

CASE NO.

7158

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

AMENDED REPORT REFLECTING CONTRATION OF UNIT AREA EFFECTIVE FEBRUARY 28, 1983

Unit Name Silman Lake Unit-EXPLORATORY
 Operator Celeste C. Grynbere
 County Chaves

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC. ORDER NO.							
COMMISSIONER	OCD:	2-26-81	13,743.12	13,386.46	-0-	356.66	yes	2 yrs
2-26-81	2-25-81							
3/16/83		2/28/83	11,823.84	11,467.18	-0-	356.66		

AFTER CONTRACTION EFFECTIVE FEBRUARY 28, 1983

UNIT AREA

TOWNSHIP 9 SOUTH, RANGE 26 East, NMPM
 Section 36: All

NOTICE: The following lands have been contracted

Tract No.

Description of Tract

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
 Section: 32 and 33 All
 Section: 34 W/2

2

T 9 S - R 27 E
 Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$
 Containing 639.28 acres, more or less

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
 Section 1: All
 Sections 12 and 13: All
 Section 24: All

27

T 10 S - R 27 E
 Section 16: W $\frac{1}{2}$, NE $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{2}$
 Containing 560.00 acres, more or less

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
 Section 3: W/2
 Sections 4 through 9: All
 Section 10: W/2
 Sections 17 through 20

34

T 10 S - R 27 E
 Section 21: All
 Containing 640.00 acres, more or less

AMENDED REPORT REFLECTING CONTRACTION OF UNIT AREA EFFECTIVE FEBRUARY 28, 1983

Unit Name SILMAN LAKE UNIT- EXPLORATORY
Operator CELESTE C. GRYNBERG
County CHAVES

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1	LG-9154	C.S.	36	9S	26E	A11	NOT COMMITTED	640.00		Aikman Petroleum
* NOTICE: THIS TRACT HAS BEEN CONTRACTED - EFFECTIVE FEBRUARY 28, 1983										
2	L-6909	W.R.	32	9S	27E	W/2	2-23-81	320.00		Southland Royalty Co.
3	L-6908	C.S.	32	9S	27E	E/2	2-23-81	320.00		Southland Royalty Co.
4	LG-4929	C.S.	33	9S	27E	NE/4, N/2SE/4, SW/4SE/4, SW/4NW/4, SW/4	2-23-81	480.00		Yates Petroleum Corp.
5	LG-03- /	C.S.	33	9S	27E	SE/4SE/4, N/2NW/4, SE/4NW/4	2-22-81	160.00		Celeste C. Grynberg
6	L-5211-1	C.S.	34	9S	27E	NW/4NW/4, SW/4SW/4	2-22-81	80.00		Celeste C. Grynberg
7	L-6645-1	C.S.	34	9S	27E	NE/4NW/4, S/2NW/4, N/2SW/4, SE/4SW/4	2-22-81	240.00		Celeste C. Grynberg
8	LG-5229	C.S.	1	10S	26E	NW/4, SW/4, SE/4	NOT COMMITTED	480.27		Harper Oil Company
9	L-5212-1	C.S.	1	10S	26E	Lot 1, SE/4NE/4, NE/4, S/2, SW/4NW/4	2-22-81	600.02		Celeste C. Grynberg
10	LG-7421	C.S.	1	10S	26E	W/2NE/4	NOT COMMITTED	80.07		Robert L. Thorton
11	LG-5241	C.S.	6	10S	27E	Lots 1, 2, 3, 4, 5, 6, 7, S/2NE/4, SE/4NW/4, SE/4, E/2SW/4	2-23-81	636.39		Yates Petroleum Corp.
12	LG-07- /	C.S.	8	10S	27E	W/2	2-22-81	639.35		Celeste C. Grynberg
13	LG-06- /	W.R.	8	10S	27E	E/2	2-22-81	639.01		Celeste C. Grynberg
14	LG-05	W.R.	4	10S	27E	All	2-23-81	637.96		Southland Royalty Co.

