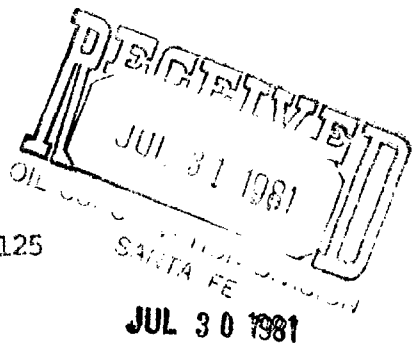


South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125



6882

Union Oil Company of California
Attention: Robert V. Lockhart
P. O. Box 671
Midland, Texas 79702

Gentlemen:

Two approved copies of your 1981 plan of development for the West Lynch Deep unit area, Lea County, New Mexico are enclosed. Such plan, proposing to monitor production from well No. 1, and drilling activity in the vicinity, was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

Sincerely yours,

(ORIG. SGD.) JAMES W. SHELTON

FOR
Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosures

cc:
NMOC, Santa Fe
DS, Foswell (w/encl)

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



RECEIVED
JAN 15 1981
MIDLAND DISTRICT

Robert V. Lockhart

District Land Manager
Midland District

January 13, 1981

Oil Conservation Division
Energy and Minerals Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe Ramey, Director

Gentlemen:

Validation of West Lynch Deep Unit Area
Case No. 6880
~~Order No. R-6349~~
Lea County, New Mexico

Reference is made to our recent letter of December 31, 1980, in which Union Oil Company of California requests validation of our West Lynch Deep Unit Area, Lea County, New Mexico.

In that letter, it was erroneously stated that the well was shut-in. In fact, the West Lynch Deep Unit Well #1 went on stream December 23, 1980.

Should you desire production figures after a month of production, I will be happy to furnish them to you. Please advise.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

A handwritten signature in cursive script that reads "Linda H. Hicks".

Linda H. Hicks
Landman

LHH:ib



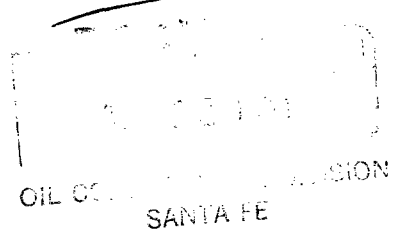
IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125

10 APR 1981

6880

Union Oil Company of California
Attention: Robert V. Lockhart
P. O. Box 671
Midland, Texas 79702



Gentlemen:

Your letter of December 23, 1980, indicates that as unit operator of the West Lynch Deep Unit Agreement, Lea County, New Mexico, you have determined that unit well No. 1 in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ section 28, T. 20 S., R. 34 E., N.M.P.M., is capable of producing unitized substances in paying quantities.

Unit well No. 1 was tested September 12, 1980 for a calculated absolute open flow of 3,500 MCFGPD from the Morrow interval 13,724 to 13,740 feet.

This office concurs with your determination that such well is capable of producing unitized substances in paying quantities from the Morrow formation pursuant to Section 9 of the unit agreement. You are also requested, pursuant to Section 11 of the unit agreement, to submit an application for the initial Morrow participating area embracing those lands reasonably proven capable of producing from the Morrow in paying quantities at your earliest convenience.

Sincerely yours,

(ORIG. SCD.) GENE F. DANIEL

Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

cc:
BLM, Santa Fe
NMOC, Santa Fe /
DS, Roswell (w/enclosure)
Accounts

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



MAR 28 1981
OIL CONSERVATION DIVISION
SANTA FE

Robert V. Lockhart

District Land Manager
Midland District

March 17, 1981

Oil Conservation Division
Energy and Minerals Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe Ramey, Director

Gentlemen:

Case No. 6880
Order No. R-6530
Eaves-Lea Unit
Lea County, New Mexico

In connection with the captioned Unit, please find enclosed for your approval and file the following "Royalty and Overriding Royalty Interest Owner" Ratification and Joinder (1 original plus 1 copy):

Mildred F. Dachner - Tract No. 1

Also find enclosed Union's consent to joinder forms (1 original plus 1 copy).

This is the only overriding royalty owner ratification we were to receive as the only other overriding royalty owner in the Unit is committed by virtue of his assignment to Union.

Should you have questions, or need further information, please advise.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

A handwritten signature in cursive script that reads "Linda H. Hicks".

Linda H. Hicks
Landman

LHH:cs
Encl. 4

(Overriding Royalty Interest Owner)

OFFICIAL SEAL
 RICHARD D. BEATTY
 NOBARY PUBLIC CLERK
 PROBATE COURT IN THE
 COUNTY OF SOUY
 Comm. Exp. June 2, 1968

CONSENT TO RATIFICATION AND JOINDER
TO THE
EAVES-LEA UNIT AGREEMENT
DATED JANUARY 30, 1981
DESIGNATED NO. 14-08-0001-18445
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED Working Interest Owner in the Eaves-Lea Unit Agreement hereby
consents to the joinder of the overriding royalty interest of MILDRED F. DACH-
NER in Tract No. 1 described as follows:

Township 21 South, Range 32 East, N.M.P.M.
Section 25: S/2

to said Unit Agreement.

UNION OIL COMPANY OF CALIFORNIA

Date: March 13, 1981

By John Hansen ^{COH}
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, X
 X ss.
COUNTY OF MIDLAND. X

The foregoing instrument was acknowledged before me this 13th day
of March, 1981, by John Hansen,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation,
on behalf of said corporation.

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

My Commission Expires:

April 22, 1984

Loretta C. Hyatt LORRETTA C. HYATT
Notary Public
for the State of Texas

CONSENT, RATIFICATION AND JOINDER
OF
EAVES-LEA UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Overriding Royalty Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE EAVES-LEA UNIT AREA, LEA COUNTY, NEW MEXICO, has been executed as of the 30th day of January, 1981, by UNION OIL COMPANY OF CALIFORNIA conducting operations with respect to the EAVES-LEA UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of an overriding royalty interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: Feb. 26, 1981
Address: 5526 B Paloma Dr.
Paradise, Ca. 95969

Mildred F. Dachner
Mildred F. Dachner, a widow dealing in her
sole and separate property

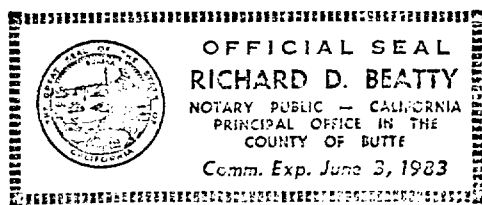
(Overriding Royalty Interest Owner)

STATE OF California, X
 X
COUNTY OF Butte X

The foregoing instrument was acknowledged before me this 26th day of
February, 1981, by Mildred F. Dachner

My Commission Expires:
June 3, 1983

Richard D. Beatty
Notary Public
Print or Stamp Notary's Name:
Richard D. Beatty



CONSENT TO RATIFICATION AND JOINDER
TO THE
EAVES-LEA UNIT AGREEMENT
DATED JANUARY 30, 1981
DESIGNATED NO. 14-08-0001-18445
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED Working Interest Owner in the Eaves-Lea Unit Agreement hereby consents to the joinder of the overriding royalty interest of MILDRED F. DACHNER in Tract No. 1 described as follows:

Township 21 South, Range 32 East, N.M.P.M.
Section 25: S/2

to said Unit Agreement.

UNION OIL COMPANY OF CALIFORNIA

Date: March 13, 1981

By John Hansen ^{COH}
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, X
 X ss.
COUNTY OF MIDLAND. X

The foregoing instrument was acknowledged before me this 13th day of March, 1981, by John Hansen, Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation, on behalf of said corporation.

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

My Commission Expires:

April 22, 1984

Loretta C. Hyatt LORRETTA C. HYATT
Notary Public
for the State of Texas

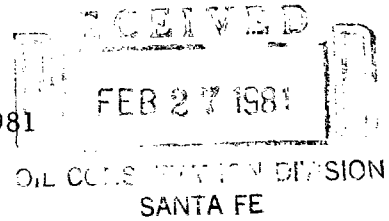
Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart
District Land Manager
Midland District

February 24, 1981



Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey, Director

Gentlemen:

Case 6880
Order No. R-6530
Eaves-Lea Unit
Lea County, New Mexico

Enclosed please find for your information and file the following relating to the above referenced unit:

- 1) Xerox copy of Union's letter dated 1-22-81 to the U.S.G.S. seeking final approval of Unit.
- 2) Xerox copy of Union's letter dated 1-23-81 to the New Mexico Commissioner of Public Lands seeking final approval of Unit.
- 3) Xerox copy of the Commissioner of Public Lands letter dated 2-9-81 approving the Unit.
- 4) Xerox copy of the U.S.G.S. letter dated 2-19-81 approving the Unit.
- 5) A copy of the Eaves-Lea Unit Agreement with the U.S.G.S. Certification-Determination attached and the Commissioner's certificate of approval attached.

Should you have any questions or require further information, please advise.

Sincerely yours,

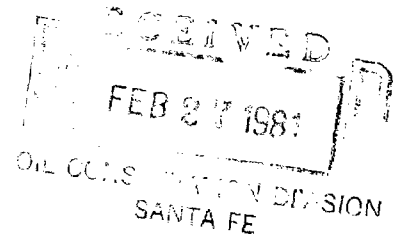
UNION OIL COMPANY OF CALIFORNIA

A handwritten signature in cursive script that reads "Linda H. Hicks".

Linda H. Hicks
Landman

LHH:cs
Encl.

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart
District Land Manager
Midland District

January 22, 1981

Area Oil & Gas Supervisor
United States Geological Survey
P. O. Box 26124
Albuquerque, New Mexico 87125

Attn: Mr. Arm^aando Lopez

Dear Sir:

Eaves-Lea Unit ✓
Lea County, New Mexico

By letter dated September 16, 1980, the Regional Conservation Manager for the Director designated 2,209.17 acres, more or less, in Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. By letter dated September 9, 1980, a copy of which is enclosed, the Commissioner of Public Lands stated he had no objection to the formation of the unit.

Enclosed for your review and final approval are: four (4) copies of the Unit Agreement for the development and operation of the Eaves-Lea Unit, one (1) being designated as an original and executed by Union Oil Company of California.

89.30638% of the Working Interest Ownership in the proposed Unit Area is committed to join in the drilling of the initial test well. The Superior Oil Company and Pogo Producing Company who together own 100% working interest under Tract 7, have elected not to join or farmout. A copy of their respective letters evidencing said election is enclosed for your reference. There is no operating agreement submitted as Union alone owns the working interest to the remainder of the tracts with the Unit Area.

We have submitted to Mildred F. Dachner, an override owner under Tract 1, a "Ratification and Joinder" instrument for her approval which we will forward as soon as we receive. Mr. A. Minis, Jr., an override owner under Tract 2, is not being requested to commit to the Unit Agreement as Union is committing this interest to the Unit Agreement by virtue of a provision in the original Assignment of lease from A. Minis, Jr., to Union Oil Company of California. The provision reads as follows: "Assignor's interest in said overriding royalty shall be subject

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to any cooperative or unit plan of operation or development approved by the Secretary of the Interior, or any communitization or other agreement for the purpose of forming a well spacing or a proration unit under the rules or regulations of the State regulatory body or other lawful authority having jurisdiction thereof, to which said lease may have heretofore or may hereafter be committed, and in such event, said overriding royalty shall be computed and paid on the basis of the oil and gas allocated to the above described land under and pursuant to the terms of any such plan of operation or development or any such agreement." A xerox copy of the above Assignment containing the special provisions allowing us to commit the overriding royalty interest of Mr. A. Minis, Jr., is enclosed for your consideration.

As requested in the Regional Conservation Manager's letter of September 16, 1980, the Exhibit "B" to the Unit Agreement includes the latest status of all acreage, showing the current record owners of all issued leases, there being no leases in application status within the Unit Area, and likewise, showing all current overriding royalty owners. The entire Unit Area of 2209.17 acres is composed of 640.00 acres of Federal land, and 1,569.17 acres of State land.

We respectfully request your early consideration of the Unit Agreement and its final approval. We presently plan to spud the well within the next two weeks. Please note that the well location as stated in our initial Application for Designation of the Eaves-Lea Unit Area has been changed to 1980' FNL and 1980' FWL, Section 30, T-21-S, R-33-E, Lea County, New Mexico. The Commissioner of Public Lands has approved this location change by letter dated December 17, 1980, a copy of which is enclosed for your file. The location is on State land.

Thank you for your cooperation in this matter.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

Robert V. Lockhart

Robert V. Lockhart
District Land Manager

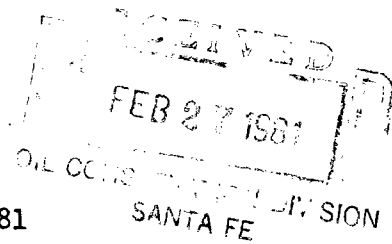
Copy to Henry 2-23-81

RVL:ib
Encls: 9

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Mariefeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731

union 76



January 23, 1981

Robert V. Lockhart
District Land Manager
Midland District

Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Attn: Mr. Ray Graham, Director
Oil & Gas Division

Dear Sir:

Eaves-Lea Unit
Lea County, New Mexico

By letter dated September 16, 1980, the Regional Conservation Manager for the Director designated 2,209.17 acres, more or less, in Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. By letter dated September 9, 1980, the Commissioner of Public Lands stated he had no objection to the formation of the unit.

Enclosed for your review and final approval are: two (2) copies of the Unit Agreement for the development and operation of the Eaves-Lea Unit, one (1) being designated as an original and executed by Union Oil Company of California.

89.30638% of the Working Interest Ownership in the proposed Unit Area is committed to join in the drilling of the initial test well. The Superior Oil Company and Pogo Producing Company who together own 100% working interest under Tract 7, have elected not to join or farmout. A copy of their respective letters evidencing said election is enclosed for your reference. There is no operating agreement submitted as Union alone owns the working interest to the remainder of the tracts within the Unit Area.

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to which said lease may have heretofore or may hereafter be committed, and in such event, said overriding royalty shall be computed and paid on the basis of the oil and gas allocated to the above described land under and pursuant to the terms of any such plan of operation or development or any such agreement." A xerox copy of the above Assignment containing the special provisions allowing us to commit the overriding royalty interest of Mr. A. Minis, Jr., is enclosed for your consideration.

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We respectfully request your early consideration of the Unit Agreement and its final approval. We presently plan to spud the well within the next two weeks. Please note that the well location as stated in our initial Application for Designation of the Eaves-Lea Unit Area has been changed to 1980' FNL and 1980' FWL, Section 30, T-21-S, R-33-E, Lea County, New Mexico. The Commissioner of Public Lands has approved this location change by letter dated December 17, 1980. The location is on State land.

Thank you for your cooperation in this matter.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

Robert V. Lockhart

Robert V. Lockhart
District Land Manger

Copy to Hansen 2-23-81

RVL:ib
Encls: 5



ALEX J. ARMIJO
COMMISSIONER

State of New Mexico



SANTA FE

MIDLAND DISTRICT LAND

Commissioner of Public Lands

February 9, 1981

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Union Oil Company of California
500 North Mariefeld
P. O. Box 671
Midland, Texas 79702

Re: Eaves Lea Unit
Lea County, New Mexico

ATTENTION: Mr. Robert V. Lockhart

Gentlemen:

The Commissioner of Public Lands has this date approved your Eaves Lea Unit, Lea County, New Mexico. Our approval is subject to like approval by the United States Geological Survey.

Please remit the filing fee in the amount of Fifty (\$50.00) Dollars at your earliest convenience.

Enclosed are Five (5) Certificates of Approval.

Please notify this office when the USGS gives their approval so that we may finish processing same.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505-827-2748

AJA/FOP/s
encls.

cc: OCD-Santa Fe, New Mexico
 USGS-Roswell, New Mexico
 USGS-Albuquerque, New Mexico



United States Department of the Interior

GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125

FEB 27 1981
SANTA FE
RECEIVED

19 FEB 1981

FEB 23 1981

Union Oil Company of California
Attention: Robert V. Lockhart
P. O. Box 671
Midland, Texas 79702

MIDLAND DISTRICT LAND

Gentlemen:

One approved copy of the Eaves-Lea unit agreement, Lea County, New Mexico is enclosed. Such agreement has been assigned No. 14-08-0001-18445 and is effective the same date as approved.

You are requested to furnish all interested principals with appropriate evidence of this approval.

Sincerely yours,

Gene F. Daniel
Gene F. Daniel
Deputy Conservation Manager
Oil and Gas

Enclosure



NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

OIL & GAS DIVISION
SANTA FE

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

EAVES-LEA UNIT


LEA COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated January 30, 1981, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 9th. day of February, 19 81.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

CERTIFICATION--DETERMINATION

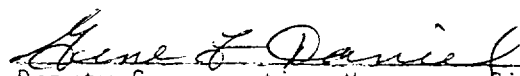
Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. secs. 181, et seq., and delegated to the Oil and Gas Supervisors of the Geological Survey (33 F.R. 5812), I do hereby:

A. Approve the attached agreement for the development and operation of the EAVES-LEA Unit Area, State of NEW MEXICO.

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

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

Dated 19 FEB 1981.


Deputy Conservation Manager, Oil & Gas
U. S. Geological Survey

Contract Number 14-08-0001-18445

UNIT AGREEMENT
EAVES-LEA UNIT AREA
LEA COUNTY, NEW MEXICO

| <u>SECTION</u> | <u>TITLE</u> | <u>PAGE</u> |
|----------------|--|-------------|
| 1 | ENABLING ACT AND REGULATIONS..... | 2 |
| 2 | UNIT AREA..... | 2 |
| 3 | UNITIZED LAND AND UNITIZED SUBSTANCES..... | 5 |
| 4 | UNIT OPERATOR..... | 5 |
| 5 | RESIGNATION OR REMOVAL OF UNIT OPERATOR..... | 5 |
| 6 | SUCCESSOR UNIT OPERATOR..... | 6 |
| 7 | ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT.. | 7 |
| 8 | RIGHTS AND OBLIGATIONS OF UNIT OPERATOR..... | 8 |
| 9 | DRILLING TO DISCOVERY..... | 8 |
| 10 | PLAN OF FURTHER DEVELOPMENT AND OPERATION..... | 9 |
| 11 | PARTICIPATION AFTER DISCOVERY..... | 10 |
| 12 | ALLOCATION OF PRODUCTION..... | 12 |
| 13 | DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS..... | 13 |
| 14 | ROYALTY SETTLEMENT..... | 14 |
| 15 | RENTAL SETTLEMENT..... | 15 |
| 16 | CONSERVATION..... | 15 |
| 17 | DRAINAGE..... | 15 |
| 18 | LEASES AND CONTRACTS CONFORMED AND EXTENDED..... | 15 |
| 19 | COVENANTS RUN WITH LAND..... | 18 |
| 20 | EFFECTIVE DATE AND TERM..... | 19 |
| 21 | RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION..... | 20 |
| 22 | APPEARANCES..... | 20 |
| 23 | NOTICES..... | 21 |
| 24 | NO WAIVER OF CERTAIN RIGHTS..... | 21 |
| 25 | UNAVOIDABLE DELAY..... | 21 |

| <u>SECTION</u> | <u>TITLE</u> | <u>PAGE</u> |
|----------------|---|-------------|
| 26 | NONDISCRIMINATION..... | 21 |
| 27 | LOSS OF TITLE..... | 21 |
| 28 | NON-JOINDER AND SUBSEQUENT JOINDER..... | 22 |
| 29 | PROTECTION OF POTASH DEPOSITS..... | 23 |
| 30 | COUNTERPARTS..... | 23 |
| 31 | SURRENDER..... | 24 |
| 32 | TAXES..... | 25 |
| 33 | NO PARTNERSHIP..... | 25 |

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
EAVES-LEA UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO
NO. _____

THIS AGREEMENT entered into as of the 30th day of January 1981, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto".

