

Exhibits 1 through 4  
Complete set

UNIT AGREEMENT

FOR THE DEVELOPMENT AND OPERATION

OF THE

WHITE RANCH UNIT AREA

COUNTY OF CHAVES

STATE OF NEW MEXICO

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

THIS AGREEMENT, entered into as of the 22nd day of October, 1979, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

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

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 19-10-45,46,47 N.M. Statutes 1978 Annotated) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interest of the State of New Mexico; and,

WHEREAS, the Oil Conservation Division of the New Mexico Energy and Minerals Department, hereinafter referred to as "Division", is authorized by an Act of the Legislature (Chapter 70 and 71, New Mexico Statutes 1978 Annotated) to approve this agreement and the conservation provisions hereof; and,

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

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
Dupeo EXHIBIT NO. 1  
CASE NO. 6713

1 and made a part of this agreement. 1

2  
3 2. UNIT AREA. The following described land is hereby designated and re- 3  
4 cognized as constituting the unit area: 4  
5

<u>T12S-R29E, N.M.P.M.</u>	<u>T12S-R30E, N.M.P.M.</u>	<u>T13S-R30E, N.M.P.M.</u>
7 Sec. 1: All	7 Sec. 6: All	7 Sec. 4: All
8 Sec. 12: All	8 Sec. 7: All	8 Sec. 5: All
9 Sec. 13: All	9 Sec. 17: All	9 Sec. 6: All
10 Sec. 14: All	10 Sec. 18: All	10 Sec. 7: All
11 Sec. 23: All	11 Sec. 19: All	11 Sec. 8: All
12 Sec. 24: All	12 Sec. 20: All	12 Sec. 9: All
	13 Sec. 29: All	13 Sec. 10: All
	14 Sec. 30: All	14 Sec. 15: All
	15 Sec. 31: All	15 Sec. 16: All
	16 Sec. 32: All	16 Sec. 17: All
		17 Sec. 18: All
		18 Sec. 19: All
		19 Sec. 20: All

21  
22 Containing 18,961.78 acres,  
23 more or less 23  
24

25 Exhibit "A" attached hereto is a map showing the unit area and the boundaries 25  
26 and identity of tracts and leases in said area to the extent known to the Unit 26  
27 Operator. Exhibit "B" attached hereto is a schedule showing to the extent known 27  
28 to the Unit Operator the acreage, percentage, and kind of ownership of oil and 28  
29 gas interests in all land in the unit area. However, nothing herein or in said 29  
30 schedule or map shall be construed as a representation by any party hereto as to 30  
31 the ownership of any interest other than such interest or interests as are shown 31  
32 in said map or schedule as owned by such party. Exhibits "A" and "B" shall be 32  
33 revised by the Unit Operator whenever changes in the unit area render such re- 33  
34 vision necessary when requested by the Oil and Gas Supervisor, hereinafter re- 34  
35 ferred to as "Supervisor", or when requested by the Commissioner of Public Lands 35  
36 of the State of New Mexico, hereinafter referred to as "Land Commissioner", and 36  
37 not less than five (5) copies of the revised Exhibits shall be filed with the 37  
38 Supervisor and one (1) copy thereof shall be filed with the Land Commissioner, 38  
39 and one (1) copy with the New Mexico Oil Conservation Division of the Energy and 39  
40 Minerals Department, hereinafter referred to as "Division." 40  
41

42 The above-described unit area shall, when practicable, be expanded to in- 42  
43 clude therein any additional lands or shall be contracted to exclude lands when- 43  
44 ever such expansion or contraction is deemed to be necessary or advisable to 44  
45 conform with the purposes of this agreement. Such expansion or contraction shall 45  
46 be effected in the following manner: 46  
47

48 (a) Unit Operator, on its own motion or on demand of the Director of the 48  
49 Geological Survey, hereinafter referred to as "Director", or on demand of the 49  
50 Land Commissioner, after preliminary concurrence by the Director and the Land Com- 50  
51 missioner, shall prepare a notice of proposed expansion or contraction describing 51  
52 the contemplated changes in the boundaries of the unit area, the reasons therefor, 52  
53 and the proposed effective date thereof, preferably, the first day of a month sub- 53  
54 sequent to the date of notice. 54  
55

56 (b) Said notice shall be delivered to the Supervisor, the Land Commissioner 56  
57 and the Division, and copies thereof mailed to the last known address of 57  
58 each working-interest owner, lessee, and lessor whose interests are affected, 58  
59 advising that thirty (30) days will be allowed for submission to the Unit 59  
60 Operator of any objections. 60  
61

62 (c) Upon expiration of the 30-day period provided in the preceding item 62  
63 (b) hereof, Unit Operator shall file with the Supervisor, the Land Commissioner, 63  
64 and the Division, evidence of mailing of the notice of expansion or contraction 64  
65 and a copy of any objections thereto which have been filed with the Unit Operator, 65  
66 together with an application in sufficient number, for approval of such expansion 66  
67 or contraction and with appropriate joinders. 67  
68

69 (d) After due consideration of all pertinent information, the expansion 69

1 or contraction shall, upon approval by the Supervisor, the Land Commissioner, 1  
2 and Division , become effective as of the date prescribed in the notice thereof. 2  
3  
4  
5

