

RESUME OF THE GEOLOGY
COX CANYON STRUCTURE

T. 32 N., R 11 W.

San Juan County, New Mexico

Regional Location: North-central San Juan Basin.

Surface Formation: Wasatch (Tertiary).

Structure: As mapped on the outcropping Tertiary Rocks, the Cox Canyon Anomaly is a small structural dome having approximately 30 feet of surface closure. The crest of the structure lies approximately at the south line of the Southwest Quarter of Section 16, T 32 N., R.11 W.

Development: Untested

<u>Possible Producing Horizons:</u>	<u>Tested</u>	<u>Untested</u>	
	None	Pictured Cliffs	2100 feet
		Cliff House	3700 feet
		Point Lookout	4400 feet
		Dakota	6500 feet

Reference: Detail map and report by H. Clark.

Original signed by

C. D. JOHNSON

C. D. Johnson
Division Geologist
Sinclair Oil & Gas Company

Exhibit "B"

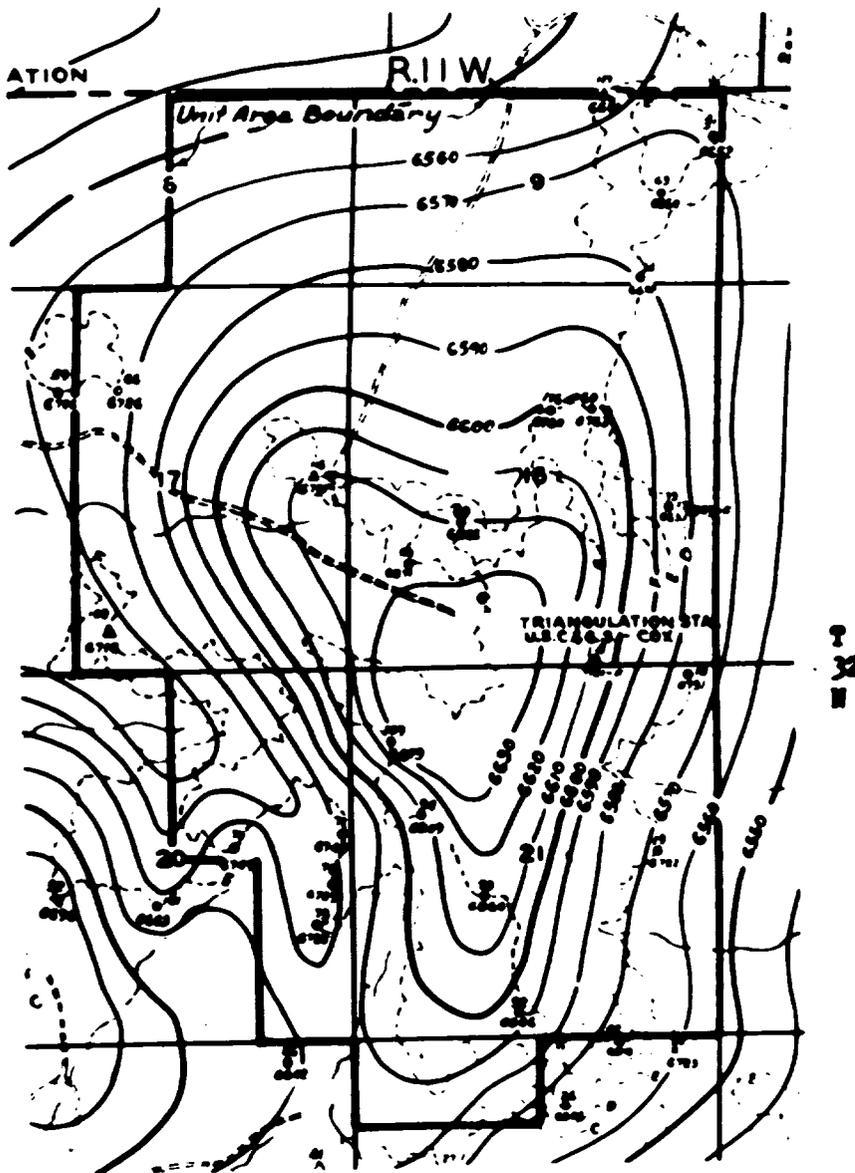
SURFACE STRUCTURE MAP

COX CANYON ANTICLINE

SAN JUAN COUNTY, NEW MEXICO

SCALE: 2 in - 1 mile. August, 1947.

Howard Clark, Geol. Geo. Hamerway, Ass't.



**Datum is Mean Sea Level U.S.G.S. B.M. #197, Elev. 5764
Contours on Wasatch Bed "C". Interval 10 Ft.
Horizontal and Vertical Control by
Plane Table Triangulation & Trigonometric Leveling**

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Case 361

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE ONE CENTER UNIT AREA
COUNTY OF SAN JUAN, STATE OF NEW MEXICO,

I SEC. NO. _____

THIS AGREEMENT, entered into as of the 10TH day of January, 1952, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H :

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 Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U. S. C. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively 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 has, pursuant to and in accordance with the laws of said State, regularly and duly made findings of fact that- (a) This agreement and its execution thereof as executed hereby will tend to promote the conservation of oil or gas and the better utilization of reservoir energy; (b) That under the operations proposed by said agreement the State will receive its fair share of the recoverable oil or gas in place under its lands in the area affected by this agreement; and (c) That this agreement and the execution thereof is in all respects for the best interest of the State of New Mexico, and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 82, Laws 1943, N.M.S.A.