W I T N E S S E T H:

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

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181 et seq., authorized 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 operations 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 New Mexico 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 interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico is authorized by an Act of the Legislature (Section 70-2-17, New Mexico Statutes 1978 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Eaves-Lea 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 of which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the unit area, containing 2,209.17 acres, more or less.

Exhibit "A" shows, in addition to the boundary of the unit area, the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", or when requested by the Commissioner of Public Lands of the State of New Mexico,

hereinafter referred to as "Commissioner", and not less than five copies of the revised exhibits shall be filed with the Supervisor, and two copies thereof shall be filed with the Commissioner, and one copy with the New Mexico Oil Conservation Division, hereinafter referred to as "Commission".

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

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

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

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

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

(e) All legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent; in instances of irregular

surveys unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto so long as such drilling operations are continued diligently with not more than 90 days time elapsing between the completion of one well and the commencement of the next well. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. All lands proved productive by diligent drilling operations after the aforesaid 5-year period shall become participating in the same manner as during said 5-year period. However, when such diligent drilling operations cease, all nonparticipating lands shall be automatically eliminated effective as of the 91st day thereafter. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Supervisor and the Commissioner, and promptly notify all parties in interest.

If conditions warrant extension of the five and ten-year periods specified in this subsection 2(e), an extension of such periods may be accomplished by consent of the owners of 90% of the current unitized working interests and 60% of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-nonparticipating acreage basis, respectively, with approval of the Director and Commissioner not later than 60 days prior to the expiration of said five-year or ten-year periods.

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in and produced from the hereinabove specified lands committed to this agreement are herein called "unitized substances".

4. UNIT OPERATOR. Union Oil Company of California is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner", when used herein, shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Supervisor, the Commissioner and the Commission, and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the Commissioner as to State and privately owned lands, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time a participating area established hereunder is in existence, but, in all instances of resignation

or removal, until a successor Unit Operator is selected and approved as herein- after provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall, not later than 30 days before such resignation or removal becomes effective, appoint a common agent to represent them in any action to be taken hereunder.

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

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

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

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator: Provided, That, if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this

agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until:

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

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

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

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

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, if on Federal land, or by the Commissioner if on State land, or by the Commission if on fee land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Morrow formation has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if located on Federal lands, or the Commissioner if located on State lands, or the Commission if located on fee lands, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 14,850 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Federal land, or the Commissioner if

on State land, or the Commission if on fee land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Supervisor and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted. Upon failure to commence any well provided for in this section within the time allowed, including any extension of time granted by the Supervisor and the Commissioner, this agreement will automatically terminate; upon failure to continue drilling diligently any well commenced hereunder, the Supervisor and Commissioner may, after 15 days notice to the Unit Operator, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the Commissioner, and the Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission a plan for an additional specified period for the development and operation of the unitized land.

Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner, and the Commission may determine to be necessary for the timely development and proper conservation of the oil and gas resources of the unitized area and shall:

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

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

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

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

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor and Commissioner, the Unit Operator shall submit for approval by the Supervisor, the Commissioner, and the Commission, a schedule, based on subdivisions of the public land survey or aliquot parts thereof, of all land then regarded as reasonably proved to be productive in paying quantities; all lands in said schedule on approval of the Supervisor, the Commissioner, and the Commission, to constitute a participating area, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of each initial participating area. Said schedule shall also set forth the percentage of unitized substances to be allocated as herein provided to each tract in the participating area so established, and shall govern the allocation of production commencing with the effective date of the participating

area. A separate participating area shall be established for each separate pool or deposit of unitized substances or for any group thereof which is produced as a single pool or zone, and any two or more participating areas so established may be combined into one, on approval of the Supervisor, the Commissioner, and the Commission. When production from two or more participating areas, so established, is subsequently found to be from a common pool or deposit said participating areas shall be combined into one effective as of such appropriate date as may be approved or prescribed by the Supervisor, the Commissioner, and the Commission. The participating area or areas so established shall be revised from time to time, subject to like approval, to include additional land then regarded as reasonably proved to be productive in paying quantities or necessary for unit operations, or to exclude land then regarded as reasonably proved not to be productive in paying quantities and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first day of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Supervisor, the Commissioner, and the Commission. No land shall be excluded from a participating area on account of depletion of the unitized substances, except that any participating area established under the provisions of this unit agreement shall terminate automatically whenever all completions in the formation on which the participating area is based are abandoned.

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

In the absence of agreement at any time between the Unit Operator and the Supervisor, the Commissioner, and the Commission as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby shall be impounded in a manner mutually acceptable to the owners

of working interests and the Supervisor, the Commissioner, and the Commission. Royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal land and the Commissioner for State land and the amount thereof shall be deposited, as directed by the Supervisor and Commissioner respectively, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

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

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, the Commissioner, and the Commission, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the

unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as such area was last defined at the time of such final production.

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

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

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

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

14. ROYALTY SETTLEMENT. The United States and any State and any royalty owner who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be entitled to the right to take in kind its share of the unitized substances, and the Unit Operator, or the working interest owner in case of the operation of a well by a working interest owner as herein provided for in special cases, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations, or by the Unit Operator, on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

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

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

regulations as though each participating area were a single consolidated lease.

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

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

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

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

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

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

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

make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the Commissioner as to State leases shall and each by his approval hereof, or by the approval hereof by their duly authorized representatives, do hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

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

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

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

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

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

(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) Any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof, subject to the provisions of subsection (e) of Section 2 and subsection (i) of this Section 18.

(h) 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 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".

(i) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto, shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, notwithstanding any of the provisions of this agreement to the contrary any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

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

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties

hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of 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 and Commissioner, or their duly authorized representatives and shall terminate five (5) years from said effective date unless:

- (a) Such date of expiration is extended by the Director and Commissioner, or
- (b) It is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Supervisor and the Commissioner, 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 as to Federal lands and are being produced as to State lands 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 and Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. The Director 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 or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director 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 land of the State of New Mexico, as to the rate of prospecting and developing in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or 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.

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

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

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

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

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

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

27. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of

the loss of such title. In the event of a dispute as to title to any royalty, working interest or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land or leases, no payments of funds due the United States or State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico shall be deposited as directed by the Commissioner to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

28. 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 Commissioner and the Unit Operator prior to the approval of this agreement by the Supervisor and Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. 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 effective as of the first day of the month following the filing with the Supervisor and the Commissioner 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 60 days by the Supervisor, provided, however, that as to State lands all subsequent joinders must be approved by the Commissioner.

29. PROTECTION OF POTASH DEPOSITS. No wells will be drilled for oil or gas at a location on Federal lands which in the opinion of the Supervisor or at a location on State lands which in the opinion of the Commissioner would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

The drilling or abandonment of any well on unitized land shall be done in accordance with applicable oil and gas operating regulations, including such requirements as to Federal lands as may be prescribed by the Supervisor and as to State lands by the Commissioner, as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

Well records and survey plats that an oil and gas lessee of Federal lands must file pursuant to applicable operating regulations (30 CFR Part 221) shall be available for inspection at the Office of the Supervisor to any party holding a potash permit or lease on the Federal land on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

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

31. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operation hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If as the result of any such surrender or forfeiture working interest rights become vested in the fee owner of the unitized substances, such owner may:

- (1) Accept those working interest rights subject to this agreement and the unit operating agreement; or
- (2) Lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement.
- (3) Provide for the independent operation of any part of such lands that are not then included within a participating area established hereunder.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six (6) months after the surrendered or forfeited working interest rights become vested in the fee owner, the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interest subsequent to the date of surrender or forfeiture, and payment of any moneys found to be owing by such an accounting shall be made as between the parties within thirty (30) days. In the

event no unit operating agreement is in existence and a mutually acceptable agreement between the proper parties thereto cannot be consummated, the Supervisor may prescribe such reasonable and equitable agreement as he deems warranted under the circumstances.

The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

32. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land subject to this contract after the effective date of this agreement, or upon the proceeds or net proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to the royalty owners having interests in said tract, and may currently retain and deduct sufficient of the unitized substances or derivative products, or net proceeds thereof from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

33. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this agreement contained, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

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

UNIT OPERATOR AND WORKING INTEREST OWNER

UNION OIL COMPANY OF CALIFORNIA

Date: January 30, 1981

By *Gordon L. ...* *COH*
Attorney-in-Fact

Address: P. O. Box 3100

Midland, Texas 79702

STATE OF TEXAS,
COUNTY OF MIDLAND.

X
X ss.
X

The foregoing instrument was acknowledged before me this 30th day
of January, 1981, by L-N Hansen,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation,
on behalf of said corporation.

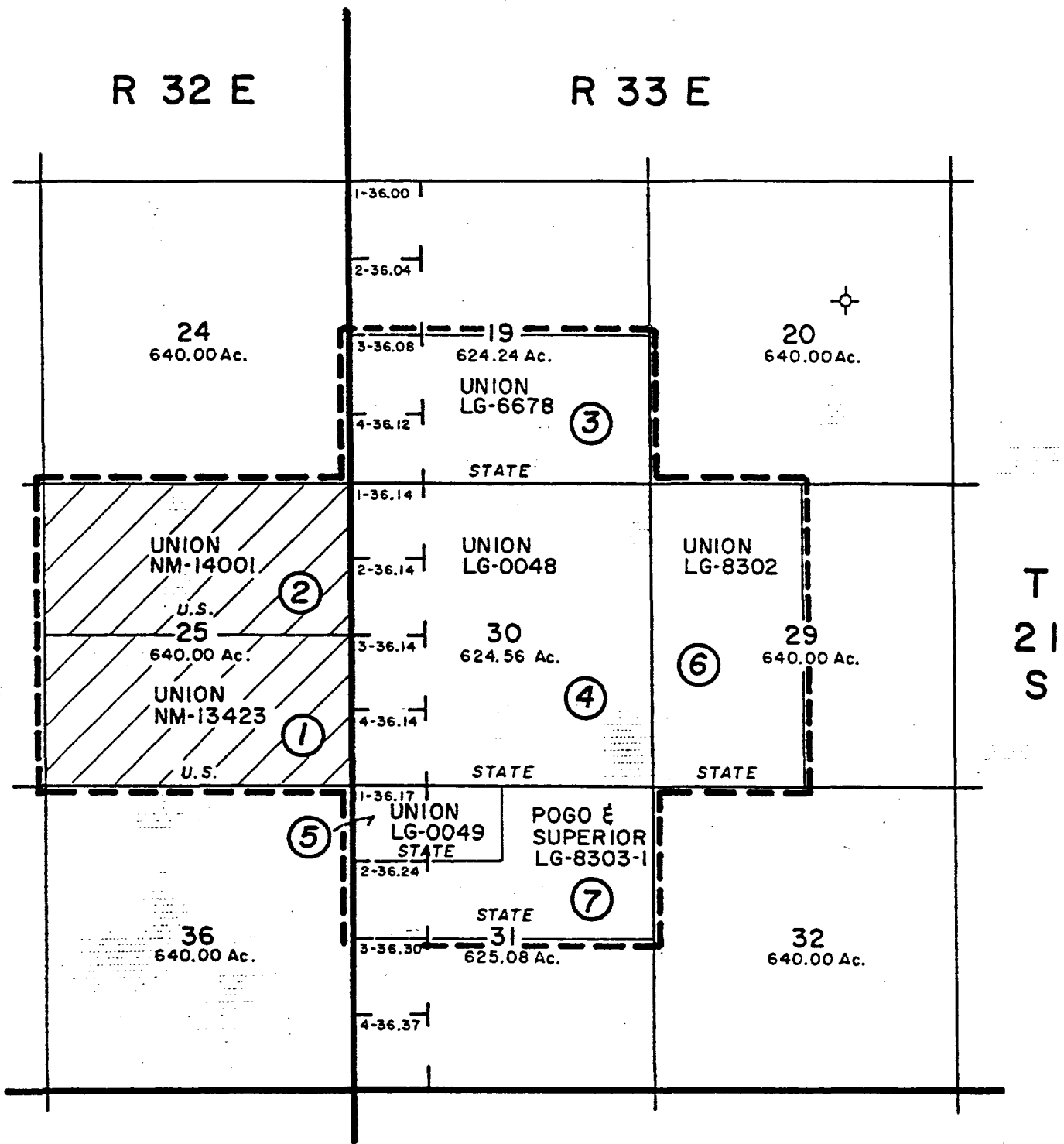
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official
seal the day and year above written.

My Commission Expires:

11-30-84

Blavis Jones
Notary Public

BLAVIS JONES
Notary Public
State of Texas





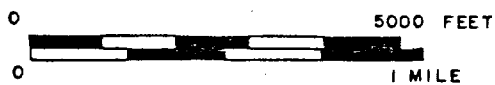
| | | | |
|---|---------|-------------|------------|
|  | FEDERAL | 640.00 Ac. | 28.97016% |
|  | STATE | 1569.17 Ac. | 71.02984% |
| | | 2209.17 Ac. | 100.00000% |

EXHIBIT "A"
EAVES-LEA UNIT
LEA COUNTY, NEW MEXICO



① TRACT NUMBER - EXHIBIT "B"

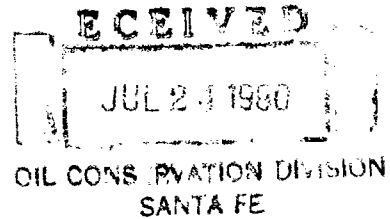
EXHIBIT B -- EAVES - LEA UNIT, LEA COUNTY, NEW MEXICO, T-21-S, R-32 & 33-E

| Tract No. | Description of Land | Number of Acres | Ser. No. & Exp. Date of Lease | Basic Royalty and Ownership Percentage | Lessee of Record | Overriding Royalty and Percentage | Working Interest and Percentage |
|---|---|-----------------|-------------------------------|--|------------------------------------|---|---|
| <u>Federal Land</u> | | | | | | | |
| 1 | T21S, R32E Sec. 25: S/2 | 320.00 | NM-13423 4-30-81 | U.S.A. (12.50%) | Union Oil Company of California | Mildred F. Dachner, a widow, dealing in her sole & separate property 4% of 8/8 | Union Oil Company of California 100% |
| 2 | Sec. 25: N/2 | 320.00 | NM-14001-A 11-30-81 | U.S.A. (12.50%) | Union Oil Company of California | A. Minis, Jr., a widower, dealing in his sole & separate property 4% of 8/8 | Union Oil Company of California 100% |
| 2 Federal Tracts 640.00 Acres or 28.97016% of Unit Area | | | | | | | |
| <u>New Mexico State Lands</u> | | | | | | | |
| 3 | T21S, R33E Sec. 19: Lot 3 (36.08 Ac.) Lot 4 (36.12 Ac.) E/2 SW/4, SE/4 | 312.20 | L-6678 10-1-81 | State of New Mexico (12.50%) | Union Oil Company of California | None | Union Oil Company of California 100% |
| 4 | Sec. 30: Lot 1 (36.14 Ac.) Lot 2 (36.14 Ac.) Lot 3 (36.14 Ac.) Lot 4 (36.14 Ac.) E/2, E/2 W/2 | 624.56 | LG-0048 4-1-82 | State of New Mexico (12.50%) | Union Oil Company of California | None | Union Oil Company of California 100% |
| 5 | Sec. 31: Lot 1 (36.17 Ac.) NE/4 NW/4 | 76.17 | LG-0049 4-1-82 | State of New Mexico (12.50%) | Union Oil Company of California | None | Union Oil Company of California 100% |
| 6 | Sec. 29: W/2 | 320.00 | LG-8302 5-1-90 | State of New Mexico (12.50%) | Union Oil Company of California | None | Union Oil Company of California 100% |

| Tract No. | Description Land | Number of Acres | Ser. No. & Exp. Date of Lease | Basic Royalty and Ownership Percentage | Lessee of Record | Overriding Royalty and Percentage | Working Interest and Percentage |
|--|--|-----------------|-------------------------------|--|---|-----------------------------------|--|
| 7 | Sec. 31; Lot 2 (36.24 Ac.) SE/4 NW/4, NE/4 | 236.24 | LG-8303-1 5-1-90 | State of New Mexico (12.50%) | Pogo Producing Company & The Superior Oil Company | None | Pogo Producing Company The Superior Oil Company |
| 5 State Tracts 1569.17 Acres or 71.02984% of Unit Area | | | | | | | |
| TOTAL: 7 Tracts 2209.17 Acres in Entire Unit Area | | | | | | | |

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart
District Land Manager
Midland District

July 22, 1980

Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico

Attn: Mr. Joe D. Ramey,
Director

Gentlemen:

Case No. 6880
Order No. R-6349
West Lynch Deep Unit
Lea County, New Mexico

In connection with the captioned unit, we are enclosing for your approval and file the following "Royalty and Overriding Royalty Interest Owner" Ratifications and Joinders (one original plus two copies each):

Lloyd E. Plank and Patricia Plank - Tract 4

Bank of America N. T. & S. A., as Trustee of the
Charles E. Strange 1976 Trust #1, by Wanda Moody
and Kathleen Thompson, Trust Administrators - Tract 4

Also please find enclosed Union Oil Company of California's consent to the above stated joinders, an original plus two copies.

With this mailing, our records indicate two (2) outstanding ratifications under Tract 1. When these are available to us, we will forward to you.

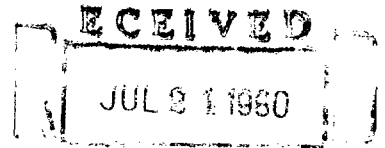
If you need further information in this regard, please advise.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA

Linda H. Hicks
Linda H. Hicks
Landman

LHH:cs
Encl.



CONSENT TO RATIFICATION AND JOINDER TO THE CONSERVATION DIVISION
WEST LYNCH DEEP UNIT AGREEMENT SANTA FE
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF BANK OF AMERICA N. T. & S.A., AS TRUSTEE OF THE
CHARLES E. STRANGE 1976 TRUST #1, BY WANDA MOODY AND KATHLEEN THOMPSON, TRUST
ADMINISTRATORS in Tract No. 4 described as follows:

Township 20 South, Range 34 East
Section 33: S/2 NW/4

to said UNIT AGREEMENT.

