

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF ENDURING RESOURCES, LLC
FOR APPROVAL OF THE BOBBY B UNIT,
RIO ARriba COUNTY, NEW MEXICO**

Case No. 26365

**NOTICE OF CLERICAL CORRECTION TO CERTIFICATE OF SERVICE
AND RE-SERVICE OF ORIGINAL COMPLETE FILING**

Brandon D. Whitley, appearing pro se and only on his own behalf, submits this notice to correct a clerical date error in the Certificate of Service contained in his original complete filing.

1. Brandon's original filing is dated August 1, 2026. The Certificate of Service on page 3 states that the filing and exhibits were transmitted and served on August 1, 2026.
2. Brandon's sent-email record shows that the complete filing was actually transmitted by electronic mail to OCD.Hearings@emnrd.nm.gov, with counsel of record copied, on August 2, 2026 at 12:45 a.m.
3. The reference to August 1 in the Certificate of Service was therefore a clerical date error caused by the email being sent after midnight. The correct date of the original electronic transmission and service is August 2, 2026.
4. This correction does not change any substantive factual statement, exhibit, legal position, requested clarification, or requested relief contained in Brandon's original filing.
5. To eliminate any ambiguity in the record, Brandon is re-serving a corrected complete copy of the original filing with this notice and respectfully requests that the corrected filing be associated with Case No. 26365 and read together with his August 2, 2026 Supplemental Notice of Correction and Clarification.
6. Brandon further requests confirmation that the corrected original filing, its exhibits, and the August 2 supplemental notice are associated with the record for Case No. 26365.

/s/ Brandon D. Whitley
Brandon D. Whitley
Email: bdwhitley@gmail.com
Dated: August 13, 2026

CERTIFICATE OF SERVICE

I certify that on August 13, 2026, I submitted this Notice of Clerical Correction and the corrected complete filing by electronic mail to OCD.Hearings@emnrd.nm.gov and served them by electronic mail on counsel of record: mfeldewert@hollandhart.com; agrarkin@hollandhart.com; pmvance@hollandhart.com; arstarnes@hollandhart.com.

/s/ Brandon D. Whitley
Brandon D. Whitley

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF ENDURING RESOURCES, LLC
FOR APPROVAL OF THE BOBBY B UNIT,
RIO ARriba COUNTY, NEW MEXICO**

Case No. 26365

**NOTICE OF APPEARANCE; ALTERNATIVE REQUEST FOR LATE INTERVENTION; REQUEST TO
ACCEPT LATE PRE-HEARING STATEMENT FOR GOOD CAUSE; ALTERNATIVE MOTION FOR
CONTINUANCE; AND PRE-HEARING STATEMENT OF BRANDON D. WHITLEY**

I. Appearance and Alternative Late Intervention

1. To the extent Brandon D. Whitley is a person entitled to notice, Brandon D. Whitley enters an individual appearance under 19.15.4.10(B) NMAC.
2. Alternatively, if the Division determines that formal intervention is required, Brandon D. Whitley requests permission to participate as a late intervenor under 19.15.4.11(B) NMAC.
3. Brandon D. Whitley appears only on his own behalf. Under 19.15.4.14(C) NMAC, each individual family member must appear on that person's own behalf or through an attorney. Brandon D. Whitley does not claim to act as legal counsel for any sibling.

II. Request to Accept Late Filing for Good Cause

4. Brandon D. Whitley respectfully apologizes for filing after the ordinary pre-hearing deadline. The family misunderstood the four-business-day requirement and believed that August 3, 4, 5, and 6 would constitute the four business days before the August 6, 2026 hearing.
5. The delay was not caused by disregard of the process. The family was coordinating among Brandon D. Whitley, Aaron Dale Kent, Jesse John Whitley, and Jacqueline Lorena Calvina Kennerly; reviewing the Bobby B Unit Agreement and the separate Rocky Mountain Unit Operating Agreement; collecting communications obtained by Aaron; and preparing one accurate common family statement rather than repetitive or inconsistent submissions.
6. The family also was attempting to obtain information from Enduring Resources. On July 9, 2026, Enduring invited Aaron to identify the questions and documents needed. Aaron submitted a detailed written request on July 13. Enduring stated on July 15 that it was working through the list. A material response dated July 30, 2026 - the ordinary filing deadline - stated that the heirship and individual calculations remained incomplete, that some heirs remained unconfirmed, and that additional family ratifications were not required for Enduring to proceed. See Exhibits B and C.
7. Brandon D. Whitley primarily seeks to present nontechnical fact testimony and documentary communications and does not intend to offer expert engineering or geological testimony.
8. Brandon D. Whitley requests acceptance for good cause under 19.15.4.10(C), 19.15.4.11(B), and 19.15.4.13(B) NMAC. Alternatively, Brandon D. Whitley requests a brief continuance under 19.15.4.13(C) NMAC.

III. Pre-Hearing Statement

Party: Brandon D. Whitley, self-represented. Attorney: None. Email: bdwhitley@gmail.com.

Concise statement: Enduring Resources seeks approval of the Bobby B federal exploratory unit and proposed expansion. Brandon D. Whitley claims an inherited family interest through the Sally F. Constantin line and seeks clarification of title, ownership category, ratification effect, and the separate Rocky Mountain Unit Operating Agreement.

Position: Brandon D. Whitley does not oppose responsible development in principle, but opposes any order being construed as deciding private title, heirship, individual decimals, working-interest status, or consent to the Rocky Mountain Unit Operating Agreement.

Witness: Brandon D. Whitley, fact witness only. Estimated time: 10 to 15 minutes. Procedural matters: late acceptance, alternative intervention, common family statement, scope clarification, exhibits, and alternative continuance.

IV. Common Family Opening Statement

Good morning, Hearing Officer.

My name is Brandon Whitley. I am appearing on my own behalf regarding inherited mineral interests that may be affected by the proposed Bobby B Unit. My siblings may separately appear and adopt this common family statement to the extent it concerns our shared inherited interest.

I first respectfully apologize for the late filing. Our family misunderstood how the four-business-day deadline was calculated. During that time, we were coordinating with one another, gathering the communications obtained by Aaron, reviewing the Bobby B Unit Agreement and the Rocky Mountain Unit Operating Agreement, and trying to prepare one accurate statement so our family would not submit conflicting or repetitive information.

Our family is not opposed to responsible oil and gas development. We are trying to understand exactly what interest descended to us, how it is classified, how any ownership percentage will be calculated, and what legal consequences could result from signing a Bobby B Unit ratification or becoming bound by a related operating agreement, joinder, consent, recording supplement, accounting procedure, or incorporated exhibit.

On July 9, 2026, Christina Anderson of Enduring Resources invited Aaron Kent to identify the questions and documents the family needed. On July 13, Aaron submitted a detailed twelve-item request. On July 15, Enduring stated that it was working through the list. On July 30, Chuck Keeton stated that the heirship had been dormant for more than forty years, that approximately two dozen heirs had not been personally confirmed, that final calculations would later be performed by a title-examining attorney, and that additional ratifications were not required for Enduring to proceed.

The current application states that Enduring obtained approval from all working-interest owners. The Unit Agreement separately contemplates a unit operating agreement. The ownership schedule lists the Sally F. Constantin Estate in multiple interest columns, including a 12.5% working-interest entry on one tract. The Rocky Mountain Unit Operating Agreement contains cost and enhanced recovery provisions, including 400% under Section 12.5 and 500% under Section 13.7, as well as lien, security-interest, default, attorneys-fee, recording, and successor provisions. We do not claim those provisions automatically apply to us; we request clarification whether they do.

We request that the record reflect that final heirship and individual ownership calculations remain incomplete and that approval does not itself decide private title or heirship, establish individual payment decimals, determine that a present heir owns a working interest, or bind a non-signing heir to the Rocky Mountain Unit Operating Agreement.

Thank you.

V. Requested Relief

1. Accept the late filing for good cause and recognize Brandon D. Whitley's appearance or allow late intervention.
2. Permit Brandon D. Whitley to present the common family factual statement first.
3. Accept the documentary exhibits or allow a relevant nontechnical statement concerning them.
4. Clarify that approval does not adjudicate private title, heirship, individual percentages, payment decimals, or consent to the Rocky Mountain Unit Operating Agreement.
5. Serve future orders on all family members who properly appear.
6. Alternatively, continue the hearing briefly if needed for fairness.

