

BARBER OIL, INC. OIL CONSERVATION DIVISION  
111 West Mermod  
Post Office Box 1658  
CARLSBAD, NEW MEXICO 88220  
(505) 887-2566

June 23, 1992

Bill LeMay  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

Case 10509

Re: Unit Agreement  
Barber Unit  
Eddy County, New Mexico

Dear Mr. LeMay:

Please find enclosed a proposed Unit Agreement for the operation of the Barber Unit in Eddy County, New Mexico.

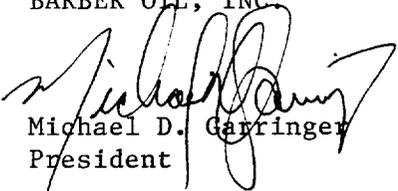
It has been some time since we last filed for Unit Agreement approval and I am not sure of the process, however I feel certain the matter will require a hearing. Please advise us as to the proper procedure to follow to obtain the necessary State approval.

You will also find enclosed a new Division Order covering the Unit once it has been approved. Again, we are unsure of the procedure for execution of this instrument by the State. If there is some other department or division we should approach please advise.

Thank you for your attention to this matter. Mr. Bob Light asks that I send you his best regards.

Sincerely,

BARBER OIL, INC.

  
Michael D. Garringer  
President

Encl: 2 - Unit Agreements  
2 - Ratification  
2 - Division Orders

CC: Oil Conservation Division, Drawer DD, Artesia, NM 88210

UNIT AGREEMENT  
FOR THE OPERATION OF THE  
BARBER UNIT  
EDDY COUNTY, NEW MEXICO

UNIT AGREEMENT  
 BARBER UNIT  
 EDDY COUNTY, NEW MEXICO

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UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
BARBER UNIT  
EDDY COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of the month immediately following approval of this agreement, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "parties hereto".

WITNESSETH:

WHEREAS, The parties hereto are the owners of Working, Royalty, or other Oil and Gas Interests in the Unit Area subject to this agreement; and

WHEREAS, The Mineral Leasing Act of February 25, 1920, (41 Stat. 437, as amended 30 U.S.C. Sections 181 et seq.) authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others in collectively adopting and operating a unit plan of development or operation of any oil or gas pool, field, or like area, or any part thereof for the purposes 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 State of New Mexico is authorized by law (Chap. 72, Laws of 1935, as amended by Chap. 193, Laws of 1937, Chap. 166. Laws of 1941, and Chap. 168, Laws of 1949) to approve this Agreement, and the conservation provisions hereof; and

WHEREAS, The parties hereto hold sufficient interests in the Barber 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 hereinafter defined Unit Area, and agree severally among themselves as follows:

ARTICLE 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 privately owned 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 New Mexico are hereby accepted and made a part of this Agreement.

ARTICLE 2  
DEFINITIONS

For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

2.1 Division is defined as the Oil Conservation Division of the State of New Mexico.

2.2 Director is defined as the Director of the United States Bureau of Land Management in Santa Fe, New Mexico or his agents or representatives.

2.3 Secretary is defined as the Secretary of the Interior of the United States of America, or his duly authorized delegate.

2.4 Department is defined as the Department of the Interior of the United States of America.

2.5 Supervisor is defined as the Oil & Gas Supervisor of the Bureau of Land Management for the area in which the Unit Area is situated.

2.6 Unit Area is defined as the land depicted on Exhibit "A" and described by Tracts in Exhibit "B" attached hereto, and said land is hereby designated and recognized as constituting the Unit Area.

2.7 Unitized Formation is defined as that portion of the Yates Formation known as the Yates-Seven Rivers Lime. This unitized interval is found between 1,442 feet and 1,477 feet on the drillers log dated January 5, 1942 and May 8, 1942 (when the well was deepened) on the Colglazier Federal #1 well which is located 660 feet from the North line and 1980 feet from the East line of Section 20, Township 20 South, Range 30 East, Eddy County, New Mexico.

2.8 Unitized Substances is defined as all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within and produced from the Unitized Formation of the Unitized Land.

2.9 Working Interest is defined as an interest in Unitized Substances by virtue of a lease, operating agreement or otherwise, including a carried interest, which interest is chargeable with and obligated to pay or bear, whether in cash or out of production or otherwise, all or a portion of the cost of drilling, producing and operating the Unitized Formation. Any interest in Unitized Substances which is a Working Interest as of the date the owner thereof executes, ratifies or consents to this agreement shall be treated as a Working Interest for all purposes of this Agreement.

2.10 Royalty Interest is defined as a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest and other than an Overriding Royalty Interest.

2.11 Working Interest Owner is defined as a party hereof who owns a Working Interest.

2.12 Royalty Owner is defined as a party hereto who owns a Royalty Interest.

2.13 Tract is defined as each parcel of land described as such and given a Tract number in Exhibit "B".

2.14 Tract Participation is defined as the percentage of participation shown on Exhibit "C" for allocating Unitized Substances to a Tract under this agreement.

2.15 Unit Participation is defined as the sum of the percentages obtained by multiplying the Working Interest of a Working Interest Owner in each Tract having Tract participation by the Tract Participation of such Tract.

2.16 Oil and Gas Rights is defined as the right to explore, develop, and operate land within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

2.17 Unit Operator is the party designated by the Working Interest Owner under the Unit Operating Agreement to develop and operate the Unitized Formation. This Unit has only one Working Interest Owner, Barber Oil, Inc., and Barber Oil, Inc. will serve as the Unit Operator.

2.18 Record Owner is defined as the holder of the record title to a lease covering Federal lands, State lands or Fee lands according to the applicable records of the respective authority.

2.19 Tract Cumulative Oil Recovery is defined as the total number of barrels of oil produced from the Unitized Formation under such Tract prior to January 1, 1991, as officially reported to the Oil Conservation Division.