UNION OIL COMPANY OF CALIFORNIA

Date: July 21, 1980

By John Hansen ^{CJA}
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, X
 X ss.
COUNTY OF MIDLAND. X

The foregoing instrument was acknowledged before me this 31st day
of July, 1980, by JOHN HANSEN,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation,
on behalf of said corporation.

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

My Commission Expires:

11-30-80

Mavis Jones
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, has been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty and/or overriding royalty interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: June 16, 1980
Address: 1440 Truxton Avenue,
Bakersfield, CA 93301

Kathleen Thompson
Wanda Moody
BANK OF AMERICA N.T. & S.A., AS TRUSTEE OF
THE CHARLES E. STRANGE 1976 TRUST #1

(Royalty or Overriding Royalty OWNER)

STATE OF _____, X
COUNTY OF _____, X (Individual)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by BANK OF AMERICA N.T. & S.A., AS TRUSTEE OF
THE CHARLES E. STRANGE 1976 TRUST #1

My Commission Expires:

Notary Public

STATE OF California, X
COUNTY OF Kern, X (Corporate)

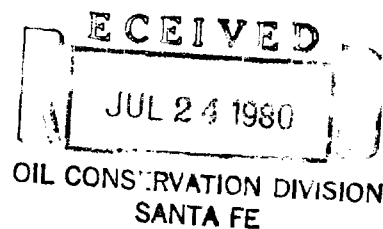
The foregoing instrument was acknowledged before me this 16th day of June, 19 80, by Kathleen Thompson and Wanda Moody,
Trust Administrators of Bank of America NT & SA,
a California corporation, on behalf of said corporation.

My Commission Expires:
August 4, 1980

Faye DeLozier
Notary Public



CONSENT TO RATIFICATION AND JOINDER TO THE
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO



THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF BANK OF AMERICA N. T. & S.A., AS TRUSTEE OF THE
CHARLES E. STRANGE 1976 TRUST #1, BY WANDA MOODY AND KATHLEEN THOMPSON, TRUST
ADMINISTRATORS in Tract No. 4 described as follows:

Township 20 South, Range 34 East
Section 33: S/2 NW/4

to said UNIT AGREEMENT.

UNION OIL COMPANY OF CALIFORNIA

Date: July 21, 1980

By John Hansen ^{CIA}
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, I
 I ss.
COUNTY OF MIDLAND. I

The foregoing instrument was acknowledged before me this 21st day
of July, 1980, by JOHN HANSEN,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation,
on behalf of said corporation.

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

My Commission Expires:

11-30-80

Mavis Jones
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, has been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty and/or overriding royalty interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: June 16, 1980

Address: 1440 Truxton Avenue,

Bakersfield, CA 93301

Kathleen Thompson TRUST ADMINISTRATOR
Wanda Moody TRUST ADMINISTRATOR
BANK OF AMERICA N.T. & S.A., AS TRUSTEE OF
THE CHARLES E. STRANGE 1976 TRUST #1

(Royalty or Overriding Royalty OWNER)

STATE OF _____, X
COUNTY OF _____, X (Individual)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by BANK OF AMERICA N.T. & S.A., AS TRUSTEE OF
THE CHARLES E. STRANGE 1976 TRUST #1

My Commission Expires: _____

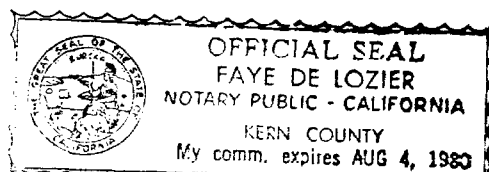
Notary Public

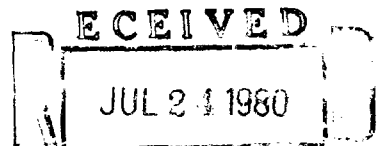
STATE OF California, X
COUNTY OF Kern, X (Corporate)

The foregoing instrument was acknowledged before me this 16th day of June, 19 80, by Kathleen Thompson and Wanda Moody,
Trust Administrators of Bank of America NT & SA,
a California corporation, on behalf of said corporation.

My Commission Expires:
August 4, 1980

Faye DeLozier
Notary Public





CONSENT TO RATIFICATION AND JOINDER TO THE
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION
SANTA FE

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF BANK OF AMERICA N. T. & S.A., AS TRUSTEE OF THE
CHARLES E. STRANGE 1976 TRUST #1, BY WANDA MOODY AND KATHLEEN THOMPSON, TRUST
ADMINISTRATORS in Tract No. 4 described as follows:

Township 20 South, Range 34 East
Section 33: S/2 NW/4

to said UNIT AGREEMENT.

UNION OIL COMPANY OF CALIFORNIA

Date: July 21, 1980

By John Hansen ^{CJA}
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, X
 I ss.
COUNTY OF MIDLAND. X

The foregoing instrument was acknowledged before me this 21st day
of July, 1980, by JOHN HANSEN,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation,
on behalf of said corporation.

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

My Commission Expires:

11-30-80

Mavis Jones
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, has been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty and/or overriding royalty interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: June 16, 1980
Address: 1440 Truxton Avenue,
Bakersfield, CA 93301

Kahhleen Thompson TRUST ADMINISTRATOR
Wanda Moody TRUST ADMINISTRATOR
BANK OF AMERICA N.T. & S.A., AS TRUSTEE OF
THE CHARLES E. STRANGE 1976 TRUST #1

(Royalty or Overriding Royalty OWNER)

STATE OF _____, X
COUNTY OF _____, X (Individual)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by BANK OF AMERICA N.T. & S.A., AS TRUSTEE OF
THE CHARLES E. STRANGE 1976 TRUST #1

My Commission Expires: _____

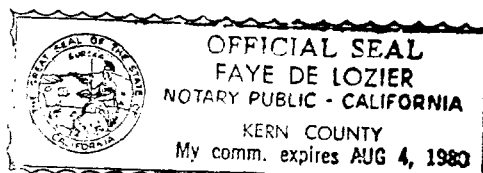
Notary Public

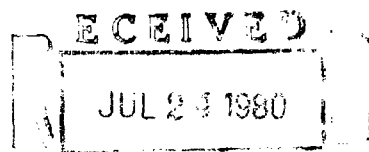
STATE OF California, X
COUNTY OF Kern, X (Corporate)

The foregoing instrument was acknowledged before me this 16th day of June, 19 80, by Kahhleen Thompson and Wanda Moody,
Trust Administrators of Bank of America NT & SA,
a California corporation, on behalf of said corporation.

My Commission Expires:
August 4, 1980

Faye DeLozier
Notary Public





CONSENT TO RATIFICATION AND JOINDER TO THE OIL CONSERVATION DIVISION
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO
SANTA FE

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF LLOYD E. PLANK and PATRICIA PLANK in Tract No. 4
described as follows:

Township 20 South, Range 34 East
Section 33: S/2 NW/4

to said UNIT AGREEMENT.

UNION OIL COMPANY OF CALIFORNIA

Date: July 21, 1980

By John Hansen *att*
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, X
 X ss.
COUNTY OF MIDLAND. X

The foregoing instrument was acknowledged before me this 21st day
of July, 1980, by JOHN HANSEN,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corpora-
tion, on behalf of said corporation.

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

My Commission Expires:
11-30-80

MAVIS JONES
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, has been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty and/or overriding royalty interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: June 13, 1980

Address: 3807-Crescent-Drive-
512 Vista Verde
Bakersfield, CA -93306-
93309

Lloyd E. Plank
LLOYD E. PLANK
Patricia Plank
PATRICIA PLANK
(Royalty or Overriding Royalty OWNER)

STATE OF CALIFORNIA, ☒
COUNTY OF KERN, ☒ (Individual)

The foregoing instrument was acknowledged before me this 13th day of June, 19 80, by LLOYD E. PLANK
and Patricia Plank, Husband and Wife

My Commission Expires: October 2, 1981



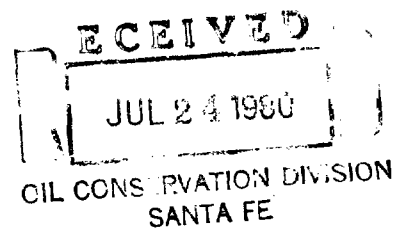
Betty J. Slick
Notary Public

STATE OF _____, ☐
COUNTY OF _____, ☐ (Corporate)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____, of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public



CONSENT TO RATIFICATION AND JOINDER TO THE
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF LLOYD E. PLANK and PATRICIA PLANK in Tract No. 4
described as follows:

Township 20 South, Range 34 East
Section 33: S/2 NW/4

to said UNIT AGREEMENT.

UNION OIL COMPANY OF CALIFORNIA

Date: July 21, 1980

By John Hansen ^{cm}
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, I
 I ss.
COUNTY OF MIDLAND. I

The foregoing instrument was acknowledged before me this 21st day
of July, 1980, by JOHN HANSEN,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corpora-
tion, on behalf of said corporation.

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

My Commission Expires:

11-30-80

Mavis Jones
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

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WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

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NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: June 13, 1980

Address: 3807-Crescent-Drive-

512 Vista Verde
Bakersfield, CA -93306-
93309

Lloyd E. Plank

LLOYD E. PLANK

Patricia Plank

PATRICIA PLANK

(Royalty or Overriding Royalty OWNER)

STATE OF CALIFORNIA, X

COUNTY OF KERN, X

(Individual)

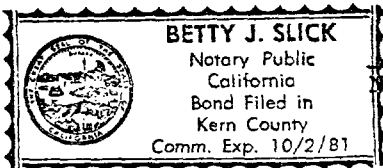
The foregoing instrument was acknowledged before me this 13th day of

June, 19 80, by LLOYD E. PLANK

and Patricia Plank, Husband and Wife

My Commission Expires:

October 2, 1981



Betty J. Slick
Notary Public

STATE OF _____, I

COUNTY OF _____, I

(Corporate)

The foregoing instrument was acknowledged before me this _____ day of

_____, 19____, by _____,

of _____,

a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

RECEIVED
JUL 21 1980
OIL CONSERVATION DIVISION
SANTA FE

CONSENT TO RATIFICATION AND JOINDER TO THE
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF LLOYD E. PLANK and PATRICIA PLANK in Tract No. 4
described as follows:

Township 20 South, Range 34 East
Section 33: S/2 NW/4

to said UNIT AGREEMENT.

UNION OIL COMPANY OF CALIFORNIA

Date: July 21, 1980

By John Hansen ^{att}
Attorney-in-Fact

Address: P. O. Box 3100
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, I
 I ss.
COUNTY OF MIDLAND. I

The foregoing instrument was acknowledged before me this 21st day
of July, 1980, by JOHN HANSEN,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corpora-
tion, on behalf of said corporation.

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

My Commission Expires:

11-30-80

Mavis Jones
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

CONSENT, RATIFICATION AND JOINDER
OF

WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)

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WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty and/or overriding royalty interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

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Date: June 13, 1980

Address: 3807-Crescent-Drive-

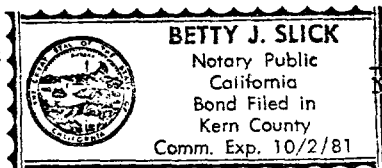
512 Vista Verde
Bakersfield, CA -93306-
93309

Lloyd E. Plank
LLOYD E. PLANK
Patricia Plank
PATRICIA PLANK
(Royalty or Overriding Royalty OWNER)

STATE OF CALIFORNIA, X
COUNTY OF KERN, X (Individual)

The foregoing instrument was acknowledged before me this 13th day of June, 19 80, by LLOYD E. PLANK
and Patricia Plank, Husband and Wife

My Commission Expires:
October 2, 1981



Betty J. Slick
Notary Public

STATE OF _____, X
COUNTY OF _____, X (Corporate)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____, of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

Union Oil and Gas Division: Central Region

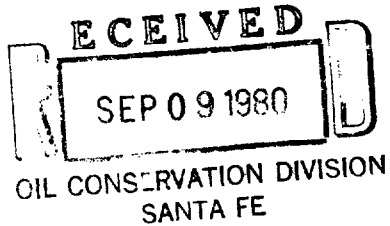
Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart

District Land Manager
Midland District

September 5, 1980



Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico

Attn: Mr. Joe D. Ramey,
Director

Gentlemen:

Case No. 6880
Order No. R-6349
West Lynch Deep Unit
Lea County, New Mexico

In connection with the captioned unit, we are enclosing for your approval and file an original and two copies of the following "Royalty and Overriding Royalty Interest Owner" Ratification and Joinder:

Caswell Silver and Elizabeth B. Silver - Tract No. 1

Also please find enclosed an original plus two copies of the Superior Oil Company's consent to the above stated joinder.

If you need further information in this regard, please advise.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

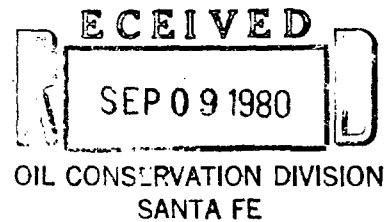
A handwritten signature in cursive script that reads "Linda H. Hicks".

Linda H. Hicks
Landman

LHH:cs
Encl. 6

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)



KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, has been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

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NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: 6-10-80

Address: Denver Center Building,

1776 Lincoln, Denver, CO 80203

Caswell Silver

Elizabeth B. Silver

(Royalty or Overriding Royalty OWNER)

STATE OF Colorado, X
COUNTY OF Denver, X (Individual)

The foregoing instrument was acknowledged before me this 10th day of June, 19 80, by Caswell Silver and wife, Elizabeth B. Silver

My Commission Expires:

Nov. 7, 1981

Dorothy M. Holger
Notary Public

STATE OF _____, X
COUNTY OF _____, X (Corporate)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____, of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT TO RATIFICATION AND JOINDER TO THE
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF CASWELL SILVER AND ELIZABETH B. SILVER in Tract No.
1 described as follows:

Township 20 South, Range 34 East
Section 28: S/2
Section 29: NE/4 NE/4

to said UNIT AGREEMENT.

THE SUPERIOR OIL COMPANY

Date: August 17, 1980
ATTEST: [Signature]
Assistant Secretary

By [Signature]
Vice President
Address: P. O. Box 1900
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS, X
 X ss.
COUNTY OF Harris X

The foregoing instrument was acknowledged before me this 27th day
of AUGUST, 1980, by M. D. DUGGAN,
Vice President of THE SUPERIOR OIL COMPANY, a corporation, on behalf of said
corporation.

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

[Signature]
Notary Public

My Commission Expires:
3-12-84

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

(Royalty and Overriding Royalty Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, a certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, has been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B", describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

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NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said Agreement, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and the undersigned does hereby agree that the parties to said Agreement are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: 6-10-80

Address: Denver Center Building,

1776 Lincoln, Denver, CO 80203

Caswell Silver
Caswell Silver

Elizabeth B. Silver
Elizabeth B. Silver

(Royalty or Overriding Royalty OWNER)

STATE OF Colorado, X
COUNTY OF Denver, X

(Individual)

The foregoing instrument was acknowledged before me this 10th day of June, 19 80, by Caswell Silver and wife, Elizabeth B. Silver

My Commission Expires:

Nov. 7, 1981

Dorothy M. Holgin
Notary Public

STATE OF _____, X
COUNTY OF _____, X

(Corporate)

The foregoing instrument was acknowledged before me this _____ day of _____, 19 _____, by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT TO RATIFICATION AND JOINDER TO THE
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
AND THE UNIT OPERATING AGREEMENT, HEREBY CONSENTS TO THE JOINDER OF THE OVER-
RIDING ROYALTY INTEREST OF CASWELL SILVER AND ELIZABETH B. SILVER in Tract No.
1 described as follows:

Township 20 South, Range 34 East
Section 28: S/2
Section 29: NE/4 NE/4

to said UNIT AGREEMENT.

THE SUPERIOR OIL COMPANY

Date:

August 17, 1980

By

M. D. Duggan
Vice President

ATTEST:

[Signature]
Assistant Secretary

Address: P. O. Box 1900
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS,

I

I

ss.

COUNTY OF Harris

I

The foregoing instrument was acknowledged before me this 27th day
of AUGUST, 1980, by M. D. DUGGAN,
Vice President of THE SUPERIOR OIL COMPANY, a corporation, on behalf of said
corporation.

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

Donna G. Corder
Notary Public

My Commission Expires:

3-12-84

(Royalty and Overriding Royalty Interest Owner)

Notary Public

CONSENT TO RATIFICATION AND JOINDER TO THE
WEST LYNCH DEEP UNIT AGREEMENT
DATED APRIL 21, 1980
DESIGNATED NO. 14-08-0001-18432
LEA COUNTY, NEW MEXICO

THE UNDERSIGNED WORKING INTEREST OWNER IN THE WEST LYNCH DEEP UNIT AGREEMENT
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Township 20 South, Range 34 East
Section 28: S/2
Section 29: NE/4 NE/4

to said UNIT AGREEMENT.

THE SUPERIOR OIL COMPANY

Date:

August 13, 1980

By

M. D. Duggan
Vice President

ATTEST:

[Signature]
Assistant Secretary

Address: P. O. Box 1900
Midland, Texas 79702

WORKING INTEREST OWNER

STATE OF TEXAS,

I

I

ss.

COUNTY OF

Harris

I

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of AUGUST, 1980, by M. D. DUGGAN,
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corporation.

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seal the day and year above written.

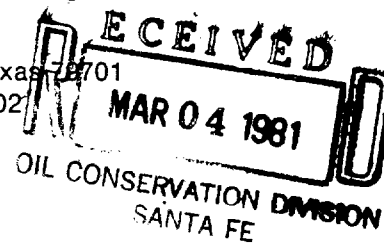
Donna G. Corder
Notary Public

My Commission Expires:

3-12-84

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Mr. Joe Ramey
OCD

Robert V. Lockhart
District Land Manager
Midland District

February 26, 1981

6880

Supervisor
United States Geological Survey
P. O. Box 26124
Albuquerque, New Mexico 87125

Attn: Mr. Armando Lopez

Gentlemen:

West Lynch Deep Unit Well #1
#14-08-0001-18432
Lea County, New Mexico

On December 23, 1980, we submitted to your office for approval a request for validation of our West Lynch Deep Unit Area based on the West Lynch Deep Unit Well No. 1. As seen by the attached letter from the Oil Conservation Division, they have approved the validation of the Unit subject to approval of the U.S.G.S. Approval of the Commissioner of Public Lands is not required since there is no State land in the Unit. We have not yet received U.S.G.S. approval on our request for validation.

The Unit Agreement states that we are to drill one well at a time, not allowing more than 6 months between the completion of one well and beginning of the next, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Supervisor if on Federal land. The West Lynch Deep Unit Well #1 was completed on September 12, 1980. Thus, the six month period is up March 12, 1981. However, our request for unit validation has not yet been acted on. Union Oil Company of California therefore respectfully requests a 6 month extension of time until September 12, 1981 in which to begin a second well should the first well not be declared a unit well.

