

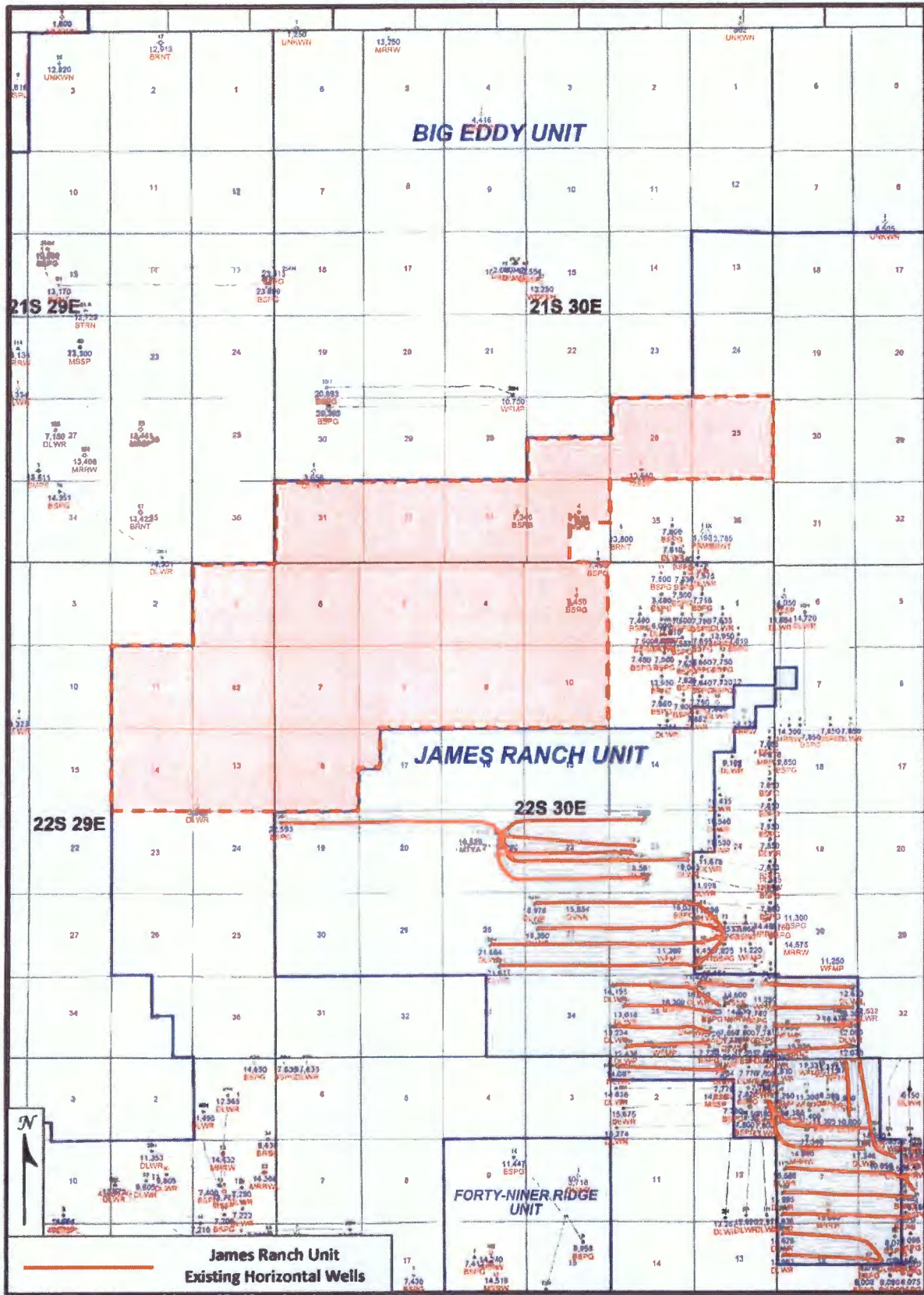


# James Ranch Unit

Case No. 15844

November 8, 2017

An **ExxonMobil** Subsidiary



**LOCATION MAP**  
**Proposed James Ranch Unit Expansion**  
**Eddy County, New Mexico**

Proposed James Ranch Unit Expansion Area  
 Existing James Ranch Unit

**Figure 1**

(Form Approved  
January 2, 1953)

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF  
THE JAMES RANCH UNIT AREA  
EDDY COUNTY, STATE OF NEW MEXICO

No. 14-08-001-558

RECEIVED  
MAY 20 1953  
U. S. GEOLOGICAL SURVEY  
BOSWELL, NEW MEXICO

THIS AGREEMENT, entered into as of the 22nd day of April  
1953, by and between the parties subscribing, ratifying, or consenting  
hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by  
the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq.,  
authorizes Federal lessees and their representatives to unite with each  
other, or jointly or separately with others, in collectively adopting  
and operating under a cooperative or unit plan of development or opera-  
tion of any oil or gas pool, field, or like area, or any part thereof,  
for the purpose of more properly conserving the natural resources thereof  
whenever determined and certified by the Secretary of the Interior to be  
necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico  
is authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent  
to or approve this agreement on behalf of the State of New Mexico, insofar  
as it covers and includes lands and mineral interests of the State of New  
Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico  
is authorized by law (Chap. 72, Laws of 1935, as amended by Chap. 193,  
Laws of 1937, Chap. 166, Laws of 1941, and Chap. 168, Laws of 1949) to  
approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the James  
Ranch Unit Area covering the land hereinafter described to give reasonably  
effective control of operations therein; and

CONSERVATION DIVISION  
RECEIVED  
MAY 25 1953  
GEOLOGICAL SURVEY

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 2  
Submitted by: XTO ENERGY INC.  
Hearing Date: November 8, 2017

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

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

2. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 22 S., R. 30 E.

Sec. 12: SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$   
 Sec. 13: All  
 Sec. 14: All  
 Sec. 15: All  
 Sec. 16: All  
 Sec. 17: S $\frac{1}{2}$ , NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$   
 Secs. 19-30 (incl): All  
 Sec. 33: E $\frac{1}{2}$   
 Sec. 34: All  
 Sec. 35: All  
 Sec. 36: All

T. 22 S., R. 31 E.

Sec. 7 - S $\frac{1}{2}$ , S $\frac{1}{2}$ N $\frac{1}{2}$   
 Sec. 8 - SW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$   
 Sec. 17 - S $\frac{1}{2}$ , NW $\frac{1}{4}$   
 Sec. 18 - All  
 Sec. 19 - All  
 Sec. 20 - All  
 Sec. 29 - W $\frac{1}{2}$ W $\frac{1}{2}$   
 Sec. 30 - All  
 Sec. 31 - All

T. 23 S., R. 30 E.

Sec. 1 - E $\frac{1}{2}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$   
 Sec. 2 - N $\frac{1}{2}$ N $\frac{1}{2}$

T. 23 S., R. 31 E.

Sec. 5 - W $\frac{1}{2}$ W $\frac{1}{2}$   
 Sec. 6 - All  
 Sec. 7 - All  
 Sec. 8 - W $\frac{1}{2}$   
 Sec. 17 - NW $\frac{1}{4}$   
 Sec. 18 - N $\frac{1}{2}$

Situated in Eddy County, New Mexico, containing 20,656.98 acres, more or less.

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

The above described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purpose of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

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

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

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator.

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

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

3. UNITIZED SUBSTANCES: All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR. Richardson & Bass, a co-partnership, Ft. Worth National Bank Bldg., Ft. Worth, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of 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 prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners, the Director, and Commissioner, and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and the Commission as to State and privately-owned lands, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period. Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time a participating area established hereunder is in existence, but until a successor Unit Operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of Unit Operator, and shall not later than 30 days before such resignation becomes effective appoint a common agent to represent them in any action to be taken hereunder.

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

effective date of its resignation.

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

The resignation or removal of Unit Operator under this agreement shall not terminate its right, title, or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all 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.

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



Operator, and (b) the selection shall have been approved by the Director and Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner at their election may declare this unit agreement terminated.

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

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and

distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within six months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, if such location is upon lands of the United States, and if upon State or privately owned lands, such location shall be approved by the Commission or Commissioner whichever is appropriate, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Devonian formation has been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 13,000 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Federal land, or the Commissioner

if on State land or the Commission if on privately owned land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formation 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 to continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this Section. The Director and the Commissioner may modify the drilling requirements of this Section by granting reasonable extensions of time, when, in their opinion, such action is warranted.

No well shall be drilled for oil and gas at a location which, in the opinion of the Supervisor, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

The drilling or the abandonment of any well within the unit area shall be done in accordance with applicable oil and gas operating regulations including such requirements as the Supervisor may prescribe as necessary to prevent the infiltration of oil, gas, or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits. Upon failure to comply with the drilling provisions of this Section, the Director and the Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee, and lessor at their last known addresses declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the unit operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission, an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the Commissioner, and the Commission, shall constitute the further drilling and operating obligations of the Unit Operator under

this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, the Commissioner and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of this approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing any unitized substances in paying quantities no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and Commission shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor or the Commissioner, the Unit Operator shall submit for approval by the Director, the Commissioner and the Commission a schedule, based on sub-divisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule on approval of the Director, the Commissioner and the Commission to constitute a participating area, effective as of the date of first production. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director, the Commissioner and the Commission. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying

quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date or revision of the participating area.

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

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

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any

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

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

Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land, the Commissioner as to State land, and the Commission as to privately owned land, at such party's sole risk,

cost and expense, drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

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

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

14. ROYALTY SETTLEMENT. The United States and the State of New Mexico and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, law and regulations. Settlement for royalty interests not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws, and regulations,



on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

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

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

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

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

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

16. RIGHTS OF WORKING INTEREST OWNERS IN UNITIZED SUBSTANCES. Notwithstanding any provision contained herein to the contrary, if any, 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.

Any working interest owner who takes its share of the unitized substances in kind shall pay or secure the payment of the royalty on its interest and furnish at its own expense all tankage and other equipment

necessary for taking said unitized substances in kind and shall also pay any other additional expenses of Unit Operator occasioned thereby. Likewise, any royalty owners who under existing contracts are entitled to take their share of the unitized substances in kind shall furnish at their own expense all equipment necessary in connection therewith, and shall reimburse Unit Operator for all expenses incurred on account thereof; provided, that as to Federal lands such expense, equipment and storage of royalty oil taken in kind shall be assumed and furnished pursuant to the provisions of the Federal leases involved.

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

18. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Federal land, or as approved by the Commissioner as to State land, or as determined by agreement between the unit operator and the royalty owner as to fee land.

19. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Commissioner, respectively, shall and by their approval hereof, or by the approval hereof by their duly authorized representatives do hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal and State leases committed hereto and the regulations in respect

thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

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

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

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

to this agreement, or some part of said lands are committed to a participating area prior to the expiration of the primary term of such lease, sublease, or contract. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or applicable law shall continue in full force and effect thereafter.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such land remains committed hereto, provided unitized substances are discovered in paying quantities within the unit area prior to the expiration date of the primary term of such lease. (Provided, however, if permitted by applicable law or any applicable valid regulation notwithstanding the foregoing such other Federal lease committed hereto shall continue in force beyond the term so provided therein so long as such land remains committed hereto, provided unitized substances are discovered in paying quantities within the unit area prior to the expiration date of such lease or any extension thereof).

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

(g) Any lease having only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the terms 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.

20. MAPS AND SURVEYS. Well records and survey plats that an oil and gas lessee or Unit Operator must file, pursuant to applicable operating regulations, shall be available for inspection at the office of the Supervisor as to all lands of the United States and at the office of the Commissioner and Commission as to State and privately owned lands, to any party holding a potash permit or lease on the land upon which the well is situated insofar as such records are pertinent to the mining and protection of potash deposits.

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

22. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Secretary or his duly authorized representative and shall terminate five years after such date unless (a) such date of expiration is extended by the Director and Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formation tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and Commissioner, ✓

or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, e.i., in this particular instance in quantities sufficient to pay for the cost of producing the same from wells on unitized land within any participating area established hereunder, and should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or (d) it is terminated as heretofore provided in this agreement.

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director; notice of any such approval to be given by the Unit Operator to all parties hereto.

23. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the quantity and rate of production under this agreement, when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; provided, however, 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 development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

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

24. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination, or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained.

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

26. NOTICES. All notices, demands or statements required hereunder



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 as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds shall be deposited as directed by the Supervisor, and with the Commissioner of Public Lands of the State of New Mexico, 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.

31. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, Commissioner and the Unit Operator prior to the approval of this agreement by the Director. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and if the interest is a working interest, by the owner of such interest also subscribing to the Unit Operating Agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the Unit Operating Agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Prior to final approval hereof, joinder by any owner of a non-working interest must be accompanied by appro-

to be given or rendered to the parties hereto shall be deemed fully given if given in writing and personally delivered to the party or sent by post-paid 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.

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

28. 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, but only so long as the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

29. FAIR EMPLOYMENT. The Unit Operator shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and an identical provision shall be incorporated in all sub-contracts.

30. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join this unit agreement, such tract shall be automatically regarded as not committed hereto and there

private joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor, the Commissioner and the Commission of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director, Commissioner or Commission.

32. 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.

