/Upper Brushy Canyon Top Reservoir (LCHT) Structure Map
Map 3	Top Bone Spring - Base Delaware (BSPG) Structure Map
Map 4	Lower Cherry/Upper Brushy Canyon Gross Thickness
Map 5	Upper Cherry Canyon - Top Reservoir (UCH-DLS) Structure Map
Map 6	Upper Cherry Canyon - Base Reservoir (UCHB) Structure Map
Map 7	Upper Cherry Canyon - Gross Thickness
Map 8	Lower Cherry/Upper Brushy Canyon - Net to Gross Ratio
Map 9	Lower Cherry/Upper Brushy Canyon - Net Thickness
Map 10	Lower Cherry/Upper Brushy Canyon - Average Porosity
Map 11	Lower Cherry/Upper Brushy Canyon - Porosity Thickness
Map 12	Lower Cherry/Upper Brushy Canyon - Average Water Saturation
Map 13	Lower Cherry/Upper Brushy Canyon - Hydrocarbon Porosity Thickness with Limits of Primary Production
Map 14	Lower Cherry/Upper Brushy Canyon - Top Reservoir (LCHT) Structure Map with Limits of Primary Production
Map 15	Upper Cherry Canyon - Net to Gross Ratio
Map 16	Upper Cherry Canyon - Net Thickness
Map 17	Upper Cherry Canyon - Average Porosity
Map 18	Upper Cherry Canyon - Porosity Thickness
Map 19	Upper Cherry Canyon - Average Water Saturation
Map 20	Upper Cherry Canyon - Hydrocarbon Porosity Thickness with Limits of Primary Production
Map 21	Upper Cherry Canyon - Top Reservoir (UCH-DLS) Structure Map with Limits of Primary Production
Map 22	Total Reservoir - Hydrocarbon Porosity Thickness
Map 23	Avalon Field Well-Tracts
North-South Structural Cross Section B1	
North-South Structural Cross Section 1	
Northwest-Southeast Structural Cross Section A2	
Northwest-Southeast Structural Cross Section 2	
Northwest-Southeast Structural Cross Section 3	
Northwest-Southeast Structural Cross Section A3	
Northwest-Southeast Structural Cross Section B3	
Northwest-Southeast Structural Cross Section 4	

AVALON (DELAWARE) FIELD BASEMAP



LOWER CHERRY/UPPER BRUSHY CANYON

Top Reservoir (LCHT)



WELL STATUS SYMBOL LEGEND

- PRODUCING OIL WELL
- SHUT IN OIL WELL
- ⊙ TEMPORARILY ABANDONED OIL WELL
- ⊙ TEMPORARILY ABANDONED OIL WELL
- ⊙ PRODUCING GAS WELL
- ⊙ TEMPORARILY ABANDONED GAS WELL
- ⊙ ACTIVE INJECTION WELL
- ⊙ SALT WATER DISPOSAL WELL
- ⊙ DRY HOLE
- ⊙ DRY HOLE, JUNKED AND ABANDONED

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTINUING. SMALL SYMBOLS REFLECT WELLS NOT USED IN OILFIELD 145 MAP.

COMMENT CODE LEGEND

NA : PICK NOT AVAILABLE

EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION

RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURE (FT) MAP, DATUM = MSL

LOWER CHERRY CANYON TOP

AMALON (DELAWARE) FIELD

EDDY COUNTY, NEW MEXICO

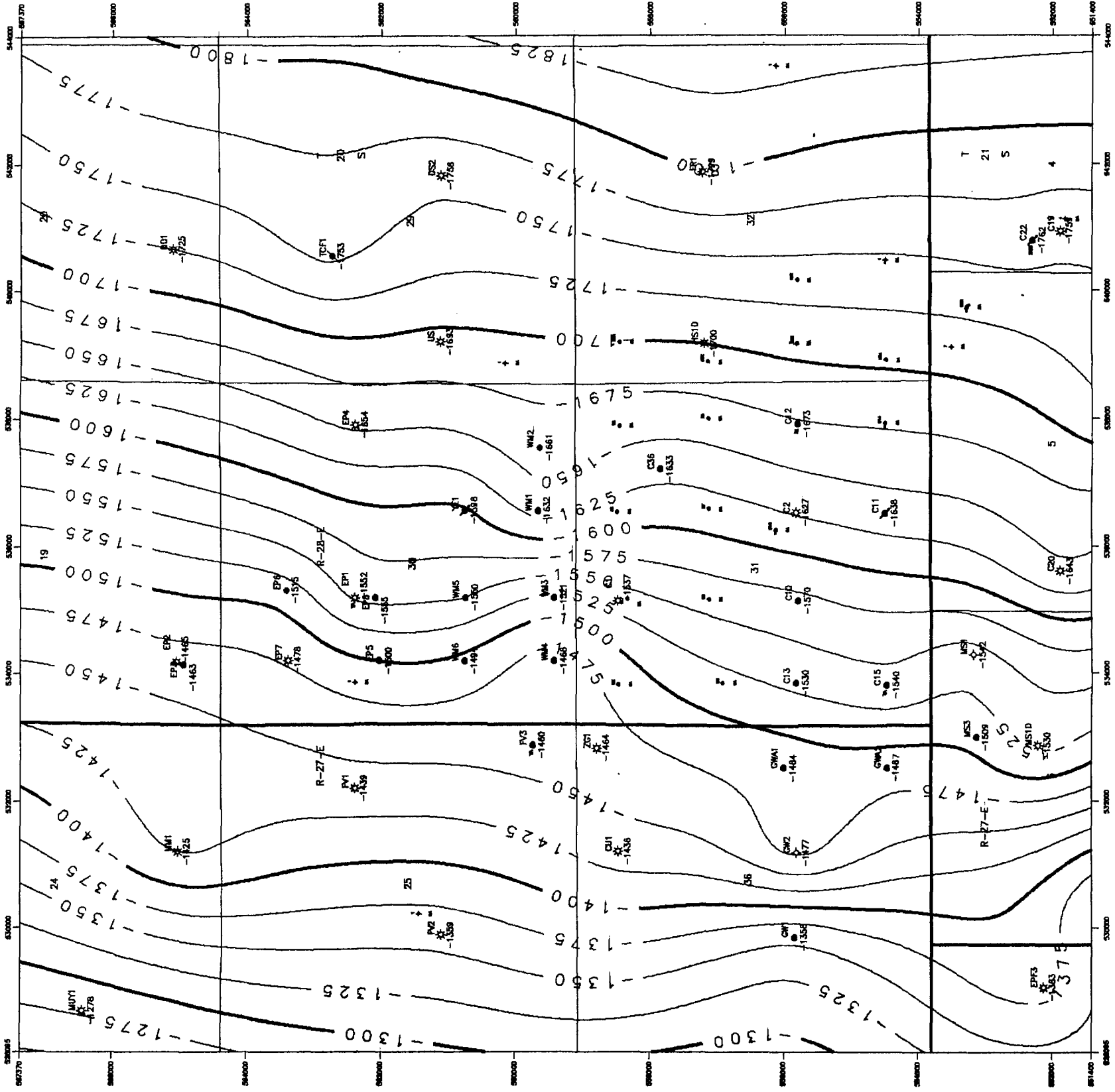
PREPARED BY: J. L. CAMPBELL, JR.

DATE: OCT-25-80

SCALE: 1:50,000

DATE: JULY 30, 1982

TOP BONE SPRING - Base Delaware (BSPG)



WELL STATUS SYMBOL LEGEND

- PRODUCING OIL WELL
- SHUT IN OIL WELL
- TEMPORARILY ABANDONED OIL WELL
- ABANDONED OIL WELL
- PRODUCING GAS WELL
- TEMPORARILY ABANDONED GAS WELL
- ACTIVE INJECTION WELL
- SALT WATER INJECTION WELL
- SALT WATER DISPOSAL WELL
- DRY HOLE
- DRY HOLE, JUNKED, AND ABANDONED

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTAINING. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

COMMENT CODE LEGEND

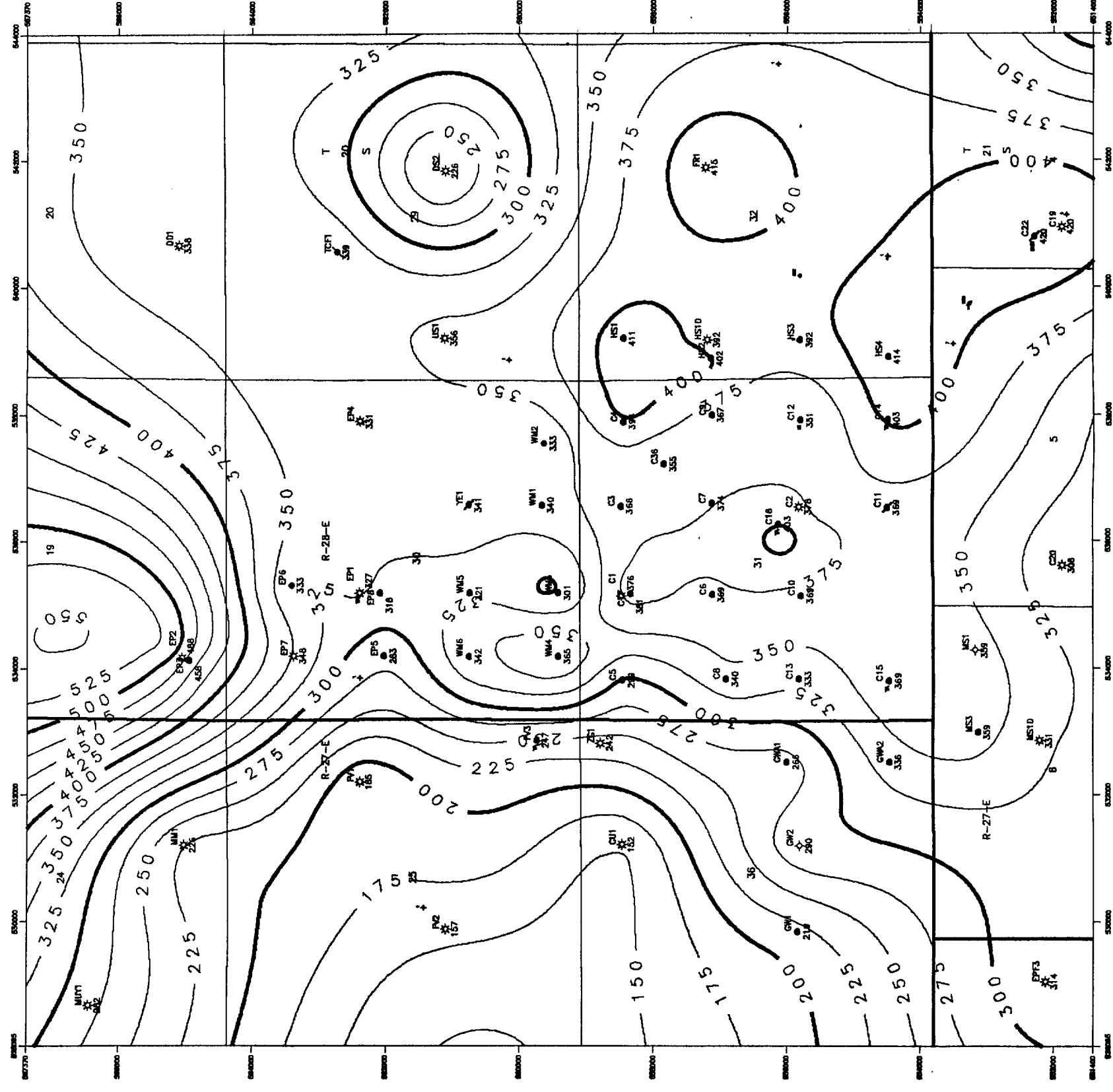
NA : PICK NOT AVAILABLE

Map 3

EXXON COMPANY USA
PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURE (FT) MAP, DATUM = MSL
BONE SPRINGS TOP
ANALOG (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
PREPARED BY: J. L. CONTRELL, JR.
DATE: JULY 29, 1982
SCALE: 1:1000
CONT: 25
GNT: 400

LOWER CHERRY / UPPER BRUSHY CANYON



WELL STATUS SYMBOL LEGEND

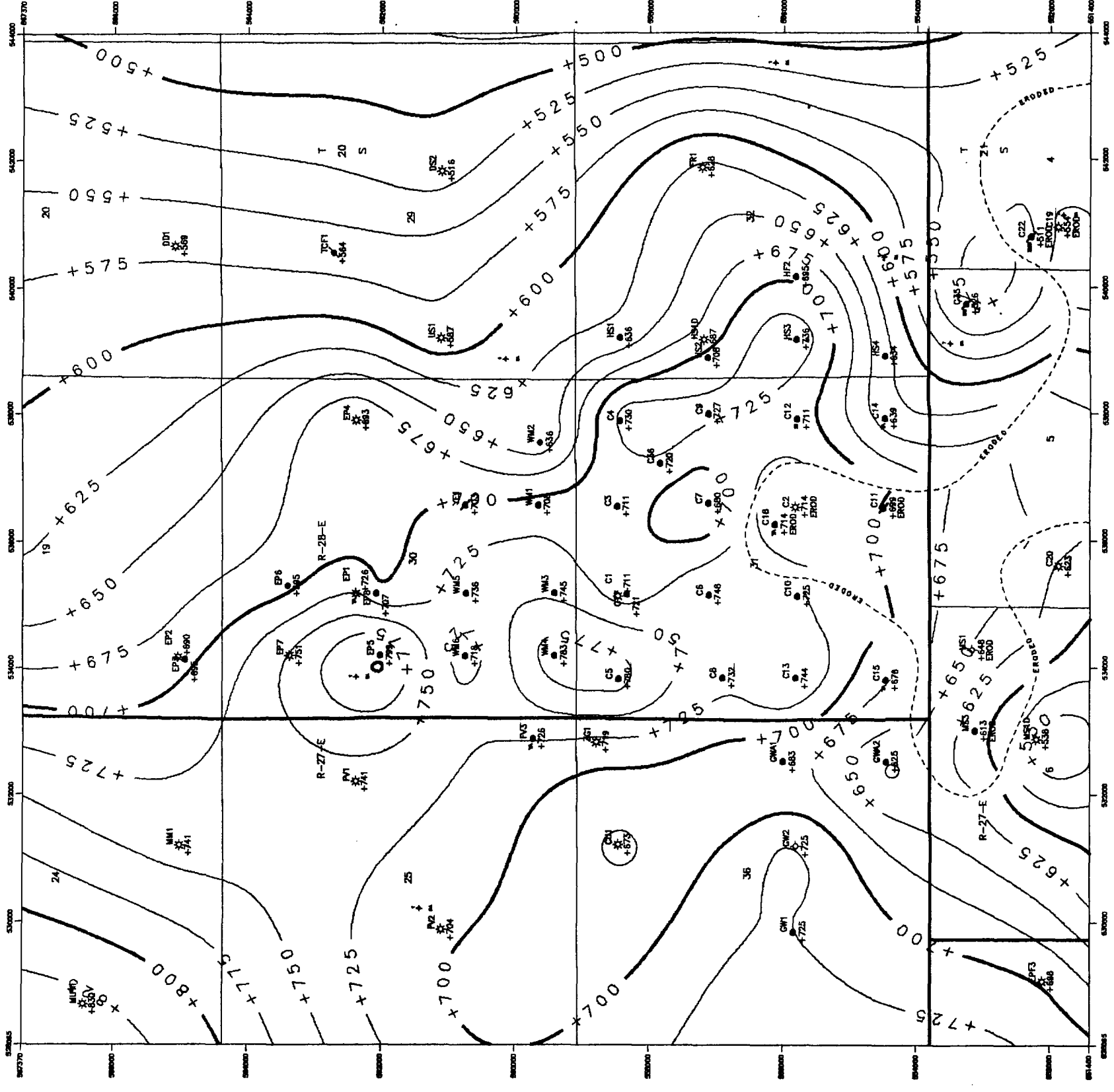
- | | |
|---|--------------------------------|
| ● | PRODUCING OIL WELL |
| ◐ | SHUT IN OIL WELL |
| ◑ | TEMPORARILY ABANDONED OIL WELL |
| ◒ | ABANDONED OIL WELL |
| ✱ | PRODUCING GAS WELL |
| ✱ | TEMPORARILY ABANDONED GAS WELL |
| ✱ | ACTIVE INJECTION WELL |
| ⦿ | SALT WATER INJECTION WELL |
| ⦿ | SALT WATER DISPOSAL WELL |
| ⦿ | DRY HOLE |
| ⦿ | DRY HOLE, JUNKED AND ABANDONED |
| ⦿ | ABANDONED LOCATION |

NOTES: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTAMINAND. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

Map 4

<h1>EXXON COMPANY USA</h1> <p>PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION RESERVE/RESEARCH/TECHNOLOGY CENTER - CHEMISTRY</p>	<h2>TOTAL GROSS THICKNESS MAP</h2> <p>ANALOGIZATION OF ZONES LEFT FROM BAMES</p> <p>AMULIN (DELAWARE) FIELD</p> <p>EDDY COUNTY, NEW MEXICO</p> <p>ANALOGUES: BELLO, THOMASS (PT)</p> <p>PRODUCTION/RESEARCH/TECHNOLOGY CENTER</p> <p>DATE: 08/01/80</p> <p>SCALE: 1000 FEET/INCH</p> <p>0 200 400 600 800 1000</p> <p>IN FEET</p>
	<p>TO: BROWN, D. C. (P. 11) / NAME</p> <p>DATE: JULY 29, 1982</p>

UPPER CHERRY CANYON - Top Reservoir (UCH-DLS)



WELL STATUS SYMBOL LEGEND

- PRODUCING OIL WELL
- ◐ SHUT IN OIL WELL
- ◑ TEMPORARILY ABANDONED OIL WELL
- ◒ ABANDONED OIL WELL
- ✱ PRODUCING GAS WELL
- ✱ TEMPORARILY ABANDONED GAS WELL
- ✱ ACTIVE INJECTION WELL
- ✱ SALT WATER INJECTION WELL
- ✱ SALT WATER DISPOSAL WELL
- ◇ DRY HOLE
- ◇ DRY HOLE, JUNKED AND ABANDONED

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS LOGGED FOR CONTINUING. SMALL SYMBOLS REPRESENT WELLS NOT USED IN CREATING THIS MAP.

COMMENT CODE LEGEND

EROD : PICK MISSING DUE TO EROSION, DEPTH OF UNCONFORMITY POSTED
NA : PICK NOT AVAILABLE

Map 5

EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHERN REGION
 RESERVES TECHNOLOGY GROUP - CHEMIST

STRUCTURE (FT) MAP, DATUM = MSL

UPPER CLERK CANYON DOWN-UP SURFACE

CONTOURS INDICATE ERODED AREAS ARE BACK OF GOLF KEEP REEF

AMUNO (OCEANWAVE) FIELD

EDDY COUNTRY, NEW JERSEY

PROJ. LOCATION: 4000' NORTH OF 1000' ELEVATION

0 1000 2000

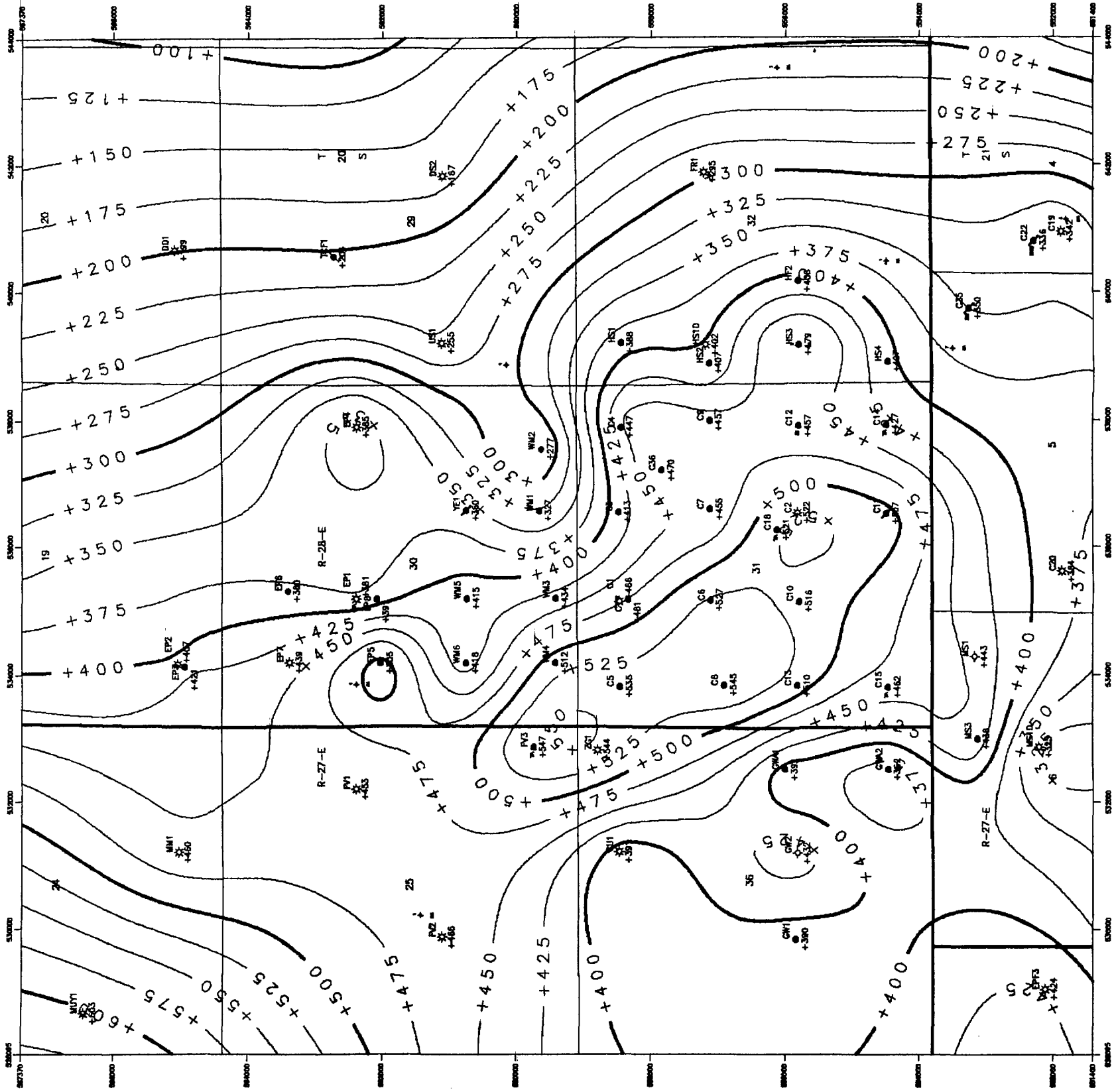
CONT = 25 GALT = 400

FEET SCALE = 1000 FEET/INCH

THE BRANSON, LA, CAMERON, TX NAME

JULY 28, 1982

UPPER CHERRY CANYON - Base Reservoir (UCHB)



WELL STATUS SYMBOL LEGEND

- PRODUCING OIL WELL
- SHUT IN OIL WELL
- TEMPORARILY ABANDONED OIL WELL
- ABANDONED OIL WELL
- PRODUCING GAS WELL
- TEMPORARILY ABANDONED GAS WELL
- ACTIVE INJECTION WELL
- SALT WATER INJECTION WELL
- SALT WATER DISPOSAL WELL
- DRY HOLE
- DRY HOLE, JUNKED AND ABANDONED

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTINUOUS. SMALL SYMBOLS REFLECT WELLS NOT USED IN OILFIELD 100 MAPS.

COMMENT CODE LEGEND

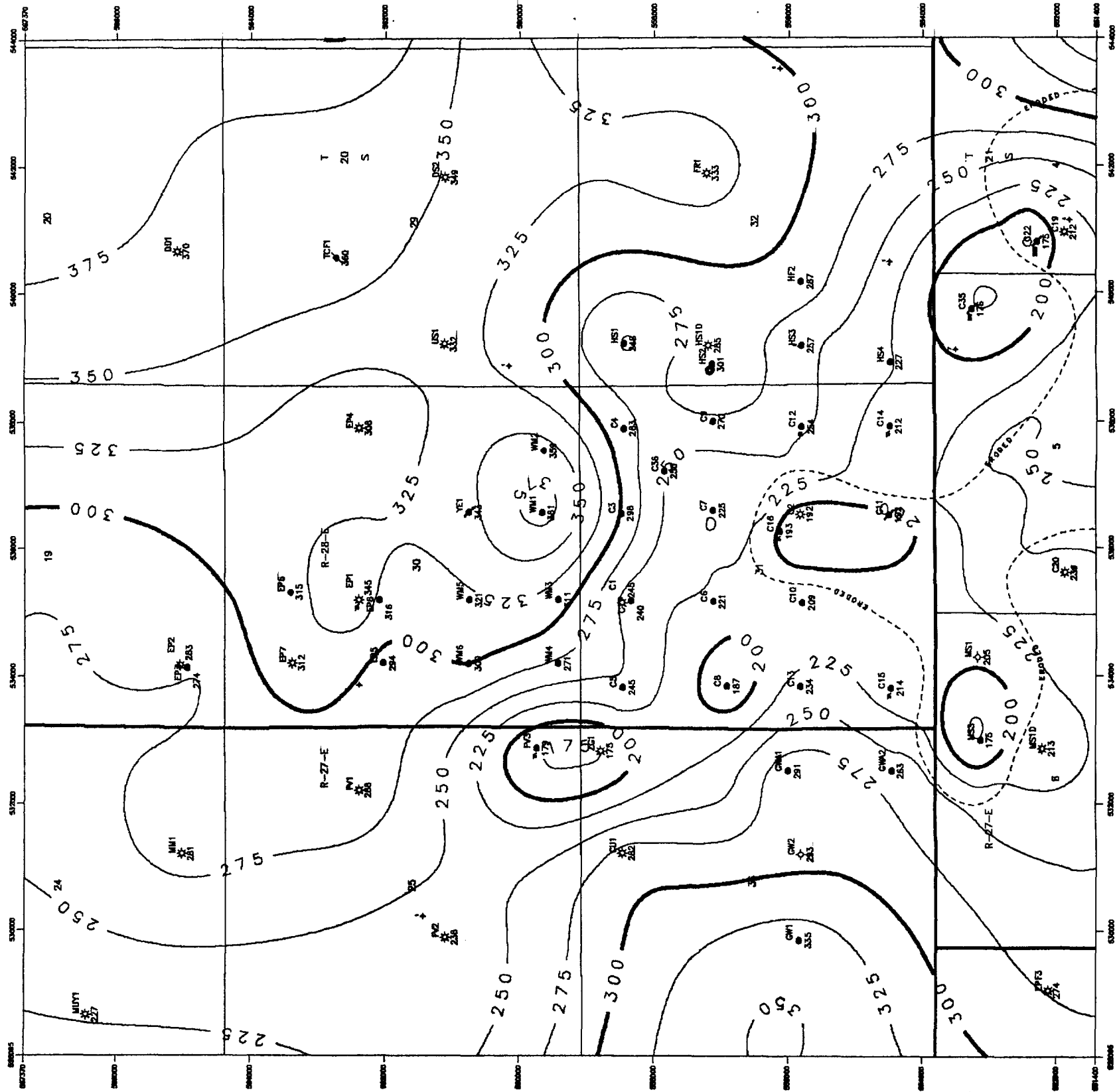
NA : PICK NOT AVAILABLE

Map 6

EXXON COMPANY USA
PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGIST

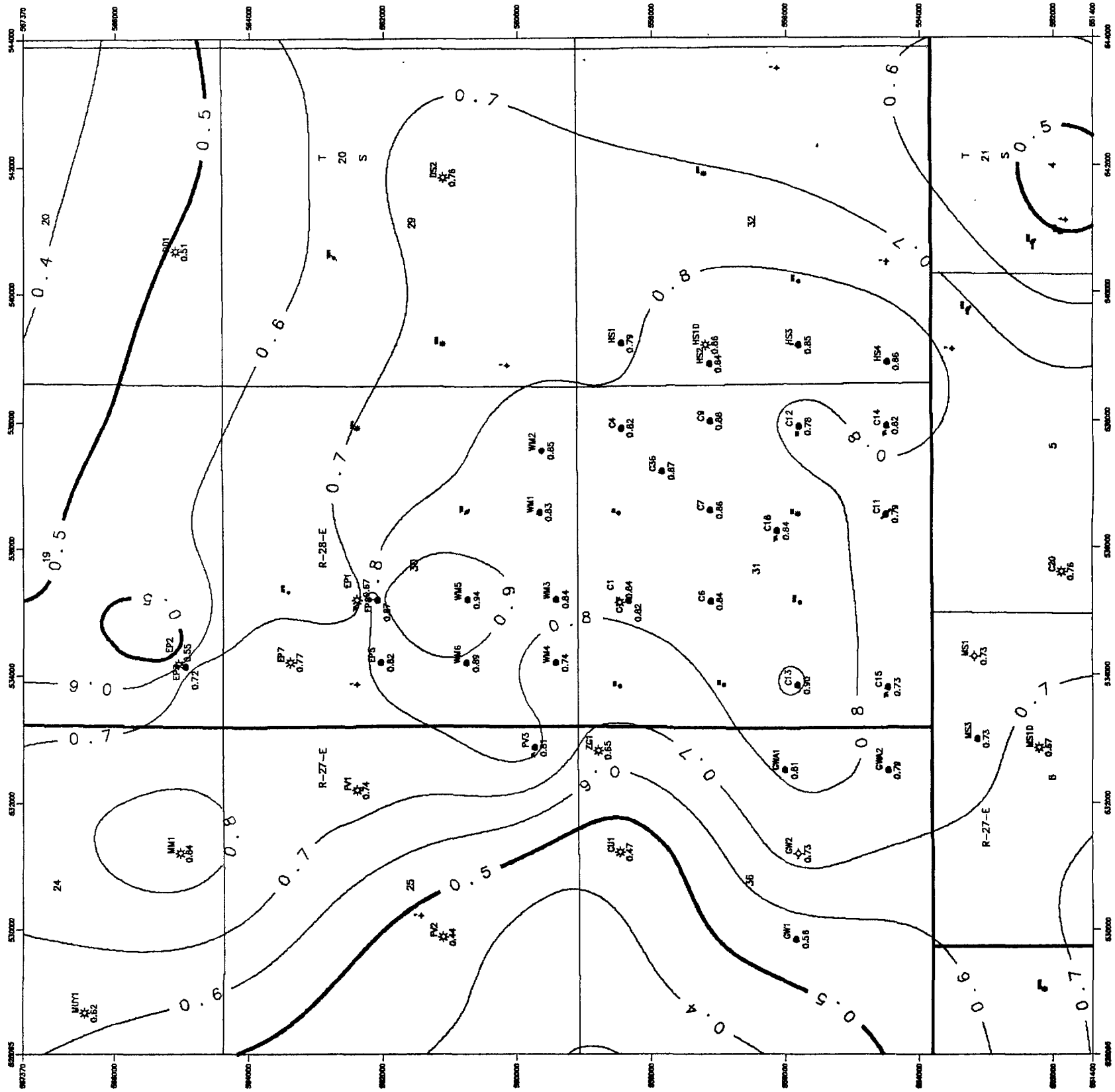
STRUCTURE (FT) MAP, DATUM = MSL
UPPER CHERRY CANYON BASE
ANALON (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
PREPARED BY: J. L. CHAPMAN, JR.
DATE: JULY 29, 1982
SCALE: 1:50,000
SHEET: 1 OF 1

UPPER CHERRY CANYON - Gross Thickness



LOWER CHERRY/UPPER BRUSHY CANYON

Net To Gross Ratio



WELL STATUS SYMBOL LEGEND

- | | |
|------------|--------------------------------|
| ● | PRODUCING OIL WELL |
| ●●● | SHUT IN OIL WELL |
| ●●●● | TEMPORARILY ABANDONED OIL WELL |
| ●●●●● | ABANDONED OIL WELL |
| ●●●●●● | PRODUCING GAS WELL |
| ●●●●●●● | TEMPORARILY ABANDONED GAS WELL |
| ●●●●●●●● | ACTIVE INJECTION WELL |
| ●●●●●●●●● | SALT WATER INJECTION WELL |
| ●●●●●●●●●● | SALT WATER DISPOSAL WELL |
| ◇ | DRY HOLE |
| ◇◇ | DRY HOLE, JUNKED AND ABANDONED |
| ◇◇◇ | ABANDONED LOCATION |

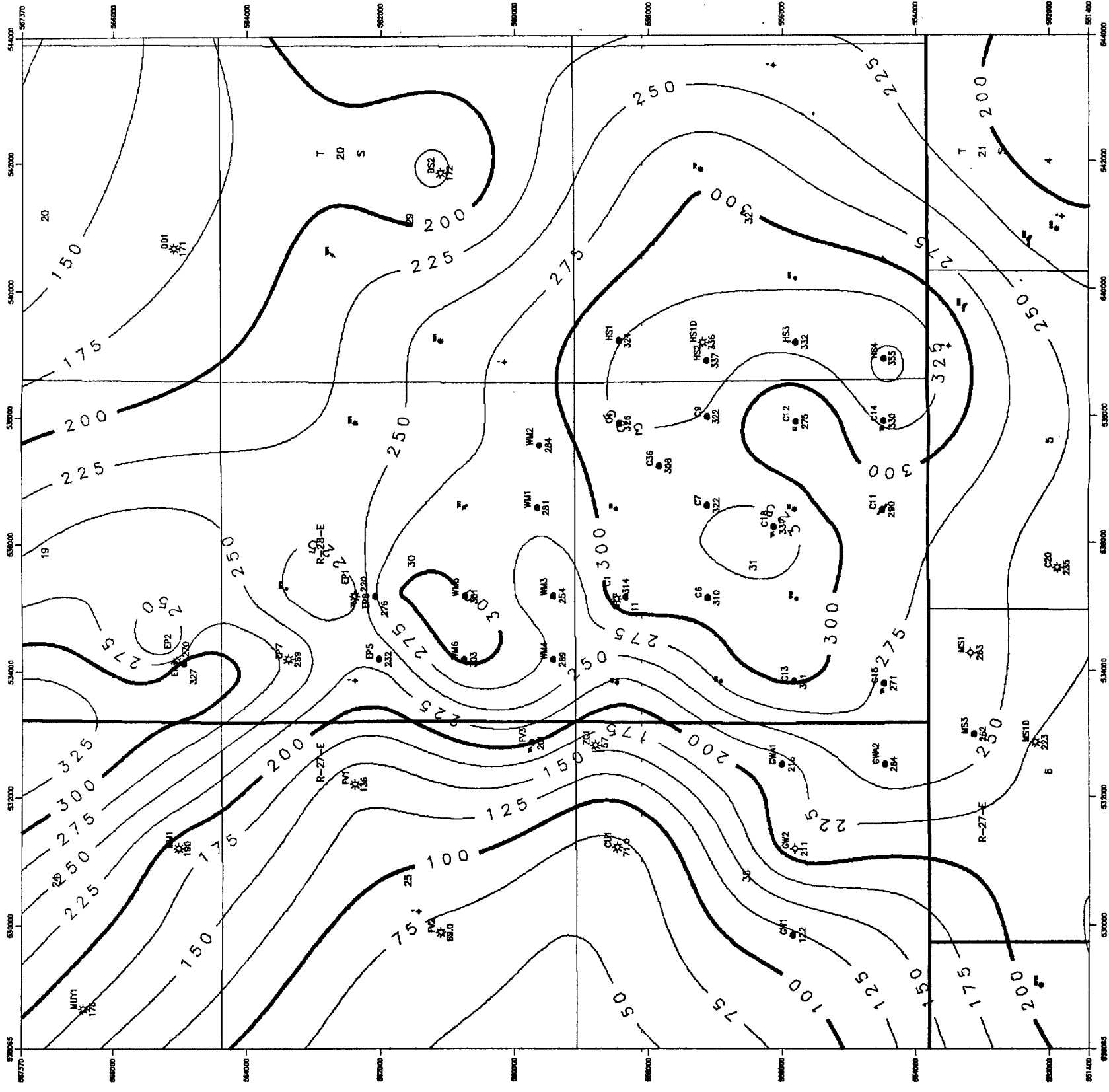
NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTOURING. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

Map 8

<h1>EXXON COMPANY USA</h1> <p>PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION RESEARCH/TECHNOLOGY GROUP - GEOLOGY</p>	<p>AVERAGE NET TO GROSS RATIO MAP</p>	
	<p>DATE: 04-11-82</p> <p>LENGTH: 5000' BY 100' = 500,000 SQ. FT.</p> <p>WIDTH: 100' BY 100' = 10,000 SQ. FT.</p> <p>AREA: 500,000 SQ. FT. BY 10,000 SQ. FT. = 5,000,000 SQ. FT.</p> <p>SCALE: 1" = 100' FEET/MCH</p>	<p>UNIT: 100' FEET/MCH</p> <p>SCALE: 1" = 100' FEET/MCH</p>

LOWER CHERRY / UPPER BRUSHY CANYON

Net Thickness



WELL STATUS SYMBOL LEGEND

- | | |
|----------|--------------------------------|
| ● | PRODUCING OIL WELL |
| ●● | SHUT IN OIL WELL |
| ●●● | TEMPORARILY ABANDONED OIL WELL |
| ●●●● | ABANDONED OIL WELL |
| ⚙ | PRODUCING GAS WELL |
| ⚙⚙ | TEMPORARILY ABANDONED GAS WELL |
| ⚙⚙⚙ | ACTIVE INJECTION WELL |
| ⚙⚙⚙⚙ | SALT WATER INJECTION WELL |
| ⚙⚙⚙⚙⚙ | SALT WATER DISPOSAL WELL |
| ⚙⚙⚙⚙⚙⚙ | DRY HOLE |
| ⚙⚙⚙⚙⚙⚙⚙ | DRY HOLE, JUNKED AND ABANDONED |
| ⚙⚙⚙⚙⚙⚙⚙⚙ | ABANDONED LOCATION |

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTAINING. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

Map 9

EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHERN REGION DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

TOTAL NET THICKNESS MAP

UPPER CRETACEOUS (M) = 11,400 FT. TO 12,000 FT.
UPPER CRETACEOUS (M) = 11,400 FT. TO 12,000 FT.
UNCONFORMABLE (C) ZONE/LIEST FROM 12,000 FT. TO 12,000 FT.