Exhibit Index

Exhibit A - July 17 Holland & Hart Notice

Exhibit B - Aaron Kent/Enduring Email Thread

Exhibit C - July 30 Chuck Keeton Communication

Exhibit D - Selected Application and Bobby B Unit Agreement Pages

Exhibit E - Selected Rocky Mountain Unit Operating Agreement Pages

Electronic Signature and Declaration

I declare that the factual statements concerning my actions, family coordination, and communications reviewed are true and correct to the best of my knowledge.

/s/ **Brandon D. Whitley**

Brandon D. Whitley

Email: bdwhitley@gmail.com

Dated: August 1, 2026

CORRECTED CERTIFICATE OF SERVICE

Clerical date correction only - no substantive changes

I certify that on August 2, 2026, I electronically filed this document and exhibits with the New Mexico Oil Conservation Division and served them by electronic mail on OCD.Hearings@emnrd.nm.gov and counsel of record: mfeldewert@hollandhart.com; agrarkin@hollandhart.com; pmvance@hollandhart.com; arstarnes@hollandhart.com.

/s/ Brandon D. Whitley
Brandon D. Whitley

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BOBBY B UNIT
SHARED EXHIBIT AND EVIDENCE PACKET

Case No. 26365

This single PDF contains the common supporting exhibits referenced by the individual filings of Brandon D. Whitley, Aaron Dale Kent, Jesse John Whitley, and Jacqueline Lorena Calvina Kennerly.

Each family member's complete filing packet includes this same evidence set.

Exhibit	Contents
A	July 17, 2026 Holland & Hart Notice to Affected Parties
B	Aaron Kent and Enduring Resources email thread
C	July 30, 2026 communication from Chuck Keeton
D	Selected current application and Bobby B Unit Agreement pages
E	Selected Rocky Mountain Unit Operating Agreement and COPAS pages

Exhibits only - this packet accompanies each person's individual filing.

Exhibit A

July 17, 2026 Holland & Hart Notice to Affected Parties

Notice of the August 6 hearing and the stated appearance and pre-hearing requirements.



Adam G. Rankin
Partner
Phone (505) 988-4421
agrarkin@hollandhart.com

July 17, 2026

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES

**RE: Application of Enduring Resources, LLC for Approval of the Bobby B Unit,
Rio Arriba County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that Enduring Resources, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on August 6, 2026, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

**It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website:
<https://www.emnrd.nm.gov/ocd/hearing-info/>.**

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Anita Ashland at (303) 350-5116 or aashland@enduringresources.com or Travis Whitham at (303) 350-5716 or twhitham@enduringresources.com.

Sincerely,

Adam G. Rankin
ATTORNEY FOR ENDURING RESOURCES, LLC

Location
215 Lincoln Avenue, Suite 100
Santa Fe, NM 87501

Mailing Address
P.O. Box 2208
Santa Fe, NM 87504-2208

Contact
p: 505.988.4421 | f: 505.983.6043
www.hollandhart.com

Holland & Hart LLP Anchorage Aspen Billings Boise Boulder Cheyenne Denver Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

Exhibit B

Aaron Kent and Enduring Resources Email Thread

July 9 invitation, July 13 detailed request, and July 15 acknowledgment.



Brandon Whitley <bdwhitley@gmail.com>

Re: Bobby B Unit - Enduring Resources

3 messages

Aaron Kent <aaronkent@stiaenergy.com>

Mon, Jul 13, 2026 at 1:19 PM

To: Chris Anderson <canderson@enduringresources.com>, "jacquelinekennerly@gmail.com" <jacquelinekennerly@gmail.com>, "bdwhitley@gmail.com" <bdwhitley@gmail.com>, "Jessewhitley04@gmail.com" <Jessewhitley04@gmail.com>

Chris,

Thank you again for taking my call the other day and speaking with me about the Bobby B Unit paperwork. I have CC'd my brothers and sister so everyone can remain informed and receive the same information.

As I explained during our call, several important exhibits, ownership schedules, and payment-related documents were not included with the paperwork sent to our family. We need this information to understand what our family owns, what the ratification forms would accomplish, how our interest was calculated, and whether any money is currently being held in suspense.

This is the information we previously requested from Chuck and are still asking Enduring Resources to provide:

1. The complete ratification package with all referenced exhibits, schedules, supplements, and attachments.
2. The complete Exhibit B / Schedule of Leases and Ownership.
3. The complete Schedule of Tracts for the Bobby B Unit.
4. The committed acreage and unit-tract participation percentages for every tract connected to the Sally F. Constantin Estate, Patsy Ruth Fennell, and their heirs.
5. All royalty, overriding royalty interest, lease-burden, and ownership schedules connected to our family's interest.
6. The Recording Supplement, Exhibit 8, Exhibit I, tract-participation schedule, and any similar documents identifying the applicable tracts, leases, ownership interests, and parties.
7. The division order or proposed division order, owner decimal, owner number, pay-deck entry, and complete revenue-interest calculation for our family's interest.
8. The current suspense balance and unpaid royalty information, including the applicable wells, production periods, gross revenue, deductions, taxes, credits, and net amount being held.
9. The written title-requirement letter or title-curative checklist explaining what heirship, probate, affidavit, identification, W-9, or other documents Enduring requires before ownership can be confirmed and the suspended funds released.
10. The documents identifying the exact type and amount of interest Enduring believes our family owns, including the applicable tract, lease, title chain, and its connection to the Estates of Jules and Sally Constantin and Patsy Ruth Fennell.
11. The ownership and heirship breakdown Enduring is using to determine how the Sally F. Constantin Estate interest passes to Patsy Ruth Fennell's heirs.
12. A written explanation of what signing the ratification forms would legally accomplish and how the signatures would affect our ownership, royalty, suspense, payment, and future-production rights.

We would appreciate receiving these materials together in one complete response so our family can properly review the paperwork and understand what is taking place.

Again, I appreciate you taking my call and helping us obtain the missing information.

Thank you .

Aaron Kent

Founder & CEO
StiaEnergy



Cell- (505)585-8034
Office-(505)225-8500
www.stiaenergy.com
9016 Washington ST
NE Albuquerque, NM
Suite West 87113

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From: Chris Anderson <canderson@enduringresources.com>
Sent: Thursday, 09 July 2026 15:52:37
To: Aaron Kent <aaronkent@stiaenergy.com>
Subject: Bobby B Unit - Enduring Resources

Thank you for calling Mr. Kent:

Here is my email. Let me know your questions and what documents you need, and I will send it all to you.

THANK YOU

Chris

Christina Anderson

Sr. Landman

8/1/26, 9:39 PM

Gmail - Re: Bobby B Unit - Enduring Resources

303-350-5109

Enduring Resources, LLC

6300 S Syracuse Way, Suite 525

Centennial, CO 80111

Chris Anderson <canderson@enduringresources.com>

To: Aaron Kent <aaronkent@stiaenergy.com>, "jacquelinekennerly@gmail.com" <jacquelinekennerly@gmail.com>, "bdwhitley@gmail.com" <bdwhitley@gmail.com>, "Jessewhitley04@gmail.co

Hello Mr. Kent:

I am working through your list below and will get back with you in the next few days.

THANK YOU

Chris

From: Aaron Kent <aaronkent@stiaenergy.com>

Sent: Monday, July 13, 2026 2:20 PM

To: Chris Anderson <canderson@enduringresources.com>; jacquelinekennerly@gmail.com; bdwhitley@gmail.com; Jessewhitley04@gmail.com

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4. The committed acreage and unit-tract participation percentages for every tract connected to the Sally F. Constantin Estate, Patsy Ruth Fennell, and their heirs.
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6. The Recording Supplement, Exhibit 8, Exhibit I, tract-participation schedule, and any similar documents identifying the applicable tracts, leases, ownership interests, and parties.
7. The division order or proposed division order, owner decimal, owner number, pay-deck entry, and complete revenue-interest calculation for our family's interest.
8. The current suspense balance and unpaid royalty information, including the applicable wells, production periods, gross revenue, deductions, taxes, credits, and net amount being held.
9. The written title-requirement letter or title-curative checklist explaining what heirship, probate, affidavit, identification, W-9, or other documents Enduring requires before ownership can l
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We would appreciate receiving these materials together in one complete response so our family can properly review the paperwork and understand what is taking place.