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

Date 5-13-53

RICHARDSON & BASS, a Co-partnership  
By [Signature]  
Address 1241 St. Worth Natl Bank Bldg  
St. Worth 2, Texas

UNIT OPERATOR AND WORKING INTEREST OWNER

WORKING INTEREST OWNERS:

CONTINENTAL OIL COMPANY  
By [Signature]  
Attorney in Fact  
Address 1710 Fair Building  
Fort Worth, Texas

NOTED	
LEGAL	<u>[Signature]</u>
LAND	<u>[Signature]</u>
PROD.	<u>[Signature]</u>
GEOL.	
EXPLOR.	<u>[Signature]</u>

~~SECRET~~

~~Secretary~~

Date May 8, 1953

SECRETARY  
[Signature]  
Secretary  
Date 4-24-53

MALCO REFINERIES, INC  
By [Signature]  
VICE President  
Box 660, Roswell, New Mexico

**EXHIBIT "B"**  
**SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS**  
**JAMES RANCH UNIT AREA**  
**EDDY COUNTY, NEW MEXICO**  
**1ST EXPANSION**

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	OPERATING RIGHTS AND PERCENTAGE		
<b>FEDERAL LANDS</b>									
1	<u>T22S-R30E</u> Sec. 23: S/2 SW/4, NW/4 SW/4 Sec. 12: N/2 SE/4, SW/4 SE/4, S/2 SW/4	320	NM 0300  Effective 11-1-51  HBP	USA-All         <b>TOTAL</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>	Allie V. Tapp      <b>TOTAL</b>      <b>3.0000%</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>
2	<u>T23S-R31E</u> Sec. 5: SW/4 NW/4 W/2 SW/4 (S to 6k' condemn by WIPP)	120	NM 02883-A  Effective 4-1-52  HBP	USA-All         <b>TOTAL</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>	Robert Erle Payne  Shelly Wright Hickman Carol Wright Bailey   <b>TOTAL</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>
3	<u>T23S-R30E</u> Sec. 1: Lots 3 & 4	80.72	NM 02884-A  Effective 4-1-52  HBP	USA-All         <b>TOTAL</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC WD O&G NM, LLC <b>TOTAL</b>	16.66%  18.75% 18.75% 18.75% 18.75% 8.34% <b>100.00%</b>	Melinda Claire Witty Holy       <b>TOTAL</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC WD O&G NM, LLC <b>TOTAL</b>	16.66%  18.75% 18.75% 18.75% 18.75% 8.34% <b>100.00%</b>
3-A	<u>T23S-R30E</u> Sec. 1: Lots 1 & 2 S/2 NE/4, SE/4	320.24	NM 02884-B  Effective 4-1-52  HBP	USA-All         <b>TOTAL</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>	Melinda Claire Witty Holy      <b>TOTAL</b>	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>
4	<u>T23S-R31E</u> Sec. 6: Lots 1, 2, S/2 NE/4, NE/4 SE/4 Sec. 7: Lots 3, 4, E/2 SW/4 Sec. 18: Lots 1, 2, E/2 NW/4, NE/4	685.5	NM 02887-A  Effective 4-1-52  HBP	USA-All         <b>TOTAL</b>	BMT O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>	Melinda Claire Witty Holy      <b>TOTAL</b>	BMT O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC <b>TOTAL</b>	25.00%  18.75% 18.75% 18.75% 18.75% <b>100.00%</b>

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	OPERATING RIGHTS AND PERCENTAGE			
4-B	T23S-R31E Sec. 6: Lots 3, 4, 5, SE/4 NW/4 Sec. 7: Lots 1, 2, E/2 NW/4	323.67	NM 02887-D  Effective 4-1-52  HBP	USA-All	BMT O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	25.00%  18.75% 18.75% 18.75% 18.75% 100.00%	Melinda Claire Witty Holy  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	1.0000%  18.75% 18.75% 18.75% 18.75% 100.00%		
4-A	T23S-R31E Sec. 5: Lot 4 Sec. 7: W/2 E/2, SE/4 NE/4 E/2 SE/4	319.98	NM 02887-B  Effective 4-1-52  HBP	USA-All	BMT O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	25.00%  18.75% 18.75% 18.75% 18.75% 100.00%	Melinda Claire Witty Holy  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	1.0000%  18.75% 18.75% 18.75% 18.75% 100.00%		
5	T22S-R30E Sec. 15: N/2	320	NM 02951-A  Effective 5-1-52  HBP	USA-All	CTV O&G NM, LLC  LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	25.00%  18.75% 18.75% 18.75% 18.75% 100.00%	Ellen Legg Garza  Regan H Legg Emily Legg Chapman Lohn M. Legg Oscura Resources TOTAL	0.1300%  0.1300% 0.1300% 0.1300% 0.5000% 1.0200%		
6	T22S-R30E Sec. 27: SE/4 (ConocoPhillips Term Assignment)	160	NM 02952  Effective 5-1-52  HBP	USA-All	ConocoPhillips     TOTAL	100.00%     100.00%	Ellen Legg Jackson  Emily Legg Anderson John Michael Legg Regan H. Legg Jr. Oscura Resources SRBMT O&G NM, LLC Fine Line O&G NM, LLC RMB O&G NM, LLC 820MT O&G NM, LLC ConocoPhillips TOTAL	0.0625%  0.0625% 0.0625% 0.2500% 0.1250% 0.1250% 0.1250% 0.1250% 0.1250% 6.5000% 9.1250%		
6	T22S-R30E Sec. 33: E/2 Sec. 34: S/2	640	NM 02952  Effective 5-1-52  HBP	USA-All	ConocoPhillips     TOTAL	100.00%     318.75%	Ellen Legg Jackson  Emily Legg Anderson John Michael Legg Regan H. Legg Jr. Oscura Resources TOTAL	0.0625%  0.0825% 0.0625% 0.0625% 0.2500% 2.27%		
6-B	T22S-R30E	320	NM 02952-B	USA-All	CTV O&G NM, LLC	25.00%	Ellen Legg Jackson	0.0625%	CTV O&G NM, LLC	25.00%

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		OPERATING RIGHTS AND PERCENTAGE	
Sec. 27: SW/4 Sec. 35: NW/4			Effective 5-1-52	HBP	LMBI O&G NM, LLC	18.75%	Emily Legg Anderson	0.0625%	LMBI O&G NM, LLC	18.75%
					Keystone O&G NM, LLC	18.75%	John Michael Legg	0.0625%	Keystone O&G NM, LLC	18.75%
					SRBI O&G NM, LLC	18.75%	Regan H. Legg Jr.	0.0625%	SRBI O&G NM, LLC	18.75%
					Thru Line O&G NM, LLC	18.75%	Oscura Resources	0.2500%	Thru Line O&G NM, LLC	18.75%
					TOTAL	100.00%	SRBMT O&G NM, LLC	0.1250%	TOTAL	100.00%
						Fine Line O&G NM, LLC	0.1250%			
						RMB O&G NM, LLC	0.1250%			
						820MT O&G NM, LLC	0.1250%			
						ConocoPhillips	6.5000%			
						TOTAL	7.50%			
6-C	T22S-R30E	160	NM 02952-C 5-1-52	USA-All	CTV O&G NM, LLC	25.00%	Ellen Legg Jackson	0.0625%	CTV O&G NM, LLC	25.00%
Sec. 35: NE/4			Effective 5-1-52	HBP	LMBI O&G NM, LLC	18.75%	Emily Legg Anderson	0.0625%	LMBI O&G NM, LLC	18.75%
					Keystone O&G NM, LLC	18.75%	John Michael Legg	0.0625%	Keystone O&G NM, LLC	18.75%
					SRBI O&G NM, LLC	18.75%	Regan H. Legg Jr.	0.0625%	SRBI O&G NM, LLC	18.75%
					Thru Line O&G NM, LLC	18.75%	Oscura Resources	0.2500%	Thru Line O&G NM, LLC	18.75%
					TOTAL	100.00%	SRBMT O&G NM, LLC	0.1250%	TOTAL	100.00%
						Fine Line O&G NM, LLC	0.1250%			
						RMB O&G NM, LLC	0.1250%			
						820MT O&G NM, LLC	0.1250%			
						ConocoPhillips	6.5000%			
						TOTAL	7.5000%			
6-A	T22S-R30E	960	NM 02952-A	USA-All	CTV O&G NM, LLC	25.00%	Ellen Legg Jackson	0.0625%	CTV O&G NM, LLC	25.00%
Sec. 27: N/2 Sec. 34: N/2 Sec. 35: S/2			Effective 5-1-52	HBP	LMBI O&G NM, LLC	18.75%	Emily Legg Anderson	0.0625%	LMBI O&G NM, LLC	18.75%
					Keystone O&G NM, LLC	18.75%	John Michael Legg	0.0625%	Keystone O&G NM, LLC	18.75%
					SRBI O&G NM, LLC	18.75%	Regan H. Legg Jr.	0.0625%	SRBI O&G NM, LLC	18.75%
					Thru Line O&G NM, LLC	18.75%	Oscura Resources	0.2500%	Thru Line O&G NM, LLC	18.75%
					TOTAL	100.00%	SRBMT O&G NM, LLC	0.1250%	TOTAL	100.00%
						Fine Line O&G NM, LLC	0.1250%			
						RMB O&G NM, LLC	0.1250%			
						820MT O&G NM, LLC	0.1250%			
						ConocoPhillips	6.5000%			
						TOTAL	7.50%			
7	T22S-R30E	400	NM 02953	USA-All	ConocoPhillips	100.00%	ConocoPhillips	7.5000%	BMT O&G NM, LLC	25.00%
Sec. 15: SW/4 Sec. 22: SE/4 Sec. 26: W/2 SE/4 (ConocoPhillips Term Assignment)			Effective 5-1-52	HBP	TOTAL	100.00%	TOTAL	7.50%	LMBI O&G NM, LLC	18.75%
									Keystone O&G NM, LLC	18.75%
									SRBI O&G NM, LLC	18.75%
									Thru Line O&G NM, LLC	18.75%
									TOTAL	100.00%
Sec 21: S/2SE/4	80	SAME AS ABOVE	USA-All	BMT O&G NM, LLC	25.00%	ConocoPhillips	6.25%	BMT O&G NM, LLC	25.00%	
					LMBI O&G NM, LLC	18.75%			LMBI O&G NM, LLC	18.75%
					Keystone O&G NM, LLC	18.75%			Keystone O&G NM, LLC	18.75%
					SRBI O&G NM, LLC	18.75%			SRBI O&G NM, LLC	18.75%
					Thru Line O&G NM, LLC	18.75%			Thru Line O&G NM, LLC	18.75%
					TOTAL	100.00%			TOTAL	100.00%
T22S-R31E	320.86	SAME AS ABOVE	USA-ALL	ConocoPhillips	100.00%	Read & Stevens, Inc heirs/assigns	0.50%	ConocoPhillips	100.00%	
Sec. 31: Lots 1 & 2 E/2 NW/4, NE/4										

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	OPERATING RIGHTS AND PERCENTAGE
7-B	T22S-30E Sec. 15: SE/4 Sec. 21: E/2 NE/4 Sec. 22: SW/4 Sec. 26: NW/4	560	NM 02953-B  Effective 5-1-52  HBP	USA-All	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% LMBI OG 18.75% KeystoneOG 18.75% TOTAL 100.00%	Read & Stevens Inc, heirs/assigns 0.5000% Ellen Legg Jackson 0.0625% Emily Legg Anderson 0.0625% John Michael Legg 0.0625% Regan H. Legg Jr. 0.0625% Oscura Resources 0.2500% TOTAL 1.0000%	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% CMB O&G NM, LLC 3.75% TRB O&G NM, LLC 3.75% ACB O&G NM, LLC 3.75% MLB O&G NM, LLC 3.75% Capital Partnership II O&G 3.75% 32 Mineral O&G NM, LLC 18.75% TOTAL 100.00%
7-C	T22S-30E Sec. 26: E/2 SE/4  T22S-R31E Sec. 31: S/2	400.98	NM 02953-C  Effective 5-1-52  HBP	USA-All	CTV O&G NM, LLC 25.00% LMBI O&G NM, LLC 18.75% Keystone O&G NM, LLC 18.75% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% TOTAL 100.00%	WD O&G NM, LLC 1.4063% Read & Stevens inc, heirs/assigns 0.5000% Ellen Legg Jackson 0.0625% Emily Legg Anderson 0.0625% John Michael Legg 0.0625% Regan H. Legg Jr. 0.0625% Oscura Resources 0.2500% TOTAL 2.4063%	CTV O&G NM, LLC 22.50% WD O&G NM, LLC 2.50% LMBI O&G NM, LLC 18.75% Keystone O&G NM, LLC 18.75% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% TOTAL 100.00%
7-A	T22S-30E Sec. 22: N/2 Sec. 26: SW/4	480	NM 02953-A  Effective 5-1-52  HBP	USA-All	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% CMB O&G NM, LLC 3.75% TRB O&G NM, LLC 3.75% ACB O&G NM, LLC 3.75% MLB O&G NM, LLC 3.75% Capital Partnership II O&G NM, LLC 3.75% 32 Mineral O&G NM, LLC 18.75% TOTAL 100.00%	Gerald R. Anderson 2.0000% Nicholas Clay Anderson 2.0000% Ellen Legg Jackson 0.0625% Emily Legg Anderson 0.0625% John Michael Legg 0.0625% Regan H. Legg Jr. 0.0625% Oscura Resources 0.25% TOTAL 4.5000%	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% CMB O&G NM, LLC 3.75% TRB O&G NM, LLC 3.75% ACB O&G NM, LLC 3.75% MLB O&G NM, LLC 3.75% Capital Partnership II O&G 3.75% 32 Mineral O&G NM, LLC 18.75% TOTAL 100.00%
8	T23S-R31E Sec. 6: Lots 6, 7, E/2 SW/4 W/2 SE/4, SE/4 SE/4	282.09	NM 04473  Effective 11-1-52  HBP	USA-All	CVT O&G 25.00% LMBI O&G NM, LLC 18.75% Keystone O&G NM, LLC 18.75% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% TOTAL 100.00%	Nancy J Allen 1.0000% Susan Jennings Croft 1.0000% Janie E. Jennings 1.0000% TOTAL 3.0000%	CVT O&G 25.00% LMBI O&G NM, LLC 18.75% Keystone O&G NM, LLC 18.75% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% TOTAL 100.00%
9	T22S-30E Sec. 19: Lots 1, 2, 3, 4, E/2 W/2, E/2	640.04	NM 06806  Effective 6-1-52  HBP	USA-All	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% CMB O&G NM, LLC 3.75% TRB O&G NM, LLC 3.75% ACB O&G NM, LLC 3.75% MLB O&G NM, LLC 3.75% Capital Partnership II O&G NM, LLC 3.75% 32 Mineral O&G NM, LLC 18.75% TOTAL 100.00%	McBride Oil & Gas Corporation 2.7000% Oscar T. Hoover and Wife, Marjorie 0.3000% TOTAL 3.0000%	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75% Thru Line O&G NM, LLC 18.75% CMB O&G NM, LLC 3.75% TRB O&G NM, LLC 3.75% ACB O&G NM, LLC 3.75% MLB O&G NM, LLC 3.75% Capital Partnership II O&G 3.75% 32 Mineral O&G NM, LLC 18.75% TOTAL 100.00%
10	T22S-30E Sec. 20: All	640	NM 06807	USA-All	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75%	Robert E. Lee Hall 1.0156% Madison M. Hinkle 1.4063%	CTV O&G NM, LLC 25.00% SRBI O&G NM, LLC 18.75%