ANALYST (GEOLOGIST) FIELD
EDITOR (GEOLOGIST) FIELD
ANALYST (GEOLOGIST) FIELD
ANALYST (GEOLOGIST) FIELD

SCALE: 25 GINT=400
WELL=1000 FEET/INCH

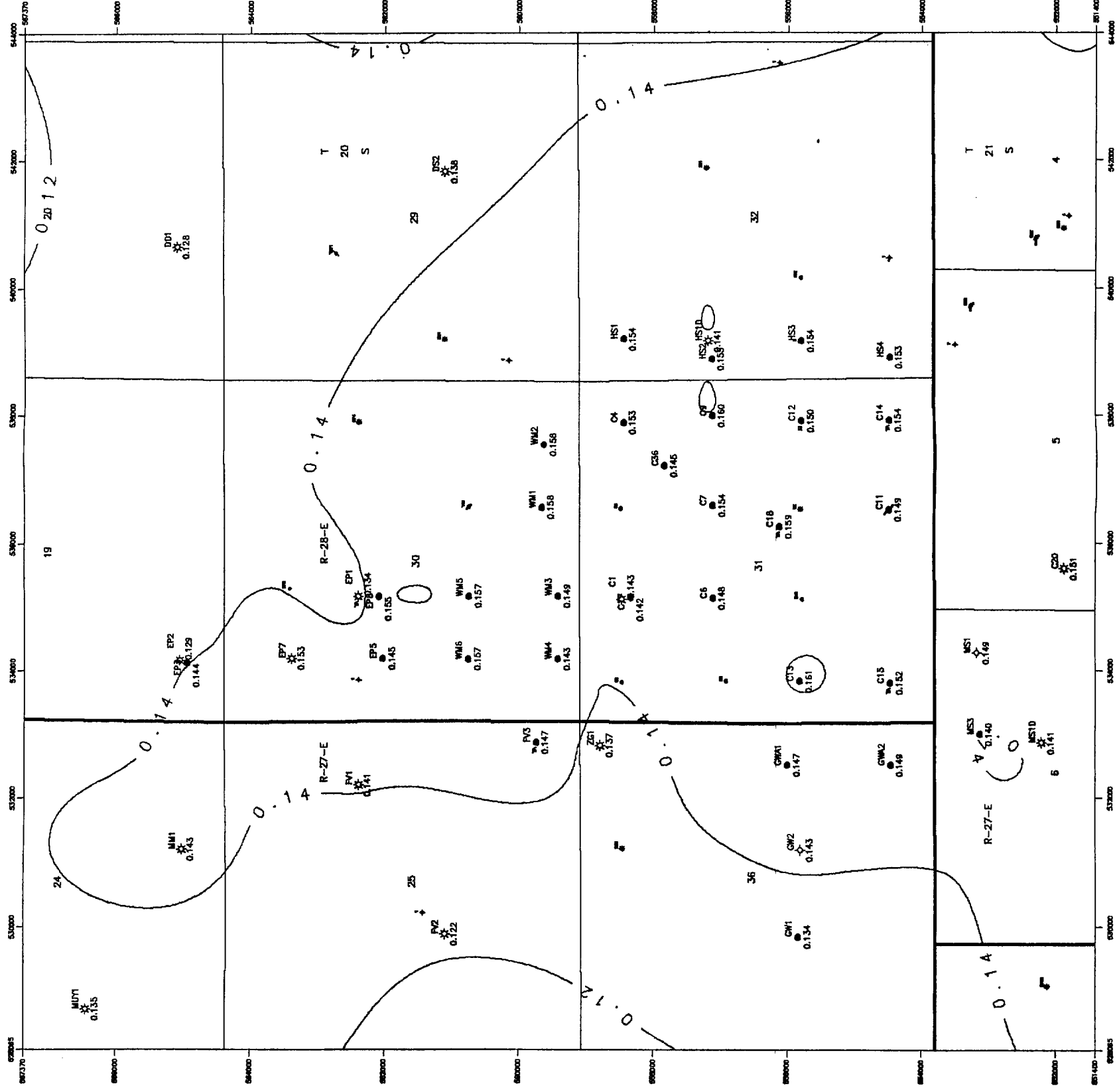
0 1000 2000 3000 4000 5000 6000 7000 8000 9000 10000 11000 12000 13000 14000 15000 16000 17000 18000 19000 20000 21000 22000 23000 24000 25000 26000 27000 28000 29000 30000 31000 32000 33000 34000 35000 36000 37000 38000 39000 40000 41000 42000 43000 44000 45000 46000 47000 48000 49000 50000 51000 52000 53000 54000 55000 56000 57000 58000 59000 60000 61000 62000 63000 64000 65000 66000 67000 68000 69000 70000 71000 72000 73000 74000 75000 76000 77000 78000 79000 80000 81000 82000 83000 84000 85000 86000 87000 88000 89000 90000 91000 92000 93000 94000 95000 96000 97000 98000 99000 100000

TO BRANSON, IL. DENTRELL, TN. NAME

AUGUST 5, 1982

LOWER CHERRY /UPPER BRUSHY CANYON

Average Porosity

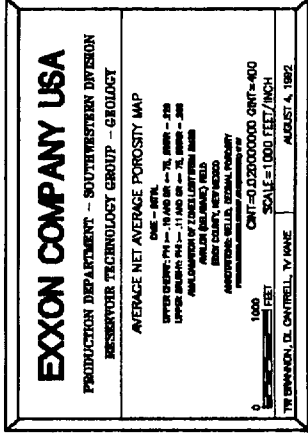


WELL STATUS SYMBOL LEGEND

- | | |
|---|--------------------------------|
| ● | PRODUCING OIL WELL |
| ○ | SHUT IN OIL WELL |
| ■ | TEMPORARILY ABANDONED OIL WELL |
| □ | ABANDONED OIL WELL |
| ⚙ | PRODUCING GAS WELL |
| ⚙ | TEMPORARILY ABANDONED GAS WELL |
| ⚙ | ACTIVE INJECTION WELL |
| ⚙ | SALT WATER INJECTION WELL |
| ⚙ | SALT WATER DISPOSAL WELL |
| ⚙ | DRY HOLE |
| ⚙ | DRY HOLE, JUNKED AND ABANDONED |
| ⚙ | ABANDONED LOCATION |

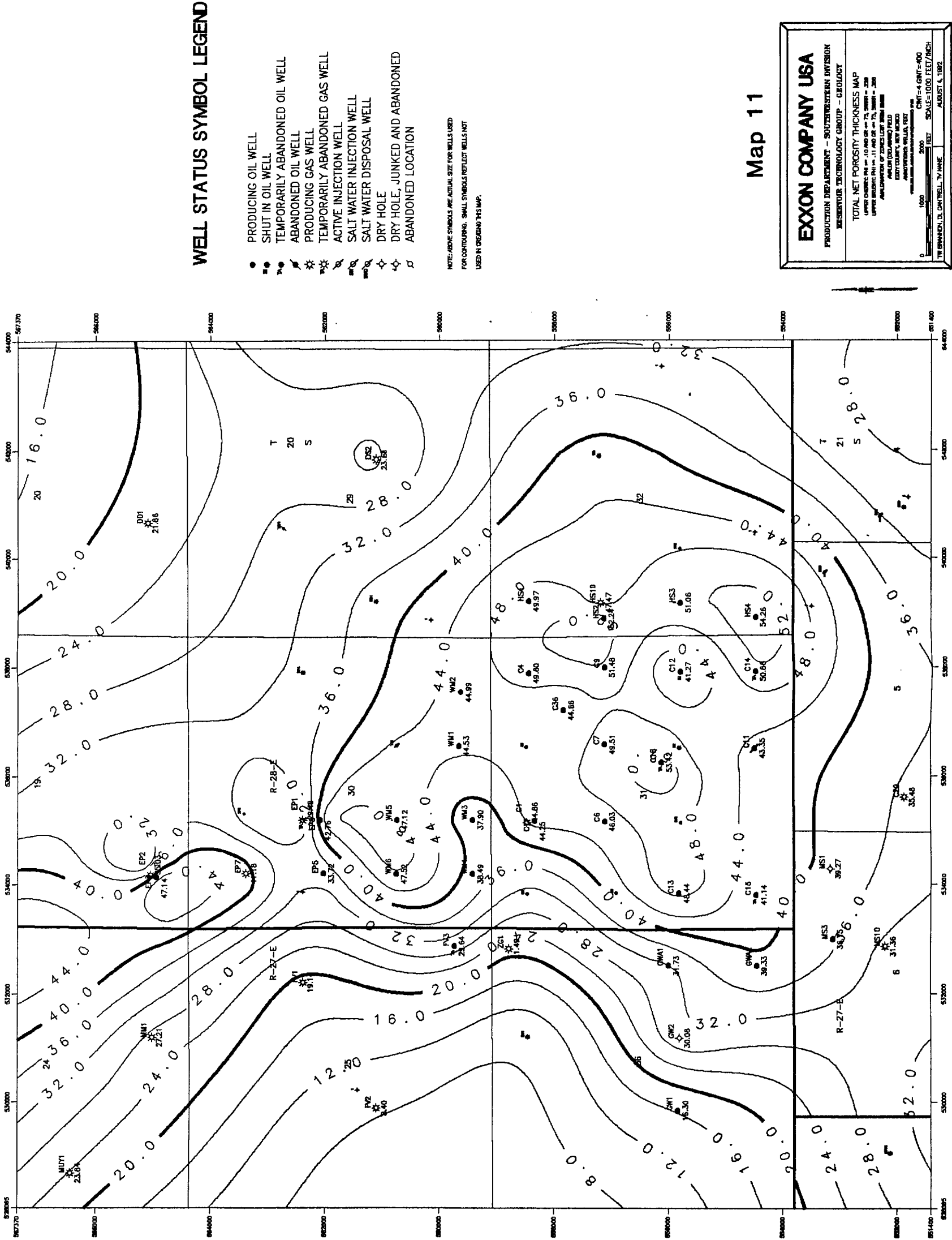
NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTOURING. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

Map 10



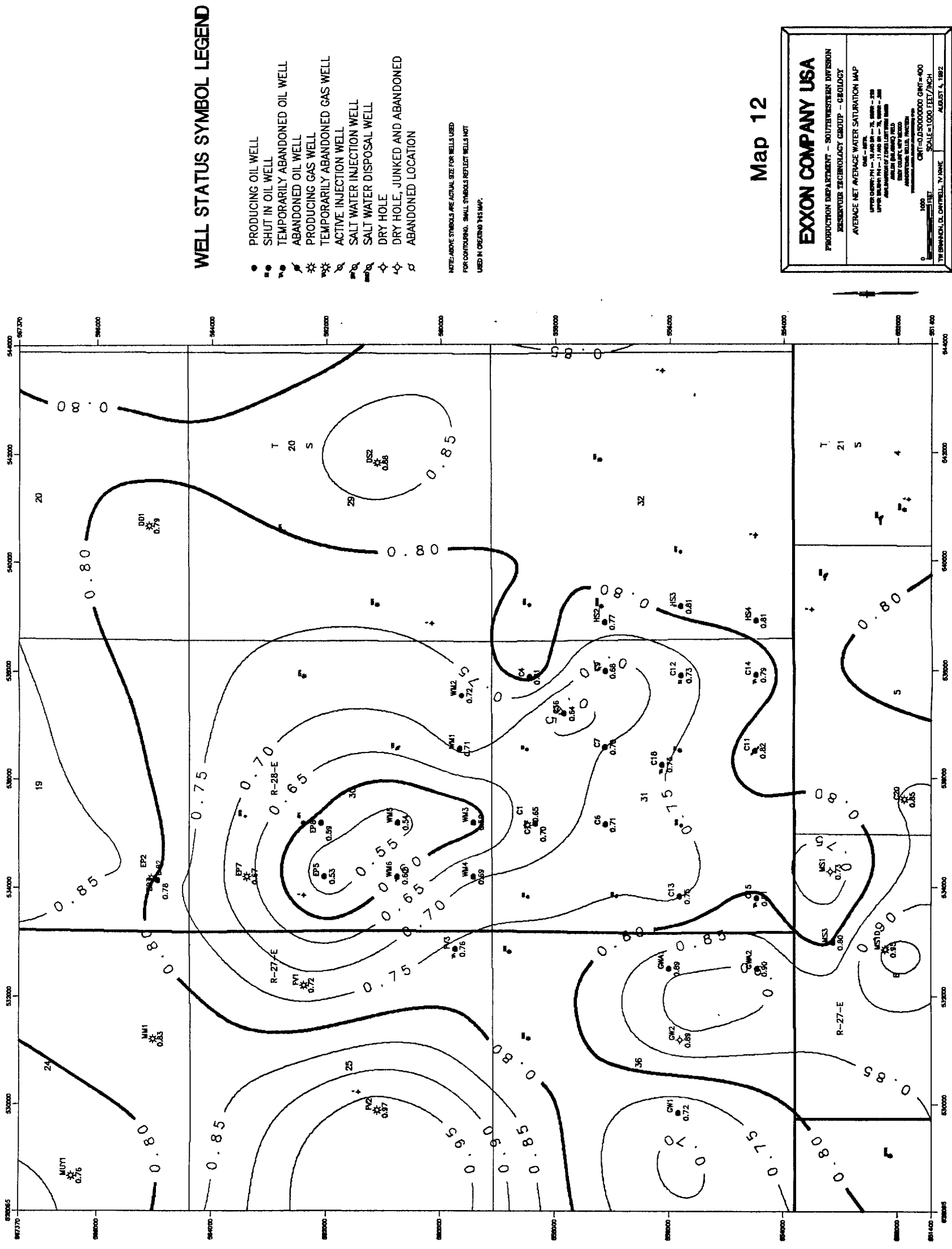
LOWER CHERRY/UPPER BRUSHY CANYON

Porosity Thickness



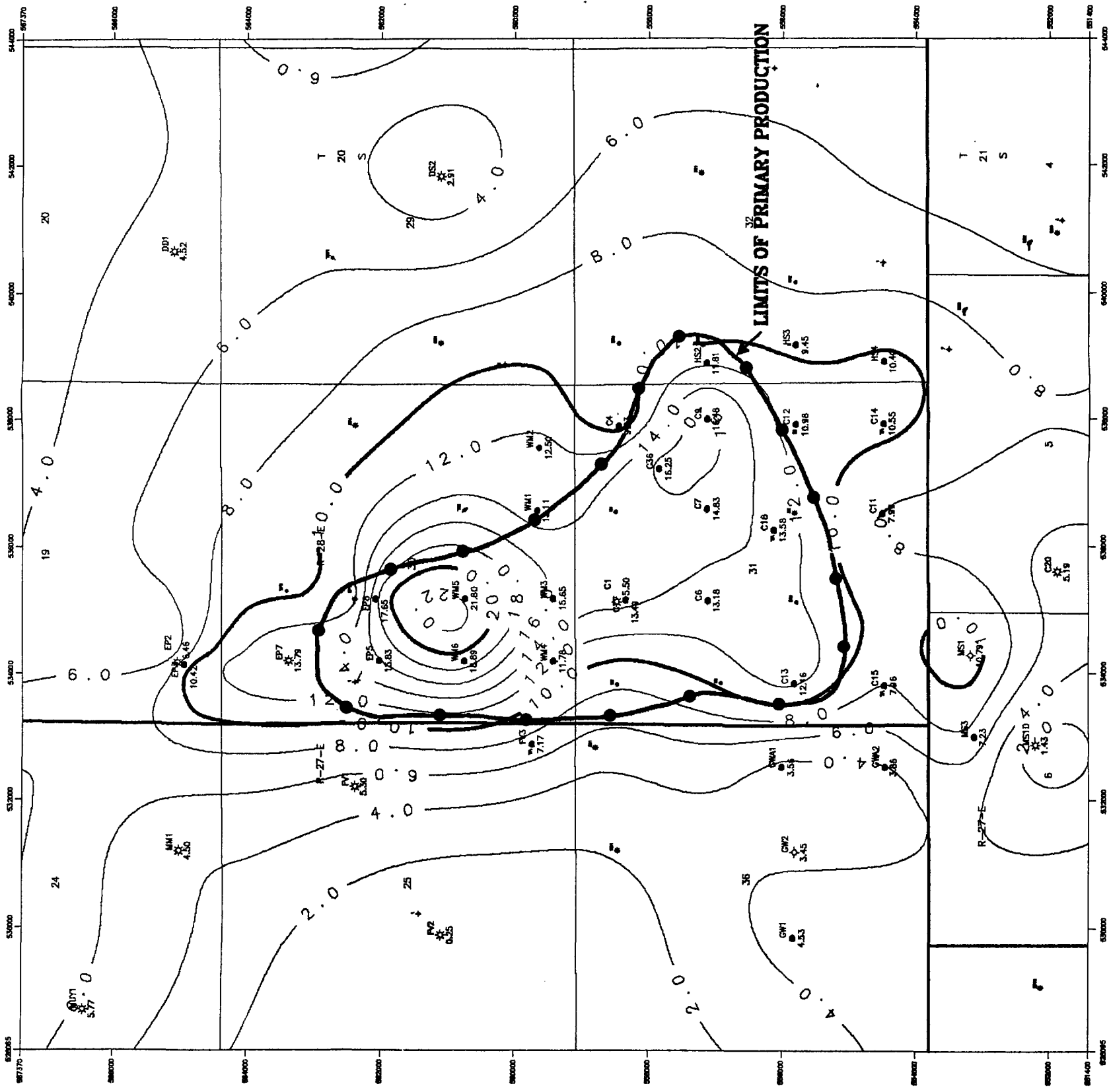
LOWER CHERRY/UPPER BRUSHY CANYON

Average Water Saturation



LOWER CHERRY/UPPER BRUSHY CANYON

Hydrocarbon Porosity Thickness



WELL STATUS SYMBOL LEGEND

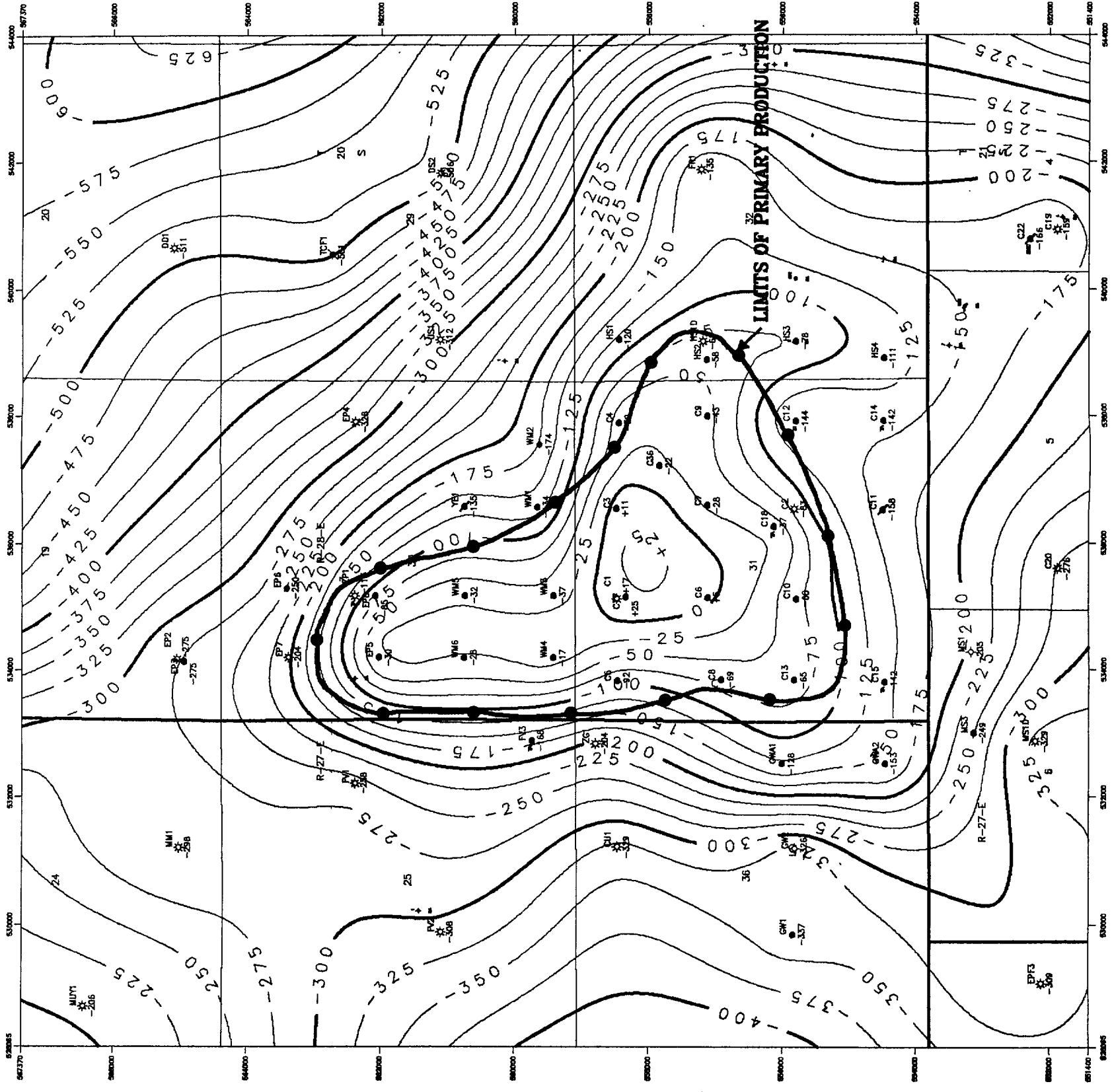
- | | |
|---|--------------------------------|
| ● | PRODUCING OIL WELL |
| ○ | SHUT IN OIL WELL |
| ◐ | TEMPORARILY ABANDONED OIL WELL |
| ◑ | ABANDONED OIL WELL |
| ⚙ | PRODUCING GAS WELL |
| ⚙ | TEMPORARILY ABANDONED GAS WELL |
| ⚙ | ACTIVE INJECTION WELL |
| ⚙ | SALT WATER INJECTION WELL |
| ⚙ | SALT WATER DISPOSAL WELL |
| ⚙ | DRY HOLE |
| ⚙ | DRY HOLE, JUNKED AND ABANDONED |
| ⚙ | ABANDONED LOCATION |

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTOURING. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

Map 13

[illegible]

LOWER CHERRY/UPPER BRUSHY CANYON Top Reservoir (LCHT)



WELL STATUS SYMBOL LEGEND

- PRODUCING OIL WELL
- SHUT IN OIL WELL
- TEMPORARILY ABANDONED OIL WELL
- ABANDONED OIL WELL
- PRODUCING GAS WELL
- TEMPORARILY ABANDONED GAS WELL
- ACTIVE INJECTION WELL
- SALT WATER INJECTION WELL
- SALT WATER DISPOSAL WELL
- DRY HOLE
- DRY HOLE, JUNKED AND ABANDONED

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTOURING. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

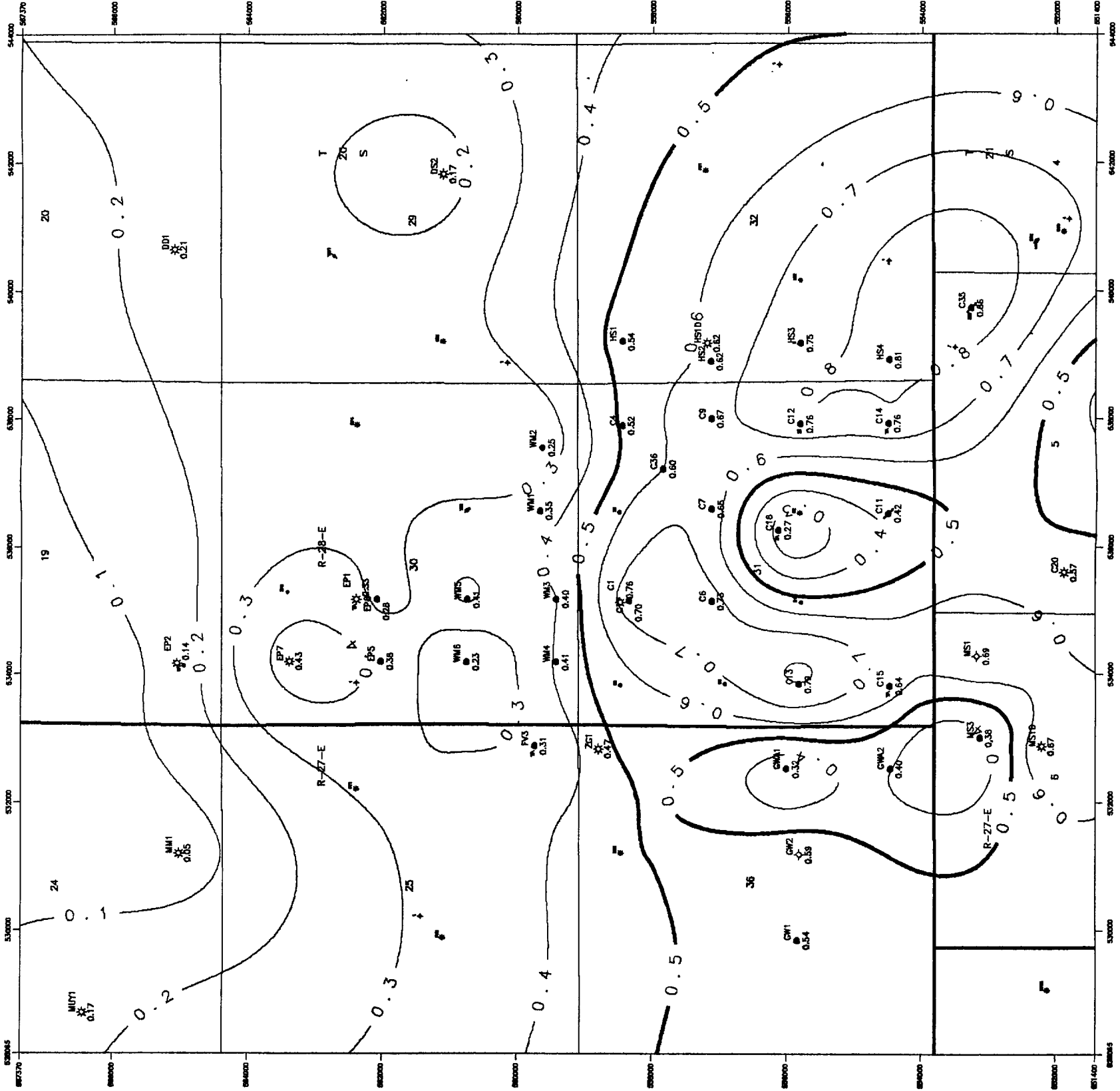
COMMENT CODE LEGEND

NA : PICK NOT AVAILABLE

Map 14

<h1>EXXON COMPANY USA</h1> <p>PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION RESERVOIR TECHNOLOGY GROUP - GEOLOGY</p>	
<h2>STRUCTURE (FT) MAP, DATUM = MSL</h2>	
LOWER CHERRY CANYON TOP ANALOG (DELMARE) FIELD EDDY COUNTY, NEW MEXICO RESERVOIR UNIT, ANDALUSIAN FORMATION, CAMPBELL'S 1796	
0 1000 2000 FEET	CONT=25 GPH=400 SCALE=1000 FEET/INCH AUGUST 4, 1982
TR. BRANNON, D. CANTRELL, TV NAME	

UPPER CHERRY CANYON - Net To Gross Ratio



WELL STATUS SYMBOL LEGEND

- UNDEFINED
- PRODUCING OIL WELL
- SHUT IN OIL WELL
- TEMPORARILY ABANDONED OIL WELL
- PRODUCING GAS WELL
- TEMPORARILY ABANDONED GAS WELL
- ACTIVE INJECTION WELL
- SALT WATER DISPOSAL WELL
- DRY HOLE
- DRY HOLE, JUNKED AND ABANDONED
- ABANDONED LOCATION

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED
PER CONTINGUAL. SMALL SYMBOLS REFLECT WELLS NOT
USED IN CREATING THIS MAP.

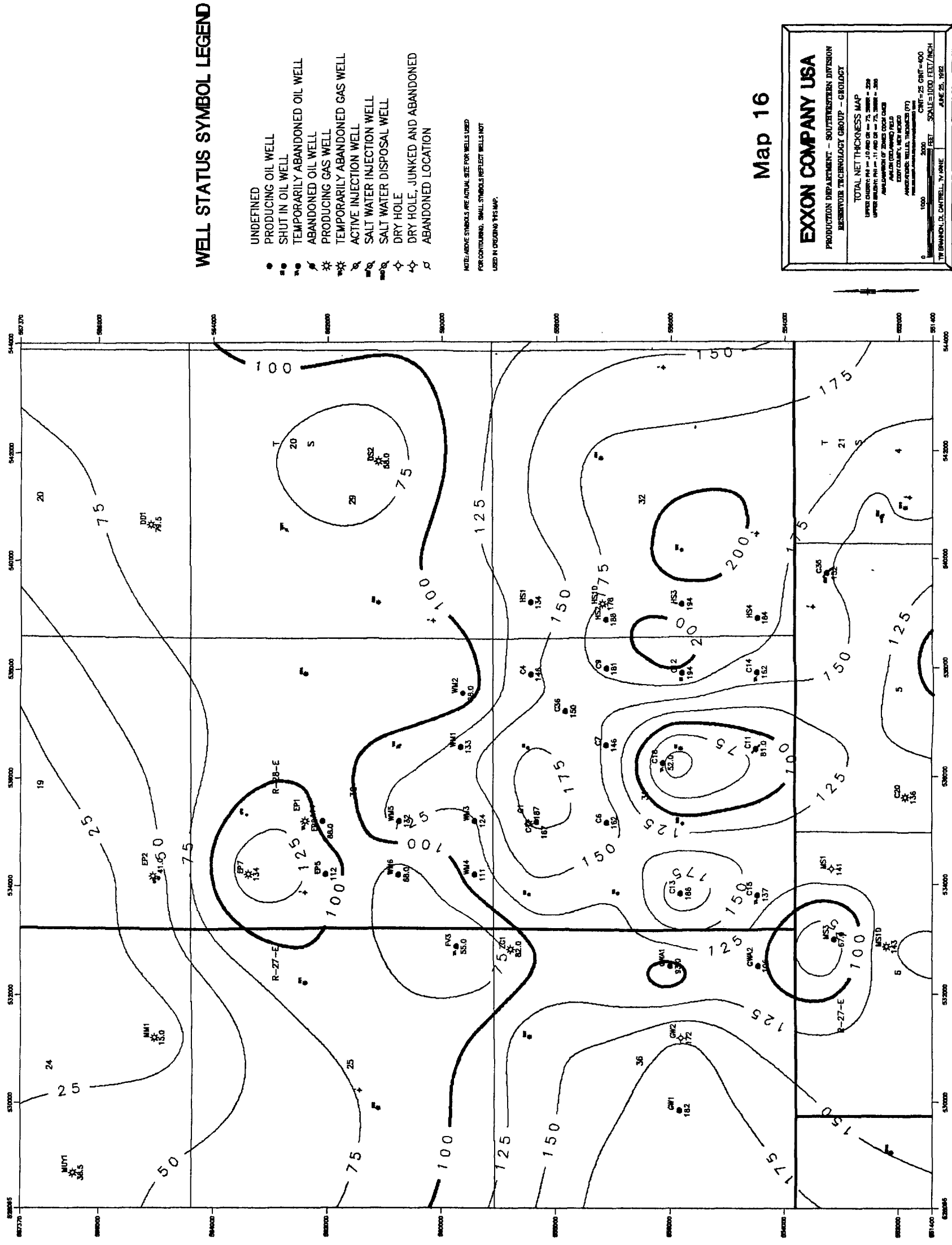
Map 15

EXXON COMPANY USA
PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVE/TECHNOLOGY GROUP - GEOLOGY

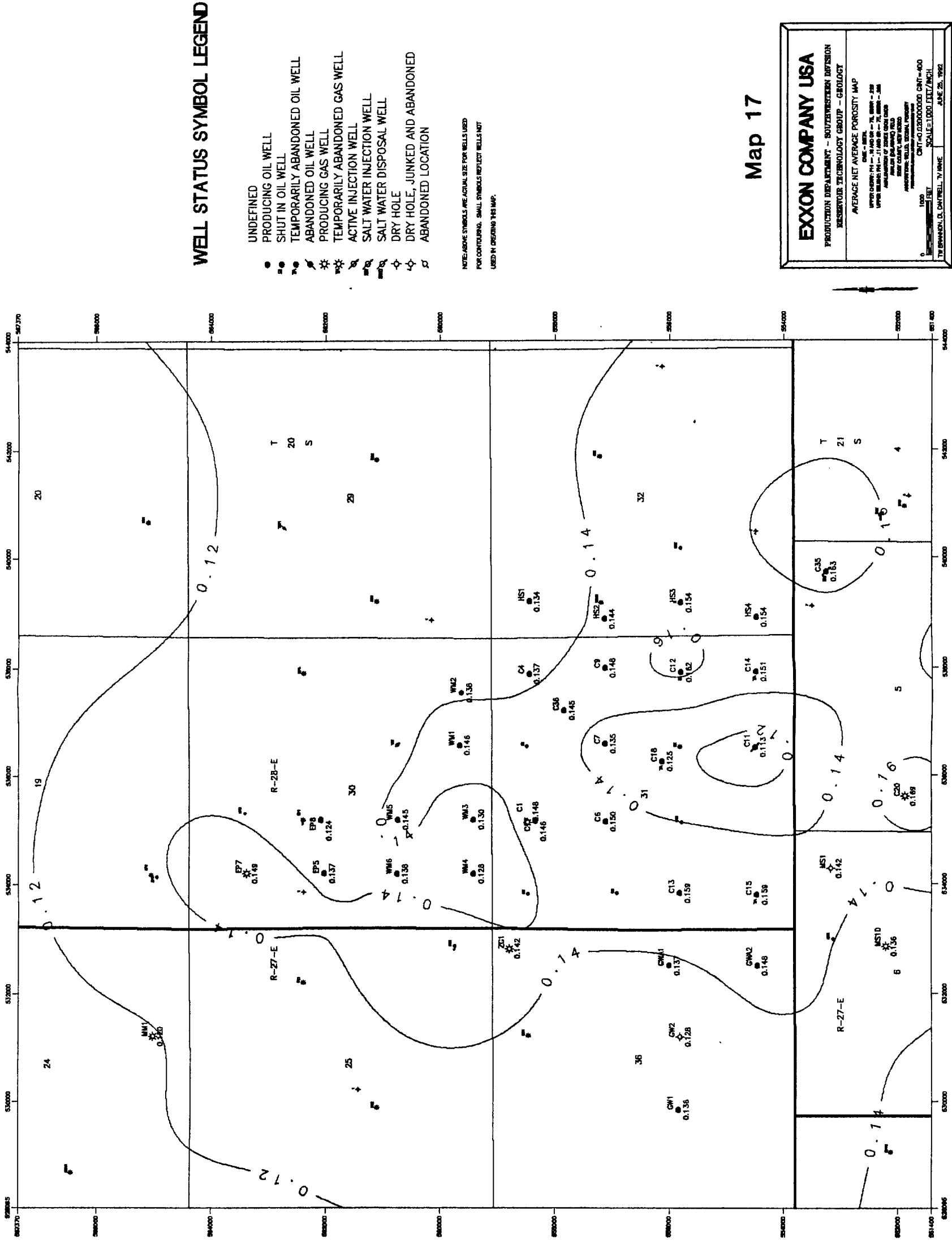
AVERAGE NET TO GROSS RATIO MAP
DATE - 1992
UPPER CHERRY CANYON - 11 AND 12 - 11 AND 12 - 11 AND 12
ANALYSIS OF ZONES DATA ONLY
NOT FOR USE IN OTHER AREAS
ANALYST: J. L. HARRIS
APPROVED: J. L. HARRIS
DATE: 11/11/92

11 AND 12
CENTRAL 1000000 GRT-400
SCALE: 1000 FEET/INCH
11 AND 12
CENTRAL 1000000 GRT-400
SCALE: 1000 FEET/INCH
11 AND 12
CENTRAL 1000000 GRT-400
SCALE: 1000 FEET/INCH

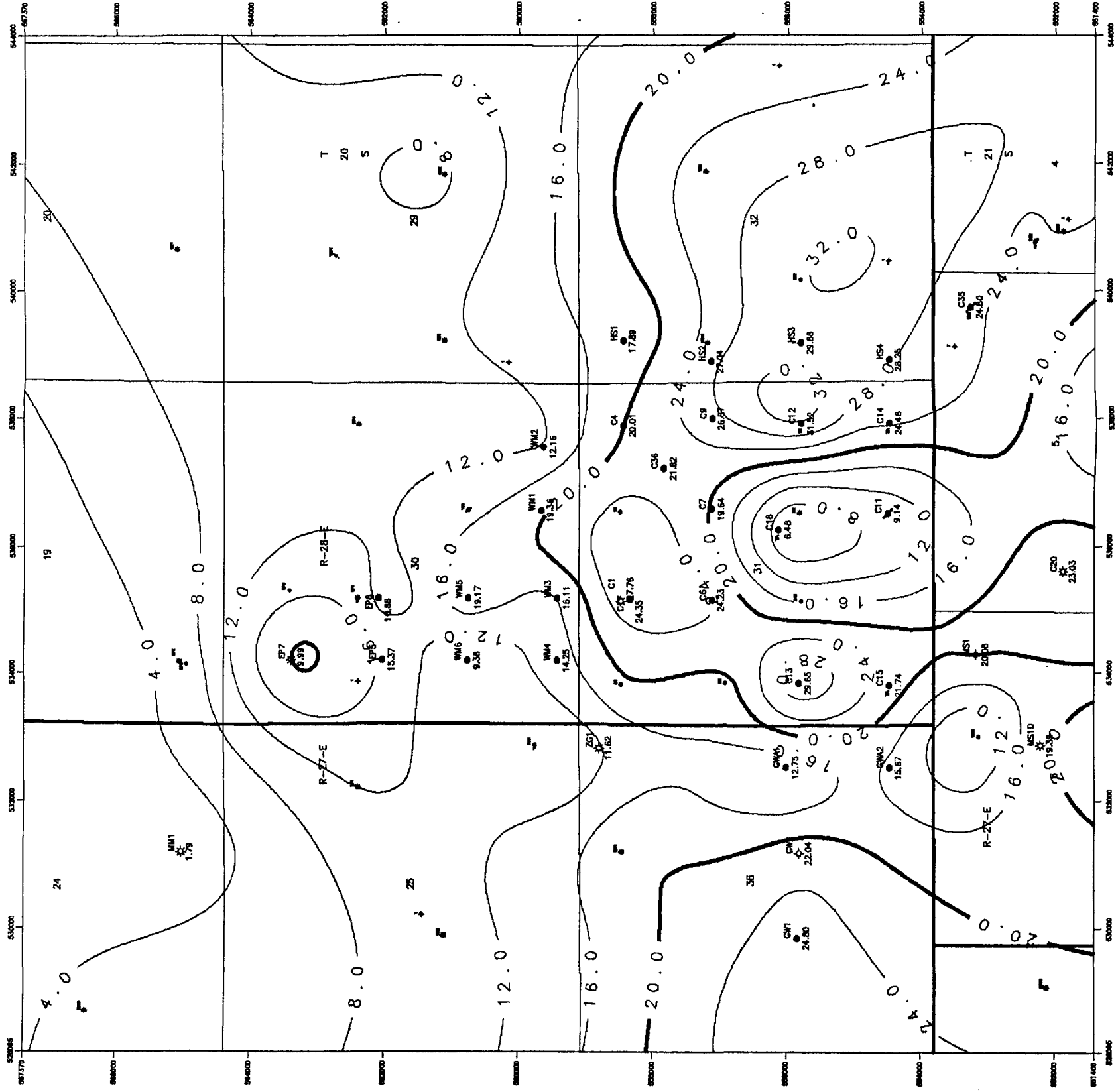
UPPER CHERRY CANYON - Net Thickness



UPPER CHERRY CANYON - Average Porosity



UPPER CHERRY CANYON - Porosity Thickness



WELL STATUS SYMBOL LEGEND

- | | |
|---|--------------------------------|
| ● | UNDEFINED |
| ● | PRODUCING OIL WELL |
| ● | SHUT IN OIL WELL |
| ● | TEMPORARILY ABANDONED OIL WELL |
| ⚙ | ABANDONED OIL WELL |
| ⚙ | PRODUCING GAS WELL |
| ⚙ | TEMPORARILY ABANDONED GAS WELL |
| ⚙ | ACTIVE INJECTION WELL |
| ⚙ | SALT WATER INJECTION WELL |
| ⚙ | SALT WATER DISPOSAL WELL |
| ⚙ | DRY HOLE |
| ⚙ | DRY HOLE, JUNKED AND ABANDONED |
| ⚙ | ABANDONED LOCATION |

NOTE: ABOVE SYMBOLS ARE ACTUAL SIZE FOR WELLS USED FOR CONTINUING. SMALL SYMBOLS REFLECT WELLS NOT USED IN CREATING THIS MAP.

