

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 5366
Submitted by *Robert M. Eysfeldt*
Hearing Date _____



United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

OCT 01 1974

Mr. Robert N. Enfield
P.O. Box 2431
Santa Fe, New Mexico 87501

Dear Mr. Enfield:

Your application of September 12, 1974, filed with the Oil and Gas Supervisor, Roswell, New Mexico, requests the designation of the Cottonwood Draw unit area embracing 3,833.48 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. The unit area contains 3,593.48 (93.7 percent) Federal land and 240 acres (6.3 percent) of fee land.

* → 3,833.48 acres (correct figure) →

Pursuant to the unit plan regulations of December 22, 1950, 30 CFR 226.3, the land requested, as described on your plat marked "Exhibit A, Cottonwood Draw unit area, Eddy County, New Mexico," is hereby designated as a logical unit area.

As proposed by your application, the Federal Form of Unit Agreement for Unproved Areas (1968 reprint) should be used as modified by the appropriate language required for the inclusion of fee land and with the further addition of the words "as amended" inserted after (30 F.R. 12319) in Section 26, Nondiscrimination. Such agreement should also provide for the drilling of the initial exploratory well to test all formations of Pennsylvanian Age or to a depth of 12,900 feet. In the absence of any other type land requiring special provisions or any objection not now apparent, a duly executed agreement identical to said form modified only as indicated above will be approved if submitted in approvable status within a reasonable time. However, the right is reserved to deny approval of any executed agreement which in our opinion does not have full commitment of sufficient land to afford effective control of unit operations.

When the agreement is transmitted to the Oil and Gas Supervisor for approval, include the latest status of all acreage. The format of the sample exhibits attached to the 1968 reprint of the aforementioned form of agreement should be followed closely in the preparation of Exhibits A and B.

Sincerely yours,

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5366

Submitted by Robert N. Enfield

Hearing Date

George W. Horn
Conservation Manager, Central Region
For the Director

1 UNIT AGREEMENT 1
2 FOR THE DEVELOPMENT AND OPERATION 2
3 OF THE 3
4 COTTONWOOD DRAW UNIT AREA 4
5 COUNTY OF EDDY 5
6 STATE OF NEW MEXICO 6
7 NO. _____ 7

8 THIS AGREEMENT entered into as of the ____ day of _____ 8
9 1974, by and between the parties subscribing, ratifying or con- 9
10 senting hereto, and herein referred to as the "parties hereto". 10

11 WITNESSETH: 11

12 WHEREAS, the parties hereto are the owners of working, 12
13 royalty, or other oil and gas interests in the unit area subject 13
14 to this agreement; and 14

15 WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 15
16 Stat. 437, as amended, 30 U.S.C. Secs. 181 et seq., authorizes 16
17 Federal Lessees and their representatives to unite with each other 17
18 or jointly or separately with others, in collectively adopting 18
19 and operating a cooperative or unit plan of development or opera- 19
20 tion of any oil or gas pool, field, or like area, or any part 20
21 thereof for the purpose of more properly conserving the natural 21
22 resources thereof whenever determined and certified by the Secretary 22
23 of the Interior to be necessary or advisable in the public interest; 23
24 and 24

25 WHEREAS, the Oil Conservation Commission of the State of 25
26 New Mexico is authorized by an Act of the Legislature (Article 3, 26
27 Chapter 65, Vol. 9, Part 2, 1953 Statutes) to approve this agree- 27
28 ment and the conservation provisions hereof; and 28

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 5366
Submitted by Robert N. Enfield
Hearing Date _____

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

4 WHEREAS, it is the purpose of the parties hereto to conserve 4
5 natural resources, prevent waste, and secure other benefits obtain- 5
6 able through development and operation of the area subject to this 6
7 agreement under the terms, conditions and limitations herein set 7
8 forth; 8

9 NOW THEREFORE, in consideration of the premises and the pro- 9
10 mises herein contained, the parties hereto commit to this agreement 10
11 their respective interests in the below-defined unit area, and 11
12 agree severally among themselves as follows: 12

13 1. ENABLING ACT AND REGULATIONS. The Mineral Lease Act 13
14 of February 25, 1920, as amended, supra, and all valid pertinent 14
15 regulations, including operating and unit plan regulations, here- 15
16 tofore issued thereunder or valid, pertinent and reasonable regula- 16
17 tions hereafter issued thereunder are accepted and made a part of 17
18 this agreement as to Federal lands, provided such regulations are 18
19 not inconsistent with the terms of this agreement; and as to non- 19
20 Federal lands, the oil and gas operating regulations in effect as 20
21 of the effective date hereof governing drilling and producing 21
22 operations, not inconsistent with the terms hereof or the laws 22
23 of the State of which the non-Federal land is located, are hereby 23
24 accepted and made a part of this agreement. 24

25 2. UNIT AREA. The area specified on the map attached hereto 25
26 marked Exhibit "A" is hereby designated and recognized as consti- 26
27 tuting the unit area, containing 3,833.48 acres, more or less. 27

28 Exhibit "A" shows, in addition to the boundary of the unit 28
29 area, the boundaries and identity of tracts and leases in said 29
30 area to the extent known to the Unit Operator. Exhibit "B" 30

1 attached hereto is a schedule showing, to the extent known to the 1
2 Unit Operator, the acreage, percentage, and kind of ownership of 2
3 oil and gas interests in all land in the unit area. However, 3
4 nothing herein or in said schedule or map shall be construed as 4
5 a representation by any party hereto as to the ownership of any 5
6 interest other than such interest or interests as are shown in said 6
7 map or schedule as owned by such party. Exhibits "A" and "B" 7
8 shall be revised by the Unit Operator whenever changes in the 8
9 unit area render such revision necessary, or when requested by 9
10 the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", 10
11 and not less than four copies of the revised exhibits shall be 11
12 filed with the Supervisor, and one copy with the New Mexico Oil 12
13 Conservation Commission, hereinafter referred to as "Commission". 13

14 The above-described unit area shall when practicable be 14
15 expanded to include therein any additional lands or shall be 15
16 contracted to exclude lands whenever such expansion or contraction 16
17 is deemed to be necessary or advisable to conform with the purposes 17
18 of this agreement. Such expansion or contraction shall be effected 18
19 in the following manner: 19

20 (a) Unit Operator, on its own motion or on demand of the 20
21 Director of the Geological Survey, hereinafter referred to as 21
22 "Director", after preliminary concurrence by the Director, shall 22
23 prepare a notice of proposed expansion or contraction describing 23
24 the contemplated changes in the boundaries of the unit area, the 24
25 reasons therefor, and the proposed effective date thereof, pre- 25
26 ferably the first day of a month subsequent to the date of notice. 26

