

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
CROSSROADS SILURO-DEVONIAN UNIT AREA  
LEA COUNTY, NEW MEXICO

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UNIT AGREEMENT  
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THIS AGREEMENT, entered into as of the \_\_\_ day of \_\_\_\_\_, 2000 by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH THAT:

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

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico (hereinafter referred to as the "Division"), is authorized by an Act of the Legislature (Chap. 72, Laws 1935, as amended, being Section 70-2-1 et seq. New Mexico Statutes Annotated, 1978 Compilation) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Crossroads Siluro-Devonian 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 REGULATIONS: 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.

2. DEFINITIONS: For the purpose of this agreement, the following terms and expressions as used herein shall mean:

- (a) "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 containing the Unit Area.
- (b) "Division" is defined as the Oil Conservation Division of the State of New Mexico.
- (c) "Unitized Formation" is defined as the Siluro-Devonian formation as it occurs between the depths of 11,948' and 12,178' in the Sun Exploration & Production Co. U.D. Sawyer Well No. 11 located 2700' from the north line and 1610' from the east line of Section 27, Township 9 South, Range 36 East in Lea County, New Mexico.

- (d) "Unitized Substances" is defined as all oil, gas gaseous substances, sulphur contained in gas, condensate, distillate and associated and constituent liquid or liquefiable hydrocarbons within or produces from the Unitized Formation.
- (e) "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, either in cash or out of production or otherwise, all or a portion of the costs of drilling, developing, producing and operating the Unitized Formation. Any interest in Unitized Substances which is a Working Interest as of the date the owner hereof executes, ratifies or consents to this agreement shall thereafter be treated as a Working Interest for all purposes of this agreement.
- (f) "Royalty Interest" is defined as a right too or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.
- (g) "Working Interest Owner" is defined as a party hereto who owns a Working Interest.
- (h) "Royalty Owner" is defined as a party hereto who owns a Royalty Interest.
- (i) "Tract" is defined as each parcel of land described as such and given a Tract number in Exhibit "B".
- (j) "Tract Participation" is defined as the percentages of Unitized Substances allocated hereunder to a Tract as hereinafter defined. The Tract Participation of the Tracts within the Unit Area is shown on Exhibit "C" attached hereto.
- (k) "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.
- (l) "Unit Operating Agreement" is defined as any agreement or agreements entered into, separately or collectively, by and between the Unit Operator and the Working Interest Owners as provided in Section 7, Accounting Provisions and Unit Operating Agreement, infra, and Shall be styled "Unit Operating Agreement For the Operation and Development of the Crossroads Siluro-Devonian Unit Area, Lea County, New Mexico.

3. UNIT AREA: The area specified on the map attached hereto marked Exhibit "A" is hereby designated and recognized as constituting the Unit Area, containing 800 acres, more or less, and contains the following described land located in Lea County, New Mexico:

**Township 9 South, Range 36 East, N.M.P.M.**

Section 27: E/2, SE/4

Section 34: E/2

Exhibit "A", to the extent known to the Unit Operator, shows the boundaries and identity of tracts and leases in the Unit Area. Exhibit "B" attached hereto is a schedule showing, to the extent known to Unit Operator, the acreage comprising each Tract and the percentage of ownership of each Working Interest Owner in each Tract.

However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibit "C" attached hereto is a schedule showing the Tract Participation of each Tract in the Unit Area.

Exhibits "A", "B" and "C" shall be revised by the Unit Operator whenever changes in ownership in the Unit Area render such revisions necessary and not less than two copies of such revision shall be filed with the Division.

4. UNIT OPERATOR: Saga Petroleum, LLC, whose address is 415 W. Wall, Suite 835, Midland, TX 79701 is hereby designated as unit operator and by signature hereto commits to this agreement all interest in Unitized Substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, and the term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of a Working Interest when such an interest is owned by it.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 6 of this agreement. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the Working Interests Owners determined in like manner as herein provided for the selection of a new Unit Operator.