Map 18

EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIRS TECHNOLOGY GROUP - GEOLOGY

TOTAL NET POROSITY THICKNESS MAP

UNITED STATES PAT. NO. - 10,460,000 OR 7-1, 500,000 = 250

UNITED STATES PAT. NO. - 10,460,000 OR 7-1, 500,000 = 250

APPROXIMATELY 1000 FEET THICK

ANALYST (SULLIVAN) FIELD

EXPERT COUNTY, NEW JERSEY

AMSTERDAM, NETHERLANDS

CHIT = 4.0 CHIT = 400

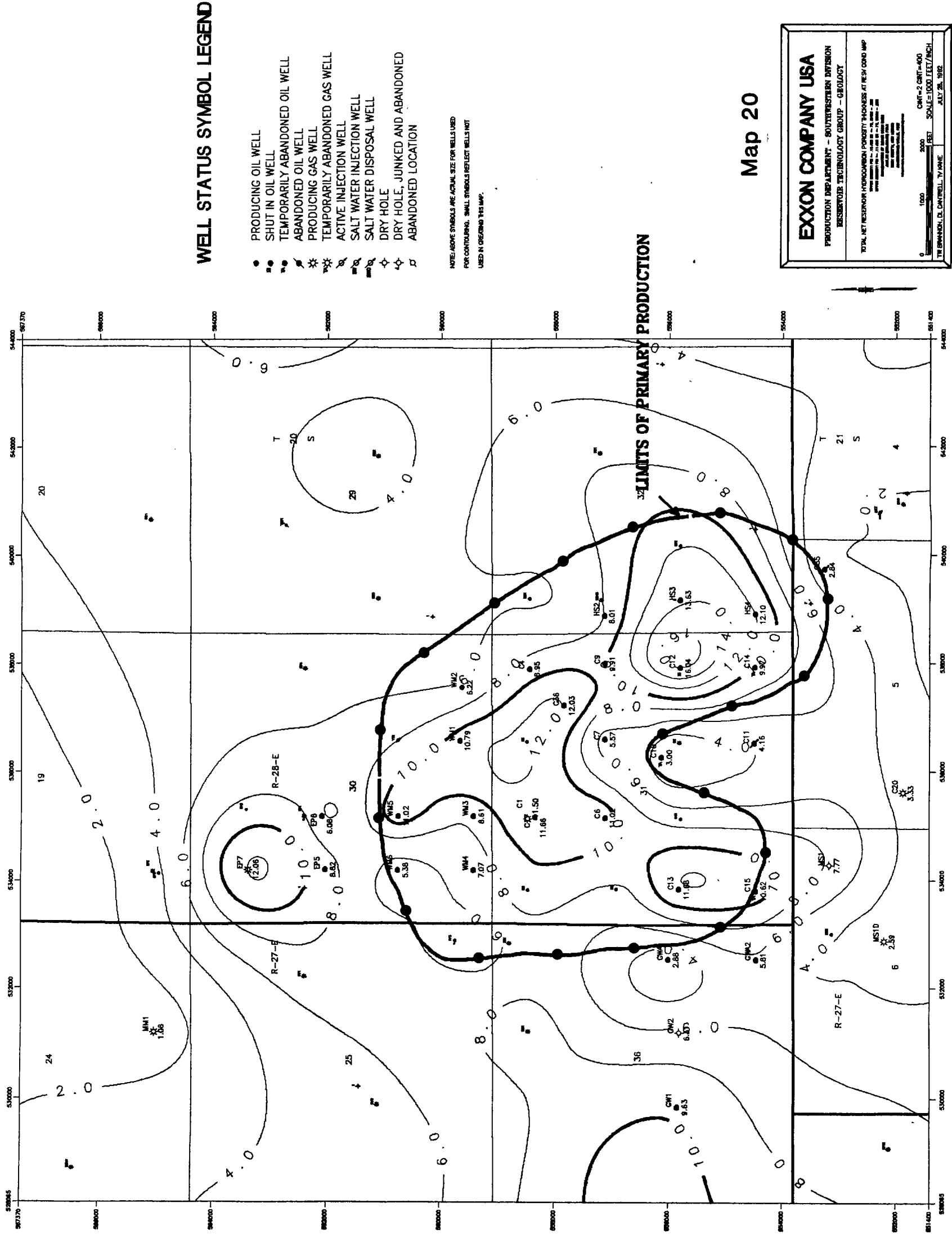
1000 2500

SCALE = 1000 FEET/INCH

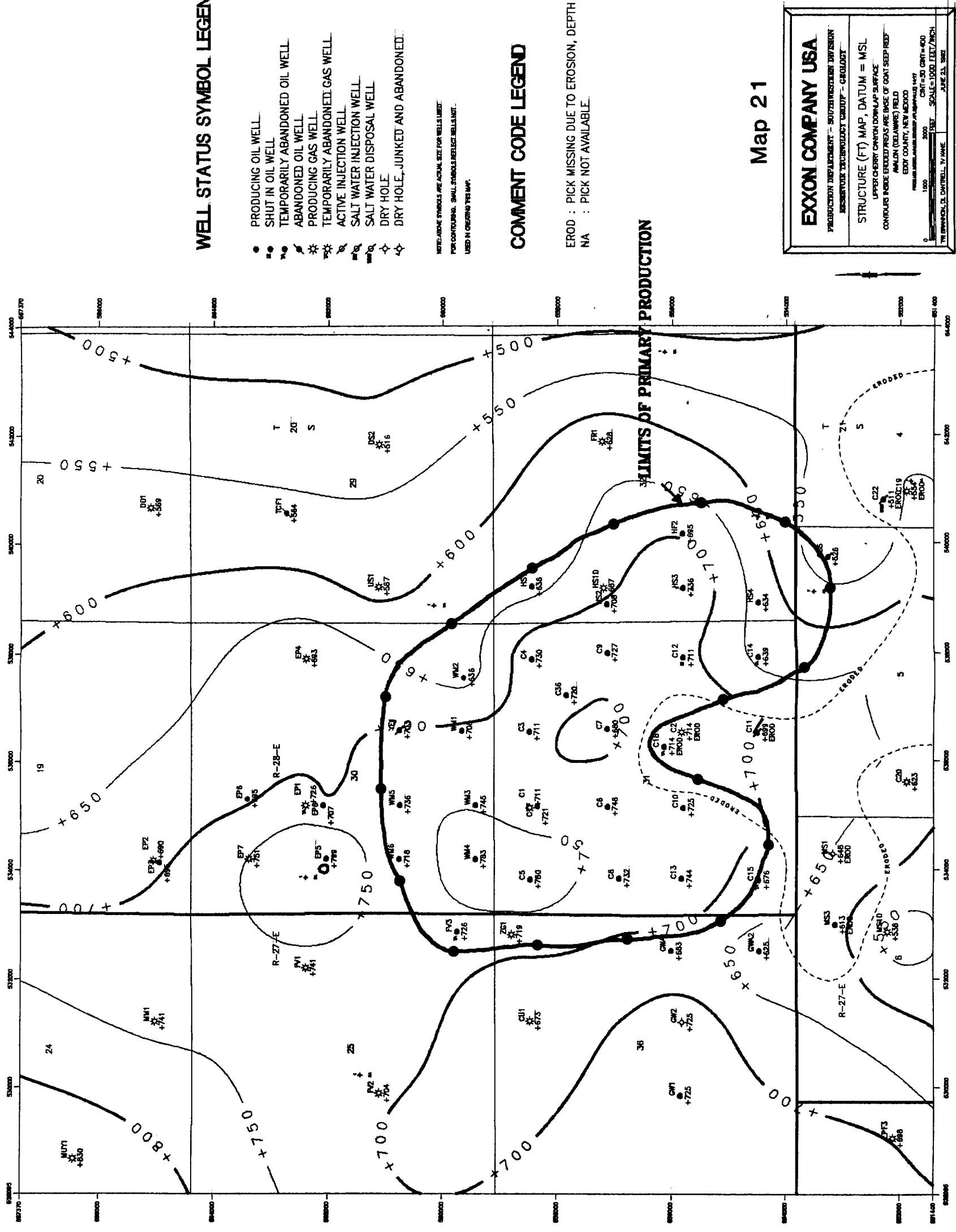
1" = 1000' 1" = 1000'

THE BRIMMER, EL. CANTWELL, NY 1000

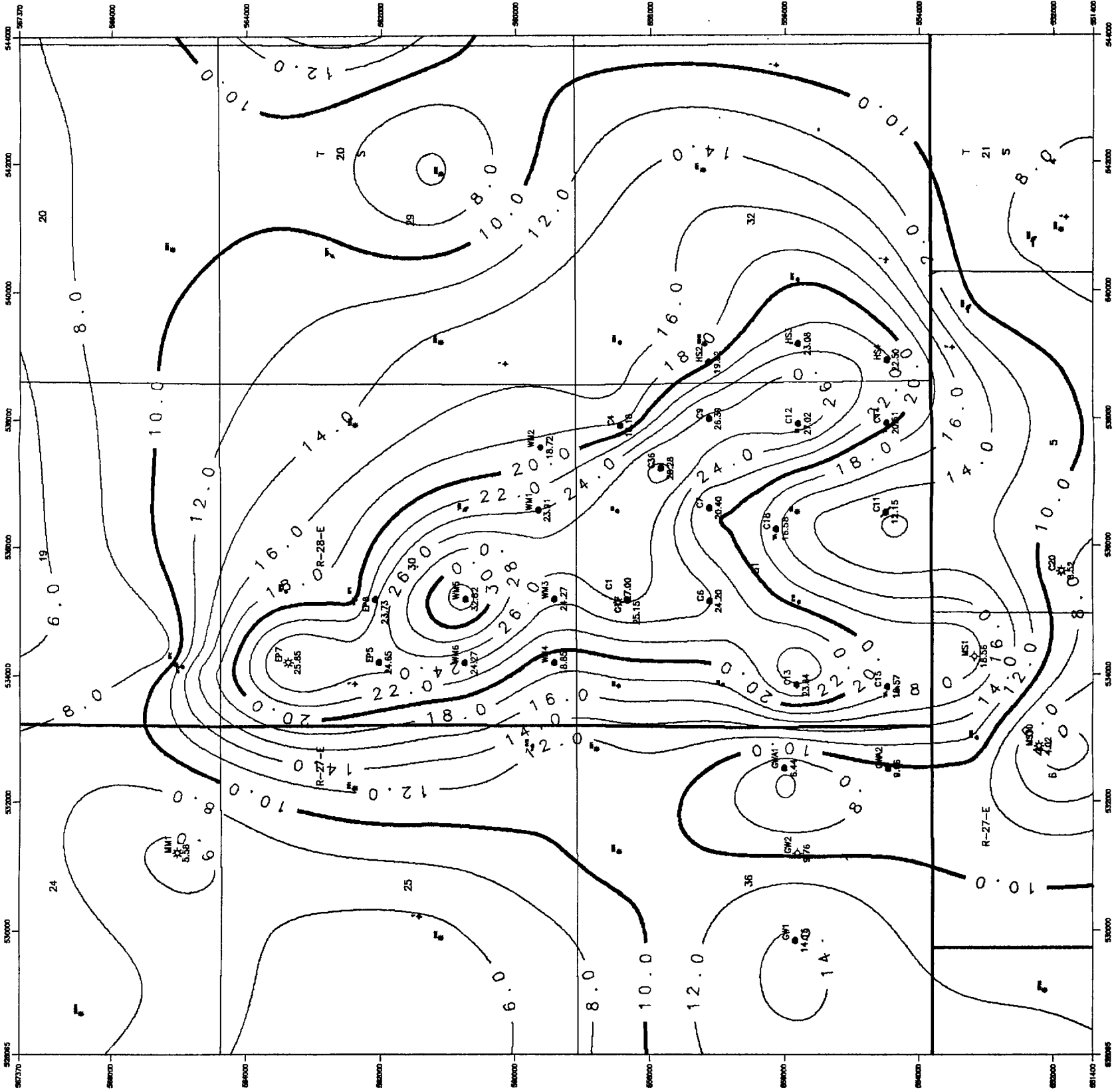
UPPER CHERRY CANYON - Hydrocarbon Porosity Thickness



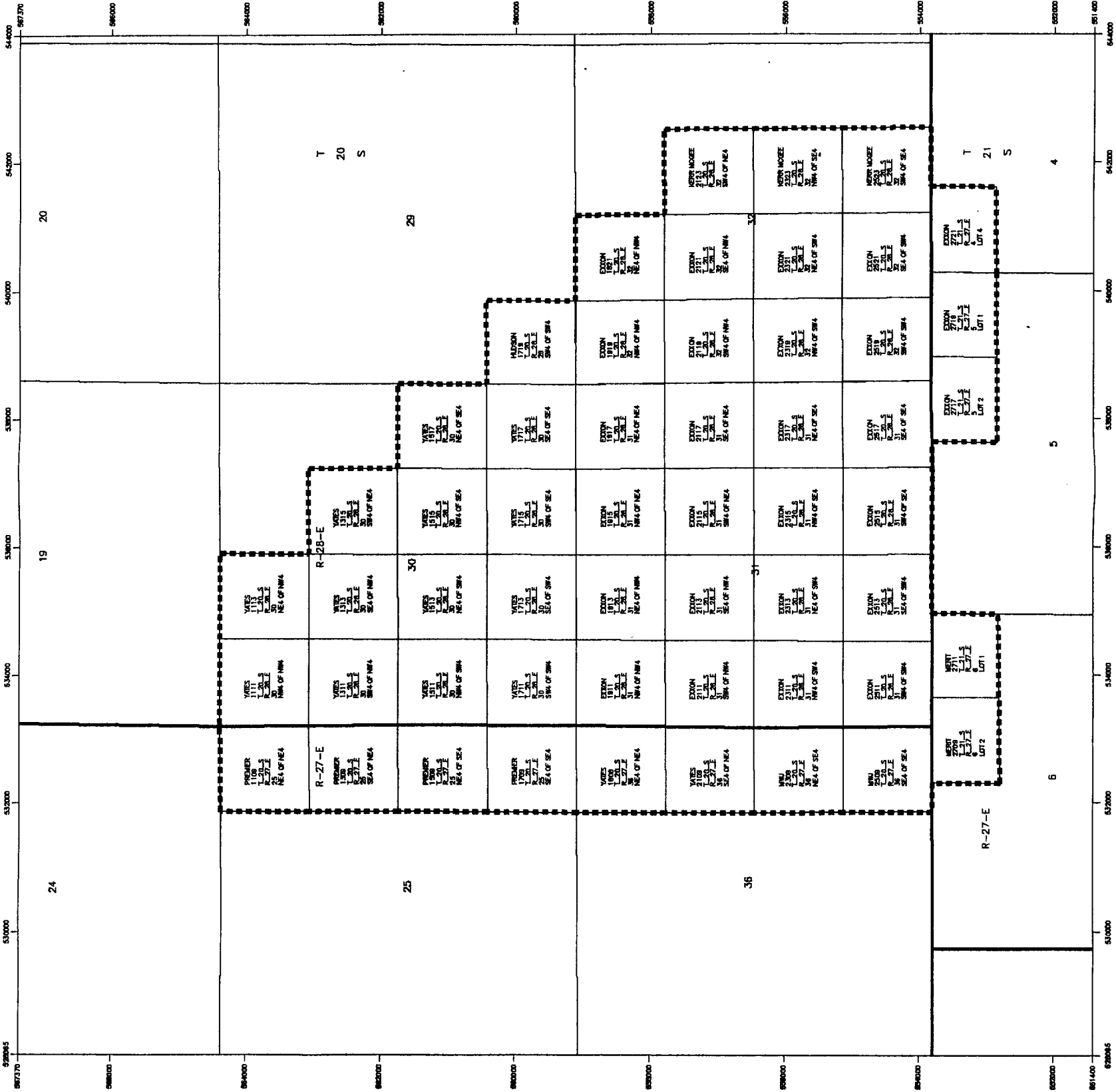
UPPER CHERRY CANYON - Top Reservoir (UCH-DLS)



TOTAL RESERVOIR - Hydrocarbon Porosity Thickness



AVALON FIELD WELL-TRACTS



NORTH AVALON (DELAWARE) FIELD STRUCTURAL CROSS SECTION B1 SOUTH

GWA1

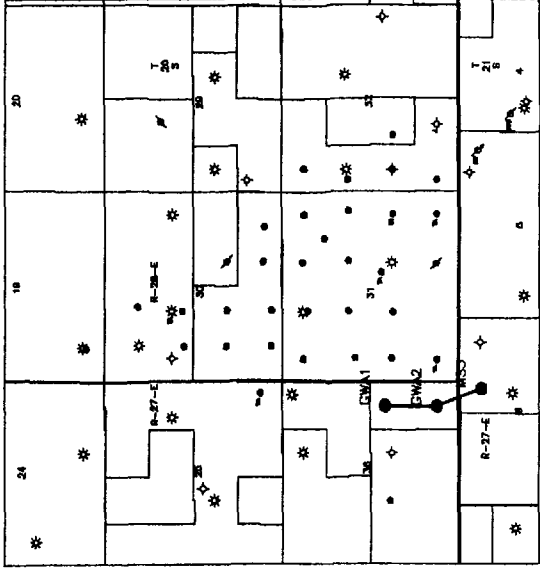
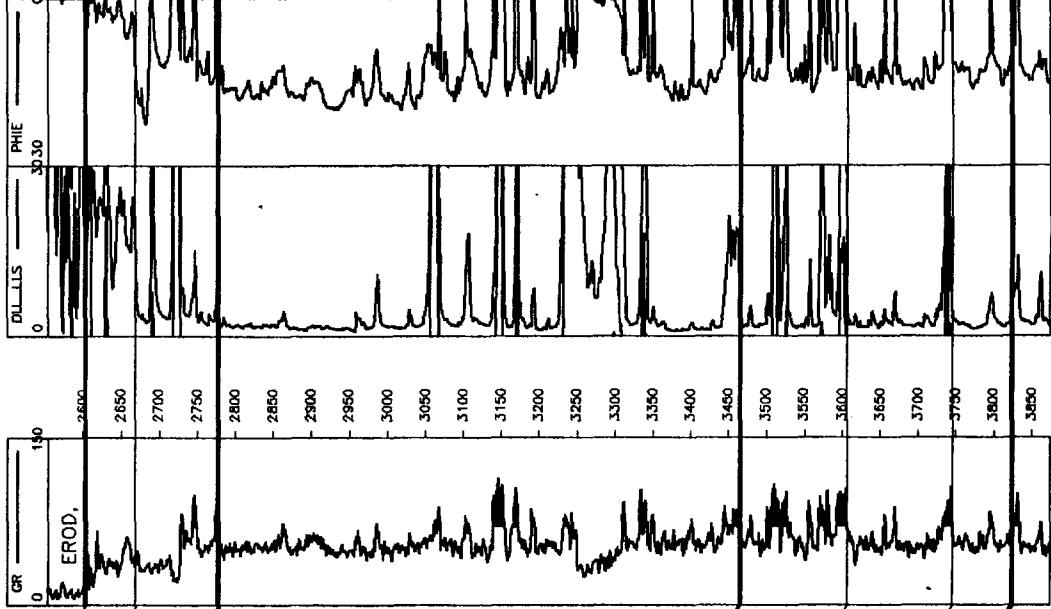
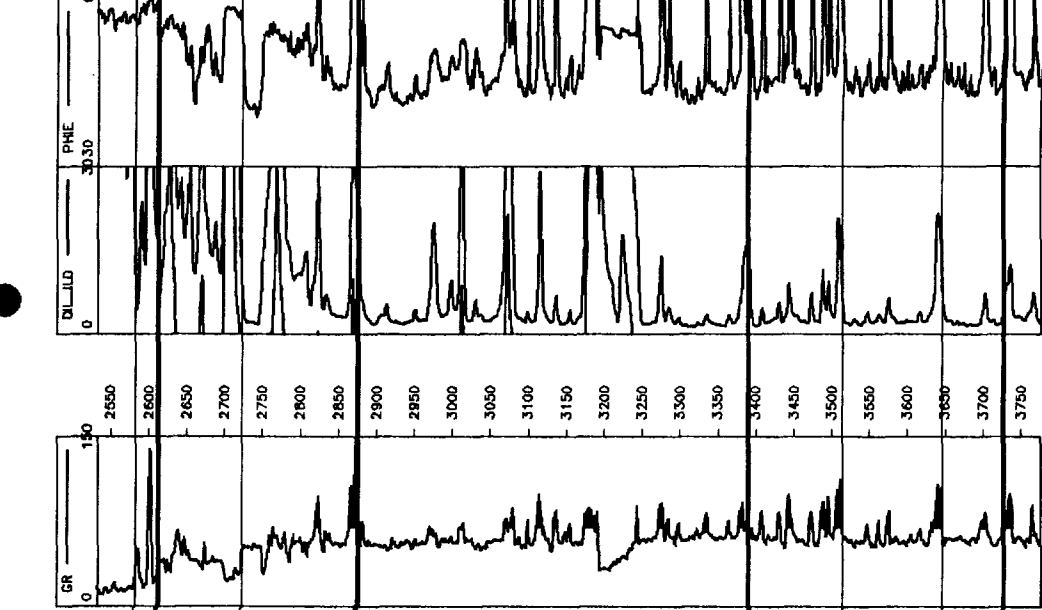
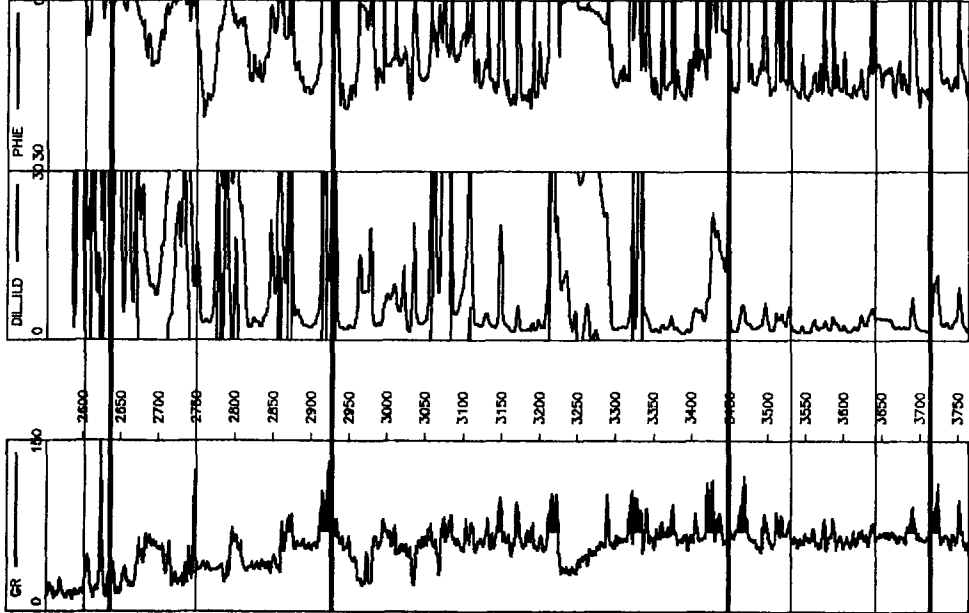
OPERATOR: MMU PRODUCING LEASE: STATE "GWA"
WELLNO: 1
STACO: 30015 REFNO: 234430

GWA2

OPERATOR: MMU PRODUCING LEASE: STATE "GWA"
WELLNO: 2
STACO: 30015 REFNO: 247460

MS3

OPERATOR: MOBIL PROD. TX & NM LEASE: BURTON FLAT "SEC 6" ST
WELLNO: 3
STACO: 30015 REFNO: 247510



EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURAL CROSS SECTION B1
AVALON (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
GAMMA RAY SHADED ABOVE 75 API UNITS

PICK COMMENT
EROD: PICK MISSING DUE TO EROSION, ONLY ERODED SURFACE SHOWN
ONLAP: PICK MISSING DUE TO ONLAP, ONLY ONLAPPED SURFACE SHOWN
GENZ: PICK ESTIMATED FROM GRID MODEL BECAUSE NOT ORIGINALLY PICKED

PROD. MODEL AND SURFACE PICKS (SEE 1726)
VERTICAL SCALE = 250 FEET/INCH
HORIZONTAL SCALE = 1500 FEET/INCH

TW BRANNON, DL CANTRELL, TV KANE
AUGUST 18, 1992

NORTH AVALON (DELAWARE) FIELD STRUCTURAL CROSS SECTION 1 SOUTH

C13

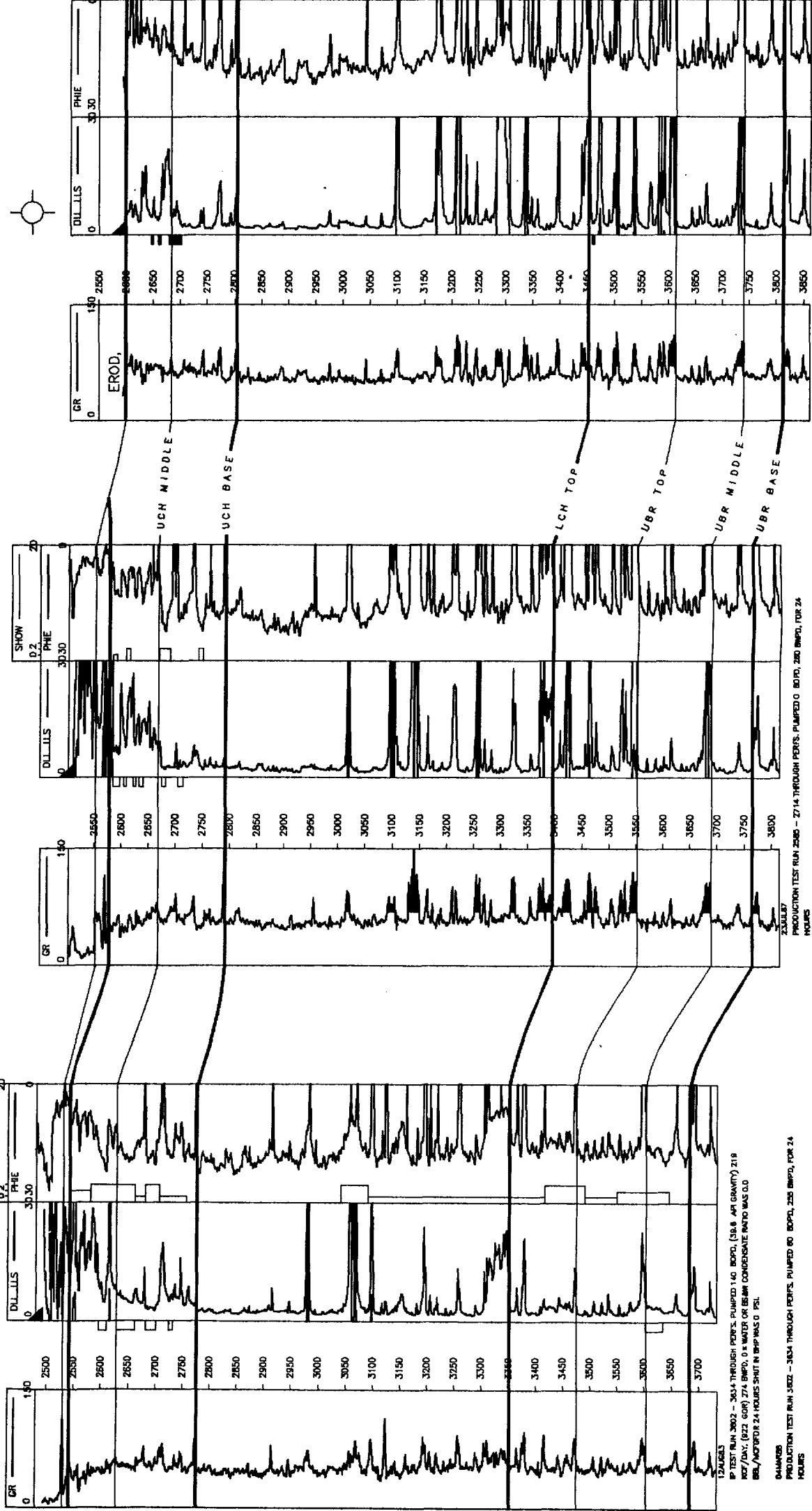
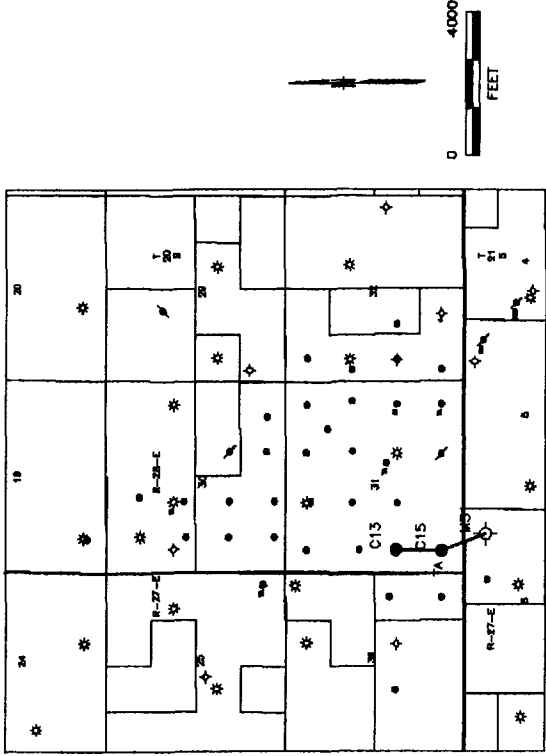
OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLNO: 13
STACO: 30015 REFNO: 243860

C15

OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLNO: 15
STACO: 30015 REFNO: 243790

MS1

OPERATOR: MOBIL PROD. TX & NM LEASE: BURTON FLAT "1" SEC 6"
WELLNO: 1
STACO: 30015 REFNO: 246870



EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURAL CROSS SECTION 1
AVALON (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
GAMMA RAY SHADED ABOVE 75 API UNITS

PICK COMMENT LEGEND
EROD : PICK MISSING DUE TO EROSION, ONLY ERODED SURFACE SHOWN
ONLAP: PICK MISSING DUE TO ONLAP, ONLY ONLAPPED SURFACE SHOWN
GENZ : PICK ESTIMATED FROM GRID MODEL BECAUSE NOT ORIGINALLY PICKED

PROD MODEL AVALON DEVELOP API Q082072 17510
VERTICAL SCALE = 250 FEET/INCH
HORIZONTAL SCALE = 1500 FEET/INCH

TW BRANNON, DL CANTRELL, TV KANE
AUGUST 18, 1992

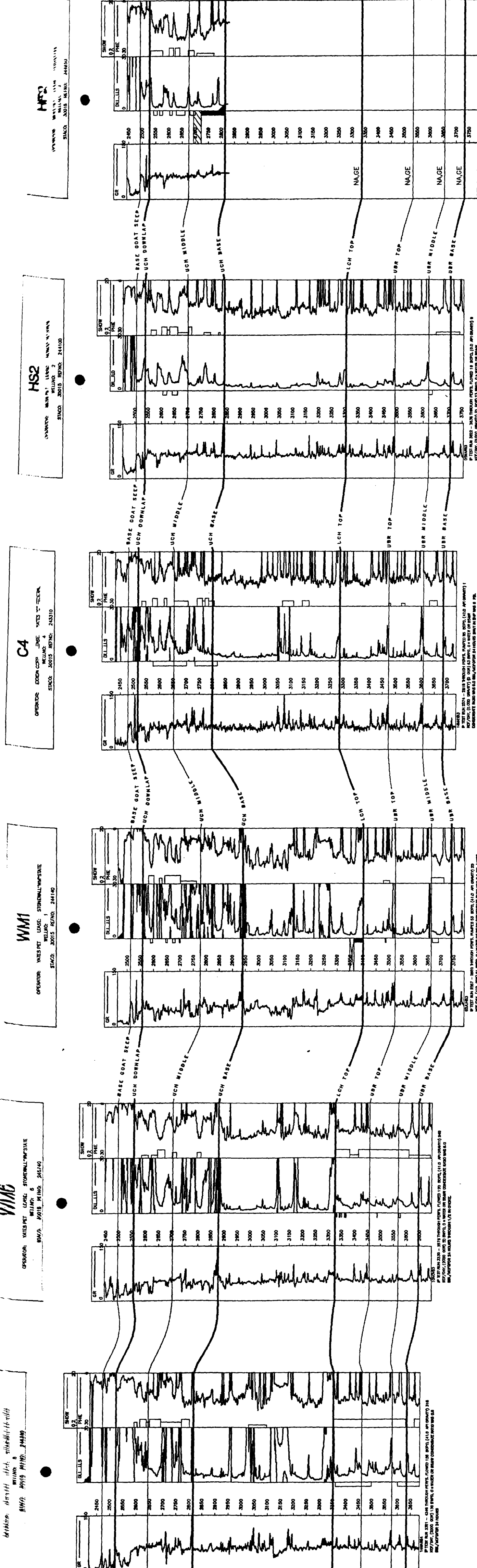
[illegible]

WM1

C4

SECTION B3

SOUTHEAST

[illegible]

ARDEXXON COMPANY USA
ERIDON DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURAL CROSS SECTION 22
 AVALON (OILWATER) FIELD
 EDDY COUNTY, NEW MEXICO
 GAMMA RAY SHOWN ABOVE 75 API UNITS

PICK COMMENT LOG

ERIDON : PICK MISSING DUE TO EROSION, ONLY ERODED SURFACE SHOWN
 UNCLAMP: PICK MISSING DUE TO UNCLAP, ONLY UNCLAPPED SURFACE SHOWN
 12 : PICK ESTIMATED FROM GRID MODEL BECAUSE NOT ORIGINALLY PICKED