27 (b) Said notice shall be delivered to the Supervisor and 27
28 the Commission, and copies thereof mailed to the last known address 28

1 of each working owner, lessee, and lessor whose interests are 1
2 affected, advising that 30 days will be allowed for submission to 2
3 the Unit Operator of any objections. 3

4 (c) Upon expiration of the 30-day period provided in the 4
5 preceding item (b) hereof, Unit Operator shall file with the 5
6 Supervisor and the Commission evidence of mailing of the notice 6
7 of expansion or contraction and a copy of any objections thereto 7
8 which have been filed with the Unit Operator, together with an 8
9 application in sufficient number, for approval of such expansion 9
10 or contraction and with appropriate joinders. 10

11 (d) After due consideration of all pertinent information, 11
12 the expansion or contraction shall, upon approval by the Super- 12
13 visor and the Commission, become effective as of the date prescribed 13
14 in the notice thereof. 14

15 (e) All legal subdivisions of land (i.e., 40 acres by Govern- 15
16 ment survey or its nearest lot or tract equivalent; in instances 16
17 of irregular surveys unusually large lots or tracts shall be con- 17
18 sidered in multiples of 40 acres or the nearest aliquot equivalent 18
19 thereof), no parts of which are entitled to be in a participating 19
20 area on or before the fifth anniversary of the effective date of 20
21 the first initial participating area established under this unit 21
22 agreement, shall be eliminated automatically from this agreement, 22
23 effective as of said fifth anniversary, and such lands shall no 23
24 longer be a part of the unit area and shall no longer be subject 24
25 to this agreement, unless diligent drilling operations are in 25
26 progress on unitized lands not entitled to participation on said 26
27 fifth anniversary, in which event all such lands shall remain 27
28 subject hereto so long as such drilling operations are continued 28
29 diligently with not more than 90 days' time elapsing between the 29
30 completion of one such well and the commencement of the next such 30

1 well. All legal subdivisions of lands not entitled to be in a 1
2 participating area within 10 years after the effective date of the 2
3 first initial participating area approved under this agreement 3
4 shall be automatically eliminated from this agreement as of said 4
5 tenth anniversary. All lands proved productive by diligent 5
6 drilling operations after the aforesaid 5-year period shall become 6
7 participating in the same manner as during said 5-year period. 7
8 However, when such diligent drilling operations cease, all nonparti- 8
9 cipating lands shall be automatically eliminated effective as of 9
10 the 91st day thereafter. The Unit Operator shall, within 90 days 10
11 after the effective date of any elimination hereunder, describe 11
12 the area so eliminated to the satisfaction of the Supervisor and 12
13 promptly notify all parties in interest. 13

14 If conditions warrant extension of the 10-year period speci- 14
15 fied in this subsection 2(e), a single extension of not to exceed 15
16 2 years may be accomplished by consent of the owners of 90% of the 16
17 working interests in the current nonparticipating unitized lands 17
18 and the owners of 60% of the basic royalty interests (exclusive 18
19 of the basic royalty interests of the United States) in nonpartici- 19
20 pating unitized lands with approval of the Director, provided such 20
21 extension application is submitted to the Director not later than 21
22 60 days prior to the expiration of said 10-year period. 22

23 Any expansion of the unit area pursuant to this section 23
24 which embraces lands theretofore eliminated pursuant to this 24
25 subsection 2(e) shall not be considered automatic commitment or 25
26 recommitment of such lands. 26

27 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed 27
28 to this agreement shall constitute land referred to herein as 28
29 "unitized land" or "land subject to this agreement". All oil and 29

1 gas in any and all formations of the unitized land are unitized 1
2 under the terms of this agreement and herein are called "unitized 2
3 substances". 3

4 4. UNIT OPERATOR. Robert N. Enfield is hereby designated 4
5 as Unit Operator and by signature hereto as Unit Operator agrees 5
6 and consents to accept the duties and obligations of Unit Operator 6
7 for the discovery, development, and production of unitized sub- 7
8 stances as herein provided. Whenever reference is made herein 8
9 to the Unit Operator, such reference means the Unit Operator acting 9
10 in that capacity and not as an owner of interest in unitized sub- 10
11 stances, and the term "working interest owner" when used herein 11
12 shall include or refer to Unit Operator as the owner of a working 12
13 interest when such an interest is owned by it. 13

14 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator 14
15 shall have the right to resign at any time prior to the establish- 15
16 ment of a participating area or areas hereunder, but such resigna- 16
17 tion shall not become effective so as to release Unit Operator from 17
18 the duties and obligations of Unit Operator and terminate Unit 18
19 Operator's rights as such for a period of 6 months after notice of 19
20 intention to resign has been served by Unit Operator on all 20
21 working interest owners and the Supervisor and the Commission, and 21
22 until all wells then drilled hereunder are placed in a satisfactory 22
23 condition for suspension or abandonment, whichever is required by 23
24 the Supervisor as to Federal lands, and by the Commission as to 24
25 privately owned lands, unless a new Unit Operator shall have been 25
26 selected and approved and shall have taken over and assumed the 26
27 duties and obligations of Unit Operator prior to the expiration 27
28 of said period. 28

1 Unit Operator shall have the right to resign in like manner 1
2 and subject to like limitations as above provided at any time a 2
3 participating area established hereunder is in existence, but, 3
4 in all instances of resignation or removal, until a successor 4
5 Unit Operator is selected and approved as hereinafter provided, 5
6 the working interest owners shall be jointly responsible for 6
7 performance of the duties of Unit Operator, and shall, not later 7
8 than 30 days before such resignation or removal becomes effective, 8
9 appoint a common agent to represent them in any action to be taken 9
10 hereunder. 10

11 The resignation of Unit Operator shall not release Unit 11
12 Operator from any liability for any default by it hereunder 12
13 occurring prior to the effective date of its resignation. 13

14 The Unit Operator may, upon default or failure in the per- 14
15 formance of its duties or obligations hereunder, be subject to 15
16 removal by the same percentage vote of the owners of working 16
17 interests as herein provided for the selection of a new Unit 17
18 Operator. Such removal shall be effective upon notice thereof 18
19 to the Supervisor. 19