The resignation or removal of the Unit Operator under this agreement shall not terminate his right, title or interest as the a Working Interest Owner or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials, and appurtenances used in conducting the unit operations and owned by the Working Interest Owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve of discharge any Unit Operator who resigns or is removed hereunder from any liability or duties accruing to or performance by it prior to the effective date of such resignation or removal.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator, provided, however, that the voting interest of the outgoing Unit Operator shall not be considered for any purpose if such outgoing Unit Operator fails to vote or votes to succeed itself. If a majority but less than seventy-five percent (85%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (85%) of the total working interests, shall be required to select a new Unit Operator. Such selection shall

not become effective until a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator.

7. ACCOUNTING PROVISIONS: The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the Working Interest Owners in accordance with the Unit Operating Agreement entered into by an between the Unit Operator and the Working Interest Owners. No such agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Unit Agreement and in case of any inconsistencies or conflict between this Unit Agreement, and the Unit Operating Agreement, this Unit Agreement shall prevail.

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 Unit Agreement, shall constitute, and define the rights, privileges and obligations of the 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. PLAN OF OPERATIONS: It is recognized and agreed to by the parties hereto that all of the land subject to this Unit Agreement is reasonably proved to be productive of unitized substances and that the objection of this Unit Agreement is to formulate and to put into effect an improved recovery project in order to effect additional recover of Unitized Substances, prevent waste and conserve natural resources. Unit Operator shall have the right to inject into the unitized formation any substances for secondary recovery or enhanced recovery purposes in accordance with a plan of operation approved by the Working Interest Owners, including the right to drill and maintain injection wells on the Unit Area and completed in the Unitized Formation, and to use abandoned well or wells producing from the Unitized Formation for said purposes. Subject to like approval, the plan of operation may be revised as conditions warrant.

Notwithstanding anything to the contrary herein contained, should the Unit Operator fail to commence unit operations for the secondary recovery of unitized substances from the Unit Area within eighteen (18) months after the affective date of this Unit Agreement, or any extension thereof of approved by the Working Interest Owners, the Unit Agreement shall terminate automatically as of the date of default.

10. USE OF SURFACE AND USE OF WATER: The parties to the extent of their rights and interests, hereby grant to Unit Operator the right to use as much of the surface, including the water thereunder, of the unitized lands as may be reasonably necessary for unit operations.

Unit Operator's free use of water or brine or both for unit operations, shall not include any water from any well, lake pond, or irrigation ditch of surface owner, unless approval for such use is granted by the surface owner.

Unit Operator shall pay the surface owner for damages to growing crops, fences, improvements and structures on unitized land that result from unit operations.

and such payments shall be considered as items of unit expense to be borne by all working interest owners of the lands subject hereto.

11. TRACT PARTICIPATION: The percentages of Tract Participation set forth on Exhibit "C" for each tract within the Unit area have been calculated and determined in accordance with the following formula:

Reserves	45%
Production	<u>55%</u>
	100%

Such percentages of Tract Participation have been calculated upon the basis of all of said Tracts within the Unit Area being committed to this Unit Agreement as of the effective date hereof, and such Tract Participation shall govern the allocation of all Unitized Substances produced after the effective date hereof.

The Tract Participation for each tract as shown in Exhibit "C" are accepted and approved by the signatory parties hereto as being fair and equitable.

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

12. TRACTS QUALIFIED FOR PRODUCTION: On and after the effective date hereof, all tracts within the Unit Area shall be entitled to participation in the production of unitized substances.

13. ALLOCATION OF UNITIZED SUBSTANCES: All Unitized Substances produced and saved from the Tracts within the Unit Area (less, save and except any part of such Unitized substances which is used in conformity with good operating practices on the Unit Area for Drilling, operating, camp and other production, development and pressure maintenance purposes, or which is unavoidably lost) shall be apportioned among and allocated to the committed Tracts within the Unit Area in accordance with the Tract participation as such Tract Participation is shown on Exhibit "C" or any revision thereof. 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, of 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 hereto 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 Tract, or in the proceeds thereof, had this Unit Agreement not been entered into, and with the same legal force and effect. No Tract committed to this Unit Agreement and qualified for participation as heretofore provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances from such Tract.