Again, I appreciate you taking my call and helping us obtain the missing information.

Thank you .

Aaron Kent

Founder & CEO

StiaEnergy



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87113

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Christina Anderson
Sr. Landman
303-350-5109
Enduring Resources, LLC
[6300 S Syracuse Way, Suite 525](#)
[Centennial, CO 80111](#)

Aaron Kent <aaronkent@stiaenergy.com>
To: Brandon Whitley <bdwhitley@gmail.com>

Aaron Kent
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From: Chris Anderson <canderson@enduringresources.com>

Sent: Wednesday, 15 July 2026 16:19:52

To: Aaron Kent <aaronkent@stiaenergy.com>; jacquelinekennerly@gmail.com <jacquelinekennerly@gmail.com>; bdwhitley@gmail.com <bdwhitley@gmail.com>; Jessewhitley04@gmail.com

Subject: RE: Bobby B Unit - Enduring Resources

Hello Mr. Kent:

I am working through your list below and will get back with you in the next few days.

THANK YOU

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6. The Recording Supplement, Exhibit 8, Exhibit I, tract-participation schedule, and any similar documents identifying the applicable tracts, leases, ownership interests, and parties.
7. The division order or proposed division order, owner decimal, owner number, pay-deck entry, and complete revenue-interest calculation for our family's interest.
8. The current suspense balance and unpaid royalty information, including the applicable wells, production periods, gross revenue, deductions, taxes, credits, and net amount being held.
9. The written title-requirement letter or title-curative checklist explaining what heirship, probate, affidavit, identification, W-9, or other documents Enduring requires before ownership can be transferred.
10. The documents identifying the exact type and amount of interest Enduring believes our family owns, including the applicable tract, lease, title chain, and its connection to the Estates of the
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THANK YOU

Chris

Christina Anderson

Sr. Landman

303-350-5109

Enduring Resources, LLC

[6300 S Syracuse Way, Suite 525](#)

[Centennial, CO 80111](#)

Exhibit C

July 30, 2026 Chuck Keeton Communication

Explanation of incomplete heirship work, unconfirmed heirs, later title examination, and the statement that additional ratifications were not necessary.



Brandon Whitley <bdwhitley@gmail.com>

(no subject)

1 message

Brandon Whitley <bdwhitley@gmail.com>
To: Brandon Whitley <bdwhitley@gmail.com>

Thu, Jul 30, 2026 at 9:08 PM

Mr. Kent,

I understand that you have been discussing the requested ratifications involved with the Bobby B unit with some of your family members and I am glad that you are able to advise them in these matters.

I had hoped that my last email to you would have explained how we are at such an early stage in this matter and that most of the documentation you are requesting cannot be provided to you because it doesn't exist yet.

However, it appears that you remain steadfast in your desire to receive the list of documents that you sent to Enduring and me earlier this month. So let me be clear the heirship of Sally Constantin and therefore your family's interest has lain dormant for over 40 years and we have worked diligently for months to try to piece it together one family at a time through obituaries, [ancestry.com](https://www.ancestry.com), facebook and word of mouth and we have finally reached a point where we believe we have all of the parties accounted for although there are a couple of dozen heirs that we have not been able to speak with to confirm that they are indeed the correct person. Furthermore, even though we are laying out the skeletal framework for the family members reflecting the descent and distribution down from the siblings of Sally Constantin, it is quite likely that at least some level of verification will be required from us as we move forward.

So as you can see, when it comes to your interest as one of the currently 50 heirs of Jessie Fennell and his being one of 8 heirs of Sally Constantin, the calculations will necessarily be done by a title examining attorney at some point after we have turned all of our findings in to Enduring.

I am hoping that this will help explain that the documentation that you have requested doesn't exist and will not exist for some time to come. Sally Constantin's interest is one of many interests in one lease as set out on page 24 of the Bobby B Unit Agreement, and the lease itself is one of I believe 9 federal leases that comprise the unit and that all contain multiple owners and interests that have to be accounted for.

Finally, just let me say that although Enduring Resources would very much like to have everyone join in by ratifying the Bobby B Unit if they choose but Enduring long ago reached the minimum required percentage of ratifications that they needed to provide to the Bureau of Land Management in order to proceed with their operations. As the operator they have effective control and any additional ratifications which may be obtained, although desirable, are not required or necessary. They have continued their pursuit to locate and notify every single interest owner or heir, no matter how small, in order that they be provided the same opportunity to join in if he or she so chooses.

I hope that I have been able to set out better how things stand right now and please believe me when I tell you that if you and/or your family members are still concerned that this might be a "scam" or that by signing the papers they might incur some level of liability, etc., please tell them that we have provided them with the opportunity to join in the unit and that was quite simply the definition of the task that was put before Patsy Carroll and myself. As I said before, Enduring would like to feel that every interest owner is in favor of their proposed operations and the executed ratification confirms that. But if anyone is uncomfortable about signing we will certainly understand and respect their decision and it will not affect our continued efforts to fully develop the heirship and ownership of the Sally Constantin interest.

Respectfully,

Chuck Keeton

509 Marie Antoinette
Lafayette, LA 70506
Cell: (337) 344-0590

Exhibit D

Selected Current Application and Bobby B Unit Agreement Pages

Current application, working-interest approval statement, separate operating-agreement structure, title and joinder provisions, and Sally F. Constantin ownership schedule.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF ENDURING RESOURCES, LLC
FOR APPROVAL OF THE BOBBY B UNIT,
RIO ARriba COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Enduring Resources, LLC, ("Enduring") (OGRID No. 372286) through its undersigned counsel, files this application with the Oil Conservation Division for an order approving the Bobby B federal exploratory unit and proposed expansion. In support of its application, Enduring states:

1. The Unit Area with the proposed expansion consists of approximately 18,294.60-acres of the following Federal, State, Indian allotted, and fee lands, situated in Rio Arriba County, New Mexico:

Township 24 North, Range 6 West

Section 7:	Lots 1-4, E/2 W/2, E/2 (All)
Section 18:	Lots 1-4, E/2 W/2, E/2 (All)
Section 19:	Lots 1-4, E/2 W/2, E/2 (All)
Section 29:	All
Section 30:	Lots 1-4, E/2 W/2, E/2 (All)
Section 31:	Lots 1-4, E/2 W/2, E/2 (All)
Section 32:	All

Township 24 North, Range 7 West

Section 12:	NE/4, S/2
Section 13:	All
Section 14:	All
Section 15:	All
Section 21:	NE/4, S/2
Section 22:	All
Section 23:	All
Section 24:	All
Section 25:	All
Section 26:	All
Section 27:	All
Section 32:	W/2 NW/4, NE/4, S/2
Section 34:	E/2 NW/4, NE/4, S/2

Section 35: All
 Section 36: All

Township 23 North, Range 7 West

Section 2: Lots 1-4, S/2 N/2, S/2 (All)
 Section 3: Lots 1-12, S/2 N/2 (All)
 Section 4: Lots 5-20 (All)
 Section 5: Lots 5-9, SW/4 NE/4, S/2 NW/4, S/2 (All)
 Section 8: NE/4
 Section 9: Lots 1-4, SE/4, W/2 (All)
 Section 10: Lots 1-10, SE/4 NE/4, NE/4 SE/4, S/2 S/2 (All)
 Section 15: NW/4
 Section 16: All

2. Enduring is the designated operator under the Unit Agreement and the unitized interval shall be limited in depth from the stratigraphic equivalent of the top of the Mancos Formation, at a measured depth of 4,478 feet, down to the stratigraphic equivalent of the base of the Gallup Sandstone, at a measured depth of 5,660 feet as encountered in the Epic Energy LLC's Marcus A 014 well (API No. 30-039-24170) located in irregular Section 31, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

3. The Bobby B Unit Agreement ("Unit Agreement") applies to new horizontal and multi-lateral wells only, and all existing wells within the Unit Area producing from the Mancos-Gallup formation are excluded from the terms of the Unit Agreement. A copy of the Unit Agreement is attached as **Exhibit A**.

4. Enduring has obtained approval of the Unit Agreement from all working interest owners, demonstrating sufficient support to provide effective control of unit operations.