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		OPERATING RIGHTS AND PERCENTAGE		
11	T22S-30E Sec. 21: W/2 E/2, W/2	480	NM 06808	USA-All	Effective 6-1-52	Thru Line O&G NM, LLC	18.75%	Rolla R. Hinkle III	1.4063%	Thru Line O&G NM, LLC	18.75%
					HBP	CMB O&G NM, LLC	3.75%	Morris E. Schertz and Holly	1.4063%	CMB O&G NM, LLC	3.75%
						TRB O&G NM, LLC	3.75%	Richard Lee Hall	1.0156%	TRB O&G NM, LLC	3.75%
						ACB O&G NM, LLC	3.75%			ACB O&G NM, LLC	3.75%
						MLB O&G NM, LLC	3.75%			MLB O&G NM, LLC	3.75%
						Capital Partnership II O&G NM, LLC	3.75%			Capital Partnership II O&G	3.75%
						32 Mineral O&G NM, LLC	18.75%			32 Mineral O&G NM, LLC	18.75%
						TOTAL	100.00%	TOTAL	2.4219%	TOTAL	100.00%
						CTV O&G NM, LLC	25.00%	Robert V. Wollard	5.0000%	CTV O&G NM, LLC	25.00%
						SRBI O&G NM, LLC	18.75%			SRBI O&G NM, LLC	18.75%
Effective 6-1-52	Thru Line O&G NM, LLC	18.75%			Thru Line O&G NM, LLC	18.75%					
HBP	CMB O&G NM, LLC	3.75%			CMB O&G NM, LLC	3.75%					
	TRB O&G NM, LLC	3.75%			TRB O&G NM, LLC	3.75%					
	ACB O&G NM, LLC	3.75%			ACB O&G NM, LLC	3.75%					
	MLB O&G NM, LLC	3.75%			MLB O&G NM, LLC	3.75%					
	Capital Partnership II O&G NM, LLC	3.75%			Capital Partnership II O&G	3.75%					
	32 Mineral O&G NM, LLC	18.75%			32 Mineral O&G NM, LLC	18.75%					
	TOTAL	100.00%	TOTAL	5.0000%	TOTAL	100.00%					
	CTV O&G NM, LLC	25.00%			CTV O&G NM, LLC	25.00%					
	LMBI O&G NM, LLC	18.75%			LMBI O&G NM, LLC	18.75%					
Effective 6-1-52	Keystone O&G NM, LLC	18.75%	Joslyn R. Causey	0.3750%	Keystone O&G NM, LLC	18.75%					
HBP	SRBI O&G NM, LLC	18.75%	Susan K Walker	0.3750%	SRBI O&G NM, LLC	18.75%					
	Thru Line O&G NM, LLC	18.75%	Scott R. Easterly	0.3750%	Thru Line O&G NM, LLC	18.75%					
	TOTAL	100.00%	Gayle R. McKenzie	0.3750%	TOTAL	100.00%					
	CTV O&G NM, LLC	25.00%	None		CTV O&G NM, LLC	25.00%					
12-A	T22S-30E Sec. 28: NW/4	160	NM 06809-A 7-1-52	USA-All	LMBI O&G NM, LLC	18.75%			LMBI O&G NM, LLC	18.75%	
					Keystone O&G NM, LLC	18.75%			Keystone O&G NM, LLC	18.75%	
					SRBI O&G NM, LLC	18.75%			SRBI O&G NM, LLC	18.75%	
					Thru Line O&G NM, LLC	18.75%			Thru Line O&G NM, LLC	18.75%	
					TOTAL	100.00%	TOTAL	1.5000%	TOTAL	100.00%	
13	T22S-30E Sec. 29: NE/4 NE/4	40	NM 06810 6-2-52	USA-All	CTV O&G NM, LLC	100.00%	Louis Slusky	6.3500%	CTV O&G NM, LLC	100.00%	
					TOTAL	100.00%	TOTAL	6.3500%	TOTAL	100.00%	
					Effective 6-2-52						
13-A	T22S-30E Sec. 29: NW/4, SW/4, SE/4, S/2 NE/4, NW/4 NE/4	600	NM 06810 6-2-52	USA-All	CTV O&G NM, LLC	50.00%	Louis Slusky	6.3500%	CTV O&G NM, LLC	50.00%	
					ConocoPhillips	50.00%			ConocoPhillips	50.00%	
					TOTAL	100.00%	TOTAL	6.3500%	TOTAL	100.00%	
14	T22S-30E Sec. 30: Lots 1, 2, 3, 4, E/2 W/2, SE/4, N/2 NE/4, SE/4 NE/4	599.92	NM 06811	USA-All	CTV O&G NM, LLC	25.00%	William V. Stone	0.454545%	CTV O&G NM, LLC	25.00%	
					LMBI O&G NM, LLC	18.75%	GT Rummel	0.454545%	LMBI O&G NM, LLC	18.75%	
					Keystone O&G NM, LLC	18.75%	Heywood Jones	0.454545%	Keystone O&G NM, LLC	18.75%	
					SRBI O&G NM, LLC	18.75%	Max Liff	0.454545%	SRBI O&G NM, LLC	18.75%	
					Thru Line O&G NM, LLC	18.75%	George Parsons	0.454545%	Thru Line O&G NM, LLC	18.75%	
HBP	TOTAL	100.00%									



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						James P Rigg Jr Robert Rigg TOTAL	0.00151515 0.00151515 5.0000%	TOTAL	100.00%	
15	T22S-30E Sec. 13: W/2 W/2, NE/4 NW/4 Sec. 23: N/2, NE/4 SW/4, SE/4 Sec. 24: NW/4 NW/4 Sec. 26: NE/4 (Marshall&Winston Term Assignment)	920	LC-064827-A  Effective 2-1-51  HBP	USA-All	Marshall & Winston CTV O&G NM, LLC Thru Line O&G NM, LLC SRBI O&G NM, LLC CMB O&G NM, LLC TRB O&G NM, LLC ACB O&G NM, LLC MLB O&G NM, LLC Capital Partnership II O&G NM, LLC 32 Mineral O&G NM, LLC TOTAL	50.00% 12.50% 9.38% 9.38% 1.88% 1.88% 1.88% 1.88% 1.88% 9.38% 100.00%	Marshall & Winston TOTAL	3.7500% 3.7500%	CTV O&G NM, LLC Thru Line O&G NM, LLC SRBI O&G NM, LLC CMB O&G NM, LLC TRB O&G NM, LLC ACB O&G NM, LLC MLB O&G NM, LLC Capital Partnership II O&G 32 Mineral O&G NM, LLC TOTAL	25.00% 18.75% 18.75% 3.75% 3.75% 3.75% 3.75% 3.75% 18.75% 100.00%
18	T22S-R31E Sec. 7: SW/4 NW/4 (Lot 2)	39.85	NM-69509  Effective 7-1-52  HBP	USA-All	EOG Oxy TOTAL	90.00% 10.00% 109.38%	Good Earth Minerals, LLC Mallock Minerals Ltd Co TOTAL	1.7500% 1.2500% 3.0000%	EOG Oxy TOTAL	90.00% 10.00% 100.00%
19	T22S-30E Sec. 14: SW/4, WS SE/4 SE/4 SE/4	280	LC-069877-A  Effective 5-1-51  HBP	USA-All	Lindy's Living Trust Delmars Living Trust Edward R Hudson Trust 4 Estate of Josephine T Hudson  Javilena Partners Zorro Partners TOTAL	25.00% 25.00% 12.50% 12.50% 12.50% 12.50% 100.00%	None		Lindy's Living Trust Delmars Living Trust Edward R Hudson Trust 4 Estate of Josephine T Hudson  Javilena Partners Zorro Partners TOTAL	25.00% 25.00% 12.50% 12.50% 12.50% 12.50% 100.00%
19-B	T22S-30E Sec. 14: NE/4 SE/4	40	NM 0391404  Effective 5-1-51  HBP	USA-All	ConocoPhillips  TOTAL	100.00% 100.00%	F. J. Bradshaw, et ux ConocoPhillips TOTAL	5.0000% 2.5000% 7.5000%	CTV O&G NM LLC LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	25.00% 18.75% 18.75% 18.75% 18.75% 100.00%
19-A	T22S-30E Sec. 14: N/2	320	LC-069877-A  Effective 5-1-51  HBP	USA-All	William A. Hudson Edward R. Hudson Trust 1 Edward R. Hudson Trust 2 Edward R. Hudson Trust 3 Edward R. Hudson Trust 4 TOTAL	25.00% 12.50% 12.50% 12.50% 12.50% 75.00%	Edward R. Hudson, et ux William A Hudson, et ux	2.5000% 2.5000%	CTV O&G NM, LLC LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	25.00% 18.75% 18.75% 18.75% 18.75% 100.00%
20	T23S-R31E Sec. 8: W/2 Sec. 17: NW/4	480	LC-071988-B  Effective 8-1-51  HBP	USA-All	CTV O&G NM, LLC LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	25.00% 18.75% 18.75% 18.75% 18.75% 100.00%	Alma Cannon Frank Elliott TOTAL	1.0000% 2.0000% 3.0000%	CTV O&G NM, LLC LMBI O&G NM, LLC Keystone O&G NM, LLC SRBI O&G NM, LLC Thru Line O&G NM, LLC TOTAL	25.00% 18.75% 18.75% 18.75% 18.75% 100.00%
26.	T22S-R29E N.M.P.M. Sec. 13: All	640.00	NMNM-0 55422J  Effective 8-1-1964  HBP	U.S.A. - All (12.5% royalty)	CTV OG NM LLC LMBI OG NM LLC SRBI OG NM LLC THRU LINE OG NM LLC ACB OG NM LLC CAPITAL PARTNER II OG	25.0000% 18.7500% 18.7500% 18.7500% 3.7500% 3.7500%	David M. Parsons, ET UX Neuvo Seis LP	1.0000% 4.0000%	CTV OG NM LLC LMBI OG NM LLC SRBI OG NM LLC THRU LINE OG NM LLC ACB OG NM LLC CAPITAL PARTNER II OG	25.0000% 18.7500% 18.7500% 18.7500% 3.7500% 3.7500%

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					NM LLC		NM LLC			
					CMB OG NM LLC	3.7500%	CMB OG NM LLC	3.7500%		
					MLB OG NM LLC	3.7500%	MLB OG NM LLC	3.7500%		
					TRB OG NM LLC	3.7500%	TRB OG NM LLC	3.7500%		
					TOTAL	100.0000%	TOTAL	100.0000%		
27.	<u>T22S-R30E N.M.P.M.</u> Sec. 7: Lots 1, 2, 3, 4, E/2, E/2W/2 (Grubitz Term Assignment)	641.88	NMNM 0 564238  Effective 8-1-1964  HBP	U.S.A. - All (12.5% royalty)	Grubitz Gene III Trust CTV OG NM LLC LMBI OG NM LLC SRBI OG NM LLC THRU LINE OG NM LLC ACB OG NM LLC CAPITAL PARTNER II OG NM LLC CMB OG NM LLC MLB OG NM LLC TRB OG NM LLC TOTAL	50.0000% 12.5000% 9.3750% 9.3750% 9.3750% 1.8750% 1.8750% 1.8750% 1.8750% 1.8750% 100.0000%	J M Kircheimes Mark E. Boling Trust Silver Hair LLC Gene Grubitz III, Trustee of the Gene Grubitz III Trust Ergodic Resources, LLC Abuelo, LLC Loco Hills Prod Co, LLC Manzano, LLC TOTAL	1.0000% 0.3250% 0.3250% 2.7500%  0.3250% 0.3250% 2.9375% 8.3125%	CTV OG NM LLC LMBI OG NM LLC SRBI OG NM LLC THRU LINE OG NM LLC ACB OG NM LLC CAPITAL PARTNER II OG NM LLC CMB OG NM LLC MLB OG NM LLC TRB OG NM LLC TOTAL	25.0000% 18.7500% 18.7500% 18.7500% 3.7500% 3.7500% 3.7500% 3.7500% 3.7500% 100.0000%
28.	<u>T22S-R30E N.M.P.M.</u> Sec. 18: Lots 1, 2, 3, 4, E/2, E/2W/2	641.40	NMNM-0 554239  Effective 8-1-1964  HBP	U.S.A. - All (12.5% royalty)	CTV OG NM LLC LMBI OG NM LLC SRBI OG NM LLC THRU LINE OG NM LLC ACB OG NM LLC CAPITAL PARTNER II OG NM LLC CMB OG NM LLC MLB OG NM LLC TRB OG NM LLC TOTAL	25.0000% 18.7500% 18.7500% 18.7500% 3.7500% 3.7500% 3.7500% 3.7500% 3.7500% 100.0000%	Daniel E. Gonzales, et ux Roy G. Barton, Jr., et ux Lu Ann Sochor TOTAL	2.7500% 2.7500% 2.0000% 7.5000%	CTV O&G NM LLC LMBI O&G NM LLC SRBI O&G NM LLC THRU LINE O&G NM LLC ACB O&G NM LLC CAPITAL PARTNER II O&G NM LLC CMB O&G NM LLC MLB O&G NM LLC TRB O&G NM LLC TOTAL	25.0000% 18.7500% 18.7500% 18.7500% 3.7500% 3.7500% 3.7500% 3.7500% 3.7500% 100.0000%
29.	<u>T22S-R29E N.M.P.M.</u> Sec. 14: All	640.00	NMNM-0 554488  Effective 8-1-1964  HBP	U.S.A. - All (12.5% royalty)	Robert N. Enfield Mona L. Coffield          TOTAL	50.0000% 50.0000%          100.0000%	Robert N. Enfield Howard A. Rubin, Inc Rubie C. Bell Family LP Bryan Bell Fally LP Chas E. Thomson, et ux Thomas Allen, et ux TOTAL	0.1667% 0.1667% 0.0833% 0.0833% 1.5000% 0.5000% 2.5000%	BMT O&G NM LLC LMBI O&G NM LLC SRBI O&G NM LLC THRU LINE O&G NM LLC ACB O&G NM LLC CAPITAL PARTNER II O&G NM LLC CMB O&G NM LLC MLB O&G NM LLC TRB O&G NM LLC TOTAL	25.0000% 18.7500% 18.7500% 18.7500% 3.7500% 3.7500% 3.7500% 3.7500% 3.7500% 100.0000%
30.	<u>T21S-R30E N.M.P.M.</u> Sec. 25: All Sec. 26: All	1,280.00	NMNM-085912  Effective 1-1-1991  HBP	U.S.A. - All (12.5% royalty)	CTV O&G NM, L.L.C. SRBI O&G NM, L.L.C. 820MT O&G NM, L.L.C. Thru Line O&G NM, L.L.C. Capital Partnership II O&G NM, L.L.C. CMB O&G NM, L.L.C. TRB O&G NM, L.L.C. ACB O&G NM, L.L.C. MLB O&G NM, L.L.C. OXY Y-1 Company TOTAL	17.0000% 12.7500% 12.7500% 12.7500% 2.5500% 2.5500% 2.5500% 2.5500% 2.5500% 32.0000% 100.0000%	None	BMT O&G NM, L.L.C. SRBI O&G NM, L.L.C. 820MT O&G NM, L.L.C. Thru Line O&G NM, L.L.C. Capital Partnership II O&G NM, CMB O&G NM, L.L.C. TRB O&G NM, L.L.C. ACB O&G NM, L.L.C. MLB O&G NM, L.L.C. OXY Y-1 Company TOTAL	17.0000% 12.7500% 12.7500% 12.7500% 2.5500% 2.5500% 2.5500% 2.5500% 2.5500% 32.0000% 100.0000%	

