

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
NORTH ANDERSON RANCH UNIT AREA  
LEA COUNTY, NEW MEXICO

NO. \_\_\_\_\_

THIS AGREEMENT, entered into as of the 14th day of March, 1960,  
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  
or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is  
authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by  
Sec. 1 of Chapter 162, Laws of 1951, (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953  
Annot.), 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 (Sec. 1, Chap. 162), (Laws of 1951, Chap. 7,  
Art. 11, Sec. 41, N.M. Statutes 1953 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 Commission of the State of New Mexico (herein-  
after referred to as the "Commission") is authorized by an Act of the Legislature  
(Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14, N.M. Statutes 1953 Annotated) to  
approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the North Anderson  
Ranch 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. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 15 South, Range 32 East

Section 32: E/2 NE/4, NE/4 SE/4  
Section 33: NW/4, N/2 SW/4

containing 360 acres, more or less.

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 lands 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 on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

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

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: Union Oil Company of California, with offices at 619 West Texas St., Midland, Texas, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees 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 interests 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.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its 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 Commissioner.

The resignation or removal of the 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.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five per cent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five per cent (75%) of the total working interests, 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 Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS: The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such 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 "Operating Agreement". No such 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 inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

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

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall 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 13,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a

reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six 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 the Commissioner, or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article 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, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:

Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or production units but in such event the basis of participation by the working interest

owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N.M. Statutes 1953 Annotated of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said

production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, 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 a plan of operation consented to by the Commissioner and approved by 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.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO

LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement shall as of the effective date hereof be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and term of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto

shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the unit operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them, are being produced in paying quantities from any portion of said lands.

14. 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 laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests 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 or any working, royalty or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any

extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, 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. This agreement may be terminated at any time by not less than seventy-five per cent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

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

20. 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 sent by postpaid 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.

21. 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, wars, 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.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval either by the Commission or Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the filing with the Commissioner and the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

24. 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 undersigned parties have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNION OIL COMPANY OF CALIFORNIA

DATE:

January 8, 1960

By: Ray A. Burke  
Ray A. Burke, Attorney-in-Fact R-28

ADDRESS: 619 West Tenth  
Midland, Texas

TEXACO INC.

DATE:

\_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

DATE:

\_\_\_\_\_

MCALISTER FUEL COMPANY

By: \_\_\_\_\_  
C. R. Cole, Vice-President

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

ESTATE OF W. L. GOLDSTON

By: \_\_\_\_\_

DATE:

\_\_\_\_\_

By: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

DATE:

\_\_\_\_\_

\_\_\_\_\_  
W. J. Goldston

DATE:

\_\_\_\_\_

\_\_\_\_\_  
Kathleen Goldston

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

THE STATE OF TEXAS I  
COUNTY OF MIDLAND I

ON THIS the 8th day of January, 1959, personally appeared RAY A. BURKE, to me known, who being by me duly sworn, did say that he is Attorney-in-Fact for UNION OIL COMPANY OF CALIFORNIA, a California corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors; and the said RAY A. BURKE acknowledged said instrument to be the free act and deed of said corporation.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Gail Burke (Gail Burke)  
Notary Public in and for Midland  
County, Texas

THE STATE OF TEXAS I  
COUNTY OF MIDLAND I

ON THIS the \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared \_\_\_\_\_, to me known, who being by me duly sworn, did say that he is Attorney-in-Fact for TEXACO INC., a \_\_\_\_\_ corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for Midland  
County, Texas

THE STATE OF ARKANSAS I  
COUNTY OF COLUMBIA I

ON THIS the \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared C. R. COLE, to me known, who being by me duly sworn, did say that he is Vice-President of McALESTER FUEL COMPANY, a \_\_\_\_\_ corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said C. R. COLE acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for Columbia  
County, Arkansas

HUMBLE OIL & REFINING COMPANY

DATE:

By: \_\_\_\_\_

DATE:

By: \_\_\_\_\_

ADDRESS: P. O. Box 1600  
Midland, Texas

ATTEST:

E. I. Norman  
E. I. Norman, Secretary  
DATE: \_\_\_\_\_

TEXAS PACIFIC COAL & OIL COMPANY

By: R. I. Dickey  
R. I. Dickey, Vice-President

APPROVED  
AS TO FORM  
AS TO CONTENT  
R. I. Dickey

ADDRESS: P. O. Box 2110  
Fort Worth, Texas

ATTEST:

\_\_\_\_\_  
Secretary  
DATE: \_\_\_\_\_

PHILLIPS PETROLEUM COMPANY

By: \_\_\_\_\_  
Vice-President

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

HUMBLE OIL & REFINING COMPANY

DATE:

By: \_\_\_\_\_

DATE:

By: \_\_\_\_\_

ADDRESS: P. O. Box 1600  
Midland, Texas

TEXAS PACIFIC COAL & OIL COMPANY

ATTEST:

By: \_\_\_\_\_

Secretary

R. I. Dickey, Vice-President

DATE:

ADDRESS: \_\_\_\_\_

PHILLIPS PETROLEUM COMPANY

ATTEST:

By: \_\_\_\_\_

Vice-President

DATE:

ADDRESS: BARTLESVILLE  
OKLAHOMA

THE STATE OF TEXAS   X  
                              X  
COUNTY OF TARRANT   X

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared R. I. DICKEY, to me known, who being by me duly sworn, did say that he is Vice-President of TEXAS PACIFIC COAL & OIL COMPANY, a \_\_\_\_\_ corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said R. I. DICKEY acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

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

\_\_\_\_\_  
Notary Public in and for Tarrant  
County, Texas

THE STATE OF OKLAHOMA   X  
                              X  
COUNTY OF WASHINGTON   X

ON THIS 14<sup>th</sup> day of March, <sup>1960</sup>1959, personally appeared C. O. Stark, to me known, who being by me duly sworn, did say that he is Vice-President of PHILLIPS PETROLEUM COMPANY, a Delaware corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said C. O. Stark acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:  
1-21-62

Marlyn R. Loe  
Notary Public in and for Washington  
County, Oklahoma

HUMBLE OIL & REFINING COMPANY

DATE:

\_\_\_\_\_

DATE:

\_\_\_\_\_

By:

P. L. McIntosh  
Production Manager — Western Area  
Humble Division

By:

R. W. Byler  
Exploration Manager — Western Area  
Humble Division

ADDRESS: P. O. Box 1600  
Midland, Texas

APPROVED	
Desc.	RI
Acres	RI
Int.	RI
Perm.	RI
Trade	RI

ATTEST:

\_\_\_\_\_  
Secretary

DATE:

\_\_\_\_\_

TEXAS PACIFIC COAL & OIL COMPANY

By:

R. I. Dickey, Vice-President

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

PHILLIPS PETROLEUM COMPANY

ATTEST:

\_\_\_\_\_  
Secretary

DATE:

\_\_\_\_\_

By:

\_\_\_\_\_  
Vice-President

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

THE STATE OF TEXAS   X  
COUNTY OF HARRIS   X

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 1959, before me personally appeared KATHLEEN GOLDSTON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.


IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for Harris  
County, Texas

THE STATE OF TEXAS   X  
COUNTY OF Midland   X

ON THIS 9 day of FEBRUARY, 1959<sup>60</sup>, personally

 appeared R. S. McCarty, to me known, who being by me duly sworn, did say that he is Production Manager — Western Area for HUMBLE OIL & REFINING COMPANY, a DELAWARE <sup>Humble Division</sup> corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said R. S. McCarty acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Betty J. Rigney  
Notary Public in and for Midland  
County, TEXAS