ARDEXXON COMPANY USA
 1000 WEST 1000 N
 SALT LAKE CITY, UT 84119
 TELEPHONE 801/487-2000
 FAX 801/487-2001

NORTHWEST

AVALON (DELAWARE) FIELD STRUCTURAL CROSS SECTION 4

SOUTHEAST

EP6

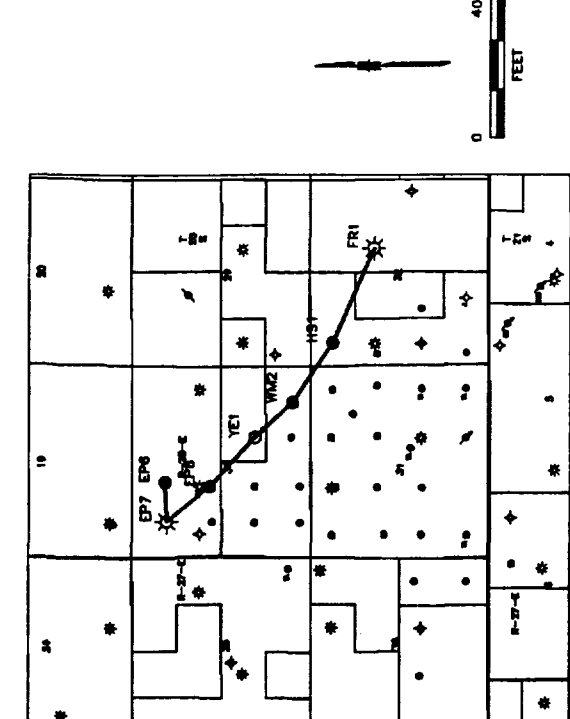
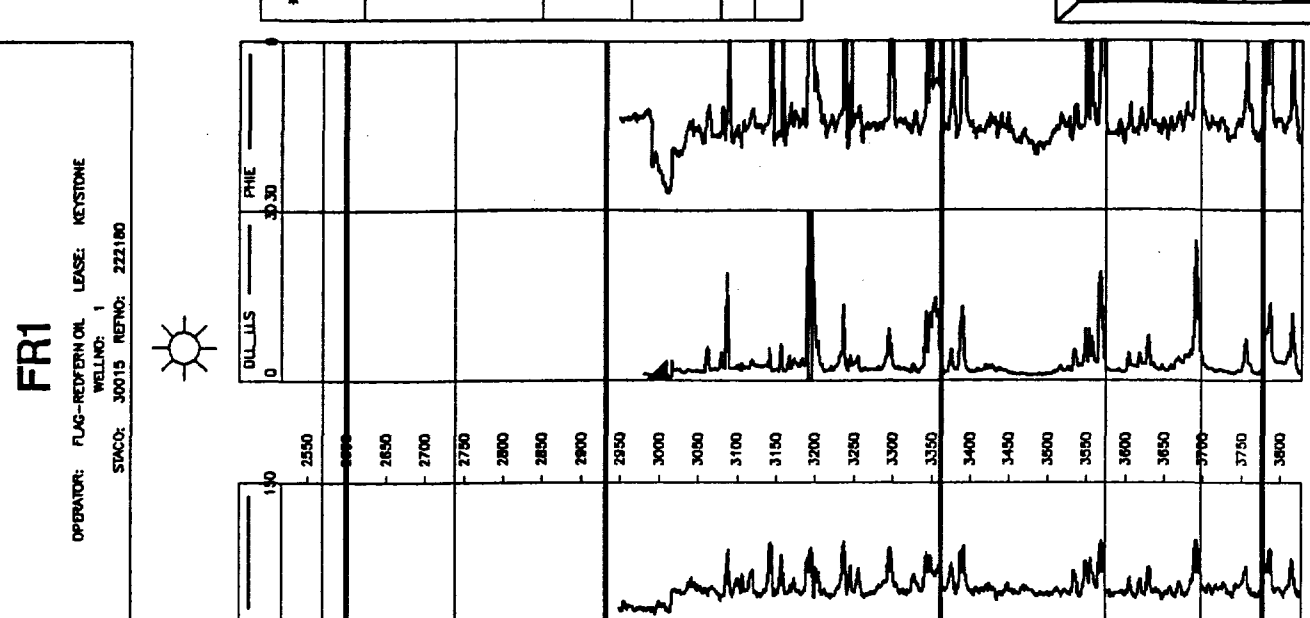
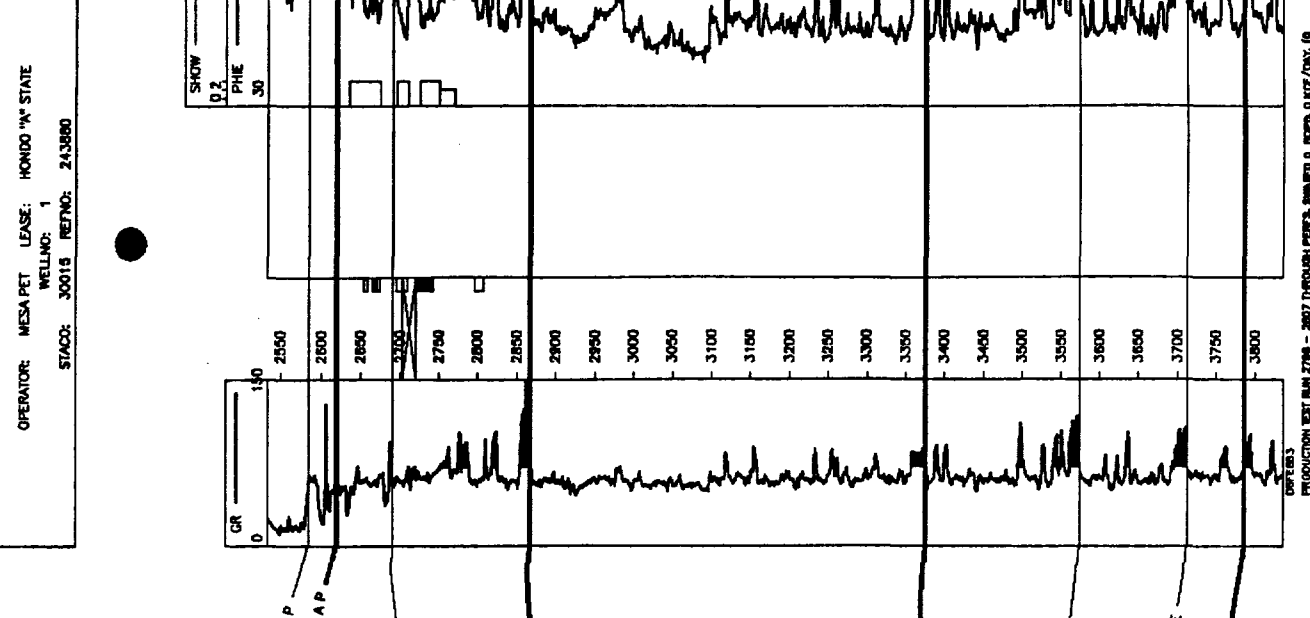
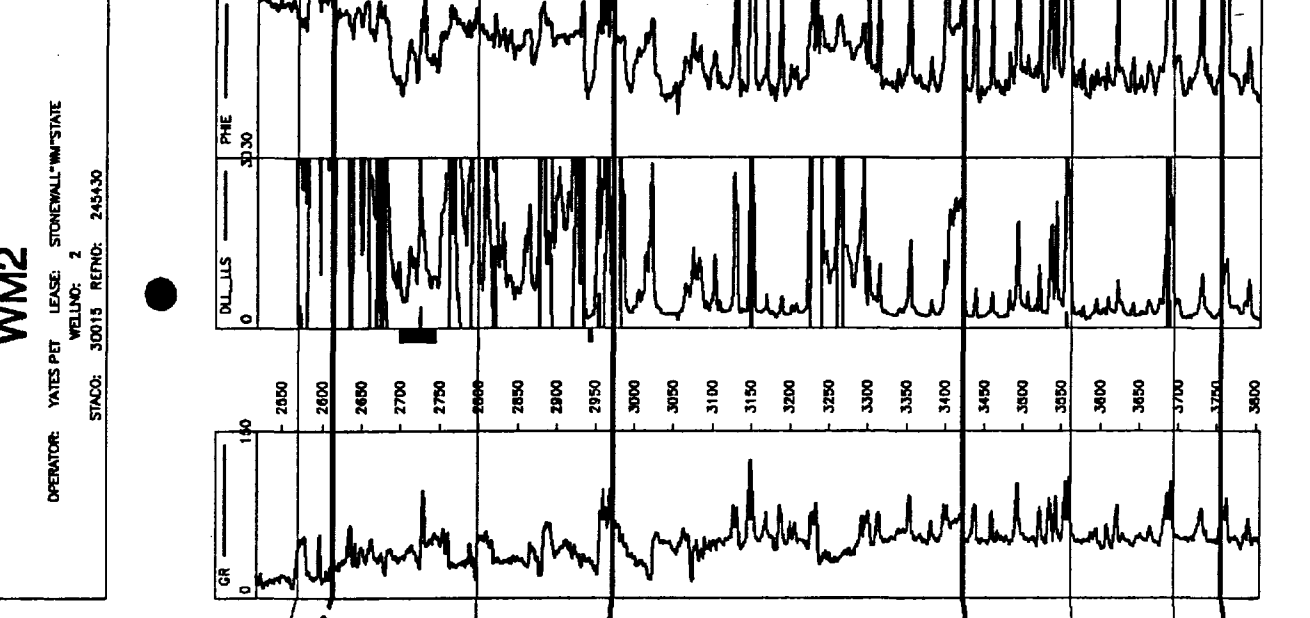
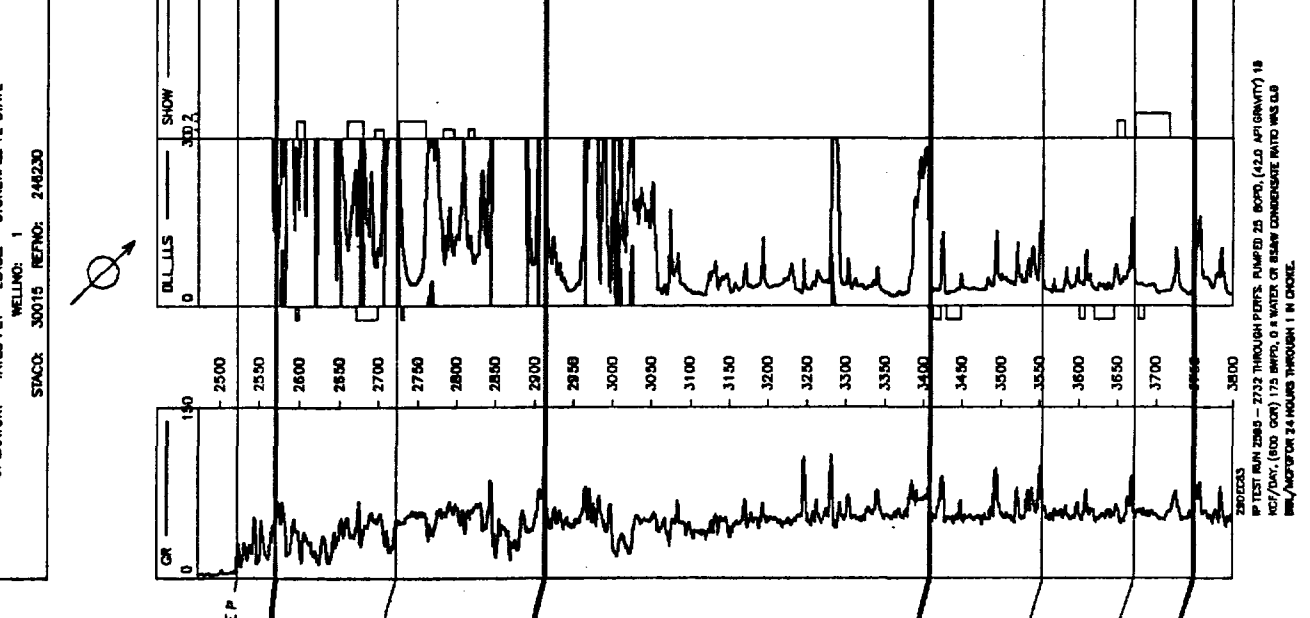
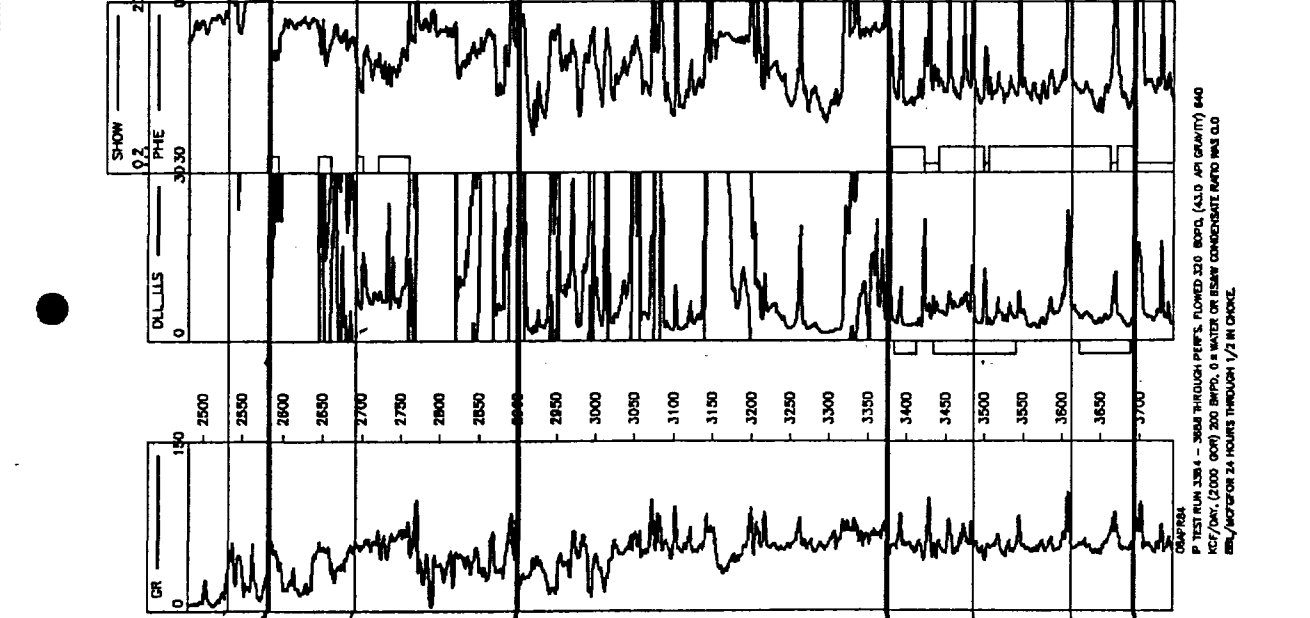
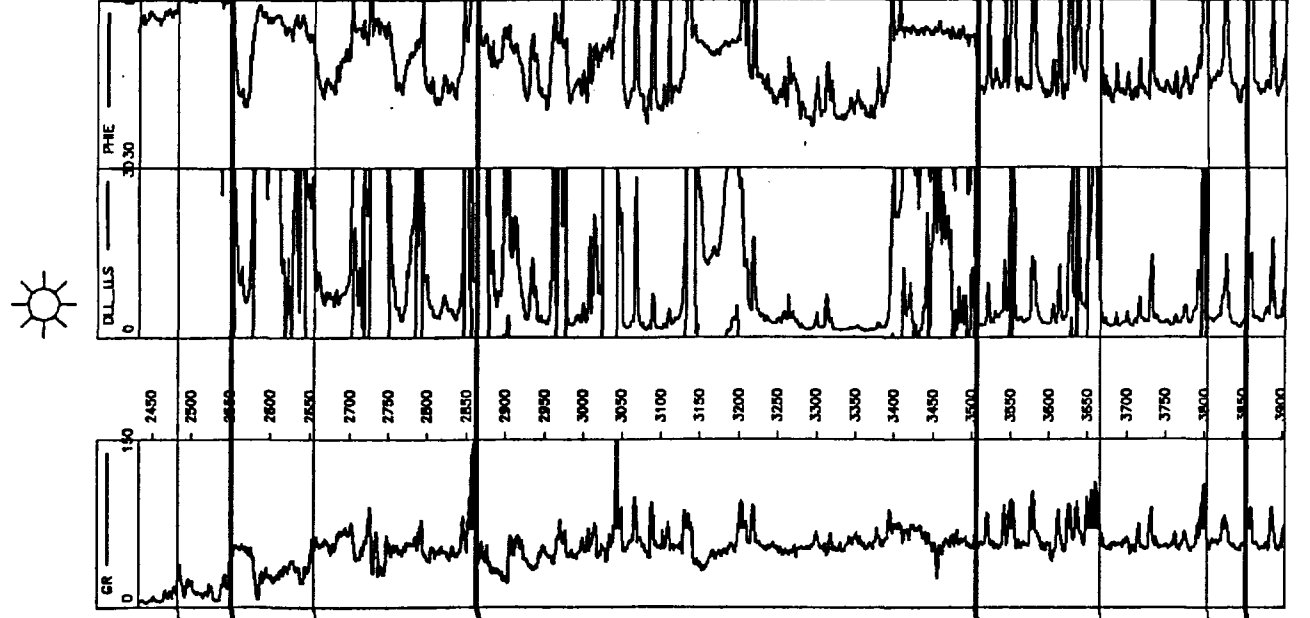
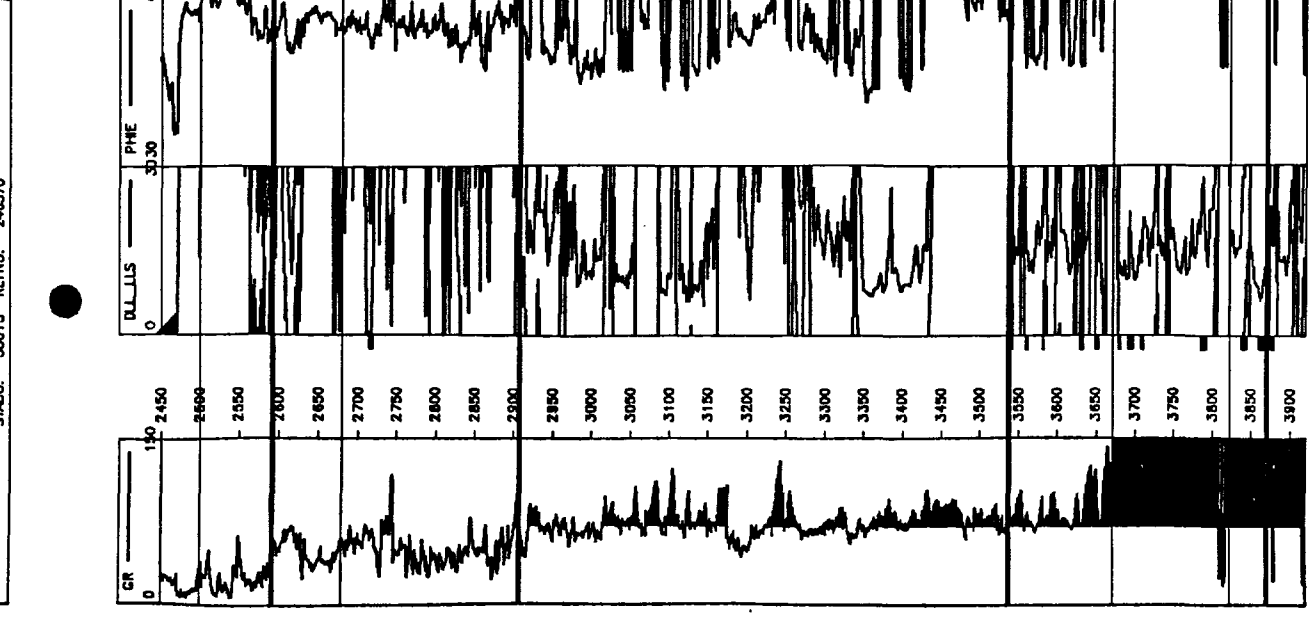
OPERATOR: YATES PET LEASE: STONEWALL-UP-STATE
WELLNO: 8
STAGE: 30015 REFNO: 248570

EP7

OPERATOR: YATES PET LEASE: STONEWALL-UP-STATE
WELLNO: 7
STAGE: 30015 REFNO: 248530

EP8

OPERATOR: YATES PET LEASE: STONEWALL-UP-STATE
WELLNO: 8
STAGE: 30015 REFNO: 247100



EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURAL CROSS SECTION 4

AVALON (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
GAMMA RAY SHADED ABOVE 75 API UNITS

PICK COMMENT LISTED
EROD: PICK MISSING DUE TO EROSION, ONLY ERODED SURFACE SHOWN
ONLAP: PICK MISSING DUE TO ONLAP, ONLY UNLAPPED SURFACE SHOWN
GENZ: PICK ESTIMATED FROM GRID MODEL BECAUSE NOT ORIGINALLY PICKED

PROBABLE AVALON (DELAWARE) FIELD CROSS SECTION 1148
VERTICAL SCALE = 250 FEET/INCH
HORIZONTAL SCALE = 1500 FEET/INCH

TW BRANNON, D.C. CANTRELL, T.V. KANE
AUGUST 19, 1992

NORTHWEST

AVALON (DELAWARE) FIELD STRUCTURAL CROSS SECTION 3

SOUTHEAST

WM4

OPERATOR: YATES PET LEASE: STONEWELL "M" STATE
WELLING: 4
STAGE: 30015 REFNO: 246480

C17

OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLING: 17
STAGE: 30015 REFNO: 245240

C7

OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLING: 7
STAGE: 30015 REFNO: 243350

C12

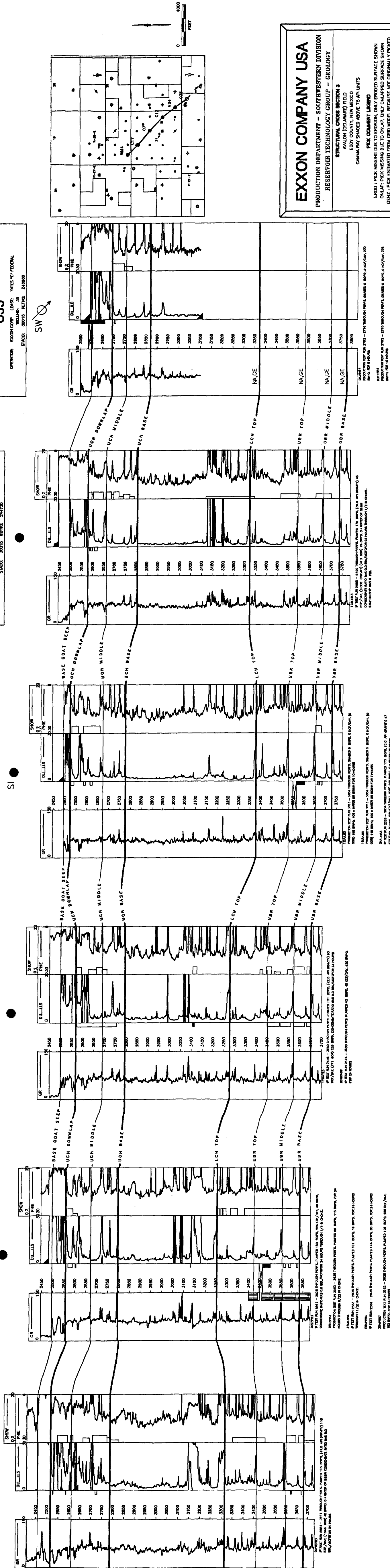
OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLING: 2
STAGE: 30015 REFNO: 243730

HS4

OPERATOR: MESA PET LEASE: HONDU "N" STATE
WELLING: 4
STAGE: 30015 REFNO: 244730

C35

OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLING: 35
STAGE: 30015 REFNO: 246980



EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURAL CROSS SECTION 3
AYALON (DELAWARE) FIELD
CROSS SECTION, NEW MEXICO
CANADA MAY SHOCK ABOVE 75 API UNITS

PICK COMMENT LEGEND
ERROD : PICK MISSING DUE TO EROSION, ONLY ERODED SURFACE SHOWN
ONLAP : PICK MISSING DUE TO ONLAP, ONLY UNLAPPED SURFACE SHOWN
GENZ : PICK ESTIMATED FROM GRID MODEL BECAUSE NOT ORIGINALLY PICKED
PRELIM MODEL LAYOUT DEVELOPED BY AP/RESERVOIR 18-83
VERTICAL SCALE = 250 FEET/INCH
HORIZONTAL SCALE = 1500 FEET/INCH
TW BRANNON, DL CANTRELL, TV KANE
AUGUST 18, 1982

NORTHWEST

AVALON (DELAWARE) FIELD STRUCTURAL CROSS SECTION 2

SOUTHEAST

FV1

OPERATOR: GULF OIL LEASE: EDDY "TV" STATE CO.
WELLNO: 1
STAGE: 30015 REFNO: 21700

FV3

OPERATOR: GULF OIL LEASE: EDDY "TV" STATE
WELLNO: 3
STAGE: 30015 REFNO: 24700

C5

OPERATOR: EXXON CORP. LEASE: YATES "C" FEDERAL
WELLNO: 5
STAGE: 30015 REFNO: 24330

C6

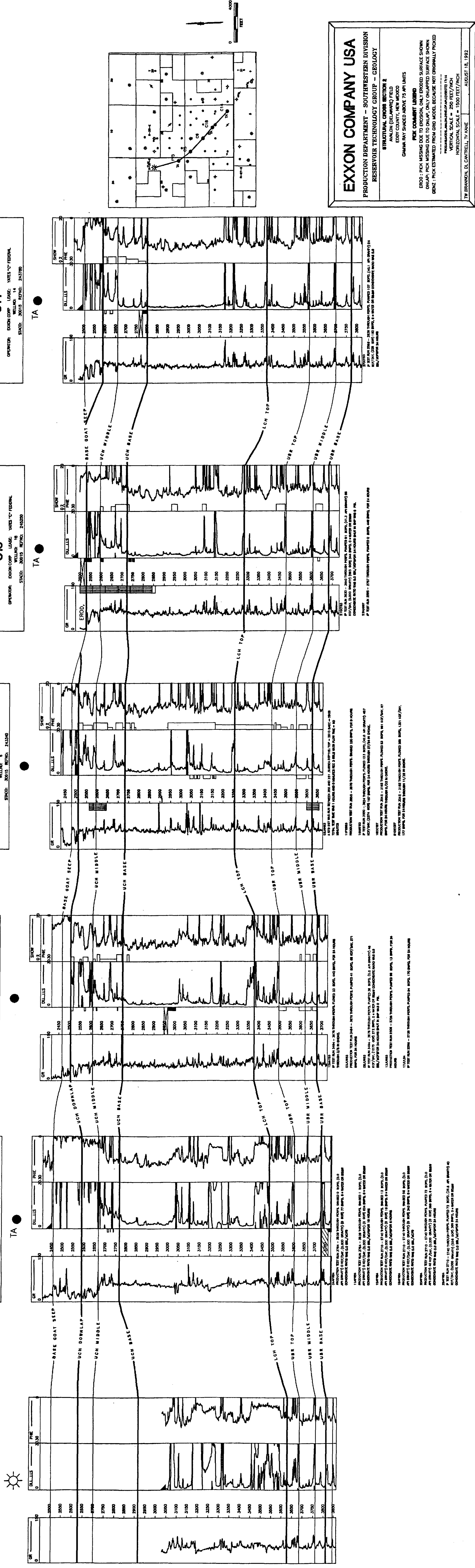
OPERATOR: EXXON CORP. LEASE: YATES "C" FEDERAL
WELLNO: 6
STAGE: 30015 REFNO: 24340

C18

OPERATOR: EXXON CORP. LEASE: YATES "C" FEDERAL
WELLNO: 18
STAGE: 30015 REFNO: 24350

C14

OPERATOR: EXXON CORP. LEASE: YATES "C" FEDERAL
WELLNO: 14
STAGE: 30015 REFNO: 24370



NORTHWEST

AVALON (DELAWARE) FIELD STRUCTURAL CROSS SECTION A2

SOUTHEAST

ZG1

OPERATOR: YATES PET LEASE: CINDAL "ZG"
WELLNO: 1
STACO: 30015 REFNO: 247940

C8

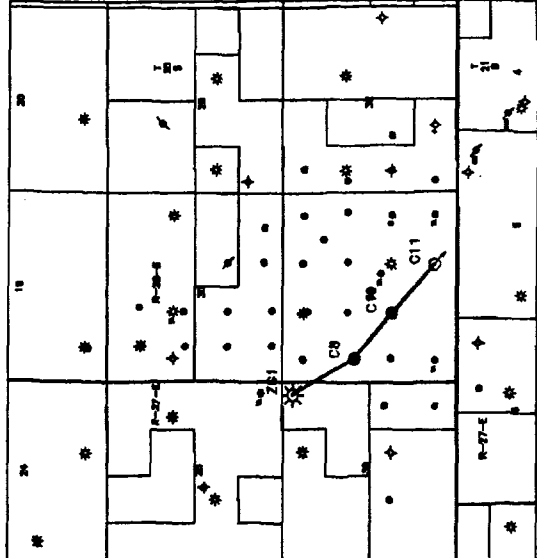
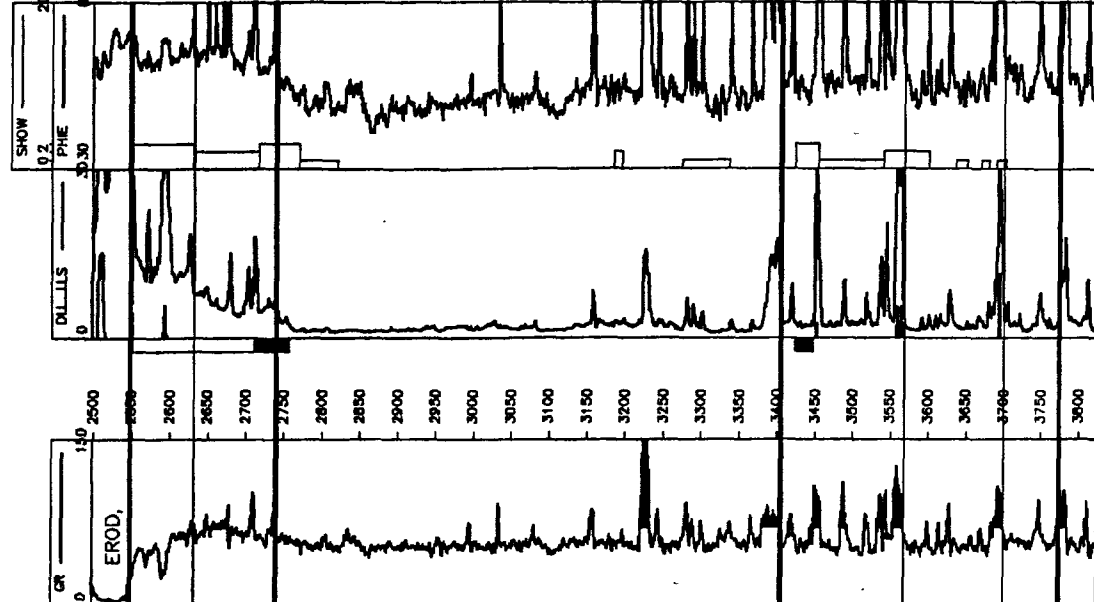
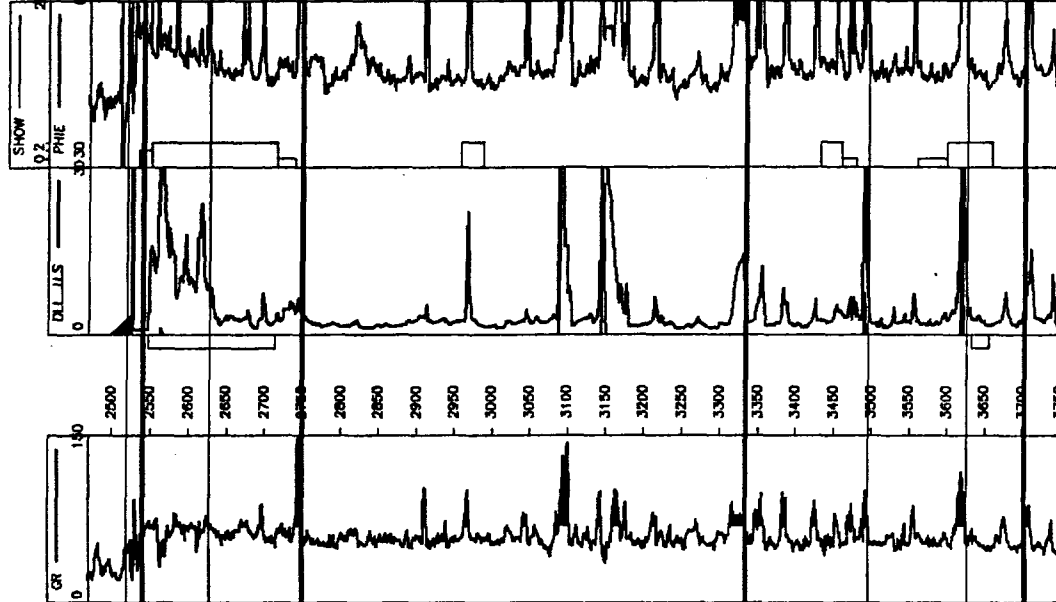
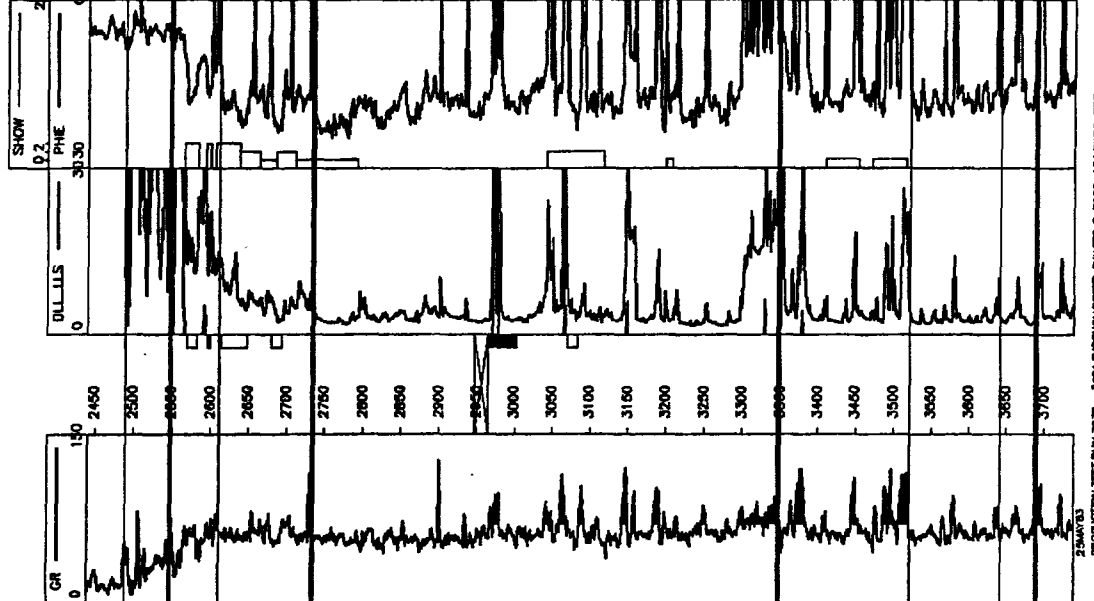
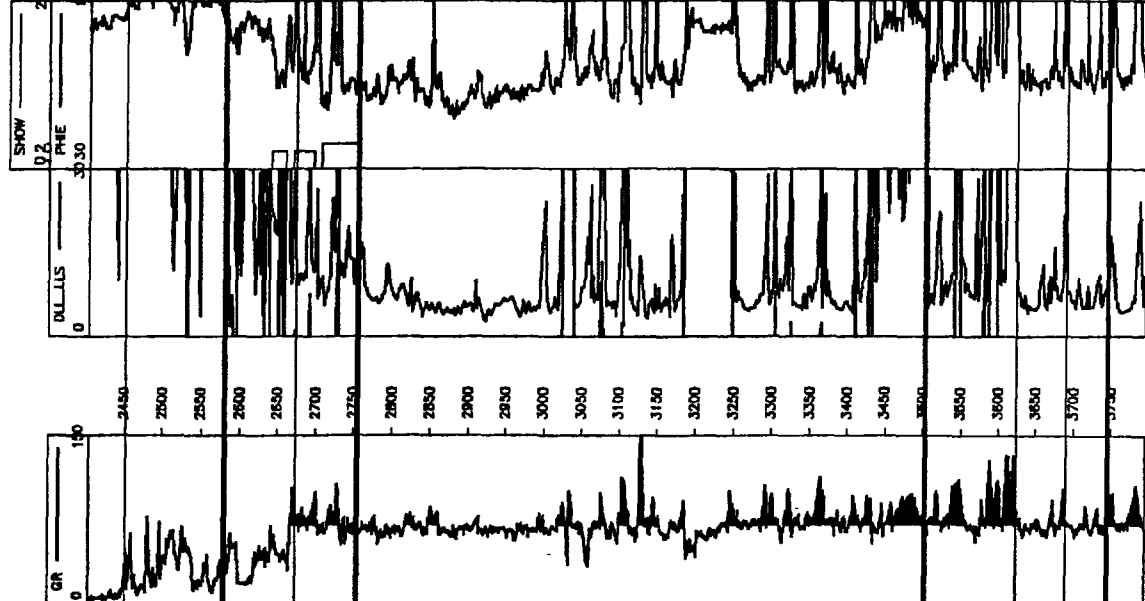
OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLNO: 8
STACO: 30015 REFNO: 243380

C10

OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLNO: 10
STACO: 30015 REFNO: 243780

C11

OPERATOR: EXXON CORP LEASE: YATES "C" FEDERAL
WELLNO: 11
STACO: 30015 REFNO: 243770



EXXON COMPANY USA

PRODUCTION DEPARTMENT - SOUTHWESTERN DIVISION
RESERVOIR TECHNOLOGY GROUP - GEOLOGY

STRUCTURAL CROSS SECTION A2
AVALON (DELAWARE) FIELD
EDDY COUNTY, NEW MEXICO
GAMMA RAY SHADED ABOVE 75 API UNITS

PICK COMMENT LEGEND
EROD : PICK MISSING DUE TO EROSION, ONLY ERODED SURFACE SHOWN
ONLAP: PICK MISSING DUE TO ONLAP, ONLY ONLAPPED SURFACE SHOWN
GENZ : PICK ESTIMATED FROM GRID MODEL BECAUSE NOT ORIGINALLY PICKED

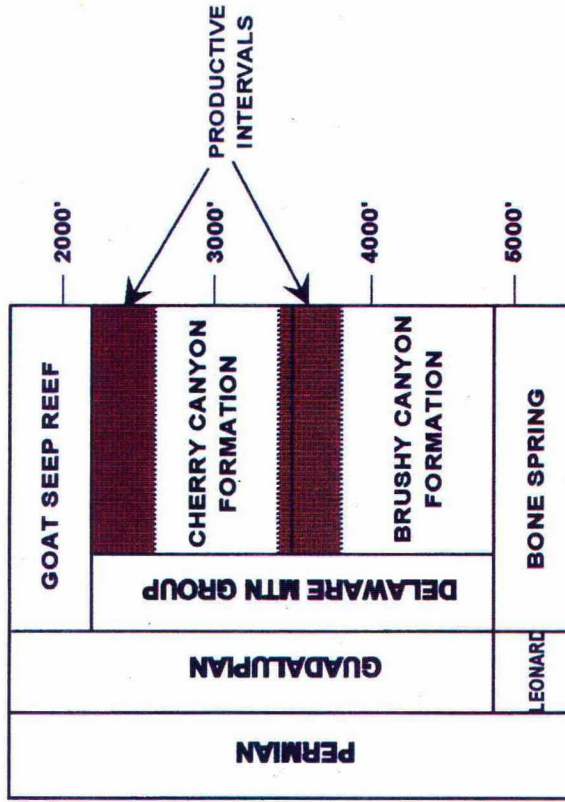
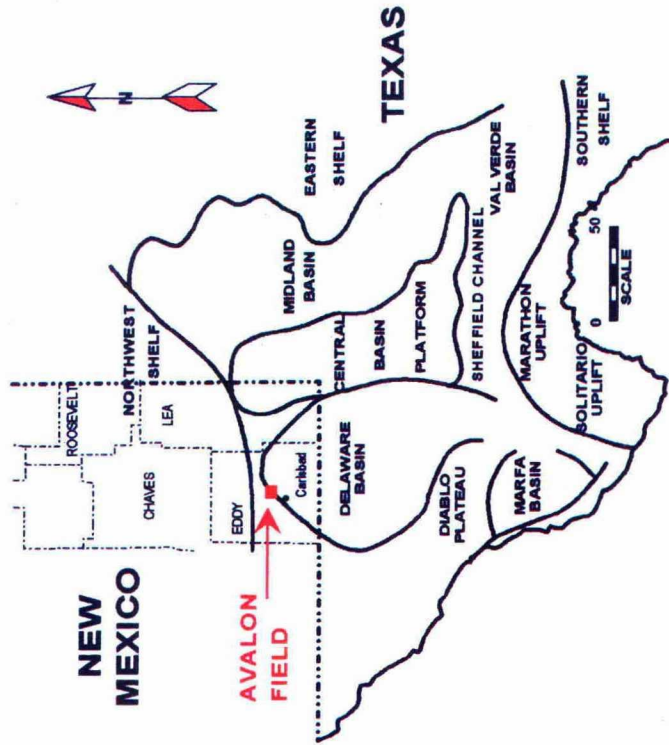
PROD: EXXON/DELTA/EDDY/AV/PROD/RES/1789
VERTICAL SCALE = 250 FEET/INCH
HORIZONTAL SCALE = 1500 FEET/INCH