6 (e) All legal subdivisions of lands (i.e., 40 acres by Government survey or 6  
7 its nearest lot or tract equivalent; in instances of irregular surveys unusually 7  
8 large lots or tracts shall be considered in multiples of 40 acres or the nearest 8  
9 aliquot equivalent thereof), no parts of which are entitled to be in a participating 9  
10 area on or before the fifth anniversary of the effective date of the first initial 10  
11 participating area established under this unit agreement, shall be eliminated 11  
12 automatically from this agreement, effective as of said fifth anniversary, and 12  
13 such lands shall no longer be a part of the unit area and shall no longer be 13  
14 subject to this agreement, unless diligent drilling operations are in progress 14  
15 on unitized lands not entitled to participation on said fifth anniversary, in 15  
16 which event all such lands shall remain subject hereto for so long as such drilling 16  
17 operations are continued diligently, with not more than 90 days' time elapsing 17  
18 between the completion of one such well and the commencement of the next such 18  
19 well. All legal subdivisions of lands not entitled to be in a participating area 19  
20 within 10 years after the effective date of the first initial participating area 20  
21 approved under this agreement shall be automatically eliminated from this agree- 21  
22 ment as of said tenth anniversary. All lands proved productive by diligent 22  
23 drilling operations after the aforesaid five-year period shall become participating 23  
24 in the same manner as during said five-year period. However, when such diligent 24  
25 drilling operations cease, all non-participating lands shall be automatically 25  
26 eliminated effective as of the 91st day thereafter. The unit operator shall 26  
27 within 90 days after the effective date of any elimination hereunder, describe 27  
28 the area so eliminated to the satisfaction of the Supervisor and the Land 28  
29 Commissioner and promptly notify all parties in interest. 29  
30

31 If conditions warrant extension of the ten-year period specified in this 31  
32 subsection 2 (e), a single extension of not to exceed two years may be accomplished 32  
33 by consent of the owners of 90% of the working interests in the current non- 33  
34 participating unitized lands and the owners of 60% of the basic royalty interests 34  
35 (exclusive of the basic royalty interests of the United States) in non-participating 35  
36 unitized lands with approval of the Director and Land Commissioner, provided such 36  
37 extension application is submitted to the Director and the Land Commissioner not 37  
38 later than 60 days prior to the expiration of said ten-year period. 38  
39

40 Any expansion of the unit area pursuant to this section which embraces 40  
41 lands theretofore eliminated pursuant to this subsection 2 (e) shall not be con- 41  
42 sidered automatic commitment or recommitment of such lands. 42  
43

44 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this 44  
45 agreement shall constitute land referred to herein as "unitized land" or "land 45  
46 subject to this agreement." All oil and gas in any and all formations of the 46  
47 unitized land are unitized under the terms of this agreement and herein are 47  
48 called "unitized substances." 48  
49

50 4. UNIT OPERATOR. Depco, Inc. 50  
51 is hereby designated as Unit Operator and by signature hereto as Unit Operator 51  
52 agrees and consents to accept the duties and obligations of Unit Operator for the 52  
53 discovery, development, and production of unitized substances as herein provided. 53  
54 Whenever reference is made herein to the Unit Operator, such reference means the 54  
55 Unit Operator acting in the capacity and not as an owner of interest in unitized 55  
56 substances, and the term "working-interest owner" when used shall include or 56  
57 refer to Unit Operator as the owner of a working interest when such an interest 57  
58 is owned by it. 58  
59

60 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the 60  
61 right to resign at any time prior to the establishment of a participating area 61  
62 or areas hereunder, but such resignation shall not become effective so as to re- 62  
63 lease Unit Operator from the duties and obligations of Unit Operator and terminate 63  
64 Unit Operator's rights as such for a period of six (6) months after notice of in- 64  
65 tention to resign has been served by Unit Operator on all working interest owners 65  
66 and the Supervisor and the Land Commissioner, and the Division , and until all wells 66  
67 then drilled hereunder are placed in a satisfactory condition for suspension or 67  
68 abandonment whichever is required by the Supervisor as to Federal lands and the 68

1 Division as to State lands, unless a new Unit Operator shall have been 1  
2 selected and approved and shall have taken over and assumed the duties and 2  
3 obligations of Unit Operator prior to the expiration of said period. 3  
4

5 Unit Operator shall have the right to resign in like manner and subject to 5  
6 like limitations as above provided at any time a participating area established 6  
7 hereunder is in existence, but, in all instances of resignation or removal, until 7  
8 a successor unit operator is selected and approved as hereinafter provided, the 8  
9 working-interest owners shall be jointly responsible for performance of the duties 9  
10 of unit operator, and shall not later than 30 days before such resignation or 10  
11 removal becomes effective appoint a common agent to represent them in any action 11  
12 to be taken hereunder. 12  
13

14 The resignation of Unit Operator shall not release Unit Operator from any 14  
15 liability for any default by it hereunder occurring prior to the effective date 15  
16 of its resignation. 16  
17

18 The Unit Operator may, upon default or failure in the performance of its 18  
19 duties or obligations hereunder, be subject to removal by the same percentage 19  
20 vote of the owners of working interests as herein provided for the selection of 20  
21 a new Unit Operator. Such removal shall be effective upon notice thereof to the 21  
22 Supervisor and the Land Commissioner. 22  
23

24 The resignation or removal of Unit Operator under this agreement shall 24  
25 not terminate its right, title, or interest as the owner of a working interest or 25  
26 other interest in unitized substances, but upon the resignation or removal of Unit 26  
27 Operator becoming effective, such Unit Operator shall deliver possession of all 27  
28 wells, equipment, materials, and appurtenances used in conducting the unit opera- 28  
29 tions to the new duly qualified successor Unit Operator or to the common agent, 29  
30 if no such new Unit Operator is elected, to be used for the purpose of conducting 30  
31 unit operations hereunder. Nothing herein shall be construed as authorizing 31  
32 removal of any material, equipment, and appurtenances needed for the preservation 32  
33 of any wells. 33  
34

35 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his 35  
36 or its resignation as Unit Operator or shall be removed as hereinabove provided, 36  
37 or a change of Unit Operator is negotiated by working-interest owners, the owners 37  
38 of the working interests in the participating area or areas according to their 38  
39 respective acreage interests in such participating area or areas, or until a 39  
40 participating area shall have been established, the owners of the working interests 40  
41 according to their respective acreage interests in all unitized land, shall by 41  
42 majority vote select a successor Unit Operator: Provided, that, if a majority 42  
43 but less than 75 per cent of the working interests qualified to vote are owned 43  
44 by one party to this agreement, a concurring vote of one or more additional 44  
45 working interest owners shall be required to select a new operator. Such selections 45  
46 shall not become effective until 46  
47