If the Working Interest of Royalty Interest in any Tract is, on or after the effective date hereof, divided with respect to separate parcels or portions of such Tract and owned severally by different persons, the Tract Participation assigned to such Tract shall, in the absence of a recordable instrument executed by all owners and furnished to Unit Operator fixing the division of ownership, be divided among such

parcels or portions in proportion to the number of surface acres in each.

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 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 the Unit Area, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto or with operations upon or with regard to formations other than the Unitized Formation conducted within the Unit Area. Subject to Section 15 hereof any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be born by the party receiving the same in kind.

If any party fails to take in kind or separately dispose of its proportionate share of Unitized Substances, Unit Operator shall have the right, for the time being and subject to revocation at will by the party owning the share, to purchase for its own account or sell to others such share at not less than the prevailing market price in the area for like production; provided that, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract of receiving the proceeds therefrom shall be responsible for making payment of all royalty to the parties entitled thereto, and shall indemnify all parties hereto, including Unit Operator, against any liability for all royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.

14. OIL IN LEASE TANKAGE ON EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease and other tanks within the Unit Area in order to ascertain the amount of merchantable oil above the pipeline connection in such tanks as of 7:00 A.M. on the effective date hereof. All such oil which has been produced legally shall be and remain the property of the Working Interest Owner entitled thereto the same as if the Unit had not been formed; and such Working Interest Owner shall promptly remove said oil from the Unit Area. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owner, subject to the payment of all royalty to Royalty Owners under the terms and provisions of the Unit Agreement and any applicable lease or leases and other contracts. All such oil as is in excess of the prior allowable of the well or wells from which the same was produced shall be regarded and treated the same as Unitized Substances produced after the effective date hereof. If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the well or wells on the tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded and included as a part of the Unitized Substances produced after the effective date hereof and the amount thereof charged to such Tract as having been delivered to the persons entitled to Unitized Substances allocated to such Tract.

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

All royalties due under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto.

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

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

15. EFFECTIVE DATE AND TERM: This Agreement shall become effective of the first day of the calendar month next following the effective date of the Division's Order approving statutory unitization upon the terms and conditions of this Agreement, as amended (if amendment is necessary) to conform to the Division's Order. Upon approval of this Agreement, as so amended, the Unit Operator shall file this Agreement, or notice thereof, for record in the office of the County Clerk of Lea County, New Mexico.

Unit Operator shall within thirty (30) days after the effective date of this Agreement, file for record in the office of the County Clerk of Lea County, New Mexico, a certificate to the effect that this Agreement has become effective in accordance with its terms, therein identifying the Division's Order approving statutory unitization and stating the effective date.

This agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered are being produced aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto.

This agreement and/or the Unit Operating Agreement shall be amended in any and all respects necessary to conform to the Division's Order approving statutory unitization.

The terms, conditions and provision of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the terms of this agreement and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well

provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offset to wells as between the leasehold interests committed to this agreement.

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 laws or regulations.

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

18. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

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

20. 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 Oil Conservation Division, and to appeal from orders issued under the regulations of the Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Division; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceedings.

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

22. NO WAIVER OF CERTAIN RIGHTS: Nothing in this Unit 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 of New Mexico, or rules or regulations issued thereunder in any way affecting such party, or as a waiver by such party of any right beyond his or its authority to

waive; provided, however, that each party hereto covenants that during the existence of this agreement such party will not resort to any action at law or in equity to partition the Unit area or the facilities used in the development or operation hereof and to that extent waives the benefits of all laws authorizing such partition.

23. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the Unit Agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the Unit Area, and the interest of the parties readjusted as a result of such tract being eliminated from the Unit Area. In the event of a dispute as to the title to any Royalty Interest, Working Interest, or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the Unitized Substances involved on account thereof, without liability for interest until the dispute is finally settled.

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

25. STATUTORY UNITIZATION: If and when working interest owners owning at least seventy-five percent (75%) unit participation have become parties to this Agreement or have approved this Agreement in writing and such working interest owners have also become parties to the Unit Operating Agreement, Unit Operator may make application to the Division for statutory unitization of the uncommitted interests pursuant to the Statutory Unitization Act (Sections 70-7-1 through 70-7-21, NMSA, 1978 Comp.). If such application is made and statutory unitization, the Agreement and/or Unit Operating Agreement shall automatically be revised and/or amended in accordance with the provisions of the Division's Order approving statutory unitization.