20 The resignation or removal of Unit Operator under this agree- 20
21 ment shall not terminate its rights, title or interest as the owner 21
22 of a working interest or other interest in unitized substances, 22
21 but upon the resignation or removal of Unit Operator becoming 23
24 effective, such Unit Operator shall deliver possession of all 24
25 wells, equipment, materials and appurtenances used in conducting 25
26 the unit operations to the new duly qualified successor Unit 26
27 Operator or to the common agent, if no such new Unit Operator 27
28 is elected, to be used for the purposes of conducting unit opera- 28
29 tions hereunder. Nothing herein shall be construed as authorizing 29

1 removal of any materials, equipment and appurtenances needed for 1
2 the preservation of any wells. 2

3 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator 3
4 shall tender his or its resignation as Unit Operator or shall be 4
5 removed as hereinabove provided, or a change of Unit Operator is 5
6 negotiated by working interest owners, the owners of the working 6
7 interests in the participating area or areas according to their 7
8 respective acreage interests in such participating area or areas, 8
9 or, until a participating area shall have been established, the 9
10 owners of the working interests according to their respective 10
11 acreage interests in all unitized land, shall by majority vote 11
12 select a successor Unit Operator: Provided, That, if a majority, 12
13 but less than 75 percent of the working interests qualified to 13
14 vote are owned by one party to this agreement, a concurring vote 14
15 of one or more additional working interest owners shall be required 15
16 to select a new operator. Such selection shall not become effec- 16
17 tive until 17

18 (a) a Unit Operator so selected shall accept in writing the 18
19 duties and responsibilities of Unit Operator, and 19

20 (b) the selection shall have been approved by the Supervisor. 20

21 If no successor Unit Operator is selected and qualified as 21
22 herein provided, the Director at his election may declare this 22
23 Unit Agreement terminated. 23

24 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If 24
25 the Unit Operator is not the sole owner of working interest, costs 25
26 and expenses incurred by Unit Operator in conducting unit opera- 26
27 tions hereunder shall be paid and apportioned among and borne by 27
28 the owners of working interests, all in accordance with the agree- 28
29 ment or agreements entered into by and between the Unit Operator 29
30 and the owners of working interests, whether one or more, separately 30

1 or collectively. Any agreement or agreements entered into between 1
2 the working interest owners and the Unit Operator as provided 2
3 in this section, whether one or more, are herein referred to as 3
4 the "Unit Operating Agreement". Such Unit Operating Agreement 4
5 shall also provide the manner in which the working interest 5
6 owners shall be entitled to receive their respective proportionate 6
7 and allocated share of the benefits accruing hereto in conformity 7
8 with their underlying operating agreement, leases, or other 8
9 independent contracts, and such other rights and obligations as 9
10 between Unit Operator and the working interest owners as may be 10
11 agreed upon by Unit Operator and the working interest owners; how- 11
12 ever, no such Unit Operating Agreement shall be deemed either to 12
13 modify any of the terms and conditions of this Unit Agreement or 13
14 to relieve the Unit Operator of any right or obligation established 14
15 under this Unit Agreement, and in case of any inconsistency or 15
16 conflict between this Unit Agreement and the Unit Operating Agree- 16
17 ment, this Unit Agreement shall govern. Three true copies of any 17
18 Unit Operating Agreement executed pursuant to this section should 18
19 be filed with the Supervisor and one true copy with the Commission, 19
20 prior to approval of this unit agreement. 20

21 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as 21
22 otherwise specifically provided herein, the exclusive right, 22
23 privilege, and duty of exercising any and all rights of the 23
24 parties hereto which are necessary or convenient for prospecting, 24
25 for producing, storing, allocating, and distributing the unitized 25
26 substances are hereby delegated to and shall be exercised by the 26
27 Unit Operator as herein provided. Acceptable evidence of title 27
28 to said rights shall be deposited with said Unit Operator and, 28
29 together with this agreement, shall constitute and define the 29
30 rights, privileges and obligations of Unit Operator. Nothing herein 30

1 however, shall be construed to transfer title to any land or to 1
2 any lease or operating agreement, it being understood that under 2
3 this agreement the Unit Operator, in its capacity as Unit Operator, 3
4 shall exercise the rights of possession and use vested in the 4
5 parties hereto only for the purposes herein specified. 5

6 9. DRILLING TO DISCOVERY. Within 6 months after the effective 6
7 date hereof, the Unit Operator shall begin to drill an adequate 7
8 test well at a location approved by the Supervisor, if on Federal 8
9 land, or by the Commission if on fee land, unless on such effective 9
10 date a well is being drilled conformably with the terms hereof, and 10
11 thereafter continue such drilling diligently until all formations of 11
12 Pennsylvanian Age have been tested but not to exceed a depth of 12
13 12,900 feet, or until at a lesser depth unitized substances shall 13
14 be discovered which can be produced in paying quantities (to-wit: 14
15 quantities sufficient to repay the costs of drilling, completing, 15
16 and producing operations, with a reasonable profit) or the Unit 16
17 Operator shall at any time establish to the satisfaction of the 17
18 Supervisor if located on Federal lands, or the Commission if 18
19 located on fee lands, that further drilling of said well would be 19
20 unwarranted or impracticable, provided, however, that Unit Operator 20
21 shall not in any event be required to drill said well to a depth 21
22 in excess of 12,900 feet. Until the discovery of a deposit of 22
23 unitized substances capable of being produced in paying quantities, 23
24 the Unit Operator shall continue drilling one well at a time, 24
25 allowing not more than 6 months between the completion of one well 25
26 and the beginning of the next well, until a well capable of 26
27 producing unitized substances in paying quantities is completed 27
28 to the satisfaction of said Supervisor if on Federal land, or 28
29 the Commission if on fee land, or until it is reasonably proved 29
30 that the unitized land is incapable of producing unitized substances 30

1 in paying quantities in the formations drilled hereunder. Nothing 1
2 in this section shall be deemed to limit the right of the Unit 2
3 Operator to resign as provided in Section 5 hereof, or as requiring 3
4 Unit Operator to commence or continue any drilling during the 4
5 period pending such resignation becoming effective in order to 5
6 comply with the requirements of this section. The Supervisor may 6
7 modify the drilling requirements of this section by granting 7
8 reasonable extensions of time when, in their opinion, such action 8
9 is warranted. Upon failure to commence any well provided for in 9
10 this section within the time allowed, including any extension of 10
11 time granted by the Supervisor, this agreement will automatically 11
12 terminate; upon failure to continue drilling diligently any well 12
13 commenced hereunder, the Supervisor may, after 15 days notice to 13
14 the Unit Operator, declare this unit agreement terminated. 14