2.20 Unit Area Cumulative Oil Recovery is defined as the total Tract Cumulative Oil Recovery of all Tracts within the Unit Area that are committed to this agreement in accordance with the provisions hereof.

2.21 Unit Equipment is defined as all personal property, lease and well equipment, plants, and other facilities and equipment used or acquired for use in Unit Operations.

2.22 Overriding Royalty Interest is defined as an interest in or right to a portion of the Unitized Substances or the proceeds therefrom as an overriding royalty interest, oil payment interest, net profits contracts, or any other payment or burden, exclusive of a Royalty Interest, which does not carry with it the right to search for or produce Unitized Substances.

### ARTICLE 3

#### UNIT AREA

The following described land is hereby designated and recognized as constituting the Unit Area:

Township 20 South, Range 30 East, New Mexico Principal Meridian

SECTION 16: E/2, E/2SW/4, SW/4SW/4

SECTION 17: S/2SW/4, S/2N/2, N/2SW/4, SE/4

SECTION 18: SE/4

SECTION 19: NE/4NE/4, NW/4NE/4, SE/4NE/4, N/2SE/4, SW/4SE/4

SECTION 20: NW/4NW/4, S/2SW/4, NE/4, E/2NW/4

SECTION 21: SW/4

SECTION 29: W/2NW/4

SECTION 30: NE/4

Containing 2,080 acres, more or less, in Eddy County, New Mexico.

## ARTICLE 4

### EXHIBITS

4.1 Exhibits. Attached hereto are the following exhibits which are incorporated herein by reference:

4.1.1 Exhibit "A", is a map showing, to the extent known to the Unit Operator, the Unit Area and the boundaries and identity of Tracts and leases in said Unit Area.

4.1.2 Exhibit "B", is a schedule showing, to the extent known to the Unit Operator, the acreage comprising each Tract and the percentage of ownership of the Working Interest Owner and each Royalty Owner in each Tract.

4.1.3 Exhibit "C", is a schedule showing the percentage of participation each Tract has in the Unit Area.

4.1.4 Exhibit "D", is the provisions of paragraphs 1 through 7 of Section 202 of Executive Order 11246 as amended.

4.2 Reference to Exhibits. When reference herein is made to an exhibit, the reference is to the exhibit as originally attached, or, if revised, to the latest revision.

4.3 Exhibits Considered Correct. An exhibit is considered to be correct until revised as herein provided.

4.4 Filing Revised Exhibits. Exhibits "A", "B" and "C" shall be revised by the Unit Operator whenever changes render such revision necessary, and not less than four copies thereof shall be filed with the Supervisor and the Division.

## ARTICLE 5

### UNITIZED LAND AND UNITIZED SUBSTANCES

All land committed to this Agreement as to the Yates-Seven Rivers Lime as defined under Unitized Formation, shall constitute land referred to herein as "Unitized Land" or "Land subject to this Agreement". All oil and gas in or produced from said Unitized Formation of the "Unitized Land" are unitized under the terms of this Agreement and herein are called "Unitized Substances". Surface rights of ingress and egress shall be maintained for the benefit of the Unit.

Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any other formation other than the Unitized Formation as defined in Article 2.8 of this Agreement.

## ARTICLE 6

### UNIT OPERATOR

Barber Oil, Inc. is hereby designated as Unit Operator, and by signing this instrument as Unit Operator they agree and consent to accept the duties and obligations of Unit Operator for the

operation, development and production of Unitized Substances as herein provided. Whenever reference is made to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, and when such interests are owned by it 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 them.

## ARTICLE 7

### PLAN OF OPERATIONS

It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances and that the object and purpose of the Agreement is formulate and to put into effect a method of operation which serves to prevent waste and conserve natural resources. The Unitized Area is known to produce large volumes of water in relation to the amount of Unitized Substances. This volume of water can not be treated and disposed in an economic manner if each of the several Tracts included herein are operated separately. In the event that any one of the Tracts were required to be operated separately the economic realities would require that all the wells be shut-in, plugged and abandoned. The Unit Agreement seeks to avoid this scenario.

## ARTICLE 8

### TRACT PARTICIPATION

Exhibit "C" attached hereto shows the participation allocated to each Tract in the Unit Area based on a presumed 100% commitment. The formula used for the calculations of such percentages is as follows:

$$100 \times (\text{times}) \frac{\text{Tract Cumulative Oil Recovery}}{\text{Unit Area Cumulative Oil Recovery}}$$

If this Unit Agreement is approved with less than 100% Tract Commitment, the entire Unit Agreement will be withdrawn.

## ARTICLE 9

### TRACTS QUALIFIED FOR UNIT PARTICIPATION

As the objective of the Agreement is to have lands in the Unit Area operated and entitled to participation under the terms hereof, it is agreed that, notwithstanding anything else herein, no joinder shall be considered a commitment to this Unit Agreement unless the Tract involved is qualified under this section.

On and after the effective date hereof the Tracts within the Unit Area which shall be entitled to participation (as provided in Article 8 hereof) in the production of Unitized Substances therefrom shall be those Tracts within the Unit Area that are qualified as follows:

(a) Each and all of those tracts as to which Working Interest Owners owning one hundred per cent (100%) of the Working Interest in said Tract execute this agreement and Royalty Owners owning sixty-six per cent (66%) of the Royalty Interest in said Tract have subscribed, ratified or consented to this Agreement.

#### ARTICLE 10

##### ALLOCATION OF UNITIZED SUBSTANCES

All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices on Unitized Land for drilling, operating, camp, and other production or development purposes and unavoidable loss) shall be apportioned among and allocated to the committed Tracts within the Unit Area in accordance with the respective Tract Participation then effective hereunder during the respective periods such Unitized Substances were produced, as set forth in the schedule of participation in Exhibit "C". The amount of Unitized Substances so allocated to each Tract, and only that amount, (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such Tract) shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to the parties executing, consenting to or ratifying this Agreement entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions, as they would have participated and shared in the production from such Tracts, or in the proceeds thereof, had this Agreement not been entered into; and with the same legal force and effect.