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Sec. 8-1138) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Chap. 72, Laws 1935, as amended by the laws of 1949) to approve this agreement and the conservation provisions hereof; and

WHEREAS the parties hereto hold sufficient interests in the _____
Our Canyon Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below-defined unit area, and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS. The Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof, or the laws of the State in which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following-described land is hereby designated and recognized as constituting the unit area:

Township 32 North, Range 11 West

Section 8: Lots 1, 2 and $3\frac{1}{2}$ SE $\frac{1}{4}$
Section 9: Lots 1, 2, 3, 4 and $3\frac{1}{2}$ S $\frac{1}{2}$
Section 16: All
Section 17: E $\frac{1}{2}$ and E $\frac{1}{2}$ W $\frac{1}{2}$
Section 20: NE $\frac{1}{4}$ and E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 21: All
Section 28: N $\frac{1}{2}$ NW $\frac{1}{4}$

Containing 2,984.60 acres, more or less,
in San Juan County, New Mexico.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor hereinafter referred to as "Supervisor" or the Commissioner of Public Lands, hereinafter referred to as "Commissioner" and not less than six copies of the revised exhibits shall be filed with the Supervisor, and at least one copy shall be filed with the Commissioner and one copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission".

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The above described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be affected in the following manner:

(a) Unit operator, on his own motion or on demand of the Director or on demand of the Commissioner, of the Geological Survey hereinafter referred to as "Director", shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Supervisor, and the Commissioner, and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, unit operator shall file with the Supervisor, and Commissioner, evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the unit operator.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director, and the Commissioner, become effective as of the date prescribed in the notice thereof.

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

3. UNITIZED SUBSTANCES. All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances."

4. UNIT OPERATOR. Earl Jones, is hereby designated as unit operator and by signature hereto as unit operator agrees

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and consents to accept the duties and obligations of unit operator for the discovery, 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 interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, 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 6 months after notice of intention to resign has been served by unit operator on all working interest owners and the Director, and until all wells then drilled hereunder are placed in a satisfactory condition for reoperation or abandonment whichever is required by the Supervisor as to Federal Lands and the Commission as to State and privately owned lands, unless a new unit operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of unit operator prior to the expiration of said period.

Unit operator shall have the right to resign in like manner and subject to like limitations as above provided at any time a participating area established hereunder is in existence, but until a successor unit operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of unit operator shall not release unit operator from any liability for any default by it hereunder occurring prior to the effectiveness of his resignation.

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The unit operator may, upon default or failure in the performance of his duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Director and the Commissioner.

The resignation or removal of unit operator under this agreement shall not terminate his 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 equipment, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

6. SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall tender his or its resignation as unit operator or shall be removed as hereinabove provided, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor unit operator: Provided, that, if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until

- (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and
- (b) the selection shall have been approved by the Director and the Commissioner.

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If no successor unit operator is selected and qualified as herein provided the Director and the Commissioner, at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the unit operator is not the sole owner of working interests, costs and expenses incurred by unit operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the unit operator and the owners of working interests, whether one or more, separately or collectively. Any agreement, or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between unit operator and the working interest owners as may be agreed upon by unit operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section shall be filed with the Supervisor.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence

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of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in his capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Unless, conformably to the terms hereof, a well is being drilled on the effective date hereof, unit operator shall within 6 months after the effective date hereof, begin to drill an adequate test well at a location approved by the Supervisor, and also by the Commission, if such location be upon state or privately owned lands, and thereafter continue such drilling diligently until the Morrison Sand formation has been tested or until, at a lesser depth, unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or until the unit operator shall at any time establish to the satisfaction of the Supervisor as to wells on Federal land or the Commission as to wells on state land or patented land, that further drilling of said well would be unwarranted or impracticable, provided, however, that unit operator shall not in any event be required to drill said well to a depth in excess of 8500 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the unit operator shall continue drilling diligently one well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Federal land or the Commissioner if on state lands or the Commission if on patented or private land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. **Nothing** in this section shall be deemed to limit the right of the unit operator to resign as provided in Section 5

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hereof, or as requiring unit operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and the Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to comply with the drilling provisions of this section, the Director and the Commissioner may, after reasonable notice to the unit operator, and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the unit operator shall submit for the approval of the Supervisor the Commissioner, and the Commission, an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the Commissioner and the Commission, shall constitute the further drilling and operating obligations of the unit operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the unit operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner, and the Commission, may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall

- (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and
- (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be

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submitted for separate productive zones,
subject to the approval of the Supervisor,
the Commissioner, and the Commission.

Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substance in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor, the Commissioner, and the Commission, shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor, or the Commissioner, the unit operator shall submit for approval by the Director, the Commissioner, and the Commission, a schedule, based on subdivisions of the public land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director, the Commissioner, and the Commission, to constitute a participating area, effective as of the date of first production. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval

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of the Director, the Commissioner, and the Commission. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities or to exclude land then regarded as reasonably proved not to be productive and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the unit operator and the Director, the Commissioner, and the Commission, as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States, and the State of New Mexico, which shall be determined by the Supervisor, and the Commissioner, and the amount thereof deposited, as directed by the Supervisor, and Commissioner, respectively, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor, as to wells on Federal land, and the Commissioner as to wells on State

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land, and the Commission as to wells on patented or private land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof, unavoidably lost or used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, or for repressuring or recycling in accordance with a plan of development approved by the Supervisor, the Commissioner and the Commission, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

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13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS.

Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor, as to Federal land, and the Commissioner as to State land, and the Commission as to privately owned land, and at such party's sole risk, cost, and expense, drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the unit operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by unit operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled, as aforesaid by a working interest owner, obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and any State and all royalty owners who, under existing contracts, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and unit operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the ap-

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plicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws, and regulations, on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, the Commissioner, and the Commission, a like amount of gas, after settlement has been made as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the plan of operations, and as may otherwise be consented to by the Supervisor, and the Commissioner and the Commission, as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rates specified in the respective Federal leases, or at such lower rate or rates as may be authorized by law or regulation; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Royalty due on account of state and privately owned lands shall be computed and paid in value or delivered in kind on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State or Federal law or regulation.

17. DRAINAGE. The unit operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Federal land, and as approved by the Commissioner as to state land.

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18. 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 of 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 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, and, 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 and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or 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 and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, 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 on all unitized lands pursuant to direction or consent of the Secretary and the Commissioner, or their duly authorized representatives shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

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(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands other than those of the United States and the State of New Mexico, committed to this agreement, 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 Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease and all leases on lands belonging to the State of New Mexico committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such land remains committed hereto, provided unitized substances are discovered in paying quantities within the unit area prior to the expiration date of the primary term of such lease.

(f) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States and the State of New Mexico committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, 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 the underlying lease as such term is herein extended.

(g) Any lease having only a portion of its lands committed hereto shall be segregated as to the portion committed, and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance, of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of working interest, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Secretary or his duly authorized representative and the Commissioner, and shall terminate five (5) years from effective date, unless

- (a) such date of expiration is extended by the Director, and Commissioner, or
- (b) it is reasonably determined prior to the expiration of the

fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder and after notice of intention to terminate the agreement on such ground is given by the unit operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and the Commissioner, or

(c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, i. e., in this particular instance in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or,

U. S. - N. M.
7/19/51

(d) it is terminated as heretofore provided in this agreement.

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director, and the Commissioner, notice of any such approval to be given by the unit operator to all parties hereto.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The Director and the Commission are hereby vested with authority to alter or modify from time to time in their discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director and the Commission are also hereby vested with authority to alter or modify from time to time in their discretion the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law.

Powers in this section vested in the Director, and the Commission, shall only be exercised after notice to unit operator and opportunity for hearing to be held not less than 15 days from notice.

22. DETERMINATIONS BY UNIT OPERATOR AND REVIEW THEREOF. Whenever a determination is required to be made in order to carry out the express terms of this agreement and the agreement does not specify by whom such determination shall be made, the unit operator is hereby authorized to make the necessary determination subject to approval of the Director in the manner hereinafter provided. Notice of any such determination by the unit operator, accompanied by data in support thereof, shall be furnished

U. S.- N. M.
7/19/51

to the Director through the Supervisor. If, after reviewing all the available evidence, the Director finds that the determination reviewed is incorrect he shall advise the unit operator accordingly, stating the reasons therefor, and thereupon such determination shall be of no force and effect.

The unit operator shall then make a new determination in conformity with the finding of the Director or appeal to the Secretary as provided in the operating regulations. All determinations made by the unit operator pursuant to this section shall be effective unless and until altered, modified, or rescinded as herein provided.

Any party hereto shall have the right to request the Director (such request to be accompanied by appropriate supporting evidence) to review any determination made by the unit operator pursuant to this section not previously reviewed on appeal to the Secretary. Such request will be granted or denied in the discretion of the Director within 60 days after being received. If denied, the requesting party shall have the right to appeal to the Secretary. If the request for review is granted and thereafter the Director finds that the determination should be altered, modified or rescinded the unit operator shall be advised accordingly and shall either comply with the finding of the Director or appeal to the Secretary.

23. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for or on behalf of any and all interests affected hereby before the Department of the Interior, the Commissioner of Public Land, and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of said Department, the Commission, or Commissioner, or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

U. S. - N. M.
7/19/51

24. NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if given in writing and personally delivered to the party or sent by post-paid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

26. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

27. FAIR EMPLOYMENT. The unit operator shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin, and an identical provision shall be incorporated in all sub-contracts.

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed

U. S. - N. M.
7/19/51

hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico, should be withheld, but such funds shall be deposited as directed by the Supervisor and the Commissioner of Public Lands of the State of New Mexico, respectively, 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.

Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the Commissioner, and the unit operator prior to the approval of this agreement by the Director and the Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest.

U. S. - N. M.
7/19/51

Prior to final approval hereof, joinder by any owner of a non-working interest must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. Except as may otherwise herein be provided subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor, the Com-
counterparts of all or any papers necessary to establish effective
missioner and the Commission, of duly executed/commitment of any tract to
this agreement unless objection to such joinder is duly made within 60 days
by the Director, Commissioner, or Commission.

30. COUNTERPARTS. This agreement may be executed in any number of counterparts no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

Tracts 1-2-3-4-5-6-7-10 and 11,
State Lease Nos. E-3087, E-3089, E-3091,
E-3092, E-3093, E-3094, E-3095, New
Mexico Serial Nos. 03189 and 03190.

WITNESS:

Tracts 1-2-3-4-5-6-7-10 and 11,
State Lease Nos. E-3087, E-3089, E-3091,
E-3092, E-3093, E-3094, E-3095, New
Mexico Serial Nos. 03189 and 03190.