15 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 15
16 months after completion of a well capable of producing unitized 16
17 substances in paying quantities, the Unit Operator shall submit 17
18 for the approval of the Supervisor an acceptable plan of develop- 18
19 ment and operation for the unitized land which, when approved by 19
20 the Supervisor, shall constitute the further drilling and operating 20
21 obligations of the Unit Operator under this agreement for the 21
22 period specified therein. Thereafter, from time to time before the 22
23 expiration of any existing plan, the Unit Operator shall submit 23
24 for the approval of the Supervisor a plan for an additional 24
25 specified period for the development and operation of the unitized 25
26 land. 26

27 Any plan submitted pursuant to this section shall provide 27
28 for the exploration of the unitized area and for the diligent 28
29 drilling necessary for determination of the area or areas thereof 29
30 capable of producing unitized substances in paying quantities in 30

1 each and every productive formation and shall be as complete 1
2 and adequate as the Supervisor may determine to be necessary for 2
3 timely development and proper conservation of the oil and gas 3
4 resources of the unitized area and shall: 4

5 (a) specify the number and locations of any wells 5
6 to be drilled and the proposed order and time 6
7 for such drilling; and 7

8 (b) to the extent practicable, specify the operating 8
9 practices regarded as necessary and advisable for 9
10 proper conservation of natural resources. 10

11 Separate plans may be submitted for separate productive zones, 11
12 subject to the approval of the Supervisor. 12

13 Plans shall be modified or supplemented when necessary to 13
14 meet changed conditions or to protect the interests of all parties 14
15 to this agreement. Reasonable diligence shall be exercised in 15
16 complying with the obligations of the approved plan of development. 16
17 The Supervisor is authorized to grant a reasonable extension of the 17
18 6-month period herein prescribed for submission of an initial plan 18
19 of development where such action is justified because of unusual 19
20 conditions or circumstances. After completion hereunder of a well 20
21 capable of producing any unitized substances in paying quantities, 21
22 no further wells, except such as may be necessary to afford pro- 22
23 tection against operations not under this agreement and such as 23
24 may be specifically approved by the Supervisor shall be drilled 24
25 except in accordance with a plan of development approved as herein 25
26 provided. 26

27 11. PARTICIPATION AFTER DISCOVERY. Upon completion of a 27
28 well capable of producing unitized substances in paying quantities 28
29 or as soon thereafter as required by the Supervisor, the Unit 29
30 Operator shall submit for approval by the Supervisor a schedule, 30

1 based on subdivisions of the public land survey or aliquot parts 1
2 thereof, of all land then regarded as reasonably proved to be 2
3 productive in paying quantities; all lands in said schedule on 3
4 approval of the Supervisor to constitute a participating area, 4
5 effective as of the date of completion of such well or the effec- 5
6 tive date of this Unit Agreement, whichever is later. The acreages 6
7 of both Federal and non-Federal lands shall be based upon appro- 7
8 priate computations from the courses and distances shown on the 8
9 last approved public land survey as of the effective date of each 9
10 initial participating area. Said schedule shall also set forth 10
11 the percentage of unitized substances to be allocated as herein 11
12 provided to each tract in the participating area so established, 12
13 and shall govern the allocation of production commencing with 13
14 the effective date of the participating area. A separate parti- 14
15 cipating area shall be established for each separate pool or 15
16 deposit of unitized substances or for any group thereof which 16
17 is produced as a single pool or zone, and any two or more partici- 17
18 pating areas so established may be combined into one, on approval 18
19 of the Supervisor. When production from two or more participating 19
20 areas, so established, is subsequently found to be from a common 20
21 pool or deposit said participating areas shall be combined into 21
22 one effective as of such appropriate date as may be approved or 22
23 prescribed by the Supervisor. The participating area or areas 23
24 so established shall be revised from time to time, subject to 24
25 like approval, to include additional land then regarded as 25
26 reasonably proved to be productive in paying quantities or 26
27 necessary for unit operations, or to exclude land then regarded 27
28 as reasonably proved not to be productive in paying quantities 28
29 and the schedule of allocation percentages shall be revised 29
30 accordingly. The effective date of any revision shall be the 30

1 first day of the month in which is obtained the knowledge or 1
2 information on which such revision is predicated, provided, 2
3 however, that a more appropriate effective date may be used if 3
4 justified by the Unit Operator and approved by the Supervisor. 4
5 No land shall be excluded from a participating area on account of 5
6 depletion of the unitized substances, except that any participating 6
7 area established under the provisions of this Unit Agreement shall 7
8 terminate automatically whenever all completions in the formation 8
9 on which the participating area is based are abandoned. 9

10 It is the intent of this section that a participating area 10
11 shall represent the area known or reasonably estimated to be 11
12 productive in paying quantities, but, regardless of any revision 12
13 of the participating area, nothing herein contained shall be con- 13
14 strued as requiring any retroactive adjustment for production 14
15 obtained prior to the effective date of the revision of the 15
16 participating area. 16

17 In the absence of agreement at any time between the Unit 17
18 Operator and the Supervisor as to the proper definition or 18
19 redefinition of a participating area, or until a participating 19
20 area has, or areas have, been established as provided herein, the 20
21 portion of all payments affected thereby shall be impounded in 21
22 a manner mutually acceptable to the owners of working interests 22
23 and the Supervisor. Royalties due the United States, which shall 23
24 be determined by the Supervisor for Federal land and the amount 24
25 thereof shall be deposited, as directed by the Supervisor, to be 25
26 held as unearned money until a participating area is finally 26
27 approved and then applied as earned or returned in accordance 27
28 with a determination of the sum due as Federal royalty on the 28
29 basis of such approved participating area. 29

1 Whenever it is determined, subject to the approval of the 1
2 Supervisor as to wells drilled on Federal land, that a well 2
3 drilled under this agreement is not capable of production in 3
4 paying quantities and inclusion of the land on which it is situated 4
5 in a participating area is unwarranted, production from such well 5
6 shall, for the purposes of settlement among all parties other than 6
7 working interest owners, be allocated to the land on which the 7
8 well is located unless such land is already within the participating 8
9 area established for the pool or deposit from which such production 9
10 is obtained. Settlement for working interest benefits from such 10
11 a well shall be made as provided in the Unit Operating Agreement. 11
12 12. ALLOCATION OF PRODUCTION. All unitized substances 12
13 produced from each participating area established under this 13
14 agreement, except any part thereof used in conformity with good 14
15 operating practices within the unitized area for drilling, 15
16 operating, camp and other production or development purposes, 16
17 for repressuring or recycling in accordance with a plan of 17
18 development approved by the Supervisor, or unavoidably lost, 18
19 shall be deemed to be produced equally on an acreage basis from 19
20 the several tracts of unitized land of the participating area 20
21 established for such production and, for the purpose of deter- 21
22 mining any benefits accruing under this agreement, each such 22
23 tract of unitized land shall have allocated to it such percentage 23
24 of said production as the number of acres of such tract included 24
25 in said participating area bears to the total acres of unitized 25
26 land in said participating area, except that allocation of pro- 26
27 duction hereunder for purposes other than for settlement of the 27
28 royalty, overriding royalty, or payment out of production obliga- 28
29 tions of the respective working interest owners, shall be 29
30 on the basis prescribed in the Unit Operating Agreement whether 30