TW BRANNON, DL CANTRELL, TV KANE
AUGUST 18, 1992

AVALON (DELAWARE) UNIT

GEOLOGIC OVERVIEW

PERMIAN BASIN
PRINCIPAL GEOLOGIC PROVINCES



MM = Million

RESERVOIR DESCRIPTION

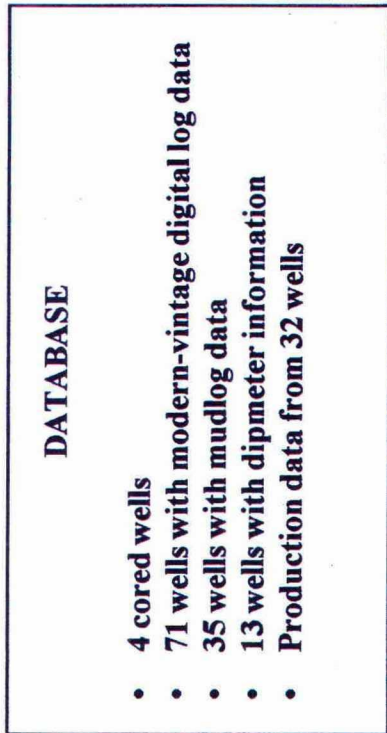
PRODUCING FORMATION	UPPER CHERRY CANYON	LOWER CHERRY CANYON/ UPPER BRUSHY CANYON
DEPTH	2800 FT	3400 FT
RESERVOIR LITHOLOGIES	SAND	SAND & SILTSTONE
NET THICKNESS	131 FT	272 FT
AVERAGE POROSITY	14.4%	14.9%
AVERAGE PERMEABILITY	2.3 md	1.1 md
OIL ORIGINALLY IN PLACE	107 MMBO	141 MMBO

Exhibit No. **II**
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

NMOCD Hearing

June, 1995

STRATIGRAPHY



June, 1995

EXXON
Yates "C" Federal #36

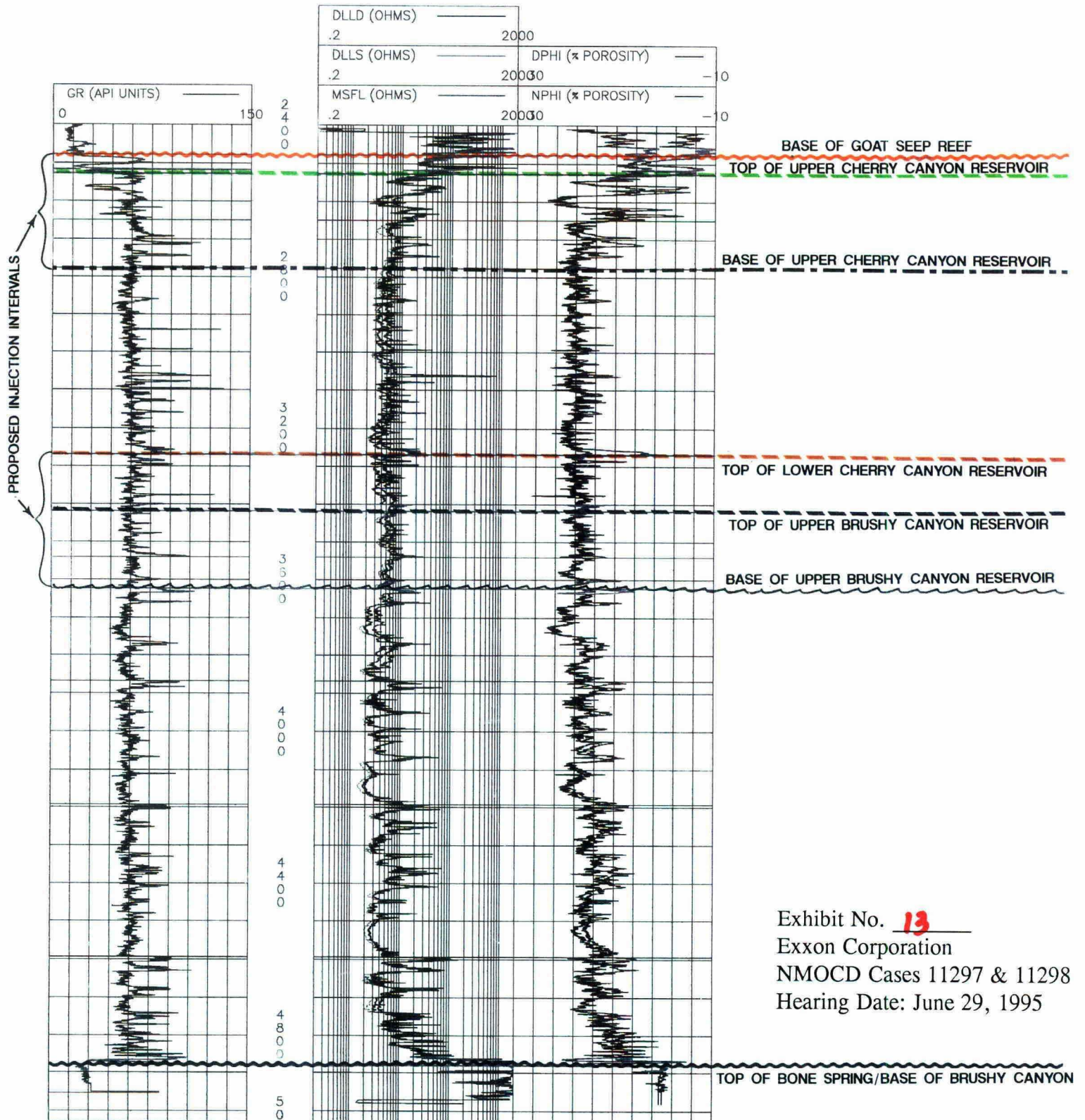


Exhibit No. **13**
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

**BRUSHY CANYON FORMATION
SCHEMATIC CROSS SECTION**

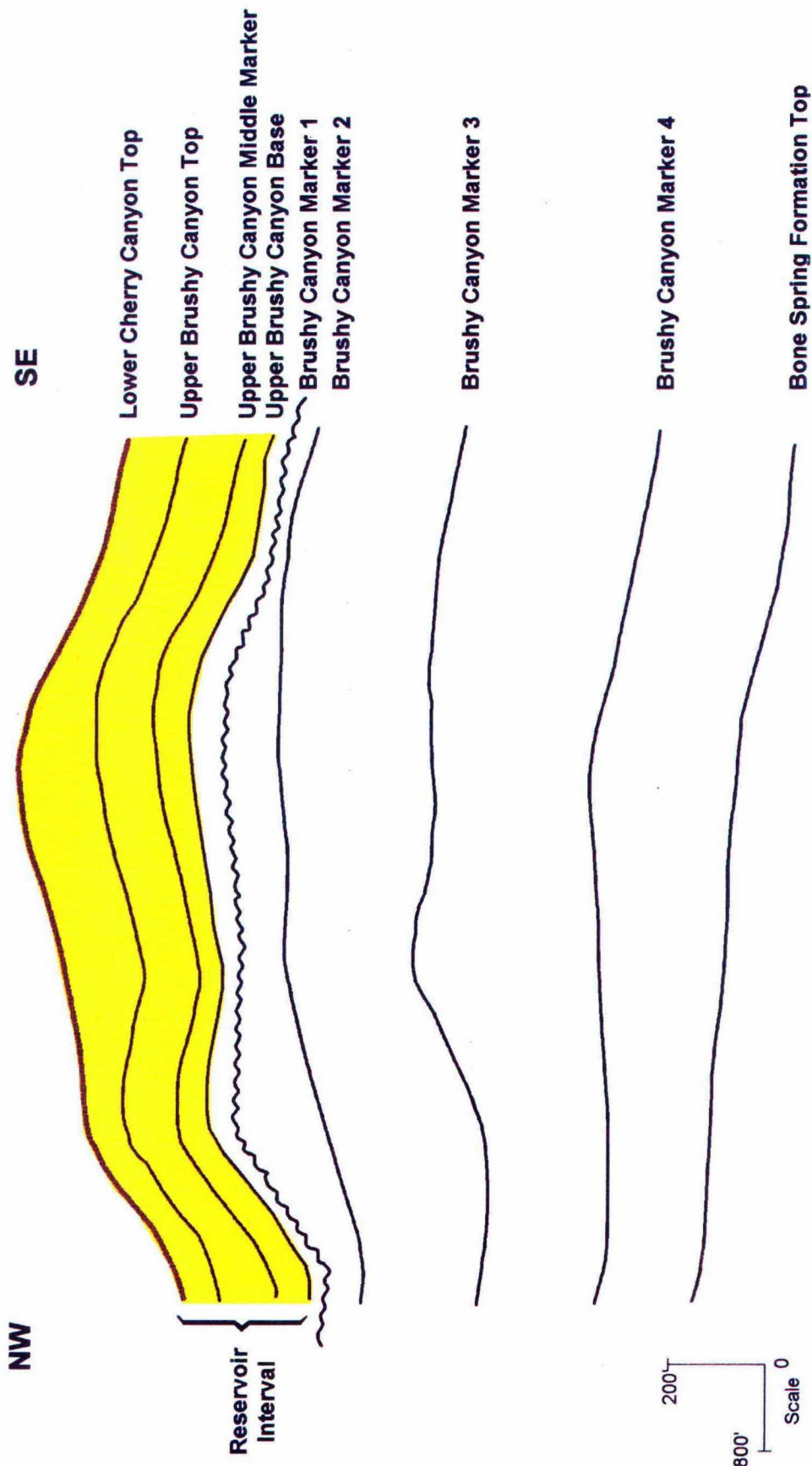


Exhibit No. **14**
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

AVALON (DELAWARE) UNIT

**UPPER CHERRY CANYON
SCHEMATIC CROSS SECTION**

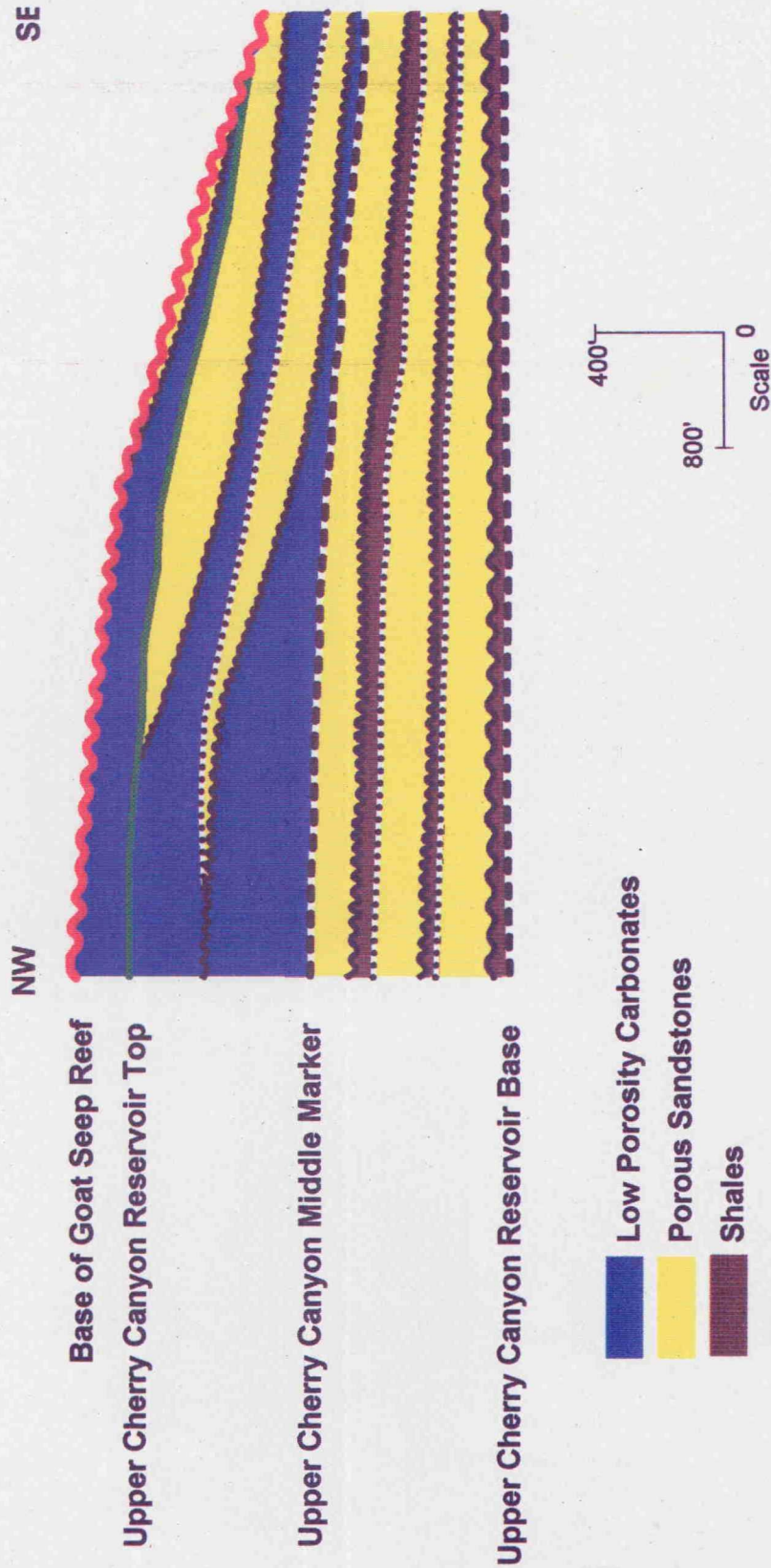


Exhibit No. **15**
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

AVALON (DELAWARE) UNIT

**LOWER CHERRY/UPPER BRUSHY CANYON
TOP STRUCTURE MAP**

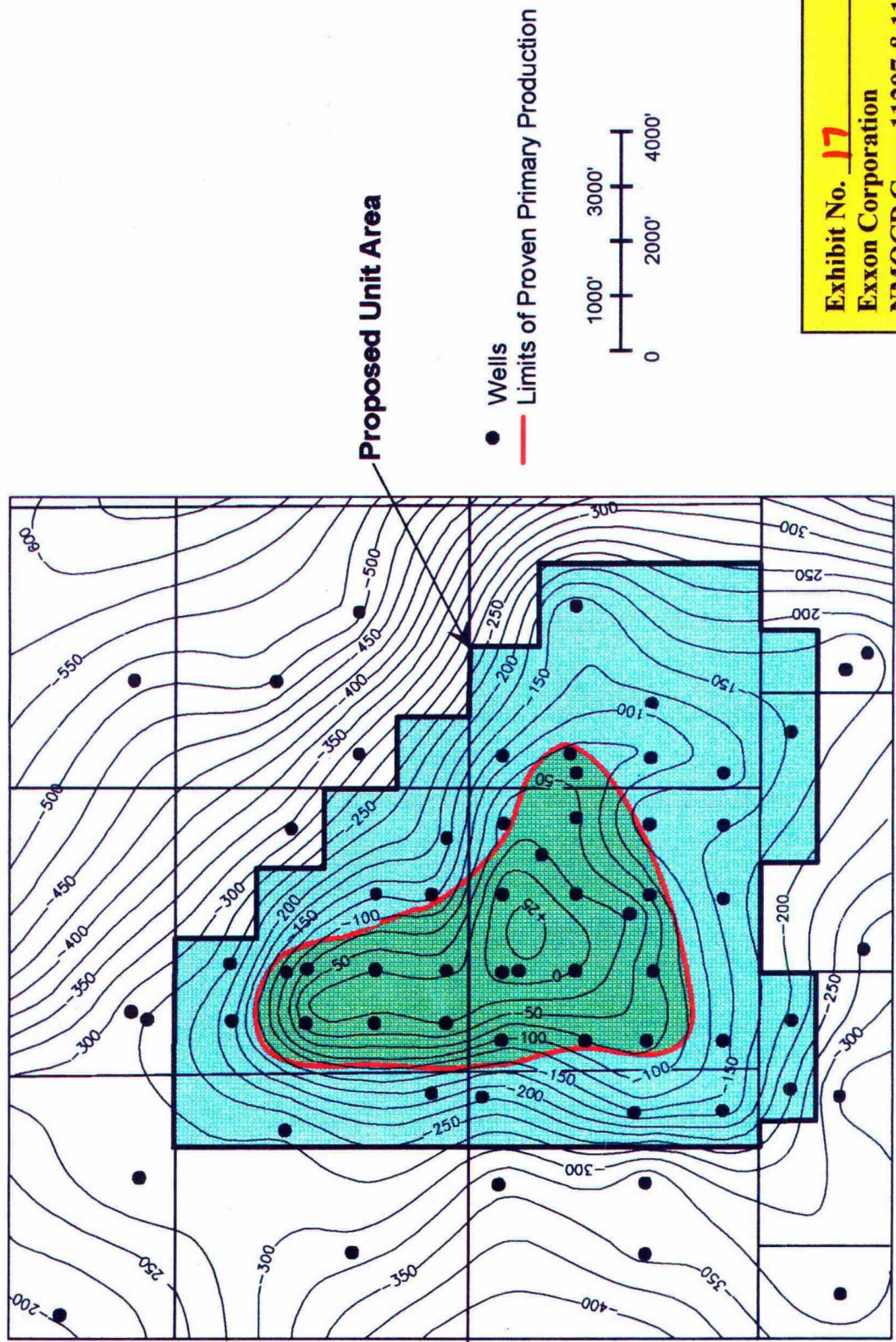


Exhibit No. 17
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

AVALON (DELAWARE) UNIT

**UPPER CHERRY CANYON
TOP STRUCTURE MAP**

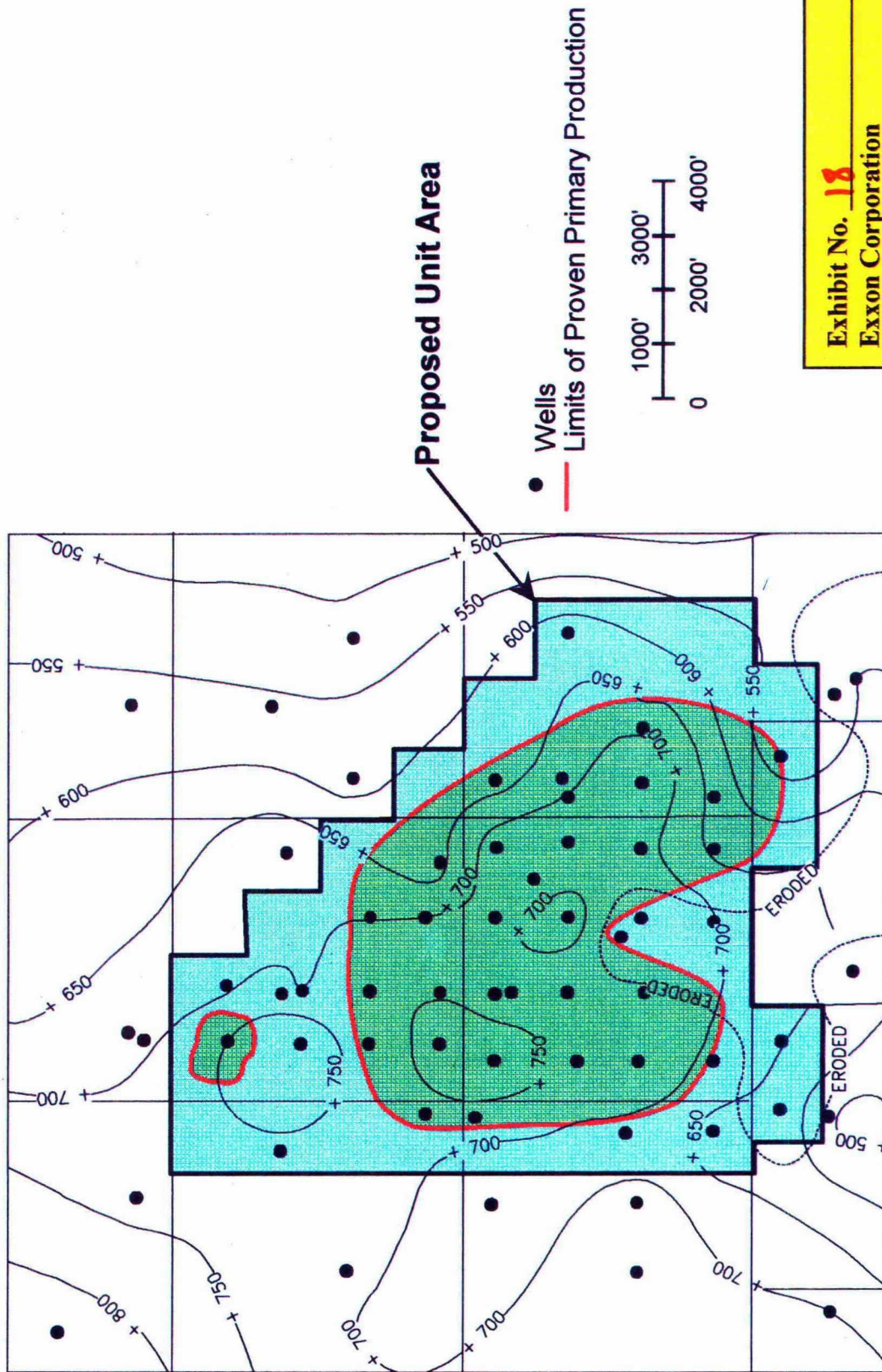


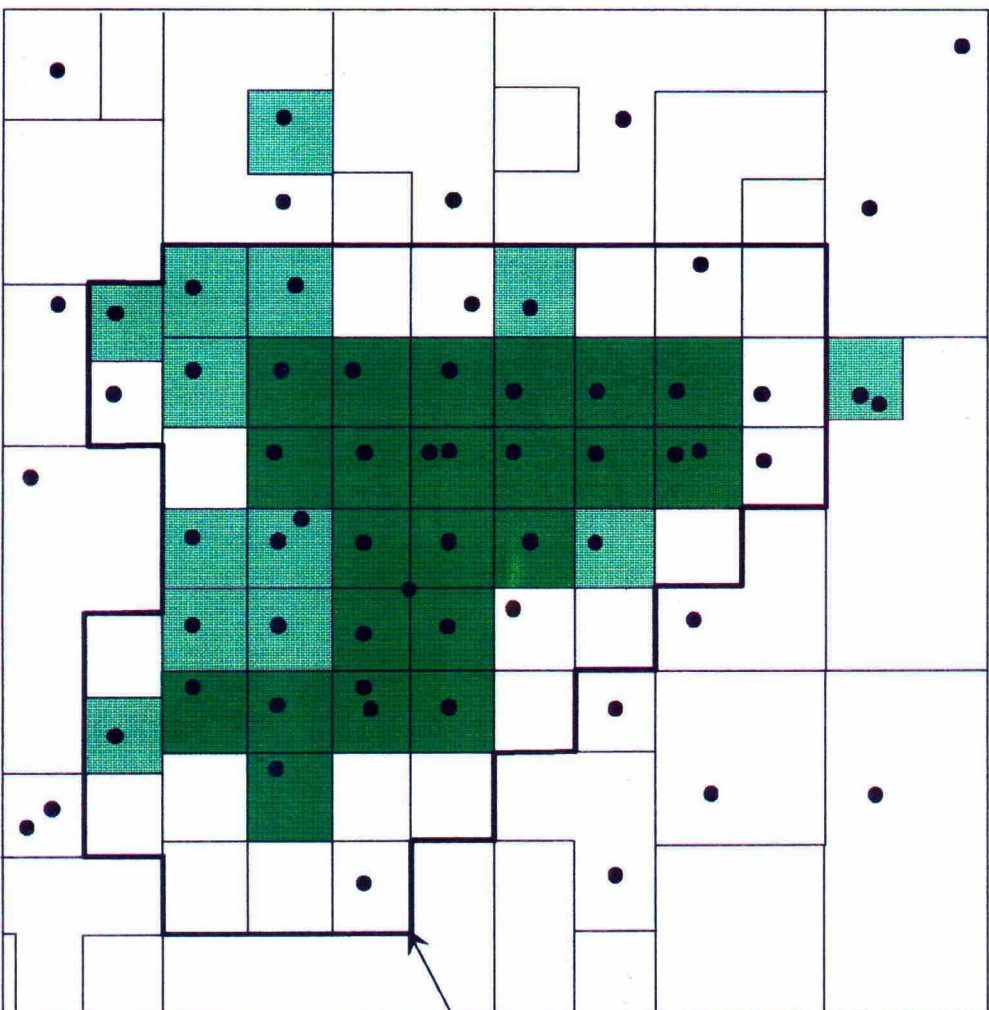
Exhibit No. 18
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

AVALON (DELAWARE) UNIT

AVALON UNIT TRACT MAP



PROPOSED UNIT AREA

Delaware Oil Completions

- Delaware (UCC/UBC) Completion Currently Active
- Delaware Completion UCC/UBC shut-in or has never produced from UCC or UBC

NMOCD Hearing

June, 1995

Exhibit No. **19**
 Exxon Corporation
 NMOCD Cases 11297 & 11298
 Hearing Date: June 29, 1995

BASE MAP

37 Completions on 40ac
24 active producers
3 active disposal wells

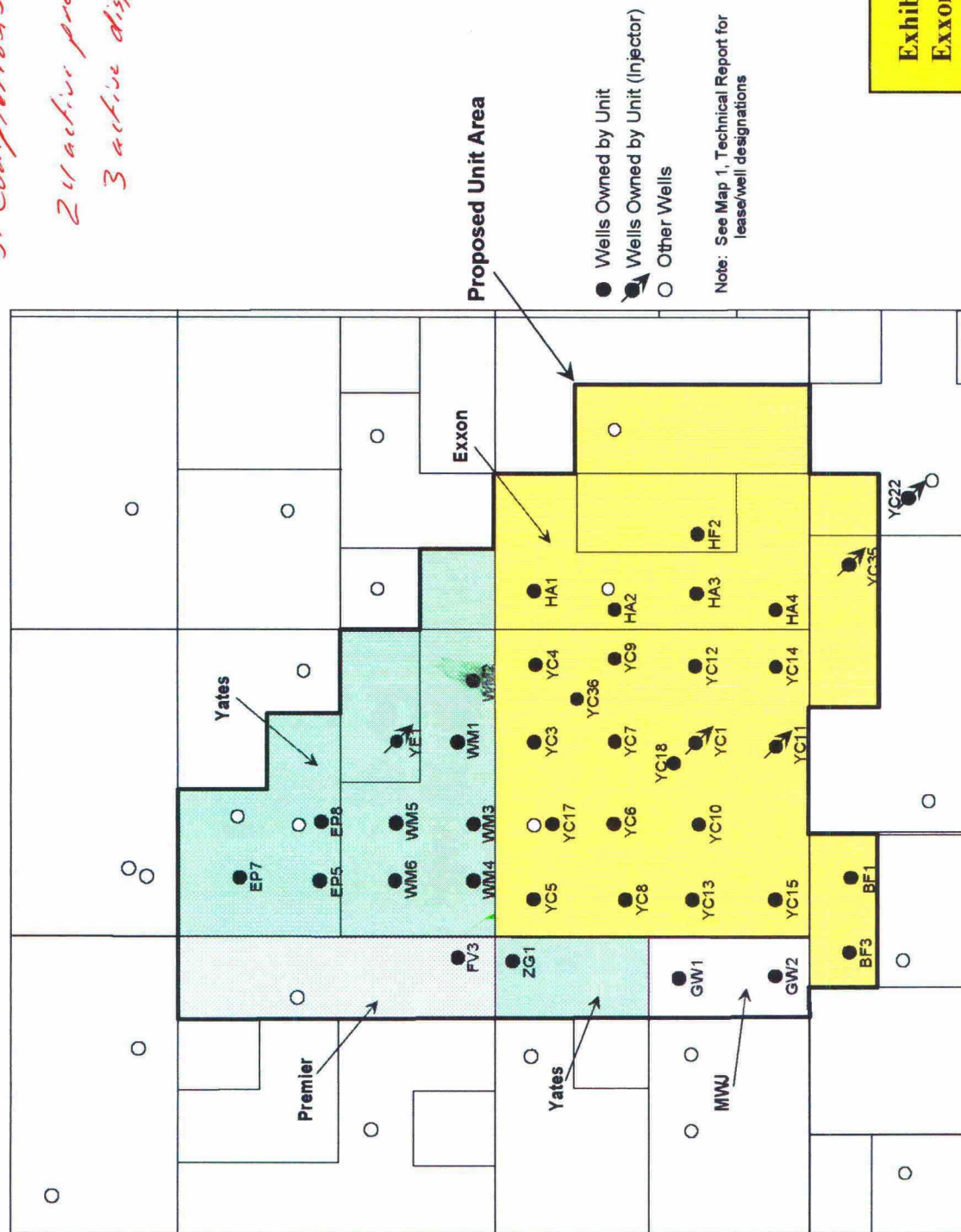


Exhibit No. **20**
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

NMOCD Hearing

June, 1995

HISTORICAL PRODUCTION RATES

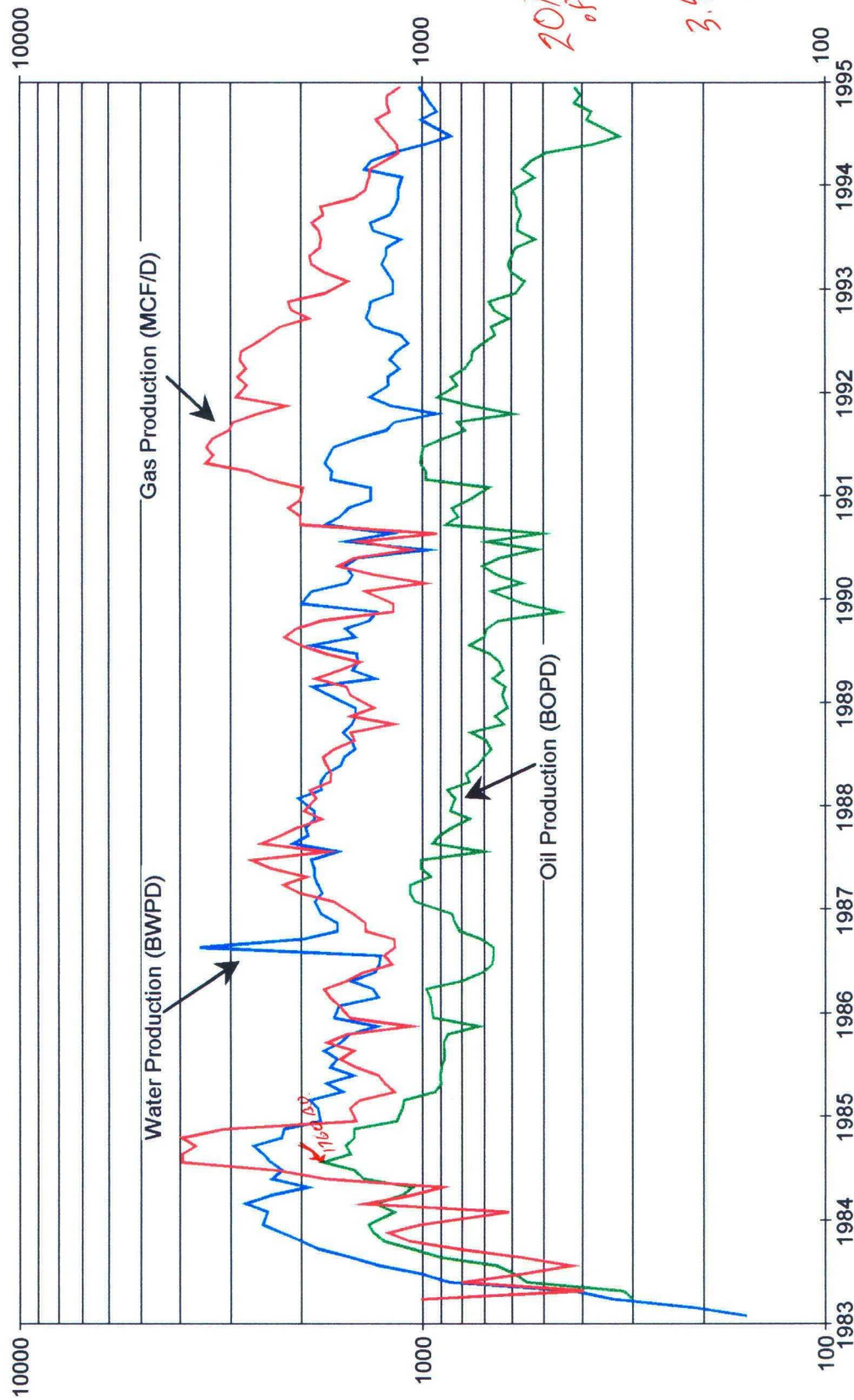


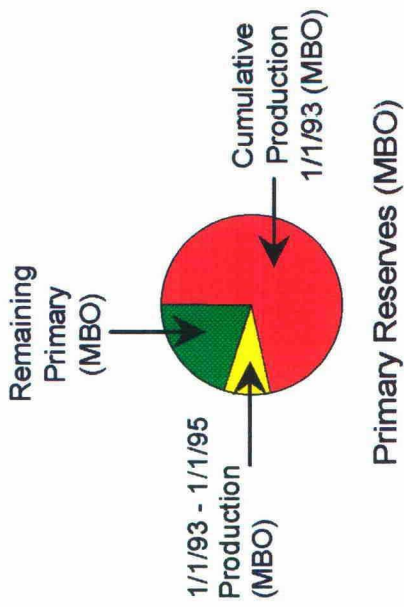
Exhibit No. **21**
 Exxon Corporation
 NMOCD Cases 11297 & 11298
 Hearing Date: June 29, 1995

June, 1995

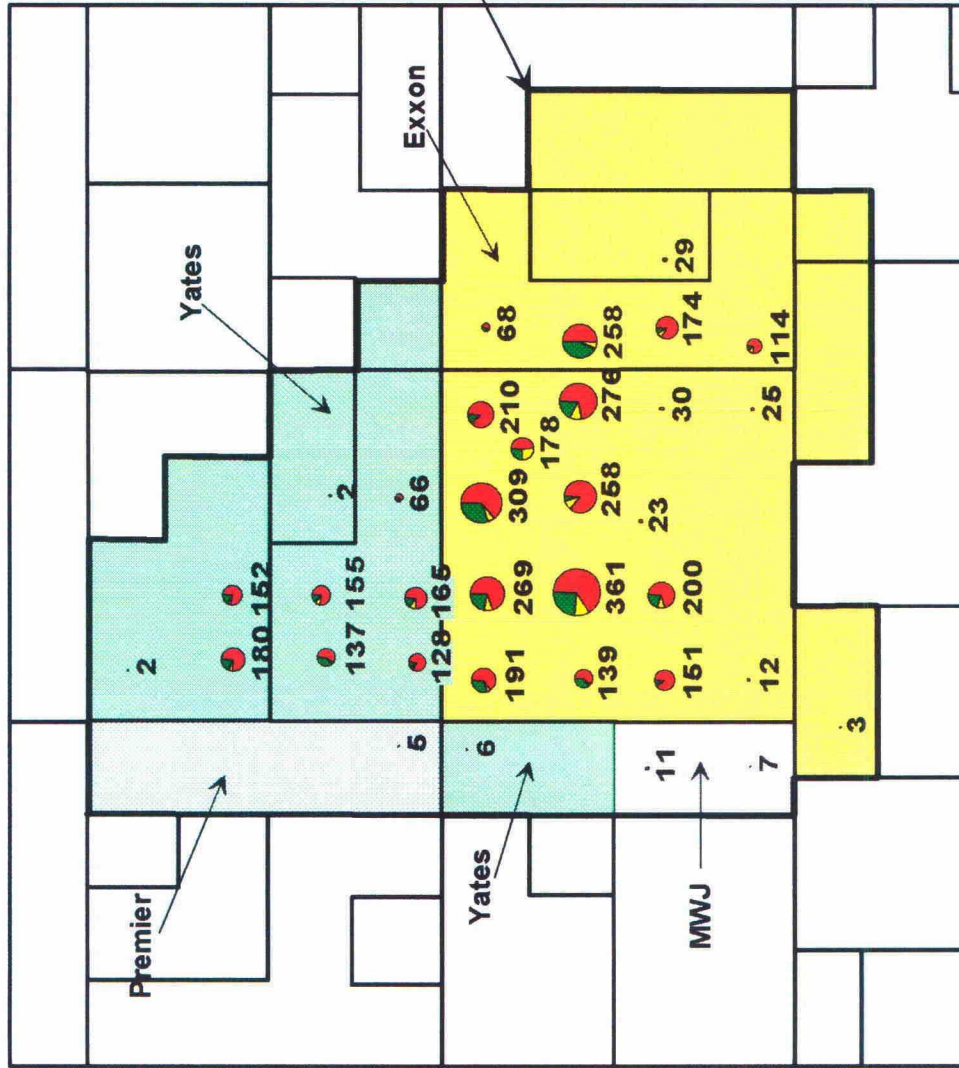
NMOCD Hearing

AVALON (DELAWARE) UNIT

PRODUCTION BUBBLE MAP



PROPOSED UNIT AREA



22

Exhibit No. 22
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

HISTORICAL PRODUCTION RATIOS

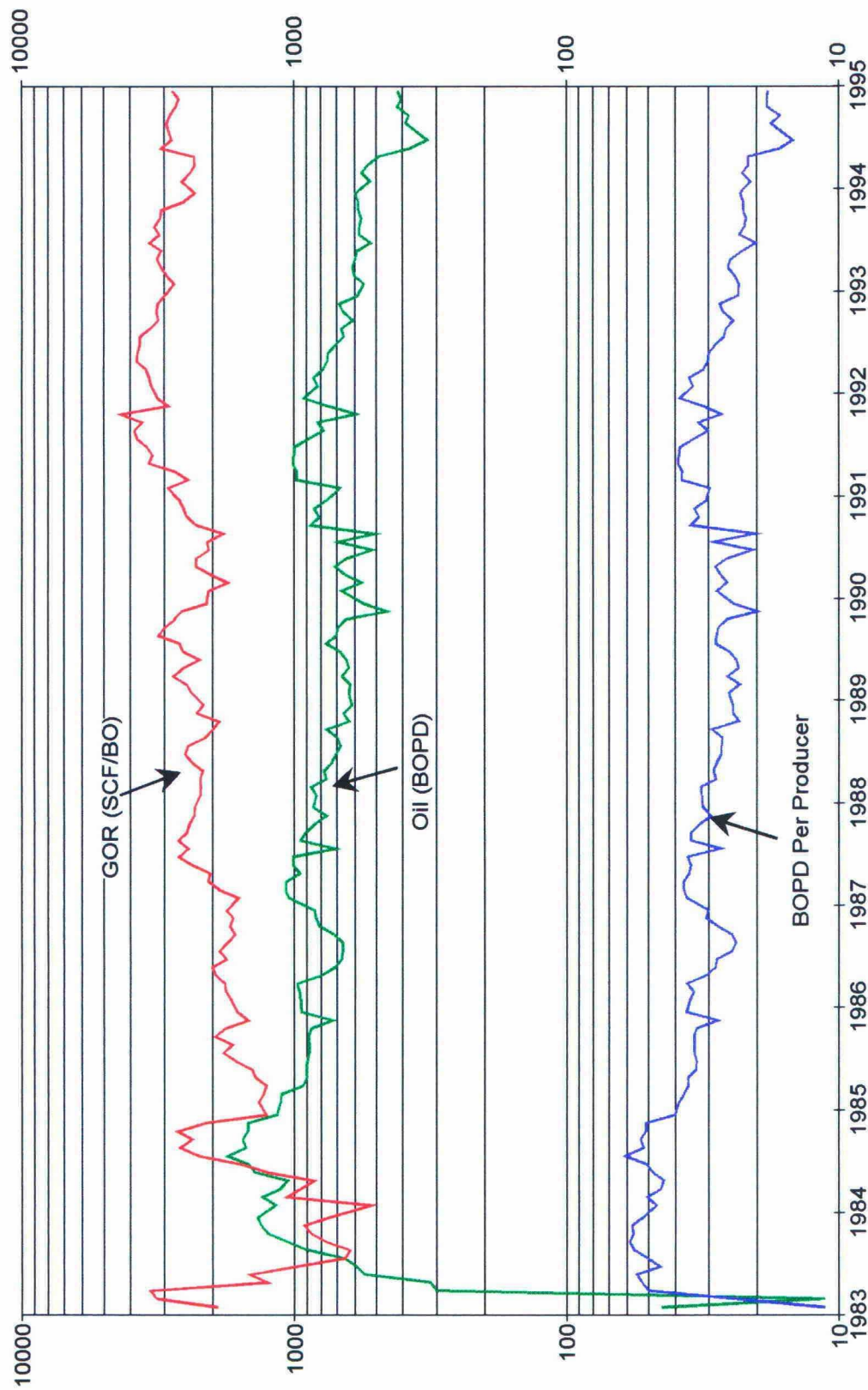


Exhibit No. **23**
 Exxon Corporation
 NMOCD Cases 11297 & 11298
 Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