6-1-61

THE STATE OF TEXAS   X  
COUNTY OF Midland   X

ON THIS 9 day of FEBRUARY, 1959<sup>60</sup>, personally

appeared R. W. Bybee, to me known, who being by me duly sworn, did say that he is Exploration Manager — Western Area for HUMBLE OIL & REFINING COMPANY, a DELAWARE <sup>Humble Division</sup> corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said R. W. Bybee acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Betty J. Rigney  
Notary Public in and for Midland  
County, TEXAS

6-1-61

IN WITNESS WHEREOF, the undersigned parties have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNION OIL COMPANY OF CALIFORNIA

DATE:

\_\_\_\_\_

By: \_\_\_\_\_

Ray A. Burke, Attorney-in-Fact

ADDRESS: 619 West Texas  
Midland, Texas

APPROVED AS TO

Terms 1/14 1/16

Form JK

DATE:

Jan. 19, 1960

TEXACO INC.

By: \_\_\_\_\_

Ray W. Hinchum  
Attorney-in-Fact

ADDRESS: P.O. Box 3109  
Midland, Texas

ATTEST:

\_\_\_\_\_  
Secretary

DATE:

\_\_\_\_\_

MCALISTER FUEL COMPANY

By: \_\_\_\_\_

C. R. Cole, Vice-President

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

ESTATE OF W. L. GOLDSTON

By: \_\_\_\_\_

DATE:

\_\_\_\_\_

By: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

DATE:

\_\_\_\_\_

\_\_\_\_\_  
W. J. Goldston

DATE:

\_\_\_\_\_

\_\_\_\_\_  
Kathleen Goldston

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

THE STATE OF TEXAS

COUNTY OF MIDLAND

ON THIS the \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared RAY A. MIKE, to me known, who being by me duly sworn, did say that he is Attorney-in-Fact for UNION OIL COMPANY OF CALIFORNIA, a California corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said RAY A. MIKE acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Notary Public in and for Midland  
County, Texas

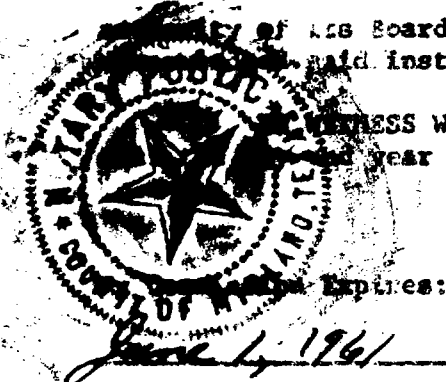
THE STATE OF TEXAS  
COUNTY OF MIDLAND

ON THIS the 19 day of January 1960, 1959, personally appeared Roy Whisenhunt, to me known, who being by me duly sworn, did say that he is Attorney-in-Fact for TEXACO INC., a Delaware corporation, and that said instrument was signed in behalf of said corporation by the Roy Whisenhunt of its Board of Directors and the said Roy Whisenhunt acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Charlotte E. Wright  
Notary Public in and for Midland  
County, Texas



THE STATE OF ARKANSAS  
COUNTY OF COLUMBIA

ON THIS the \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared C. R. COLE, to me known, who being by me duly sworn, did say that he is Vice-President of HEALESTER FUEL COMPANY, a \_\_\_\_\_ corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said C. R. COLE acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Notary Public in and for Columbia  
County, Arkansas

IN WITNESS WHEREOF, the undersigned parties have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNION OIL COMPANY OF CALIFORNIA

DATE:

By:

Ray A. Burke, Attorney-in-Fact

ADDRESS: 619 West Tenth  
Midland, Texas

TEXACO INC.