Likewise, we request a 6 month extension of time to September 12, 1981 in which to file our Initial Plan of Development for the West Lynch Deep Unit.

Please note that in our request for validation, it was stated erroneously that the West Lynch Deep Unit #1 well was shut-in. The well did in fact go on stream 12/23/80. Should you require production figures or any further information regarding either our pending request for validation or this request for extension of time, please advise.

Your cooperation is greatly appreciated.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA



Linda H. Hicks
Landman

LHH:cs

cc: Mr. Joe Ramey, Director
Oil Conservation Division
Energy and Minerals

The Superior Oil Company
Attn: Ms. Becky Prince



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 4, 1981

Union Oil Company of California
P. O. Box 671
Midland, Texas 79702

Attention: Linda H. Hicks

Re: Case No. 6880
West Lynch Deep Unit
Extension of Time

Gentlemen:

We hereby approve a six month extension of time to September 12, 1981, in which to begin a second well on the West Lynch Deep Unit, Lea County, New Mexico, should the first well not be declared a unit well by the United States Geological Survey. A six month extension to September 12, 1981, is also approved in which to file your Initial Plan of Development for said unit.

Yours very truly,

JOE D. RAMEY
Director

JDR/EP/fd

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas
Telephone (915) 682-9731

RECEIVED

MAR 04 1981

OIL CONSERVATION DIVISION
SANTA FE



Robert V. Lockhart

District Land Manager
Midland District

February 27, 1981

State of New Mexico
Oil Conservation Division
Energy and Minerals Department
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe Ramey, Director

Gentlemen:

Case No. 6880
Order No. R-6349
West Lynch Deep Unit
Lea County, New Mexico

On December 31, 1980, we submitted to your office for approval a request for validation of our West Lynch Deep Unit Area based on the West Lynch Deep Unit Well #1. By letter dated February 17, 1981, your office approved the validation of the West Lynch Deep Unit. Your letter stated that your approval was subject to like approval by the U.S.G.S. and the Commissioner of Public Lands. It is our understanding that since no state lands are involved in this unit, the Commissioner of Public Lands is not involved in this decision. As to the approval of the U.S.G.S., we have not received same as yet.

The Unit Agreement states that we are to drill one well at a time, not allowing more than 6 months between the completion of one well and beginning of the next, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Supervisor if on Federal land. The West Lynch Deep Unit Well #1, located on Federal land, was completed on September 12, 1980. Thus, the six month period is up March 12, 1981. However, our request for unit validation has not yet been acted upon by the U.S.G.S. Union Oil Company of California therefore respectfully requests a 6 month extension of time until September 12, 1981 in which to begin a second well should the first well not be declared a unit well by the U.S.G.S.

Likewise, we request a 6 month extension of time to September 12, 1981 in which to file our Initial Plan of Development for the West Lynch Deep Unit.

Oil Conservation Division
February 27, 1981
Page 2

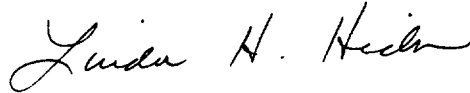
Please note that in our request for validation, it was stated erroneously that the West Lynch Deep Unit #1 well was shut-in. The well did in fact go on stream 12/23/80. Should you require production figures or any further information regarding this request for extension of time, please advise.

A copy of our letter requesting an extension of time from the U.S.G.S. is enclosed for your file.

Your cooperation is greatly appreciated.

Sincerely yours,

UNION OIL COMPANY OF CALIFORNIA

A handwritten signature in cursive script that reads "Linda H. Hicks".

Linda H. Hicks
Landman

LHH:s

cc: U.S.G.S.
P.O. Box 26124
Albuquerque, New Mexico 87125
Attn: Mr. Armando Lopez

The Superior Oil Company
Attn: Ms. Becky Prince

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 17, 1981

Union Oil Company of California
P. O. Box 671
Midland, Texas 79702

Attention: Robert V. Lockhart

Re: Case No. 6880
West Lynch Deep Unit
Validation of Unit Area

Gentlemen:

We hereby approve the Validation of the Unit Area for the West Lynch Deep Unit, Lea County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

One approved copy of the Validation is returned herewith.

Yours very truly,

JOE D. RAMEY
Director

JDR/EP/fd
enc.

cc: U.S.G.S. - Albuquerque
Commissioner of Public Lands

C

O

P

Y

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart

District Land Manager
Midland District

December 31, 1980

Gentlemen:

OK
EJP
3/6/81

Oil Conservation Division
Energy and Minerals Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe Ramey, Director

Validation of West Lynch Deep Unit Area
Case No. 6880
~~Order No. R-6349~~
Lea County, New Mexico

Union Oil Company of California respectfully requests validation of our West Lynch Deep Unit Area based on the discovery of commercial hydrocarbons in the Lower Morrow Sands in the West Lynch Deep Unit Well No. 1.

In support of this application we are enclosing the following in duplicate:

1. A drilling history of the West Lynch Deep Unit Well No. 1
2. Gas analysis taken from the West Lynch Deep Unit Well No. 1
3. NMOCC Form No. C-104 and C-122
4. Calculations of Formation Volumetric Factor
5. Cullender and Smith Calculations of Static and Flowing Bottom Hole Pressure
6. Volumetric Calculations of Gas-In-Place and Recoverable Gas
7. Xerox Copy of the CNL - FDC Log Showing Zone of Completion
8. Development Well Analysis Form Showing Predicted Cash Flow
9. A map of the area showing well location and surrounding acreage.

Please note the development well analysis is based on a 100% working interest basis although Union's individual gross working interest is only 67.18750%. I would also note that pursuant to the Operating Agreement, Union elected not to participate in laying casing for this well and Superior Oil Company was designated as agent for Union to complete the well. This well was anticipated to be drilled to the Silurian but by letter dated 9/24/80, the O.C.D. granted permission to cease drilling in the Morrow.

We believe the enclosed engineering data demonstrates Morrow gas and condensate reserves sufficient to produce in paying quantities, and which will allow recovery of all costs of drilling, completing, and producing operations, with a reasonable profit, as defined in Section 9 of the Unit Agreement. The subject well is currently shut-in pending building of production facilities.

If you have any questions or need additional information, please notify the undersigned. A similar letter has also been sent to the U.S.G.S.

Yours very truly,

UNION OIL COMPANY OF CALIFORNIA

Robert V. Lockhart

Robert V. Lockhart
District Land Manager

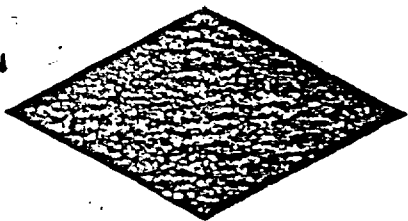
RVL:cs
Encl.

Approved 2/17 19 81
[Signature]
Director
Oil Conservation Division
Energy and Minerals Department

THIS APPROVAL OF AN INSTRUMENT TO LAND AFFECTS
THE OIL GRANTING POWER OF THE STATE OF NEW MEXICO
SURVEY AND LAND OFFICE, MINISTRY OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO.

Drilling History
Union Oil Company of California
West Lynch Deep Unit No. 1

| | |
|---------|---|
| 6-16-80 | Spudded well at 2310' FEL and 660' FSL, Section 28, T-20-S, R-34-E, Lea County, New Mexico |
| 6-27-80 | Drilled 26" hole to 1660' ran 20" casing to 1662' |
| 7-3-80 | Drilled 17-1/2" hole to 3400' ran 13-3/8" casing to 3400'. |
| 7-8-80 | Drilled 12-1/2" hole to 5300' ran 9-5/8" casing to 5300'. |
| 8-25-80 | Drilled 6-1/2" hole to 13875' ran 5-1/2" casing to 13875' |
| 9-9-80 | Perforated lower Morrow at 13724-740'. Swabbed well in. |
| 9-10-80 | SITP 4300# 24 hrs. |
| 9-12-80 | Ran official 4-point test SITP 4474# CAOF 3.5 MMCFGPD plus 263 BC. Well shut in waiting on pipeline connection. |



FESCO, Inc.

Petroleum Engineers

P. O. Box 1464

915 392-3621

Ozona, Texas 76943

MCALLEN 512 686-7871
LAREDO 512 724-7501
OZONA 915 392-3621

CORPUS 512 882-4124
REFUGIO 512 526-4644
VICTORIA 512 575-7533

EL CAMPO 713 543-9451
CALDWELL 713 567-4017
KILGORE 214 984-4814

September 16, 1980

For: Superior Oil Company-Western Division
P. O. Box 4500
The Woodlands, Texas 77380

Sample: West Lynch Deep Unit No. 1
Separator Gas @ 508# & 84°F

Date Sampled: 9-11-80

CHROMATOGRAPH ANALYSIS

| <u>COMPONENT</u> | <u>MOL %</u> | <u>G P M</u> |
|------------------|--------------|--------------|
| Nitrogen | 0.395 | |
| Carbon Dioxide | 0.679 | |
| Methane | 84.732 | |
| Ethane | 8.868 | |
| Propane | 3.360 | 0.920 |
| Iso-Butane | 0.522 | 0.170 |
| N-Butane | 0.813 | 0.255 |
| Iso-Pentane | 0.253 | 0.092 |
| N-Pentane | 0.189 | 0.068 |
| Hexanes Plus | 0.189 | 0.082 |
| Total: | 100.000 | 1.587 |

Computed Specific Gravity: 0.670 (Air=1)

Computed Gross Heating Value:

Dry Basis : 1168 BTU/Cu.Ft.
Saturated Basis: 1148 BTU/Cu.Ft.

Base Conditions: 14.65 PSIA & 60°F

Certified:

FESCO, Inc.

By:

Frank D. Walston

Frank D. Walston

SUPERIOR OIL

| | |
|------------------|---|
| REGULATORY DEPT. | |
| DATE | |
| CO | ✓ |
| FI | ✓ |
| RE | ✓ |
| FM | ✓ |
| | |
| | |

October 8, 1980

RECEIVED

OCT 16 1980

State of New Mexico
Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

MIDLAND DISTRICT LAND

Attn: Mr. J. T. Sexton
Supervisor & Oil & Gas Inspector

RE: THE SUPERIOR OIL COMPANY
WEST LYNCH DEEP UNIT #1
WILDCAT - SEC. 28, T20S, R34E
LEA COUNTY, NEW MEXICO

Dear Mr. Sexton:

Attached are the following Commission Forms on the completion of our West Lynch Deep Unit #1. The well is on Federal lands.

Form C-104 (5 copies)
Form C-122 (2 copies)
One Set of Electric logs

We do not have a sales contract for the oil and gas, and will file another C-104 as soon as a purchaser has been determined.

Please let us know if you need additional information.

Yours very truly,

THE SUPERIOR OIL COMPANY

G. Bannantine

G. Bannantine
Regulatory Group Manager

JVL/sg

Attachments

XC: PRB, LH, CRC,
BJW, DBH, RG, CF

BCC: UNION OIL COMPANY
P. O. Box 671

Midland, Texas 79702
The Superior Oil Company Western Division

P. O. Box 4500, The Woodlands, TX 77380
(713) 363-3600, Twx: 910 880 4644

U.S.G.S.

AND OFFICE

TRANSPORTER

OPERATOR

REGISTRATION OFFICE

OIL

GAS

AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

The Superior Oil Company

P. O. Box 4500 The Woodlands, Texas 77380

Reason(s) for filing (check proper box)

Other (Please explain)

New Well

Recompletion

Change in Ownership

Change in Transporter of Oil

Oil

Casinghead Gas

Dry Gas

Condensate

Change of ownership give name and address of previous owner

DESCRIPTION OF WELL AND LEASE

Lease Name

Lease No.

Well No.

Pool Name, including Formation

Kind of Lease

West Lynch Deep Unit

NM 039256

1

Wildcat

State, Federal or Foreign

Location

Unit Letter

2310'

Feet From The

East

Line and

660'

Feet From The

South

Line of Section

28

Township

20S

Range

34E

NMPL

DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil

or Condensate

No Contract as yet.

Address (Give address to which approved copy of this form is to be sent)

Name of Authorized Transporter of Casinghead Gas

or Dry Gas

No Contract as yet.

Address (Give address to which approved copy of this form is to be sent)

Well produces oil or liquids, or location of tanks.

Unit

Sec.

Twp.

Rge.

Is gas actually connected?

When

No

This production is commingled with that from any other lease or pool, give commingling order number

COMPLETION DATA

Designate Type of Completion - (X)

Oil Well

Gas Well

New Well

Workover

Deepen

Plug Back

Some heavy

Drill

Spudded

6/14/80

Date Compl. Ready to Prod.

9/12/80

Total Depth

13,875'

P.B.T.D.

13,771'

Productions (DF, RKB, RT, CR, etc.)

DB: 3752'; GL 3728'

Name of Producing Formation

Morrow

Top Oil/Gas Pay

13,725'

Tubing Depth

13,335'

Productions

13,724 - 13,740'

Depth Casing Shoe

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE

CASING & TUBING SIZE

DEPTH SET

SACKS CEMENT

26"

20"

1622'

1900

17.5"

13-3/8"

3400'

2200

12.5"

9-5/8"

5300'

1480

6.5"

5-1/2"

13,875'

2050

TEST DATA AND REQUEST FOR ALLOWABLE

(Text must be after recovery of total volume of load oil and must be equal to or exceed top of hole for this depth or be for full 24 hours)

Oil Well

Date First New Oil Run To Tanks

Date of Test

Producing Method (Flow, pump, gas lift, etc.)

Length of Test

Tubing Pressure

Casing Pressure

Choke Size

Actual Prod. During Test

Oil - Bbls.

Water - Bbls.

Gas - MCF

AS WELL

Actual Prod. Test - MCF/D

Length of Test

Bbls. Condensate/MMCF

Gravity of Condensate

2753

2hr

90

55.2

Casing Method (pilot, back pr.)

Tubing Pressure

Casing Pressure

Choke Size

Back pr.

1271 psig

0

24/64

CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Oil Conservation Commission

APPROVED

BY

TITLE

This form is to be filled in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deep well, this form must be accompanied by a tabulation of the dev. tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for use on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of

L. H. Bohot

Engineering Supervisor

10/6/80

| | | | |
|---|---------------------------|---|--|
| Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special | | Test Date 9/11/80 | |
| Company The Superior Oil Company | | Connection | |
| Well Morrow | | Unit West Lynch Deep Unit | |
| Completion Date 9/12/80 | Total Depth 13,875' | Plug Back TD 13,771' | Elevation 3,728' |
| Casing Size 5-1/2" Wt. 17# d 4.892 Set At 13,875' | | Perforations: From To Well No. 1 | |
| Tubing Size 2-7/8" Wt. 6.5 d 2.441 Set At 13,540 | | Perforations: From 13,724 To 13,740 Unit Sec. Twp. Rys. 28 20S 34E | |
| Type Well - Single - Brdenhead - G.C. or G.O. Multiple Single | | Packer Set At 13,540' & 13,135' County Lea | |
| Producing Thru Tubing | Reservoir Temp. °F 287 | Mean Annual Temp. °F 74 | Baro. Press. - P _a 13.2 State New Mexico |
| L 13,732 | H 13,732 | C _g .678 | % CO ₂ 0.68 % N ₂ 0.40 % H ₂ S 0 Prover Meter Run 2.900 Taps Flange |

| FLOW DATA | | | | | | TUBING DATA | | CASING DATA | | Duration of Flow | |
|-----------|------------------|---|--------------|-----------------|----------------------|-------------|-----------------|-------------|-----------------|------------------|----------|
| NO. | Prover Line Size | X | Orifice Size | Press. p.s.i.g. | Diff. h _w | Temp. °F | Press. p.s.i.g. | Temp. °F | Press. p.s.i.g. | | Temp. °F |
| SI | 2.900 | | 2.000 | | | | 4474 | 74 | PKR | ----- | SI 72 hr |
| 1. | 2.900 | | 2.000 | 510 | 21.0 | 85 | 1289 | 79 | PKR | ----- | 6.5 |
| 2. | 2.900 | | 2.000 | 500 | 14.0 | 82 | 1922 | 79 | PKR | ----- | 1.25 |
| 3. | 2.900 | | 2.000 | 505 | 9.0 | 82 | 2420 | 79 | PKR | ----- | 1.0 |
| 4. | 2.900 | | 2.000 | 490 | 4.0 | 80 | 3412 | 79 | PKR | ----- | 1.0 |
| 5. | | | | | | | | | | | |

| RATE OF FLOW CALCULATIONS | | | | | | | |
|---------------------------|-----------------------|------------------|-------------------------|----------------------------------|-------------------------------|--|---------------------|
| NO. | Coefficient (24 Hour) | $\sqrt{h_w P_m}$ | Pressure P _m | Flow Temp. Factor F _L | Gravity Factor F _g | Super. Compress. Factor, F _{sp} | Rate of Flow O, Mcd |
| 1 | 28993.85 | 104.8198 | 523.2 | .9768 | .9407 | 1.048 | 2927 |
| 2 | 28993.85 | 84.7632 | 513.2 | .9795 | .9407 | 1.049 | 2375 |
| 3 | 28993.85 | 68.2920 | 518.2 | .9795 | .9407 | 1.049 | 1905 |
| 4 | 28993.85 | 44.8642 | 503.2 | .9813 | .9407 | 1.049 | 1260 |
| 5 | | | | | | | |

| NO. | P _r | Temp. °R | T _r | Z | Gas Liquid Hydrocarbon Ratio | Mcf/bbl. |
|-----|----------------|----------|----------------|------|------------------------------|----------|
| 1. | 2.80 | 643 | 1.39 | .713 | 14.8 | |
| 2. | 3.98 | 643 | 1.39 | .715 | 55.2 | |
| 3. | 4.87 | 643 | 1.39 | .752 | | |
| 4. | 6.54 | 643 | 1.39 | .867 | | |
| 5. | | | | | | |

| NO. | P _r ² | P _w | P _w ² | P _r ² - P _w ² | (1) $\frac{P_r^2}{P_r^2 - P_w^2} =$ | (2) $\left[\frac{P_r^2}{P_r^2 - P_w^2} \right]^n =$ |
|-----|-----------------------------|----------------|-----------------------------|---|-------------------------------------|--|
| 1 | 1696 | | 5779 | 36484 | 1.539 | 1.539 |
| 2 | 3745 | | 11096 | 31167 | | |
| 3 | 5920 | | 16080 | 26183 | | |
| 4 | 11732 | | 27458 | 14805 | | |
| 5 | | | | | | |

Absolute Open Flow 3400 Mcd @ 15.025 Angle of Slope ϕ 45.0 Slope, n 1.000

Remarks:

| | | | |
|------------------------|-----------------------------|------------------------------|------------------------------|
| Approved By Commission | Conducted By FESCO, Inc. | Calculated By R. N. Aycok | Checked By Vonda Flanagan |
|------------------------|-----------------------------|------------------------------|------------------------------|