OIL RATE vs. CUMULATIVE PRODUCTION

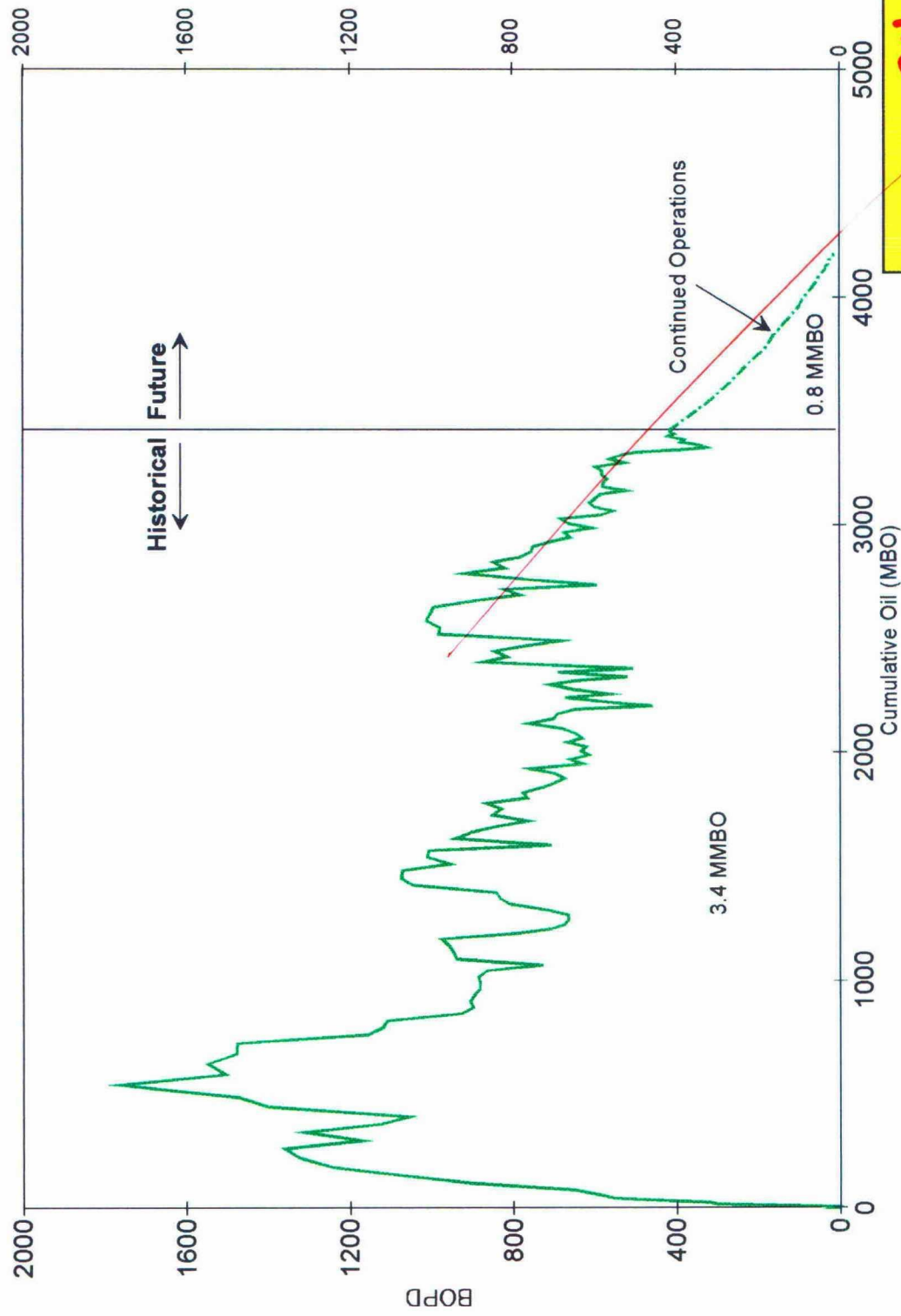


Exhibit No. **24**

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

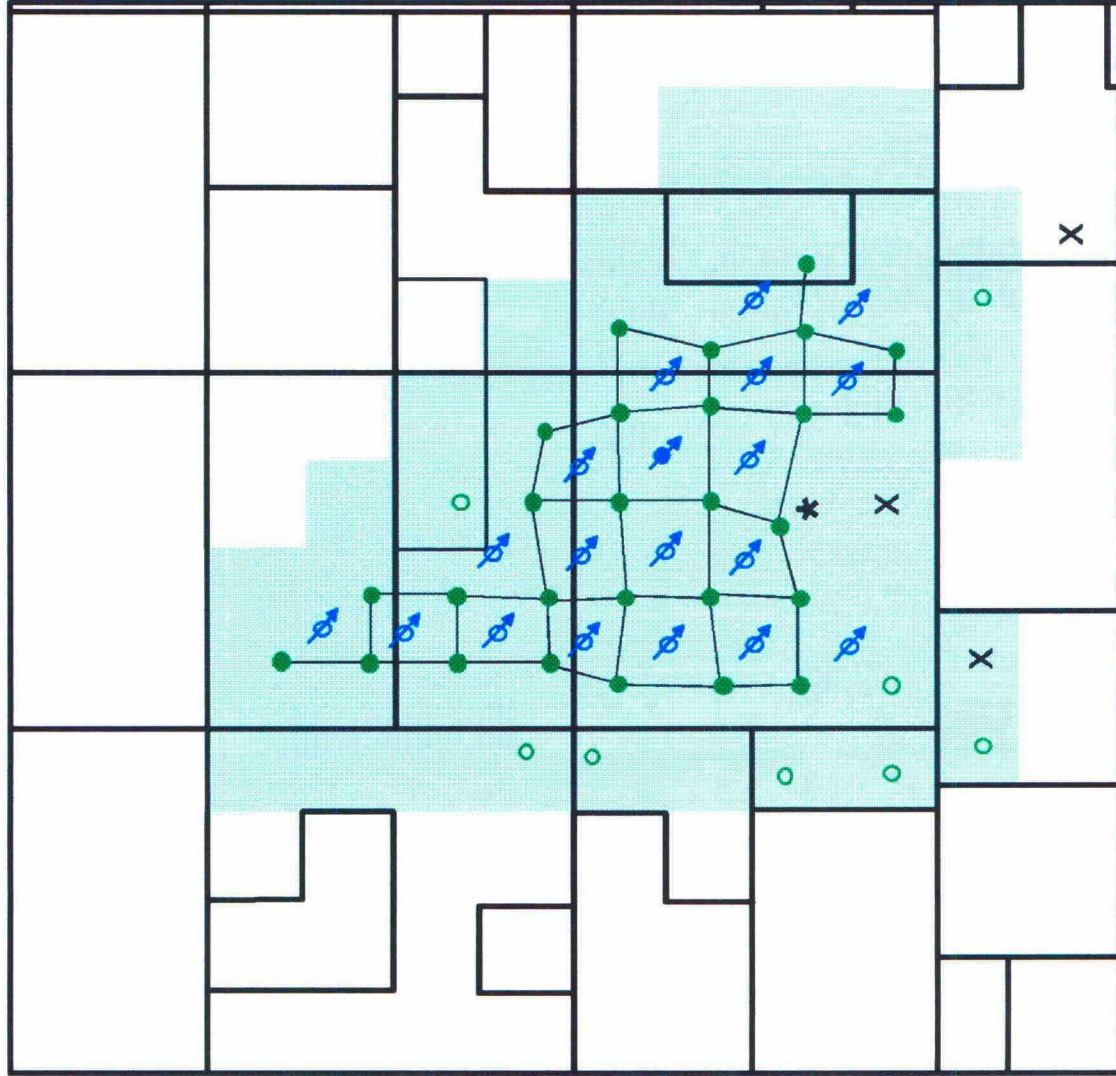
June, 1995

NMOCD Hearing

DEVELOPMENT PLAN: WATERFLOOD

• Scope

- 19 water injection patterns, 1100 acres in developed area
- 18 injector drillwells/1 conversion
- Water treating and injection facilities
- Estimated start 2 months after unit approval



WELL SYMBOL LEGEND	
●	Oil Well 27
● with arrow	Injector (Conversion) 1
● with arrow	Injector (Proposed) 18
X	Water Source Well 3
○	Well for Future Use 8
*	Disposal Well 1

Exhibit No. **25**
 Exxon Corporation
 NMOCD Cases 11297 & 11298
 Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

PROJECT FLOWSTREAM METHODOLOGY

- **From Geologic Model**
 - Layering model
 - Volumetrics by pattern (PV, Soi, OOIP)
- **Numerical Simulator**
 - 3-phase, 2-dimension simulator
 - 312 gridblocks per 10 acres
- **Calibration**
 - Historical production performance by well used to calibrate simulation model
 - Only small overall modifications in geologic model required to match field performance
 - Continued operations projection matched with decline curve analysis
- **Used with Development Plan to Predict Future Performance**
 - Continued operations
 - Waterflood
 - CO₂ flood

FUTURE PRODUCTION WITH WATERFLOOD PROJECT

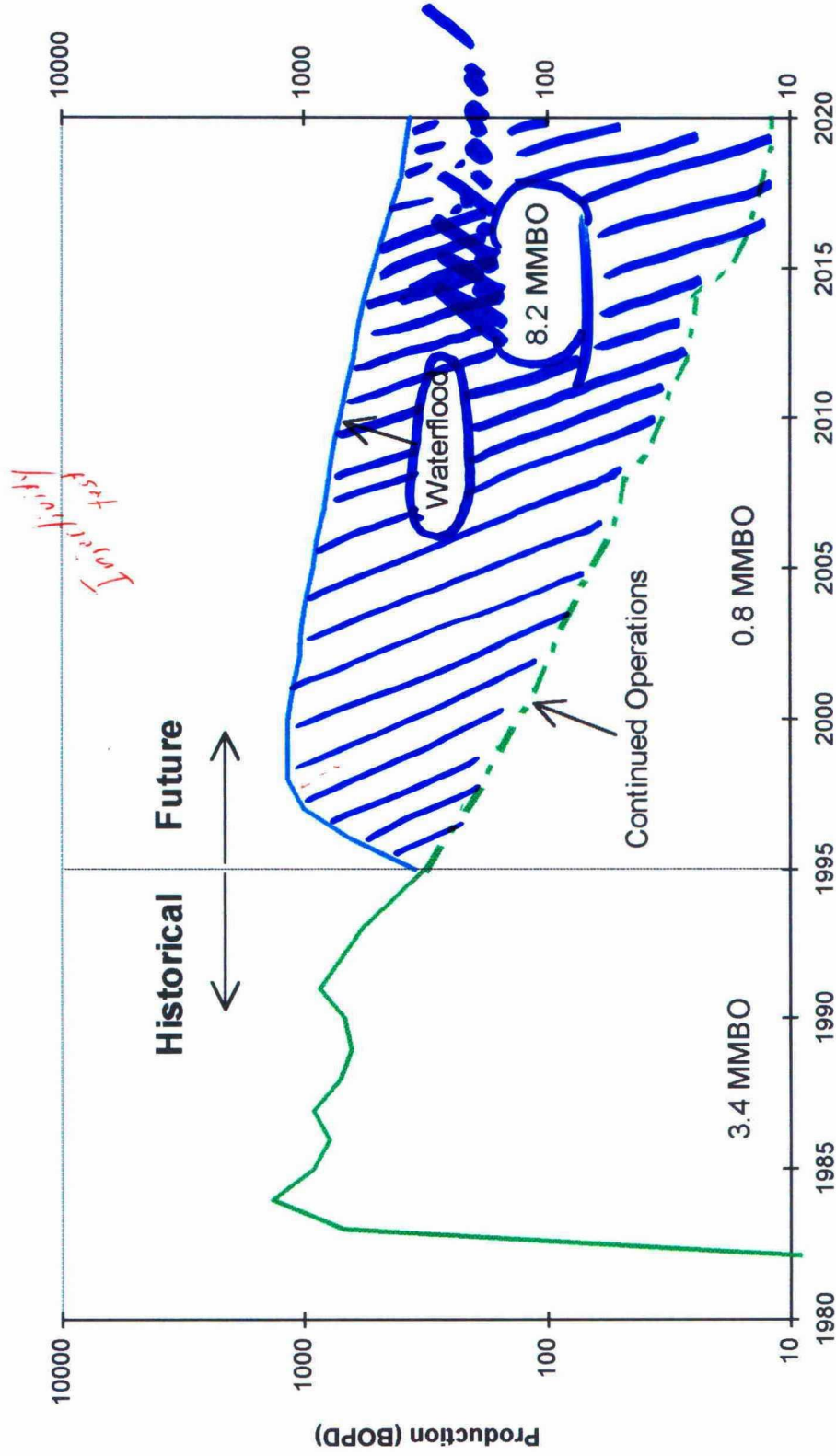


Exhibit No. **27**

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

POTENTIAL DEVELOPMENT PLAN: CO₂ FLOOD

• Scope

- 37 patterns, 2100 acres expanding into outer ring
- **Earliest start 1999**

• Issues

- Attain miscibility pressure and reduce gas saturation: 3+ years
- CO₂ injectivity test
- Oil price

WELL SYMBOL LEGEND

- Oil Well
- Oil Well (Proposed for CO₂ Flood)
- ⦿ Water Phase Injector (Conversion)
- ⦿ Water Phase Injector (Proposed)
- ▲ CO₂ Phase Injector (Proposed for CO₂ Flood)
- ✕ Water Source Well
- * Disposal Well

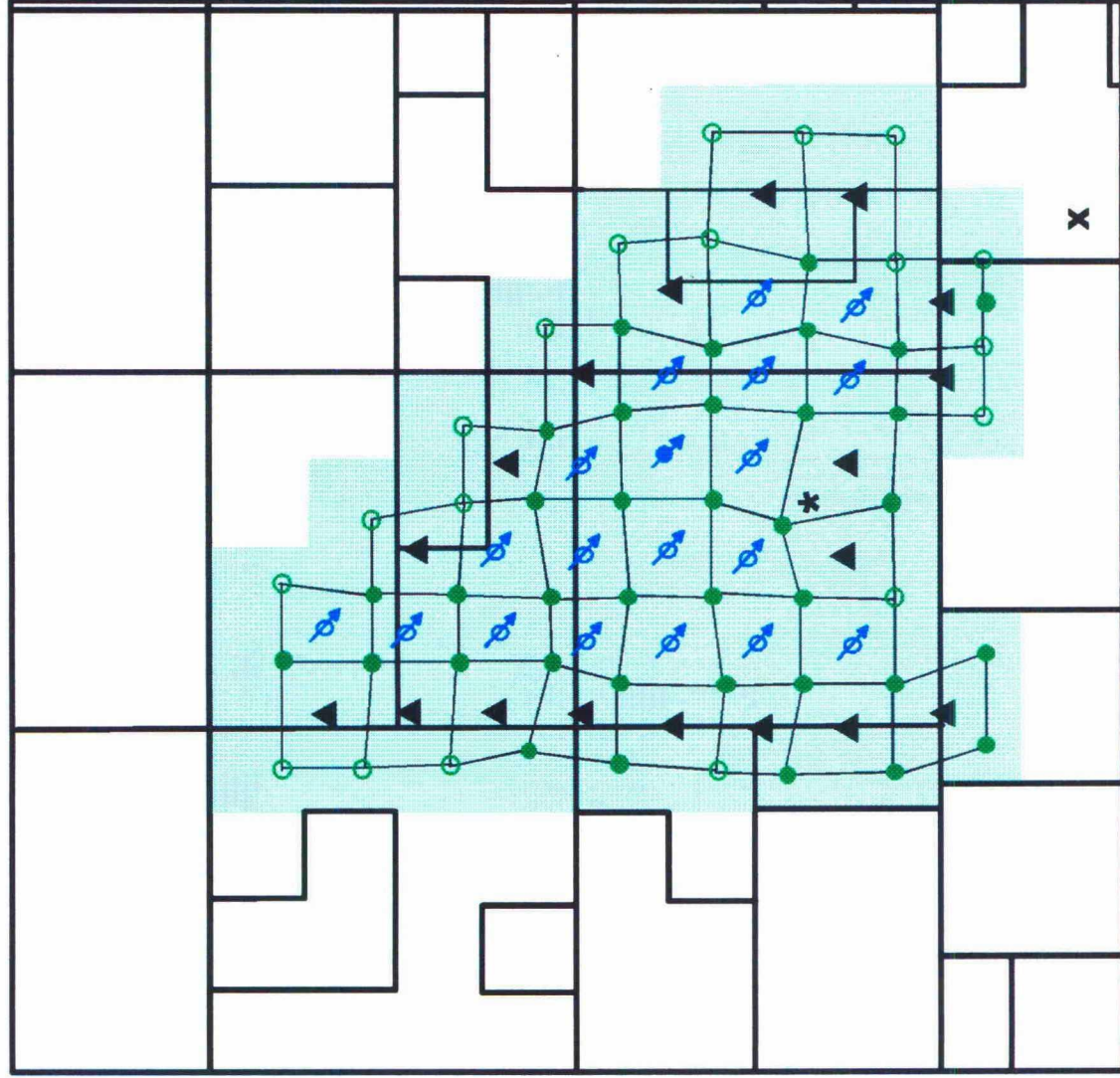


Exhibit No. **28**
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

FUTURE PRODUCTION WITH CO₂ PROJECT

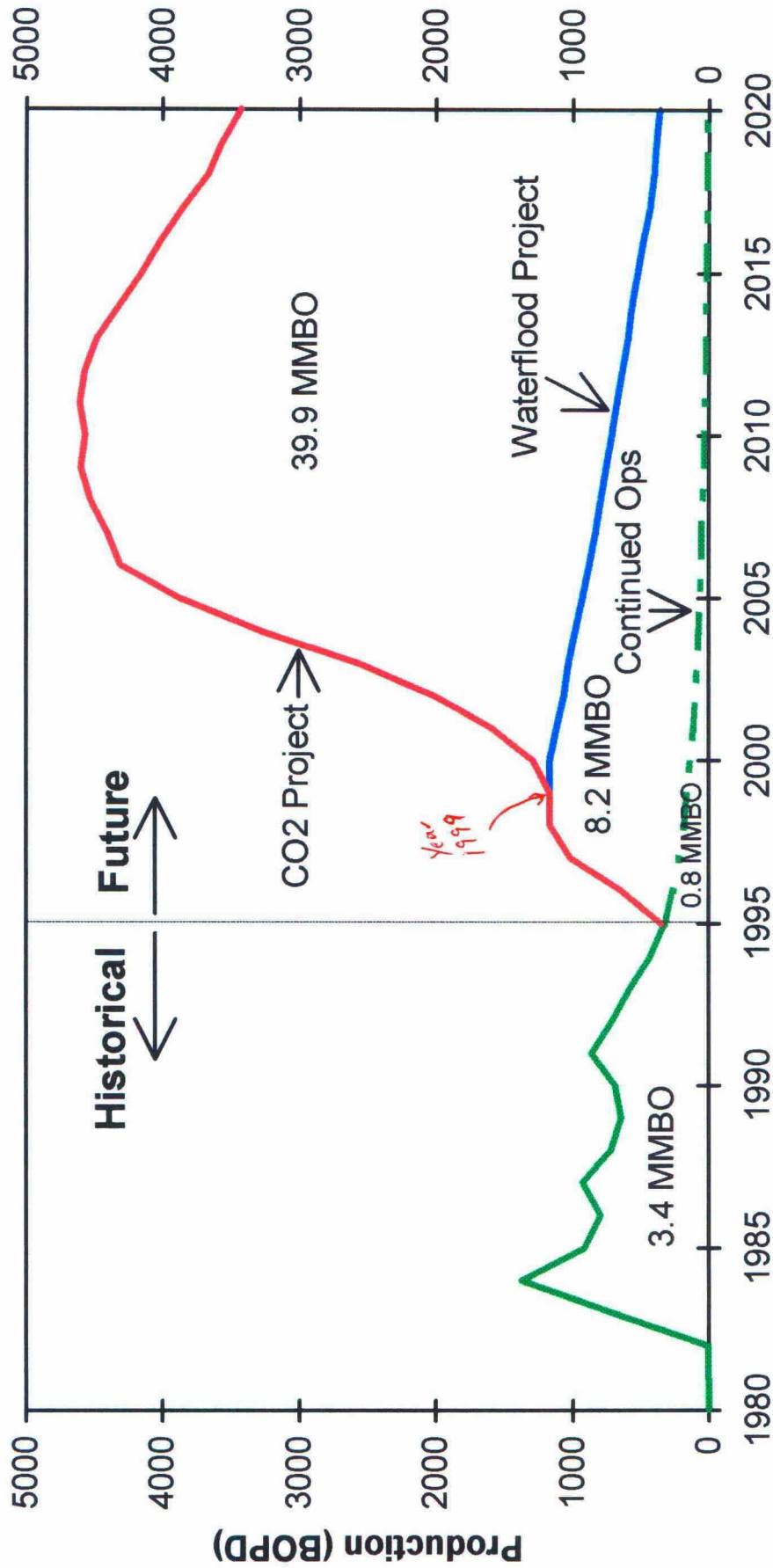


Exhibit No. **29**
 Exxon Corporation
 NMOCD Cases 11297 & 11298
 Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

ESTIMATED ECONOMICS

- **Assumptions**

- 100% working interest/80% net interest
- Product pricing:
 - Oil @ \$17.10/BO escal. @ 5.4%/year
 - Gas @ \$1.50/MCF escal. @ 6.1%/year

- **Results**

- Investments = \$14,400,000
- Additional reserves = 8.2 MMBO
- Present value profit discounted @ 10% = \$21,500,000
- Payout = 5 years
- Rate of Return = 30%

AVALON (DELAWARE) UNIT

Drilled as producers to be converted to WMs

PROPOSED UNORTHODOX WELL LOCATIONS ALL IN EDDY COUNTY, NEW MEXICO

WELL NAME AND NUMBER	SECTION	FOOTAGE LOCATION
AVALON DELAWARE UNIT 1212	31-20S-28E	1668 FNL & 1455 FWL
AVALON DELAWARE UNIT 1412	31-20S-28E	* 2310 FSL & 1485 FWL
AVALON DELAWARE UNIT 1612	31-20S-28E	* 992 FSL & 1489 FWL
AVALON DELAWARE UNIT 1614	31-20S-28E	* 1046 FSL & 2677 FWL
AVALON DELAWARE UNIT 1812	31-20S-28E	* 183 FNL & 1397 FWL
AVALON DELAWARE UNIT 1814	31-20S-28E	* 123 FNL & 2673 FEL
AVALON DELAWARE UNIT 1816	31-20S-28E	* 46 FNL & 1402 FEL
AVALON DELAWARE UNIT 2012	31-20S-28E	* 1386 FNL & 1314 FWL
AVALON DELAWARE UNIT 2014	31-20S-28E	* 1335 FNL & 2681 FWL
AVALON DELAWARE UNIT 2018	31-20S-28E	1317 FNL & 97 FEL
AVALON DELAWARE UNIT 2212	31-20S-28E	* 2600 FSL & 1322 FWL
AVALON DELAWARE UNIT 2214	31-20S-28E	* 2699 FSL & 2549 FWL
AVALON DELAWARE UNIT 2216	31-20S-28E	2566 FNL & 1377 FEL
AVALON DELAWARE UNIT 2218	31-20S-28E	2423 FSL & 78 FEL
AVALON DELAWARE UNIT 2220	31-20S-28E	2648 FSL & 1127 FWL
AVALON DELAWARE UNIT 2412	31-20S-28E	* 1337 FSL & 1324 FWL
AVALON DELAWARE UNIT 2418	31-20S-28E	1356 FSL & 99 FEL
AVALON DELAWARE UNIT 2420	31-20S-28E	1323 FSL & 1107 FWL

* Unstacked location: Actual location may vary

Exhibit No. **31**

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

June, 1995

NMOCD Hearing

APPLICATION FOR AUTHORIZATION TO INJECT

- I. Purpose: ☒ Secondary Recovery ☐ Pressure Maintenance ☐ Disposal ☐ Storage
Application qualifies for administrative approval? ☒ yes ☐ no
- II. Operator: Exxon Corp.
Address: PO Box 1600 Midland, TX 79702
Contact party: Marsha Wilson Phone: (915) 688-7871
- III. Well data: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? ☐ yes ☒ no
If yes, give the Division order number authorizing the project _____.
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such source known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division they need not be resubmitted.)
- XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification
- I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- Name: Marsha Wilson Title: Staff Office Assistant
- Signature: Marsha Wilson Date: 5-8-95
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be duplicated and resubmitted. Please show of the earlier submittal. Exhibit No. 32
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995
- DISTRIBUTION: Original and one copy to Santa Fe with one copy to district office.

III. WELL DATA

- A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

- B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) the intended purpose of the injection well; with the exact location of single wells or the section, township, and range location of multiple wells;
- (3) the formation name and depth with expected maximum injection rates and pressures; and
- (4) a notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

**ATTACHMENT TO INJECTION WELL DATA SHEET
AVALON UNIT
EDDY COUNTY, NEW MEXICO**

Listed below are the wells in this permit application. All wells are located in T-20-S, R-28-E.

T-20-S, R-28-E

Current Proposed Locations for New Drill Wells:

Section 30

#1212	1495 FWL	1662 FNL
#1412	1485 FWL	2310 FSL
#1612	1489 FWL	992 FSL
#1614	2677 FWL	1046 FSL

Section 31

#1812	1397 FWL	183 FNL
#1814	2673 FEL	123 FNL
#1816	1402 FEL	46 FNL
#2012	1314 FWL	1386 FNL
#2014	2681 FWL	1335 FNL
#2018	56 FEL	1320 FNL
#2212	1322 FWL	2600 FSL
#2214	2549 FWL	2699 FSL
#2216	1375 FEL	2564 FNL
#2218	73 FEL	2648 FSL
#2412	1324 FWL	1337 FSL
#2418	94 FEL	1320 FSL

Section 32

#2220	1128 FWL	2648 FSL
#2420	1107 FWL	1323 FSL

Conversion:

Section 31

#2016	1305 FWL	1305 FNL
(formerly Yates "C" Federal #36)		

INJECTION WELL DATA SHEET

Exxon Corp.		Avalon Unit		
OPERATOR		LEASE		
2016	1305' FNL & 1305' FEL	31	T-20-S	R-28-E
WELL NO.	FOOTAGE LOCATION	SECTION	TOWNSHIP	RANGE

Schematic

See Attached

Tubular Data

Surface Casing

Size 13 3/8" " Cemented with 750 sx.
TOC Surface feet determined by Circulation
Hole size 17 1/2"

Intermediate Casing

Size 8 5/8" " Cemented with 1385 sx.
TOC Surface feet determined by Circulation
Hole size 11"

Long string

Size 5 1/2" " Cemented with 1000 sx.
TOC Surface feet determined by Circulation
Hole size 7 7/8"
Total depth 4970

Injection interval

2478 feet to 4880 feet
(perforated or open-hole, indicate which)

One casing well to

be cemented



Tubing size 2 7/8" lined with cement set in a
(material)
Baker Model A packer at 2340 feet.
(brand and model)

(or describe any other casing-tubing seal).

Other Data

- Name of the injection formation Delaware
- Name of field or Pool (if applicable) Avalon
- Is this a new well drilled for injection? ☐ Yes ☒ No
If no, for what purpose was the well originally drilled? Oil producer
- Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (sacks of cement or bridge plug(s) used) No
- Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area. Depths are approximate:
Yates 350-400', Bone Spring 5000-7000', Atoka 7800-10800',
Wolfcamp 9000-10000', Strawn 10000, Morrow 11000'

INJECTION WELL DATA SHEET

Exxon Corp.		Avalon Unit	
OPERATOR		LEASE	
(See attached list)	30, 31, & 32	T-20-S	R-28-E
WELL NO.	FOOTAGE LOCATION	SECTION	TOWNSHIP
			RANGE

Schematic

See attached
typical schematic

Tubular Data

Surface Casing

Size 10 3/4 " Cemented with 600 sx.
 TOC Surface feet determined by Circulation
 Hole size 14 3/4"

Intermediate Casing

Size 7 5/8 " Cemented with 1400 sx.
 TOC Surface feet determined by Circulation
 Hole size 9 1/2"

Long string

Size 4 1/2" Fiberglass lnr Cemented with 500 sx.
 TOC 2340 feet determined by Circulation
 Hole size 6 1/2" underreamed to 7"
 Total depth 4000'

Injection interval

* feet to * feet
 (perforated or open-hole, indicate which)

Perforation

* See attached summary on question VII.3.

Tubing size 2 3/8" lined with cement set in a
 (material)
Baker Model A packer at 2340 feet.
 (brand and model)
 (or describe any other casing-tubing seal).

Other Data

- Name of the injection formation Delaware
- Name of field or Pool (if applicable) Avalon
- Is this a new well drilled for injection? ☒ Yes ☐ No
 If no, for what purpose was the well originally drilled? _____
- Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail (sacks of cement or bridge plug(s) used) _____
No
- Give the depth to and name of any overlying and/or underlying oil or gas zones (pools) in this area. Depths are approximate:
Yates 350-400', Bone Spring 5000-7000', Atoka 7800-10,800',
Wolfcamp 9000-10,000', Strawn 10,000' Morrow 11,000'

WELLSKETCH AND WELL HISTORY

AFE # 16020

Avalon #2016

API # 30-105-26

ELEV.: KB 12.1 ABOVE CHF
10' ABOVE G.L.

Independent
Wellhead hookup
(2000 psi.
W.P.)

HOLE SIZE: 17 1/2"
TOC: Surf.

13 3/4" • 613
CMT 750 SX

HOLE SIZE: 11"
TOC: Surf.

8 5/8" • 2419
CMT 980 SX (primary)
405 SX (one-inch ops)

HOLE SIZE: 7 7/8"
TOC: Surf.

Perfs 2546'-2810' U. Cherry Canyon
GIB.P. @ 2980'

m. Cherry Canyon perfs
@ 3038-3189'
RBP w/30' sand @ 3360' ±
U. Brushy Canyon
perfs @ 3406'-3624'

CIBP @ 4690'

L. Brushy Canyon
perfs - 4708-4736

5 1/2" • 4924 (29 shots)
CMT 1000 SX Class C + 4% Gel
Circ 193 SX to
surf

Unit (formerly)

LEASE & WELL NAME: Yates Federal "C" 36

FIELD: Avalon COUNTY: Eddy ST.: N

LOCATION: 1305' FNL FEL

Sec 31; T-20-S; R-28-E

DATE: 10/14/90 BY: JLC REV.: BY:

CASING RECORD

SURFACE CASING

O.D.	WT/FT	GRADE	SET A
13 3/8"	48	K-55	613

INTERMEDIATE CASING

8 5/8"	32#	K-55	22
	24#	J-K 55	126
	32#	J-K 55	241
5 1/2"	15.5#	K-55	10
	14#	K-55	492

TUBING

NO. JTS.	O.D.	THD.	TYPE	WT.	GDE.	SE
	2 3/8"	API	EUE	6.5	J55	

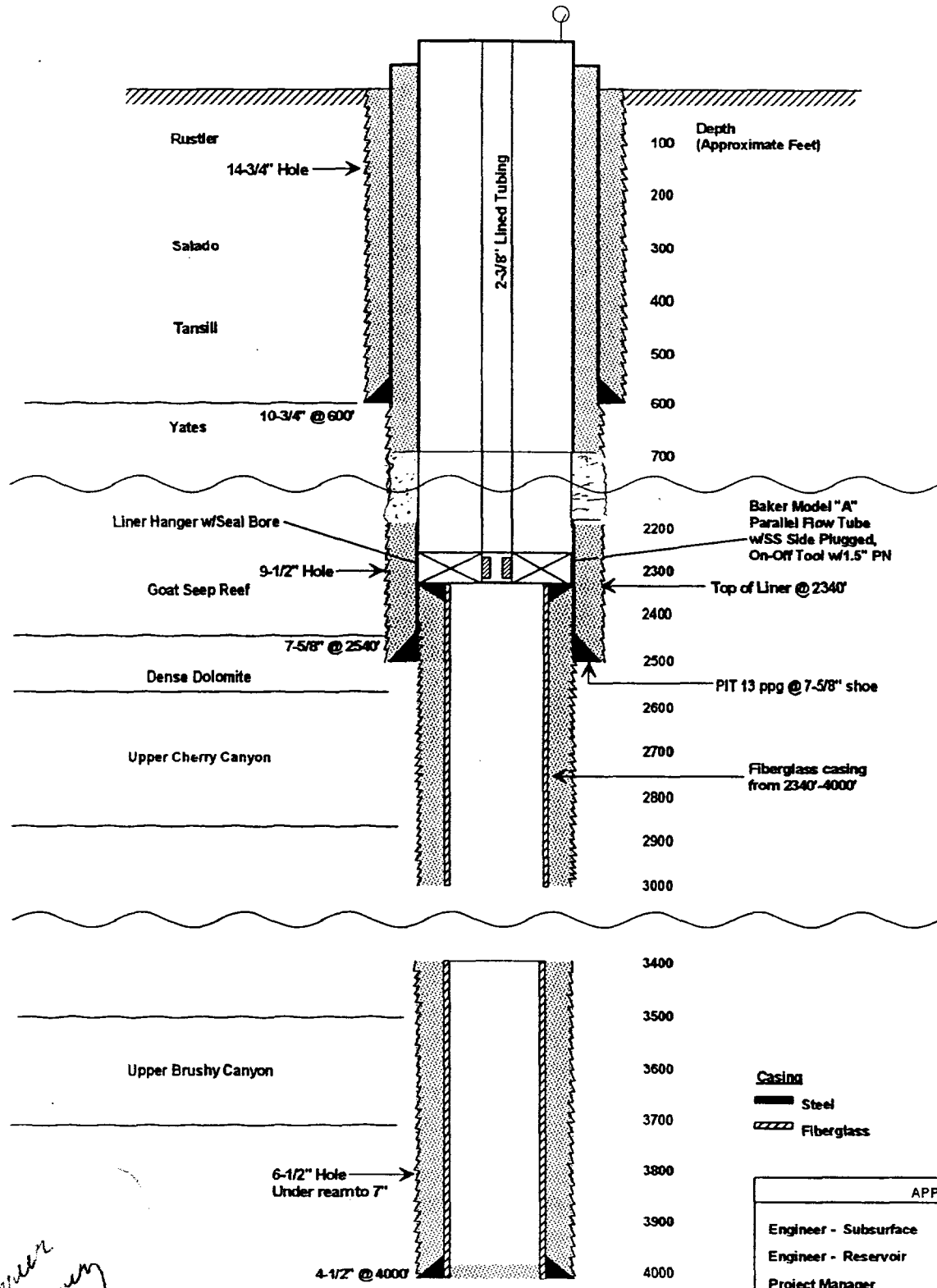
WELL HISTORY:

New Drill well - FRB'd 9/90
Perf L. Brushy Canyon @ 4708-4736 w/29
shots. Frac w/ 36,000# 16/30 Sand in
14,000 gals gelled water. Tested WET
P/B to U. Brushy Canyon. Perf 3406-
3624'. Acid w/ 4600 gals NaHCl w/
PFT tool. Frac w/ 18,500# of 20/40
plus 62,500# 12/20 sand in
49,000 gals gelled water. Well came
in flowing. FRW - 142 oil 261 water. U.B.C.
X.B.C. 0 oil.
12/90 - perfed Cherry Canyon - (RBP) 3038-3189' - M.F.R.V. Pj - water
washed & acid washed perfs w/2850
15% HCL. Fraced well D/S
70,000# sand 12/20. Helled Fluid.
FRW - 104 Bo 500 B.W.

2/91 Let C.F.B. @ 2980' perfed
w/20 2546'-2810' - PFT acid job
6720' gal 15% HCL. Fraced well
D/S - 105,000# 13/20. Helled.
P.W.O.P - FRW'd 180 oil 170 water.