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	OPERATING RIGHTS AND PERCENTAGE
31.	<u>T22S-R30E N.M.P.M.</u> Sec. 3: Lots 1, 2, 3, 4, S/2N/2, S/2 Sec. 10: E/2, E/2W/2, NW/4NW/4, SW/4SW/4	1,201.68	NMNM-105216  Effective 9-1-2000  HBP	U.S.A. - All (12.5% royalty)	CTV O&G NM, L.L.C. 17.0000% SRBI O&G NM, L.L.C. 12.7500% 82DMT O&G NM, L.L.C. 12.7500% Thru Line O&G NM, L.L.C. 12.7500% Capital Partnership II O&G NM, L.L.C. 2.5500% CMB O&G NM, L.L.C. 2.5500% TRB O&G NM, L.L.C. 2.5500% ACB O&G NM, L.L.C. 2.5500% MLB O&G NM, L.L.C. 2.5500% OXY Y-1 Company 32.0000% TOTAL 100.0000%	None	BMT O&G NM, L.L.C. 17.0000% SRBI O&G NM, L.L.C. 12.7500% 820MT O&G NM, L.L.C. 12.7500% Thru Line O&G NM, L.L.C. 12.7500% Capital Partnership II O&G NM, L.L.C. 2.5500% CMB O&G NM, L.L.C. 2.5500% TRB O&G NM, L.L.C. 2.5500% ACB O&G NM, L.L.C. 2.5500% MLB O&G NM, L.L.C. 2.5500% OXY Y-1 Company 32.0000% TOTAL 100.0000%
32.	<u>T21S-R30E N.M.P.M.</u> Sec. 27: S/2 Sec. 33 All Sec. 34: NE/4, W/2	1,440.00	NMNM-130865  Effective 12-1-2013  Expires 4/15/2019	U.S.A. - All (12.5% royalty)	CTV OG NM LLC 25.0000% LMBI OG NM LLC 18.7500% SRBI OG NM LLC 18.7500% THRU LINE OG NM LLC 18.7500% ACB OG NM LLC 3.7500% CAPITAL PARTNER II OG NM LLC 3.7500% CMB OG NM LLC 3.7500% MLB OG NM LLC 3.7500% TRB OG NM LLC 3.7500% TOTAL 100.0000%	None	CTV OG NM LLC 25.0000% LMBI OG NM LLC 18.7500% SRBI OG NM LLC 18.7500% THRU LINE OG NM LLC 18.7500% ACB OG NM LLC 3.7500% CAPITAL PARTNER II OG NM LLC 3.7500% CMB OG NM LLC 3.7500% MLB OG NM LLC 3.7500% TRB OG NM LLC 3.7500% TOTAL 100.0000%
33.	<u>T21S-R30E N.M.P.M.</u> Sec. 31: Lots 1-8, NE/4 SE/4, W/2 NE/4, E/2 W/2, SE/4 (Chevron Term Assignment)	600.00	NMNM-0554235  Effective 8/1/1984  Suspended	U.S.A. - All (12.5% royalty)	Chevron U.S.A. 100.0000%	Arlee A. Andre 5.0000% Chevron U.S.A. 5.0000% TOTAL 100.0000%	CTV OG NM LLC 25.0000% LMBI OG NM LLC 18.7500% SRBI OG NM LLC 18.7500% THRU LINE OG NM LLC 18.7500% ACB OG NM LLC 3.7500% CAPITAL PARTNER II OG NM LLC 3.7500% CMB OG NM LLC 3.7500% MLB OG NM LLC 3.7500% TRB OG NM LLC 3.7500% TOTAL 100.0000%
34.	<u>T21S-R30E N.M.P.M.</u> Sec. 31: NE/4 NE/4	40.00	NMNM-130867  Effective 12/1/2013  Expires 11/30/2023	U.S.A. - All (12.5% royalty)	Roy G. Barton Jr. 100.0000%	None	Roy G. Barton Jr. 100.0000%
35.	<u>T22S-R29E N.M.P.M.</u> Sec. 11: E/2, N/2 NW/4, S/2 SW/4 Sec. 12: All	1,120.00	NMNM-0355544  Effective 5/1/1963  Suspended	U.S.A. - All (12.5% royalty)	MRC Permian Co. 100.0000%	Rolla Hinkle III and Rosemary Hinkle 4.0000% Herbert J. White 2.0000% Dennis Link 1.2500% Vanessa Minnard 0.6300% Eero Bremer 0.6300% TOTAL 7.2500%	MRC Permian Co. 100.0000%
36.	<u>T22S-R29E N.M.P.M.</u> Section 1: ALL (LE: SWSE)	600.00	NMNM-135238	U.S.A.	CTV OG NM LLC 25.0000% LMBI OG NM LLC 18.7500% SRBI OG NM LLC 18.7500% THRU LINE OG NM LLC 18.7500%	None	CTV OG NM LLC 25.0000% LMBI OG NM LLC 18.7500% SRBI OG NM LLC 18.7500% THRU LINE OG NM LLC 18.7500%

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	OPERATING RIGHTS AND PERCENTAGE	
					ACB OG NM LLC	3.7500%		ACB OG NM LLC	3.7500%
					CAPITAL PARTNER II OG NM LLC	3.7500%		CAPITAL PARTNER II OG NM LLC	3.7500%
					CMB OG NM LLC	3.7500%		CMB OG NM LLC	3.7500%
					MLB OG NM LLC	3.7500%		MLB OG NM LLC	3.7500%
					TRB OG NM LLC	3.7500%		TRB OG NM LLC	3.7500%
					TOTAL	100.0000%		TOTAL	100.0000%
37.	<u>T22S-R30E N.M.P.M.</u> Section 6: ALL	640.00	OPEN	U.S.A	CTV OG NM LLC	25.0000%	None	CTV OG NM LLC	25.0000%
					LMBI OG NM LLC	18.7500%		LMBI OG NM LLC	18.7500%
					SRBI OG NM LLC	18.7500%		SRBI OG NM LLC	18.7500%
					THRU LINE OG NM LLC	18.7500%		THRU LINE OG NM LLC	18.7500%
					ACB OG NM LLC	3.7500%		ACB OG NM LLC	3.7500%
					CAPITAL PARTNER II OG NM LLC	3.7500%		CAPITAL PARTNER II OG NM LLC	3.7500%
					CMB OG NM LLC	3.7500%		CMB OG NM LLC	3.7500%
					MLB OG NM LLC	3.7500%		MLB OG NM LLC	3.7500%
					TRB OG NM LLC	3.7500%		TRB OG NM LLC	3.7500%
					TOTAL	100.0000%		TOTAL	100.0000%
		22,458.81							
30	FEDERAL TRACTS	TOTALING	22,554.09	ACRES	79.98%	OF UNIT AREA			
<b>STATE LANDS</b>									
21	<u>T22S-30E</u> Sec. 36: N/2 & SW/4	640.56	E-5229-9	St. of NM 12.5%	BMT O&G NM, LLC	25.00%	None	BMT O&G NM, LLC	25.00%
			Effective		LMBI O&G NM, LLC	18.75%		LMBI O&G NM, LLC	18.75%
			5-10-61		Keystone O&G NM, LLC	18.75%		Keystone O&G NM, LLC	18.75%
	<u>T23S-30E</u> Sec. 2: Lots 1, 2, 3, 4		HBP		SRBI O&G NM, LLC	18.75%		SRBI O&G NM, LLC	18.75%
					Thru Line O&G NM, LLC	18.75%		Thru Line O&G NM, LLC	18.75%
					TOTAL	100.00%		TOTAL	100.00%
21-A	<u>T22S-30E</u> Sec. 36: SE/4	160	E-5229-10	St. of NM 12.5%	BMT O&G NM, LLC	25.00%	None	BMT O&G NM, LLC	25.00%
			Effective		LMBI O&G NM, LLC	18.75%		LMBI O&G NM, LLC	18.75%
			5-10-61		Keystone O&G NM, LLC	18.75%		Keystone O&G NM, LLC	18.75%
			HBP		SRBI O&G NM, LLC	18.75%		SRBI O&G NM, LLC	18.75%
					Thru Line O&G NM, LLC	18.75%		Thru Line O&G NM, LLC	18.75%
					TOTAL	100.00%		TOTAL	100.00%
22	<u>T22S-30E</u> Sec. 16: All Sec. 17: S/2, NE/4 E/2 NW/4	1200	E-6292-4 6-10-32	St. of NM 12.5%	CTV O&G NM, LLC	25.00%	None	CTV O&G NM, LLC	25.00%
			Effective		Thru Line O&G NM, LLC	18.75%		Thru Line O&G NM, LLC	18.75%
			6-10-62		SRBI O&G NM, LLC	18.75%		SRBI O&G NM, LLC	18.75%
			HBP		CMB O&G NM, LLC	3.75%		CMB O&G NM, LLC	3.75%
					TRB O&G NM, LLC	3.75%		TRB O&G NM, LLC	3.75%
					ACB O&G NM, LLC	3.75%		ACB O&G NM, LLC	3.75%
					MLB O&G NM, LLC	3.75%		MLB O&G NM, LLC	3.75%
					Capital Partnership II O&G NM, LLC	3.75%		Capital Partnership II O&G	3.75%
					32 Mineral O&G NM, LLC	18.75%		32 Mineral O&G NM, LLC	18.75%
					TOTAL	100.00%		TOTAL	100.00%
38.	<u>T22S-R30E N.M.P.M.</u> Sec. 5: Lots 1, 2, 3, 4, S/2N/2, S/2	641.12	V-3412-1	State of New Mexico - All (16.66666% royalty)	BOPCO, L.P.	100.0000%	None	BMT O&G NM, L.L.C.	25.0000%
			Effective					SRBI O&G NM, L.L.C.	18.7500%
			9-1-1990					820MT O&G NM, L.L.C.	18.7500%
								Thru Line O&G NM, L.L.C	18.7500%

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	OPERATING RIGHTS AND PERCENTAGE
			HBP				Capital Partnership II O&G NM, 3.7500% CMB O&G NM, L.L.C. 3.7500% TRB O&G NM, L.L.C. 3.7580% ACB O&G NM, L.L.C. 3.7580% MLB O&G NM, L.L.C. 3.7580% TOTAL 100.0000%
39.	<u>T21S-R30E N.M.P.M.</u> Sec. 32: N/2	320.00	V-8745-1  Effective 6-1-2010  Expires 6/1/2015	Slate of New Mexico - All (16.66666% royalty)	BOPCO, L.P.  100.0000%	None	BMT O&G NM, L.L.C. 25.0000% SRBI O&G NM, L.L.C. 18.7500% 820MT O&G NM, L.L.C. 18.7500% Thru Line O&G NM, L.L.C. 18.7500% Capital Partnership II O&G NM, 3.7500% CMB O&G NM, L.L.C. 3.7500% TRB O&G NM, L.L.C. 3.7580% ACB O&G NM, L.L.C. 3.7580% MLB O&G NM, L.L.C. 3.7580% TOTAL 100.0000%
40.	<u>T22S-R30E N.M.P.M.</u> Sec. 4: S/2	320.00	V-8749-1  Effective 6-1-2010  Expires 6/1/2015	Slate of New Mexico - All (16.66666% royalty)	BOPCO  100.0000%	Hickson 2012 Childrens Trust 0.0830% The Utica Royalty Trust 0.0830% Hoch Childrens Trust 0.0830% Abundant Life Foundation 0.0830% Total 0.3320%	BOPCO 100.0000%
41.	<u>T22S-R30E N.M.P.M.</u> Sec. 8: S/2	320.00	V-8750-2  Effective 6-1-2010  Expires 6/1/2015	Slate of New Mexico - All (16.66666% royalty)	BOPCO, L.P.  100.0000%	Hickson 2012 Childrens Trust 0.3125% The Utica Royalty Trust 0.3125% Hoch Childrens Trust 0.3125% Abundant Life Foundation 0.3125% The Utica Royalty Trust 3.3330% TOTAL 4.5833%	BMT O&G NM LLC 25.0000% LMBI O&G NM LLC 18.7500% SRBI O&G NM LLC 18.7500% THRU LINE O&G NM LLC 18.7500% ACB O&G NM LLC 3.7500% Capital Partnership II O&G NM, 3.7500% CMB O&G NM LLC 3.7500% MLB O&G NM LLC 3.7500% TRB O&G NM LLC 3.7500% TOTAL 100.0000%
42.	<u>T22S-R30E N.M.P.M.</u> Sec. 9: W/2SE/4, SW/4	240.00	V-8751-2  Effective 6-1-2010  Expires  6/1/2015	Slate of New Mexico - All (16.66666% royalty)	BOPCO, L.P.  100.0000%	None	BMT O&G NM LLC 25.0000% LMBI O&G NM LLC 18.7500% SRBI O&G NM LLC 18.7500% THRU LINE O&G NM LLC 18.7500% ACB O&G NM LLC 3.7500% Capital Partnership II O&G NM, 3.7500% CMB O&G NM LLC 3.7500% MLB O&G NM LLC 3.7500% TRB O&G NM LLC 3.7500% TOTAL 100.0000%
43.	<u>T21S-R30E N.M.P.M.</u> Sec. 32: S/2	320.00	V-8759-1  Effective 6-1-2010  Expires 6/1/2015	Slate of New Mexico - All (16.66666% royalty)	BOPCO, L.P.  100.0000%	None	BMT O&G NM, L.L.C. 25.0000% SRBI O&G NM, L.L.C. 18.7500% 820MT O&G NM, L.L.C. 18.7500% Thru Line O&G NM, L.L.C. 18.7500% Capital Partnership II O&G NM, 3.7500% CMB O&G NM, L.L.C. 3.7500% TRB O&G NM, L.L.C. 3.7500%

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	OPERATING RIGHTS AND PERCENTAGE
44.	<u>T22S-R30E N.M.P.M.</u> Sec. 4: Lots 1, 2, 3, 4, S/2N/2	321.28	V-8761-1  Effective 6-1-2010  Expires 6/1/2015	State of New Mexico - All (16.66666% royalty)	BOPCO  100.0000%	Hickson 2012 Childrens Trust 0.0830% The Utica Royalty Trust 0.0830% Hoch Childrens Trust 0.0830% Abundant Life Foundation 0.0830% Total 0.3320%	ACB O&G NM, L.L.C. 3.7500% MLB O&G NM, L.L.C. 3.7500% TOTAL 100.0000%  BOPCO 100.0000%
45.	<u>T22S-R30E N.M.P.M.</u> Sec. 8: N/2	320.00	V-8762-1  Effective 6-1-2010  Expires 6/1/2015	State of New Mexico - All (16.66666% royalty)	BOPCO  100.0000%	Hickson 2012 Childrens Trust 0.0830% The Utica Royalty Trust 0.0830% Hoch Childrens Trust 0.0830% Abundant Life Foundation 0.0830% Total 0.3320%	BOPCO 100.0000%
46.	<u>T22S-R30E N.M.P.M.</u> Sec. 9: N/2	320.00	V-8763-1  Effective 6-1-2010  Expires 6/1/2015	State of New Mexico - All (16.66666% royalty)	BOPCO  100.0000%	Hickson 2012 Childrens Trust 0.0830% The Utica Royalty Trust 0.0830% Hoch Childrens Trust 0.0830% Abundant Life Foundation 0.0830% Total 0.3320%	BOPCO 100.0000%
47.	<u>T22S-R30E N.M.P.M.</u> Sec. 17: W/2NW/4	80.00	VB-2044-1  Effective 6-1-2011  Expires 6/1/2016	State of New Mexico - All (18.75% royalty)	BEPCO, L.P. CTV O&G NM LLC 50.0000% 50.0000%	None	BEPCO, L.P. 50.0000% CTV O&G NM LLC 50.0000%  TOTAL 100.0000%
48.	<u>T22S-R29E N.M.P.M.</u> Sec. 11: S/2 NW/4, N/2 SW/4	160.00	VB-2408  Effective 8-1-2014  Expires 8/1/2019	State of New Mexico - All (18.75% royalty)	BMT O&G NM, LLC  100.0000%	None	BMT O&G NM LLC 100.0000%

14	STATE TRACTS	TOTALING	5,362.96	ACRES OR	19.02%	OF UNIT AREA
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**FEE LANDS**