5. Enduring is currently working with the BLM to obtain final approval of the proposed expansion of the Unit Agreement on an expedited basis and a letter recognizing the Unit Area as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, which Enduring will provide at the hearing. A copy of the expansion application is attached as **Exhibit B**.

6. The Unit Agreement, and the unitized operation and management of the Unit Area, are in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Enduring requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on August 6, 2026, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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ATTORNEYS FOR ENDURING RESOURCES, LLC

CASE _____: **Application of Enduring Resources, LLC for Approval of the Bobby B Unit, Rio Arriba County, New Mexico.** Applicant seeks an order approving the Bobby B federal exploratory unit and a proposed expansion. The Unit Area with the proposed expansion includes Federal, State, Indian allotted, and fee lands covering:

Township 24 North, Range 6 West

Section 7: Lots 1-4, E/2 W/2, E/2 (All)
 Section 18: Lots 1-4, E/2 W/2, E/2 (All)
 Section 19: Lots 1-4, E/2 W/2, E/2 (All)
 Section 29: All
 Section 30: Lots 1-4, E/2 W/2, E/2 (All)
 Section 31: Lots 1-4, E/2 W/2, E/2 (All)
 Section 32: All

Township 24 North, Range 7 West

Section 12: NE/4, S/2
 Section 13: All
 Section 14: All
 Section 15: All
 Section 21: NE/4, S/2
 Section 22: All
 Section 23: All
 Section 24: All
 Section 25: All
 Section 26: All
 Section 27: All
 Section 32: W/2 NW/4, NE/4, S/2
 Section 34: E/2 NW/4, NE/4, S/2
 Section 35: All
 Section 36: All

Township 23 North, Range 7 West

Section 2: Lots 1-4, S/2 N/2, S/2 (All)
 Section 3: Lots 1-12, S/2 N/2 (All)
 Section 4: Lots 5-20 (All)
 Section 5: Lots 5-9, SW/4 NE/4, S/2 NW/4, S/2 (All)
 Section 8: NE/4
 Section 9: Lots 1-4, SE/4, W/2 (All)
 Section 10: Lots 1-10, SE/4 NE/4, NE/4 SE/4, S/2 S/2 (All)
 Section 15: NW/4
 Section 16: All

The proposed unitized interval shall be limited depth from the stratigraphic equivalent of the top of the Mancos Formation, at a depth of 4,478 feet, down to the stratigraphic equivalent of the base of the Gallup Sandstone, at a depth of 5,660 feet as encountered in the Epic Energy LLC's Marcus A

014 well (API No. 30-039-24170) located in irregular Section 31, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico. The proposed Bobby B Unit Agreement applies to new horizontal and multi-lateral wells only, and all existing wells within the Unit Area producing from the Mancos-Gallup formation are excluded from the terms of the Unit Agreement. The subject acreage is located approximately 6 miles northwest of Counselor, New Mexico.

section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this agreement, and in case of any inconsistency or conflict between this agreement and the unit operating agreement, this agreement shall govern. Three (3) copies of the unit operating agreement executed pursuant to this section shall be filed in the proper BLM office and one (1) true copy with FIMO and one (1) true copy with the Land Commissioner prior to approval of this unit agreement.

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

9. DRILLING TO DISCOVERY. Within six (6) months after the effective date hereof, the Unit Operator shall commence to drill an adequate test well at a location approved by the AO if on Federal, or FIMO for Indian trust lands, or by the Division if on Fee, or by Land Commission if on State lands, unless on such effective date a well is being drilled in conformity with the terms hereof, and thereafter continue such drilling diligently until the Mancos formation has been tested with at least a 5,000 foot horizontal well which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, completing, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the AO, FIMO, and Land Commissioner that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a horizontal length in excess of 5,000 feet. Until the discovery of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling one or more wells at a time, allowing not more than six (6) months between the completion of one well and the commencement of drilling operations for the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the AO, if on Federal or FIMO for Indian lands, or the Land Commissioner if on State lands or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5, hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section.

The AO, FIMO and the Land Commissioner may modify any of the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted.

Until the establishment of a participating area, the failure to commence a well subsequent to the drilling of the initial obligation well, or in the case of multiple well requirements, if specified, subsequent to the drilling of those multiple wells, as provided for in this (these) section(s), within the time allowed including any extension of time granted by the AO, FIMO and Land Commissioner, shall cause this agreement to terminate automatically. Upon failure to continue drilling diligently any well other than the obligation well(s) commenced hereunder, the AO, FIMO and Land Commissioner may, after fifteen (15) days' notice to the Unit Operator,

committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

19. COVENANTS RUN WITH THE 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 by the grantee, transferee, or other successor in interest. No assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the AO, FIMO and Land Commissioner and shall automatically terminate five (5) years from said effective date unless:

- (a) Upon application by the Unit operator such date of expiration is extended by the AO, FIMO and Land Commissioner,

or

- (b) It is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder, and after notice of intention to terminate this agreement on such ground is given by the Unit Operator to all parties in interest at their last known address, this agreement is terminated with approval of the AO, FIMO, and Land Commissioner, or

- (c) A valuable discovery of unitized substances in paying quantities has been made or accepted on unitized land during said initial term or any extension thereof, in which event this agreement shall remain in effect for such term and so long thereafter as unitized substances can be produced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder. Should production cease and diligent drilling or reworking operations to restore production or new production are not in progress within sixty (60) days and production is not restored or should new production not be obtained in paying quantities on committed lands within this unit area, this agreement will automatically terminate effective the last day of the month in which the last unitized production occurred, or

- (d) It is voluntarily terminated as provided in this agreement. Except as noted herein, this agreement may be terminated at any time prior to the discovery of unitized substances which can be produced in paying quantities by not less than seventy five (75) per centum, on an acreage basis, of the working interest owners' signatory hereto, with the approval of the AO, FIMO, and Land Commissioner. The Unit Operator shall give notice of any such approval to all parties hereto.

Voluntary termination may not occur during the first six (6) months of this agreement unless at least one obligation well shall have been drilled in conformance with Section 9.

If the public interest requirement is not satisfied, the approval of this unit by the AO, FIMO, and Land Commissioner shall be invalid.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The AO, FIMO and Land Commissioner are hereby vested with authority to alter or modify from time to time, in his discretion,

the quantity and rate of production under this agreement when such quantity and rate are not fixed pursuant to Federal, Indian, or State law, or do not conform to any Statewide voluntary conservation or allocation program which is established, recognized, and generally adhered to by the majority of operators in such State. The above authority is hereby limited to alteration or modifications which are in the public interest. The public interest to be served and the purpose thereof, must be stated in the order of alteration or modification. Without regard to the foregoing, the AO, FIMO, or Land Commissioner are also hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal, Indian, or State law; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico, as to the rate of prospecting and developing in the absence of the specific written approval thereof by the Commissioner and also to any lands of the State of New Mexico..

Powers in this section vested in the AO, FIMO, and Land Commissioner shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from notice.

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

23. NOTICES. All notices, demands, or statements required hereunder to be given or rendered to the parties hereto shall be in writing and shall be personally delivered to the party or parties, or sent by postpaid registered or certified mail, to the last-known address of the party or parties.

24. NO WAIVER OF CERTAIN RIGHTS. Nothing contained in this agreement 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 where the unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

25. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling, or to operate on, or produce unitized substances from any of the lands covered by this agreement, shall be suspended while the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, Indian, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials or equipment in the open market, or other matters beyond the reasonable control of the Unit Operator, whether similar to matters herein enumerated or not.

26. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal lands or leases, Indian lands or leases, or State lands or leases, no payments of funds due the United States, Indians, or to the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the AO, FIMO, and Land Commissioner to be held

as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

27. NONJOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw the tract from this agreement by written notice delivered to the proper Bureau of Land Management office, FIMO and to the Land Commissioner and the Unit Operator prior to the approval of this agreement by the AO, FIMO, and Land Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approval(s), if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a nonworking interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such nonworking interest. A non-working interest may not be committed to this unit agreement unless the corresponding working interest is committed hereto. Joinder to the unit agreement by a working interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, in order for the interest to be regarded as committed to this agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the date of the filing with the AO, FIMO, and Land Commissioner of duly executed counterparts of all or any papers necessary to establish effective commitment of any interest and/or tract to this agreement.

28. 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.