Calculation of Gas Properties

Separator Gas at 508# and 84°F
 West Lynch Deep Unit No. 1
 Undesignated (Morrow) Field
 Lea County, New Mexico
 Section 28, T-20-S, R-34-E

| Component | Mol% | Molecular Wt. | Pc Psia | Tc °R | (1x2) | (1x3) | (1x4) |
|----------------|--------|------------------|------------|----------|-------|--------|--------|
| Nitrogen | .395 | 28.02 | 492.2 | 227 | .11 | 1.94 | .90 |
| Carbon Dioxide | .679 | 44.01 | 1070.2 | 547.5 | .30 | 7.27 | 3.72 |
| Methane | 84.732 | 16.02 | 673.1 | 343.2 | 13.59 | 570.33 | 290.8 |
| Ethane | 8.868 | 30.07 | 708.3 | 549.9 | 2.67 | 62.81 | 48.77 |
| Propane | 3.360 | 44.09 | 617.4 | 666 | 1.48 | 20.74 | 22.38 |
| Iso-Butane | .522 | 58.12 | 529.1 | 734.6 | .30 | 2.76 | 3.83 |
| N-Butane | .813 | 58.12 | 550.1 | 765.7 | .47 | 4.47 | 6.23 |
| Iso-Pentane | .253 | 72.15 | 483.5 | 829.6 | .18 | 1.22 | 2.10 |
| N-Petane | .189 | 72.15 | 489.8 | 846.2 | .14 | .93 | 1.60 |
| Hexanes Plus | .189 | 86.17 | 440.1 | 914.2 | .16 | .83 | 1.72 |
| | | | | | 19.4 | 673.3 | 382.06 |

$$S_g = \frac{\text{Mol. Wt. Gas}}{\text{Mol. Wt. Air}} = \frac{19.4}{28.97} = .670$$

$$P_c = 673.3 \quad P_r = \frac{6085.02}{673.3} = 9.04 \quad Z = 1.074$$

$$T_c = 382.06 \quad T_r = \frac{622}{382.06} = 1.63$$

$$B_{gi} = \frac{V_{sc}}{V_r} = \frac{P_r T_{sc}}{Z T_r P_{sc}} = \frac{(6085)(520)}{(1.074)(622)(15.025)} = 315.25 \frac{\text{SCF}}{\text{RCF}}$$

WEST LYNCH DEEP UNIT #1

PRESSURE VS DEPTH FOR STATIC CONDITIONS

| | |
|---|------------|
| SHUT IN SURFACE PRESSURE (PSIA) | 4474.0000 |
| SHUT IN BOTTOM HOLE PRESSURE (PSIA) | 6085.0224 |
| SURFACE TEMPERATURE (DEG.F) | 60.0000 |
| BOTTOM HOLE TEMPERATURE (DEG.F) | 162.0000 |
| DRY GAS GRAVITY (S.G. (AIR=1)) | 0.6700 |
| CONDENSATE GRAVITY (SP. GRA OR DEG API) | |
| PRODUCING GAS/OIL RATIO (CU. FT./BBL) | 0 |
| WET GAS GRAVITY (S.G. (AIR=1)) | 0.6700 |
| FIRST TUBING I.D. (INCHES) | 2.4410 |
| FIRST TUBING O.D. (INCHES) | 0 |
| FIRST TUBING LENGTH (FEET) | 13540.0000 |
| SECOND TUBING LENGTH (FEET) | 13540.0000 |
| SECOND TUBING I.D. (INCHES) | |
| TUBING LENGTH/TOTAL DEPTH | 1.0000 |

| DEPTH (FEET) | PRESSURE (PSIA) | GRADIENT (PSI/FT) |
|-----------------|--------------------|----------------------|
|-----------------|--------------------|----------------------|

| | | |
|-------|------|--------|
| 0 | 4474 | 0 |
| 1354 | 4642 | 0.1238 |
| 2708 | 4808 | 0.1226 |
| 4062 | 4972 | 0.1214 |
| 5416 | 5135 | 0.1203 |
| 6770 | 5296 | 0.1193 |
| 8124 | 5457 | 0.1183 |
| 9478 | 5615 | 0.1173 |
| 10832 | 5773 | 0.1164 |
| 12186 | 5930 | 0.1156 |
| 13540 | 6085 | 0.1148 |

FINAL Z 1.074430

P/Z = 5663

MFS/DEC 05.1980

OPTION

FLDT STAT

WEST LYNCH DEEP UNIT #1

PRESSURE VS DEPTH
TUBING FLOW

| | |
|---|------------|
| FLOWING SURFACE PRESSURE (PSIA) | 3412.0000 |
| FLOWING BOTTOM HOLE PRESSURE (PSIA) | 4868.1440 |
| FLOW RATE (MMCF/DAY) | 3.4000 |
| SURFACE TEMPERATURE (DEG.F) | 60.0000 |
| BOTTOM HOLE TEMPERATURE (DEG.F) | 162.0000 |
| DRY GAS GRAVITY (S.G. (AIR=1)) | 0.6700 |
| CONDENSATE GRAVITY (SP. GRA OR DEG API) | |
| PRODUCING GAS/OIL RATIO (CU. FT./BBL) | 0 |
| WET GAS GRAVITY (S.G. (AIR=1)) | 0.6700 |
| FIRST TUBING I.D. (INCHES) | 2.4410 |
| FIRST TUBING O.D. (INCHES) | 0 |
| FIRST TUBING LENGTH (FEET) | 13540.0000 |
| SECOND TUBING LENGTH (FEET) | 13540.0000 |
| SECOND TUBING I.D. (INCHES) | |
| TUBING LENGTH/TOTAL DEPTH | ***** |

| DEPTH (FEET) | PRESSURE (PSIA) | GRADIENT (PSI/FT) |
|-----------------|--------------------|----------------------|
|-----------------|--------------------|----------------------|

| | | |
|-------|------|--------|
| 0 | 3412 | 0 |
| 1354 | 3562 | 0.1107 |
| 2708 | 3711 | 0.1099 |
| 4062 | 3859 | 0.1092 |
| 5416 | 4006 | 0.1085 |
| 6770 | 4152 | 0.1078 |
| 8124 | 4297 | 0.1071 |
| 9478 | 4441 | 0.1065 |
| 10832 | 4584 | 0.1058 |
| 12186 | 4726 | 0.1052 |
| 13540 | 4868 | 0.1046 |

FINAL Z 0.962262

P/Z = 5059

MFS/DEC 05.1980

L WL-DEEP1

IKJ528271 WL-DEEP1

00010 NAME WEST LYNCH DEEP UNIT #1

00020 B .670 3.4 60 162 3412 4474 13540 13540 2.441 1 1 END

READY

Volumetric Calculations
Of Gas In Place
Lower Morrow Formation
West Lynch Deep Unit No. 1

Open Perfs: 13724-13740' Lower Morrow

Porosity, ϕ = 4.4%
Water Saturation, S_w = 32%
Net Pay, h = 16'

Acres = 320
 B_{gi} = 315.3 SCF/RCF
R.E. = 85% Recovery Factor

$$\begin{aligned} \text{GIP} &= (43560) (\text{Acres}) (h) (\phi) (1-S_w) (B_{gi}) \\ &= (43560) (320) (16) (4.4) (1-.32) (315.3) \\ &= 2.10 \text{ BCF} \\ &= 2.10 \text{ BCF} \times .85 = 1.79 \text{ BCF of total recoverable gas} \end{aligned}$$

West LYNCH DEEP UNIT #1
CNL/FDC

13700

Current Completion Interval
13724-40'

FDC

Caliper

13800

GR

CNL

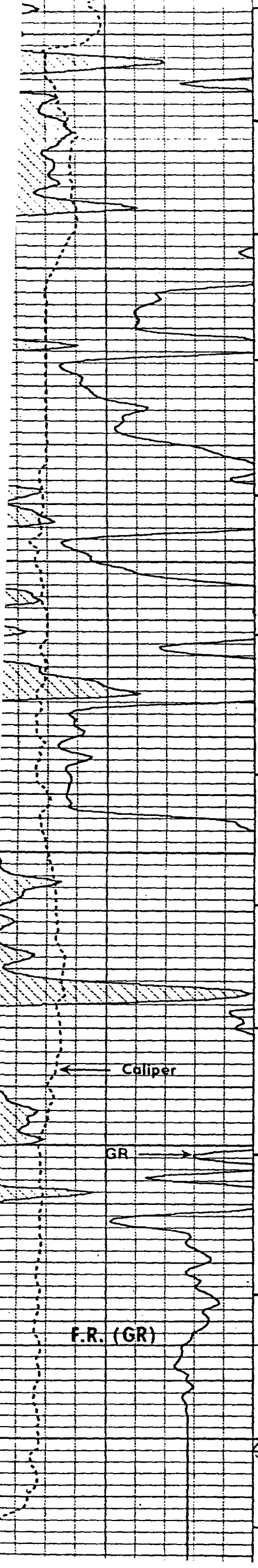
Tension

F.R. (GR)

F.R. (CNL)

F.R. (CALIPER)

F.R. (FDC)



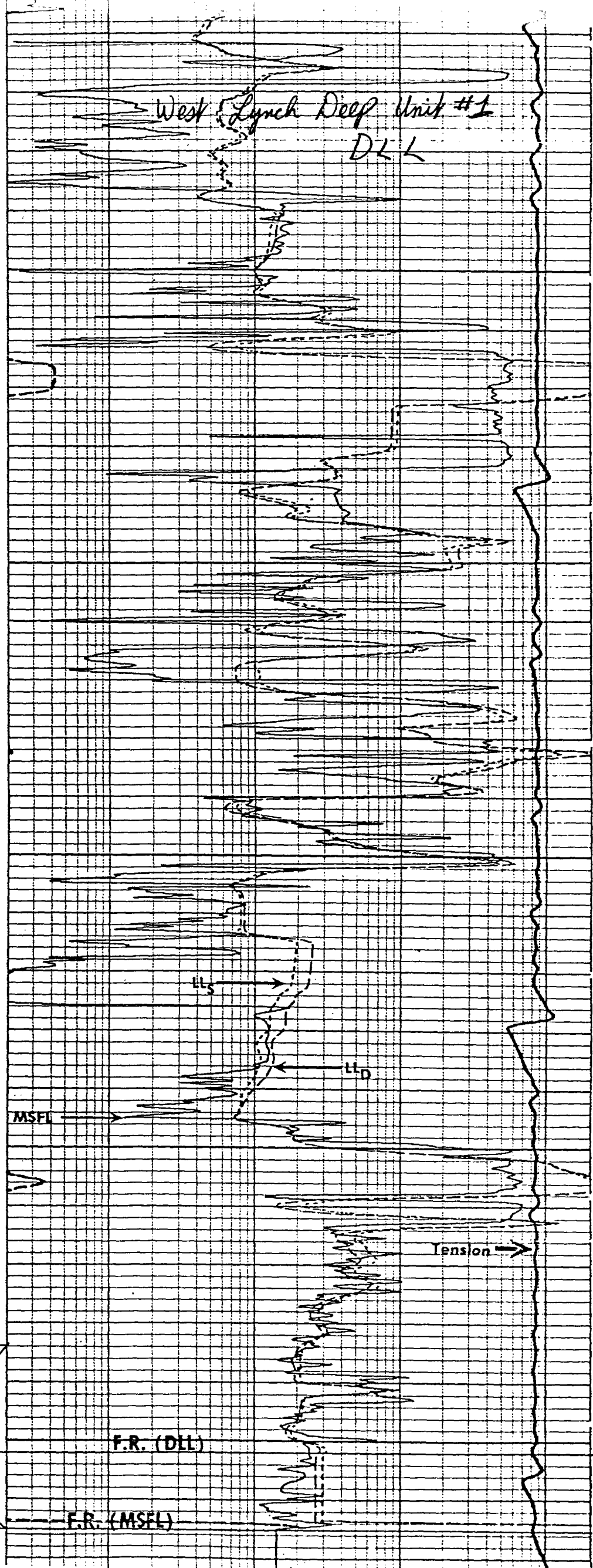
13700

13800

Caliper

GR

F.R. (GR)



West Lynch Deep Unit #1
DL

LLS

LLD

MSFL

F.R. (DL)

F.R. (MSFL)

Tension

West Lynch Deep Unit #1

BHC

13700

Caliper

13800

GR

F. R. (GR)

F. R. (SONIC)

FILE

DEVELOPMENT WELL ANALYSIS
ACTUAL

WELL: WEST LYNCH DEEP UNIT #1
FIELD: UNDESIGNATED MORROW
FORMATION: MORROW

AFE NO: 304091
OPERATOR: UNION OIL CO. OF CAL.
TD: 13,875 FT. PAY TOP: 13,724 FT

UOCO INTEREST: GROSS 100.00% NET 81.88% (Based on a participating area of all of Section 28, T-20-S, R-34-E)

| | UOCO INTEREST | TOTAL |
|-------------------|---------------|-----------|
| COSTS | | |
| AFE COST, \$ | 2,100,000 | 2,100,000 |
| DRY HOLE COST, \$ | 1,260,000 | |
| CASH RISK, \$ | 1,260,000 | |
| RESERVES | | |
| GWG-MMCF | 1,472 | 1,798 |
| CND-MSTB | 41 | 50 |
| NET PAY, FT. | | 16 |
| ACRES | | 320 |
| MCF/AC. FT. | | 351 |
| INITIAL RATE | | |
| GWG, MCF/DAY | 2,866 | 3,500 |
| CND, BBL/DAY | 123 | 150 |

***** ECONOMICS *****

| UOCO AVERAGE EXP \$/MO | PROD VALUES | INITIAL | ESCL. %/YR | MAX | YR |
|------------------------|-------------|---------|------------|-------|----|
| DIRECT 999 | GWG, \$/MCF | 2.64 | 0.00 | 2.64 | 81 |
| INDIRECT 109 | CND, \$/BBL | 31.12 | 0.00 | 31.12 | 81 |
| OVERHEAD 77 | | | | | |
| UNIT CHARGE | | | | | |

PROJECTION EFFECTIVE DATE 1/81

*** UOCO INTEREST ***
BFIT AFIT

| | | |
|--|-------|-------|
| GROSS AFTER ROYALTY, M\$ | 5,160 | |
| TOTAL EXPENSE LESS WPT, M\$ | 413 | |
| WINDFALL PROFIT TAX, M\$ | | |
| TOTAL INVESTMENT (DEVELOPMENT COST), M\$ | 2,100 | |
| UNDISC. CASH FLOW, M\$ | 2,642 | 1,397 |
| \$ PROFIT / \$ TOTAL INVESTMENT | 1.26 | 0.67 |
| PRESENT WORTH AT 10% | 2,157 | 990 |
| PROFITABILITY INDEX AT 10% | 1.03 | 0.47 |
| ROI (RATE OF RETURN), % | 25.0 | 25.0 |
| PAYOUT, YEARS: | 0.8 | 1.0 |
| LIFE, YEARS | 7 | |

REMARKS:

BY: MFS

DATE: 12/23/80 8:17 AM

LEASE TOTAL

: WEST LYNCH UNIT DEEP #1

H MEXICO MFS

TYPE 12/23/80 8:17 AM

| YEAR | GAR | TOTAL EXP | TOTAL INV | CASH-BT | CASH-AT |
|---------|-----------|-----------|-----------|-----------|-----------|
| 1981 | 2,989,579 | 198,410 | 2,100,000 | 691,169 | 39,362 |
| 1982 | 1,240,571 | 90,671 | | 1,149,900 | 644,375 |
| 1983 | 530,716 | 46,944 | | 483,772 | 301,232 |
| 1984 | 233,101 | 28,611 | | 204,490 | 155,375 |
| 1985 | 99,671 | 20,392 | | 79,279 | 86,512 |
| 1986-92 | 66,308 | 32,588 | | 33,720 | 169,909 |
| TOTAL | 5,159,946 | 417,616 | 2,100,000 | 2,642,330 | 1,396,766 |

TYPE 12/23/80 8:17 AM

| YEAR | GROSS GWG | NET GWG | GWG SOLD TOT | GAS SLD | GROSS COND |
|---------|-----------|-----------|--------------|-----------|------------|
| 1981 | 965,689 | 790,657 | 790,657 | 790,657 | 35,411 |
| 1982 | 450,162 | 368,570 | 368,570 | 368,570 | 10,500 |
| 1983 | 209,079 | 171,184 | 171,184 | 171,184 | 3,092 |
| 1984 | 97,107 | 79,507 | 79,507 | 79,507 | 911 |
| 1985 | 45,102 | 36,927 | 36,927 | 36,927 | 86 |
| 1986-92 | 30,677 | 25,117 | 25,117 | 25,117 | |
| TOTAL | 1,797,816 | 1,471,962 | 1,471,962 | 1,471,962 | 50,000 |

TYPE 12/23/80 8:17 AM

| YEAR | NET COND |
|---------|----------|
| 1981 | 28,993 |
| 1982 | 8,597 |
| 1983 | 2,532 |
| 1984 | 746 |
| 1985 | 70 |
| 1986-92 | |
| TOTAL | 40,938 |

Option: PWROR

INVESTMENT PARAMETERS

EFFECTIVE DATE: 1/81

PRESENT WORTH

| | BEFORE TAX | AFTER TAX | | BEFORE TAX | AFTER TAX |
|-----|------------|-----------|---------------------|------------|-----------|
| 5% | 2,382,497 | 1,173,810 | RATE OF RETURN | > 100.0 | 64.8 |
| 10% | 2,156,976 | 989,996 | PROFITABILITY INDEX | 1.03 | 0.47 |
| 20% | 1,734,380 | 702,036 | PAYOUT, YRS | 0.8 | 1.0 |
| 50% | 1,046,146 | 169,468 | INITIAL INVESTMENT | 2,100,000 | |

Option: AFE

L W-LYNCH
IKJ52827I W-LYNCH
00010 NAME WEST LYNCH UNIT DEEP #1,33 MFS
00020 GWG RSRV 1.8E6 181
00030 ONCE 109500 181
00040 DIST 400 281
00050 COND RSRV 50000 181
00060 ONCE 4650 181
00070 DIST 30 281
00080 GRINT HOLD 1.0 181
00090 NTINT .81875 181
00100 OPEX 1000 181
00110 GWGPR 2.64 181
00120 CHDPR 31.12 181
00130 SIND HOLD .11 181
00140 INVI ONCE 1260000 181
00150 INVT 840000 181
READY

L LYNCHAFE
IKJ52827I LYNCHAFE
00010 2, WEST LYNCH DEEP UNIT #1,304091
00020 UNDESIGNATED MORROW, UNION OIL CO. OF CAL., MORROW
00030 DEPTH 13875 13724
00040 INTEREST 1.0 .81875
00050 PAY 16
00060 ACRES 320
00070 RATE GWG(3500) COND(150)
00080 PRICE GWG(2.64) COND(31.12)
00090 AFE 2100000 1260000 1260000
00100 BY MFS
READY

☐ UNION AC. ☐ RECOMMENDED AC.
☐ OPEN AC. ☒ ~~ORR~~ UNIT

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 24, 1980

Union Oil Company of California
500 North Marienfeld
P. O. Box 671
Midland, Texas 79702

Attention: Robert V. Lockhart

Re: Case No. 6880
West Lynch Deep Unit
Change of Plans

Gentlemen:

We hereby approve your change of plans for the initial unit well in the West Lynch Deep Unit, Lea County, New Mexico, which will be completed in the Morrow formation rather than the Silurian.