WITNESS:

Ed Pryor
John Cyberg

OPERATOR--
Earl Jones
Earl Jones

Dated this 31 day of June 1952

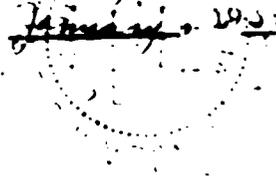
NON-INTEREST OWNER
Earl Jones
Earl Jones

Dated this 31 day of Jan 1952

SINGLAE OIL & GAS COMPANY
By W. Hammett
Vice-President

ATTEST:
By [Signature]
ASST. SECRETARY

Dated this 10th day of January 1952



WORKING INTEREST OWNERS

(Continued)

WITNESSES:

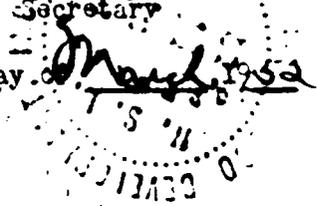
Tract No. 8, State Lease
No. E-5387.

PUBCO DEVELOPMENT COMPANY

By *A. W. Kowalski*
President

ATTEST: *[Signature]*
Secretary

Dated this 5th day of March, 1952



WITNESS:

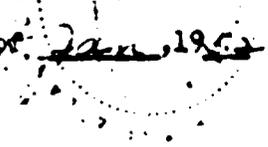
Tract No. 9, State Lease
No. E-5388.

THE ATLANTIC REFINING COMPANY

By *[Signature]*
General Manager of Domestic Grade Oil Production *acc. [Signature]*

ATTEST: *[Signature]*
Asst. Secretary

Dated this 21 day of Jan, 1952



WITNESS:

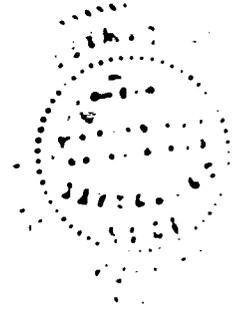
Tract No. 12, Santa Fe
Serial No. 078231.

DELHI OIL CORPORATION

By *[Signature]*
Vice-President *alc*

ATTEST: *[Signature]*
Asst. Secretary

Dated this 23 day of February, 1952



OTHER PARTIES
Tract No. and
Lease Serial No.

Date

Edna May Hicks
Edna May Hicks

Tract No. 1 -
State Lease No. E-3087.

Jan 25, 1952

Otto Graf
Otto Graf

Tract No. 2-
State Lease No. E-3089.

Jan. 22, 1952

Morris Levy
Morris Levy

Part Tract 3-
NW $\frac{1}{4}$ NW $\frac{1}{4}$ 16-32N-11W
State Lease No. E-3091

Jan 22, 1952

Evelyn Robb Walker
Evelyn Robb Walker,
Individually and as Executrix
of the Estate of Charles Robb,
deceased

Part Tract 3-
SE $\frac{1}{4}$ NW $\frac{1}{4}$ & SE $\frac{1}{4}$ S $\frac{1}{4}$
Sec. 16-32N-11W,
State Lease No. E-3091.

Jan 25, 1952

Harold Walker
Harold Walker

Jan. 25, 1952

Harry Wm. Gillingham
Harry Wm. Gillingham

Part Tract 3-
SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 16-32N-11W,
State Lease No. E-3091.

Jan. 26, 1952

Will Weimer
Will Weimer

Tract 4-
State Lease No. E-3092.

Feb. 1, 1952

Naomi Weimer
Naomi Weimer

Feb 1, 1952

Robert R. Horn
Robert R. Horn

Tract 5-
State Lease No. E-3093.

Jan 31, 1952

Earl A. Horn
Earl A. Horn

Jan 31, 1952

Herbert O. Strong
Herbert O. Strong

Tract 6-
State Lease No. E-3094.

Mrs. Fred S. Weber
Mrs. Fred S. Weber

Tract 7-
State Lease No. E-3095.

Jan. 23, 1952

Glover L. Suter
Glover L. Suter

Tract 10-
New Mexico Serial No. 03189

Emma C. Suter
Emma C. Suter

March 4, 1952

OTHER PARTIES

(Continued)

Tract No. and
Lease Serial No.

Date

SUNSHINE ROYALTY COMPANY

Tracts 10 and 11,
New Mexico Serials
#03189 and #03190

March, 1952

By E. M. Elliott
President

ATTEST:
E. M. Elliott
Secretary

Ruby Griffin Johns
Ruby Griffin Johns

Mar. 4, 1952

Tract No. 11,
New Mexico Serial No. 03190.

✓ Ratified - March 27, 1952
Paul B. Horton

Tract No. 12-
Santa Fe Serial No. 07231

Helen Fields

THE SAN JUAN OIL COMPANY

By _____
President

ATTEST:

Secretary

Non-Signers -
Helen Fields et al
2 in OKR N.M. 4/22/52

✓ Frank A Schuttz - Ratified March 29, 1952

San Juan - "
Reserves { 20% on oil
15% on gas

CORPORATION FORM ACKNOWLEDGMENT

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Oklahoma)
) SS.
COUNTY OF Tulsa)

I, the undersigned Notary Public, do hereby certify that on the 10th day of January, 1952, before me personally appeared T. H. Hammett

T. H. Hammett to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Vice President, and to me personally known to be the Vice President of the corporation that executed the above and foregoing instrument, and who being by me duly sworn did say that he is the Vice President of SINCLAIR OIL & GAS COMPANY said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed on and in behalf of said corporation by authority of its by laws and its Board of Directors and said T. H. Hammett, to me, and before me, duly acknowledged said instrument to be his own free and voluntary act and deed, and to me and before me duly acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein specified and set forth.