No Tract committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances, and nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the joinder and qualification of any Tract.

If any Working Interest or Royalty Interest in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract.

The Unitized Substances allocated to each Tract shall be delivered in kind to the respective Working Interest Owner and parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Each Working

Interest Owner and the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose on Unitized Land, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Subject to Article 11(Royalty Settlement) hereof, any extra expenditure incurred by the Unit Operator by reason of the delivery in kind of a portion of the Unitized Substances shall be borne by the party responsible for the payment of such expense. In the event any party hereto shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unit Area currently as and when produced, then so long as such conditions continue, Unit Operator, for the account and at the expense of such party and in order to avoid curtailing the operation of the Unit Area, may buy, sell or otherwise dispose of such production to itself or others on a day-to-day basis at not less than the prevailing market price in the area for like production, and the account of such party shall be charged therewith as having received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owner for payment to the parties entitled thereto under existing contracts.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, shall be responsible for the payment of all Royalty on the lease or leases and Tracts contributed by it and received into the Unit, and each such party shall hold each other party hereto harmless against all claims, demands and causes of action for such Royalty on the lease or leases and Tracts contributed by it and received into the Unitized Land.

If, after the effective date of this Agreement, there is any Tract or Tracts that are subsequently committed hereto, or if any Tract is excluded from the Unit Area as provided for in Article 26 (Loss of Title), the schedule of participation as shown in Exhibit "C" shall be revised by the Unit Operator and distributed to the Supervisor and the Division to show the new percentages of participation of all the then effectively committed Tracts, in any such revision pursuant to this paragraph the Tract Participation of the Tracts committed prior to the revision shall remain in the same ratio one to the other and the revised schedules, upon approval by the Supervisor and the Division, shall govern all the allocation of production from and after the effective date thereof until a new schedule is so approved.

## ARTICLE 11

### ROYALTY SETTLEMENT

The United States of America, the State of New Mexico and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the substances produced from any Tract unitized hereunder, shall continue to be entitled to such right to take in kind their share of the Unitized Substances allocated to such Tract, and the Unit Operator 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 Owner responsible therefor under existing contracts, laws and regulations, on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from the respective lease obligations for the payment of any Royalty due under their leases, except that such Royalty shall be computed in accordance with the terms of this Unit Agreement.

All royalty due the United States of America, the State of New Mexico and other Royalty Owners hereunder and payment on account of any Overriding Royalty Interest shall be computed and paid on the basis of all Unitized Substances allocated to the respective Tract or Tracts committed hereto, in lieu of actual production from such Tract or Tracts.

Royalty due the United States of America or the State of New Mexico shall be computed as provided in the operating regulations and paid in value or in kind as to all Unitized Substances on the basis of the amounts thereof allocated to unitized Federal or State land as provided herein at the rates specified in the respective Federal or State leases, or at such lower rate or rates as may be authorized by law or regulation.

Each Royalty Owner (other than the United States of America or the State of New Mexico) and each party hereto claiming an Overriding Royalty Interest that executes this Agreement represents and warrants that it is the owner of a Royalty Interest or Overriding Royalty Interest (as applicable) in a Tract or Tracts within the Unit Area as its interest appears in Exhibit "B" attached hereto. If any Royalty Interest in a Tract or Tracts should be lost by title failure or otherwise in whole or in part, during the term of this Agreement, then the Royalty Interest of the party representing themselves to be the owner hereof shall be reduced proportionately and the interest of all parties shall be adjusted accordingly.

## ARTICLE 12

### RENTAL SETTLEMENT

Rentals or minimum royalties due on leases committed hereto shall be paid by Working Interest Owner responsible therefor under

existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States of America and the State of New Mexico subject to this Agreement shall be paid at the rate specified in the respective leases from the United States of America or the State of New Mexico, unless rental or minimum royalty is waived, suspended, or reduced by law or by approval, in the case of the United States, the Secretary of the Interior, and in the case of the State of New Mexico, the Commissioner of Public Lands, or their respective duly authorized representatives.

#### ARTICLE 13

##### CONSERVATION

Operation 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 Federal and State laws and regulations.

#### ARTICLE 14

##### DRAINAGE

The Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from Unitized Lands by wells on land not subject to this Agreement.

#### ARTICLE 15

##### LEASES AND CONTRACTS CONFORMED AND EXTENDED

The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas 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 in the case of the United States of America and the Division, as in the case of the State of New Mexico, shall and by their approval hereof, or by the approval hereof by their duly authorized representative, 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.

Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part of separately owned Tract committed to this

Agreement, regardless of whether there is any development of any particular part or Tract or the Unitized Land, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling, producing or secondary recovery operations performed hereunder upon any Tract of Unitized Lands shall 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 land therein embraced.

(c) Suspension of drilling or producing operations on all Unitized Lands pursuant to direction or consent of the of the Secretary and Division 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 Lands.

(d) Each lease, sublease, or contract relating to the exploration, drilling or operation for oil and gas 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 so long as such land remains committed hereto.

(e) 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 said Act of February 25, 1920, as amended by the Act of September 2, 1960 (74 Stat.781-784): "Any (Federal) lease hereafter committed to any such (unit) plan embracing lands that are 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 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 (2) years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

#### ARTICLE 16

##### CORRECTION OF ERRORS

It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical or clerical errors which might exist in the pertinent exhibits to this Agreement; provided however, that correction of any error other than mathematical or clerical shall be made by Unit Operator only after first having obtained approval of the Supervisor and the Division.