Yours very truly,

JOE D. RAMEY
Director

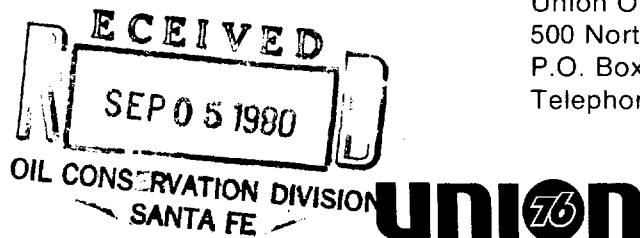
JDR/EP/fd

cc: U.S.G.S. - Roswell
Commissioner of Public Lands

C
O
P
Y

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Mariefeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart
District Land Manager
Midland District

August 28, 1980

State of New Mexico
Energy & Mineral Dept. - Oil Conservation Div.
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey, Director

Gentlemen:

Your Case #6880 - Order #R-6349
Union W/Lynch Deep Unit Well #1
Lea County, New Mexico
W/Lynch Prospect (1873)

We are enclosing a copy of our letter of August 22, 1980, directed to the U.S.G.S. Albuquerque office. As evidence in said letter, Union and its partner have decided not to take the W/Lynch Deep Unit initial test well to its objective test depth of 14,800' in as much as the well was running considerably low when drilled into the Chester at 13,866' total depth. We are presently attempting to complete the well in a lower Morrow interval at approximately 13,250'. The Superior Oil Company of Midland, Texas, has been designated Agent by Union for the Morrow completion attempt since Union elected not to participate in running casing on the well. A copy of said "Designation of Agent" dated August 22, 1980, is enclosed for your information. Superior has run casing in the well and is presently waiting on a completion rig.

We respectfully request your approval of our election not to continue drilling the initial test well to 14,800' in the Silurian as called for in our Unit Agreement. If our completion efforts in the Morrow Zone or any other zones present in the hole are successful and result in acceptable unit quantities, we will then request the well be validated as a unit producer.

We will keep you apprised of our efforts in this project. Should you require any additional information, please contact us immediately.

Yours very truly,

UNION OIL COMPANY OF CALIFORNIA

Robert V. Lockhart
Robert V. Lockhart
District Land Manager

RVL:ib

Encls: 2
Certif. - Ret. Receipt

approve change of plans for initial unit well, which will be completed in the Morrow rather than the Silurian

*OK
9/15/80
E/P*

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



August 22, 1980

Robert V. Lockhart
District Land Manager
Midland District

Mr. Armando Lopez
U.S.G.S.
P.O. Box 26124
Albuquerque, New Mexico 87125

Re: Union Oil Co. of California
West Lynch Deep Unit #1
Section 28, T-20-S, R-34-E
Lea County, New Mexico

Dear Armando:

The subject well designated as the unit well had a projected depth of 14,800' in the Silurian. The well has been drilled to a total depth of 13,866' in the Chester and logs have been run to total depth. Our structural interpretation based on detailed seismic work had indicated a well in the S/2 of Section 28, T-20-S, R-34-E would encounter the Lower Morrow at a depth of 13,250' and the Silurian at 14,450'. Our actual log depth of the Lower Morrow is 13,641' (-9889').

This structural position is flat with the Pennzoil #1 Federal "C" well in Section 35, T-20-S, R-34-E located 2 miles to the southeast. The Pennzoil well logged the Lower Morrow at 13,626' (-9872') and the Silurian at 14,913' (-11,163'). Salt water with slightly gas-cut mud was recovered on DST of the Silurian.

Union requests approval to stop the drilling of the West Lynch Deep Unit #1 at the present depth of 13,866' and not continue to the Silurian. Completion will be attempted in the Morrow sands and we request that this well be designated the unit well.

A set of Electric Logs are enclosed. The CNDL is correlated. If you have any questions, call Bob Lockhard or myself.

Yours truly,

UNION OIL COMPANY OF CALIFORNIA

G. V. Mendenhall

*Copy to John Henderson - Supervisor
8-22-80*

GVM/lhh
Enclosures

DESIGNATION OF AGENT



Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Geological Survey, Unit Operator under the West Lynch Deep Unit Unit Agreement, No. 14-08-0001-18432, approved June 11, 1980 and hereby designates:

NAME: The Superior Oil Company

ADDRESS: P. O. Box 1900
Midland, Texas 79702

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing and completing Unit Well No. 1, in the SW/4 SE/4 Section 28, T-20-S, R-34-E, N.M.P.M., Lea County, New Mexico.

It is understood that this designation of agent does not relieve the Unit Operator of responsibility for compliance with the terms of the Unit Agreement and the Oil and Gas Operating Regulations. It is also understood that this designation of agent does not constitute an assignment of any interest under the Unit Agreement or any lease committed thereto.

In case of default on the part of the designated agent, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The Unit Operator agrees promptly to notify the oil and gas supervisor of any change in the designated agent.

This designation of agent is deemed to be temporary and in no manner a permanent arrangement.

This designation is given only to enable the agent herein designated to drill the above-specified unit well. Unless sooner terminated, this designation shall terminate when there is filed in the appropriate district office of the U. S. Geological Survey a completed file of all required Federal reports pertaining to subject well. It is also understood that this designation of agent is limited to field operations and does not cover administrative action requiring specific authorization of the Unit Operator.

UNION OIL COMPANY OF CALIFORNIA
Unit Operator

August 22, 1980
Date

By [Signature] Attorney-in-Fact CVH

EVIDENCE OF AUTHORITY OF ATTORNEY-
IN-FACT IS FILED IN NM-0558400
AND SUCH AUTHORITY IS STILL IN EFFECT.



United States Department of the Interior

GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125

APR 22 1980

6880

Union Oil Company of California
Attention: Mr. Richard R. Oelze
P. O. Box 671
Midland, Texas 79702

Gentlemen:

Your application of March 25, 1980, filed with the Oil and Gas Supervisor, Albuquerque, New Mexico, requests the designation of the West Lynch Deep unit area, embracing 1,280.00 acres, more or less, Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 30 CFR 226, the land requested as outlined on your plat marked "Exhibit 'A' Proposed West Lynch Deep Unit, Lea County, New Mexico" is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for a well to test the Silurian formation, or to a depth of 14,800 feet. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with the modifications requested in your application. If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office through the Oil and Gas Supervisor for preliminary approval.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the Supervisor, Albuquerque, New Mexico, for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the 1968 reprint of the aforementioned form.

Sincerely yours,

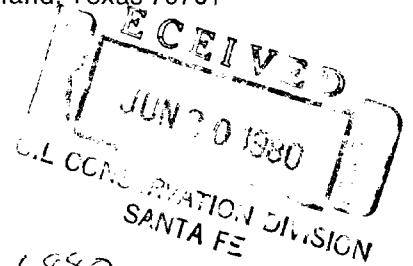
(ORIG. SGD.) JAMES W. SUTHERLAND

James W. Sutherland
Acting Conservation Manager
for the Director

cc: NMOCD, Santa Fe

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
Telephone (915) 682-9731



Midland District

June 18, 1980

Oil Conservation Division
Energy & Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey,
Director

Gentlemen:

Case No. 6880
Order No. R-6349
West Lynch Deep Unit (1873)
Lea County, New Mexico

Enclosed please find a copy of the letter along with the Certification-Determination from the United States Department of Interior which has been approved and properly executed on the above captioned.

Thank you for your consideration in this matter and if we can be of any further assistance, do not hesitate to call on us.

Yours very truly,

UNION OIL COMPANY OF CALIFORNIA

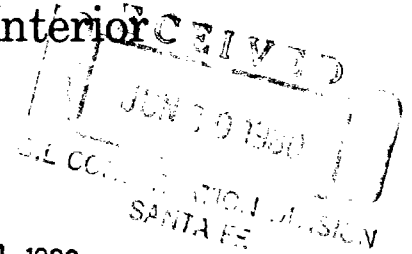
A handwritten signature in cursive script, reading "Malcolm J. Brenneman".
Malcolm J. Brenneman
Landman

MJB:cs
Encl.



United States Department of the Interior

GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125



JUN 11 1980

RECEIVED

JUN 16 1980

MIDLAND DISTRICT LAND

Union Oil Company of California
P. O. Box 671
Midland, Texas 79702

Gentlemen:

One approved copy of the West Lynch Deep unit agreement, Lea County, New Mexico, and a copy of the unit operating agreement are enclosed. Such agreement has been assigned No. 14-08-0001-18432, and is effective this date, the same day as approved.

You are requested to furnish other interested principals with appropriate evidence of this approval.

Sincerely yours,

for Gene F. Daniel
Gene F. Daniel
Acting Deputy Conservation Manager
Oil and Gas

Enclosures 2

CERTIFICATION--DETERMINATION

RECEIVED
JUN 10 1980
LOCAL OFFICE
SANTA FE
DIVISION

Pursuant to the authority vested in the Secretary of the Interior,
the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C.
secs. 181, et seq., and delegated to the Oil and Gas Supervisors of the
Geological Survey, I do hereby:

A. Approve the attached agreement for the development and
operation of the West Lynch Deep
Unit Area, State of New Mexico.

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

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

FOR
ACTING

Jack Willock
Deputy Conservation Manager, Oil and Gas
United States Geological Survey

JUN 11 1980

Dated

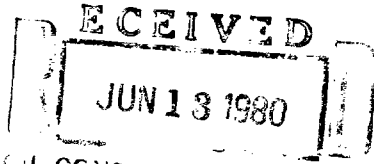
14-08-0001-18432

Contract Number



United States Department of the Interior

GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125



JUN 11 1980

6280

Union Oil Company of California
P. O. Box 671
Midland, Texas 79702

Gentlemen:

One approved copy of the West Lynch Deep unit agreement, Lea County, New Mexico, and a copy of the unit operating agreement are enclosed. Such agreement has been assigned No. 14-08-0001-18432, and is effective this date, the same day as approved.

You are requested to furnish other interested principals with appropriate evidence of this approval.

Sincerely yours,

(ORIG. SGD.) JACK WILLOCK

FOR Gene F. Daniel
Acting Deputy Conservation Manager
Oil and Gas

Enclosures 2

cc:
NMOCD, Santa Fe

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



6880

Robert V. Lockhart

District Land Manager
Midland District

May 30, 1980

Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe D. Ramey, Director

Gentlemen:

Case No. 6880
Order No. R-6349
West Lynch Deep Unit
Lea County, New Mexico

In connection with the captioned unit, we are enclosing the following material for your approval and file:

- 1.) Xerox copy of Union Oil Company of California's letter dated May 28, 1980, to the Area Oil and Gas Supervisor, U.S.G.S., requesting final determination for the West Lynch Deep Unit.
- 2.) Original executed Unit Agreement signed by Union Oil Company of California on May 14, 1980, together with original ratification signed by the following:
Working Interest Owners: Kenneth G. Cone
The Superior Oil Company
- 3.) Original executed Unit Operating Agreement signed by Union Oil Company of California on May 14, 1980.

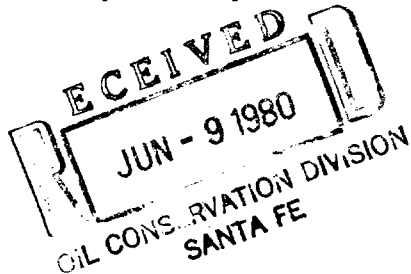
Original ratifications required from the Overriding Royalty Owners will be submitted upon our receipt of same.

Should you require any additional information, please let us hear from you. Thank you for your cooperation in this matter.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA

Robert V. Lockhart
Robert V. Lockhart
District Land Manager



RVL:ld

Enclosures

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



Robert V. Lockhart
District Land Manager
Midland District

May 28, 1980

Area Oil and Gas Supervisor
United States Geological Survey
P. O. Box 26124
Albuquerque, New Mexico 87125

Attn: Armando Lopez

Dear Sir:

West Lynch Deep Unit
Lea County, New Mexico

By letter dated April 22, 1980, the Regional Conservation Manager for the Director designated 1,280.00 acres, more or less, in Lea County, New Mexico, as logically subject to exploration and development under the unitization provision of the Mineral Leasing Act, as amended.

Enclosed for your review and final approval are: four (4) copies of the Unit Agreement for the development and operation of the West Lynch Deep Unit Area, one (1) being designated as an original and executed by Union Oil Company of California; two (2) sets (original plus three (3) xerox copies) of "Consent, Ratification and Joinder" instruments which have been executed by the other Working Interest Owners, and; three (3) copies of the West Lynch Deep Operating Agreement executed by Union Oil Company of California on May 14, 1980.

We have 100% of the working interest ownership in the proposed Unit Area committed to join in the drilling of the initial test well.

In the near future, we will be sending you "Ratification and Joinder" instruments to the Unit Agreement for the overriding royalty interest owners as shown on Unit Agreement Exhibit "B" under the various tracts in which the working interest is committed. We will not be submitting to you Ratification and Joinders executed by the following:

- 1.) Tract 2 - J.S. McKee and wife, Nan R. McKee, owners of a 90% of 3% overriding royalty interest, and Ezra M. Thompson, owner of a 10% of 3% overriding royalty interest, are not being requested to commit to the Unit Agreement. These interests are committed to the Unit Agreement by virtue of the language contained in the Assignment of Oil and Gas Lease, dated March 31, 1971, between J. S. McKee and Nan R. McKee, his wife, and Union Oil Company of California. The special provision committing

this interest reads as follows: "Assignor's interest in said overriding royalty shall be subject to any cooperative or unit plan of operation or development approved by the Secretary of the Interior, or any communitization or other agreement for the purpose of forming a well spacing or a proration unit under the rules or regulations of the State regulatory body or other lawful authority having jurisdiction thereof, to which said lease may have heretofore or may hereafter be committed, and in such event, said overriding royalty shall be computed and paid on the basis of the oil and gas allocated to the above described land under and pursuant to the terms of any such plan of operation or development or any such agreement."

- 2.) Tract 5 - R. Hugo C. Cotter, a single man, owner of a 5% overriding royalty interest, is not being requested to commit to the Unit Agreement. This interest is committed to the Unit Agreement by virtue of the language contained in the Assignment of Oil and Gas Lease, dated February 21, 1974, between R. Hugo C. Cotter, a single man, and Union Oil Company of California. The special provision committing this interest reads identically to that in sub-paragraph (1) above.
- 3.) Tracts 9 and 10 - The interests of the below listed royalty owners under these fee tracts are committed to the Unit Agreement by virtue of the language contained in the respective Oil and Gas Leases to Union Oil Company of California. The special provision committing this interest reads as follows: "Lessee is further granted the right and power to commit this lease as to all or any portion of the above described lands or horizons thereof to any unit agreement for the purpose of conserving the natural resources of any oil or gas pool, field or area covered thereby; provided, such unit agreement contains usual and customary provisions for the allocation of oil and gas produced from the unit area and such unit agreement embraces lands of either the United States or State of New Mexico, or both, and the form of unit agreement has been approved by either the United States Geological Survey or Commissioner of Public Lands or both and the New Mexico Oil Conservation Commission, and upon such commitment the provisions of this lease shall be conformed to the unit agreement."

| | <u>Tract 9</u> | <u>Tract 10</u> |
|---|-----------------|-----------------|
| Alta Mae Threlkeld, a widow | 3/4 of 18.75% | |
| W. M. Beauchamp and wife, Grace E. Beauchamp | 7/120 of 18.75% | 7/120 of 18.75% |
| Eve Léovich Bistrin, dealing in her s/s property | 3/64 of 18.75% | 3/64 of 18.75% |
| Myer Rosenberg and wife, Nadine Rosenberg | 1/64 of 18.75% | 1/64 of 18.75% |
| N. Randolph Reese and wife, Shirley Reese | 1/80 of 18.75% | 1/80 of 18.75% |
| Edward A. Elkan, Clara A. Elkan, Edward A. Elkan, Jr., and Harold A. Elkan, each dealing in his s/s property | 7/120 of 18.75% | 7/120 of 18.75% |

| | <u>Tract 9</u> | <u>Tract 10</u> |
|---|-----------------------|---|
| Roy G. Barton, Jr., and wife, Norma J. Barton | 6.22/320 of 18.75% | 26.22/320 of 18.75% |
| E. L. Latham, Jr., and wife, Evelyn M. Latham | 6.22/320 of 18.75% | 26.22/320 of 18.75% |
| G. Dee Williamson and wife, Paulette Williamson | 3.11/320 of 18.75% | 3.11/320 of 18.75%, plus 1/72 of 18.75% |
| W. Wayne Gill, aka Wayne Gill, and wife, Merle Gill | 3.11/320 of 18.75% | 9.77/320 of 18.75%, plus 1/72 of 18.75% |
| David J. Sorenson and wife, Bonnie J. Sorenson | | 1/72 of 18.75% |
| The Blanco Company | | 13/24 of 18.75% |
| Robert P. Byron | | 1/48 of 18.75% |

Xerox copies of the various Assignments and Oil and Gas Leases containing the special provisions allowing us to commit the overriding royalty and royalty interest owners recited in the above mentioned sub-paragraphs 1) through 3), inclusive, are enclosed for your consideration.

As requested in the Regional Conservation Manager's letter of April 22, 1980, the Exhibit "B" to the Unit Agreement includes the latest status of all Federal acreage, showing the current record owners of all issued leases, there being no leases in application status within the unit area, and likewise, showing all current royalty and overriding royalty owners. The entire unit area of 1,280.00 acres is composed of 960.00 acres of Federal land and 320.00 acres of Fee land. There are no State lands involved in the unit area. It is the intent of the signatory parties to the West Lynch Deep Unit not to create any horizontal segregation of the leases committed to the Unit Area.

We respectfully request your early consideration to the Unit Agreement and its final approval. A drilling rig for this project has been scheduled for commencement of the initial test well on or about June 7, 1980. When the Unit Agreement is approved, please return all approved copies not retained by your office to the undersigned.

Thank you for your cooperation.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA



Robert V. Lockhart
District Land Manager

RVL:ld

Enclosures

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181, et seq., and delegated to the Oil and Gas Supervisors of the Geological Survey (33 F.R. 5812), I do hereby:

A. Approve the attached agreement for the development and operation of the WEST LYNCH DEEP Unit Area, State of NEW MEXICO.

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

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

Dated _____.