Given under my hand and official Notarial seal this 10th day of January, 1952.

[Signature]
Notary Public, whose place of residence is Tulsa, Oklahoma

My Commission expires: AUG 22 1952



CORPORATE FORM ACKNOWLEDGMENT

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF TEXAS |
 | SS.
COUNTY OF DALLAS |

I, the undersigned Notary Public, do hereby certify that on the 21st day of January, 1952, before me personally appeared L. A. SUMMERS to me known to be the legal person who subscribed the name of the maker thereof to the foregoing instrument as its General Manager of Domestic Crude Oil Production, and to me personally known to be the General Manager of Domestic Crude Oil Production of the corporation that executed the above and foregoing instrument, and who being by me duly sworn did say that he is the General Manager of Domestic Crude Oil Production of THE ATLANTIC PETROLEUM COMPANY, said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed on and in behalf of said corporation by authority of its by-laws and its Board of Directors and said L. A. SUMMERS, to me, and before me, duly acknowledged said instrument to be his own free and voluntary act and deed, and to me and before me duly acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein specified and set forth.

Given under my hand and official Notarial seal this 21st day of January, 1952.

My Commission expires:

June 1, 1953

ORRIS MCLOUGHEE
Orris McLougee
Notary Public in and for Dallas
County, Texas

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Texas)
)
COUNTY OF Dalworth) SS.

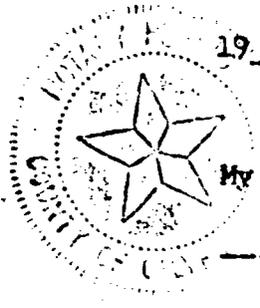
I, the undersigned Notary Public, do hereby certify that on the 22 day of Jan 1952, personally and in person appeared Maris ~~his~~ her wife-husband the signer of the above instrument, and personally known to me to be the person described in and who executed the foregoing instrument and whose name is-are subscribed thereto and acknowledged to me that he signed, sealed, executed and delivered the same as his free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 22 day of January, 1952.

My Commission expires:

June 1953

S. B. Stro
Notary Public, whose place of residence is 1202 Bayou Blue Dr
Dalworth Texas



ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Texas)
)
COUNTY OF Harris) SS.

I, the undersigned Notary Public, do hereby certify that on the 22 day of January 1952, personally and in person appeared John Gray and a single man his-her wife-husband the signer of the above instrument, and personally known to me to be the person described in and who executed the foregoing instrument and whose name is-are subscribed thereto and acknowledged to me that he signed, sealed, executed and delivered the same as his free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 22 day of January, 1952.

My Commission expires:

June 1, 1953

Lucille Miller
Notary Public, whose place of residence is Houston
Harris County, Texas



ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Florida)
COUNTY OF St. Louis) -SS.

I, the undersigned Notary Public, do hereby certify that, on the 25th day of January 1952, personally and in person appeared Evelyn Ruth Walker and Harold Walker his her wife-husband the signers of the above instrument, and personally known to me to be the persons described in and who executed the foregoing instrument and whose names is-are subscribed thereto and acknowledged to me that it signed, sealed, executed and delivered the same as their free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 25 day of January 1952.

[Signature]
Notary Public, whose place of residence is St. Louis, Mo.

My Commission expires: _____

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF North Carolina)
COUNTY OF Rock) SS.

I, the undersigned Notary Public, do hereby certify that on the 26 day of January 1952, personally and in person appeared Wm. Gillingham and Harry his her wife-husband the signers of the above instrument, and personally known to me to be the persons described in and who executed the foregoing instrument and whose names is-are subscribed thereto and acknowledged to me that he signed, sealed, executed and delivered the same as his free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 26 day of January 1952.

[Signature]
Notary Public, whose place of residence is _____

My Commission expires: _____

6-22-53

Rocky Mount N.C.

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Ohio)
COUNTY OF Lucas) SS.

I, the undersigned Notary Public, do hereby certify that on the 31st day of January 1952, personally and in person appeared Roland P. Han and Paul O. Han ~~his her wife-~~ husband the signers of the above instrument, and personally known to me to be the persons described in and who executed the foregoing instrument and whose names ~~is~~-are subscribed thereto and acknowledged to me that ~~they~~ signed, sealed, executed and delivered the same as their free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 31st day of January, 1952

My Commission expires:

Howard Lewis Ness
Notary Public, whose place of residence is Toledo Ohio

HOWARD LEWIS NESS

Notary Public, State of Ohio

My Commission Expires Nov. 13, 1953



ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Illinois)
COUNTY OF Cook) SS.

I, the undersigned Notary Public, do hereby certify that on the 31st day of January 1952, personally and in person appeared Edna Jones ~~and~~ her ~~her wife-~~ husband the signers of the above instrument, and personally known to me to be the persons described in and who executed the foregoing instrument and whose names ~~is~~-are subscribed thereto and acknowledged to me that he signed, sealed, executed and delivered the same as his free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 31st day of January, 1952.