DATE:

By:

Attorney-in-Fact

ADDRESS:

MCALISTER FUEL COMPANY

By:

C. R. Cole, Vice-President

ADDRESS: P. O. Box 210  
Magnolia, Arkansas

ESTATE OF W. L. GOLDSTON

By:

DATE:

By:

ADDRESS:

DATE:

W. J. Goldston

DATE:

Kathleen Goldston

ADDRESS:



THE STATE OF TEXAS

COUNTY OF MIDLAND

ON THIS the \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared RAY A. BURKE, to me known, who being by me duly sworn, did say that he is Attorney-in-Fact for UNION OIL COMPANY OF CALIFORNIA, a California corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said RAY A. BURKE acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Notary Public in and for Midland  
County, Texas

THE STATE OF TEXAS

COUNTY OF MIDLAND

ON THIS the \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally

appeared \_\_\_\_\_, to me known, who being by me duly sworn, did say that he is Attorney-in-Fact for TEXACO INC., a \_\_\_\_\_ corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires:

Notary Public in and for Midland  
County, Texas

THE STATE OF ARKANSAS

COUNTY OF COLUMBIA

ON THIS the 21<sup>st</sup> day of January, 1960, personally appeared C. R. COLE, to me known, who being by me duly sworn, did say that he is Vice-President of McALESTER FUEL COMPANY, a Delaware corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said C. R. COLE acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

Notary Public in and for Columbia  
County, Arkansas

IN WITNESS WHEREOF, the undersigned parties have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNION OIL COMPANY OF CALIFORNIA

DATE:

By: Ray A. Burke, Attorney-in-Fact

ADDRESS: 619 West Texas  
Midland, Texas

TEXACO INC.

DATE:

By: Attorney-in-Fact

ADDRESS: \_\_\_\_\_

ATTEST:

McALESTER FUEL COMPANY

Secretary

By: C. R. Cole, Vice-President

DATE:

ADDRESS: \_\_\_\_\_

ESTATE OF W. L. GOLDSTON

DATE:

Jan 21, 1960

By: Iris Goldston  
IRIS GOLDSTON, Independent Executor  
under the Will of Walter Leon (W. L.) Goldston

By: W. J. Goldston  
W. J. GOLDSTON, Independent Executor  
under the Will of Walter Leon (W. L.) Goldston

ADDRESS: 202 Oil & Gas Bldg.  
Houston 2, Texas

DATE:

Jan 21, 1960

DATE:

Jan 21, 1960

W. J. Goldston  
W. J. Goldston

Kathleen Goldston  
Kathleen Goldston

ADDRESS: 202 Oil & Gas Bldg.  
Houston 2, Texas

THE STATE OF TEXAS

COUNTY OF HARRIS

ON THIS January 21<sup>st</sup> day of January, 1960, personally

appeared Iris Goldston, Independent Executrix of the ESTATE OF W. L. GOLDSTON, to me known, who being by me duly sworn, did say that she executed the foregoing instrument as her free act and deed and in the capacity therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the seal of which is in this certificate above written.



Mary Richardson  
Notary Public in and for Harris  
County, Texas

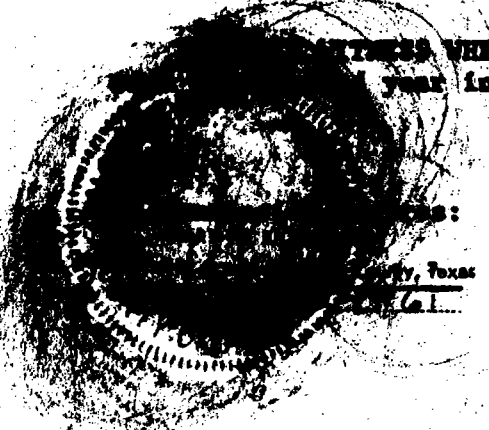
THE STATE OF TEXAS

COUNTY OF HARRIS

ON THIS 21<sup>st</sup> day of January, 1960, personally

appeared W. J. Goldston, Independent Executor of the ESTATE OF W. L. GOLDSTON, to me known, who being by me duly sworn, did say that he executed the foregoing instrument as his free act and deed and in the capacity therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the seal of which is in this certificate above written.



Mary Richardson  
Notary Public in and for Harris  
County, Texas

THE STATE OF TEXAS

COUNTY OF HARRIS

ON THIS 21<sup>st</sup> day of January, 1960, before me personally appeared W. J. GOLDSTON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the seal of which is in this certificate above written.