48 (a) a Unit Operator so selected shall accept in writing the duties and 48  
49 responsibilities of Unit Operator, and 49  
50

51 (b) the selection shall have been approved by the Supervisor and approved 51  
52 by the Land Commissioner. 52  
53

54 If no successor Unit Operator is selected and qualified as herein provided, 54  
55 the Director and the Land Commissioner, at their election, may declare this unit 55  
56 agreement terminated. 56  
57

58 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator 58  
59 is not the sole owner of working interests, costs, and expenses incurred by Unit 59  
60 Operator in conducting unit operations hereunder shall be paid and apportioned 60  
61 among and borne by the owners of working interests, all in accordance with the 61  
62 agreement or agreements entered into by and between the Unit Operator and the 62  
63 owners of working interests, whether one or more, separately or collectively. Any 63  
64 agreement or agreements entered into between the working-interest owners and the 64  
65 Unit Operator as provided in this section, whether one or more, are herein referred 65  
66 to as the "unit operating agreement." Such unit operating agreement shall also 66  
67 provide the manner in which the working-interest owners shall be entitled to re- 67  
68 ceive their respective proportionate and allocated share of the benefits accruing 68

1 hereto in conformity with their underlying operating agreements, leases, or other 1  
2 independent contracts, and such other rights and obligations as between Unit Operator 2  
3 and the working interest owners as may be agreed upon by Unit Operator and the 3  
4 working interest owners; however, no such unit operating agreement shall be deemed 4  
5 either to modify any of the terms and conditions of this unit agreement or to relieve 5  
6 the Unit Operator of any right or obligation established under this unit agreement, 6  
7 and in case of any inconsistency or conflict between this unit agreement and the unit 7  
8 operating agreement, this unit agreement shall govern. Three true copies of any unit 8  
9 operating agreement executed pursuant to this section should be filed with the Super- 9  
0 visor and one true copy with the Land Commissioner, and one true copy with the 10  
1 Division , prior to approval of this unit agreement. 11  
2 12

3 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically 13  
4 provided herein, the exclusive right, privilege and duty of exercising any and all 14  
5 rights of the parties hereto which are necessary or convenient for prospecting for, 15  
6 producing, storing, allocating, and distributing the unitized substances are hereby 16  
7 delegated to and shall be exercised by the Unit Operator as herein provided. 17  
8 Acceptable evidence of title to said rights shall be deposited with said Unit Oper- 18  
9 ator and, together with this agreement, shall constitute and define the rights, 19  
0 privileges, and obligations of Unit Operator. Nothing herein, however, shall be con- 20  
1 strued to transfer title to any land or to any lease or operating agreement, it 21  
2 being understood that under this agreement the Unit Operator, in its capacity as Unit 22  
3 Operator, shall exercise the rights of possession and use vested in the parties 23  
4 hereto only for the purposes herein specified. 24  
5 25

6 9. DRILLING TO DISCOVERY. Within six (6) months after the effective date 26  
7 hereof, the Unit Operator shall begin to drill an adequate test well at a location 27  
8 approved by the Supervisor, if on Federal land, or by the Land Commissioner, if on 28  
9 State land, and by the Division if on Fee lands, unless on such effective date a 29  
0 well is being drilled conformably with the terms hereof, and thereafter continue 30  
1 such drilling diligently until the upper 50 feet of the Mississippian 31  
2 Limestone formation has been tested, or until at a lesser depth unitized 32  
3 substances shall be discovered which can be produced in paying quantities (to-wit: 33  
4 quantities sufficient to repay the costs of drilling, completing and producing oper- 34  
5 ations, with a reasonable profit) or the Unit Operator shall, at any time, establish 35  
6 to the satisfaction of the Supervisor if on Federal land, or the Land Commissioner if 36  
7 on State land, or the Division if located on Fee lands, that further drilling of 37  
8 said well would be unwarranted or impracticable; provided, however, that Unit Oper- 38  
9 ator shall not, in any event, be required to drill said well to a depth in excess 39  
0 of 9,800 feet. Until the discovery of a deposit of unitized substances 40  
1 capable of being produced in paying quantities, the Unit Operator shall continue 41  
2 drilling diligently one well at a time, allowing not more than six (6) months 42  
3 between the completion of one well and the beginning of the next well, until a well 43  
4 capable of producing unitized substances in paying quantities is completed to the 44  
5 satisfaction of said Supervisor if it be on Federal land or of the Land Commissioner 45  
6 if on State land, or the Division if on Fee lands, or until it is reasonably proved 46  
7 that the unitized land is incapable of producing unitized substances in paying 47  
8 quantities in the formations drilled hereunder. Nothing in this section shall be 48  
9 deemed to limit the right of the Unit Operator to resign as provided in Section 5 49  
0 hereof, or as requiring Unit Operator to commence or continue any drilling during 50  
1 the period pending such resignation becoming effective in order to comply with the 51  
2 requirements of this section. The Supervisor and Land Commissioner may modify the 52  
3 drilling requirements of this section by granting reasonable extensions of time when, 53  
4 in their opinion, such action is warranted. 54

1 Upon failure to commence any well provided for in this section within the 1  
2 time allowed, including any extension of time granted by the Supervisor and the 2  
3 Land Commissioner, this agreement will automatically terminate; upon failure to 3  
4 continue drilling diligently any well commenced hereunder, the Supervisor and the 4  
5 Land Commissioner may, after 15-days notice to the Unit Operator, declare this 5  
6 unit agreement terminated. 5  
6