29. INDIAN EMPLOYMENT. (a) the Unit Operator shall comply with the terms and conditions of the Indian leases while engaged in operations hereunder with respect to the employment of available, qualified Indian labor. Unit Operator shall employ Indian labor in all positions for which they are qualified, including oil field service contracts, and shall protect the Indian grazing rights and other Indian rights to the surface of the lands.

(b) The Unit Operator shall include the provisions of (a) in every subcontract or purchase order so that such provisions will be binding upon each subcontractor or vendor.

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

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

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER & EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	COMMITTED ACRES	UNCOMMITTED ACRES	UNIT % OF TRACT PARTICIPATION			
14C	<u>T24N-R6W-N.M.P.M.</u> Sec. 29: SW/4, W/2SE/4 <u>T24N-R7W-N.M.P.M.</u> Sec. 26: SE/4, NE/4SW/4	440.00	NMSF-078532 NMNM105445118 Effective Date 4/1/1948 HBP	U.S.A. - All (12.5% royalty)	Enduring Resources IV, LLC Jules Constantin Estate Sally F. Constantin Estate Jane D. Knox Estate Peggy D. Dwelle, Estate David Donosky, Estate TOTAL	50.0000%	Wayne and Jo Ann Moore	1.0000%	Enduring Resources IV, LLC	50.0000%	440.00	0.0000%	
						12.5000%	Charitable Foundation		Jules Constantin Estate	12.5000%			
						12.5000%	Gregory Harkins	0.2500%	Sally F. Constantin Estate	12.5000%			
						8.3350%	Debra Lee Dupray	0.2500%	Jane D. Knox Estate	8.3334%			
						8.3350%	Kathy Campbell	0.5000%	Peggy D. Dwelle Estate	8.3333%			
						8.3300%			David Donosky Estate	8.3333%			
							TOTAL	2.0000%					
							100.0000%			TOTAL			100.0000%
15A	<u>T24N-R7W-N.M.P.M.</u> Sec. 25: W/2NW/4, W/2NE/4	160.00	NMSF-0078534 NMNM105471171 Effective Date 7/1/1948 HBP	U.S.A. - All (12.5% royalty)	Bannon Energy Program 88A Bannon Energy Program 88B TOTAL	65.0000%	Wayne and Jo Ann Moore	1.0000%	Enduring Resources IV, LLC	94.0000%	160.00	1.0180%	
						35.0000%	Charitable Foundation		Manana Gas, Inc.	6.0000%			
						100.0000%	Jeffrey Raymond Stephens	0.5000%		100.0000%			
							Gregory D. Harkins	0.2500%	TOTAL				
							Debra Lee Dupray	0.2500%					
							KRP Legacy NBR, LLC	0.1834%					
							GARG Oil, a Texas joint venture	0.0803%					
							Kimbell Art Foundation	0.0230%					
							Rivercrest Capital Partners II LP	0.2294%					
							Rivercrest Capital Partners LP	0.0116%					
							Patsy Lou Pettigrew, Trustee of the Pettigrew Family Trust	0.0802%					
							Big Sandy Land and Timber LLC	0.0802%					
							Gulf Coast Water Company	0.1610%					
							W.D. McBee Enterprises, Ltd.	0.0536%					
							Ann McBee Buell	0.0536%					
							McBee Operating Company, LLC	0.0536%					
							Frances Oppe Kervin	0.0268%					
							William C. Eiland	0.0134%					
							KLFR Holdings GP, LLC	0.0066%					
							Ivy Creek Investments Ltd	0.0068%					
							Mary Ann Kervin	0.0268%					
							Michael Wells Trust	0.0089%					
							Kathryn Wells Lambis Trust	0.0089%					
							William B. Wells III Trust	0.0089%					
							Mary Elizabeth Maher	0.0268%					
							Margaret Irene Harrison	0.0268%					
							Lucille Constantin Webber	0.0402%					
							Ann Guthrie Patrick	0.0402%					
							Jennifer Constantin	0.0201%					
							Trust fbo Alice Constantin Cummins, Alice Ruth Cummins, Trustee	0.0402%					
							Epic Energy, LLC	0.0201%					
							Kay Rogers Gribble	0.3750%					
							OXY USA, Inc.	4.7188%					
								TOTAL	8.4252%				

Exhibit E

Selected Rocky Mountain Unit Operating Agreement Pages

Execution and ratification, incorporated exhibits, 400% recovery under Section 12.5, 500% recovery under Section 13.7, liens, security interests, default remedies, attorneys' fees, successors, and COPAS accounting procedure.

UNIT OPERATING AGREEMENT
NMNM 106716738
BOBBY B UNIT AREA

THIS AGREEMENT (this “**Agreement**”) dated as of the _____ day of _____, 2026 by and among the parties that execute or ratify this Agreement or a counterpart hereof,

WITNESSETH:

WHEREAS, the Parties have entered into that certain Unit Agreement for the Development and Operation of the Bobby B Unit Area, County of Rio Arriba, State of New Mexico (the “**Unit Agreement**”), dated as of the _____ day of _____, 2026 establishing the **Bobby B Unit** (the “**Unit**”) and covering the lands shown on the plat attached hereto as **Exhibit 1** and described on **Exhibit 2** hereto attached (the “**Unit Area**”); and

WHEREAS, the Parties enter into this Agreement pursuant to Section 7 of the Unit Agreement,

NOW, THEREFORE, in consideration of the covenants herein contained, it is agreed as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. The definitions contained or used in the Unit Agreement are adopted for all purposes of this Agreement. In addition, whenever used in this Agreement the terms “**Agreement**,” “**Unit**,” “**Unit Agreement**,” and “**Unit Area**” shall have the meanings set forth above and the following terms shall have the following meanings:

“**Acres Basis**,” when used to describe the basis of participation by the Parties within the Unit Area, a participating area, or other area designated pursuant to this Agreement in voting, consenting to operations, or sharing in Costs, or Production, means participation by each Party in the proportion that the acreage of its Committed Working Interests in the area bears to the total acreage of the Committed Working Interests of all Parties therein. For the purposes of this definition: (a) the acreage of the Committed Working Interest in a tract within the Unit Area shall be the acreage of the tract as set forth in Exhibit B to the Unit Agreement, (b) if there are two or more undivided Committed Working Interests in a tract, there shall be apportioned to each Committed Working Interest that portion of the acreage of the tract that the Committed Working Interest bears to the entire Committed Working Interest in the tract, and (c) when ownership is divided as to formation, strata, or horizon, any vote as to a particular formation, strata or horizon shall be determined by ownership within that particular formation, strata, or horizon.

The term “**AFE**” shall mean an Authority for Expenditure prepared by a Party for the purpose of estimating the costs to be incurred in conducting an operation hereunder. An AFE for a Horizontal or Multi-lateral Well shall clearly stipulate that the well being proposed is a Horizontal or Multi-lateral Well and shall include all Completion operations for the proposed Horizontal or Multi-lateral Well.

“**Approval of the Parties**” or “**Direction of the Parties**” means an approval, authorization, or direction which receives the affirmative vote of the Parties entitled to vote on the giving of the Approval or Direction specified in Section 14.2.

“**Authorized Officer**” means the person responsible for the administration of the applicable Federal Regulations.

“**Commingled Completion**” means a Completion of a well in such a manner that unitized substances from two or more separate sources are produced from the well without segregation.

“**Committed Working Interest**” means a working interest in a tract of land which is shown on Exhibit B to the Unit Agreement as owned by a Party and which is committed to the Unit Agreement.

The term “**Completion**” or “**Complete**” shall mean a single operation intended to complete a Horizontal or Multi-lateral Well as a producer of Unitized Substances, including, but not limited to, the setting of production casing, perforating, well stimulation and production testing conducted in such operation.

ARTICLE 2
EXHIBITS

2.1 Exhibits. The following Exhibits are incorporated herein by reference:

<u>X</u>	Exhibit 1.	Plat of Unit
<u>X</u>	Exhibit 2.	Description of Unit Area
<u>X</u>	Exhibit 3.	Accounting Procedure.
<u>X</u>	Exhibit 4.	Insurance.
<u>X</u>	Exhibit 5.	Gas Balancing Agreement.
<u>X</u>	Exhibit 6.	Non-Discrimination
<u>X</u>	Exhibit 7	Geological Requirements
<u>X</u>	Exhibit 8	Recording Supplement.
<u> </u>	Other Exhibits:	None.