#### ARTICLE 17

##### 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 subject hereto shall be binding upon the Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic copy, of the recorded instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

#### ARTICLE 18

##### EFFECTIVE DATE AND TERM

This Agreement shall become binding upon each party as of the date such party signs the instrument by which it becomes a party hereto; and, unless sooner terminated as hereinafter provided, shall become effective as to qualified Tracts after approval by the Secretary of the Interior or his duly authorized delegate and the Director of the Oil Conservation Division or his duly authorized delegate, at the time and date as determined by the Working Interest Owner in all the qualified Tracts, and set forth in a certificate filed for record by Unit Operator in Eddy County, New Mexico. The certificate shall also recite the percentage of the Unit Area represented by the Tracts qualified under Article 9, the book and page in which a counterpart of this Agreement has been recorded, and the case number and order number of the order of approval by Governmental authority, if obtained. The certificate shall not be filed until after the following requirements have been met:

(a) The execution or ratification of this Agreement by the Working Interest Owner, and the execution or ratification of this Agreement by Royalty Owners owning a combined interest of at least sixty-six per cent (66%) of the Royalty Interest, in said Unit Area; and

(b) The approval of the Agreement by the Secretary or his duly authorized representative and the Division.

If this Agreement is not filed for final approval by the Secretary or his duly authorized representative and the Division on or before July 1, 1993, this Agreement shall ipso facto expire on said date (hereinafter called "expiration date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by the Working Interest Owner and the owners of at least sixty-six per cent (66%) of the Royalty Interest and Overriding Royalty Interests have voted to extend said expiration date for a period not to exceed six (6) months

(hereinafter called "extended expiration date"). If said expiration date is so extended and this Agreement is not filed for final approval by the Secretary or his duly authorized representative and the Division on or before said extended expiration date, this Agreement shall ipso facto expire on said extended expiration date and thereafter be of no further force or effect. For the purposes of this Article, ownership shall be computed on the basis of Unit Participation as determined from Exhibit "C" attached hereto.

Unit Operator shall, within thirty (30) days after the effective date of this Agreement, file for record a certificate to the effect that this Agreement has become effective according to its terms and stating further the effective date and the location of the governmental agency offices where copies of this Agreement are filed.

The term of this Agreement shall be for and during the time that Unitized Substances are produced in quantities sufficient to pay the cost of producing same from the Unit Area and as long thereafter as drilling, reworking or other operations (including secondary or tertiary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, unless sooner terminated by the Working Interest Owner in the manner hereafter provided.

This Agreement may be terminated for any reason with the approval of the Director and the Division by the Working Interest Owner. Notice of any such termination shall be given by Unit Operator to all parties thereto.

Upon termination of this Agreement, the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts.

If not otherwise covered by the leases unitized under this Agreement, Royalty Owners hereby grant Working Interest Owner a period of six (6) months after termination of this Agreement in which to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit Operations.

#### ARTICLE 19

##### RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION

All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time, at his discretion, the rate of prospecting and development and within the limits made or fixed by the Division to alter or modify the quantity and rate of production under

this Agreement, 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 or alteration or modification; 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 Division.

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

#### ARTICLE 20

##### NONDISCRIMINATION

In connection with the performance of work under this Agreement, Unit 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 by Executive Order 11375, dated October 13, 1967.

#### ARTICLE 21

##### APPEARANCES

Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Department and the Division, and to appeal from any order issued under the rules and regulations of the Department or the Division, or to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Department or the Division, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceeding.

#### ARTICLE 22

##### NOTICES

All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties 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 or parties may have furnished in writing to the party sending the notice, demand or statement.

## ARTICLE 23

### 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 United States or of the State of New Mexico or rules 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.

## ARTICLE 24

### EQUIPMENT AND FACILITIES NOT FIXTURES ATTACHED TO REALTY

The Working Interest Owner has heretofore placed and used on the Tracts committed to this Agreement various well and lease equipment and other property, equipment and facilities. It is also recognized that additional equipment and facilities may hereafter be placed and used upon the Unitized Land as now or hereafter constituted. Therefore, for all purposes of this Agreement any such equipment shall be considered to be personal property and not fixtures attached to realty. Accordingly, said well and lease equipment and personal property is hereby severed from the mineral estates affected by this Agreement, and it is agreed that any such equipment and personal property shall be and remain personal property of the Working Interest Owner for all purposes.

## ARTICLE 25

### UNAVOIDABLE DELAY

All obligations under this Agreement requiring the Unit Operator to commence or continue operations on or produce Unitized Substances from any of the lands covered by this Agreement shall be suspended while, but only so long as the Unit Operator despite the exercise of due care and diligence, is prevented from complying with such obligation, in whole or in part, by strikes, acts of Nature, Federal, State or municipal law or agency, unavoidable accident, uncontrolled 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.

## ARTICLE 26

### LOSS OF TITLE

In the event title to any Tract of Unitized Land shall fail so as to render the Tract inoperable under this Agreement and the true owner cannot be induced to join in this Agreement, such Tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any Royalty, Working Interest or other interest subject thereto, payment or delivery on account thereof may be withheld without liability or interest until the

dispute is finally settled; provided, that as to State or Federal land or leases, no payments of funds due the United States of America or the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the Supervisor or the Division, 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.

#### ARTICLE 27

##### BORDER AGREEMENTS

Subject to the approval of the Supervisor and the Division, the Unit Operator may enter into a border protection agreement or agreements with Working Interest Owners of adjacent lands along the boundaries of the Unit Area with respect to the operations in the border area for the maximum ultimate recovery, conservation purposes and proper protection of the parties and interests.

#### ARTICLE 28

##### NONJOINDER AND SUBSEQUENT JOINDER

Any Oil and Gas Interest in the lands in the Unit Area not committed hereto prior to submission of this Agreement to the Director and the Division for final approval may thereafter be committed hereto upon compliance with the applicable provisions of this Article and of Article 9 (Tracts Qualified for Unit Participation) hereof, at any time up to the effective date hereof.

