

UNIT OPERATING AGREEMENT
WEST LOVINGTON STRAWN UNIT
LEA COUNTY, NEW MEXICO

Article 10.4. Investment Adjustments.

Paragraph 2 (revised): All wells completed in the Strawn formation within the Unit Area, as expanded, shall be Unit wells. If a Unit well which is assigned a Wellbore Factor of 1 under Section 13 of the Unit Agreement, as amended, has not reached a status of 250% payout of reasonable well costs as of the effective date of unit expansion, the Working Interest Owners in the Unit, in proportion to their working interest in the Unit, shall pay to all interest owners of each such well the amount necessary to reach 250% payout. Any such well which has a Wellbore Factor of less than 1 shall receive 100% of payout plus an amount equal to (Well Factor x 150%).

(BGT) 12