1 in conformity with the basis of allocation herein set forth or 1
2 otherwise. It is hereby agreed that production of unitized sub- 2
3 stances from a participating area shall be allocated as provided 3
4 herein regardless of whether any wells are drilled on any particular 4
5 part or tract of said participating area. If any gas produced 5
6 from one participating area is used for repressuring or recycling 6
7 purposes in another participating area, the first gas withdrawn 7
8 from such last-mentioned participating area for sale during the 8
9 life of this agreement shall be considered to be the gas so 9
10 transferred until an amount equal to that transferred shall be 10
11 so produced for sale and such gas shall be allocated to the parti- 11
12 cipating area from which initially produced as such area was last 12
13 defined at the time of such final production. 13

14 13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR 14
15 FORMATIONS. Any party hereto owning or controlling the working 15
16 interest in any unitized land having thereon a regular well loca- 16
17 tion may with the approval of the Supervisor as to Federal land, 17
18 and the Commission as to privately owned land, at such party's 18
19 sole risk, cost and expense, drill a well to test any formation 19
20 for which a participating area has not been established or to test 20
21 any formation for which a participating area has been established 21
22 if such location is not within said participating area, unless 22
23 within 90 days of receipt of notice from said party of his 23
24 intention to drill the well, the Unit Operator elects and commences 24
25 to drill such a well in like manner as other wells are drilled by 25
26 the Unit Operator under this agreement. 26

27 If any well drilled as aforesaid by a working interest owner 27
28 results in production such that the land upon which it is situated 28
29 may properly be included in a participating area, such partici- 29
30 pating area shall be established or enlarged as provided in this 30

1 agreement and the well shall thereafter be operated by the Unit 1
2 Operator in accordance with the terms of this agreement and the 2
3 Unit Operating Agreement. 3

4 If any well drilled as aforesaid by a working interest owner 4
5 obtains production in quantities insufficient to justify the 5
6 inclusion of the land upon which such well is situated in a 6
7 participating area, such well may be operated and produced by the 7
8 party drilling the same subject to the conservation requirements 8
9 of this agreement. The royalties in amount or value of production 9
10 from any such well shall be paid as specified in the underlying 10
11 lease and agreements affected. 11

12 14. ROYALTY SETTLEMENT. The United States and any other 12
13 royalty owner who, under existing contract, is entitled to take in 13
14 kind a share of the substances now unitized hereunder shall here- 14
15 after be entitled to the right to take in kind its share of the 15
16 unitized substances, and the Unit Operator, or the working interest 16
17 owner in case of the operation of a well by a working interest owner 17
18 as herein provided for in special cases, shall make deliveries of 18
19 such royalty share taken in kind in conformity with the applicable 19
20 contracts, laws and regulations. Settlement for royalty interest 20
21 not taken in kind shall be made by working interest owners respon- 21
22 sible therefor under existing contracts, laws and regulations, or 22
23 by the Unit Operator, on or before the last day of each month for 23
24 unitized substances produced during the preceding calendar month; 24
25 provided, however, that nothing herein contained shall operate to 25
26 relieve the lessees of any land from their respective lease obliga- 26
27 tions for the payment of any royalties due under their leases. 27

28 If gas obtained from lands not subject to this agreement is 28
29 introduced into any participating area hereunder, for use in re- 29
30 pressuring, stimulation or production, or increasing ultimate 30

1 recovery, in conformity with a plan of operations approved by the 1
2 Supervisor, a like amount of gas, after settlement as herein pro- 2
3 vided for any gas transferred from any other participating area 3
4 and with appropriate deduction for loss from any cause, may be 4
5 withdrawn from the formation in which the gas is introduced, 5
6 royalty free as to dry gas, but not as to any products which may 6
7 be extracted therefrom; provided that such withdrawal shall be at 7
8 such time as may be provided in the approved plan of operations or 8
9 as may otherwise be consented to by the Supervisor, as conforming 9
10 to good petroleum engineering practice; and provided further, that 10
11 such right of withdrawal shall terminate on the termination of this 11
12 Unit Agreement. 12

13 Royalty due the United States shall be computed as provided 13
14 in the operating regulations and paid in value or delivered in 14
15 kind as to all unitized substances on the basis of the amounts 15
16 thereof allocated to unitized Federal land as provided herein at 16
17 the rate specified in the respective Federal leases, or at such 17
18 lower rate or rates as may be authorized by law or regulation; 18
19 provided, that for leases on which the royalty rate depends on 19
20 the daily average production per well, said average production 20
21 shall be determined in accordance with the operating regulations 21
22 as though each participating area were a single consolidated lease. 22

23 Royalty due on account of privately owned land shall be 23
24 computed and paid on the basis of all unitized substances allocated 24
25 to such lands. 25

26 15. RENTAL SETTLEMENT. Rental or minimum royalties due on 26
27 leases committed hereto shall be paid by working interest owners 27
28 responsible therefore under existing contracts, laws and regula- 28
29 tions, provided that nothing herein contained shall operate to 29
30 relieve the lessees of any land from their respective lease 30

1 obligations for the payment of any rental or minimum royalty 1
2 due under their leases. Rental or minimum royalty for lands 2
3 of the United States subject to this agreement shall be paid at 3
4 the rate specified in the respective leases from the United States 4
5 unless such rental or minimum royalty is waived, suspended or 5
6 reduced by law or by approval of the Secretary or his duly 6
7 authorized representative. 7

8 With respect to any lease on non-Federal land containing pro- 8
9 visions which would terminate such lease unless drilling operations 9
10 are commenced upon the land covered thereby within the time 10
11 therein specified or rentals are paid for the privilege of 11
12 deferring such drilling obligations, the rentals required thereby 12
13 shall, notwithstanding any other provisions of this agreement, 13
14 be deemed to accrue and become payable during the term thereof 14
15 as extended by this agreement and until the required drilling 15
16 operations are commenced upon the land covered thereby or until 16
17 some portion of such land is included within a participating area. 17