It is understood and agreed, however, that from and after the effective date hereof, the right of subsequent joinder as provided in this Article, shall be subject to such requirements or approvals and on such basis as may be agreed upon by the Working Interest Owner and the Supervisor and the Division. Such joinder by a proposed Royalty Owner must be evidenced by his execution, ratification or consent of this Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such proposed Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective as of the first day of the month following the filing with the Supervisor and the Division of duly executed counterparts of any and all documents necessary to establish effective commitment of any Tract or interest to this Agreement, unless objection to such joinder by the Director or the Division is duly made within sixty (60) days after such filing.

## ARTICLE 29

### 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, or any operations conducted hereunder, shall create or be deemed to create a partnership or association between the parties hereto or any of them.

## ARTICLE 30

### TAXES

Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount of the Unitized Substances produced from the Unitized Land; provided, however, that if it is required or if it be determined that the Unit Operator or the Working Interest Owner must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to the United States, State of New Mexico nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

## ARTICLE 31

### JOINDER IN DUAL CAPACITY

Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests owned or controlled by such party.

## ARTICLE 32

### COUNTERPARTS

This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and 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 parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described Unit Area.

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

WORKING INTEREST OWNERS AND PERCENTAGE OWNED:

ATTEST:

By Bradley T. Light  
Bradley T. Light, Secretary

DATE 6/22/92

BARBER OIL, INC.  
Working Interest Owner and  
Unit Operator

By Michael D. Garringer  
Michael D. Garringer, President

Percentage Working Interest  
Owned 100%

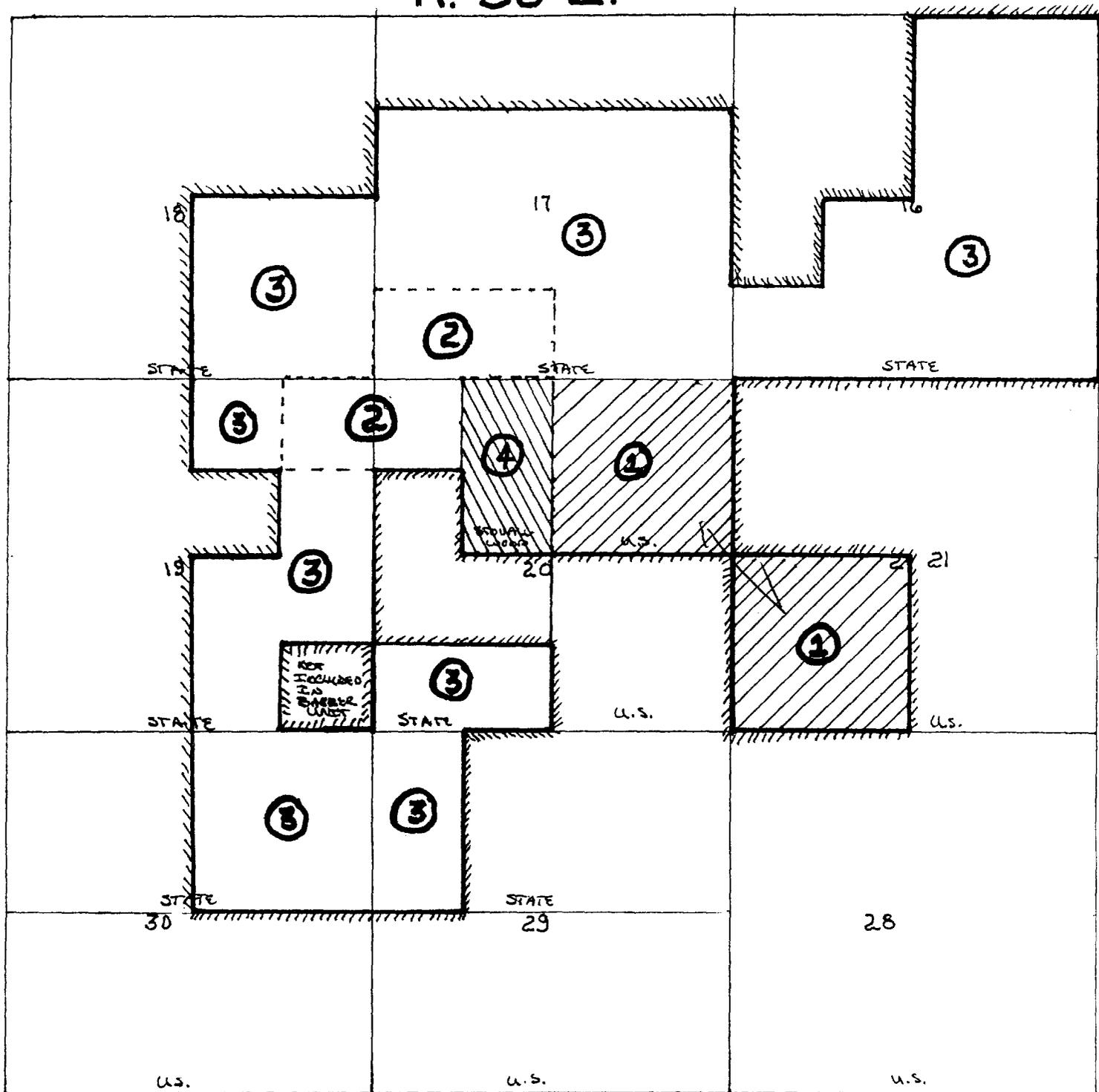
STATE OF NEW MEXICO )  
                                  )  
                                  )  
COUNTY OF EDDY        )

The foregoing instrument was acknowledged before me this 22nd day of June, 1992, by Michael D. Garringer, President of Barber Oil, Inc., a New Mexico corporation, on behalf of said corporation.