In the event of a conflict or inconsistency between the provisions of an Exhibit and the provisions of this Agreement, the provisions of this Agreement shall control, except with respect to Exhibit 5, the provisions of which shall control over the provisions of this Agreement.

ARTICLE 3
INITIAL TEST WELL

3.1 Location. Unit Operator shall begin to Drill the Initial Test Well within the time required by Section 9 of the Unit Agreement, or any extension thereof, at a location approved by the Authorized Officer if on a Federal Lease, or by the New Mexico Oil Conservation Division of the Energy and Minerals Department, if on a State or Fee Lease.

3.2 Costs of Drilling. Subject to the investment adjustment provisions of Article 13, the Costs of Drilling the Initial Test Well shall be shared by the Parties in the manner and in the proportions specified in Exhibit 2.

ARTICLE 4
SUBSEQUENT TEST WELLS

4.1 Right to Drill. The Drilling of any Subsequent Test Well shall be upon such terms and conditions as may be agreed to by the Parties; provided, however, that in the absence of agreement, the well may be Drilled under the provisions of Article 9.

ARTICLE 5
ESTABLISHMENT, REVISION, AND CONSOLIDATION
OF PARTICIPATING AREAS

5.1 Proposal. Unit Operator shall initiate each proposal for the establishment or revision of a participating area by submitting the proposal in writing to each Party at least 20 days before filing the same with the Authorized Officer. The date of proposed filing must be shown in the proposal. If, within the 20-day period above provided, the proposal receives the Approval of the Parties within the proposed participating area or no written objections are received, then the proposal shall be filed on the date specified.

5.2 Objections to Proposal. Prior to the proposed filing date any Party may submit to all other Parties written objections to the proposal. If, despite objections, the proposal receives the Approval of the Parties within the proposed participating area, then the Party making the objections may renew the same before the Authorized Officer.

1 well that is allocated from time to time to all the acreage of such Non-Drilling Party in the participating area
2 involved, and (c) that portion of the Value of the well under Article 13 that would otherwise be allocated
3 and charged to such Non-Drilling Party on an Acreage Basis based on all the acreage of such Non-Drilling
4 Party in the affected Resulting Area (as defined in Subdivision B of Section 13.1). If the Drilling Party
5 includes two or more Parties, the burdens imposed upon and the benefits accruing to the Drilling Party shall
6 be shared by such Parties on an Acreage Basis among themselves.

7
8 **12.5 Reversion of Relinquished Interest.** If, as a result of any Drilling, Deepening,
9 Sidetracking, Plugging Back, or Completion operation conducted otherwise than for the account of all
10 Parties entitled to participate therein, a well (i) is completed as a producer of unitized substances; (ii) is a
11 Development Well or results in the establishment or enlargement of a participating area to include the well;
12 and (iii) there is included in the participating area any land within the Drilling Block for the well in which a
13 Non-Drilling Party owns a Committed Working Interest, then the operating rights and working interest
14 relinquished by such Non-Drilling Party shall revert to it at such time as the proceeds if sold, or the market
15 value if not sold but used off the premises, of that portion of the Production obtained from the well after the
16 relinquishment which is allocated to all the acreage of such Non-Drilling Party in the participating area in
17 which the well is completed (after deducting from the proceeds or market value all Lease Burdens and all
18 taxes upon or measured by Production) shall equal the total of the following:

19
20 A. 100% of that portion of the Costs incurred in Equipping the well and in operating
21 the well during the period of time that would have been charged to such Non-Drilling Party
22 had the well been Drilled, Deepened, Sidetracked, Plugged Back, or Completed and Equipped
23 for the account of all Parties entitled to participate therein.

24
25 B. 400 % of that portion of the Costs incurred in Drilling, Deepening, Sidetracking,
26 Plugging Back, or Completing the well that would have been charged to such Non-Drilling
27 Party had the well been Drilled, Deepened, Sidetracked, Plugged Back, or Completed and
28 Equipped for the account of all Parties entitled to participate therein.

29
30 The Drilling Party shall be deemed to have recouped the Costs out of the proceeds or market value of that
31 portion of Production in the following order: first, the Costs allocated under Subdivision A of this
32 Section 12.5; second, the percentage of Costs in excess of 100% of the Costs allocated under Subdivision B
33 of this Section 12.5; and third, the first 100% of the Costs allocated under Subdivision B of this
34 Section 12.5. If, however, the operation conducted is a Deepening, Sidetracking, or Plugging Back
35 operation, then (1) any payment made to such Non-Drilling Party as its share of the Salvage Value of the
36 well in accordance with Section 12.3 shall be added to and deemed part of the Costs incurred under
37 Subdivision A of this Section 12.5, and (2) if such Non-Drilling Party did not participate in the initial
38 Drilling of the well, but the Drilling Party did participate therein, and if the interest relinquished by such
39 Non-Drilling Party upon the initial Drilling of the well has not reverted to it before the Deepening,
40 Sidetracking, or Plugging Back is commenced, then as to Costs under Subdivision B of this Section 12.5,
41 (i) where a Plugging Back is conducted, there shall be added to and deemed part of the Costs incurred in the
42 Plugging Back the then unrecovered portion of the Costs incurred in the initial Drilling of the well down to
43 the pool or zone in which the well is completed as a producer of unitized substances as a result of the
44 Plugging Back; (ii) where Sidetracking is conducted, there shall be added to and deemed part of the Costs
45 incurred in the Sidetracking the then unrecovered portion of the Costs incurred in the initial Drilling of the
46 well down to the point of intentional deviation from vertical; and (iii) where Deepening is conducted, there
47 shall be added to and deemed part of the Costs incurred in the Deepening the then unrecovered portion of
48 the Costs incurred in Drilling the well prior to commencement of the Deepening.

49
50 **12.6 Effect of Reversion.** From and after reversion to a Non-Drilling Party of its
51 relinquished interest in a well, such Non-Drilling Party shall share, on an Acreage Basis, in the ownership of
52 the well, the operating rights and working interests therein, the materials and equipment in or pertaining to
53 the well, the Production therefrom, and the Costs of operating the well.

54
55 **12.7 Accounting Due Non-Drilling Party.** Upon relinquishment of the interest of a
56 Non-Drilling Party in a well and Production therefrom, Unit Operator shall furnish each Non-Drilling Party,
57 upon its request, all information referred to in Subdivision G of Section 16.1 and, in addition, the following:

58
59 A. An itemized statement of the Costs of the operation in which the Non-Drilling
60 Party did not participate; and

61
62 B. Until reversion occurs, a quarterly itemized statement of the Costs incurred in
63 operating the well, the quantity of Production obtained therefrom, the proceeds received from
64 the sale of such Production, or the market value thereof if not sold but used off the premises,
65 and any Lease Burdens and all ad valorem and severance taxes paid with respect thereto.

1 **13.7 Election to be Carried on an Adjustment Charge.** In the event a Party is
2 required to make payment to the Unit Operator under Subdivision D of Section 13.3 or Subdivision D of
3 Section 13.4, such Party may elect to be a non-paying Party in lieu of making the payment and shall thereby
4 be deemed to have relinquished all its operating rights and working interests in the Resulting Area and the
5 Production allocated to all the acreage of the non-paying Party in the Resulting Area to the Party or Parties
6 to whom the payment should be made. The relinquishment shall include all of non-paying Party's Voting
7 Rights on any matter concerning the Resulting Area. The election must be made in writing within 30 days
8 after the Unit Operator furnishes the Party having the election a written summary of the charges and credits
9 attributable to its interest pursuant to this Article 13. The relinquished interest shall revert to the non-paying
10 Party at such time as the proceeds of the Production, if sold, or the market value if not sold but used off the
11 premises, attributable thereto (after deducting therefrom all Lease Burdens and all taxes upon or measured
12 by such Production, all operating costs incurred in operating the wells in the Resulting Area existing at the
13 time of relinquishment and all costs of transporting such Production) equals 500 % of the otherwise
14 required payment.