Any and all amendment of this Agreement and/or the Unit Operating Agreement that are necessary to conform said agreements to the Division's Order approving statutory unitization shall be deemed to hereby approved in writing by the parties hereto without any necessity for further approval by said parties.

26. TAXES: Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the Unit Area; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners 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 therefore by the parties hereto, including Royalty Owners, who may be responsible for taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to any lessor who has a contract with a lessee which requires his lessee to pay such tax.

27. NO PARTNERSHIP. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. The rights and interest therein as among Working Interest Owners are covered by the Unit Operating Agreement.

28. 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 may exist in the pertinent exhibits to this agreement.

29. SUCCESSORS AND ASSIGNS: The terms and provisions hereof shall be covenants running with the lands and unitized leases and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated opposite their respective signatures.

SAGA PETROLEUM CORPORATION

WORKING INTEREST OWNER

BY: \_\_\_\_\_

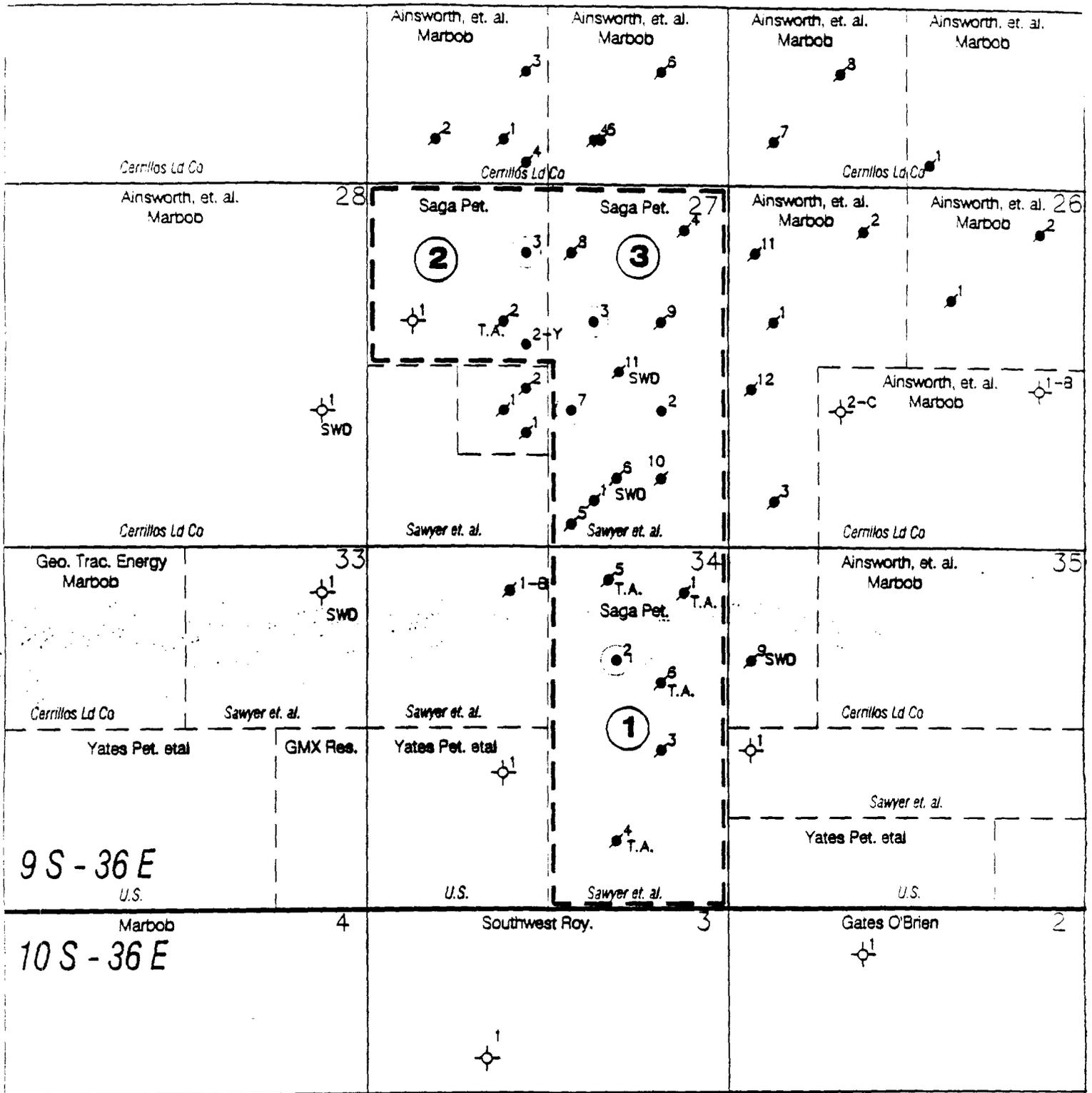
DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