7 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six (6) months after 7  
8 completion of a well capable of producing unitized substances in paying quantities, 8  
9 the Unit Operator shall submit for the approval of the Supervisor, the Land 9  
10 Commissioner, and "Division" an acceptable plan of development and operation 10  
11 for the unitized land which, when approved by the Supervisor, the Land Commissioner, 11  
12 and Division, shall constitute the further drilling and operating obliga- 12  
13 tions of the Unit Operator under this agreement for the period specified therein. 13  
14 Thereafter from time to time before the expiration of any existing plan, the Unit 14  
15 Operator shall submit for the approval of the Supervisor, the Land Commissioner, 15  
16 and Division a plan for an additional specified period for the development 16  
17 and operation of the unitized land. 17  
18

19 Any plan submitted pursuant to this section shall provide for the exploration 19  
20 of the unitized area and for the diligent drilling necessary for determination 20  
21 of the area or areas thereof capable of producing unitized substances in paying 21  
22 quantities in each and every productive formation and shall be as complete and 22  
23 adequate as the Supervisor, the Land Commissioner, and Division may de- 23  
24 termine to be necessary for timely development and proper conservation of the 24  
25 oil and gas resources of the unitized area and shall: 25  
26

27 (a) specify the number and locations of any wells to be drilled and the 27  
28 proposed order and time for such drilling; and 28  
29

30 (b) to the extent practicable specify the operating practices regarded as 30  
31 necessary and advisable for proper conservation of natural resources. Separate 31  
32 plans may be submitted for separate productive zones, subject to the approval of 32  
33 the Supervisor, the Land Commissioner, and Division. 33  
34

35 Plans shall be modified or supplemented when necessary to meet changed con- 35  
36 ditions or to protect the interests of all parties to this agreement. Reasonable 36  
37 diligence shall be exercised in complying with the obligations of the approved plan 37  
38 of development. The Supervisor and the Land Commissioner are authorized to grant 38  
39 a reasonable extension of the six-month period herein prescribed for submission 39  
40 of an initial plan of development where such action is justified because of un- 40  
41 usual conditions or circumstances. After completion hereunder of a well capable 41  
42 of producing any unitized substance in paying quantities, no further wells, except 42  
43 such as may be necessary to afford protection against operations not under this 43  
44 agreement and such as may be specifically approved by the Supervisor, the Land 44  
45 Commissioner, and Division, shall be drilled except in accordance with a 45  
46 plan of development approved as herein provided. 46  
47

48 11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of 48  
49 producing unitized substances in paying quantities or as soon thereafter as re- 49  
50 quired by the Supervisor, the Land Commissioner, or the Division, the 50  
51 Unit Operator shall submit for approval by the Supervisor the Land Commissioner, 51  
52 and Division a schedule, based on subdivisions of the public-land survey 52  
53 or aliquot parts thereof, of all land then regarded as reasonable proved to be 53  
54 productive in paying quantities; all lands in said schedule on approval of the 54  
55 Supervisor, the Land Commissioner, and Division to constitute a participa- 55  
56 ting area, effective as of the date of completion of such well or the effective 56  
57 date of this unit agreement, whichever is later. The acreages of both Federal 57  
58 and non-Federal lands shall be based upon appropriate computations from the 58  
59 courses and distances shown on the last approved public-land survey as of the 59  
60 effective date of each initial participating area. Said schedule shall also 60  
61 set forth the percentage of unitized substances to be allocated as herein provided 61  
62 to each tract in the participating area so established, and shall govern the al- 62  
63 location of production commencing with the effective date of the participating 63  
64 area. A separate participating area shall be established for each separate pool 64  
65 or deposit of unitizes substances or for any group thereof which is produced as 65  
66 a single pool or zone, and any two or more participating areas so established 66  
67 may be combined into one, on approval of the supervisor, the Land Commissioner, 67  
68 and the Division. When production from two or more participating areas, 68  
69 so established, is subsequently found to be from a common pool or deposit said 69  
70 participating areas shall be combined into one, effective as of such appropriate 70

1 date as may be approved or prescribed by the Supervisor, the Land Commissioner, 1  
2 and Division . The participating area or areas so established shall be 2  
3 revised from time to time, subject to like approval, to include additional land 3  
4 then regarded as reasonably proved to be productive in paying quantities or neces- 4  
5 sary for unit operations, or to exclude land then regarded as reasonably proved 5  
6 not to be productive in paying quantities and the schedule of allocation percent- 6  
7 ages shall be revised accordingly. The effective date of any revision shall be 7  
8 the first of the month in which is obtained the knowledge or information on which 8  
9 such revision is predicated, provided, however, that a more appropriate effective 9  
10 date may be used if justified by the Unit Operator and approved by the Supervisor, 10  
11 the Land Commissioner, and Division . No land shall be excluded from a 11  
12 participating area on account of depletion of the unitized substances, except that 12  
13 any participating area established under the provisions of this unit agreement 13  
14 shall terminate automatically whenever all completions in the formation on which 14  
15 the participating area is based are abandoned. 15  
16

17 It is the intent of this section that a participating area shall represent 17  
18 the area known or reasonably estimated to be productive in paying quantities; 18  
19 but regardless of any revision of the participating area, nothing herein contained 19  
20 shall be construed as requiring any retroactive adjustment for production obtained 20  
21 prior to the effective date of the revision of the participating area. 21  
22

23 In the absence of agreement at any time between the Unit Operator and the 23  
24 Supervisor, the Land Commissioner, and Division , as to the proper definition 24  
25 or redefinition of a participating area, or until a participating area has, or 25  
26 areas have, been established as provided herein, the portion of all payments 26  
27 affected thereby shall be impounded in a manner mutually acceptable to the owners 27  
28 of working interests and the Supervisor and the Land Commissioner. Royalties due 28  
29 the United States and the State of New Mexico shall be determined by the Supervisor 29  
30 for Federal lands and the Land Commissioner for the State lands and the amount 30  
31 thereof shall be deposited, as directed by the Supervisor and the Land Commissioner, 31  
32 to be held as unearned money until a participating area is finally approved and 32  
33 then applied as earned or returned in accordance with a determination of the sum due 33  
34 as Federal and State royalty on the basis of such approved participating area. 34  
35