Oil and Gas Supervisor, United States Geological Survey

Contract Number _____



UNIT AGREEMENT
WEST LYNCH DEEP UNIT AREA
LEA COUNTY, NEW MEXICO

| <u>SECTION</u> | <u>TITLE</u> | <u>PAGE</u> |
|----------------|--|-------------|
| 1 | ENABLING ACT AND REGULATIONS..... | 2 |
| 2 | UNIT AREA..... | 2 |
| 3 | UNITIZED LAND AND UNITIZED SUBSTANCES..... | 4 |
| 4 | UNIT OPERATOR..... | 5 |
| 5 | RESIGNATION OR REMOVAL OF UNIT OPERATOR..... | 5 |
| 6 | SUCCESSOR UNIT OPERATOR..... | 6 |
| 7 | ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT... | 7 |
| 8 | RIGHTS AND OBLIGATIONS OF UNIT OPERATOR..... | 7 |
| 9 | DRILLING TO DISCOVERY..... | 8 |
| 10 | PLAN OF FURTHER DEVELOPMENT AND OPERATION..... | 9 |
| 11 | PARTICIPATION AFTER DISCOVERY..... | 10 |
| 12 | ALLOCATION OF PRODUCTION..... | 12 |
| 13 | DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS..... | 12 |
| 14 | ROYALTY SETTLEMENT..... | 13 |
| 15 | RENTAL SETTLEMENT..... | 14 |
| 16 | CONSERVATION..... | 15 |
| 17 | DRAINAGE..... | 15 |
| 18 | LEASES AND CONTRACTS CONFORMED AND EXTENDED..... | 15 |
| 19 | COVENANTS RUN WITH LAND..... | 17 |
| 20 | EFFECTIVE DATE AND TERM..... | 17 |
| 21 | RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION..... | 18 |
| 22 | CONFLICT OF SUPERVISION..... | 19 |
| 23 | APPEARANCES..... | 19 |
| 24 | NOTICES..... | 19 |
| 25 | NO WAIVER OF CERTAIN RIGHTS..... | 20 |
| 26 | UNAVOIDABLE DELAY..... | 20 |

| <u>SECTION</u> | <u>TITLE</u> | <u>PAGE</u> |
|----------------|---|-------------|
| 27 | NONDISCRIMINATION..... | 20 |
| 28 | LOSS OF TITLE..... | 20 |
| 29 | NON-JOINDER AND SUBSEQUENT JOINDER..... | 21 |
| 30 | PROTECTION OF POTASH DEPOSITS..... | 22 |
| 31 | COUNTERPARTS..... | 22 |
| 32 | SURRENDER..... | 22 |
| 33 | TAXES..... | 24 |
| 34 | NO PARTNERSHIP..... | 24 |

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
WEST LYNCH DEEP UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO

NO. _____

THIS AGREEMENT entered into as of the 21st day of April, 1980, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto".

W I T N E S S E T H:

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

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181 et seq., authorized 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 operations 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 Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico is authorized by an Act of the Legislature (Article 3, Chapter 65, Vol. 9, Part 2, 1953 Statutes) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the West Lynch Deep 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 of which the non-Federal land is located, are hereby accepted and made a part of this agreement.

2. UNIT AREA. The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the unit area, containing 1,280.00 acres, more or less.

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

The above described unit area shall when practicable be expanded to include therein any additional lands or shall be contracted to exclude lands

whenever such expansion or contraction is deemed to be necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

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

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

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

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

(e) All legal subdivisions of lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent; in instances of irregular surveys unusually large lots or tracts shall be considered in multiples of 40 acres or the nearest aliquot equivalent thereof), no parts of which are entitled to be in a participating area on or before the fifth anniversary of the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on unitized lands not entitled to participation on said fifth anniversary, in which event all such lands shall remain subject hereto so long as such drilling operations are continued diligently with not more

than 90 days time elapsing between the completion of one well and the commencement of the next well. All legal subdivisions of lands not entitled to be in a participating area within 10 years after the effective date of the first initial participating area approved under this agreement shall be automatically eliminated from this agreement as of said tenth anniversary. All lands proved productive by diligent drilling operations after the aforesaid 5-year period shall become participating in the same manner as during said 5-year period. However, when such diligent drilling operations cease, all nonparticipating lands shall be automatically eliminated effective as of the 91st day thereafter. The Unit Operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Supervisor and the Commission, and promptly notify all parties in interest.

If conditions warrant extension of the five and ten-year periods specified in this subsection 2(e), an extension of such periods may be accomplished by consent of the owners of 90% of the current unitized working interests and 60% of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-nonparticipating acreage basis, respectively, with approval of the Director and the Commission not later than 60 days prior to the expiration of said five-year or ten-year periods.

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

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All oil and gas in and produced from the hereinabove specified lands committed to this agreement as to all formations below 318' penetration in the 7-Rivers as logged in the Cities Service #1-Y Government "N" Well in Section 19, T-20-S, R-34-E, are herein called "unitized substances". The top of the 7-Rivers was logged at 3,680', and this unit will be limited to a depth below the marker at 3,998'. This marker is correlative within the area and was logged at 4,178' in the Arlen Edgar (formerly Pennzoil) #1 Federal "C" in Section 35, T-20-S, R-34-E.

4. UNIT OPERATOR. Union Oil Company of California is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner", when used herein, shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

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

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

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

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

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

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

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

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

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

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

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

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

9. DRILLING TO DISCOVERY. Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, if on Federal land, or by the Commission if on fee land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Silurian formation has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if located on Federal lands, or the Commission if located on fee lands, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 14,800 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one well at a time, allowing not more than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Federal land or the Commission if on fee land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Supervisor and the Commission may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted. Upon failure to commence any well provided for in this section within the time allowed,

including any extension of time granted by the Supervisor and the Commission, this agreement will automatically terminate; upon failure to continue drilling diligently any well commenced hereunder, the Supervisor and the Commission may, after 15 days notice to the Unit Operator, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the Commission an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the Commission a plan for an additional specified period for the development and operation of the unitized land.

Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the Commission may determine to be necessary for the timely development and proper conservation of the oil and gas resources of the unitized area and shall:

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

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

Plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and the Commission are authorized to grant a reasonable extension of the 6-month period herein prescribed for

submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement and such as may be specifically approved by the Supervisor and the Commission, shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor and the Commission, the Unit Operator shall submit for approval by the Supervisor and the Commission, a schedule, based on subdivisions of the public land survey or aliquot parts thereof, of all land then regarded as reasonably proved to be productive in paying quantities; all lands in said schedule on approval of the Supervisor and the Commission, to constitute a participating area, effective as of the date of completion of such well or the effective date of this unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public land survey as of the effective date of each initial participating area. Said schedule shall also set forth the percentage of unitized substances to be allocated as herein provided to each tract in the participating area so established, and shall govern the allocation of production commencing with the effective date of the participating area. A separate participating area shall be established for each separate pool or deposit of unitized substances or for any group thereof which is produced as a single pool or zone, and any two or more participating areas so established may be combined into one, on approval of the Supervisor and the Commission. When production from two or more participating areas, so established, is subsequently found to be from a common pool or deposit said participating areas shall be combined into one effective as of such appropriate date as may be approved or prescribed by the Supervisor and the Commission. The participating area or areas so established shall be revised from time to time, subject to like approval, to include additional land then regarded as reasonably proved to be productive in paying quantities or necessary for unit operations, or to exclude land then regarded as reasonably proved not to be

productive in paying quantities and the schedule of allocation percentages shall be revised accordingly. The effective date of any revision shall be the first day of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Supervisor and the Commission. No land shall be excluded from a participating area on account of depletion of the unitized substances, except that any participating area established under the provisions of this unit agreement shall terminate automatically whenever all completions in the formation on which the participating area is based are abandoned.

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

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

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

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

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor and the Commission, at such party's sole risk, cost and expense, drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area,

unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

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

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

14. ROYALTY SETTLEMENT. The United States and any State and any royalty owner who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be entitled to the right to take in kind its share of the unitized substances, and the Unit Operator, or the working interest owner in case of the operation of a well by a working interest owner as herein provided for in special cases, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations, or by the Unit Operator, on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, in conformity with a plan of operations approved by the Supervisor and the Commission, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area

and with appropriate deduction for loss from any cause, may be withdrawn from the formation in which the gas is introduced, royalty free as to dry gas, but not as to any products which may be extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved plan of operations or as may otherwise be consented to by the Supervisor and the Commission as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

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

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

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

commenced upon the land covered thereby or until some portion of such land is included within a participating area.

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

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

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

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

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

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

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

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

(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 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".

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

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of 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 and the Commission, or their duly authorized representatives, and shall terminate five (5) years from said effective date unless:

(a) such date of expiration is extended by the Director and the Commission,
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 and the Commission, 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 and the Commission, 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 or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director 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.

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

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

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

24. NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if given in

writing and personally delivered to the party or sent by postpaid registered or certified mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

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

26. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not. No unit obligation which is suspended under this section shall become due less than thirty (30) days after it has been determined that the suspension is no longer applicable. Determination of creditable "Unavoidable Delay" time shall be made by the Unit Operator subject to approval of the Supervisor and the Commission.

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

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any royalty, working interest or other interests subject thereto, payment or delivery on

account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal land or leases, no payments of funds due the United States should be withheld, but such funds shall be deposited as directed by the Supervisor to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

29. NON-JOINDER AND SUBSEQUENT JOINDER. If any 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 Commission and the Unit Operator prior to the approval of this agreement by the Supervisor and the Commission. 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 effective as of the first day of the month following the filing with the Supervisor 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 60 days by the Supervisor.

30. PROTECTION OF POTASH DEPOSITS. No wells will be drilled for oil or gas at a location on Federal lands which in the opinion of the Supervisor or at a location on State lands which in the opinion of the Commissioner of Public Lands of the State of New Mexico would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

The drilling or abandonment of any well on unitized land shall be done in accordance with applicable oil and gas operating regulations, including such requirements as to Federal lands as may be prescribed by the Supervisor and as to State lands by the Commissioner, as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

Well records and survey plats that an oil and gas lessee of Federal lands must file pursuant to applicable operating regulations (30 CFR Part 221) shall be available for inspection at the Office of the Supervisor to any party holding a potash permit or lease on the Federal land on which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

31. 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.

32. SURRENDER. Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party by any lease, sublease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party may forfeit such rights and further benefits from operation hereunder as to said land to the party next in the chain of title who shall be and become the owner of such working interest.

If as the result of any such surrender or forfeiture working interest rights become vested in the fee owner of the unitized substances, such owner may:

(1) Accept those working interest rights subject to this agreement and the unit operating agreement; or

(2) Lease the portion of such land as is included in a participating area established hereunder subject to this agreement and the unit operating agreement.

(3) Provide for the independent operation of any part of such lands that are not then included within a participating area established hereunder.

If the fee owner of the unitized substances does not accept the working interest rights subject to this agreement and the unit operating agreement or lease such lands as above provided within six (6) months after the surrender or forfeited working interest rights become vested in the fee owner, the benefits and obligations of operations accruing to such lands under this agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, and royalties applicable to such lands under the lease in effect when the lands were unitized.

An appropriate accounting and settlement shall be made for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered or forfeited working interest subsequent to the date of surrender or forfeiture, and payment of any moneys found to be owing by such an accounting shall be made as between the parties within thirty (30) days. In the event no unit operating agreement is in existence and a mutually acceptable agreement between the proper parties thereto cannot be consummated, the Supervisor may prescribe such reasonable and equitable agreement as he deems warranted under the circumstances.

The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

33. TAXES. The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land subject to this contract after the effective date of this agreement, or upon the proceeds or net proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to the royalty owners having interests in said tract, and may currently retain and deduct sufficient of the unitized substances or derivative products, or net proceeds thereof from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

34. NO PARTNERSHIP. It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this agreement contained, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

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

UNIT OPERATOR AND WORKING INTEREST OWNER

UNION OIL COMPANY OF CALIFORNIA

Date: May 14, 1980

By John Hansen CON
Attorney-in-Fact

Address: P. O. Box 3100

Midland, Texas 79702

STATE OF TEXAS,
COUNTY OF MIDLAND.

Y
Y ss.
Y

The foregoing instrument was acknowledged before me this 14th day
of May, 1980, by JOHN HANSEN,
Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation,
on behalf of said corporation.

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

My Commission Expires:

11-30-80

MAVIS JONES
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

The map is a plat of a 320-acre tract, divided into 10 numbered sections. The sections are labeled as follows:

- Section 1:** UNION 12278, 039256 U.S., SUPERIOR
- Section 2:** UNION 20379, U.S.
- Section 3:** UNION 19451, U.S.
- Section 4:** UNION 19451, U.S.
- Section 5:** UNION 20379, U.S.
- Section 6:** UNION 29709, U.S.-K.G.S.
- Section 7:** UNION 34479, U.S.-K.G.S.
- Section 8:** UNION SUPERIOR 40651, U.S.-K.G.S.
- Section 9:** UNION FEE
- Section 10:** UNION FEE, SUPERIOR 039256, U.S.

The map also includes the following information:

- Section Numbers:** 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
- Ownership:** UNION, U.S., SUPERIOR, FEE, U.S.-K.G.S.
- Acreage:** 640.00 Ac., 19003, 640.00 Ac., 640.00 Ac.
- Other Labels:** K.G. CONE, T 20 S, 32, 33

① TRACT NUMBER-EXHIBIT "B"



| | | | |
|---|---------|-------------------|-------------------|
|  | FEDERAL | 960.00 Ac. | 75.000000% |
|  | FEE | <u>320.00 Ac.</u> | <u>25.000000%</u> |
| | | 1280.00 Ac. | 100.000000% |

Exhibit B -- West Lynch Deep Unit Area, Lea County, New Mexico, T. 20 S., R. 34 E.

| Tract No. | Description of land | Number of acres | Ser. no. & exp. date of lease | Basic royalty and ownership percentage | Lessee of Record | Overriding Royalty and percentage | Working interest and percentage |
|---------------------|---|-----------------|-------------------------------|--|--|--|--|
| <u>Federal Land</u> | | | | | | | |
| 1 | Sec. 28: S/2 Sec. 29: NE/4 NE/4 | 360 | NM-039256 HBP | U.S.A. All (12.5%) | S/2 Sec. 28 From Surface to 3,820 Feet: The Superior Oil Company | Caswell Silver & wife, Elizabeth B. Silver 5-3/4% if production is over 15 B/D or 500 MCF/D, or; 4-1/2% if production is 15 B/D or 500 MCF/D, or less. | T. J. Sivley & wife, Mary Ray Sivley: 75% W.T. Wynn: 25% |
| | | | | | Albuquerque National Bank, Trustee Under the F.L. Nohl & Margaret H. Nohl Trust 1/2 of 1% | | |
| 2 | Sec. 29: NW/4 NE/4, S/2 NE/4, NW/4 SE/4 | 160 | NM-12278 8/31/80 | U.S.A. All (12.5%) | S/2 Sec. 28 Below 3,820 Feet and NE/4 Sec. 29: The Superior Oil Company | Caswell Silver and wife, Elizabeth B. Silver 4-1/2% F.L. Nohl & wife, Margaret H. Nohl 1/2 of 1% | The Superior Oil Company: All |
| | | | | | Union Oil Company of California | J.S. McKee & wife, Nan R. McKee 90% of 3% | Union Oil Company of California: All |
| 3 | Sec. 33: SW/4 NE/4 | 40 | NM-19003 8/31/83 | U.S.A. All (12.5%) | Kenneth G. Cone, a married man dealing in his sole and separate property | Ezra M. Thompson 10% of 3% | Kenneth G. Cone, a married man dealing in his sole and sepa- rate property: All |

Exhibit B -- West Lynch Deep Unit Area, Lea County, New Mexico, T. 20 S., R. 34 E.

| Tract No. | Description of land | Number of acres | Ser. no. & exp. date of lease | Basic royalty and Ownership percentage | Lessee of Record | Overriding Royalty and percentage | Working interest and percentage |
|---|------------------------------|-----------------|-------------------------------|--|---------------------------------------|---|--------------------------------------|
| 4 | Sec. 33: S/2 NW/4 | 80 | NM-19451 10/31/83 | U.S.A. All (12.5%) | Union Oil Company of California | Lloyd E. Plank 2½% | Union Oil Company of California: All |
| 5 | Sec. 29: SW/4 SE/4, E/2 SE/4 | 120 | NM-20379 3/31/84 | U.S.A. All (12.5%) | Union Oil Company of California | Bank of America, N.T. & S.A., as Trustee of the Charles E. Strange 1976 Trust #1 2½% | Union Oil Company of California: All |
| 6 | Sec. 33: SE/4 NE/4 | 40 | NM-29709 2/28/82 | U.S.A. All (Schedule "B") | Union Oil Company of California | None | Union Oil Company of California: All |
| 7 | Sec. 33: N/2 NE/4 | 80 | NM-34479 10/31/83 | U.S.A. All (Schedule "B") | Union Oil Company of California | None | Union Oil Company of California: All |
| 8 | Sec. 33: N/2 NW/4 | 80 | NM-40651 5/31/85 | U.S.A. All (Schedule "B") | Union Oil Company of California - 50% | None | Union Oil Company of California: 50% |
| 8 Federal Tracts - 960.00 Acres, or 75.00% of Unit Area | | | | | | | |
| Patented Land | | | | | | | |
| 9 | Sec. 28: N/2 NE/4 | 80 | Union Fee 11/19/84 | (18.75% Total) Alta Mae Threlkeld, a widow 3/4 of 18.75% | Union Oil Company of California | None | Union Oil Company of California: All |
| | | HBP | | W. M. Beauchamp & wife, Grace E. Beauchamp 7/120 of 18.75% | " | | Cont'd. next pg- |

Exhibit B -- West Lynch Deep Unit Area, Lea County, New Mexico, T. 20 S., R. 34 E.

| Tract No. | Description of land | Number of acres | Ser. no. & exp. date of lease | Basic royalty and Ownership percentage | | Lessee of Record | Overriding Royalty and percentage | | Working interest and percentage |
|--------------|------------------------|--------------------|----------------------------------|--|--|------------------------|---|--|------------------------------------|
| | | | | | | | | | |

(9 Sec. 28: N/2 NE/4 Cont'd.)

| | | | | | | | | | |
|-----|--|--|--|--|--|------------------------------------|--|--|--|
| HBP | | | | Eve Levich Bistrin, dealing in her sole and separate property 3/64 of 18.75% | | Union Oil Company of California | | | |
| HBP | | | | Myer Rosenberg & wife, Nadine Rosenberg 1/64 of 18.75% | | " | | | |
| HBP | | | | N. Randolph Reese & wife, Shirley Reese 1/80 of 18.75% | | " | | | |
| HBP | | | | Edward A. Elkan, Clara A. Elkan, Edward A. Elkan, Jr., and Harold A. Elkan, each dealing in his sole and separate property 7/120 of 18.75% | | " | | | |
| HBP | | | | Roy G. Barton, Jr., & wife, Norma J. Barton 6.22/320 of 18.75% | | " | | | |
| HBP | | | | E. L. Latham, Jr., & wife, Evelyn M. Latham 6.22/320 of 18.75% | | " | | | |
| HBP | | | | G. Dee Williamson & wife, Paulette Williamson 3.11/320 of 18.75% | | " | | | |
| HBP | | | | W. Wayne Gill, aka Wayne Gill, & wife, Merle Gill 3.11/320 of 18.75% | | " | | | |