TD: 4970' PBD: 4660±

Avalon Project Proposed Drillwell Waterflood



APPROVAL	
Engineer - Subsurface	_____
Engineer - Reservoir	_____
Project Manager	_____
Drilling	_____
Engineering Supervisor	_____
Operations Superintendent	_____

Tracer running

**SUPPLEMENT TO APPLICATION FOR AUTHORIZATION TO INJECT
AVALON UNIT
EDDY COUNTY, NEW MEXICO**

V. Two maps are attached.

VI. Attached is a typical wellbore sketch and tabular data on wells within the area of review.

VII. Proposed Operations

1. Average daily injection rate = 500 BPD
Maximum daily injection rate = 2000 BPD
Volume of fluids to be injected = 141,200,000 Bbls

2. System is open

3. The average and maximum injection pressures are as follows:

		Avg.	Max.
Section 30	Interval	Press.	Press.
#1212	2486-4817	493	497
#1412	2509-4832	493	502
#1612	2492-4798	493	498
#1614	2498-4853	493	500
Section 31			
#1812	2467-4774	493	493
#1814	2496-4844	493	499
#1816	2520-4902	493	504
#2012	2481-4800	493	496
#2014	2495-4843	493	499
#2018	2501-4924	493	500
#2212	2496-4817	493	499
#2214	2509-4841	493	502
#2216	2505-4885	493	501
#2218	2477-4918	493	495
#2412	2535-4826	493	507
#2418	2478-4911	493	496
Section 32			
#2220	2489-4945	493	498
#2420	2479-4935	493	496
Conversion - Section 31			
#2016	2478-4880	493	496
(formerly Yates "C" Federal #36)			

4. The source of water that will be injected is from the Delaware.

The water will be produced from Avalon Unit wells and 2 or 3 source water wells completed in non-productive intervals of the Lower Delaware.

5. NA

VIII. Geological Data

The proposed interval for injection at the Avalon (Delaware) Field is a porous and permeable zone within the Delaware Mountain Group, which in the Avalon area consists of fine sandstones and coarse siltstones of the Cherry Canyon and Brushy Canyon Formations. The estimated average top and base for the Delaware at Avalon are:

	<u>Top</u>	<u>Base</u>
Delaware Mountain Group	2494 ft. (767 ft. subsea)	4860 ft (-1599 ft. subsea) (top of the Bone Spring Fm.), 2366 ft. thick

Fresh water in this area occurs primarily in the Capitan aquifer, which occurs at approximately 750 feet deep (2500 feet subsea) (Hiss, 1976, New Mexico Bureau of Mines and Mineral Resources Resource Map 6). At Avalon, approximately 600 feet of low porosity Goat Seep Reef separate the Delaware from porous zones within the Capitan aquifer. Other potential fresh water zones (primarily the Rustler Formation) occur above the Salado salt and anhydrite. The top of the anhydrite/salt at this location is generally less than 300 feet deep. This unit serves as an effective barrier between injected and fresh water zones near the surface. No fresh water occurs below the proposed injection zone.

IX. Proposed stimulation program

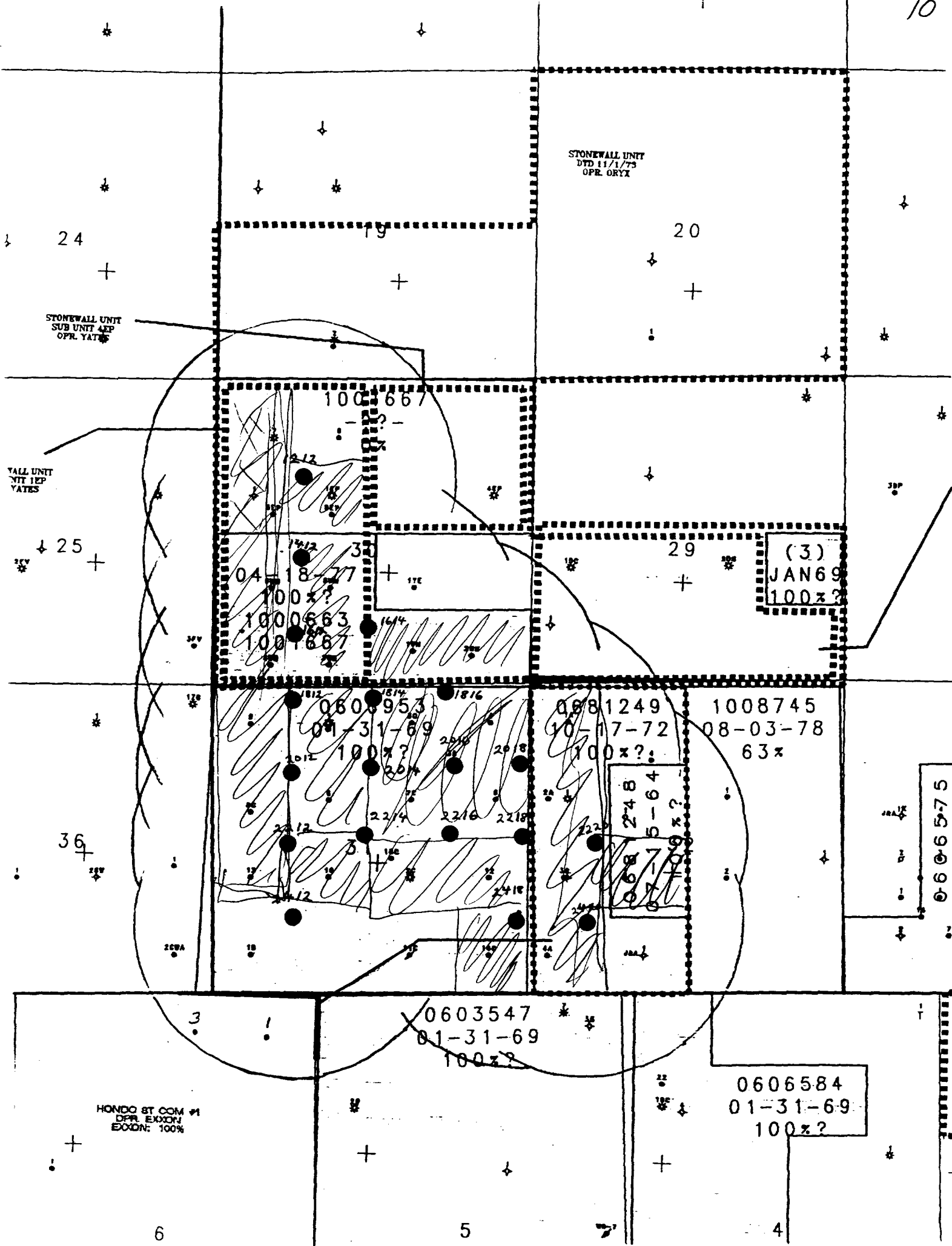
- Perforate Upper Brushy Canyon
- Spot acid across the perforations
- Frac Brushy Canyon with 30-50K # 20/40 sand. Water based frac gel.
- Isolate Brushy Canyon
- Perforate Upper Cherry Canyon
- Spot acid across the perforations
- Frac Cherry Canyon with 30-50K # 20/40 sand. Water based frac gel.
- Put wells on injection
- Run post completion injection profile

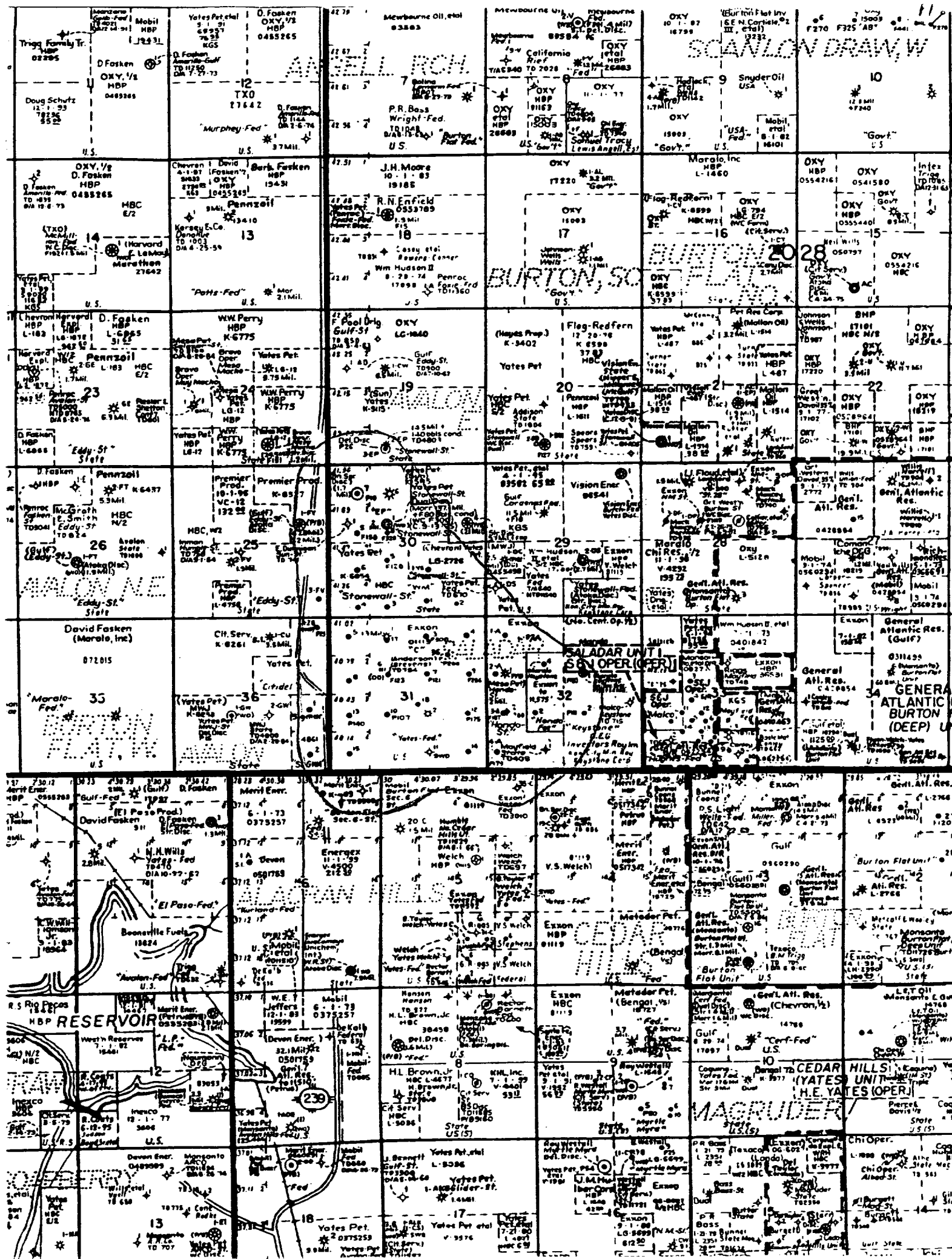
X. Log attached for Yates Federal "C" #36

XI. Chemical analysis on the fresh water well that is within one mile of the proposed wells will be forwarded separately.

XII. There are no indications of open faults or other hydrological connections between the proposed disposal interval and the shallower fresh water zones.

XIII. A signed statement of mailing of notice along with proof of publication will be submitted later.





WELLS WITHIN 1/2 MILE RADIUS OF
PROPOSED AVALON (DELAWARE) INJECTORS
EDDY COUNTY, NEW MEXICO

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG	DEPTH	CMT (SX)
T-20-S, R-28-E										
Yates Pet.	Stonewall "EP" State #2	Gas	19	660 FS, 1980 FW	02/15/77	11500	11060-11070	13 3/8"	588	500
								8 5/8"	2750	1920
								5 1/2"	11458	265
Yates Pet.	Stonewall "EP" State #3	Oil	19	545 FS, 1960 FW	10/29/77	4800	4369-4399	13 3/8"	512	450
								8 5/8"	2900	1300
								5 1/2"	4797	240
Yates Pet.	Federal "DC" #1	Gas	29	1980 FS, 660 FW	09/02/78	11540	10168-10176	13 3/8"	585	550
								8 5/8"	2845	1840
								5 1/2"	11495	650
Exxon Corp.	Yates "C" Federal #6	Oil	31	1980 FNL, 1980 FWL	02/20/83	4700	3550-3595 3606-3624	8 5/8"	634	500
								5 1/2"	4699	950
Exxon Corp.	Yates "C" Federal #1	Gas	31	660 FNL, 1980 FWL	06/19/82	11470	11040-11110	13 3/8"	584	950
								9 5/8"	3154	985
								7	10395	550
Exxon Corp.	Yates "C" Federal #2	Disposal	31	1980 FS, 1980 FE	10/13/82	11901	9004-9130	13 3/8"	588	600
								9 5/8"	3027	1250
								5 1/2"	11901	1780
Exxon Corp.	Yates "C" Federal #3	Oil	31	660 FN, 1980 FE	10/20/82	4702	3400-3608	8 5/8"	605	425
								5 1/2"	4702	1050
Exxon Corp.	Yates "C" Federal #4	Oil	31	660 FNL, 660 FEL	01/06/83	4701	2574-2818	8 5/8"	618	400
								5 1/2"	4701	1050
Exxon Corp.	Yates "C" Federal #5	Oil	31	660 FNL, 660 FWL	06/08/83	4710	2506-2726 3494-3676	8 5/8"	627	1300
								5 1/2"	4704	750
Exxon Corp.	Yates "C" Federal #7	Oil	31	1980 FN, 1980 FE	05/17/83	4700	3448-3650	8 5/8"	618	400
								5 1/2"	4693	1215
Exxon Corp.	Yates "C" Federal #8	Oil	31	2180 FN, 660 FW	07/01/83	4725	2570-2690	8 5/8"	602	1200
								5 1/2"	4720	904
Exxon Corp.	Yates "C" Federal #9	Oil	31	1980 FNL, 560 FEL	05/16/83	4712	2538-2788 3580-3662	8 5/8"	617	450
								5 1/2"	4700	905
Exxon Corp.	Yates "C" Federal #12	TA	31	1980 FSL, 660 FEL	08/03/83	5000		13 3/8"	598	670
								8 5/8"	2495	850
								5 1/2"	4992	900
Exxon Corp.	Yates "C" Federal #10	Oil	31	1980 FSL, 1980 FWL	07/01/83	5000	2548-2714	13 3/8"	632	525
								8 5/8"	2525	850
								5 1/2"	4988	950
Exxon Corp.	Yates "C" Fed. #WD-11	Disposal	31	660 FS, 1980 FE	03/13/84	5000	3955-3982	13 3/8"	600	525
								8 5/8"	2448	850
								5 1/2"	4990	900
Exxon Corp.	Yates "C" Federal #14	TA	31	660 FS, 660 FE	10/27/83	3890		13 3/8"	590	930
								8 5/8"	2493	1025
								5 1/2"	3890	500
Exxon Corp.	Yates "C" Federal #15	TA	31	660 FSL, 660 FWL	12/10/83	4930		13 3/8"	596	1000
								8 5/8"	2513	1300
								5 1/2"	4923	1150

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG	DEPTH	CMT (SX)
T-20-S, R-28-E (continued)										
Exxon Corp.	Yates "C" Federal #13	Oil	31	1980 FSL, 660 FWL	07/31/83	4930	2596-2732 3602-3634	13 3/8" 8 5/8" 5 1/2"	619 2493 4924	750 1700 1800
Exxon Corp.	Yates "C" Federal #17	Oil	31	760 FNL, 1980 FWL	09/19/83	3897	2568-2605 3562-3626	13 3/8" 8 5/8" 5 1/2"	606 2482 3887	1050 930 750
Exxon Corp.	Yates "C" Federal #18	TA	31	2310 FS, 2310 FE	10/20/83	3885		13 3/8" 8 5/8" 5 1/2"	593 2491 3876	700 925 525
Yates Pet	Stonewall "EP" State #1	Gas	30	1980 FN, 1980 FW	09/25/75	11478	10079-10097	13 3/8" 8 5/8" 5 1/2"	612 2799 11380	550 1650 1300
Yates Pet	Stonewall "WM" State #1	Oil	30	560 FS, 1980 FE	06/02/83	4953	2587-2680	20" 10 3/4" 8 5/8" 5 1/2"	40 545 2485 4953	--- 500 1350 700
Yates Pet	Stonewall "WM" State #3	Oil	30	330 FS, 1980 FW	07/22/83	4865	2530-2622 3422-3602	13 3/8" 8 5/8" 5 1/2"	545 2470 4864	650 550 500
Yates Pet	Stonewall "WM" State #2	Inact. Oil	30	450 FS, 990 FE	08/07/84	5450	4960-5216	13 3/8" 8 5/8" 5 1/2"	546 2410 4960	550 1050 750
Yates Pet	Stonewall "WM" State #4	Oil	30	330 FS, 990 FW	11/22/83	4860	2524-2727 3620-3671	20" 13 3/8" 8 5/8" 5 1/2"	40 535 2642 4860	--- 500 1300 750
Yates Pet	Stonewall "WM" State #5	Oil	30	1650 FS, 1980 FW	11/10/83	4900	3330-3367 3487-3515 3570-3576	13 3/8" 8 5/8" 5 1/2"	535 2404 4900	600 1355 700
Yates Pet	Stonewall "YE" State #1	Oil	30	1650 FS, 1980 FE	12/29/83	4950	2595-2732	20" 13 3/8" 8 5/8" 5 1/2"	40 543 2415 4950	--- 550 900 750
Yates Pet	Stonewall "EP" State #5	Oil	30	2310 FN, 990 FW	03/14/84	4870	3361-3730 4142-4346	13 3/8" 8 5/8" 5 1/2"	544 2420 4870	500 1600 800
Yates Pet	Stonewall "WM" State #6	Oil	30	1650 FS, 990 FW	12/27/83	4860	3349-3527	20" 13 3/8" 8 5/8" 5 1/2"	40 535 2410 4860	--- 550 800 800
Yates Pet	Stonewall "EP" State #7	Oil	30	990 FNL, 990 FWL	01/19/84	5107	4979-4983	20" 13 3/8" 8 5/8" 5 1/2"	40 538 2372 5100	--- 500 1120 900
Yates Pet	Stonewall "EP" State #6	Gas	30	990 FNL, 2080 FWL	04/20/85	5100	4983-4992	13 3/8" 8 5/8" 5 1/2"	537 2469 5098	400 1050 600
Yates Pet	Stonewall "EP" State #8	Oil	30	2310 FN, 1980 FW	04/04/84	5303	3384-3412 3434-3541 3622-3688	13 3/8" 8 5/8" 5 1/2"	540 2404 5303	425 950 750

14

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG	DEPTH	CMT (SX)
T-20-S, R-28-E (continued)										
Exxon Corp.	Hondo-State Com #1	Gas	32	1980 FN, 660 FW	05/02/77	11475	10385-10705	13 3/8" 9 5/8" 5 1/2"	565 2790 11475	800 1750 825
Maralo	Keystone #1	Gas	32	1980 NL, 1980 FEL	01/25/78	11600	6298-6503	13 3/8" 8 5/8" 4 1/2"	608 3010 11600	695 1100 875
Exxon Corp.	Hondo "A" State #1	Oil	32	660 FN, 660 FW	02/14/83	4050	2654-2709	8 5/8" 5 1/2"	610 4042	400 780
Exxon Corp.	Hondo "A" State #3	Oil	32	1980 FS, 610 FW	05/24/83	4050	2506-2598	13 3/8" 8 5/8" 5 1/2"	590 2410 4050	880 1450 550
Exxon Corp.	Hondo "A" State #2	Oil	32	1980 FN, 330 FW	03/05/83	4047	2605-2620 2640-2660 3622-3636	8 5/8" 5 1/2"	610 4047	400 770
Exxon Corp.	Hondo "A" State #4	Oil	32	660 FS, 330 FW	06/12/83	3808	2585-2620	13 3/8" 8 5/8" 5 1/2"	590 2445 3808	800 1330 450
Exxon Corp.	Hondo Fee #2	Oil	32	1980 FS, 1650 FW	07/15/83	2813	2542-2556 2602-2612 2628-2640	13 3/8" 8 5/8" 5 1/2"	588 2422 2813	630 1300 135
Maralo Inc	Keystone #2	---	32	1980 FSL, 1980 FEL	08/29/94	6700	6307-6514	13 3/8" 8 5/8" 5 1/2"	502 2557 6700	875 1300 890
Maralo Inc	Keystone #4	---	32	1650 FNL, 1980 FWL	01/22/95	6650	6283-6484	13 3/8" 8 5/8" 5 1/2"	504 2518 6650	550 1200 750
T-20-S, R-27-E										
MWJ Prod.	State "GWA" #1	Oil	36	2180 FS, 660 FE	12/10/80	4845	4724-4731 4740-4758 4764-4766	13 3/8" 8 5/8" 5 1/2"	410 2405 4845	400 1200 600
MWJ Prod.	State "GWA" #2	Oil	36	660 FS, 660 FE	09/13/84	4825	4367-4373	13 3/8" 8 5/8" 5 1/2"	502 2400 4825	500 1350 550
Yates Pet.	Citdale "ZG" #1	Gas	36	330 RN, 330 FE	08/03/84	5100	4871-4880 5023-5026	13 3/8" 8 5/8" 4 1/2"	408 2390 5100	325 800 710
Premier Prod.	Eddy "FV" State Com #1	Gas	25	1980 FN, 990 FE	05/12/76	11450	10014-10028	20" 13 3/8" 9 5/8" 5 1/2"	30 642 3050 11450	--- 650 1350 1070
Premier Prod.	Eddy "FV" State #3	Inact. Oil	25	660 FS, 330 FE	04/29/84	4975	2710-2716 2723-2725 2738-2740	13 3/8" 8 5/8" 5 1/2"	500 2450 4975	500 1800 800

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG	DEPTH	CM1 (SX)
T-21-S, R-27-E										
Mobil Producing	Burton Flat "Sec 6" St #1	D & A	6	660 FNL, 660 FEL	02/19/87	5500		13 3/8"	457	600
								8 5/8"	2599	1300
								5 1/2"	5500	1000
Mobil Producing	Burton Flat "Sec 6" St # 3	Inact. Oil	6	660 FN, 1980 FE	07/27/84	6100	4642-4652	13 3/8"	463	600
								9 5/8"	2500	1500
								7"	6100	1375
Exxon Corp.	Yates "C" Federal #35	Disposal	5	563 FNL, 560 FEL	10/30/85	3110	2702-2898 2950-3098	13 3/8"	629	950
								8 5/8"	2592	1300
								5 1/2"	3110	550

--- = Information not available

Data Source: Petroleum Information, Scout Tickets, Well Files

Schlumberger

COMPENSATED NEUTRON LITHO-DENSITY

COUNTY	FIELD	LOCATION	WELL	COMPANY	COMPANY EXXON COMPANY USA			
					WELL YATES "C" FEDERAL NO. 36			
FIELD AVALON (DELAWARE)					COUNTY EDDY STATE NEW MEXICO			
LOCATION 1306' FNL & FEL					Other Services LDT/CNL DLL/RXO NGT/EPT PHASOR/BHC RFT LOGNET			
API SERIAL NO. 30-015-263700					SECT. 31	TWP. 20-S	RANGE 28-E	
Permanent Datum GL					Elev. 3237.0 F			Elev.: K.B.3247
Log Measured From KB					10.0 F above Perm. Datum			D.F.
Drilling Measured From KB								G.L.3237
Date 14-SEP-1990								
Run No. ONE								
Depth Driller 4970.0 F								
Depth Logger (Bohl) 4972.0 F								
Btm. Log Interval 4939.0 F								
Top Log Interval 2419.0 F								
Casing-Driller 8 5/8 @ 2419.0 F					@			
Casing-Logger 2419.0 F								
Bit Size 7 7/8"								
Type Fluid in Hole CUT BRINE								
Dens.	Visc.	9.40 LB/G		32.0 S				
pH	Fld. Loss	7.5		10.0 C3				
Source of Sample FLOWLINE								
Rm @ Meas. Temp. 156 OHMM @ 71.0 DEGF					@			
Rmt @ Meas. Temp. 126 OHMM @ 71.0 DEGF					@			
Rmc @ Meas. Temp. 244 OHMM @ 71.0 DEGF					@			
Source: Rmt Rmc PRESS PRESS								
Rm @ BHT 106 OHMM @ 108. DEGF					@			
Circulation Ended								
Logger on Bottom SEE LOG								
Max. Rec. Temp. 108. DEGF								
Equip.	Location	8329		ROSWELL				
Recorded By PAT SULLIVAN								
Witnessed By CANTRELL/LUKAS/GANAPATHY/THOMAS								

The well name, location and borehole reference data were furnished by the customer.

All interpretations are opinions based on inferences from electrical or other measurements and we cannot, and do not guarantee the accuracy or correctness of any interpretations, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretations made by any of our officers, agents or employees. These interpretations are also subject to Clause 4 of our General Terms and Conditions as set out in our current Price Schedule.

Run No.	ONE	
Service Order No.	555943	
Drilling Fluid Level		
Salinity	115500. PPM	
Rmt @ BHT	.085 OHMM	0 108. DEGF 0
Rme @ BHT	.165 OHMM	0 108. DEGF 0
Logging Speed	2000.0 F/HR	
EQUIPMENT DATA		
Tool Number 1	LDT SEE CALS	
Tool Number 2	CNL SEE CALS	
Tool Number 3	DLS 978	
Tool Number 4	DLC 1718	
Tool Number 5	SRS 800	
Tool Number 6	SRE 755	
Tool Number 7	SGC 206	
Tool Number 8	NGT SEE CALS	
Tool Number 9	HOBS DITE	
Tool Number 10	SGC 206	
Tool Number 11	TCC 373	
Tool Number 12	TCM 1257	

REMARKS:

CHLORIDES 70K FROM MUD REPORT.

MDEN=2.71 FD=1.05

CGR NOT VALID FILES 10 & 11 DUE TO HIRS (HIGH RESOLUTION) ACQUISITION.

KALMAN FILTER DOES NOT WORK OTHER THAN ON 6" DATA FRAMES.

CGR OK ON PASSES 12 & 13.

AFTER SURVEY TOOL CHECK SUMMARY

PERFORMED: 14-SEP-1990 19:59
PROGRAM FILE: TOH (VERSION 32.4 90/06/12 90/06/06)

LDTD

TOOL CHECK

DENSITY RESISTIVITY SONDE NUMBER : 3946
NUCLEAR SERVICE CARTRIDGE NUMBER : 2839
POWERED DETECTOR HOUSING NUMBER : 1736
POWERED GAMMA-GAMMA DETECTOR NUMBER : 2713
LDT LOGGING SOURCE NUMBER : 1756
LDT CALIBRATION MODE : WATE

	MEASURED BACKGROUND		UNITS	TOLERANCE ON BEFORE-AFTER
	BEFORE	AFTER		
LL	18.7	18.6	CPS	+/- 1.0
LU	72.7	72.9	CPS	+/- 1.0
LS	55.0	55.0	CPS	+/- 1.0
LITH	5.4	5.4	CPS	+/- 0.3
SS1	15.8	15.8	CPS	+/- 0.5
SS2	10.7	10.7	CPS	+/- 0.5

HV SETTINGS
HV LS: 1266.8 V
HV SS: 1285.0 V

DETECTOR RESOLUTIONS
LS: 8.4 %
SS: 8.7 %

BKGD

BKGD

BEFORE SURVEY: 14-SEP-1990 11:47 AFTER SURVEY: 14-SEP-1990 19:50

NGTC

TOOL CHECK

NGTC CARTRIDGE NUMBER : 935
 NGTC DETECTOR NUMBER : 949
 NGTC CALIBRATOR NUMBER : 11
 GSR-U/Y REFERENCE (GAPI) : 164

SGR	BEFORE 164		AFTER 165		UNITS GAPI
	MEASURED BKG	AFTER JIG	SURVEY NORM VAL	BEFORE NORM VAL	UNITS
W1NG	59.0	456.8	388.2	387.6	CPS
W2NG	20.6	200.2	175.2	173.7	CPS
W3NG	5.9	31.5	25.0	23.2	CPS
W4NG	1.5	16.7	14.8	14.8	CPS
W5NG	1.4	26.2	24.2	24.2	CPS

PCSL -208 KEY OFFSET

DETECTOR RESOLUTION : 11.5 %
 P.M. HIGH VOLTAGE : 1603.8 V
 THORIUM PEAK FORM FACTOR : -.16
 SHOP QUALITY WINDOWS RATIO: 2.24
 QUALITY WINDOWS RATIO : 2.23

BEFORE SURVEY: BACK: 14-SEP-1990 11:47 JIG: 14-SEP-1990 11:57
 AFTER SURVEY CHECK: BACK: 14-SEP-1990 19:50 JIG: 14-SEP-1990 19:57

CNTH

TOOL CHECK

INPUT	BEFORE JIG	AFTER JIG
CNTC	2842.84	2827.46
CFTC	1193.21	1194.21

CHANGE IN THERMAL POROSITY AT 20 PU IS -.212 PU

BEFORE SURVEY: BACK: 14-SEP-1990 11:47 JIG: 14-SEP-1990 11:57
 AFTER SURVEY CHECK: BACK: 14-SEP-1990 19:50 JIG: 14-SEP-1990 19:57

ACCUMULATED INTEGRATION VALUES SUMMARY:

IHV: 1093.57 F3 FROM 4972.00 F TO 2419.00 F
 ICV: 672.355 F3 FROM 4972.00 F TO 2419.00 F

EVENT MARK SUMMARY:

OUTPUT	INTERVAL BETWEEN PIPS	DEPTH TRACK EDGE
IHV	10.0000 F3	LEFT EDGE
ICV	10.0000 F3	RIGHT EDGE

CALI(JN)			
6.0000	16.000		
SGR (GAPI)		DRHQ(G/C3)	
0.0	100.00	-.0500	.45000
CGR (GAPI)		RHQB(G/C3)	
0.0	100.00	2.0000	3.0000
TENS(LRF)		MPQR(Y/V)	
10000.	0.0	.30000	-.1000
SGR (GAPI)		MPQR(Y/V)	
100.00	200.00	.70000	.30000

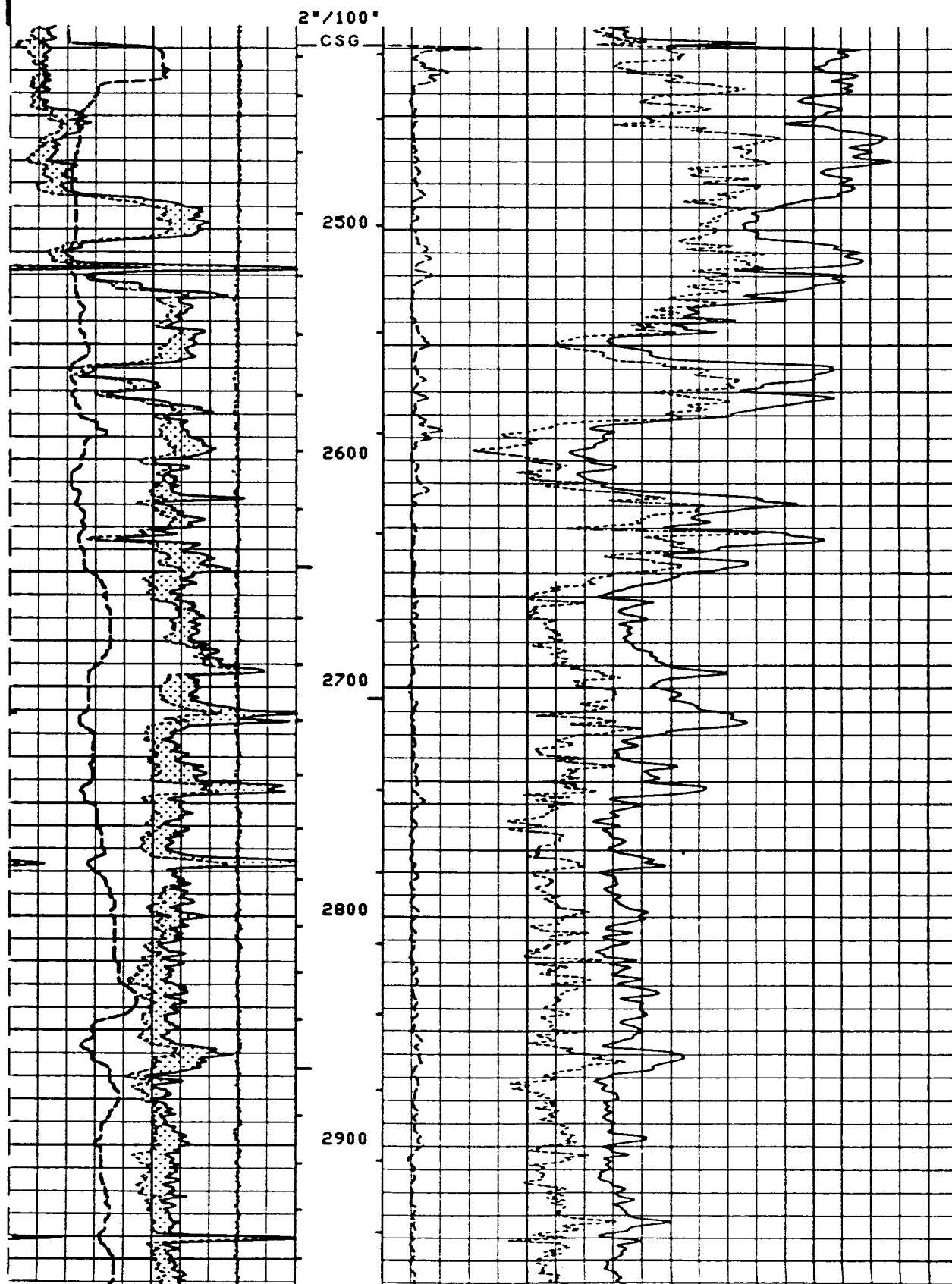
CP 32.4

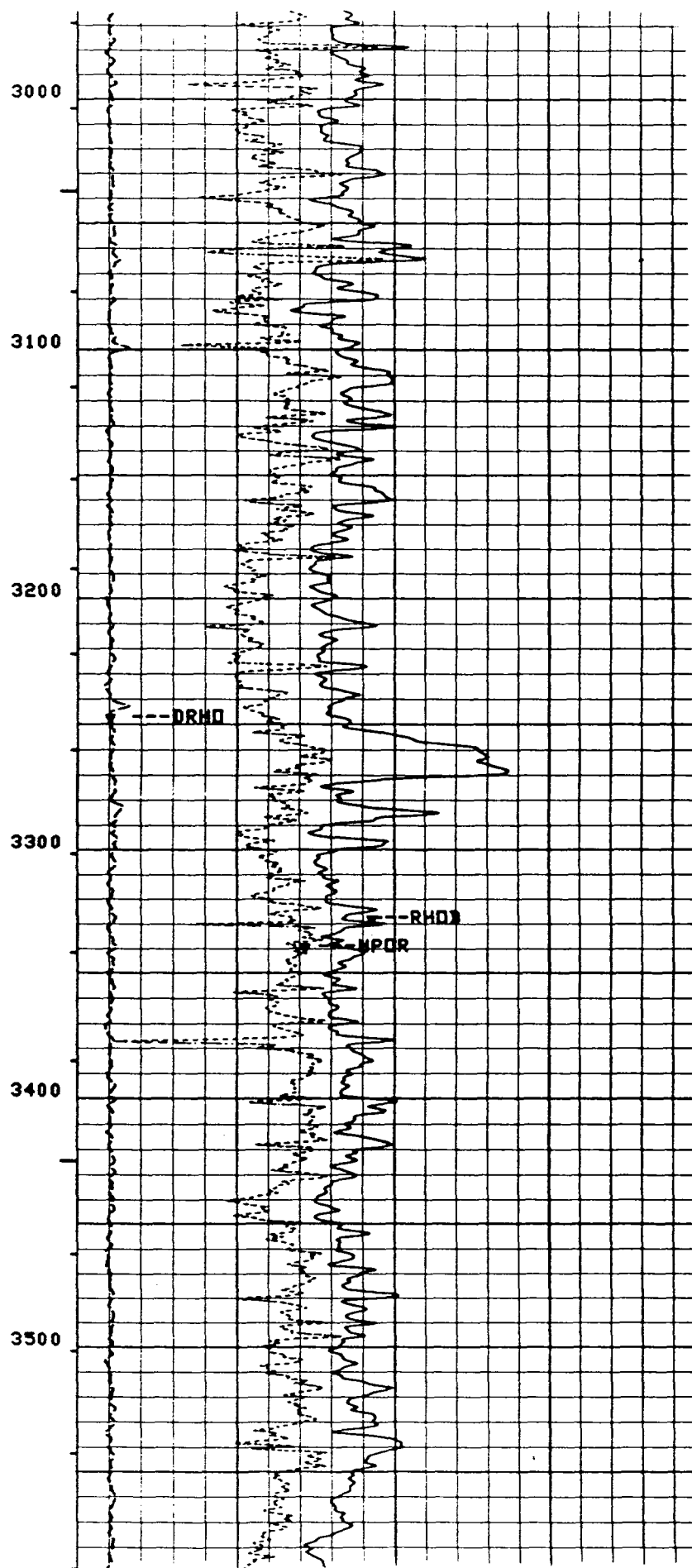
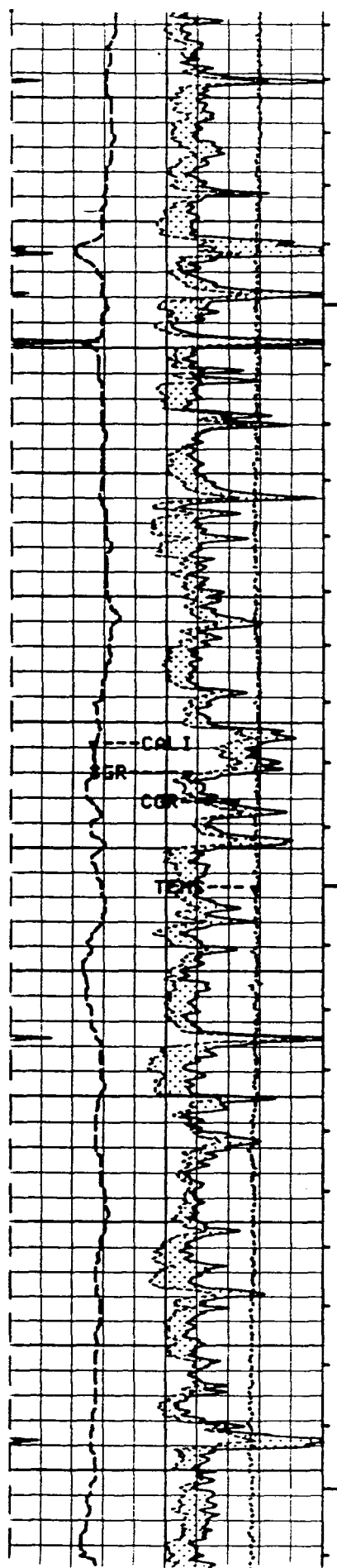
FILE 7