15
16
17 **ARTICLE 14**
18 **SUPERVISION OF OPERATIONS BY PARTIES**
19

20 **14.1 Right of Supervision.** Each operation conducted by Unit Operator under this
21 Agreement or the Unit Agreement shall be subject to supervision and control by the Parties that are
22 chargeable with the Costs thereof in accordance with the succeeding provisions of this Article 14.
23

24 **14.2 Voting Control.** In the supervision of an operation conducted by Unit Operator,
25 the Parties chargeable with the Costs of the operation shall have the right to vote in proportion to their
26 respective obligations for such Costs. The Parties having the right to vote on any other matter shall vote
27 thereon on an Acreage Basis. Except as provided for in the Unit Agreement and except as otherwise
28 specified in this Agreement the affirmative vote of Parties having 65 % or more of the voting power on
29 any matter that is proper for action by them shall be binding upon all Parties entitled to vote thereon;
30 provided, however, if one Party voting in the affirmative has 65 % or more but less than 75 % of the
31 voting power, the affirmative vote of such Party shall not be binding upon the Parties entitled to vote
32 thereon unless its vote is supported by the affirmative vote of at least one additional Party; and provided
33 further, that if one Party voting in the negative or failing to vote has more than 35 % but less than 50% of
34 the voting power, the affirmative vote of the Parties having a majority of the voting power shall be binding
35 upon all Parties entitled to vote unless there is a negative vote of at least one additional Party. In the event
36 only two Parties are entitled to vote, the vote of the one with the greater interest shall prevail. If only one
37 Party is entitled to vote, such Party's vote shall control. A Party failing to vote shall not be deemed to have
38 voted either in the affirmative or in the negative. Any Approval or Direction provided for in this Agreement
39 which receives the affirmative vote above specified shall be deemed given by and shall be binding upon all
40 Parties entitled to vote thereon, except where the vote of a larger percentage is specifically required.
41

42 **14.3 Meetings.** Any matter that is proper for consideration by the Parties, or any of
43 them, may be considered at a meeting held for that purpose. A meeting may be called by Unit Operator at
44 any time, and a meeting shall be called by Unit Operator upon written request of any Party having voting
45 power on any matter to be considered at the meeting. At least 10 days in advance of each meeting, Unit
46 Operator shall give each Party entitled to vote at such meeting notice of the time, place, and purpose of the
47 meeting. Unit Operator's representative shall be the Chairman of the meeting. Any Party that is not
48 represented at a meeting may vote on any agenda item by notice delivered to Unit Operator prior to the vote
49 at the meeting.
50

51 **14.4 Action Without Meeting.** In lieu of calling a meeting, Unit Operator may submit
52 any matter that is proper for consideration by the Parties, or any of them, by giving to each Party notice,
53 describing in adequate detail the matter so submitted. Each Party entitled to vote on any matter so submitted
54 shall communicate its vote thereon to Unit Operator within the period as may be designated in the notice
55 given by Unit Operator (which period shall be not less than 10 nor more than 30 days); provided, however,
56 if, within 10 days after submission of the matter, request is made for a meeting in accordance with
57 Section 14.3, the matter shall be considered only at a meeting called for that purpose. If a meeting is not
58 required, then, at the expiration of the period designated in the notice given by it, Unit Operator shall give to
59 each Party entitled to vote thereon notice, stating the tabulation and result of the vote.
60

61 **14.5 Representatives.** Promptly after execution of this Agreement, each Party, by
62 notice to all other Parties, shall designate a representative authorized to vote for such Party and may
63 designate an alternate authorized to vote for such Party in the absence of its representative. Any designation
64 of a representative or alternate representative may be revoked at any time by notice given to all other
65 Parties, provided the notice designates a new representative or alternate representative, as the case may be.
66

1 trust, or association between the Parties or as rendering them liable as partners, co-venturers, or principals.
2 In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries or to
3 have established a confidential relationship, but rather shall be free to act on an arm's-length basis in
4 accordance with their own respective self-interest, subject, however, to the obligation of the Parties to act in
5 good faith in their dealings with each other with respect to activities hereunder.

6
7 **28.3 Liens and Security Interests.** Each Party grants to the other Parties hereto a lien
8 on and security interest in any interest it now owns or hereafter acquires in oil and gas rights in any tract
9 within the Unit Area and any interest it now owns or hereafter acquires in the personal property and fixtures
10 on or used or obtained for use in connection therewith, to secure performance of all of its obligations and
11 duties under this Agreement, including without limitation, payment of Costs, interest and fees, the proper
12 disbursement of all monies paid hereunder, the assignment or relinquishment of interests as required
13 hereunder, and the proper performance of operations hereunder. The lien and security interest shall include
14 each Party's Committed Working Interest together with all leasehold, working, operating rights, mineral,
15 royalty, overriding royalty, and other interests in the Unit Area now owned or hereafter acquired, the
16 Production therefrom and equipment situated thereon or used or obtained for use in connection therewith,
17 and all accounts (including, without limitation, accounts arising from gas imbalances or from the sale of
18 Production at the wellhead), contract rights, inventory and general intangibles relating thereto or arising
19 therefrom, and all proceeds and products thereof.

20
21 **A. Recording Supplement.** To perfect the lien and security interest provided herein,
22 each Party agrees to execute and acknowledge a recording supplement in the form attached
23 hereto as Exhibit 8 and any financing statement prepared and submitted by any Party hereto in
24 conjunction therewith, and Unit Operator is authorized to file this Agreement or the recording
25 supplement executed herewith as a lien or mortgage in the applicable real estate records and as
26 a financing statement with the proper officer under the Uniform Commercial Code in the state
27 in which the Unit Area is situated and such other states as Unit Operator shall deem
28 appropriate to perfect the security interest granted hereunder. Any Party may file this
29 Agreement, the recording supplement executed herewith, or such other documents as it deems
30 necessary as a lien or mortgage in the applicable real estate records and a financing statement
31 with the proper officer under the Uniform Commercial Code.

32
33 **B. Priority of Lien and Security Interest.** Each Party represents and warrants to the
34 other Parties that the lien and security interest granted by such Party to the other Parties shall
35 be a first and prior lien and security interest, and each Party hereby agrees to maintain the
36 priority of the lien and security interest against all persons acquiring an interest in oil and gas
37 interests covered by this Agreement by, through, or under such Party. All parties acquiring an
38 interest in oil and gas interests covered by this Agreement, whether by assignment, merger,
39 mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and
40 security interest granted herein as to all obligations and duties attributable to the interest
41 hereunder whether or not the obligations arise before or after the interest is acquired.

42
43 **C. Remedies.** To the extent that the Parties have a security interest under the Uniform
44 Commercial Code of the state in which the Unit Area is situated, they shall be entitled to
45 exercise the rights and remedies of a secured party under such code. The bringing of a suit and
46 the obtaining of judgment by a Party for any sum due hereunder shall not be deemed an
47 election of remedies or otherwise affect the lien rights or security interest as security for the
48 payment thereof.

49
50 **D. Notification to Purchasers of Production.** In addition, upon default by any Party
51 in the payment of its share of expenses, interests, or fees, or upon the improper use of funds by
52 Unit Operator, the other Parties shall have the right, without prejudice to other rights or
53 remedies, to collect from the purchaser the proceeds from the sale of such defaulting Party's
54 share of Production until the amount owed by such Party, plus interest as provided in Exhibit 3
55 has been received, and shall have the right to offset the amount owed against the proceeds
56 from the sale of such defaulting Party's share of Production. All purchasers of Production may
57 rely on a notification of default from the nondefaulting Party or Parties stating the amount due
58 as a result of the default, and all Parties waive any recourse available against purchasers for
59 releasing production proceeds as provided in this paragraph.

60
61 **E. Make-Up of Defaulting Party's Share.** If any Party fails to pay its share of Costs
62 within 120 days after rendition of a statement therefor by Unit Operator, the failure shall be
63 deemed to be a default by such Party and the nondefaulting Parties, including Unit Operator,
64 shall, upon request by Unit Operator, pay the unpaid amount in the proportion that the interest
65 of each such Party bears to the interest of all such Parties. The amount paid by each Party so
66 paying its share of the unpaid amount shall be secured by the liens and security interest

described in this Section 28.3, and each paying Party may independently pursue any remedy available hereunder or otherwise.