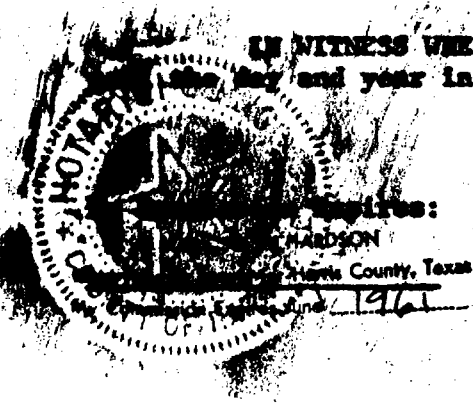


Mary Richardson  
Notary Public in and for Harris  
County, Texas

THE STATE OF TEXAS  
COUNTY OF HARRIS

ON THIS 21<sup>st</sup> day of January, 1960, before me personally appeared KATHLEEN GOLDSTON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.



Mary Jo Richardson  
Notary Public in and for Harris  
County, Texas

THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared \_\_\_\_\_, to me known, who being by me duly sworn, did say that he is \_\_\_\_\_ for HUMBLE OIL & REFINING COMPANY, a \_\_\_\_\_ corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

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

Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

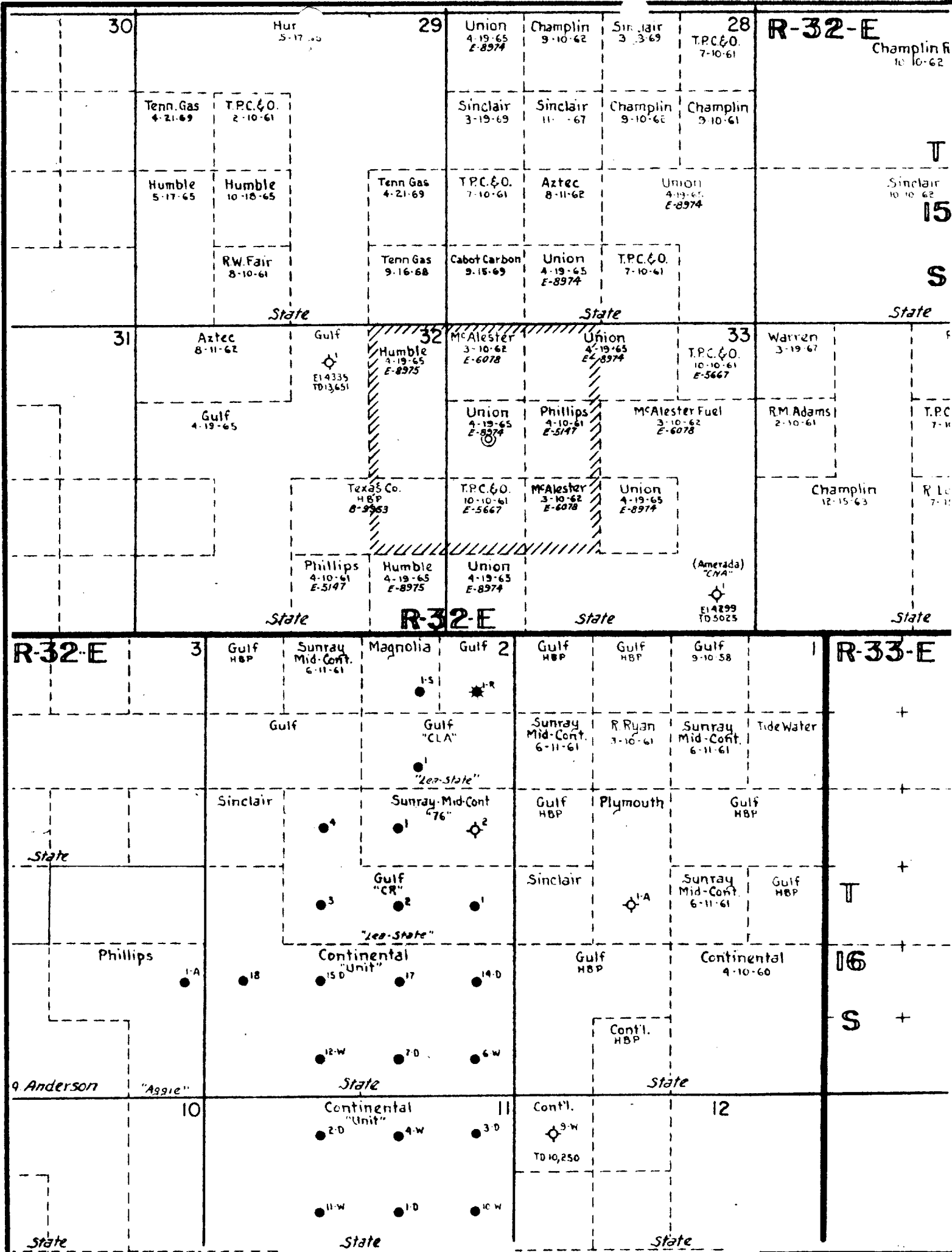
THE STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