18 16. CONSERVATION. Operations hereunder and production of 18
19 unitized substances shall be conducted to provide for the most 19
20 economical and efficient recovery of said substances without waste, 20
21 as defined by or pursuant to State or Federal laws or regulations. 21

22 17. DRAINAGE. The Unit Operator shall take such measures 22
23 as the Supervisor deems appropriate and adequate to prevent 23
24 drainage of unitized substances from unitized land by wells on land 24
25 not subject to this agreement. 25

26 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, 26
27 conditions and provisions of all leases, subleases and other con- 27
28 tracts relating to exploration, drilling, development or operations 28
29 for oil or gas on lands committed to this agreement are hereby 29
30 expressly modified and amended to the extent necessary to make 30

1 the same conform to the provisions hereof, but otherwise to 1
2 remain in full force and effect; and the parties hereto hereby 2
3 consent that the Secretary as to Federal leases shall and by his 3
4 approval hereof, or by the approval hereof by his duly authorized 4
5 representative, does hereby establish, alter, change or revoke 5
6 the drilling, producing, rental minimum royalty and royalty require- 6
7 ments of Federal leases committed hereto and the regulations in 7
8 respect thereto to conform said requirements to the provisions of 8
9 this agreement, and, without limiting the generality of the fore- 9
10 going, all leases, subleases, and contracts are particularly 10
11 modified in accordance with the following: 11

12 (a) The development and operation of lands subject to this 12
13 agreement under the terms hereof shall be deemed full 13
14 performance of all obligations for development and 14
15 operation with respect to each and every separately 15
16 owned tract subject to this agreement, regardless of 16
17 whether there is any development of any particular 17
18 tract of the unit area. 18

19 (b) Drilling and producing operations performed hereunder 19
20 upon any tract of unitized land will be accepted and 20
21 deemed to be performed upon and for the benefit of each 21
22 and every tract of unitized land, and no lease shall be 22
23 deemed to expire by reason of failure to drill or produce 23
24 wells situated on the land therein embraced. 24

25 (c) Suspension of drilling or producing operations on all 25
26 unitized lands pursuant to direction or consent of the 26
27 Secretary or his duly authorized representatives shall 27
28 be deemed to constitute such suspension pursuant to 28
29 such direction or consent as to each and every tract 29

1 of unitized land. A suspension of drilling or 1
2 producing operations limited to specified lands 2
3 shall be applicable only to such lands. 3

4 (d) Each lease, sublease or contract relating to the 4
5 exploration, drilling, development or operation for 5
6 oil or gas of lands other than those of the United 6
7 States committed to this agreement, which, by its 7
8 terms might expire prior to the termination of this 8
9 agreement, is hereby extended beyond any such term 9
10 so provided therein so that it shall be continued in 10
11 full force and effect for and during the term of this 11
12 agreement. 12

13 (e) Any Federal lease for a fixed term of twenty (20) 13
14 years or any renewal thereof or any part of such lease 14
15 which is made subject to this agreement shall continue 15
16 in force beyond the term provided therein until the 16
17 termination hereof. Any other Federal lease committed 17
18 hereto shall continue in force beyond the term so pro- 18
19 vided therein or by law as to the land committed so 19
20 long as such lease remains subject hereto, provided 20
21 that production is had in paying quantities under this 21
22 Unit Agreement prior to the expiration date of the term 22
23 of such lease, or in the event actual drilling operations 23
24 are commenced on unitized lands, in accordance with 24
25 the provisions of this agreement, prior to the end of 25
26 the primary term of such lease and are being diligently 26
27 prosecuted at that time, such lease shall be extended 27
28 for two years and so long thereafter as oil or gas is 28
29 produced in paying quantities in accordance with the 29
30 provisions of the Mineral Leasing Act Revision of 1960 30

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

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 any 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 shall terminate five years from said effective date unless:

(a) such date of expiration is extended by the Director, 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 Supervisor, or

(c) a valuable discovery of unitized substances has been made or accepted 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 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 unitized substances so discovered can be produced as aforesaid, or

(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 working interest owners signatory hereto, with the approval of the Supervisor; 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 is hereby vested with authority to alter or modify from time to time in his 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 statewide 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 of 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 is also hereby vested with authority to alter or modify from time to time in his 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; provided, further, that no such alteration or modification shall be effective as to any privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

1 Powers in this section vested in the Director shall only be 1
2 exercised after notice to Unit Operator and opportunity for hearing 2
3 to be held not less than 15 days from notice. 3

4 22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor 4
5 the working interest owners nor any of them shall be subject to 5
6 any forfeiture, termination or expiration of any rights hereunder 6
7 or under any leases or contracts subject hereto, or to any penalty 7
8 or liability on account of delay or failure in whole or in part 8
9 to comply with any applicable provision thereof to the extent that 9
10 the Unit Operator, working interest owners or any of them are hin- 10
11 dered, delayed or prevented from complying therewith by reason of 11
12 failure of the Unit Operator to obtain in the exercise of due 12
13 diligence, the concurrence of proper representatives of the United 13
14 States in and about any matters or things concerning which it is 14
15 required herein that such concurrence be obtained. The parties 15
16 hereto, including the Commission, agree that all powers and authority 16
17 vested in the Commission in and by any provisions of this agree- 17
18 ment are vested in the Commission and shall be exercised by it 18
19 pursuant to the provisions of the laws of the State of New Mexico 19
20 and subject in any case to appeal or judicial review as may now 20
21 or hereafter be provided by the laws of the State of New Mexico. 21

22 23. APPEARANCES. Unit Operator shall, after notice to other 22
23 parties affected, have the right to appear for and on behalf of 23
24 any and all interests affected hereby before the Department of the 24
25 Interior and the New Mexico Oil Conservation Commission and to 25
26 appeal from orders issued under the regulations of said Department 26
27 or the Commission and to apply for relief from any of said 27
28 regulations or in any proceedings relative to operations before 28
29 the Department of the Interior or Commission, or any other legally 29

1 constituted authority; provided however, that any other 1
2 interested party shall also have the right at his own expense 2
3 to be heard in any such proceeding. 3

4 24. NOTICES. All notices, demands or statements required 4
5 hereunder to be given or rendered to the parties hereto shall be 5
6 deemed fully given if given in writing and personally delivered 6
7 to the party or sent by postpaid registered or certified mail, 7
8 addressed to such party or parties at their respective addresses 8
9 set forth in connection with the signatures hereto or to the 9
10 ratification or consent hereof or to such other address as any 10
11 such party may have furnished in writing to party sending the 11
12 notice, demand or statement. 12