23	<u>T22S-30E</u> Sec. 24: SW/4 NW/4	40	Bass 55526A	Lora Nell Smith Glenn	8.33%	CTV O&G NM, LLC 25.00% Thru Line O&G NM, LLC 18.75% SRBI O&G NM, LLC 18.75% CMB O&G NM, LLC 3.75% TRB O&G NM, LLC 3.75% ACB O&G NM, LLC 3.75% MLB O&G NM, LLC 3.75% Capital Partnership II O&G NM, LLC 3.75% 32 Mineral O&G NM, LLC 18.75%	None	CTV O&G NM, LLC 25.00% Thru Line O&G NM, LLC 18.75% SRBI O&G NM, LLC 18.75% CMB O&G NM, LLC 3.75% TRB O&G NM, LLC 3.75% ACB O&G NM, LLC 3.75% MLB O&G NM, LLC 3.75% Capital Partnership II O&G 3.75% 32 Mineral O&G NM, LLC 18.75%
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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		OPERATING RIGHTS AND PERCENTAGE	
						TOTAL	100.00%			TOTAL	100.00%
				Georgia Bernsten	25%	Devon	100.00%			Devon	100.00%
				William C. Smith	33.33%						
				Kenneth M. Smith	33.33%	TOTAL	100.00%			TOTAL	100.00%
24	T22S-30E Sec. 30: SW/4 NE/4	40	OPEN	Bill Cotner	42.19%						
				Green London	25%						
				Kingdomn R. Hughes	23.44%						
				Richard Westlake	9.38%						
25	T23S-R31E Sec. 7: NE/4 NE/4	40	Bass 28881A-E	Swettie J Boyle	48.95	BMT O&G NM, LLC	25.00%	None		BMT O&G NM, LLC	25.00%
				Joanne B. James	4.675	LMBI O&G NM, LLC	18.75%			LMBI O&G NM, LLC	18.75%
				James G Deblois	4.675	Keystone O&G NM, LLC	18.75%			Keystone O&G NM, LLC	18.75%
				Charles Southard	32.275	SRBI O&G NM, LLC	18.75%			SRBI O&G NM, LLC	18.75%
				J. C. Mills	9.375	Thru Line O&G NM, LLC	18.75%			Thru Line O&G NM, LLC	18.75%
						TOTAL	100.00%			TOTAL	100.00%
49.	T22S-R30E N.M.P.M. Sec. 9 E/2SE/4 Sec. 10: NW/4SW/4, SW/4NW/4	160.00	55493-A	Kenneth Mark	25.0000%	BMT O&G NM LLC	25.0000%	None		BMT O&G NM LLC	25.0000%
				William C. Smith	25.0000%	LMBI O&G NM LLC	18.7500%			LMBI O&G NM LLC	18.7500%
				Georgia L Bergsten	25.0000%	SRBI O&G NM LLC	18.7500%			SRBI O&G NM LLC	18.7500%
				Kenneth M Smith	8.3333%	THRU LINE O&G NM LLC	18.7500%			THRU LINE O&G NM LLC	18.7500%
				William C Smith	8.3333%	ACB O&G NM LLC	3.7500%			ACB O&G NM LLC	3.7500%
				William J Glenn	8.3333%	CAPITAL PARTNER II O&G NM LLC	3.7500%			CAPITAL PARTNER II O&G NM LLC	3.7500%
						CMB O&G NM LLC	3.7500%			CMB O&G NM LLC	3.7500%
						MLB O&G NM LLC	3.7500%			MLB O&G NM LLC	3.7500%
						TRB O&G NM LLC	3.7500%			TRB O&G NM LLC	3.7500%
						TOTAL	100.0000%			TOTAL	100.0000%

4	PATENTED TRACTS	TOTALING	280.00	ACRES OR	1.00%	OF UNIT AREA
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47	TRACTS	TOTALING	28,197.05	ACRES IN UNIT AREA
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<b>TOTALS:</b>			
Federal Acreage	22,554.09	79.98% of Unit	
State Acreage	5,362.86	19.02% of Unit	
Fee Acreage	280	1% of Unit	
	<u>28,197.05</u>		

CONSENT AND RATIFICATION OF  
JAMES RANCH UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

The undersigned hereby acknowledge receipt of a copy of the Unit Agreement and Unit Operating Agreement for the development and operation of the James Ranch Unit Area embracing lands situated in Eddy County, New Mexico, which said agreements are dated the 22nd day of April, 1953, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold interest in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to the Unit Agreement as Exhibit "A", do hereby commit all of their said interest to the James Ranch Unit Agreement and Unit Operating Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement and Unit Operating Agreement or a counterpart thereof.

IN WITNESS WHEREOF, This instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Lease Committed:

LC 069877-A

William A. Hudson (WAH)

Roxie E. Hudson (REH)

Edward R. Hudson (ERH)

Josephine T. Hudson (JTH)

THE STATE OF TEXAS )  
                                  )  
COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me, this 7th day of February, 1963, by WILLIAM A. HUDSON and wife, ROXIE E. HUDSON, and EDWARD R. HUDSON and wife, JOSEPHINE T. HUDSON.

Jo B. Miller  
Jo B. Miller, Notary Public,  
Tarrant County, TEXAS.  
My Commission Expires: 6/1/63



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 472  
ORDER NO. R-~~297~~  
279

THE APPLICATION OF RICHARDSON AND  
BASS FOR APPROVAL OF THE JAMES RANCH  
UNIT AREA EMBRACING 20,656.98 ACRES  
OF LAND IN EDDY COUNTY, NEW MEXICO,  
WITHIN TOWNSHIPS 22 AND 23 S.,  
RANGES 30 AND 31 E., N.M.P.M.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on February 17, 1953,  
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, here-  
inafter referred to as the "Commission".

NOW, on this 17th day of March, 1953, the Commission, a quorum being present,  
having considered said application and the evidence introduced in support thereof,  
and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the  
Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the proposed unit plan will in principle tend to promote the  
conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

JAMES RANCH UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the  
James Ranch Unit Agreement, and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated  
shall be embraced in the form of a unit agreement for the development and operation  
of the James Ranch Unit Area referred to in the Petitioner's petition and filed  
with said petition, and such plan shall be known as the James Ranch Unit Agreement  
Plan.

SECTION 3. That the James Ranch Unit Agreement Plan shall be, and hereby  
is, approved in principle as a proper conservation measure; provided, however, that

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 Case 472—Order R-~~297~~

notwithstanding any of the provisions contained in said unit agreement this approval shall not be considered as waiving or relinquishing in any manner any right, duties or obligations which are now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said James Ranch Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. (a) That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 22 S., R. 30 E.

Sec. 12: SE/4, S/2 SW/4  
 Sec. 13: All  
 Sec. 14: All  
 Sec. 15: All  
 Sec. 16: All  
 Sec. 17: S/2, NE/4, E/2 NW/4  
 Sec. 19--30 (incl.): All  
 Sec. 33: E/2  
 Sec. 34: All  
 Sec. 35: All  
 Sec. 36: All

Twp. 22 S., R. 31 E.

Sec. 7: S/2, S/2 N/2  
 Sec. 8: SW/4, S/2 NW/4  
 Sec. 17: S/2, NW/4  
 Sec. 18: All  
 Sec. 19: All  
 Sec. 20: All  
 Sec. 29: W/2 W/2  
 Sec. 30: All  
 Sec. 31: All

Twp. 23 S., R. 30 E.

Sec. 1: E/2, N/2 NW/4  
 Sec. 2: N/2 N/2

Twp. 23 S., R. 31 E.

Sec. 5: W/2 W/2  
 Sec. 6: All  
 Sec. 7: All  
 Sec. 8: W/2  
 Sec. 17: NW/4  
 Sec. 18: N/2

Total unit area: 20,656.98 acres, more or less.

(b) The unit area may be enlarged or contracted as provided in said Plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the James Ranch Unit Agreement within

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Case No. 472—Order R-~~297~~<sup>279</sup>

30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commissioner in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

R. R. SPURRIER, Secretary

S E A L

BASS ENTERPRISES PRODUCTION CO.  
FORT WORTH NATIONAL BANK BUILDING  
FORT WORTH, TEXAS 76102

November 30, 1979

Re: Notice of Request for  
Contraction of the Unit  
The James Ranch Unit Area,  
Eddy County, New Mexico

Mr. Jim Gillham  
United States Geological Survey  
P. O. Drawer 1857  
Roswell, New Mexico 88201

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

Attention: Oil and Gas Department

Gentlemen:

Perry R. Bass, as Unit Operator for the James Ranch Unit (Contract No. 14-08-001-558, effective April 22, 1953), respectfully submits for the approval of the Supervisor, United States Geological Survey, or its duly authorized representative, and the New Mexico Commissioner of Public Lands, a request for contraction of the above Unit. A copy of this Notice is simultaneously being mailed to the last known address of each working interest owner, lessee and lessor whose interests are affected as provided on Exhibit "A" hereto, and each is hereby notified that 30 days will be allowed for submission to the Unit Operator of any objections to this request.

The James Ranch Unit consists of 20,656.98 acres, more or less, located in Townships 22 and 23 South, Ranges 30 and 31 East, N.M.P.M., Eddy County, New Mexico (plat attached as Exhibit "B"). The Unit Area has been operated in conformance with the Unit Agreement and Unit Operating Agreement since approval and is presently a Producing Unit.

On February 9, 1977, in Cause No. CIV 77-071-B, on the docket of the Federal District Court for the District of New Mexico, the United States of America filed its Complaint to condemn the surface and the initial 6,000' of subsurface in the South Half of Section 31, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, containing 320 acres, more or less. On December 7, 1977, in Cause No. CIV 77-776-P, on the docket of the Federal District Court for the District of New Mexico, the United States of America filed its Complaint to condemn the surface and the initial 6,000' of subsurface in the North Half of

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 4  
Submitted by: XTO ENERGY INC.  
Hearing Date: November 8, 2017

- 2 -

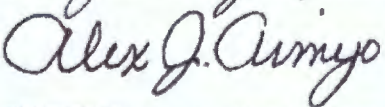
Section 31, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, containing 320 acres, more or less. The acreage covered by these two Causes is outlined in red on the attached Exhibit "B". These two Causes were consolidated and a Final Judgment was entered in each Cause on February 12, 1979, which confirmed title to said condemned acreage in the United States of America and it is therefore necessary to contract the James Ranch Unit Area to eliminate that portion of the condemned land taken in fee simple as to the depths from the surface down to 6,000 feet subsurface, as to said depths.<sup>1</sup>

On July 26, 1977, in Cause Nos. CIV 77-435-B, CIV 77-436-B and CIV 77-437-B, on the docket of the Federal District Court for the District of New Mexico, the United States of America filed its Complaint to condemn 6,243.9 acres of land situated within the boundaries of the James Ranch Unit. Of this condemned acreage, 5,643.57 acres, colored in yellow on the attached Exhibit "B", consisted of a total take as to all depths, while the balance of the condemned acreage being 600.33 acres, and outlined in green on the attached Exhibit "B" consisted of a total take only from the surface down to 6,000 feet subsurface.<sup>1</sup>

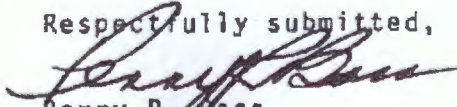
On July 24, 1978, in Cause No. CIV 78-539-B, on the docket of the Federal District Court for the District of New Mexico, the United States of America filed its complaint to condemn from the surface down to 6,000 feet subsurface, 80.00 acres of which is shown as the area shaded orange on the attached Exhibit "B".<sup>1</sup>

Attached as Exhibit "C" is a Schedule setting forth the legal descriptions of the acreage condemned in the above three Causes. A Final Judgment was entered in each of the above Causes on November 9, 1978,<sup>2</sup> which confirmed title to said condemned acreage in the United States of America, and it is therefore necessary to contract the James Ranch Unit Area to eliminate that portion of the condemned land taken in fee simple as to all depths, and to eliminate that portion of the condemned land taken in fee simple only for the depths from the surface down to 6,000 feet subsurface, as to said depths.<sup>1</sup>

It is therefore requested that the James Ranch Unit Area be contracted, as above specified, by virtue of the above Condemnation Actions.<sup>1</sup> Upon approval of this request, the Unit Operator shall submit revised Exhibits "A" and "B" to the Unit Area reflecting contraction of the James Ranch Unit Area.

Approved *January 23, 1980*  
  
 COMMISSIONER OF PUBLIC LANDS

Respectfully submitted,

  
 Perry R. Bass  
 Unit Operator

<sup>1</sup> Inasmuch as the first 6,000 feet of the lands which have been partially condemned are now owned by the United States of America, the leases covering such lands will not be contracted from the James Ranch Unit and as a result, all relative data in this letter is for your reference only.

<sup>2</sup> The Court has not to date entered a Final Judgment in Cause No. CIV 78-539-B.

EXHIBIT "A"

Allie V. Tapp  
100 N. Missouri Ave.  
Roswell, NM

Marguerite Payne  
310 S "Eye" Street  
Midland, Texas

Wallace Wimberly  
P. O. Box 185  
Midland, Texas

Reagan H. Legg  
Post Office Box 107  
Midland, Texas

Howard W. Jennings  
Post Office Box 450  
Roswell, New Mexico

Lucy R. Muse  
1343 Roaring Springs  
Fort Worth, Texas 76114

Neil F. Stull  
Robert E. Lee Hall  
1201 Barr Building  
970 17th St., NW  
Washington, D.C.

Bert Fields  
Suite 1211  
Fidelity Union Life Bldg.  
Dallas, Texas

Louis Slusky  
9201 S. Main  
Houston, Texas

Edward M. Muse  
1343 Roaring Springs Rd.  
Ft. Worth, Texas 76114

Joe Whitehurst  
Address Unknown

Belco Petroleum Company  
10000 Old Katy Road, Suite 100  
Houston, Texas 77055

Atlantic Richfield Company  
P. O. Box 1610  
Midland, Texas 79702

Bonnie H. Matlock  
3 Park Road  
Roswell, New Mexico

Margaret M. Wilder  
c/o Bruce K. Matlock  
3 Park Road  
Roswell, New Mexico

George S. Morrison  
Address Unknown

Mrs. Josephine T. Hudson  
Wm. A. Hudson  
1810 Electric Building  
Fort Worth, Texas 76102