ATTEST:

BY: \_\_\_\_\_

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



- ┌─── Unit Outline
- ③ Tract Area
- Devonian Producer
- Abandoned Producer
- ⊕ Dry Hole



<b>Saga Petroleum LLC</b>	
Lea County, New Mexico Cross Roads Devonian Field	
<b>Exhibit "A"</b>	
<b>Map of Unit Tracts</b>	
March 1999	
Scale: 1" = 1000'	

# EXHIBIT B

## Crossroads Siluro-Devonian Unit Unit Agreement Lea County, New Mexico

Tract 1 - Texaco U.D. Sawyer

Legal Description:

320 Acres, more or less, comprising the E/2 Sec. 34, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.02000000	37.702768	0.00754055
Forcenergy, Inc.	0.75000000	37.702768	0.28277076
Saga Petroleum Corp.	0.23000000	37.702768	0.08671637
<b>TOTAL</b>	<b>1.00000000</b>		<b>0.37702768</b>

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01640630	37.702768	0.00618563
Forcenergy, Inc.	0.61523430	37.702768	0.23196036
Saga Petroleum Corp.	0.18867190	37.702768	0.07113453
Sandra Good RA Mey Trust	0.01074200	37.702768	0.00405003
Price Y-CIA	0.00244150	37.702768	0.00092051
Myrl Sawyer Good	0.02506500	37.702768	0.00945020
Susie L. Wadley First Trust	0.00203470	37.702768	0.00076714
Susie L. Wadley First Trust	0.00203460	37.702768	0.00076710
Sinclair Trust	0.00195310	37.702768	0.00073637
Fernald Point Prod. Trust	0.00195310	37.702768	0.00073637
Candace Good Jacobson	0.03938800	37.702768	0.01485037
Thomas Jefferson Good	0.03938800	37.702768	0.01485037
Sandra Good RA Mey Trust (OR)	0.00512700	37.702768	0.00193302
Myrl Sawyer Good (OR)	0.01196290	37.702768	0.00451034
Candace Good Jacobson (OR)	0.01879880	37.702768	0.00708767
Thomas Jefferson Good (OR)	0.01879880	37.702768	0.00708767
<b>TOTAL</b>	<b>1.00000000</b>		<b>0.37702768</b>

# EXHIBIT B

## Crossroads Siluro-Devonian Unit Unit Agreement Lea County, New Mexico

Tract 2 - Santa Fe Pacific

Legal Description:

160 Acres, more or less, comprising the NW/4 Sec. 27, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01820000	51.410973	0.00935680
Forcenergy, Inc.	0.68250000	51.410973	0.35087989
Saga Petroleum Corp.	0.20930000	51.410973	0.10760317
Yellow Queen Uranium Co.	0.03000000	51.410973	0.01542329
Alfa Resources, Inc.	0.06000000	51.410973	0.03084658
<b>TOTAL</b>	<b>1.00000000</b>		<b>0.51410973</b>