My Commission expires:

Beatrice G. G.
Notary Public, whose place of residence is 2444 E. 74th St

Chicago 79, Ill

12/27/53



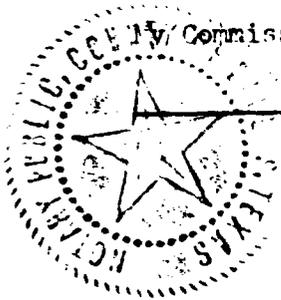
CORPORATION FORM ACKNOWLEDGMENT

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Texas)
COUNTY OF Dallas) SS.

I, the undersigned Notary Public, do hereby certify that on the 23rd day of February, 1952, before me personally appeared J. H. Brubaker Frank G. Schultz to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Vice President, and to me personally known to be the Vice President of the corporation that executed the above and foregoing instrument, and who being by me duly sworn did say that he is the Vice President of Desh Oil Corporation said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed on and in behalf of said corporation by authority of its by laws and its Board of Directors and said J. H. Brubaker, to me, and before me, duly acknowledged said instrument to be his own free and voluntary act and deed, and to me and before me duly acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein specified and set forth.

Given under my hand and official Notarial seal this 23rd day of February, 1952.



Commission expires:

Dorothy Tieber
Notary Public, whose place of residence is Dallas, Texas

DOROTHY TIEBER
Notary Public, Dallas County, Texas
My Commission Expires June 1, 1953

CORPORATION FORM ACKNOWLEDGMENT

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF New Mexico)
COUNTY OF Chavez) SS.

I, the undersigned Notary Public, do hereby certify that on the 4 day of March, 1952, before me personally appeared R. E. Elliott to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its _____ President, and to me personally known to be the _____ President of the corporation that executed the above and foregoing instrument, and who being by me duly sworn did say that he is the _____ President of Summit Realty Co said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed on and in behalf of said corporation by authority of its by laws and its Board of Directors and said R. E. Elliott, to me, and before me, duly acknowledged said instrument to be his own free and voluntary act and deed, and to me and before me duly acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein specified and set forth.

Given under my hand and official Notarial seal this 4 day of March, 1952.



Commission expires:

Edna Mae Reed
Notary Public, whose place of residence is Lawrence, N.M.

CORPORATION FORM ACKNOWLEDGMENT

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF New Mexico)
COUNTY OF Bernalillo) SS.

I, the undersigned Notary Public, do hereby certify that on the 6th day of March, 1952, before me personally appeared A. W. Rensen to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President, and to me personally known to be the President of the corporation that executed the above and foregoing instrument, and who being by me duly sworn did say that he is the President of Quinta Development, Inc. said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed on and in behalf of said corporation by authority of its by laws and its Board of Directors and said A. W. Rensen, to me, and before me, duly acknowledged said instrument to be his own free and voluntary act and deed, and to me and before me duly acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein specified and set forth.

Given under my hand and official Notarial seal this 6th day of March, 1952.



My Commission expires:
ELIZABETH S. BENCICS, NOTARY PUBLIC
My commission expires Sept. 10, 1955

Elizabeth S. Bencsics
Notary Public, whose place of residence is Albuquerque, N.M.

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Louisiana)
) SS.
COUNTY OF Calcasieu)

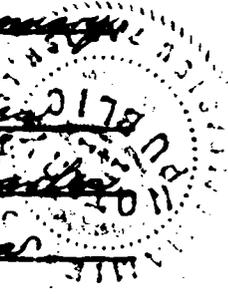
I, the undersigned Notary Public, do hereby certify that on the 23 day of January 1952, personally and in person appeared Mr. Fred L. Haler ~~and his wife~~ his wife ~~husband~~ the signer of the above instrument, and personally known to me to be the person described in and who executed the foregoing instrument and whose name is subscribed thereto and acknowledged to me that she signed, sealed, executed and delivered the same as her free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 23 day of January 1952.

My Commission expires:

at my death

Mamie Jones
Notary Public, whose place of residence is Lake Charles Louisiana



ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Florida)
) SS.
COUNTY OF Broward)

I, the undersigned Notary Public, do hereby certify that on the 25th day of January 1952, personally and in person appeared Mrs. Mary White ~~and~~ a single woman ~~his wife~~ ~~husband~~ the signer of the above instrument, and personally known to me to be the person described in and who executed the foregoing instrument and whose name is subscribed thereto and acknowledged to me that she signed, sealed, executed and delivered the same as her free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this 25th day of January 1952.

My Commission expires:

My Commission Expires February 22, 1953

Joseph P. Green
Notary Public, whose place of residence is Hollywood Florida

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS

IN THE MATTER OF THE APPLICATION BY UNIT OPERATOR FOR SUSPENSION OF OPERATIONS FOR AND THE PRODUCTION OF NATURAL GAS FROM UNIT WELL NO. 1, UNDER THE COX CANYON UNIT, COUNTY OF SAN JUAN, STATE OF NEW MEXICO	}) }) }) }) }) })	Cox Canyon Unit Area Under Agreement for Develop- ment of Cox Canyon Unit Area San Juan County, New Mexico, I-Sec. 946, State of New Mexico - Lease E-3091 and other leases
--	--	---

THE HONORABLE COMMISSIONER OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

S I R:

A P P L I C A T I O N

Colorado Oil and Gas Corporation, as successor Unit Operator, hereby makes application for the suspension of operations and production of natural gas from Unit Well No. 1, and in support thereof shows:

I

That heretofore, Earl Jones, as Unit Operator and Working Interest Owner, and Sinclair Oil & Gas Company, Pubco Development Company, The Atlantic Refining Company, Delhi Oil Corporation and others, as Working Interest Owners, entered into a certain agreement designated as "Unit Agreement for the Development and Production of the Cox Canyon Unit Area, County of San Juan, State of New Mexico, I-Sec. 946", which Unit Agreement was dated January 10, 1952, and approved by Guy Shepard, Commissioner of Public Lands, State of New Mexico, on June 2, 1952, and by Thomas B. Nolan, Acting Director, United States Geological Survey, on June 12, 1952, and which Unit Area and Agreement includes lands within the above mentioned oil and gas lease and other leases issued by the State of New Mexico and by the United States of America.