Alma Cannon  
Hominy, Oklahoma

Continental Oil Co.  
Drawer 1267  
Ponca City, Oklahoma

Malco  
P. O. Box 4002  
Houma, Louisiana 70361

Oscar T. Hoover  
Address Unknown

Ernest Hanson  
Address Unknown

Continental Oil Co.  
Midland Savings Bldg.  
Box 1959  
Midland, Texas 79702

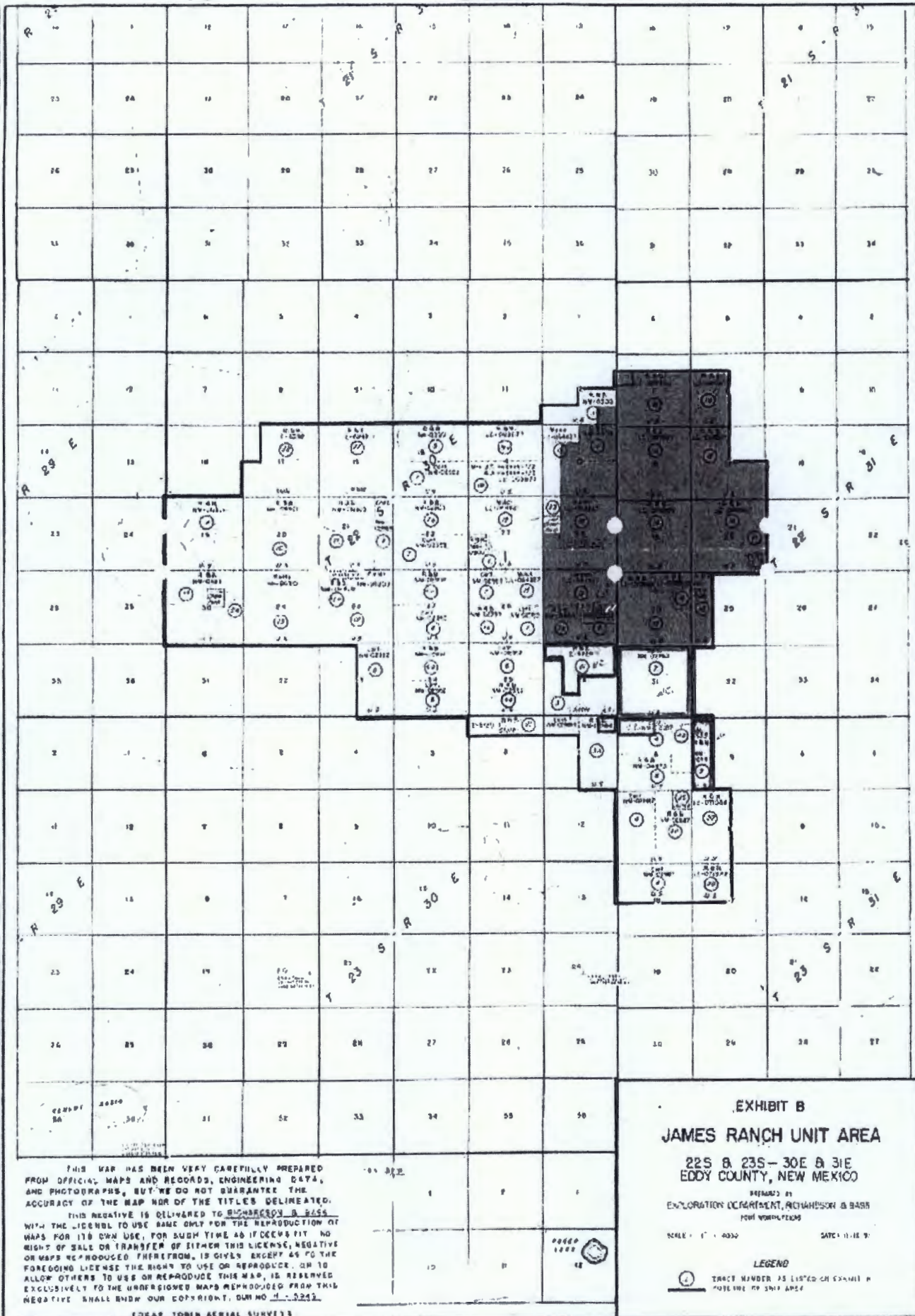


EXHIBIT "C"

I. Area of Total Take

Township 22 South, Range 31 East, N.M.P.M., Eddy County,  
New Mexico

- Section 7: S 1/2, S 1/2 NE 1/4, SE 1/4 NW 1/4;
- Section 8: SW 1/4, S 1/2 NW 1/4;
- Section 17: W 1/2, SE 1/4;
- Section 18: All;
- Section 19: All;
- Section 20: All;
- Section 29: W 1/2 W 1/2;
- Section 30: All;

Township 22 South, Range 30 East, N.M.P.M., Eddy County,  
New Mexico

- Section 12: SE 1/4 SE 1/4;
- Section 13: E 1/2, E 1/2 SW 1/4, SE 1/4 NW 1/4;
- Section 24: S 1/2, NE 1/4, E 1/2 NW 1/4;
- Section 25: W 1/2, NE 1/4, S 1/2 SE 1/4;

II. Area of Partial Take (From the Surface down to 6,000' Subsurface)<sup>1</sup>

Township 23 South, Range 30 East, N.M.P.M., Eddy County,  
New Mexico

- Section 1: NE 1/4 NE 1/4;

Township 23 South, Range 31 East, N.M.P.M., Eddy County,  
New Mexico

- Section 5: W 1/2 W 1/2;
- Section 6: N 1/2 NW 1/4;

Township 22 South, Range 30 East, N.M.P.M., Eddy County,  
New Mexico

- Section 25: N 1/2 SE 1/4;
- Section 36: NE 1/4, E 1/2 NW 1/4, NW 1/4 NW 1/4,  
NE 1/4 SW 1/4

Township 22 South, Range 31 East, N.M.P.M., Eddy County,  
New Mexico

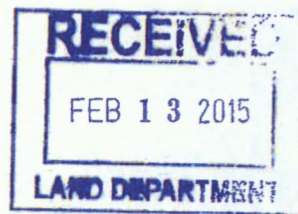
- Section 31: All

*Only lands Contracted*

*Will not be Contracted from the James Ranch Unit*

<sup>1</sup> Inasmuch as the first 6,000 feet of the lands which have been partially condemned are now owned by the United States of America, the leases covering such lands will not be contracted from the James Ranch Unit and as a result, all relative data in this letter is for your reference only.





**Aubrey Dunn**  
**COMMISSIONER**

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

February 9, 2015

BOPCO, L.P.  
201 Main Street, Suite 2700  
Fort Worth, Texas 76102

Attention: Mr. Andy Morrison

Re: Preliminary Approval for Proposed Unit Boundary Expansion  
James Ranch Unit  
Eddy County, New Mexico

Dear Mr. Morrison:

Your letter of February 3, 2015 requests preliminary approval for the expansion of the James Ranch Unit area, Eddy County, New Mexico. The proposed expansion meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval to expand the unit area

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. The unit expansion date should be prior to any production.
2. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that are not committed.
3. Pursuant to SLO Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
  - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
  - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
  - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
  - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the required lessees of record and working interest owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Designation/concurrence from the Bureau of Land Management.

**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

**Exhibit No. 5**

Submitted by: XTO ENERGY INC.


Hearing Date: November 8, 2017

5. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.
6. The filing fee for a Unit expansion is \$30.00 for every section or partial section thereof. Please submit a filing fee in the amount of \$720.00.
7. Please see the attached recommended changes to Exhibits "A" and "B".

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

AUBREY DUNN  
COMMISSIONER OF PUBLIC LANDS

BY:   
Terry Warnell  
Oil, Gas and Minerals Division  
(505) 827-5744  
AD/TW/pm

cc: Reader File,  
OCD-Attention: Mr. Daniel Sanchez  
BLM Carlsbad, Attn: Mr. Ed Fernandez

February 9, 2015

James Ranch Unit Expansion  
Eddy County, New Mexico

The following is a list of changes that need to be made to existing paperwork.

**Legal Description and Acreage** list that is on page one and two of your preliminary approval letter Dated February 3, 2015.

**Where you have:**

- |                             |                |
|-----------------------------|----------------|
| 1. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 6: ALL                 | 640            |
| This should be under        |                |
| <u>T22S-30E N.M.P.M.</u>    | <u>Acreage</u> |
| <b>Sec. 6: ALL</b>          | 640            |
|                             |                |
| 2. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 9: E/2SE/4             | 80             |
| This should be under        |                |
| <u>T22S-30E N.M.P.M.</u>    | <u>Acreage</u> |
| <b>Sec. 9: ALL</b>          | 640            |
|                             |                |
| 3. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 10: NW/4SW/4, SW/4NW/4 | 80             |
| This should be under        |                |
| <u>T22S-30E N.M.P.M.</u>    | <u>Acreage</u> |
| <b>Sec. 10: ALL</b>         | 640            |

**Description can be " ALL"**

- |                             |                |
|-----------------------------|----------------|
| 4. <u>T22-R29E N.M.P.M.</u> | <u>Acreage</u> |
| Sec. 11: ALL                | 640            |

**Exhibit "A" Map Tract Numbers that should be changed.**

- |    |                  |   |              |
|----|------------------|---|--------------|
| 1. | <u>Tract No.</u> | <u>Description of Land</u>                              | <u>Acres</u> |
|    | 6-B              | T22S-30E  | 320.00       |
|    |                  | Sec. 35: NW/4   |              |
|    |                  | <b>6B is not noted, 7A is noted where 6B should be.</b> |              |
|    |                  |   |              |
| 2. | <u>Tract No.</u> | <u>Description of Land</u>                              | <u>Acres</u> |
|    | 7-C              | T22S-30E  | 400.98       |
|    |                  | Sec. 26: E/2SE/4  |              |
|    |                  | <b>7C is not noted, 7B is noted where 7C should be.</b> |              |

- |    |           |   |       |
|----|-----------|---|-------|
| 3. | Tract No. | Description of Land                                     | Acres |
|    | 34        | T21S-30E<br>Sec. 31: NE/4NE/4                           | 40.00 |
|    |           | <b>34 is not noted, 39 is noted where 34 should be.</b> |       |
|    |           |   |       |
| 4. | Tract No. | Description of Land                                     | Acres |
|    | 47        | T22S-30E<br>Sec. 17: W/2NW/4                            | 80.00 |
|    |           | <b>47 is not noted.</b>                                 |       |

Exhibit "B" various items that should be changed.

1. Page 3 of 13 –Tract 7. T22S-30E  
Sec. 21: E/2SW/4 **Should read Sec. 21: E/2SE/4**
2. Page 12 of 13 – Tract 49. T22S-29E **Should read T22S-30E**

The following **State Land Tracts** should read as follows:

<u>Tract #</u>	<u>Description of Land</u>	<u>Acre</u>	<u>Lease #</u>	<u>Lessee of Record</u>
3. Tract 21.	<u>T22S-30E</u> Sec. 36: N/2, SW/4 Sec. 2: Lots 1,2,3,4	640.56	E-5529-9	<b>BMT O&amp;G NM,LLC/BEPCO, LP</b>
4. Tract 21-A.	<u>T22S-30E</u> Sec. 36: SE/4	160.00	E-5229-10	<b>BMT O&amp;G NM, LLC</b>
5. Tract 22.	<u>T22S-30E</u> Sec. 16: All Sec. 17: S/2, NE/4,E/2NW/4	1200.00	E-6292-7	<b>BEPCO, LP/CTV O&amp;G NM LLC</b>
6. Tract 38.	<u>T22S-30E</u> Sec. 5: Lots 1-4,S/2N/2, S/2	641.12	V-3412-1	
7. Tract 39.	<u>T21S-30E</u> Sec. 32: N/2	320.00	V-8745-1	
8. Tract 41.	<u>T22S30E</u> Sec. 8: S/2	320.00	V-8750-2	
9. Tract 42.	<u>T22S30E</u> Sec. 9: W/2SE/4, SW/4	240.00	V-8751-2	

10. Tract 43. T21S-30E 320.00 V-8759-1  
Sec. 32: S/2
11. Tract 44. T22S-30E 321.28 V-8761-1  
Sec. 4: Lots 1-4, S/2N/2
12. Tract 45. T22S-30E 320.00 V-8762-1  
Sec. 8: N/2
13. Tract 46. T22S-30E 320.00 V-8763-1  
Sec. 9: N/2
14. Tract 47. T22S-30E 80.00 VB-2044-1  
Sec. 17: W/2NW/4
15. Tract 48. T22S-29E 160.00 VB-2408  
Sec. 11: S/2NW/4, N/2SW/4



**Aubrey Dunn**  
**COMMISSIONER**

**State of New Mexico**  
**Commissioner of Public Lands**

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760  
Fax (505) 827-5766  
www.nmstatelands.org

October 18, 2017

XTO Energy Inc  
Attn: Mr. Kenneth Hilger  
810 Houston St.  
WTW 1912  
Fort Worth, TX 76102

Re: Addendum to Preliminary Approval  
James Ranch Unit Expansion  
Eddy County, New Mexico

Dear Mr. Hilger:

We met with you on October 5, 2017 to discuss the expansion of the James Ranch Unit. Original preliminary approval was granted on February 9, 2015 to BOPCO, LP on a total expansion of 13,063.68 acres.

At our meeting on October 5, you indicated that since preliminary approval in 2015, XTO has acquired the James Ranch Unit and wishes to continue the unit expansion. However, in addition to the original 13,063.68 acres, XTO has acquired an additional 160 acres (SE4 of Section 34-21S-30E) that XTO would like to include in the unit expansion. We agreed during the October 5 meeting that the addition would be acceptable.

All stipulations contained in the original preliminary approval letter are still in effect.

If you have any questions or if we may be of further assistance, please contact Units Manager Marilyn Gruebel at 505.827.5791.

Respectfully,

AUBREY DUNN  
COMMISSIONER OF PUBLIC LANDS

AD/mg

cc: OCD -- Attn: Mr. Daniel Sanchez  
RMD -- Attn: Mr. Roddy Martinez  
OGMD and Units Reader Files

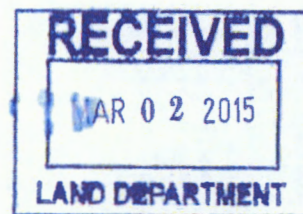


# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Pecos District  
Carlsbad Field Office  
620 E. Greene  
Carlsbad, New Mexico 88220-6292  
www.blm.gov/nm



NM70965X  
3180 (P0220)



FEB 23 2015

Reference:  
Proposed Expansion of the  
James Ranch Unit NM70765X  
Eddy County, New Mexico

CERTIFIED—RETURN RECEIPT REQUESTED  
7008 3230 0002 0987 3307

BOPCO, L.P.  
201 Main St.  
Fort Worth, TX 76102-3131

Gentlemen:

Your application of February 3, 2015, requests preliminary approval of the proposed expansion of the James Ranch Unit Area, Eddy County, New Mexico. This expansion will add 13,047.36 acres to the 15,094.41 acres, resulting in an enlarged unit area of 28,141.77 acres, more or less, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

The expansion is regarded as acceptable on the basis of the geologic/reservoir information accompanying your application. We hereby concur in the proposed expansion, provided it is accomplished pursuant to Section 2 of the unit agreement. The effective date of the proposed expansion will be a mutual agreement between the New Mexico Commissioner of Public Land and the Bureau of Land Management, and it shall become effective as of this date or from the onset of production of unitized substance, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and in accordance with your application, pursuant to Section 2(a).

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 6  
Submitted by: XTO ENERGY INC.  
Hearing Date: November 8, 2017

Preliminary approval shall not be construed to mean final approval of the agreement in any way. Final Approval will encompass the following to meet the public interest requirement.

- All ratification from the required lessees of record and working interest owners and overriding royalty owners. All ratifications will be from within the current unit boundary and within the proposed expanded unit boundary.
- Updated and corrected Exhibit "A" and "B"
- Application for final approval identifying the tracts that have been fully committed.
- The unit expansion will require five (5) horizontal obligation wells and the location of each well will be mutually agreed upon.
- All five obligation wells are to be (diligently) timely drilled as per section 9 of unit agreement to meet the public interest requirement of the federal unit agreement and 43 CFR 3107.4. This is a requirement even if a PA has been established during the drilling of these five wells. Upon failure to meet this public interest requirement the unit expansion will terminate automatically.
- Within two (2) months after the effective date of the Unit Expansion or the final approval of the BLM Guidelines for the Secretarial Order 3324, the operator is expected to have 5 APDs submitted for approval to the proper agency. Once the APDs are approved a drilling rig shall be dedicated to drill the 5 obligation wells. Once each well is drilled to the plan TD, the operator shall have the well tested and completed within 2 months.

Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the State of New Mexico Commissioner of Public Lands.

A minimum of four copies of the application for final approval, accompanied by the appropriate joinders and supplements to Exhibits "A" and "B" should be filed with the Authorized Officer.

Please contact Edward G. Fernandez, Petroleum Engineer at 575-234-2220 or Jennifer Sanchez, Petroleum Engineer at 575-234-6237 if you have any questions.