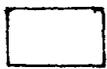
My Commission Expires:  
3-9-94

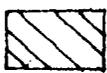
Angie J. Lopez  
Notary Public

R. 30 E.



 FEDERAL LANDS

 STATE LANDS

 FEE LANDS

 TRACT No.

**BARBER UNIT**  
 EDDY COUNTY, NEW MEXICO  
 EXHIBIT "A"  
 TO UNIT AGREEMENT

EXHIBIT "B"  
TO UNIT AGREEMENT  
BARBER UNIT  
EDDY COUNTY, NEW MEXICO

<u>Tract No.</u>	<u>Description of Land Acres</u>	<u>Serial No. &amp; Date of Lease</u>	<u>Lessee of Record</u>	<u>Basic Royalty Ownership and Percentage</u>	<u>Overriding Royalty Owner and Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Unit Participation</u>
<u>Federal Land</u>							
1	T20S, R30E, N.M.P.M. Sec. 20: NE/4 Sec. 21: SW/4 (Colglazier Federal) 320 acres	LC-029096-C 5/6/25	Nellie E. Colglazier	USA 12.5%	Mary C. Colglazier 4.0% Kenneth R. Ferguson .50% Jamie Ferguson .50% Ronald K. DeFord .25% R.A. Hall Trust .20% James E. Hall .20% Charles L. Hall .20% Kathryn R. Brandenberg .15% Everett E. Taylor .50% Wills Royalty, Inc. .50% Mary Lee S. Reese .125% Woodlan P. Saunders .125% The Toles Co. .083333% Estate of Elyse S. Patterson .083333% Sue S. Graham .083333%	Barber Oil, Inc. 80.00%	22.299834%
<u>State Land</u>							
2	T20S, R30E, N.M.P.M. Sec. 17: S/2SW/4 Sec. 19: NE/4NE/4 Sec. 20: NW/4NW/4 (State) 160 acres	B-2386 Assignment #1 1/10/34	Stanolind Oil & Gas (now Amoco)	State of New Mexico 12.5%		Barber Oil, Inc. 87.5%	16.295672%

EXHIBIT "B"  
TO UNIT AGREEMENT  
BARBER UNIT  
EDDY COUNTY, NEW MEXICO

<u>Tract No.</u>	<u>Description of Land Acres</u>	<u>Serial No. &amp; Date of Lease</u>	<u>Lessee of Record</u>	<u>Basic Royalty Ownership and Percentage</u>	<u>Overriding Royalty Owners &amp; Percentages</u>	<u>Working Interest Owner and Percentage</u>	<u>Unit Participation</u>
<u>STATE LAND</u>							
3	T20S, R30E, N.M.P.M. B-2386 Sec. 16: E/2, E/2SW/4, SW/4SW/4 Sec. 17: S/2N/2, SE/4 N/2SW/4 Sec. 18: SE/4 Sec. 19: NW/4NE/4, SE/4NE/4, N/2SE/4, SW/4SE/4 Sec. 20: S/2SW/4 Sec. 29: W/2NW/4 Sec. 30: NE/4 (State "A") 1,520 acres	1/10/34	Stanolind Oil & Gas (now Amoco)	State of New Mexico	Amoco Production Co. 5.46875%	Barber Oil, Inc. 82.03125%	17.721005%
<u>FEE LAND</u>							
4	T20S, R30E, N.M.P.M. Sec. 20: E/2NW/4 (Stovall-Wood Fee) 80 acres	12/22/36	Neil H. Willis (now Barber Oil, Inc.)	William A. Wood	12.5%	Barber Oil, Inc. 87.5%	43.683489%
Total Federal Tracts - 1 - 320 acres - 22.299834% of Unit Area							
Total State Tracts - 2 - 1,680 acres - 34.016677% of Unit Area							
Total Fee Tracts - 1 - 80 acres - 43.683489% of Unit Area							
Total Tracts - 4 - 2,080 acres - 100.000000%							

EXHIBIT "C"  
TO  
UNIT AGREEMENT  
BARBER UNIT  
EDDY COUNTY, NEW MEXICO

Schedule of Tract Participation

<u>Tract No.</u>	<u>Participation Percentage</u>
1	22.299834
2	16.295672
3	17.721005
4	43.683489
	<hr/>
TOTAL	100.000000

EXHIBIT "D"  
TO UNIT AGREEMENT  
BARBER UNIT  
EDDY COUNTY, NEW MEXICO

PROVISIONS OF SECTION 202 OF  
EXECUTIVE ORDER 11246

(1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, physical impairment or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, physical impairment or national origin. Such action shall include but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, physical impairment or national origin.

3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with the procedures authorized in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by Law.

7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase orders unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Contractor shall also abide by the regulations of Executive Order 11598, Occupational Safety and Health Act and Executive Order 11640, Veterans Hire Regulation, which orders are inserted herein by reference.

TO: BARBER OIL, INC.  
P. O. BOX 1658  
CARLSBAD, NM 88221-1658

LEASE NAME: BARBER UNIT  
DATE: JUNE 22, 1992  
EFFECTIVE: 1ST DAY OF THE MONTH  
IMMEDIATELY FOLLOWING  
APPROVAL OF BARBER  
UNIT AGREEMENT

DIVISION ORDER

EACH OF THE UNDERSIGNED (HEREINAFTER REFERRED TO AS "OWNER" CERTIFIES AND GUARANTEES THAT HE, SHE OR THEY (AS THE CASE MAY BE) IS THE LEGAL OWNER OF, AND HEREBY WARRANTS THE TITLE TO, THE INTEREST AS SET OPPOSITE OWNERS NAME IN EXHIBIT "A" HERETO IN AND TO THE PROCEEDS DERIVED FROM THE SALE OF OIL AND/OR GAS AND OTHER HYDROCARBONS (COLLECTIVELY, "PRODUCTION" FROM BARBER OIL, INC. BARBER UNIT LEASE, COVERING THE FOLLOWING DESCRIBED LAND IN EDDY COUNTY, NM:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, N.M.P.M.  
SECTION 16: E/2, E/2SW/4, SW/4SW/4  
SECTION 17: S/2SW/4, S/2N/2, N/2SW/4, SE/4  
SECTION 18: SE/4  
SECTION 19: NE/4NE/4, NW/4NE/4, SE/4NE/4, N/2SE/4, SW/4SE/4  
SECTION 20: NE/4, NW/4NW/4, S/2SW/4, E/2NW/4  
SECTION 21: SW/4  
SECTION 29: W/2NW/4  
SECTION 30: NE/4