II

That thereafter H. K. Riddle assumed the obligations and duties of said Earl Jones under said Unit Agreement and underlying contracts, and said Earl Jones transferred to the applicant, H. K. Riddle, his duties as Unit Operator under said Unit Agreement, and

thereafter said H. K. Riddle transferred his duties as Unit Operator to Colorado Oil and Gas Corporation.

III

That heretofore the said H. K. Riddle made timely commencement of the drilling of Unit Well No. 1 upon State of New Mexico Lease Number E-3091, and within said Unit Area, at a location 835 feet from the South line and 1980 feet from the West line of Section 16, Township 32 North, Range 11 West, N. M. P. M., and in drilling said well made a valuable discovery of natural gas in the Picture Cliff formation at depths of between 3634 feet to 3775 feet, and natural gas was tested in such formation at 1,540,000 cubic feet of gas per day. That thereafter the said successor Unit Operator, Colorado Oil and Gas Corporation, continued with the drilling of this well and completed such drilling on or about June 12, 1953 to a total depth of approximately 6310 feet and in said well discovered natural gas in the Point Lookout or lower Mesaverde formation at a depth of from 5995 feet to 6105 feet, (said gas producing formation being 110 feet thick), and said well at final gauge tested 2,600,000 cubic feet of gas per day, with shut-in casing pressure at 705 lbs., and the allowable as fixed by the State of New Mexico is 350,000 feet of gas per day.

IV

That said gas well has been shut in since the final test mentioned aforesaid was made.

That the gas to be produced from such well has been committed by contract to the pipe line to be constructed by Pacific Northwest Pipe Line Corporation, but gas from such well cannot be sold and delivered to such pipe line until it is laid into the area where such well is located.

That it would be in the public interest and in the interest of conservation and for the benefit of the people of the State of New Mexico that gas operations and production of natural gas from said Unit Well No. 1 be suspended.

V

That it is provided in Section 18 (c) of said Unit Agreement as follows:

"(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the Commissioner, or their duly authorized representatives shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land."

Section 18 (e) of said Unit Agreement provides as follows:

"(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease and all leases on lands belonging to the State of New Mexico committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such land remains committed hereto, provided unitized substances are discovered in paying quantities within the unit area prior to the expiration date of the primary term of such lease."

VI

That Unit Operator has submitted a similar application to the Supervisor of Oil and Gas Operations, Roswell, New Mexico, and the Director of the United States Geological Survey and the Secretary of the Interior, a copy of which is hereto attached, and such application is now pending before the United States Geological Survey.

WHEREFORE, Unit Operator requests that the Commissioner of Public Lands shall direct that operations for and the production of natural gas from said Unit Well No. 1 be suspended until the pipe line of Pacific Northwest Pipe Line Corporation is laid into the Unit Area where such gas well is located and that the terms of all leases committed to the Unit Area are extended.

DATED the 18th day of August, 1953.

COLORADO OIL & GAS CORP.

J. M. Moroney
Vice President

Rut

Unit Operator

U. S. - N. M.
7/19/51

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, 43 CFR section 4.611, 12 F.R. 6784, I do hereby:

A. Approve the attached agreement for the development and operation of the _____ Unit Area, State of _____.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated: _____

Director, United States Geological Survey

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF Iowa)
COUNTY OF Muskege) SS.

I, the undersigned Notary Public, do hereby certify that on the 1 day of February 19 52 , personally and in person appeared Bill Jensen and Naomi Jensen his-her wife-husband the signer of the above instrument, and personally known to me to be the person described in and who executed the foregoing instrument and whose name is-are subscribed thereto and acknowledged to me that they signed, sealed, executed and delivered the same as their free and voluntary act and deed for the uses and purposes therein specified and set forth.



Given under my hand and Notarial seal this 1 day of February 19 52 .

Mildred B. Staebler
Notary Public, whose place of residence is _____

My Commission expires:
 July 4, 1954

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF New Mexico)
COUNTY OF Chaves) SS.

I, the undersigned Notary Public, do hereby certify that on the 4 th day of March 19 52 , personally and in person appeared Ruby Griffin Jones and her husband the signer of the above instrument, and personally known to me to be the person described in and who executed the foregoing instrument and whose name is-are subscribed thereto and acknowledged to me that she signed, sealed, executed and delivered the same as her free and voluntary act and deed for the uses and purposes therein specified and set forth.



Given under my hand and Notarial seal this 4 th day of March , 19 52 .

Georgia J. Bippus
Notary Public, whose place of residence is Roswell, N.M.

My Commission expires:
 May 10, 1954

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF New Mex)
COUNTY OF Lea) SS.