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01448500	51.410973	0.00744688
Yellow Queen Uranium Co.	0.02625000	51.410973	0.01349538
Alfa Resources, Inc.	0.05250000	51.410973	0.02699076
Forcenergy, Inc.	0.54318750	51.410973	0.27925798
Saga Petroleum Corp.	0.16657750	51.410973	0.08563911
Allan Capital Corp.	0.00714280	51.410973	0.00367218
Floos, Inc.	0.12500000	51.410973	0.06426372
H. Wayne Hoover	0.00714280	51.410973	0.00367218
C. Thomas Houseman	0.00357140	51.410973	0.00183609
Mystique Resources Co.	0.00714280	51.410973	0.00367218
Edward J. Names	0.00714280	51.410973	0.00367218
C. L. Nordstrom	0.00714280	51.410973	0.00367218
Bruce M. Patterson	0.00714280	51.410973	0.00367218
Floos, Inc. (OR)	0.02557180	51.410973	0.01314671
<b>TOTAL</b>	<b>1.00000000</b>		<b>0.51410973</b>

# EXHIBIT B

## Crossroads Siluro-Devonian Unit Unit Agreement Lea County, New Mexico

Tract 3 - U.D. Sawyer

Legal Description:

320 Acres, more or less, comprising the E/2 Sec. 27, T-9S, R36E

Royalty Ownership - Fee

Owner	WORKING INTEREST	TRACT %	UNIT TRACT PART. %
Saga Petroleum LLC	0.01916880	10.886259	0.00208677
Forcenergy, Inc.	0.71882810	10.886259	0.07825349
Saga Petroleum Corp.	0.22044060	10.886259	0.02399773
Saga Petroleum LLC FAO-TMN	0.03187500	10.886259	0.00347000
Marius Jensen Nygaard, Jr.	0.00062500	10.886259	0.00006804
Gerald D. Mills	0.00593750	10.886259	0.00064637
Yuma E & P	0.00281250	10.886259	0.00030618
Perry & Patricia Shaw Trust	0.00031250	10.886259	0.00003402
TOTAL	1.00000000		0.10886259

Owner	REVENUE INTEREST	TRACT %	UNIT TRACT 4.00000000
Saga Petroleum LLC	0.01592884	10.886259	0.00173405
Gerald D. Mills	0.00519533	10.886259	0.00056558
Yuma E & P	0.00246096	10.886259	0.00026791
Perry & Patricia Shaw Trust	0.00027344	10.886259	0.00002977
Forcenergy, Inc.	0.59733405	10.886259	0.06502733
Saga Petroleum Corp.	0.18318248	10.886259	0.01994172
Saga Petroleum LLC FAO-TMN	0.02789060	10.886259	0.00303624
Marius Jensen Nygaard, Jr.	0.00054680	10.886259	0.00005953
Susie L. Wadley First Trust	0.00203453	10.886259	0.00022148
Fernald Point Prod. Trust	0.00195310	10.886259	0.00021262
Susie Wadley Trust #10-05527	0.00203457	10.886259	0.00022149
Sinclair Rev. Trust #0108952	0.00195310	10.886259	0.00021262
William Marsh Rice Univ.	0.05729170	10.886259	0.00623692
Candace G. Jacobson	0.02208116	10.886259	0.00240381
Thomas J. Good III	0.02208106	10.886259	0.00240380
Price & Cia, Inc.	0.00244140	10.886259	0.00026578
Myrl Sawyer Good	0.00537109	10.886259	0.00058471
Beja Embry	0.00537109	10.886259	0.00058471
Myrl Good Suc. Trustee	0.00238720	10.886259	0.00025988
Floos, Inc. (OR)	0.04218750	10.886259	0.00459264
TOTAL	1.00000000		0.10886259

**Exhibit C**  
**Schedule of Tract Particiaption**  
**Crossroads Siluro-Devonian Unit**  
**Unit Agreement**  
**Lea County, New Mexico**

Tract	Description of Lands	Current Operator	Allocated W.I.
1	E/2 Sec. 34, T 9 S, R 36 E	Saga Petroleum, LLC	37.702768%
2	NW/4 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	51.410973%
3	E/2 Sec. 27, T 9 S, R 36 E	Saga Petroleum, LLC	10.886259%
			100.000000%