Sincerely,



George MacDonell  
Field Manager,  
Carlsbad Field Office



cc: Commissioner of Public Lands  
ONRR, Denver (MS357B-1)  
New Mexico Taxation & Revenue Dept.  
Revenue Processing Division  
LLNM9210  
NMP0220, Unit File



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office  
620 E. Greene  
Carlsbad, New Mexico 88220-6292  
www.nm.blm.gov



In Reply Refer to  
NM134993  
3107 (P0220)

Reference:  
Proposed Expansion of the  
James Ranch Unit NM70765X  
Eddy County, New Mexico

AUG 20 2015

CERTIFIED—RETURN RECEIPT REQUESTED  
7014 3490 0000 3103 2195

BOPCO, L.P.  
201 Main St.  
Fort Worth, TX 76102-3131

Gentlemen:

This letter is to revise the preliminary approval of the proposed expansion of the James Ranch Unit. Essentially, final approval will encompass the revised public interest requirements stated within this letter.

Your application of February 3, 2015, requests preliminary approval of the proposed expansion of the James Ranch Unit Area, Eddy County, New Mexico. This expansion will add 13,047.36 acres to the 15,094.41 acres, resulting in an enlarged unit area of 28,141.77 acres, more or less, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

The expansion is regarded as acceptable on the basis of the geologic/reservoir information accompanying your application. We hereby concur in the proposed expansion, provided it is accomplished pursuant to Section 2 of the unit agreement. The effective date of the proposed expansion will be a mutual agreement between the New Mexico Commissioner of Public Land and the Bureau of Land Management, and it shall become effective as of this date or from the onset of production of unitized substance, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and in accordance with your application, pursuant to Section 2(a).

Preliminary approval shall not be construed to mean final approval of the agreement in any way. Final Approval will encompass the following to meet the public interest requirement.

- All ratification from the required lessees of record and working interest owners and overriding royalty owners. All ratifications will be from within the current unit boundary and within the proposed expanded unit boundary.
- Updated and corrected Exhibit "A" and "B"
- Application for final approval identifying the tracts that have been fully committed.
- The unit expansion will require four (4) horizontal obligation wells which will be placed on separate drill islands if possible and the location of each well will be mutually agreed upon.
- All four obligation wells are to be (diligently) timely drilled as per section 9 of unit agreement to meet the public interest requirement of the federal unit agreement and 43 CFR 3107.4. This is a requirement even if a PA has been established during the drilling of these four wells. Upon failure to meet this public interest requirement the unit expansion will terminate automatically.
- Within two (2) months after the effective date of the Unit Expansion or the final approval of the BLM Guidelines for the Secretarial Order 3324, the operator is expected to have 4 APDs submitted for approval to the proper agency. Once each well is drilled to the plan TD, the operator shall have the well tested and completed within 2 months.
- Reasonable diligence shall be exercised in complying with the obligations of the public interest drilling requirements. The operator will have the option to request extensions to the public interest drilling requirements as necessary. The AO and the NM State Land Commission is authorized to jointly grant a reasonable extension of up to 1 year to the 6 months period indicated in section 9 of the unit agreement herein prescribed for submission of the public interest drilling requirements, where such action is justified because of unusual conditions or circumstances within the Potash Development Area. This will include requesting 1-year from final approval to begin the initial obligation well. However, the AO and the NM State Land Commission are not obligated to grant such extensions. All extensions will be determined on a case by case basis.
- The unit operator should be aware that due to the requirements of Secretarial Order 3324 the AO and the NM State Land Commission does not expect the timing of obligation wells to fall in line with section 9 of the Unit Agreement. However, it will be up to the unit operator to request addition time as stated in the previous paragraph.

Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the State of New Mexico Commissioner of Public Lands.

A minimum of four copies of the application for final approval, accompanied by the appropriate joinders and supplements to Exhibits "A" and "B" should be filed with the Authorized Officer.

Please contact Edward G. Fernandez, Petroleum Engineer at 575-234-2220 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "George MacDonell". The signature is fluid and cursive, with a large loop at the end.

George MacDonell  
Field Manager,  
Carlsbad Field Office

cc: Commissioner of Public Lands  
ONRR, Denver (MS357B-1)  
LLNM9210  
NMP0220, Unit File

**Affidavit of Publication**

State of New Mexico,  
County of Eddy, ss.

**Danny Fletcher**, being first duly sworn, on oath says:

That he is the Publisher of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

October 11 2017

That the cost of publication is **\$329.57** and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this 18 day of October, 2017

Cynthia Arredondo

My commission Expires 2/13/21

Notary Public



October 11, 2017  
STATE OF NEW MEXICO  
ENERGY, MINERALS  
AND NATURAL  
RESOURCES  
DEPARTMENT  
OIL CONSERVATION  
DIVISION  
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on October 26, 2017, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by October 16, 2017. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All affected persons, including: Amador Oil Co; EOG; Chevron U.S.A.; Roy G. Barton, Jr., his heirs and devisees; Camterra Resources; Hickson Energy; MRC Permian Co.; Edward R. Hudson Trust 4; Estate of Josephine T. Hudson, her heirs and devisees; Ard Energy LLC; Javilena Partners; William A. Hudson, his heirs and devisees; Zorro Partners; Delmars Living Trust, Attn: Larry Farris; Lindy's Living Trust; Francis H. Hudson, Trustee; Grubitz Gene III Trust; Marshall & Winston; ConocoPhillips; Robert N. Enfield, his heirs and devisees; Devon Energy; Lisa M. Enfield A.I.F For Mona

L. Coffield, her heirs and devisees; Bill Ergodic Cotner DBA: Meadco LLC; Properties, his heirs and devisees; Green Read & Stevens Inc, and heirs/assigns; Madison London his heirs and devisees; Kingdon R. Hughes, his heirs and devisees; Kingdon R. Hughes Family Trust; Richard V. Vestlake, his heirs and devisees; Bureau of Land Management; State of New Mexico; William C. Smith, his heirs and devisees; Frankie Jo Mills, her heirs and devisees; Georgia Bernsten, her heirs and devisees; Hills Prod Co, LLC; James Gordon Debois, his heirs and devisees; Jenna Wolcott, her heirs and devisees; Kenneth M. Smith, his heirs and devisees; Lora Nell Smith Glenn, her heirs and devisees; Alma Cannon, her heirs and devisees; Frank Elliott, his heirs and devisees; Chas E. Richard B. Jones, his heirs and devisees; Georgia L Bergsten, her heirs and devisees; Thomas Alher, her heirs and devisees; Rictrard Lee Hall, his heirs and devisees; Matlock Minerals Ltd Co; Bry an Bell Family LP; Rubie C. Bell Family LP; Richard E. Lee Hall, Jr., his heirs and devisees; Shelly Wright Hickman, her heirs and devisees; Eero Abuelo, LLC; James Bremer, his heirs and devisees; Dennis Link, his heirs and devisees; Neuvo LP; Abundant Life Foundation; The Utica Royalty Trust; Arlee A. Andre, her heirs and devisees; Carol Wright Bailey, her heirs and devisees; Vanessa Minnard, her heirs and devisees; F. J. Bradshaw, et ux., their heirs and devisees; Nancy J. Allen, her heirs and devisees; Elliott and Louis Slusky, their heirs and devisees; Hickson Childrens Trust; Hoch Childrens Trust; Robert Erle Payne, his heirs and devisees; Ellen Legg Garza, her heirs and devisees; Emily Legg Chapman, her heirs and devisees; John Michael Legg, his heirs and devisees; Regan H. Legg, Jr., his heirs and devisees; Melinda Claire Witty Holy, her heirs and devisees; Edward R. Hudson, et ux. and William A. Hudson, et ux., their heirs and devisees; Susan Jennings Croft, her heirs and devisees; Mark E. Boling Trust; Lu Ann Sochor, her heirs and devisees; Silver Hair LLC, c/o Janet Richardson, Mgr.; William Phelps Anderson, his heirs and devisees; Good Earth

LLC; Range 30 East N.M.P.M.  
Section 18:  
Lots 1-4; E/2W/2; E  
Section 7:  
Lots 1-4; E/2W/2; E  
Section 6:  
Lots 1-7; SE/4NW/  
E/2SW/4; SE/4; S/2N  
Section 5:  
Lots 1-4; S/2N/2; S  
Section 4:  
Lots 1-4; S/2N/2; S  
Section 3:  
Lots 1-4; S/2N/2; S  
Section 10: All  
Section 9: All  
Section 8: All  
Section 17: W/2NW

The unutilized int includes depths. The Ranch Unit Expansion Area is approximately 20 miles east of Carlsbad, New Mexico. Case No. 15844: Amended Application Of XTO Energy Inc. For Approval Of The Expansion Of the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval to expand the geographic area of the James Ranch Unit by 13,223.68 acres of land. Said Unit currently consists of approximately 15,094.41 acres of Federal, Fee, and State Acreage in Eddy County, New Mexico. The total unit acreage will include 28,318.09 acres. XTO seeks to expand the Unit to include the following Federal and State lands situated in Eddy County, New Mexico:

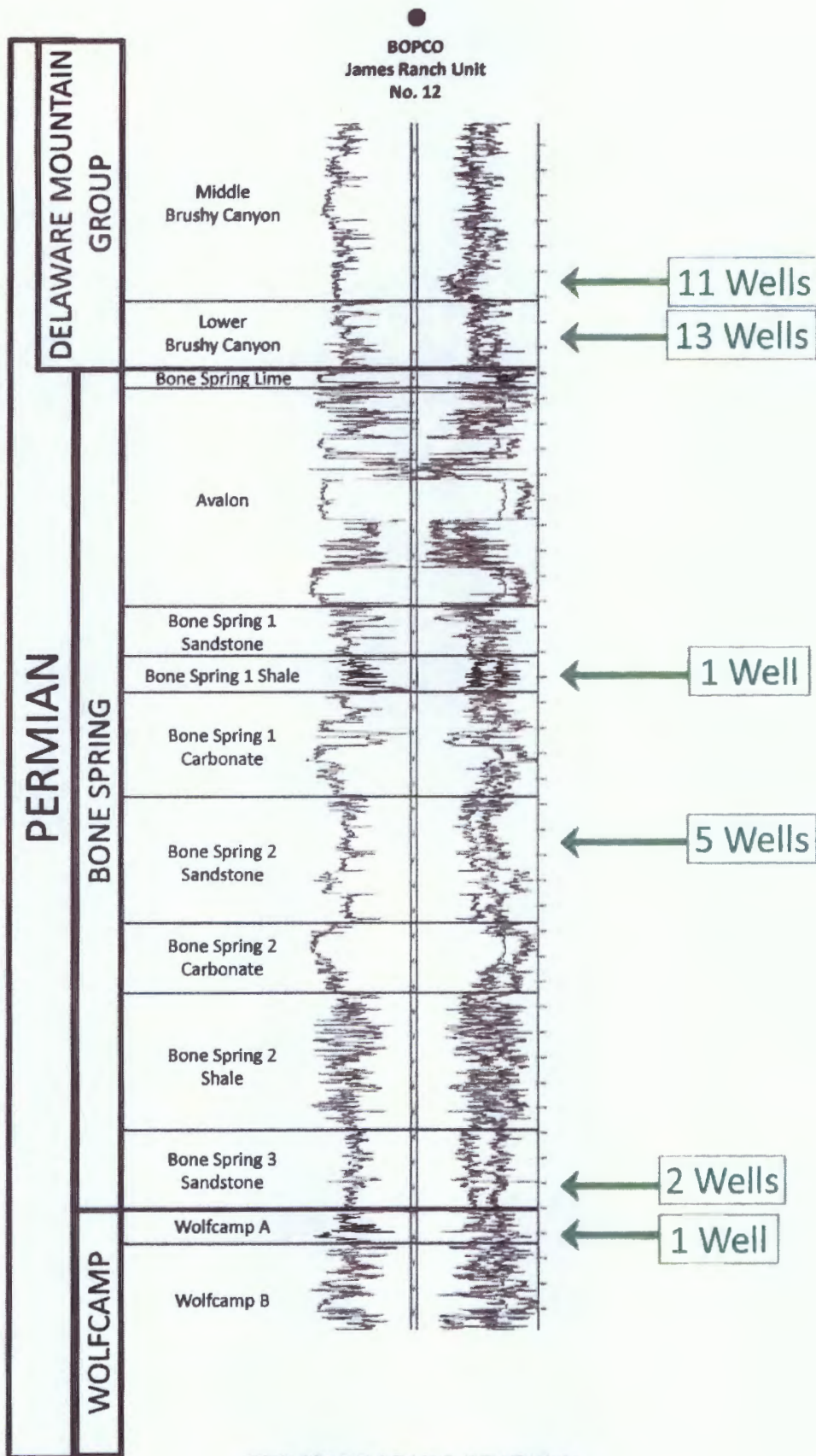
**Township 21 South - Range 30 East N.M.P.M.**

Section 25: All  
Section 26: All  
Section 27: S/2  
Section 33: All  
Section 34: W/2; NE/4  
Section 31:  
Lots 1-8; E/2W/2; E/2  
Section 32: All  
Section 34: SE/4

**Township 22 South - Range 29 East N.M.P.M.**

Section 1:  
Lots 1-4; S/2N/2; S/2  
Section 11: All  
Section 12: All  
Section 13: All  
Section 14: All

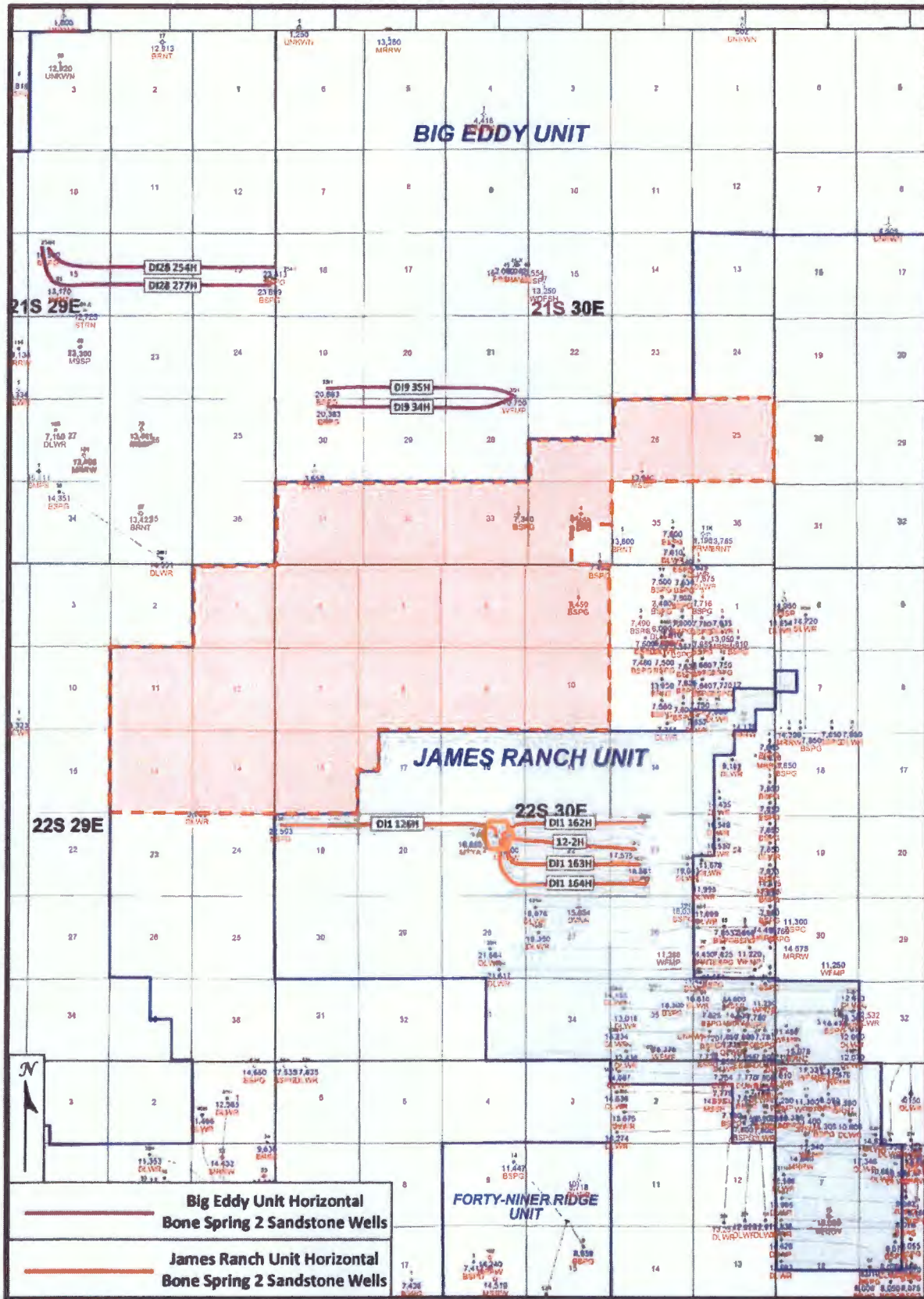
BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 9  
Submitted by: XTO ENERGY INC.  
Hearing Date: November 8, 2017