36 Whenever it is determined, subject to the approval of the Supervisor, the 36  
37 Land Commissioner, and "Division" that a well drilled under this agreement 37  
38 is not capable of production in paying quantities and inclusions of the land on 38  
39 which it is situated in a participating area is unwarranted, production from such 39  
40 well shall, for the purposes of settlement among all parties other than working- 40  
41 interest owners, be allocated to the land on which the well is located unless such 41  
42 land is already within the participating area established for the pool or deposit 42  
43 from which such production is obtained. Settlement for working interest benefits 43  
44 from such a well shall be made as provided in the unit operating agreement. 44  
45

46 **12. ALLOCATION OF PRODUCTION.** All unitized substances produced from each 46  
47 participating area established under this agreement, except any part thereof used 47  
48 in conformity with good operating practices within the unitization area for 48  
49 drilling, operating, camp, and other production or development purposes, for re- 49  
50 pressuring or recycling in accordance with a plan of development approved by the 50  
51 Supervisor, Land Commissioner, and Division , or unavoidable loss, shall 51  
52 be deemed to be produced equally on an acreage basis from the several tracts of 52  
53 unitized land of the participating area established for such production and, for 53  
54 the purpose of determining any benefits accruing under this agreement, each such 54  
55 tract of unitized land shall have allocated to it such percentage of said pro- 55  
56 duction as the number of acres of such tract included in said participating area 56  
57 bears to the total acres of unitized land in said participating area, except 57  
58 that allocation of production hereunder for purposes other than for settlement of 58  
59 royalty, overriding royalty, or payment out of production obligations of the 59  
60 respective working-interest owners, shall be on the basis prescribed in the unit 60  
61 operating agreement whether in conformity with the basis of allocation herein 61  
62 set forth or otherwise. It is hereby agreed that production of unitized 62

1 substances from a participating area shall be allocated as provided herein re- 1  
2 gardless of whether any wells are drilled on any particular part or tract of said 2  
3 participating area. If any gas produced from one participating area is used for 3  
4 repressuring or recycling purposes in another participating area, the first gas 4  
5 withdrawn from such last-mentioned participating area for sale during the life of 5  
6 this agreement shall be considered to be the gas so transferred until an amount 6  
7 equal to that transferred shall be so produced for sale and such gas shall be 7  
8 allocated to the participating area from which initially produced as such area 8  
9 was last defined at the time of such final production. 9

10  
11 **13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS.** Any 11  
12 party hereto owning or controlling the working interest in any unitized land having 12  
13 thereon a regular well location may with the approval of the Supervisor and the 13  
14 Land Commissioner, and the Division as to privately owned lands, at such party's 14  
15 sole risk, costs, and expense, drill a well to test any formation for which a parti- 15  
16 cipating area has not been established or to test any formation for which a partici- 16  
17 pating area has been established if such location is not within said participating 17  
18 area, unless within 90 days of receipt of notice from said party of his intention to 18  
19 drill the well the Unit Operator elects and commences to drill such a well in like 19  
20 manner as other wells are drilled by the Unit Operator under this agreement. 20  
21

22 If any well drilled as aforesaid by a working-interest owner results in 22  
23 production such that the land upon which it is situated may properly be included 23  
24 in a participating area, such participating area shall be established or enlarged 24  
25 as provided in this agreement and the well shall thereafter be operated by the 25  
26 Unit Operator in accordance with the terms of this agreement and the unit operating 26  
27 agreement. 27  
28

29 If any well drilled as aforesaid by a working-interest owner obtains pro- 29  
30 duction in quantities insufficient to justify the inclusion of the land upon which 30  
31 such well is situated in a participating area, such well may be operated and pro- 31  
32 duced by the party drilling the same subject to the conservation requirements of 32  
33 this agreement. The royalties in amount or value of production from any such well 33  
34 shall be paid as specified in the underlying lease and agreements affected. 34  
35

36 **14. ROYALTY SETTLEMENT.** The United States and any State and any royalty 36  
37 owner who is entitled to take in kind a share of the substances now unitized here- 37  
38 under shall hereafter be entitled to the right to take in kind its share of the 38  
39 unitized substances, and the Unit Operator, or the working-interest owner in case 39  
40 of the operation of a well by a working interest owner as herein provided for in 40  
41 special cases, shall make deliveries of such royalty share taken in kind in con- 41  
42 formity with the applicable contracts, laws, and regulations. Settlement for roy- 42  
43 alty interest not taken in kind shall be made by working-interest owners re- 43  
44 sponsible therefor under existing contracts, laws, and regulations, or by the Unit 44  
45 Operator, on or before the last day of each month for unitized substances produced 45  
46 during the preceding calendar month; provided, however, that nothing herein con- 46  
47 tained shall operate to relieve the lessees of any land from their respective lease 47  
48 obligations for the payment of any royalties due under their leases. 48  
49

50 If gas obtained from lands not subject to this agreement is introduced into 50  
51 any participating area hereunder, for use in repressuring, stimulation of production, 51  
52 or increasing ultimate recovery, in conformity with a plan of operations approved by 52  
53 the Supervisor and the Land Commissioner and the Division, a like amount of gas, 53  
54 after settlement as herein provided for any gas transferred from any other partici- 54  
55 pating area and with appropriate deduction for loss from any cause, may be withdrawn 55  
56 from the formation into which the gas is introduced, royalty free as to dry gas, 56  
57 but not as to any products which may be extracted therefrom; provided that such with- 57  
58 drawl shall be at such time as may be provided in the approved plan of operations or 58  
59 as may otherwise be consented to by the Supervisor and the Land Commissioner and the 59  
60 Division as conforming to good petroleum engineering practice; and provided fur- 60  
61 ther, that such right of withdrawal shall terminate on the termination of this unit 61  
62 agreement. 62  
63