F. Waiver of Rights. If any Party does not perform all of its obligations hereunder, and the failure to perform subjects such Party to foreclosure or execution proceedings pursuant to the provisions of this Agreement, to the extent not prohibited by applicable law, the defaulting Party waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the property prior to sale, any available right to stay execution or to require a marshalling of assets, and any required bond in the event a receiver is appointed. In addition, to the extent not prohibited by applicable law, each Party hereby grants to the other Parties a power of sale as to any property that is subject to the lien and security interest granted hereunder, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

G. Statutory Liens. Each Party agrees that the other Parties shall be entitled to utilize the provisions of oil and gas lien law or other lien law of any state in which the Unit Area is situated to enforce the obligations of each Party hereunder. Without limiting the generality of the foregoing, to the extent not prohibited by applicable law, the Parties agree that Unit Operator may invoke or utilize the mechanics' or materialmen's lien law of the state in which the Unit Area is situated in order to secure the payment to Unit Operator of any sum due hereunder for services performed or materials supplied by Unit Operator.

28.4 Defaults and Remedies. If any Party fails to discharge any financial obligation under this Agreement within the period required for a payment hereunder, then in addition to the remedies provided elsewhere in this Agreement, the remedies specified in this Section 28.4 shall be available. For purposes of this Section 28.4, all notices and elections shall be delivered only by Unit Operator, except that Unit Operator shall deliver any notice and election requested by a nondefaulting Party, and when Unit Operator is the Party in default, the applicable notices and elections may be delivered by a Party that is not the Unit Operator. Election of any one or more of the following remedies shall not preclude the subsequent use of any other remedy specified below or otherwise available to a nondefaulting Party.

A. Suspension of Rights. Any Party may deliver to the Party in default a notice of default, which shall specify the default, specify the action to be taken to cure the default, and specify that failure to take the action will result in the exercise of one or more of the remedies provided in this Article. If the default is not cured within 30 days of the delivery of the notice of default, all of the rights of the defaulting Party granted by this Agreement may upon notice be suspended until the default is cured, without prejudice to the right of the nondefaulting Party or Parties to continue to enforce the obligations of the defaulting Party previously accrued or thereafter accruing under this Agreement. If Unit Operator is the Party in default, Unit Operator shall be subject to removal pursuant to the provisions of the Unit Agreement. The rights of a defaulting Party that may be suspended hereunder at the election of the nondefaulting Parties shall include without limitation the right to receive information as to any operation conducted hereunder during the period of default, the right to elect to participate in any operation proposed under this Agreement, the right to participate in any operation being conducted under this Agreement even if the Party has previously elected to participate in the operation, the right to receive proceeds of production from any well subject to this Agreement, and any voting rights.

B. Suit for Damages. Nondefaulting Parties or Unit Operator for the benefit of nondefaulting Parties may sue (at joint account expense) to collect the amounts in default, plus interest accruing on the amounts recovered from the date of default until the date of collection at the rate specified in Exhibit 3. Nothing herein shall prevent any Party from suing any defaulting Party to collect consequential damages accruing to such Party as a result of the default.

C. Deemed Non-Consent. Upon approval of the nondefaulting Parties, Unit Operator shall deliver a written notice of non-consent election to the defaulting Party at any time after the expiration of the 30-day cure period following delivery of the notice of default, in which event if the billing is for the Drilling, Sidetracking, Plugging Back, or Deepening of a well that is to be or has been plugged as a dry hole, or for the Completion of any well, the defaulting Party will be conclusively deemed to have elected not to participate in the operation and to be a non-consenting Party with respect thereto under Article 12, and the defaulting Party shall be subject to Subdivision A and Subdivision B of Section 12.5 to the extent of the Costs unpaid by such Party, notwithstanding any election to participate theretofore made. If election is made to proceed under this provision, then the nondefaulting Parties shall not be entitled to sue for the unpaid amount pursuant to this Agreement. Until the delivery of the notice of non-consent

election to the defaulting Party, such Party shall have the right to cure its default by paying its unpaid share of costs plus interest at the rate set forth in Exhibit 3; provided, however, the payment shall not prejudice the rights of the nondefaulting Parties to pursue remedies for damages incurred by the nondefaulting Parties as a result of the default. Any interest relinquished pursuant to this Article 28.4 shall be credited to the nondefaulting Parties in proportion to their interests, and the nondefaulting Parties shall be required to contribute their shares of the defaulted amount.

D. Cumulative Rights. The rights, powers, and remedies conferred in this Section 28.4 and elsewhere in this Article 28 are cumulative, and not exclusive, of (1) any and all other rights, powers, and remedies conferred in this Agreement, (2) any and all rights, powers, and remedies existing at law or in equity, and (3) any and all other rights, powers, and remedies provided in any other agreement between the Parties.

E. Costs and Attorneys' Fees. In the event any Party brings legal proceedings to enforce any financial obligation of a Party hereunder, the prevailing Party shall be entitled to recover all court costs, costs of collection, and reasonable attorneys' fees, which the lien and security interest provided for herein shall also secure.

ARTICLE 29 MISCELLANEOUS

29.1 Notices. All notices authorized or required between the Parties by any of the provisions of this Agreement, unless otherwise specifically provided, shall be in writing and delivered in person or by United States mail, courier service, telegram, telex, telecopier, or any other form of facsimile, postage or charges prepaid, and addressed to the Parties at the addresses set forth under or opposite their signatures hereto. The originating notice given under any provision hereof shall be deemed delivered only when received by the Party to whom the notice is directed, and the time for such Party to deliver any notice in response thereto shall run from the date the originating notice is received. "Receipt" for purposes of this Agreement with respect to written notice delivered hereunder shall be actual delivery of the notice to the address of the Party to be notified in accordance with this Agreement, or to the telecopy, facsimile, or telex machine of such Party. The second or any responsive notice shall be deemed delivered when deposited in the United States mail or at the office of the courier or telegraph service, or upon transmittal by telex, telecopy, or facsimile, or when personally delivered to the Party to be notified. Each Party shall have the right to change its address at any time by giving written notice thereof to all other Parties. Whenever a rig is on location every notice and every response shall be given orally, whether by telephone or in person. All oral notices permitted by this Agreement shall be confirmed immediately thereafter by written notice. If a Party is not available to receive notice orally, the notice may be delivered in writing by any other method specified herein and shall be deemed delivered in the same manner provided above for any responsive notice.

29.2 Counterparts. This Agreement may be executed in counterparts, and all counterparts taken together shall be deemed to constitute one and the same instrument.

29.3 Ratification. This Agreement may be executed by the execution and delivery of a good and sufficient instrument of ratification, adopting and entering into this Agreement. A ratification shall have the same effect as if the Party executing it had executed this Agreement or a counterpart hereof.

29.4 Effect of Signature. When this Agreement is executed by two Parties, execution by each shall be deemed consideration for execution by the other, and each Party theretofore or thereafter executing this Agreement shall thereupon become and remain bound hereby until the termination of this Agreement. If, however, the Unit Agreement does not become effective within 12 months from and after the date of this Agreement, then, at the expiration of the period, this Agreement shall terminate.

29.5 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of all Parties signing the same, their heirs, devisees, personal representatives, successors, and assigns, and their successors in interest, whether or not it is signed by all the Parties listed below. The terms hereof shall constitute covenants running with the lands and the Committed Working Interests of the Parties.

29.6 Headings. The Table of Contents and the headings used in this Agreement are inserted for convenience only and shall be disregarded in construing this Agreement.

29.7 References. All references in this Agreement to Exhibits, Articles, Sections, Subsections, and Subdivisions refer to the Exhibits, Articles, Sections, Subsections, and Subdivisions of this Agreement unless expressly provided otherwise. The words "this Agreement," "herein," "hereof," "hereby,"

EXHIBIT 3
ACCOUNTING PROCEDURE

Attached to and made part of the Unit Operating Agreement for the Bobby B Unit Area, Rio Arriba, New Mexico

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. DEFINITIONS

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

"Field Office" means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

"First Level Supervision" means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- Responsibility for day-to-day direct oversight of rig operations
 - Responsibility for day-to-day direct oversight of construction operations
 - Coordination of job priorities and approval of work procedures
 - Responsibility for optimal resource utilization (equipment, Materials, personnel)
 - Responsibility for meeting production and field operating expense targets
 - Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
 - Responsibility for employment decisions and performance appraisals for field personnel
 - Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

"Joint Account" means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

"Joint Operations" means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.