13 25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement 13
14 contained shall be construed as a waiver by any party hereto of 14
15 the right to assert any legal or constitutional right or defense 15
16 as to the validity or invalidity of any law of the State wherein 16
17 said unitized lands are located, or of the United States, or regu- 17
18 lations issued thereunder in any way affecting such party, or as 18
19 a waiver by any such party of any right beyond his or its authority 19
20 to waive. 20

21 26. UNAVOIDABLE DELAY. All obligations under this agreement 21
22 requiring the Unit Operator to commence or continue drilling or to 22
23 operate on or produce unitized substances from any of the lands 23
24 covered by this agreement shall be suspended while the Unit Operator, 24
25 despite the exercise of due care and diligence, is prevented from 25
26 complying with such obligations, in whole or in part, by strikes, 26
27 acts of God, Federal, State or municipal law or agencies, unavoid- 27
28 able accidents, uncontrollable delays in transportation, inability 28
29 to obtain necessary materials in open market, or other matters 29
30 beyond the reasonable control of the Unit Operator whether similar 30

1 to matters herein enumerated or not. No unit obligation which 1
2 is suspended under this section shall become due less than thirty 2
3 (30) days after it has been determined that the suspension is no 3
4 longer applicable. Determination of creditable "Unavoidable Delay" 4
5 time shall be made by the Unit Operator subject to approval of the 5
6 Supervisor. 6

7 27. NONDISCRIMINATION. In connection with the performance 7
8 of work under this agreement, the operator agrees to comply with 8
9 all of the provisions of Section 202 (1) to (7) inclusive of 9
10 Executive Order 11246 (30 F.R. 12319), which are hereby incor- 10
11 porated by reference in this agreement. 11

12 28. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATION. 12
13 Nothing in this agreement shall modify the special Federal-lease 13
14 stipulations relating to surface and environmental protection, 14
15 attached to and made a part of, Oil and Gas Leases covering lands 15
16 within the Unit Area. 16

17 29. LOSS OF TITLE. In the event title to any tract of 17
18 unitized land shall fail and the true owner cannot be induced to 18
19 join in this unit agreement, such tract shall be automatically 19
20 regarded as not committed hereto and there shall be such readjust- 20
21 ment of future costs and benefits as may be required on account 21
22 of the loss of such title. In the event of a dispute as to title 22
23 to any royalty, working interest or other interests subject 23
24 thereto, payment or delivery on account thereof may be withheld 24
25 without liability for interest until the dispute is finally settled; 25
26 provided, that, as to Federal land or leases, no payments of funds 26
27 due the United States should be withheld, but such funds of the 27
28 United States shall be deposited as directed by the Supervisor to 28
29 be held as unearned money pending final settlement of the title 29
30 dispute, and then applied as earned or returned in accordance with 30
31 such final settlement. 31

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

30. 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 delivered to the Supervisor and the Unit Operator prior to the approval of this agreement by the Supervisor. 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. A non-working interest may not be committed to this Unit Agreement unless the corresponding working interest is committed hereto. Joinder to the Unit Agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement, if more than one committed working interest owner is involved, in order for the interest to be regarded as committed to this Unit Agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effec-

1 tive as of the first day of the month following the filing with 1
2 the Supervisor of duly executed counterparts of all or any papers 2
3 necessary to establish effective commitment of any tract to this 3
4 agreement unless objection to such joinder is duly made within 60 4
5 days by the Supervisor. 5

6 31. COUNTERPARTS. This agreement may be executed in any 6
7 number of counterparts, no one of which needs to be executed by 7
8 all parties or may be ratified or consented to by separate instru- 8
9 ments in writing specifically referring hereto and shall be binding 9
10 upon all those parties who have executed such a counterpart, 10
11 ratification, or consent hereto with the same force and effect as 11
12 if all such parties had signed the same document and regardless of 12
13 whether or not it is executed by all other parties owning or 13
14 claiming an interest in the lands within the above described unit 14
15 area. 15

16 32. NO PARTNERSHIP. It is expressly agreed that the relation 16
17 of the parties hereto is that of independent contractors and nothing 17
18 in this agreement contained, expressed or implied, nor any opera- 18
19 tions conducted hereunder, shall create or be deemed to have created 19
20 a partnership or association between the parties hereto or any of 20
21 them. 21

22 IN WITNESS WHEREOF, the parties hereto have caused this agree- 22
23 ment to be executed and have set opposite their respective names 23
24 the date of execution. 24