CONTAINING 2,080 ACRES MORE OR LESS

EFFECTIVE AS OF THE DATE FIRST ABOVE STATED AND UNTIL FURTHER NOTICE, YOU ARE HEREBY AUTHORIZED TO RECEIVE AND GIVE OWNER CREDIT FOR SUCH INTEREST IN ALL PROCEEDS DERIVED FROM THE SALE OF PRODUCTION FROM SAID PROPERTY SUBJECT TO THE FOLLOWING CONDITIONS, COVENANTS AND DIRECTIONS:

FIRST: EACH OWNERS INTEREST IN PRODUCTION HEREUNDER SHALL BE PAID IN ACCORDANCE WITH EXHIBIT "A" ATTACHED HERETO AND SHALL BE THE NET AMOUNT RECEIVED BY YOU THEREFOR.

SECOND: PAYMENTS SHALL BE MADE MONTHLY TO OWNER AT THE ADDRESS AS SHOWN BELOW BY CHECK MAILED ON OR BEFORE THE LAST DAY OF THE MONTH IMMEDIATELY FOLLOWING THE MONTH OF PRODUCTION; PROVIDED, HOWEVER, IF AN AMOUNT DUE HEREUNDER AVERAGES OVER THE PAST TWELVE MONTHS, AN AMOUNT LESS THAN \$25.00 PER MONTH, PAYMENT THEREFOR MAY BE WITHHELD, WITHOUT INTEREST, AND PAID ON A SIX-MONTH BASIS (OR TWICE EACH TWELVE MONTH PERIOD) AT WHICH TIME OWNER SHALL BE PAID THE TOTAL AMOUNT THERETOFORE ACCUMULATED TO OWNERS CREDIT.

THIRD: OWNER AUTHORIZES YOU TO WITHHOLD FROM THE PROCEEDS OF ANY PRODUCTION THE AMOUNT OF ANY TAX PLACED THEREON, OR FOR THE PRODUCTION THEREOF, BY A GOVERNMENT AUTHORITY AND NOT WITHHELD FROM PAYMENTS TO YOU AND TO PAY THE SAME ON BEHALF OF OWNER.

FOURTH: IN CASE OF ANY ADVERSE CLAIM OF TITLE AT ANY TIME DURING THE TERM OF THIS DIVISION ORDER, OWNER AGREES TO FURNISH COMPLETE ABSTRACTS OF TITLE AND/OR OTHER EVIDENCE OF TITLE SATISFACTORY TO YOU AND HEREBY AUTHORIZES YOU TO WITHHOLD PAYMENT WITHOUT OBLIGATION TO OAY INTEREST ON THE AMOUNT SO WITHHELD, UNTIL SATISFACTORY INDEMNITY SHALL BE FURNISHED AGAINST SUCH ADVERSE CLAIM OR UNTIL TITLE SHALL BE MADE SATISFACTORY TO YOU. OWNER FURTHER AGREES, AS TO THE INTEREST OF OWNER, IN THE EVENT SUIT IS FILED IN ANY COURT AFFECTING TITLE TO PRODUCTION, EITHER BEFORE OR AFTER SEVERANCE, TO NOTIFY YOU IN WRITING OF SUCH SUIT AND TO INDEMNIFY AND SAVE YOU HARMLESS AGAINST ANY AND ALL LIABILITY FOR LOSS, COST, DAMAGE AND EXPENSE WHICH YOU MAY SUFFER OR INCUR ON ACCOUNT OF RECEIVING AND PAYING OWNER THE PROCEEDS DERIVED FROM THE SALE OF SAID PRODUCTION.

FIFTH: OWNER AGREES TO NOTIFY YOU OF ANY CHANGE OF OWNERSHIP AND NO TRANSFER OF INTEREST SHALL BE BINDING UPON YOU UNTIL A PROPERLY EXECUTED TRANSFER ORDER AND THE RECORDED INSTRUMENT EVIDENCING SUCH TRANSFER, OR A CERTIFIED COPY THEREOF, SHALL BE FURNISHED YOU. TRANSFERS OF INTEREST SHALL BE MADE EFFECTIVE ON THE FIRST DAY OF THE CALENDAR MONTH IN WHICH NOTICE IS RECEIVED BY YOU.

SIXTH: YOU ARE HEREBY RELIEVED OF ANY RESPONSIBILITY FOR DETERMINING IF AND WHEN ANY OF THE INTERESTS HEREINABOVE SET FORTH SHALL OR SHOULD REVERT TO OR BE OWNED BY OTHER PARTIES AS A RESULT OF THE COMPLETION OR DISCHARGE OF MONEY OR OTHER PAYMENTS FROM SAID INTERESTS AND THE SIGNERS HEREOF WHOSE INTERESTS ARE AFFECTED BY SUCH MONTHLY OR OTHER PAYMENTS, IF ANY, ASSUME SAID RESPONSIBILITY AND SHALL GIVE YOU NOTICE IN WRITING BY CERTIFIED LETTER ADDRESSED TO YOU AT THE ABOVE ADDRESS, WHEN ANY SUCH MONEY OR OTHER PAYMENTS HAVE BEEN COMPLETED OR DISCHARGED OR WHEN ANY OTHER DIVISION OF INTEREST THAN SET FORTH ABOVE SHALL, FOR ANY REASON, BECOME EFFECTIVE AND TO FURNISH TRANSFER ORDERS ACCORDINGLY. IN THE EVENT SUCH NOTICE SHALL NOT BE RECEIVED, YOU SHALL BE HELD HARMLESS, AND ARE HEREBY RELEASED FROM ANY AND ALL DAMAGE OR LOSS WHICH MIGHT ARISE OUT OF ANY OVERPAYMENT.