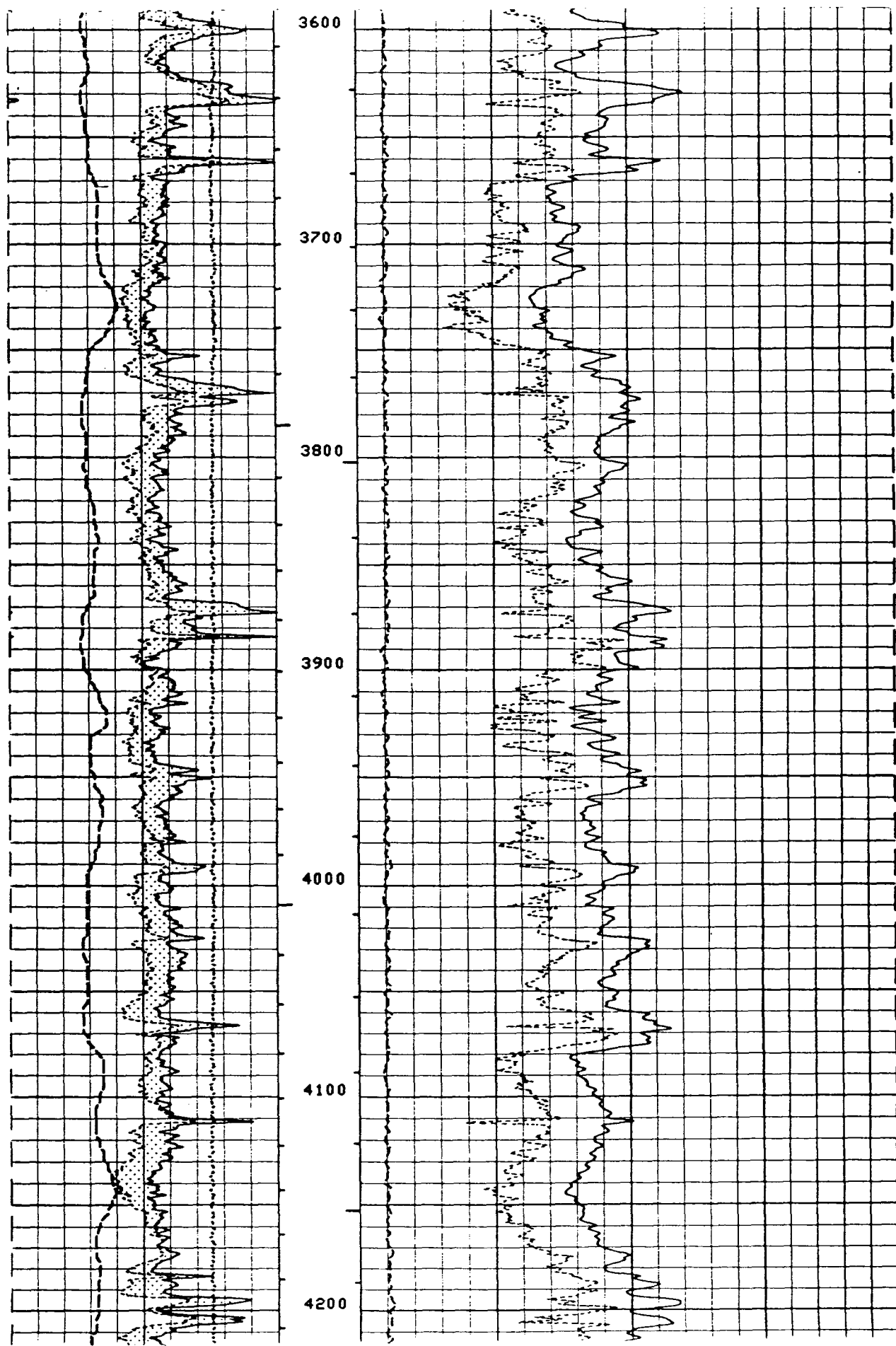
14-SEP-1990 21:15

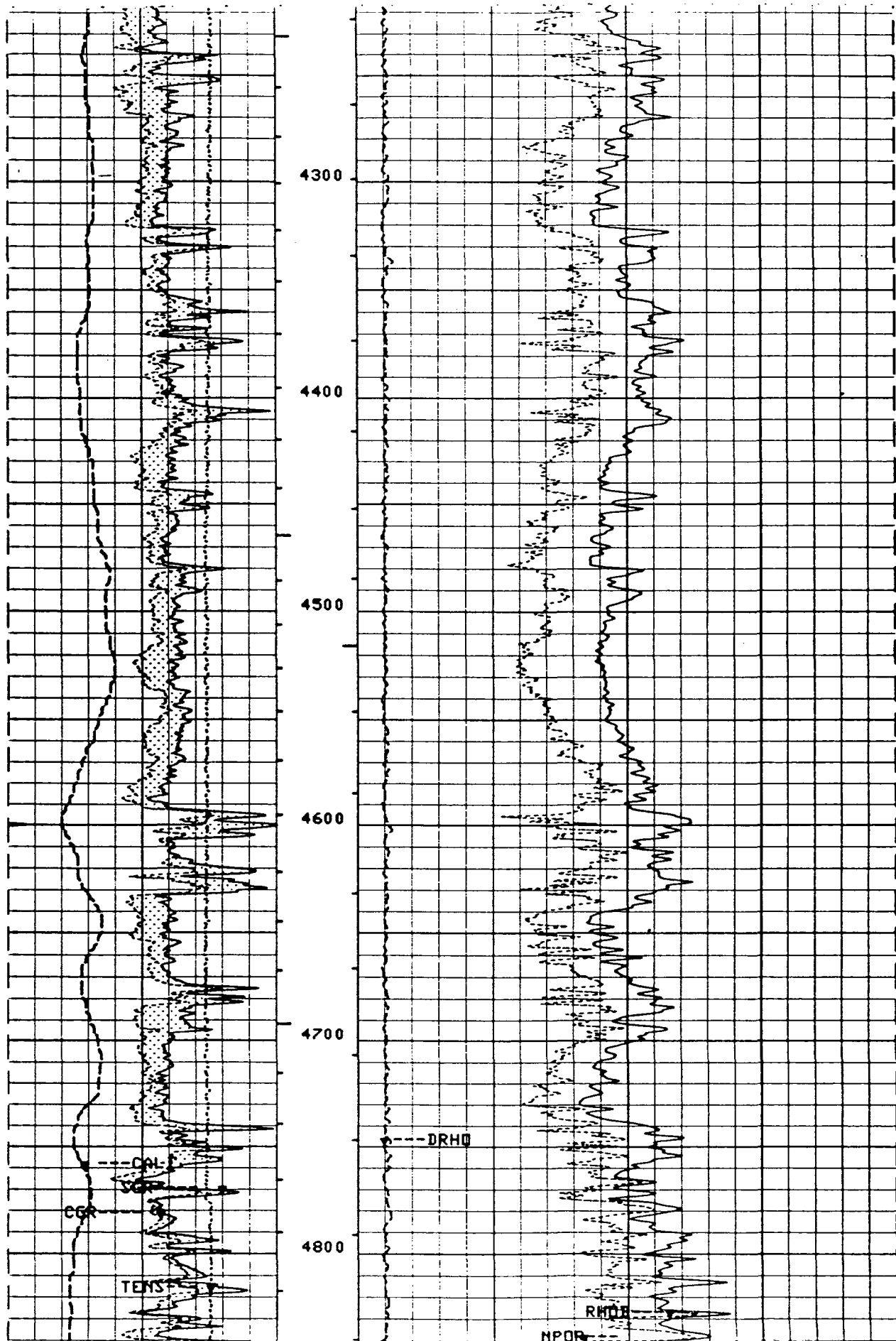
INPUT FILE(S)
13

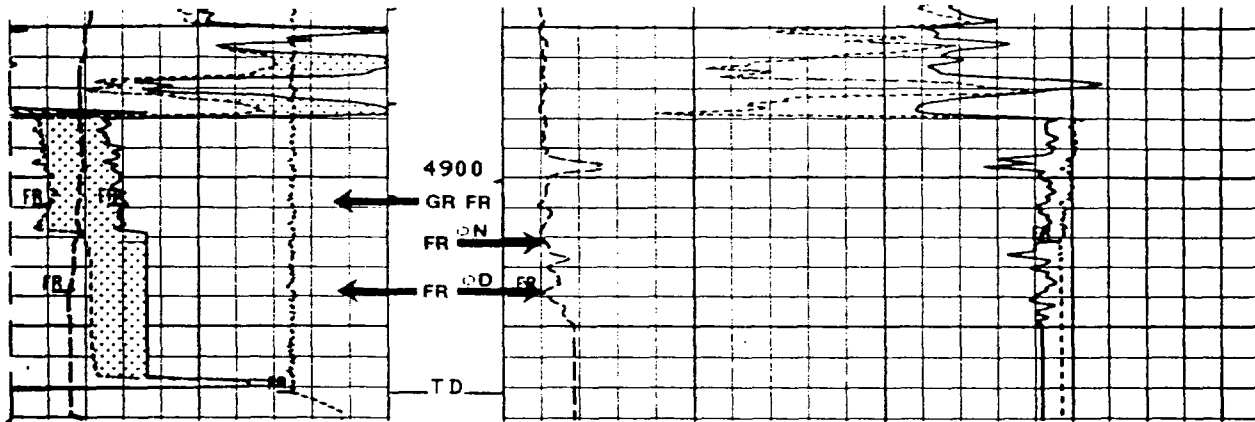
DATA ACQUIRED
14-SEP-1990 15:50











2"/100"

CP 32.4

FILE 7

14-SEP-1990 21:07

INPUT FILE(S)
13DATA ACQUIRED
14-SEP-1990 15:50

CALI(IN)			
6.0000	16.000		
SGR (GAPI)		DRHO(G/C3)	
0.0	100.00	-0.0500	.45000
CGR (GAPI)		RHOB(G/C3)	
0.0	100.00	2.0000	3.0000
TENS(LBF)		NPOR(V/V)	
10000.	0.0	.30000	-.1000
SGR (GAPI)		NPOR(V/V)	
100.00	200.00	.70000	.30000

SENSOR MEASURE POINT TO TOOL ZERO

DV1 14.9 FEET	CAL1 2.8 FEET
SV0 14.9 FEET	S10 14.9 FEET
DV0 14.9 FEET	D10 14.9 FEET
CALS 3.1 FEET	DLCS .6 FEET
W2NG 62.7 FEET	W1NG 62.7 FEET
W4NG 62.7 FEET	W3NG 62.7 FEET
CFTC 50.9 FEET	W5NG 62.7 FEET
LITH 33.3 FEET	CNTC 50.4 FEET
LS 33.3 FEET	LL 33.3 FEET
PARI 32.8 FEET	LU 33.3 FEET
SS2 32.8 FEET	SS1 32.8 FEET
TENS .6 FEET	CALI 33.4 FEET
CMSF 1.1 FEET	I1 1.3 FEET
TNRA 51.4 FEET	SGR 62.7 FEET

PARAMETERS

NAME	VALUE	UNIT	NAME	VALUE	UNIT
PP	NORM		DD	0.0	F
WMUD	9.40000	LB/G	TD	4972.00	F
FCD	5.50000	IN	DHC	NONE	
BFM	LIQU		MDEN	2.71000	G/C3
FD	1.05000	G/C3	DPPM	STAN	
MATR	LIME		HC	CALI	
NPDC	0		HSCD	YES	
SOCD	NO		MCCD	NO	
BSCD	NO		FSCD	NO	
MWCD	NO		PTCD	NO	
SDAT	SOCD		MCQR	NATU	
SOCD	.500000	IN	FSAL	-50000.0	PPM
ANGL	0.0	DEG	GGRD	.0100000	DF/F
BHFL	WATE		PCSL	-208	KEV
NFO	KALM		CBAR	1.00000	
PMUD	0.0	%	GTSE	TEMP	



Laboratory Services, Inc.

1331 Tasker Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

WATER ANALYSIS

COMPANY Exxon Company USA

SAMPLE Don Rains

SAMPLED BY Exxon

DATE TAKEN 06-05-95

REMARKS

Barium as Ba 0.00

Carbonate alkalinity PPM 0

Bicarbonate alkalinity PPM 144

pH at Lab 7.06

Specific Gravity @ 60° F 1.004

Magnesium as Mg 1,376

Total Hardness as CaCO₃ 2,372

Chlorides as Cl 760

Sulfate as SO₄ 2,500

Iron as Fe 0.65

Potassium 0.47

Hydrogen Sulfide 0.00

Resistivity Ohms 22.2° C

Total Dissolved Solids 2,720

Calcium as CA 996

Nitrate 15.40

Results reported as Parts per Million unless stated

Langelier Saturation Index +0.19

Analysis by Rolland Perry

Date: 06-07-95

WELLS WITHIN 1/2 MILE RADIUS OF
PROPOSED AVALON (DELAWARE) INJECTORS
EDDY COUNTY, NEW MEXICO

Exhibit No. **33**
Exxon Corporation
NMBCD Cases 11297 & 11298
Hearing Date: June 29, 1995

Page 1

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG.	DEPTH	CMT (SX)	TOC	HOW TOC DETERMINED
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T-20-S, R-28-E

Yates Pet.	Stonewall "EP" State #2	Gas	19	660 FS, 1980 FW	02/15/77	11500	11060-11070	13 3/8"	588	500	Surface	Circ
						8 5/8"	2750	1920	Surface			Circ
						5 1/2"	11458	265	9900			Temp Survey
Yates Pet.	Stonewall "EP" State #3	Oil	19	545 FS, 1960 FW	10/29/77	4800	4369-4399	13 3/8"	512	450	Surface	Circ
						8 5/8"	2900	1640	Surface			Circ
						5 1/2"	4797	240	3290			Temp Surv. CBL
Yates Pet.	Federal "DC" #1	Gas	29	1980 FS, 660 FW	09/02/78	11540	10168-10176	13 3/8"	585	550	Surface	Circ
						8 5/8"	2845	1840	Surface			Circ
						5 1/2"	11495	650	7000			CBL
												SQ - <2700 CBL
Exxon Corp.	Yates "C" Federal #6	Oil	31	1980 FNL, 1980 FWL	02/20/83	4700	3550-3595	9 5/8"	634	500	Surface	Circ
							3606-3624	5 1/2"	4699	950	Surface	Circ
Exxon Corp.	Yates "C" Federal #1	Gas	31	660 FNL, 1980 FWL	06/19/82	11470	11040-11110	13 3/8"	584	950	Surface	Circ
						9 5/8"	3154	985	7497			Calculated
						7	10395	550	9901-	160	9901	Circ
							5" liner		11467			
Exxon Corp.	Yates "C" Federal #2	Disposal	31	1980 FS, 1980 FE	10/13/82	11901	9004-9130	13 3/8"	588	600	Surface	Circ
						9 5/8"	3027	1250				Temp Survey
						5 1/2"	11901	1780	3980			Temp Survey
Exxon Corp.	Yates "C" Federal #3	Oil	31	660 FN, 1980 FE	10/20/82	4702	3400-3608	8 5/8"	605	425	1730	Temp Survey
						5 1/2"	4702	1050				
Exxon Corp.	Yates "C" Federal #4	Oil	31	660 FNL, 660 FEL	01/06/83	4701	2574-2818	8 5/8"	618	400	Surface	Circ
						5 1/2"	4701	1050				
Exxon Corp.	Yates "C" Federal #5	Oil	31	660 FNL, 660 FWL	06/08/83	4710	2506-2726	8 5/8"	627	1300	280	Temp Survey
						5 1/2"	3494-3676	4704	750			
Exxon Corp.	Yates "C" Federal #7	Oil	31	1980 FN, 1980 FE	05/17/83	4700	3448-3650	8 5/8"	618	400	Surface	Circ
						5 1/2"	4693	1215				
Exxon Corp.	Yates "C" Federal #8	Oil	31	2180 FN, 660 FW	07/01/83	4725	2570-2690	8 5/8"	602	1200	Surface	Circ
						5 1/2"	4720	904				
Exxon Corp.	Yates "C" Federal #9	Oil	31	1980 FNL, 560 FEL	05/16/83	4712	2538-2788	8 5/8"	617	450	Surface	Circ
							3580-3662	5 1/2"	4700	905	Surface	Circ

WELLS WITHIN 1/2 MILE RADIUS OF
PROPOSED AVALON (DELAWARE) INJECTORS
EDDY COUNTY, NEW MEXICO

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH (PERFS)	COMPLETION CSG.	DEPTH (SX)	CMT	TOC	HOW TOC DETERMINED
Exxon Corp.	Yates "C" Federal #12	TA	31	1980 FSL, 660 FEL	08/03/83	5000 2528-2624 3655-3684	13 3/8" 8 5/8" 5 1/2"	598 2495 4992	670 865 900	Surface Surface Surface	Circ Circ Circ
Exxon Corp.	Yates "C" Federal #10	Oil	31	1980 FSL, 1980 FWL	07/01/83	5000 2548-2714	13 3/8" 8 5/8" 5 1/2"	632 2525 4988	525 850 950	Surface Surface 620	Circ Circ Calculated
Exxon Corp.	Yates "C" Fed. #WD-11	Disposal	31	660 FS, 1980 FE	03/13/84	5000 3955-3982	13 3/8" 8 5/8" 5 1/2"	600 2448 4990	525 850 900	Surface Surface 2550	Circ Circ Squeeze job
Exxon Corp.	Yates "C" Federal #14	TA	31	660 FS, 660 FE	10/27/83	3890 2598-2636	13 3/8" 8 5/8" 5 1/2"	590 2493 3890	930 1025 500	Surface Surface 2446	Circ Circ Temp Survey
Exxon Corp.	Yates "C" Federal #15	TA	31	660 FSL, 660 FWL	12/10/83	4930 2704-2597 4422-4429 4714-4718	13 3/8" 8 5/8" 5 1/2"	596 2513 4923	1000 1300 1150	410 Surface Surface	Temp Survey Circ Circ
Exxon Corp.	Yates "C" Federal #13	Oil	31	1980 FSL, 660 FWL	07/31/83	4930 2596-2732 3602-3634	13 3/8" 8 5/8" 5 1/2"	619 2493 4924	750 1980 1800	Surface Surface Surface	Circ Circ Circ
Exxon Corp.	Yates "C" Federal #17	Oil	31	760 FNL, 1980 FWL	09/19/83	3897 2568-2605 3562-3626	13 3/8" 8 5/8" 5 1/2"	606 2482 3887	1050 930 750	Surface Surface Surface	Circ Circ Circ
Exxon Corp.	Yates "C" Federal #18	TA	31	2310 FS, 2310 FE	10/20/83	3885 2596-2757 3630-3640	13 3/8" 8 5/8" 5 1/2"	593 2491 3876	700 925 525	Surface Surface 1367	Circ Circ Temp Survey
Yates Pet	Stonewall "EP" State #1	Gas	30	1980 FN, 1980 FW	09/25/75	11478 10079-10097	13 3/8" 8 5/8" 5 1/2"	612 2799 11380	550 1650 1300	Surface Surface 4800	Circ Circ Temp Surv SQ - 2600'
Yates Pet	Stonewall "VM" State #1	Oil	30	560 FS, 1980 FE	06/02/83	4953 2587-2680	13 3/4" 8 5/8" 5 1/2"	545 2485 4953	500 1350 700	Surface Surface 1475	Circ Circ Temp Surv

WELLS WITHIN 1/2 MILE RADIUS OF
PROPOSED AVALON (DELAWARE) INJECTORS
EDDY COUNTY, NEW MEXICO

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG	DEPTH	CMT (SX)	TOC	HOW TOC DETERMINED
Yates Pet	Stonewall "WM" State #3	Oil	30	330 FS, 1980 FW	07/22/83	4865	2530-2622 3422-3602	13 3/8" 8 5/8" 5 1/2"	545 2470 4864	650 550 500	Surface Surface 2430	Circ Circ CBL
Yates Pet	Stonewall "WM" State #2	Inact. Oil	30	450 FS, 990 FE	08/07/84	5450	4960-5216	13 3/8" 8 5/8" 5 1/2"	546 2410 4960	550 1050 750	Surface Surface 1500	Circ Circ Temp Surv
Yates Pet	Stonewall "WM" State #4	Oil	30	330 FS, 990 FW	11/22/83	4860	2524-2727 3620-3671	20" 13 3/8" 8 5/8" 5 1/2"	40 535 2642 4860	--- 500 1300 750	Surface Surface Surface 600	Circ Circ Circ CBL
Yates Pet	Stonewall "WM" State #5	Oil	30	1650 FS, 1980 FW	11/10/83	4900	3330-3367 3487-3515 3570-3576	13 3/8" 8 5/8" 5 1/2"	535 2404 4900	600 1355 700	Surface Surface 930	Circ Circ CBL
Yates Pet	Stonewall "YE" State #1	Oil	30	1650 FS, 1980 FE	12/29/83	4950	2595-2732	20" 13 3/8" 8 5/8" 5 1/2"	40 543 2415 4950	--- 550 900 750	Surface Surface Surface <2100	Circ Circ Circ CBL
Yates Pet	Stonewall "EP" State #5	Oil	30	2310 FN, 990 FW	03/14/84	4870	3361-3730 4142-4346	13 3/8" 8 5/8" 5 1/2"	544 2420 4870	500 1600 800	Surface Surface 880	Circ Circ CBL
Yates Pet	Stonewall "WM" State #6	Oil	30	1650 FS, 990 FW	12/27/83	4860	3349-3527	20" 13 3/8" 8 5/8" 5 1/2"	40 535 2410 4860	--- 550 800 800	Surface Surface Surface 190	Circ Circ Circ CBL
Yates Pet	Stonewall "EP" State #7	Oil	30	990 FNL, 990 FWL	01/19/84	5107	4979-4983	20" 13 3/8" 8 5/8" 5 1/2"	40 538 2372 5100	--- 500 1120 900	Surface Surface Surface <2300	Circ Circ Circ CBL
Yates Pet	Stonewall "EP" State #6	Gas	30	990 FNL, 2080 FWL	04/20/85	5100	4983-4992	13 3/8" 8 5/8" 5 1/2"	537 2469 5098	400 1725 600	Surface Surface 1950	Circ Circ CBL
Yates Pet	Stonewall "EP" State #8	Oil	30	2310 FN, 1980 FW	04/04/84	5303	3384-3412 3434-3541 3622-3688	13 3/8" 8 5/8" 5 1/2"	540 2404 5303	425 950 750	Surface Surface 1890	Circ Circ CBL

WELLS WITHIN 1/2 MILE RADIUS OF
PROPOSED AVALON (DELAWARE) INJECTORS
EDDY COUNTY, NEW MEXICO

OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG	DEPTH	CMT (SX)	TOC	HOW TOC DETERMINED
Exxon Corp.	Hondo-State Com #1	Gas	32	1980 FN, 660 FW	05/02/77	11475	10385-10705	13 3/8"	565	800	Surface	Circ
								9 5/8"	2790	1750		
								5 1/2"	11475	825	2433	Calculated
								+sqz w/ 1200 sx				
Maralo	Keystone #1	Gas	32	1980 NL, 1980 FEL	01/25/78	11600	6298-6503	13 3/8"	608	695	Surface	Circ
								8 5/8"	3010	1100		
								4 1/2"	11600	875	5678	Calculated
Exxon Corp.	Hondo "A" State #1	Oil	32	660 FN, 660 FW	02/14/83	4050	2654-2709	8 5/8"	610	400		Temp Survey
								5 1/2"	4042	780	190	
Exxon Corp.	Hondo "A" State #3	Oil	32	1980 FS, 610 FW	05/24/83	4050	2506-2598	13 3/8"	590	880	Surface	Circ
								8 5/8"	2410	1450		
								5 1/2"	4050	550	1292	Calculated
Exxon Corp.	Hondo "A" State #2	Oil	32	1980 FN, 330 FW	03/05/83	4047	2605-2620	8 5/8"	610	400	Surface	Circ
							2640-2660	5 1/2"	4047	770		
							3622-3636					
Exxon Corp.	Hondo "A" State #4	Oil	32	660 FS, 330 FW	06/12/83	3808	2585-2620	13 3/8"	590	800	Surface	Circ
								8 5/8"	2445	1330		
								5 1/2"	3808	450	1551	Calculated
Exxon Corp.	Hondo Fee #2	Oil	32	1980 FS, 1650 FW	07/15/83	2813	2542-2556	13 3/8"	588	630	Surface	Circ
							2602-2612	8 5/8"	2422	1300		
							2628-2640	5 1/2"	2813	135	2136	Calculated
Maralo Inc	Keystone #2	---	32	1980 FSL, 1980 FEL	08/29/94	6700	6307-6514	13 3/8"	502	875	Surface	Circ
								8 5/8"	2557	1300		
								5 1/2"	6700	890	2236	Calculated
Maralo Inc	Keystone #4	---	32	1650 FNL, 1980 FWL	01/22/95	6650	6283-6484	13 3/8"	504	550	Surface	Circ
								8 5/8"	2518	1200		
								5 1/2"	6650	750	2650	Temp Survey
Maralo Inc	Keystone #5	---	32	660 FNL, 1980 FEL		6331-6523		13 3/8"	530	550	Surface	Circ
								8 5/8"	2500	950		
								5 1/2"	6680	630	2470	Temp Survey

WELLS WITHIN 1/2 MILE RADIUS OF
PROPOSED AVALON (DELAWARE) INJECTORS
EDDY COUNTY, NEW MEXICO

Page 5

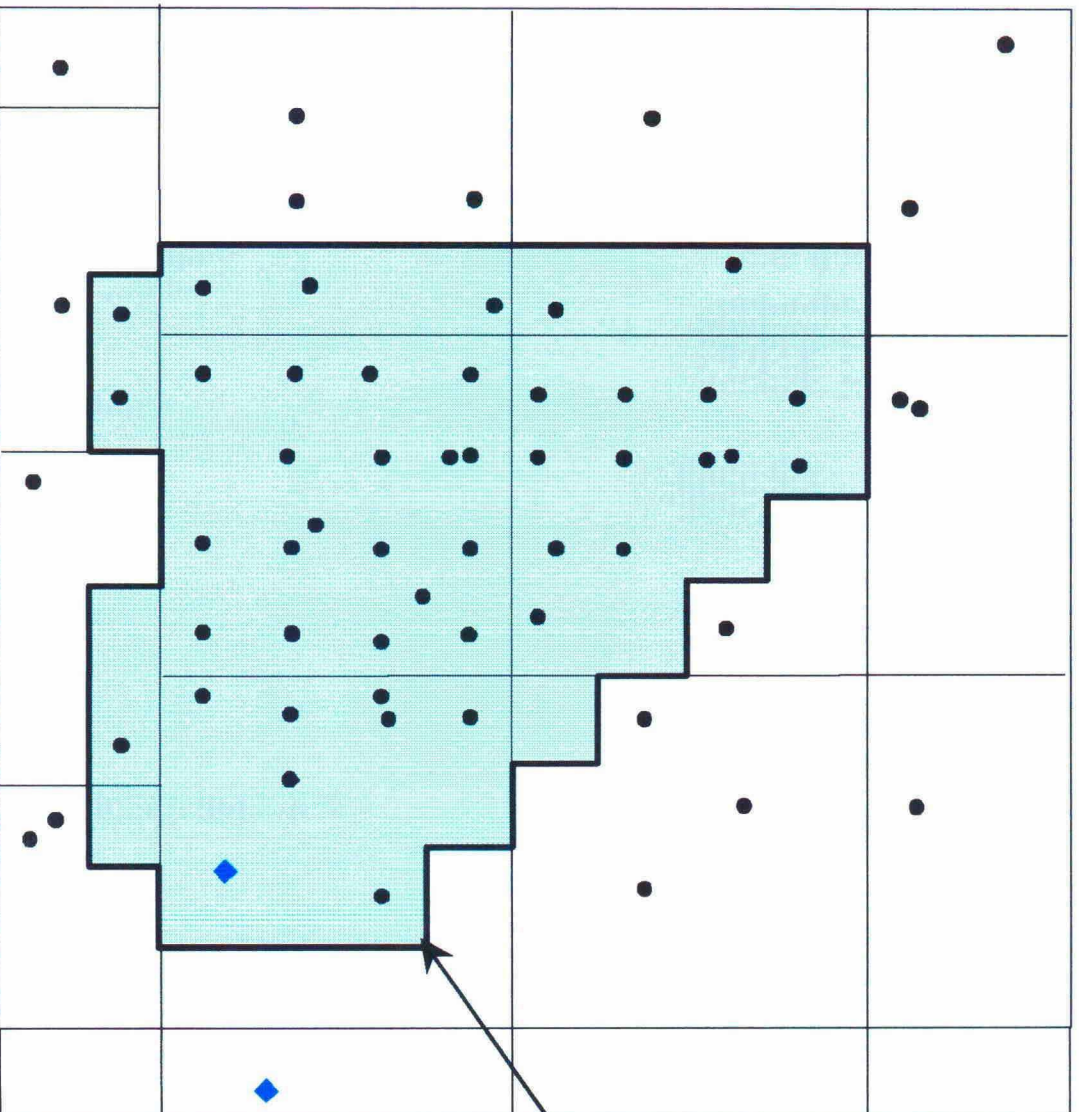
OPERATOR	WELL NAME	STATUS	SECT. #	FOOTAGE	DATE DRILLED	DEPTH	COMPLETION (PERFS)	CSG.	DEPTH	CMT (SX)	TOC	HOW TOC DETERMINED
T-20-S, R-27-E												
MMUJ Prod.	State "GWA" #1	Oil	36	2180 FS, 660 FE	12/10/80	4845	4724-4766	13 3/8"	410	400		
								8 5/8"	2405	1200	Surface	Circ
								5 1/2"	4845	600	2270	Temp Survey
MMUJ Prod.	State "GWA" #2	Oil	36	660 FS, 660 FE	09/13/84	4825	4367-4373	13 3/8"	502	500		
								8 5/8"	2400	1350	1480 T. S.	Final TOC @ 833'
								5 1/2"	4825	550	2620	Temp Survey
Yates Pet.	Citadel "ZG" #1	Gas	36	330 FN, 330 FE	08/03/84	5100	4871-4880	13 3/8"	408	325		
							5023-5026	8 5/8"	2390	800	Surface	Circ
								4 1/2"	5100	710	<2100	CBL
Premier Prod.	Eddy "FV" State Com #1	Gas	25	1980 FN, 990 FE	05/12/76	11450	10014-10028	20"	30	---		
								13 3/8"	642	650		
								9 5/8"	3050	1350	1017	Calculated
								5 1/2"	11450	1070	6084	Calculated
Premier Prod.	Eddy "FV" State #3	Inact. Oil	25	660 FS, 330 FE	04/29/84	4975	2710-2716	13 3/8"	500	500		
							2723-2725	8 5/8"	2450	1800	Surface	Calculated
							2738-2740	5 1/2"	4975	800	963	Calculated
T-21-S, R-27-E												
Exxon Corp.	Burton Flat "Sec 6" St #1	Inact. Oil	6	660 FNL, 660 FEL	02/19/87	5500		13 3/8"	457	600		
								8 5/8"	2589	1300	Surface	Circ
								5 1/2"	5500	1000	1050	Temp Survey
Exxon Corp.	Burton Flat "Sec 6" St #3	Inact. Oil	6	660 FN, 1980 FE	07/27/84	6100	4642-4652	13 3/8"	463	600		
								9 5/8"	2500	1500	Surface	Circ
								7"	6100	1575	Surface	Circ
Exxon Corp.	Yates "C" Federal #35	Disposal	5	563 FNL, 560 FEL	10/30/85	3110	2702-2898	13 3/8"	629	950		
							2950-3098	8 5/8"	2592	1300	Surface	Circ
								5 1/2"	3110	550	Surface	Circ

--- = Information not available

Data Source: Petroleum Information, Scout Tickets, Well Files

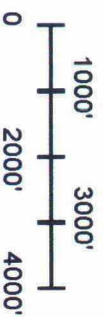
AVALON (DELAWARE) UNIT

FRESH WATER WELLS



Proposed Unit Area

- Wells
- ◆ Fresh Water Wells





Laboratory Services, Inc.

1331 Tasker Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

WATER ANALYSIS

COMPANY Exxon Company USA

SAMPLE Riggs/Hood

SAMPLED BY Exxon

DATE TAKEN 6-6-95 7:00 AM

REMARKS

Barium as Ba 0.00

Carbonate alkalinity PPM 0

Bicarbonate alkilinity PPM 116

pH at Lab 7.02

Specific Gravity @ 60° F 1.004

Magnesium as Mg 1,218

Total Hardness as CaCO3 2,100

Chlorides as Cl 372

Sulfate as SO4 2,625

Iron as Fe 0.10

Potassium 0.31

Hydrogen Sulfide 0.00

Resistivity Ohms 22.2° C

Total Dissolved Solids 2,040

Calcium as CA 882

Nitrate 17.60

Results reported as Parts per Million unless stated

Langelier Saturation Index -0.01

Analysis by Rolland Perry

Date: 06-07-95

Exhibit No. **35**

Exxon Corporation

NMOCD Cases 11297 & 11298

Hearing Date: June 29, 1995

AVALON (DELAWARE) UNIT

RESERVES BY TRACT*

TRACT	REMAINING PRIMARY RESERVES	WATERFLOOD RESERVES	TERTIARY RESERVES
1	0.00	0.00	203.90
2	741.80	4,368.20	18,995.00
3-A	0.00	345.10	530.60
3-B	43.40	403.60	1,693.00
3-C	0.00	0.80	446.70
3-D	33.40	373.30	1,045.90
3-E	0.00	0.00	362.50
4-A	0.00	0.00	852.50
4-B	0.00	0.00	247.40
5-A	53.40	368.10	1,425.90
5-B	19.30	174.50	1,189.70
5-C	33.80	741.50	2,177.20
5-D	40.30	698.40	2,009.30
5-E	20.20	157.50	966.20
5-F	0.00	69.30	481.00
6	0.00	0.00	1,626.00
7	0.00	0.00	427.60
8	0.70	0.00	165.80
9	0.00	0.00	444.30
10	202.80	499.40	3,350.90
11	3.10	69.70	1,050.50
12	0.00	0.00	191.10
TOTAL	1,192.20	8,269.40	39,883.00

* From Exhibit D in the Unit Agreement.

NMOCD Hearing

RESERVE DATA
UNITS ARE THOUSAND OF BARRELS

June, 1995

Exhibit No. **36**
Exxon Corporation
NMOCD Cases 11297 & 11298
Hearing Date: June 29, 1995

EQUITY FORMULA SUMMARY

- **Tract participation = 25% (Primary) + 50% (Secondary) + 25% (Tertiary)**

Where: Primary = Tract Remaining Primary Reserves as of 1/1/93

Secondary = Tract Waterflood Reserves

Tertiary = Tract CO₂ Reserves

- **Reserve Weighting Rationale**

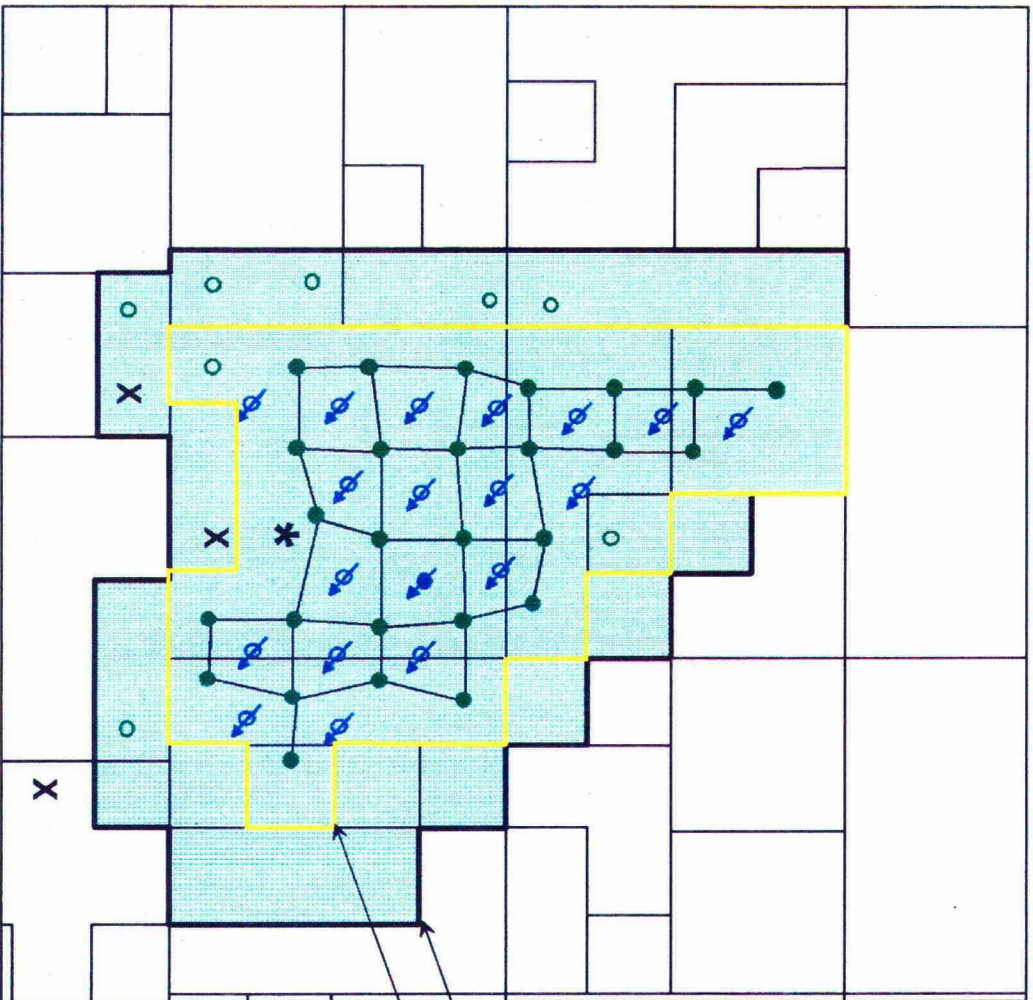
- Primary: Small reserves, but highest value per barrel with lowest risk (already developed, established decline)
- Secondary: Main objective of unit, large reserves, low risk (same project area as primary, moderate development and operating costs)
- Tertiary: Largest reserve target, but lowest value per barrel with highest risk (large expansions, high development and operating costs, very sensitive to future pricing)

EFFECT OF PROPOSED UNIT ON PREMIER

- **Premier Tracts Cumulative Production = 5,100 BO**
- **Premier Without Unit**
 - Current Production = 0 BOPD
 - Remaining Continued Operations Reserves = 0 BO
- **Premier Share With Unit**
 - 1% of Future Production
 - Remaining Primary Reserves (1/1/95) = 8,000 BO
 - Primary + Secondary = 90,000 BO
 - Primary + Secondary + Tertiary = 489,000 BO

AVALON (DELAWARE) UNIT

WATERFLOOD PROJECT AREA



WELL SYMBOL LEGEND	
●	Oil Well
→	Injector (Conversion)
→○	Injector (Proposed)
X	Water Source Well
○	Well for Future Use
*	Disposal Well

Proposed Unit Area Outline
 Waterflood Project Area Outline

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

LARGE FORMAT
EXHIBIT HAS
BEEN REMOVED
AND IS LOCATED
IN THE NEXT FILE

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