64 Royalty due the United States shall be computed as provided in the operating 64  
65 regulations and paid in value or delivered in kind as to all unitized substances 65  
66 on the basis of the amounts thereof allocated to unitized Federal land as provided 66  
67 herein at the rates specified in the respective Federal leases, or at such lower 67  
68 rate or rates as may be authorized by law or regulation; provided, that for leases 68

1 on which the royalty rate depends on the daily average production per well, said 1  
2 average production shall be determined in accordance with the operating regulations 2  
3 as though each participating area were a single consolidated lease. 3  
4

5 Royalty due on account of State lands shall be computed and paid on the 5  
6 basis of all unitized substances allocated to such lands. 6  
7

8 15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases committed 8  
9 hereto shall be paid by working interest owners responsible therefor under exist- 9  
10 ting contracts, laws, and regulations, provided that nothing herein contained shall 10  
11 operate to relieve the lessees of any land from their respective lease obligations 11  
12 for the payment of any rental or minimum royalty due under their leases. Rental 12  
13 or minimum royalty for lands of the United States subject to this agreement shall 13  
14 be paid at the rate specified in the respective leases from the United States un- 14  
15 less such rental or minimum royalty is waived, suspended, or reduced by law or by 15  
16 approval of the Secretary or his duly authorized representative. 16  
17

18 Rentals on State of New Mexico lands subject to this agreement shall be 18  
19 paid at the rates specified in the respective leases. 19  
20

21 With respect to any lease on non-Federal land containing provisions which 21  
22 would terminate such lease unless drilling operations are commenced upon the land 22  
23 covered thereby within the time therein specified or rentals are paid for the pri- 23  
24 vilege of deferring such drilling operations, the rentals required thereby shall, 24  
25 notwithstanding any other provision of this agreement, be deemed to accrue and be- 25  
26 come payable during the term thereof as extended by this agreement and until the 26  
27 required drilling operations are commenced upon the land covered thereby or until 27  
28 some portion of such land is included within a participating area. 28  
29

30 16. CONSERVATION. Operations hereunder and production of unitized substances 30  
31 shall be conducted to provide for the most economical and efficient recovery of 31  
32 said substances without waste, as defined by or pursuant to State or Federal law 32  
33 or regulation. 33  
34

35 17. DRAINAGE. The Unit Operator shall take such measures as the Supervisor 35  
36 and Land Commissioner deems appropriate and adequate to prevent drainage of unitized 36  
37 substances from unitized land by wells on land not subject to this agreement. 37  
38

39 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, 39  
40 provisions of all leases, subleases, and other contracts relating to exploration, 40  
41 drilling, development, or operation for oil or gas on lands committed to this 41  
42 agreement are hereby expressly modified and amended to the extent necessary to make 42  
43 the same conform to the provisions hereof, but otherwise to remain in full force 43  
44 and effect; and the parties hereto hereby consent that the Secretary, as to Federal 44  
45 leases and the Land Commissioner, as to State leases, shall and each by his 45  
46 approval hereof, or by the approval hereof by his duly authorized representative, 46  
47 does hereby establish, alter, change, or revoke the drilling, producing, rental, 47  
48 minimum royalty, and royalty requirements of Federal and State leases committed 48  
49 hereto and the regulations in respect thereto to conform said requirements to the 49  
50 provisions of this agreement, and without limiting the generality of the foregoing, 50  
51 all leases, subleases, and contracts are particularly modified in accordance with 51  
52 the following: 52  
53

54 (a) The development and operation of lands subject to this agreement under 54  
55 the terms thereof shall be deemed full performance of all obligations for develop- 55  
56 ment and operation with respect to each and every separately owned tract subject 56  
57 to this agreement, regardless of whether there is any development of any particu- 57  
58 lar tract of the unit area. 58  
59

60 (b) Drilling and producing operations performed hereunder upon any tract 60  
61 of unitized lands will be accepted and deemed to be performed upon and for the 61  
62 benefit of each and every tract of unitized land, and no lease shall be deemed to 62  
63 expire by reason of failure to drill or produce wells situated on the land therein 63  
64 embraced. 64  
65

66 (c) Suspension of drilling or producing operations on all unitized lands 66  
67 pursuant to direction or consent of the Secretary and the Land Commissioner, or 67  
68 his duly authorized representative, shall be deemed to constitute such suspension 68

1 pursuant to such direction or consent as to each and every tract of unitized land. 1  
2 A suspension of drilling or producing operations limited to specified lands shall 2  
3 be applicable only to such lands. 3  
4

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

12 (e) Any Federal lease for a fixed term of twenty (20) years or any renewal 12  
13 thereof or any part of such lease which is made subject to this agreement shall 13  
14 continue in force beyond the term provided therein until the termination hereof. 14  
15 Any other Federal lease committed hereto shall continue in force beyond the term 15  
16 so provided therein or by law as to the land committed so long as such lease re- 16  
17 mains subject hereto, provided that production is had in paying quantities under 17  
18 this unit agreement prior to the expiration date of the term of such lease, or in 18  
19 the event actual drilling operations are commenced on unitized land, in accordance 19  
20 with the provisions of this agreement, prior to the end of the primary term of such 20  
21 lease and are being diligently prosecuted at that time, such lease shall be ex- 21  
22 tended for two years and so long thereafter as oil or gas is produced in paying 22  
23 quantities in accordance with the provisions of the Mineral Leasing Act Revision 23  
24 of 1960. 24  
25

26 (f) Each sublease or contract relating to the operation and development of 26  
27 unitized substances from lands of the United States committed to this agreement, 27  
28 which by its terms would expire prior to the time at which the underlying lease, 28  
29 as extended by the immediately preceding paragraph, will expire, is hereby ex- 29  
30 tended beyond any such term so provided therein so that it shall be continued in 30  
31 full force and effect for and during the term of the underlying lease as such 31  
32 term is herein extended. 32  
33