ON THIS \_\_\_\_\_ day of \_\_\_\_\_, 1959, personally appeared \_\_\_\_\_, to me known, who being by me duly sworn, did say that he is \_\_\_\_\_ for HUMBLE OIL & REFINING COMPANY, a \_\_\_\_\_ corporation, and that said instrument was signed in behalf of said corporation by the authority of its Board of Directors and the said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

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

Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_



# EXHIBIT "A"

## NORTH ANDERSON RANCH DEVONIAN UNIT

LEA COUNTY, NEW MEXICO

DATE: \_\_\_\_\_ SCALE: 1" = 2000'

EXHIBIT "B"

NORTH ANDERSON RANCH UNIT AREA, LEA COUNTY, NEW MEXICO, TOWNSHIP 15 SOUTH, RANGE 32 EAST

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS IN ALL LANDS IN THE UNIT AREA

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	LEASE NO. AND DATE	LESSOR	RECORD LESSEE	BASIC ROYALTY AND PERCENT	OVERRIDING ROYALTY AND PERCENT	WORKING INTEREST OWNER
1.	<u>T-15-S, R-32-E</u> Sec. 32: E/2 NE/4	80	E-8975 4-19-55 (Exp. 4-19-65)	State	Humble Oil & Refining Company	State - All (12.5%)	None	Humble Oil & Refining Company
2.	<u>T-15-S, R-32-E</u> Sec. 32: NE/4 SE/4	40	B-9953 12-10-42 (HBP)	State	TEXACO INC.	State - All (12.5%)	None	TEXACO INC.
3.	<u>T-15-S, R-32-E</u> Sec. 33: NW/4 NW/4 NE/4 SW/4	80	E-6078 3-10-52 (Exp. 3-10-62)	State	McAlester Fuel Company	State - All (12.5%)	.03125% (1/32 of 8/8)	McAlester Fuel Company 1/2 Estate of W. L. Goldston 1/4 W. J. Goldston 1/4
4.	<u>T-15-S, R-32-E</u> Sec. 33: SW/4 NW/4 NE/4 NW/4	80	E-8974 4-19-55 (Exp. 4-19-65)	State	Union Oil Company of California	State - All (12.5%)	None	Union Oil Company of California
5.	<u>T-15-S, R-32-E</u> Sec. 33: NW/4 SW/4	40	E-5667 10-10-51 (Exp. 10-10-61)	State	Texas Pacific Coal & Oil Company	State - All (12.5%)	None	Texas Pacific Coal & Oil Company
6.	<u>T-15-S, R-32-E</u> Sec. 33: SE/4 NW/4	40	E-5147 4-10-51 (Exp. 4-10-61)	State	Phillips Petroleum Company	State - All (12.5%)	None	Phillips Petroleum Company

Six State tracts containing 360 acres