Exhibit B -- West Lynch Deep Unit Area, Lea County, New Mexico, T. 20 S., R. 34 E.

| Tract No. | Description of land | Number of acres | Ser. no. & exp. date of lease | Basic royalty and ownership percentage | | Lessee of Record | Overriding Royalty and percentage | | Working Interest and percentage |
|-----------|-------------------------|-----------------|-------------------------------|---|---|---------------------------------|--|--|--------------------------------------|
| | | | | | | | | | |
| 10 | Sec. 28: NW/4, S/2 NE/4 | 240 | Union Fee HBP | (18.75% Total) W.M. Beauchamp & wife, Grace E. Beauchamp 7/120 of 18.75% | | Union Oil Company of California | N/2 NW/4 From Surface to 3,713 Feet: Union Oil Company of California 6.25% | | Walter W. Krug: All |
| | | | HBP | Eve Levich Bistrin, dealing in her sole and separate property . 3/64 of 18.75% | " | " | N/2 NW/4 Below 3,713 Feet & All Depths in S/2 NW/4, and S/2 NE/4: | | |
| | | | HBP | Myer Rosenberg & wife, Nadine Rosenberg 1/64 of 18.75% | " | " | None | | Union Oil Company of California: All |
| | | | HBP | N. Randolph Reese & wife, Shirley Reese 1/80 of 18.75% | " | " | | | |
| | | | HBP | Edward A. Elkan, Clara A. Elkan, Edward A. Elkan, Jr., and Harold A. Elkan, each dealing in his sole and separate property 7/120 of 18.75% | " | " | | | |
| | | | HBP | David J. Sorenson & wife, Bonnie J. Sorenson 1/72 of 18.75% | " | " | | | |
| | | | HBP | The Blanco Company 13/24 of 18.75% | " | " | | | |
| | | | HBP | Robert P. Byron 1/48 of 18.75% | " | " | | | |

Cont'd. next pg.--

Rev. 5/26/80

Exhibit B -- West Lynch Deep Unit Area, Lea County, New Mexico, T. 20 S., R. 34 E.

| Tract No. | Description of land | Number of acres | Ser. no. & exp. date of lease | Basic royalty and Ownership percentage | Lessee of Record | Overriding Royalty and percentage | Working interest and percentage |
|-----------|---------------------|-----------------|-------------------------------|--|------------------|-----------------------------------|---------------------------------|
|-----------|---------------------|-----------------|-------------------------------|--|------------------|-----------------------------------|---------------------------------|

(10 Sec. 28: NW/4, S/2 NE/4 Cont'd.)

| | | | | | | | |
|-----|--|--|--|--|---------------------------------|--|--|
| HBP | | | | Roy G. Barton, Jr., & wife, Norma J. Barton 26.22/320 of 18.75% | Union Oil Company of California | | |
| HBP | | | | E. L. Latham, Jr., & wife, Evelyn M. Latham 26.22/320 of 18.75% | " | | |
| HBP | | | | G. Dee Williamson & wife, Paulette Williamson 3.11/320 of 18.75% PLUS 1/72 of 18.75% | " | | |
| HBP | | | | W. Wayne Gill aka Wayne Gill, & wife, Merle Gill 9.77/320 of 18.75% PLUS 1/72 of 18.75% | " | | |

2 Patented Tracts - 320.00 Acres, or 25.00% of Unit Area

TOTAL: 10 Tracts - 1,280.00 Acres in Entire Unit Area

1
CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
LEA COUNTY, NEW MEXICO

(Working Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instruments entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, AND UNIT OPERATING AGREEMENT, WEST LYNCH DEEP UNIT, LEA COUNTY, NEW MEXICO, have been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement and said Unit Operating Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement and said Unit Operating Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: May 22, 1980

Kenneth G. Cone

Address: P. O. Drawer 1509

Lovington, New Mexico 88260

(Working Interest OWNER)

STATE OF TEXAS, ☒

COUNTY OF TRAVIS. ☒

(Individual)

The foregoing instrument was acknowledged before me this 22nd day of May, 19 80, by Kenneth G. Cone

My Commission Expires:
March 9, 1981

Phyllis M. Manns
Notary Public

STATE OF _____, ☒

COUNTY OF _____, ☒

(Corporate)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT, RATIFICATION AND JOINDER
OF
WEST LYNCH DEEP UNIT AGREEMENT AND UNIT OPERATING AGREEMENT
LEA COUNTY, NEW MEXICO

(Working Interest Owner)

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instruments entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WEST LYNCH DEEP UNIT AREA, LEA COUNTY, NEW MEXICO, AND UNIT OPERATING AGREEMENT, WEST LYNCH DEEP UNIT, LEA COUNTY, NEW MEXICO, have been executed as of the 21st day of April, 1980, by various persons conducting operations with respect to the WEST LYNCH DEEP UNIT AREA, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing an instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement.

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement and said Unit Operating Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement and said Unit Operating Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: May 27, 1980

THE SUPERIOR OIL COMPANY

Address: P.O. Box 1521, Houston, Texas

By: [Signature]

Vice President

(Working Interest OWNER)

Helen Belahoussaye
ATTEST: Assistant Secretary

STATE OF _____, X
COUNTY OF _____, X

(Individual)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____.

My Commission Expires: _____

Notary Public

STATE OF TEXAS, X
COUNTY OF HARRIS, X

(Corporate)

The foregoing instrument was acknowledged before me this 27th day of

MAY

, 19 80, by M.D. DUGGAN

VICE PRESIDENT

of THE SUPERIOR OIL COMPANY

a NEVADA

corporation, on behalf of said corporation.

My Commission Expires: _____

3-12-84

Donna G. Corder
Notary Public



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

May 23, 1980

Mr. James Jennings
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: CASE NO. 6880
ORDER NO. ~~R-6349~~

Applicant:

Union Oil Company of California

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other _____



United States Department of the Interior

GEOLOGICAL SURVEY
South Central Region
P. O. Box 26124
Albuquerque, New Mexico 87125

APR 22 1980

RECEIVED

Union Oil Company of California
Attention: Mr. Richard R. Oelze
P. O. Box 671
Midland, Texas 79702

APR 25 1980

MIDLAND DISTRICT LAND

Gentlemen:

Your application of March 25, 1980, filed with the Oil and Gas Supervisor, Albuquerque, New Mexico, requests the designation of the West Lynch Deep unit area, embracing 1,280.00 acres, more or less, Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 30 CFR 226, the land requested as outlined on your plat marked "Exhibit 'A' Proposed West Lynch Deep Unit, Lea County, New Mexico" is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for a well to test the Silurian formation, or to a depth of 14,800 feet. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with the modifications requested in your application. If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office through the Oil and Gas Supervisor for preliminary approval.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the Supervisor, Albuquerque, New Mexico, for approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the 1968 reprint of the aforementioned form.

Sincerely yours,

James W. Sutherland
Acting Conservation Manager
for the Director

Union Oil and Gas Division: Central Region

Union Oil Company of California
500 North Marienfeld, Midland, Texas 79701
P.O. Box 671, Midland, Texas 79702
Telephone (915) 682-9731



#6880

Wayne W. Strong
District Land Manager
Midland District

February 28, 1986

Oil Conservation Division
Energy and Minerals Division
P.O. Box 2088
Santa Fe, New Mexico 87501

ATTN: Dick Stamets, Director

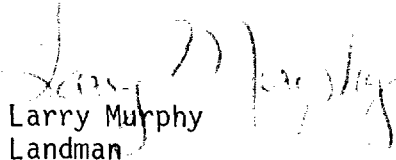
1986 Plan of Development
West Lynch Deep Unit
Lea County, New Mexico
W/Lynch Prospect (1873)

Dear Mr. Stamets:

Please find enclosed two (2) copies of Union's 1986 Plan of Development and Operation for the West Lynch Deep Unit. We respectfully request your approval of same.

Yours truly,

UNION OIL COMPANY OF CALIFORNIA


Larry Murphy
Landman

LM
Encls.

1986 PLAN OF DEVELOPMENT AND OPERATION

for

West Lynch Deep Unit Area
Lea County, New Mexico

TO: Oil Conservation Division
Energy and Minerals Division
P.O. Box 2088
Santa Fe, New Mexico 87501
ATTN: Dick Stamets, Director

UNION OIL COMPANY OF CALIFORNIA, as Unit Operator for the West Lynch Deep Unit Area, pursuant to the provisions of Section 10 of the Unit Agreement for Development and Operation of the West Lynch Deep Unit Area, dated May 14, 1980, (No. 14-08-0001-18432), respectfully submits for approval this 1986 Plan of Development and Operations for the West Lynch Deep Unit Area. This plan is for the period ending December 31, 1986.

SUMMARY OF 1985 OPERATIONS:

No new wells were drilled within the Unit in 1985. The West Lynch Deep Unit Well No. 1, produced 19,589 MCF and 669 BC during 1985. Cumulative production is 154,323 MCF and 1718 BC.

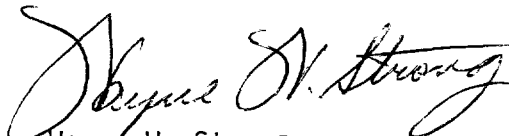
PLAN OF DEVELOPMENT AND OPERATIONS FOR 1986:

At this time, Union has no plans to drill any new Unit wells in 1986. Additional stimulation or recompletion of the West Lynch Deep Unit Well No. 1 will be acted upon accordingly.

This plan may be modified or supplemented from time to time with the approval needed, when necessary to meet changed conditions or to protect the interest of all parties to the Unit Agreement.

SUBMITTED this 28th day of February, 1986.

UNION OIL COMPANY OF CALIFORNIA



Wayne W. Strong
District Land Manager

1986 PLAN OF DEVELOPMENT AND OPERATION

for

West Lynch Deep Unit Area
Lea County, New Mexico

TO: Oil Conservation Division
Energy and Minerals Division
P.O. Box 2088
Santa Fe, New Mexico 87501
ATTN: Dick Stamets, Director

UNION OIL COMPANY OF CALIFORNIA, as Unit Operator for the West Lynch Deep Unit Area, pursuant to the provisions of Section 10 of the Unit Agreement for Development and Operation of the West Lynch Deep Unit Area, dated May 14, 1980, (No. 14-08-0001-18432), respectfully submits for approval this 1986 Plan of Development and Operations for the West Lynch Deep Unit Area. This plan is for the period ending December 31, 1986.

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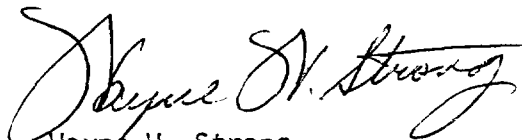
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At this time, Union has no plans to drill any new Unit wells in 1986. Additional stimulation or recompletion of the West Lynch Deep Unit Well No. 1 will be acted upon accordingly.

This plan may be modified or supplemented from time to time with the approval needed, when necessary to meet changed conditions or to protect the interest of all parties to the Unit Agreement.

SUBMITTED this 28th day of February, 1986.

UNION OIL COMPANY OF CALIFORNIA



Wayne W. Strong
District Land Manager

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

March 18, 1986

Union Oil and Gas Division
P. O. Box 671
Midland, Texas 79702

Attention: Larry Murphy

Re: 1986 Plan of Development
West Lynch Deep Unit
Lea County, New Mexico
W/Lynch Prospect (1873)

Gentlemen:

The above-referenced submittal has been approved by the New Mexico Oil Conservation Division effective this date. Such approval is contingent upon like approval by the New Mexico Commissioner of Public Lands and the Bureau of Land Management.

Sincerely,

ROY E. JOHNSON,
Senior Petroleum Geologist

REJ/dr

cc: Commissioner of Public Lands - Santa Fe
Bureau of Land Management - Albuquerque
OCD District Office - Hobbs



United States Department of the Interior

IN REPLY REFER TO

BUREAU OF LAND MANAGEMENT

Box 1397, Roswell, New Mexico - 88201

OIL CONSERVATION
SANTA FE

14-08-0001-18432
3180 (065)

MAR 25 1986

Union Oil Company of California
Attention: Mr. Wayne W. Strong
500 North Marienfeld
Midland, Texas 79701

Re: 1986 Plan of Development
West Lynch Deep Unit
Lea County, New Mexico

Gentlemen:

We are in receipt of your letter dated February 28, 1986 which describes your 1986 Plan of Development for the West Lynch Deep Unit, Lea County, New Mexico.

Such plan proposes no further drilling operations and additional stimulation or recompletion of the West Lynch Deep Unit No. 1 will be acted upon accordingly.

This plan is approved effective for the period January 1, 1986 through January 1, 1987 and is subject to like approval by the Commissioner of Public Lands and the New Mexico Oil Conservation Division.

Sincerely,

Orig. Sgd. David L. Mari

Francis R. Cherry, Jr.
FOR District Manager

cc:

✓ Commissioner of Public Lands, Santa Fe

Mobil Exploration & Producing U.S. Inc.

April 14, 1989

P.O. BOX 633
MIDLAND, TEXAS 79702

MIDLAND DIVISION

Bureau of Land Management
Roswell District
P. O. Box 1397
Roswell, NM 88201
Attn: Joe G. Lara

#6880

Commissioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, NM 87504-1148

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

1989 PLAN OF DEVELOPMENT/OPERATIONS WEST LYNCH DEEP UNIT LEA COUNTY, NEW MEXICO

Gentlemen:

As previous operator of the West Lynch Deep Unit, Mobil Exploration & Producing U.S. Inc. ("Mobil") submits this plan of operation for the year 1989 in accordance with Bureau of Land Management requirements.

Currently there is only one (1) producing gas well in this unit which now consists of the S/2 of Section 28, T-20-S, R-34-E. During the year 1988, no new wells were drilled in the unit. Additionally, no wells were stimulated or worked over.

No new wells are planned for the unit in 1989. Effective April 1, 1989, Mobil sold this property to Mercury Exploration Company, 1619 Pennsylvania Avenue, Fort Worth, Texas 76104. Attached hereto is a xerox copy of the transfer of operating rights and designation of operator.

Mobil

April 14, 1989

Page 2

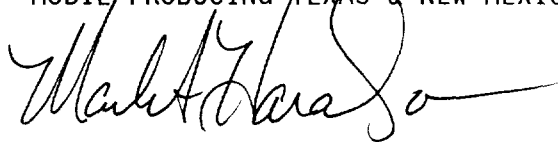
In the event that this plan of operations meets with your approval, please signify your approval in the space provided below and return one (1) copy of this plan to Mobil.

Very truly yours,

MOBIL EXPLORATION & PRODUCING U.S. INC.

as agent for

MOBIL PRODUCING TEXAS & NEW MEXICO INC.



Mark A. Haralson

APPROVED this 24 day of April, 1989.

BUREAU OF LAND MANAGEMENT

By: _____

Title: _____

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

By: _____

Title: _____

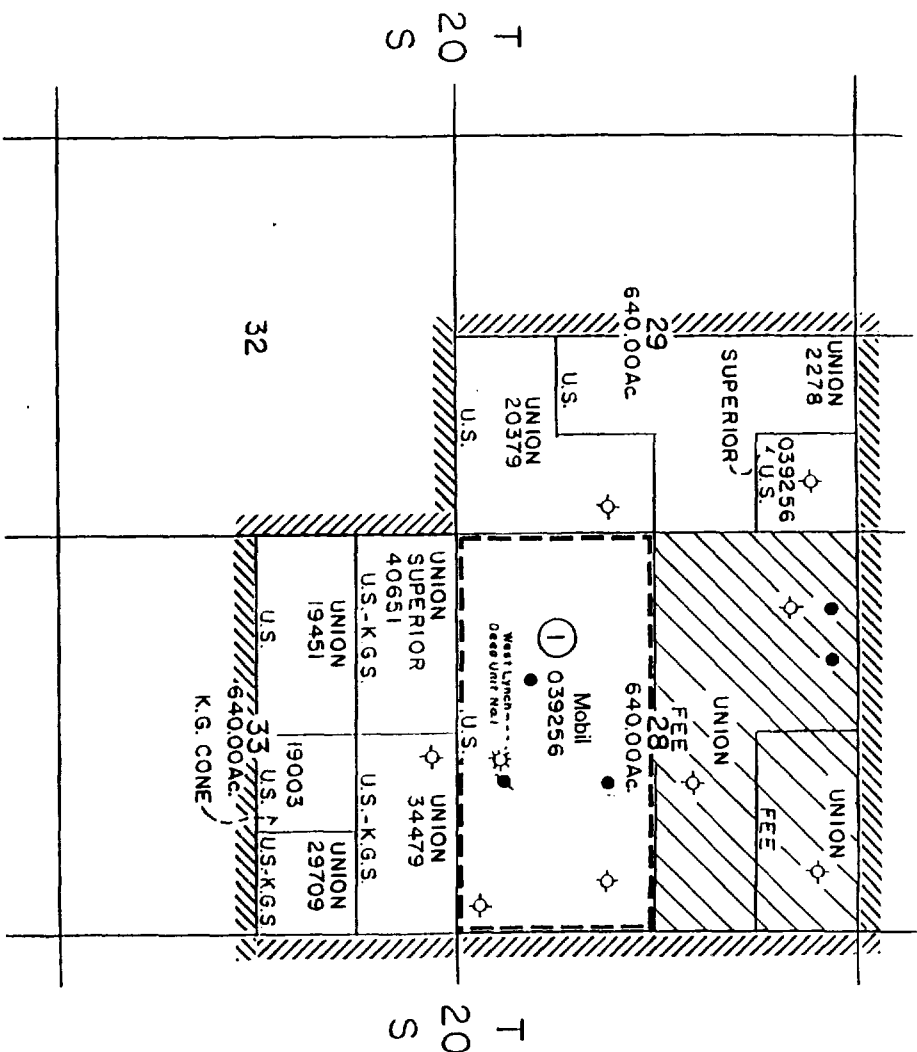
COMMISSIONER OF PUBLIC LANDS

By: Har, E. Haralson





Title: Sr. Geologist

MAH/kac

R 34 E



① TRACT NUMBER - EXHIBIT "B"

-  REVISED UNIT BOUNDARY & PARTICIPATING AREA
-  FEDERAL 320.00 AC. 100.0000000%
-  FEE
-  ORIGINAL UNIT BOUNDARY

Mobil Producing
Texas & New Mexico Inc.
 Midland Division

WEST LYNCH DEEP UNIT
 LEA COUNTY, NEW MEXICO