34 (g) The segregation of any Federal Lease committed to this agreement is 34  
35 governed by the following provision in the fourth paragraph of Sec. 17 (j) of the 35  
36 Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784): 36  
37 "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan em- 37  
38 bracing lands that are in part within and in part outside of the area covered by 38  
39 any such plan shall be segregated into separate leases as to the lands committed 39  
40 and the lands not committed as of the effective date of unitization: Provided 40  
41 however, that any such lease as to the nonunitized portion shall continue in force 41  
42 and effect for the term thereof but for not less than two years from the date of 42  
43 such segregation and so long thereafter as oil or gas is produced in paying 43  
44 quantities." 44  
45

46 (h) In the event the Initial Test Well is commenced prior to the expiration 46  
47 date of the shortest term State Lease within the Unit Area, any lease embracing 47  
48 lands of the State of New Mexico which is made subject to this agreement, shall 48  
49 continue in force beyond the term provided therein as to the lands committed hereto 49  
50 until the termination hereof. 50  
51

52 (i) Any lease embracing lands of the State of New Mexico having only a 52  
53 portion of its lands committed hereto, shall be segregated as to the portion com- 53  
54 mitted and the portion not committed, and the terms of such lease shall apply 54  
55 separately to such segregated portions commencing as of the effective date hereof; 55  
56 provided, however, notwithstanding any of the provisions of this agreement to the 56  
57 contrary any lease embracing lands of the State of New Mexico having only a portion 57  
58 of its lands committed hereto shall continue in full force and effect beyond the 58  
59 term provided therein as to all lands embraced in such lease, if oil or gas is dis- 59  
60 covered and is capable of being produced in paying quantities from some part of 60  
61 the lands embraced in such lease at the expiration of the secondary term of such 61  
62 lease; or if, at the expiration of the secondary term, the lessee or the Unit 62  
63 Operator is then engaged in bona fide drilling or reworking operations on some part 63  
64 of the lands embraced in such lease, the same as to all lands embraced therein, 64  
65 shall remain in full force and effect so long as such operations are being dili- 65  
66 gently prosecuted, and if they result in the production of oil or gas; said lease 66  
67 shall continue in full force and effect as to all of the lands embraced therein, so 67  
68 long thereafter as oil or gas in paying quantities is being produced from any 68  
69 portion of said lands. 69

1 19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be 1  
2 covenants running with the land with respect to the interest of the parties hereto 2  
3 and their successors in interest until this agreement terminates, and any grant, 3  
4 transfer, or conveyance, or interest in land or leases subject hereto shall be and 4  
5 hereby is conditioned upon the assumption of all privileges and obligations here- 5  
6 under by the grantee, transferee, or other successor in interest. No assignment or 6  
7 transfer of any working interest, royalty, or other interest subject hereto shall 7  
8 be binding upon Unit Operator until the first day of the calender month after Unit 8  
9 Operator is furnished with the original, photostatic, or certified copy of the 9  
10 instrument of transfer. 10  
11

12 20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon 12  
13 approval by the Secretary and the Land Commissioner or his duly authorized repre- 13  
14 sentative, and shall terminate five (5) years from said effective date unless 14  
15

16 (a) such date of expiration is extended by the Director and the Land 16  
17 Commissioner, or 17  
18

19 (b) it is reasonably determined prior to the expiration of the fixed term 19  
20 or any extension thereof that the unitized land is incapable of production of 20  
21 unitized substances in paying quantities in the formations tested hereunder and 21  
22 after notice of intention to terminate the agreement on such ground is given by 22  
23 the Unit Operator to all parties in interest at their last known addresses, the 23  
24 agreement is terminated with the approval of the Supervisor and the Land 24  
25 Commissioner, or 25  
26

27 (c) a valuable discovery of unitized substances has been made or accepted on 27  
28 unitized land during said initial term or any extension thereof, in which event the 28  
29 agreement shall remain in effect for such term and so long as unitized substances are 29  
30 being produced in commercial quantities sufficient to pay for the cost of producing 30  
31 same from wells on unitized land within any participating area established hereunder 31  
32 and, should production cease, so long thereafter as diligent operations are in pro- 32  
33 gress for the restoration of production or discovery of new production and so long 33  
34 thereafter as unitized substances so discovered can be produced as aforesaid, or 34  
35

36 (d) it is terminated as heretofore provided in this agreement. This agree- 36  
37 ment may be terminated at any time by not less than 75 per centum, on an acreage 37  
38 basis, of the working-interest owners signatory hereto, with the approval of the 38  
39 Supervisor and the Land Commissioner; notice of any such approval to be given by 39  
40 the Unit Operator to all parties hereto. 40  
41

42 21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The Director is 42  
43 hereby vested with authority to alter or modify from time to time in his discretion 43  
44 the quantity and rate of production under this agreement when such quantity and 44  
45 rate is not fixed pursuant to Federal or State law or does not conform to any state- 45  
46 wide voluntary conservation or allocation program, which is established, recognized, 46  
47 and generally adhered to by the majority of operators in such State, such authority 47  
48 being hereby limited to alteration or modification in the public interest, the pur- 48  
49 pose hereof and the public interest to be served thereby to be stated in the order 49  
50 of alteration or modification. Without regard to the foregoing, the Director is 50  
51 also hereby vested with authority to alter or modify from time to time in his dis- 51  
52 cretion the rate of prospecting and development and the quantity and rate of pro- 52  
53 duction under this agreement when such alteration or modification is in the interest 53  
54 of attaining the conservation objectives stated in this agreement and is not in viola- 54  
55 tion of any applicable Federal or State law; provided, further, that no such alter- 55  
56 ation or modification shall be effective as to any land of the State of New Mexico, 56  
57 as to the rate of prospecting and developing in the absence of the specific written 57  
58 approval thereof by the Commissioner and as to any lands of the State of New Mexico 58  
59 or privately owned lands subject to this agreement as to the quantity and rate of 59  
60 production in the absence of specific written approval thereof by the Division. 60  
61

62 Powers in this section vested in the Director shall only be exercised after 62  
63 notice to Unit Operator and opportunity for hearing to be held not less than 15 days 63  
64 from notice. 64  
65