UNIT OPERATOR

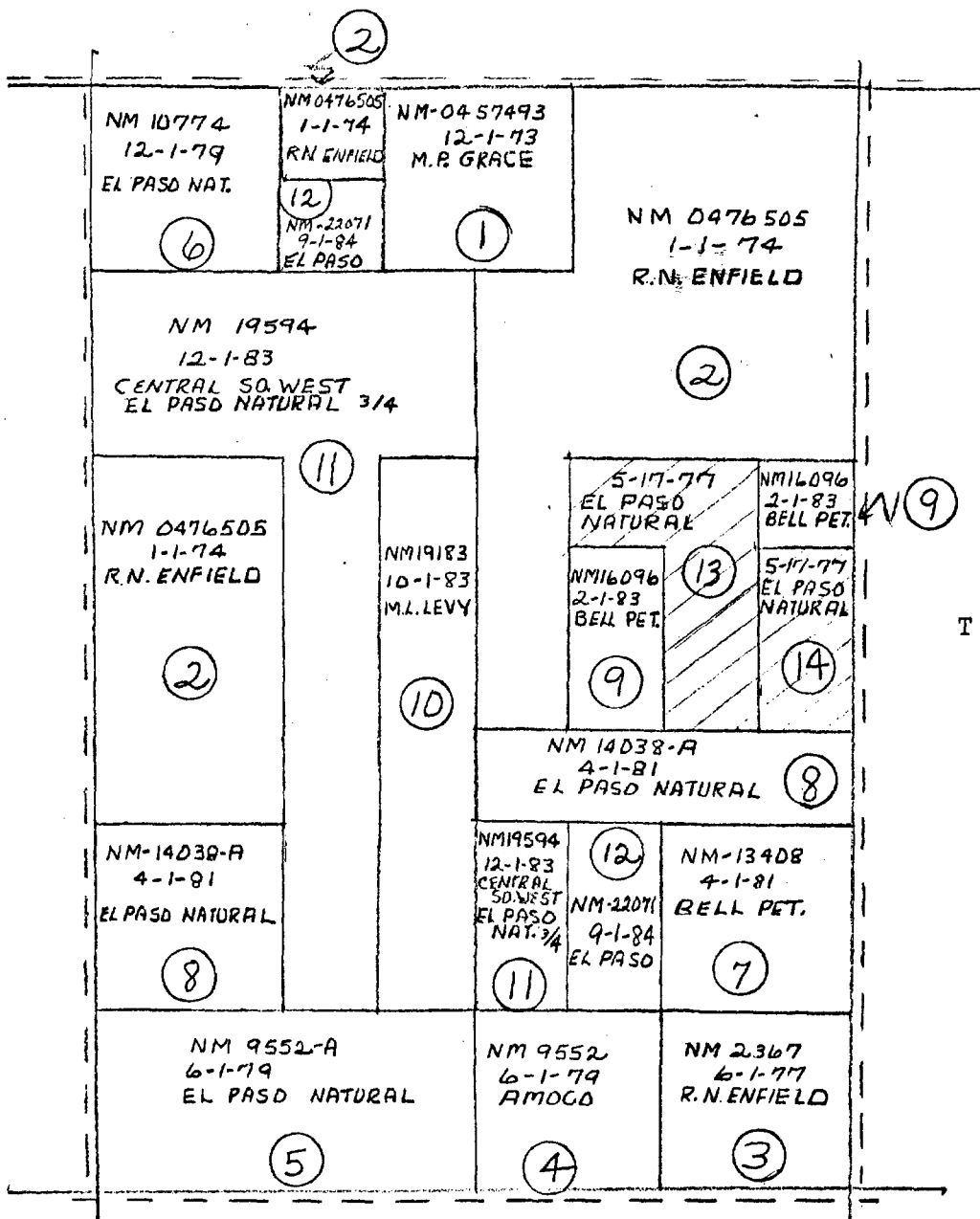
Date: _____

ROBERT N. ENFIELD

Address: P. O. Box 2431
Santa Fe, New Mexico 87501

T - 25 - S

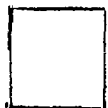
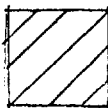
T - 25 - S



R - 27 - E

UNIT OUTLINE

TRACT NO.



PATENTED (FEE) LANDS
240.00 ACRES: 6.26%

FEDERAL LANDS
3593.48 ACRES; 93.74%

Federal Serial Numbers:

NM-0457493	NM-13408
NM-0476505	NM-13408-A
NM-2367	NM-16096
NM-9552	NM-19183
NM-9552-A	NM-19594
NM-10774	NM-22071

EXHIBIT "A"

Exhibit "B" - Cottonwood Draw Unit, Eddy County, New Mexico

Tract No.	Description of Land	Number of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Ownership Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
<u>Federal Acreage</u>							
<u>T25S-R27E</u>							
Sec. 17:	$W\frac{1}{2}NW\frac{1}{4}$	160.00	NM-0457493 11-31-73	USA - All (12.5%)	Michael P. Grace	Isabelle Shanahan, a single person-3%	Michael P. Grace- 100%
Sec. 18:	$E\frac{1}{2}NE\frac{1}{4}$		Extended by Drilling				
<u>T25S-R27E</u>							
Sec. 17:	$NE\frac{1}{4}, E\frac{1}{2}NW\frac{1}{4}, S\frac{1}{2}$	1038.00	NM-0476505 12/31/75	USA - All (12.5%)	Robert N. Enfield	W. C. Bolton and wife, Jacqueline L. Bolton- 4%	Robert N. Enfield 100%
Sec. 18:	$NW\frac{1}{4}NE\frac{1}{4}$						
Sec. 19:	Lots 1, 2, 3, 4, $E\frac{1}{2}W\frac{1}{2}$						
Sec. 20:	$W\frac{1}{2}NW\frac{1}{4}, NW\frac{1}{4}SW\frac{1}{4}$						
<u>T25S-R27E</u>							
Sec. 29:	$SE\frac{1}{4}$	160.00	NM-2367 5-31-77	USA - All (12.5%)	Robert N. Enfield	Guy Gadbois - 1% James L. Harden and wife, Susan Harden - 54%	Robert N. Enfield 100%
<u>T25S-R27E</u>							
Sec. 29:	$SW\frac{1}{4}$	160.00	NM-9552 5/31/79	USA - All (12.5%)	Amoco Production Company	James D. Short and wife, Suzanne P. Short - 2% William H. Short, Jr. 1% Robert B. Gates and wife, Neda S. Gates- \$300. per acre prod- uction payment out of 2%	Amoco Production Company - 100%

Tract No.	Description of Land	Number of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Ownership Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
T25S-R27E Sec. 30: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$		318.60	NM-9552-A 5-31-79	USA - All (12.5%)	El Paso Natl. Gas Company	James D. Short and wife, Suzanne P. Short - 5%	El Paso Natl. Gas Company - 100%
						A. Lansdale, a widow - 5%	El Paso Natl. Gas Company - 100%
T25S-R27E Sec. 18: Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$		159.02	NM-10774 11-30-79	USA - All (12.5%)	El Paso Natl. Gas Company	Sebastian Milla and wife, Christina Milla - 2%	Bell Petroleum Company - 100%
						Robert N. Enfield and wife, Mona L. Enfield - \$500. per acre production payment out of 3%	
T25S-R27E Sec. 29: NE $\frac{1}{4}$		160.00	NM-13408 3-31-81	USA - All (12.5%)	Bell Petroleum Company	Sebastian Milla and wife, Christina Milla - 2%	El Paso Natl. Gas Company - 100%
						Central Southwest Oil Corporation - 3%	
T25S-R27E Sec. 20: SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$		120.00	NM-16096 7-31-83	USA - All (12.5%)	Bell Petroleum Company	Elizabeth Sullivan and husband, Keith Sullivan - 3%	Bell Petroleum Company - 100%
T25S-R27E Sec. 19: E $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 29: E $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 30: E $\frac{1}{2}$ NE $\frac{1}{4}$		320.00	NM-19183 9-30-83	USA - All (12.5%)	El Paso Natl. Gas Company	Marvin L. Levy and wife, Lois R. Levy - 65% of \$750. per acre production payment out of 5%	El Paso Natl. Gas Company - 100%
						Stewart Capital Corporation - 35% of \$750. per acre production payment out of 5%	

Total:

12 Federal Tracts -	3,593.48	Acres = 93.74
2 Fee Tracts -	<u>240.00</u>	Acres = 6.26
	3,833.48	<u>100.00%</u>