SEVENTH: THIS DIVISION ORDER SHALL BECOME VALID AND BINDING ON EACH OWNER WHO EXECUTES HERewith, AND ALL PROVISIONS HEREOF SHALL APPLY TO EACH SUCH EXECUTING PARTY SEPARATELY IN THE PROPORTION SET OPPOSITE EACH OWNERS NAME IN EXHIBIT "A" HERETO, AND THE SAME SHALL BE BINDING UPON EACH SUCH OWNERS HEIRS, SUCCESSORS, EXECUTORS, ADMINISTRATORS, LEGAL REPRESENTATIVES AND ASSIGNS.

IN WITNESS WHEREOF, THIS DIVISION ORDER IS EXECUTED AND MADE EFFECTIVE AS OF THE DATE ABOVE WRITTEN.

WITNESS/ATTEST:

\_\_\_\_\_  
(NAME PRINTED)

\_\_\_\_\_  
(SIGNATURE)

\_\_\_\_\_  
(STREET, P.O. BOX, ETC.)

\_\_\_\_\_  
DATE SIGNED

\_\_\_\_\_  
(CITY, STATE AND ZIP CODE)



BARBER OIL, INC.  
 BARBER UNIT  
 EDDY COUNTY, NEW MEXICO  
 EFFECTIVE 1ST DAY OF THE  
 MONTH FOLLOWING APPROVAL  
 OF THE UNIT AGREEMENT SAID  
 DATE BEING THE 1ST DAY OF  
 \_\_\_\_\_, 1993.

EXHIBIT "A"

LEGAL OWNERS OF OVERRIDING ROYALTY INTEREST

<u>OWNER</u>	<u>REVENUE</u>	<u>DECIMAL INTEREST</u>
Mary C. Colglazier 217 Locust Lees Summit, MO 64064	[REDACTED]	.00891993
Kenneth R. Ferguson P. O. Box 61 Julian, CA 92036	[REDACTED]	.00111499
Jamie Ferguson P. O. Box 1471 Valley Center, CA 92045	[REDACTED]	.00111499
Ronald K. DeFord 1604 Rabb Road Austin, TX 78704	[REDACTED]	.00055750
Frost National Bank of San Antonio, Trustee R. A. Hall Trust #4422 Drawer 1600 San Antonio, TX 78296	[REDACTED]	.00044600
James E. Hall P. O. Box 10666 Midland, TX 79702	[REDACTED]	.00044600
Charles L. Hall P. O. Box 10666 Midland, TX 79702	[REDACTED]	.00044600
Kathryn R. Brandenberg 4243 Terrace St. Oakland, CA 94611	[REDACTED]	.00033450
Everett E. Taylor 12712 Corban Ocean Springs, MS 39564	[REDACTED]	.00111499
Wills Royalty, Inc. P. O. Box 1658 Carlsbad, NM 88221-1658	[REDACTED]	.00111499
Mary Lee S. Reese P. O. box 8531 Salt Lake City, UT 84108	[REDACTED]	.00027875
Woodlan P. Saunders P. O. Box 1536 Santa Fe, NM 87501	[REDACTED]	.00027875
The Toles Company P. O. Box 1300 Roswell, NM 88202-1300	[REDACTED]	.00018583
Sue S. Graham P. O. box 987 Roswell, NM 88202-0987	[REDACTED]	.00018583

BARBER OIL, INC.  
 BARBER UNIT  
 EDDY COUNTY, NEW MEXICO  
 EFFECTIVE 1ST DAY OF THE  
 MONTH FOLLOWING APPROVAL  
 OF THE UNIT AGREEMENT, SAID  
 DATE BEING THE 1ST DAY OF  
 \_\_\_\_\_, 1993.

EXHIBIT "A"

LEGAL OWNERS OF OVERRIDING ROYALTY INTEREST

<u>OWNER</u>		<u>REVENUE DECIMAL INTEREST</u>
Estate of Elyse S. Patterson c/o Commerce Bank of Kansas City Box 248 Kansas City, MO 64141	[REDACTED]	.00018583
Amoco Production Company P. O. box 841521 Dallas, TX 75284-1521	[REDACTED]	.00969117

LEGAL OWNERS OF ROYALTY INTEREST

Minerals Management Service Royalty Management Program P. O. Box 5810 Denver, CO 80217	[REDACTED]	.02787479
Commissioner of Public Lands P. O. Box 2308 Santa Fe, NM 87509-2308	[REDACTED]	.04252085
William A. Wood 2375 Rosedale Las Cruces, NM 88005	[REDACTED]	.05460436

LEGAL OWNERS OF WORKING INTEREST

Barber Oil, Inc. P. O. Box 1658 Carlsbad, NM 88221-1658	[REDACTED]	.84858395
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RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BARBER UNIT  
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated \_\_\_\_\_, entitled "Unit Agreement, Barber Unit, Eddy County, New Mexico", which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Barber Unit Area as initially constituted, depending upon whether such tracts qualify for inclusion therein as provided in said agreement; and

WHEREAS, each of the undersigned represents that it is a Royalty Owner or Overriding Royalty Owner as defined in said Unit Agreement, in one or more of the tracts identified by said exhibits; and

WHEREAS, each of the undersigned Royalty Owners, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement;

NOW THEREFORE, each of the undersigned who is the owner of a royalty interest or interests does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned tracts identified by said exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