66 22. APPEARANCES. Unit Operator shall, after notice to other parties affected, 66  
67 have the right to appear for and on behalf of any and all interests affected hereby 67  
68 before the Department of the Interior and the Commissioner of Public Lands and 68  
69 Division, and to appeal from orders issued under the regulations of said Department 69  
70 or Land Commissioner and Division or to apply for relief from any of said regulations 70  
71 or in any proceedings relative to operations before the Department of the Interior or 71  
72 the Land Commissioner and Division or any other legally constituted authority; pro- 72  
73 vided, however, that any other interested party shall also have the right at his own 73  
74 expense to be heard in any such proceeding. 74

1 23. NOTICES. All notices, demands, or statements required hereunder to be 1  
2 given or rendered to the parties hereto shall be deemed fully given if given in 2  
3 writing and personally delivered to the party or sent by postpaid registered or 3  
4 certified mail, addressed to such party or parties at their respective addresses 4  
5 set forth in connection with the signatures hereto or to the ratification or con- 5  
6 sent hereof or to such other address as any such party may have furnished in 6  
7 writing to party sending the notice, demand or statement. 7  
8

9 24. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall 9  
10 be construed as a waiver by any party hereto of the right to assert any legal or 10  
11 constitutional right or defense as to the validity or invalidity of any law of the 11  
12 State wherein said unitized lands are located, or of the United States, or regula- 12  
13 tions issued thereunder in any way affecting such party, or as a waiver by any such 13  
14 party of any right beyond his or its authority to waive. 14  
15

16 25. UNAVOIDABLE DELAY. All obligations under this agreement requiring the 16  
17 Unit Operator to commence or continue drilling or to operate on or produce uniti- 17  
18 zed substances from any of the lands covered by this agreement shall be suspended 18  
19 while the Unit Operator despite the exercise of due care and diligence, is pre- 19  
20 vented from complying with such obligations, in whole or in part, by strikes, acts 20  
21 of God, Federal, State, or municipal law or agencies, unavoidable accidents, un- 21  
22 controllable delays in transportation, inability to obtain necessary materials in 22  
23 open market, or other matters beyond the reasonable control of the Unit Operator 23  
24 whether similar to matters herein enumerated or not. No unit obligation which is 24  
25 suspended under this section shall become due less than thirty (30) days after it 25  
26 has been determined that the suspension is no longer applicable. Determination of 26  
27 creditable "Unavoidable Delay" time shall be made by the unit operator subject to 27  
28 approval of the Supervisor and the Land Commissioner. 28  
29

30 26. NONDISCRIMINATION. In connection with the performance of work under 30  
31 this agreement, the operator agrees to comply with all the provisions of section 31  
32 202 (1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), as amended, 32  
33 which are hereby incorporated by reference in this agreement. 33  
34

35 27. LOSS OF TITLE. In the event title to any tract of unitized land shall 35  
36 fail and the true owner cannot be induced to join in this unit agreement such 36  
37 tract shall be automatically regarded as not committed hereto and there shall be 37  
38 such readjustment of future costs and benefits as may be required on account of 38  
39 the loss of such title. In the event of a dispute as to title as to any royalty, 39  
40 working interest, or other interests subject thereto, payment or delivery on 40  
41 account thereof may be withheld without liability for interest until the dispute 41  
42 is finally settled; provided, that, as to Federal and State land or leases, no pay- 42  
43 ments of funds due the United States or the State of New Mexico should be withheld, 43  
44 but such funds shall be deposited as directed by the Supervisor and such funds of 44  
45 the State of New Mexico shall be deposited as directed by the Land Commissioner, to 45  
46 be held as unearned money pending final settlement of the title dispute, and then 46  
47 applied as earned or returned in accordance with such final settlement. 47  
48

49 Unit Operator as such is relieved from any responsibility for any defect 49  
50 or failure of any title hereunder. 50  
51

52 28. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial 52  
53 interest in a tract within the unit area fails or refuses to subscribe or consent 53  
54 to this agreement, the owner of the working interest in that tract may withdraw 54  
55 said tract from this agreement by written notice delivered to the Supervisor the 55  
56 the Land Commissioner, the Division, and the Unit Operator prior to the approval of 56  
57 this agreement by the Supervisor and Commissioner. Any oil or gas interests in lands 57  
58 within the unit area not committed hereto prior to submission of this agreement 58  
59 for final approval may thereafter be committed hereto by the owner or owners 59  
60 thereof subscribing or consenting to this agreement, and, if the interest is a 60  
61 working interest, by the owner of such interest also subscribing to the unit 61  
62 operating agreement. After operations are commenced hereunder, the right of sub- 62  
63 sequent joinder, as provided in this section, by a working-interest owner is sub- 63  
64 ject to such requirements or approvals, if any, pertaining to such joinder, as 64  
65 may be provided for in the unit operating agreement. After final approval hereof, 65  
66 joinder by a non-working interest owner must be consented to in writing by the 66  
67  
68  
69  
70

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 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 effective as of the first day of the month following the filing with the Supervisor, the Land Commissioner, and the Division of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within sixty (60) days by the Supervisor, the Land Commissioner, or Division ; provided, however, that as to State lands all subsequent joinders must be approved by the Commissioner.

29. 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.

30. SURFACE AND ENVIRONMENTAL PROTECTION STIPULATIONS. Nothing in this agreement shall modify or change either the special Federal lease stipulations relating to surface management or such special Federal lease stipulations relating to surface and environmental protection, attached to and made a part of, Oil and Gas Leases covering lands within the Unit Area.

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

ATTEST: DEPCO, INC.

By \_\_\_\_\_  
Assistant Secretary

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

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

Address: 1025 Petroleum Club Bldg.  
Denver, Colorado 80202

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1979, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_, a corporation, for and on behalf of said Corporation.

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

\_\_\_\_\_  
Notary Public