**STRATIGRAPHIC SECTION**  
James Ranch Unit  
Formations Productive in Horizontal Wells

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 10  
Submitted by: XTO ENERGY INC.  
Hearing Date: November 8, 2017

**Figure 2**



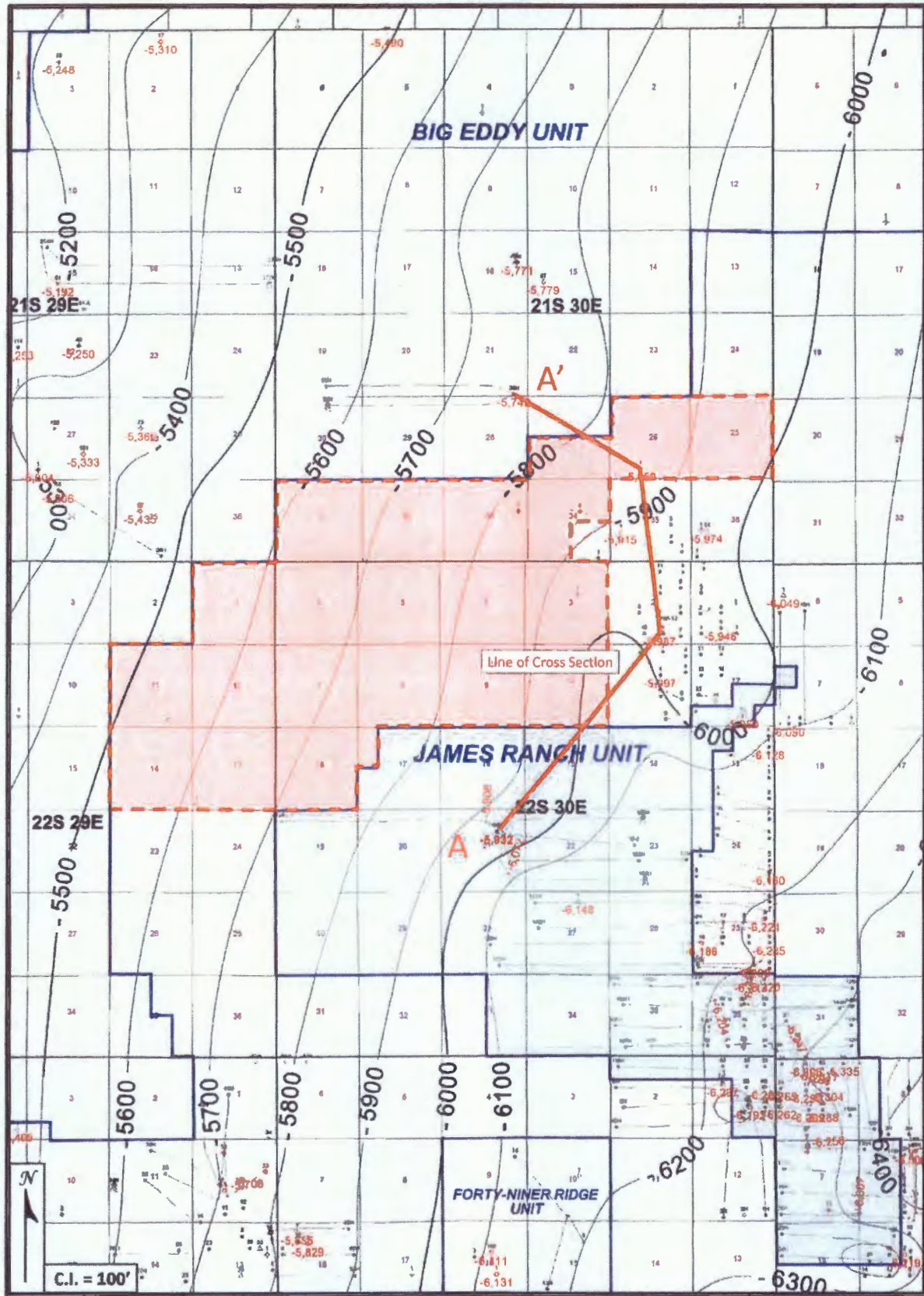
**Figure 3**

**LOCATION MAP**  
**Existing Bone Spring 2 Sandstone Horizontal Wells**  
**James Ranch Unit**  
**Southern Big Eddy Unit**  
**Eddy County, New Mexico**

Legend:  
 — Existing Bone Spring 2 Sandstone Horizontal Wells  
 — Proposed James Ranch Unit Expansion Area  
 — Existing James Ranch Unit  
 Type Log

Scale: 0, 5,000, 10,000'

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Exhibit No. 11  
 Submitted by: XTO ENERGY INC.  
 Hearing Date: November 8, 2017



0' 5,000' 10,000'  
Scale  
Type Log

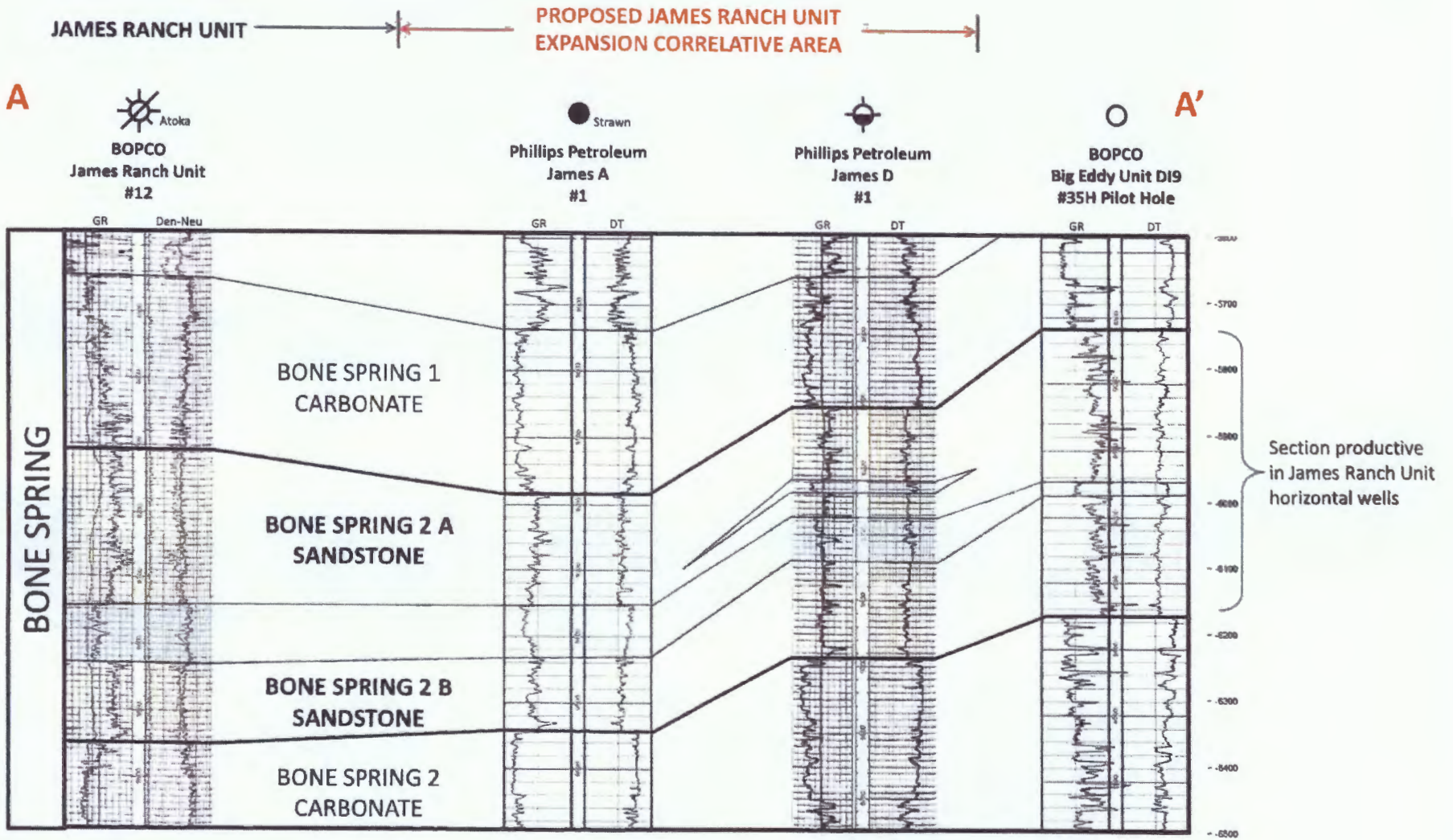
**STRUCTURE MAP**  
Bone Spring 2 Sandstone Top

Proposed James Ranch Unit Expansion Area  
Existing James Ranch Unit

**Figure 5**

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 12  
Submitted by: XTO ENERGY INC.  
Hearing Date: November 8, 2017





BONE SPRING 2 SANDSTONE STRUCTURAL CROSS SECTION

Figure 6

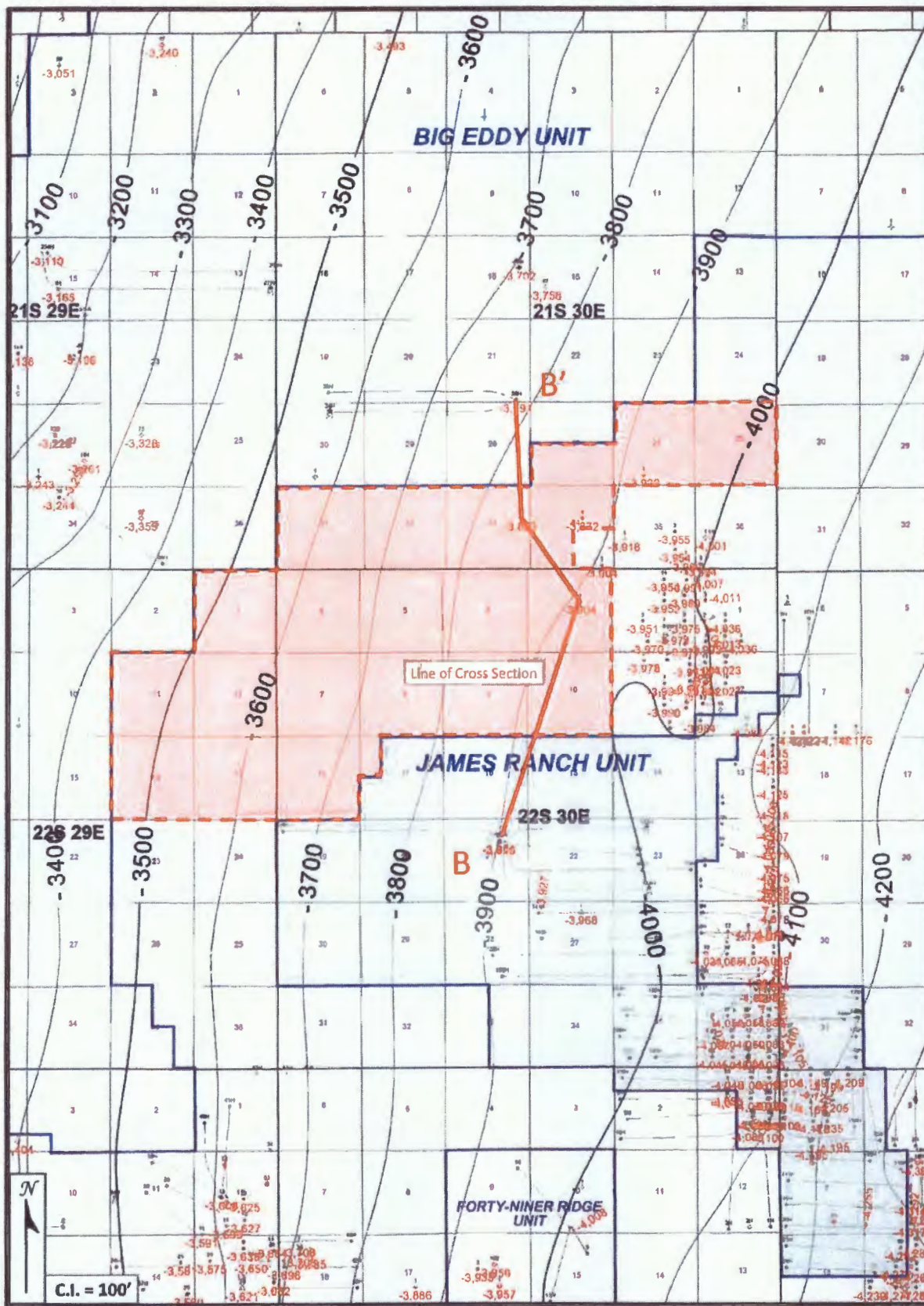
BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 13

Submitted by: XTO ENERGY INC.

Hearing Date: November 8, 2017



0' 5,000' 10,000'  
Scale

Type Log

**STRUCTURE MAP**

Delaware

Lower Brushy Canyon Sandstone Top

Proposed James Ranch Unit  
Expansion Area

Existing James Ranch Unit

**Figure 10**

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 14

Submitted by: XTO ENERGY INC.

Hearing Date: November 8, 2017



**HOLLAND & HART** LLP

**Jordan L. Kessler**  
**Associate**  
Phone (505) 988-4421  
Fax (505) 983-6043  
JLKessler@hollandhart.com

October 6, 2017

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: AFFECTED PARTIES**

**Re: Amended Application Of XTO Energy Inc. For Approval Of The  
Expansion of the James Ranch Unit, Eddy County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that XTO Energy Inc. has filed the enclosed amended application with the New Mexico Oil Conservation Division. A copy of the unit agreement is included with this letter and application. This application has been set for hearing before a Division Examiner at 8:15 a.m. on October 26, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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 by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

Jordan L. Kessler  
**ATTORNEYS FOR XTO ENERGY INC.**

Holland &amp; Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