I, the undersigned Notary Public, do hereby certify that on the 4th day of Mar 1952, personally and in person appeared Alvin L. Patton and Emma C. Patton his-her wife-husband the signer S of the above instrument, and personally known to me to be the person S described in and who executed the foregoing instrument and whose name S is-are subscribed thereto and acknowledged to me that they signed, sealed, executed and delivered the same as their free and voluntary act and deed for the uses and purposes therein specified and set forth.



Given under my hand and Notarial seal this 4th day of Mar, 1952.

H B Fredrick
Notary Public, whose place of residence is Hotchkiss New Mex

My Commission expires: Aug 28 - 1952

ACKNOWLEDGMENT FOR NATURAL PERSONS

For use in Arizona, Colorado, Idaho, Montana, New Mexico, Utah, Wyoming

STATE OF _____)
COUNTY OF _____) SS.

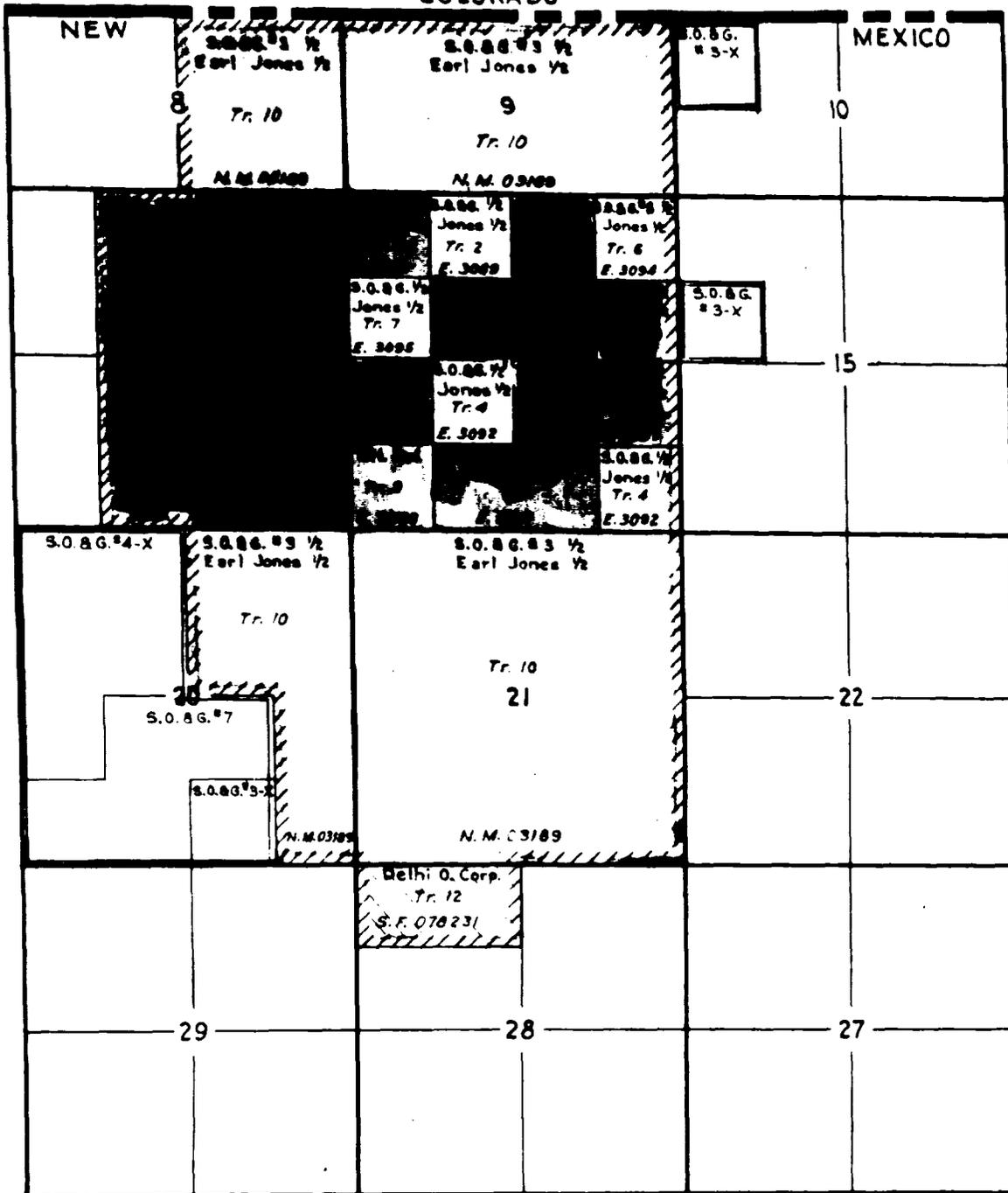
I, the undersigned Notary Public, do hereby certify that on the _____ day of _____ 19____, personally and in person appeared _____ and _____ his-her wife-husband the signer _____ of the above instrument, and personally known to me to be the person _____ described in and who executed the foregoing instrument and whose name _____ is-are subscribed thereto and acknowledged to me that _____ signed, sealed, executed and delivered the same as _____ free and voluntary act and deed for the uses and purposes therein specified and set forth.

Given under my hand and Notarial seal this _____ day of _____, 19____.

My Commission expires: _____
Notary Public, whose place of residence is _____

R 11 W

COLORADO



T
32
N

UNIT AREA



Total Acres in Unit 2,584.60

COX CANYON UNIT
SAN JUAN COUNTY, NEW MEXICO
SCALE: 2" = 1 Mile

EXHIBIT "A"