AMENDED REPORT REFLECTING CONTRACTION OF UNIT AREA EFFECTIVE FEBRUARY 28, 1983

Unit Name SILMAN LAKE UNIT-EXPLORATORY
 Operator CELESTE C. GRYNBERG
 County CHAVES

STATE TRACT NO.	LEASE NO.	INSTI- TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
31	L-6649-1	C.S.	20	10S	27E	SW/4	2-22-81	160.00		Celeste C. Grynberg
32	L-6647-1	C.S.	17	10S	27E	W/2	2-22-81	320.00		Celeste C. Grynberg
33	L-6648-2	W.R.	20	10S	27E	E/2	2-24-81	320.00		Harvey E. Yates Co.

*34 * NOTICE: THIS TRACT HAS BEEN CONTRACTED - EFFECTIVE FEBRUARY 28, 1983

AMENDED REPORT REFLECTING CONTRACTION OF UNIT AREA EFFECTIVE FEBRUARY 28, 1983

Unit Name SILMAN LAKE UNIT-EXPLORATORY
Operator CELESTE C. GRYNBERG
County CHAVES

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
16	LG-04-1	W.R.	10	19S	27E	W/2	2-22-81	639.21		Celeste C. Grynberg
		W.R.	3	10S	27E	Lots 3, 4, S/2NW/4, SW/4	2-22-81			
17	LG-5412	C.S.	12	10S	26E	E/2NW/4, NW/4NW/4			120.00	Harper Oil Company
18	FEE LANDS									
19	LG-08-1	C.S.	7	10S	27E	E/2, Lots 1, 2, 3, E/2W/2	2-22-81	597.51		Celeste C. Grynberg
20	LG-5242	W.R.	9	10S	27E	A11	2-23-81	640.00		Yates Petroleum Corp.
21	LG-5235	C.S.	13	10S	26E	SE/4, SE/4SW/4, W/2SW/4, SW/4NW/4, SW/4NE/4, N/2N/2			520.00	Harper Oil Company
										NOT COMMITTED
22	L-5213-1	C.S.	13	10S	26E	SE/4NE/4, SE/4NW/4, NE/4SW/4	2-22-81	400.00		Celeste C. Grynberg
		C.S.	24	10S	26E	E/2SE/4, NE/4, SE/4NW/4	2-22-81			
23	LG-5244	C.S.	18	10S	27E	SE/4, E/2SW/4, S/2NE/4, E/2NW/4	2-23-81	400.00		Yates PetroleumCorp.
24	L-5214	C.S.	18	10S	27E	N/2NE/4	2-22-81	160.00		Celeste C. Gynberg
		C.S.	19	10S	27E	E/2NE/4				
25	L-6646-1	W.R.	17	10S	27E	NE/4NE/4, S/2NE/4	2-22-81	120.00		Celeste C. Grynberg
26	LG-5243	C.S.	17	10S	27E	NW/4NE/4, SE/4	2-23-81	360.00		Yates Petroleum Corp.
		C.S.	20	10S	27E	NW/4				
* 27	* NOTICE: THIS TRACT HAS BEEN CONTRACTED - EFFECTIVE FEBRUARY 28, 1983									
28	LG-5239	C.S.	24	10S	26E	SW/4, W/2SE/4, N/2NW/4, SW/4NW/4	3-23-81	360.00		Yates Petroleum Corp.
29	LG-160-1	C.S.	19	10S	27E	SW/4			159.39	Harry Pace
										NOT COMMITTED
30	LG-5245	C.S.	19	10S	27E	SE/4, W/2NE/4	2-23-81	240.00		Yates Petroleum Corp.

AMENDED REPORT REFLECTING CONTRACTION OF UNIT AREA EFFECTIVE FEBRUARY 28, 1983

Unit Name Silman Lake Unit-EXPLORATORY
Operator Celeste C. Grynberg

County Chaves

OCD

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.							
COMMISSIONER	OCD:	2-26-81	13,743.12	13,386.46	-0-	356.66	yes	2 yrs
2-26-81	2-25-81							
3/16/83		2/28/83	11,823.84	11,467.18	-0-	356.66		

AFTER CONTRACTION EFFECTIVE FEBRUARY 28, 1983

UNIT AREA

TOWNSHIP 9 SOUTH, RANGE 26 East, NMPM
Section 36: All

NOTICE: The following lands have been contracted

Tract No. Description of Tract

TOWNSHIP 9 SOUTH, RANGE 27 East, NMPM
Section: 32 and 33
Section: 34

2

EXPIRED

TOWNSHIP 10 SOUTH, RANGE 26 East, NMPM
Section 1:
Sections 12 and 13:
Section 24:

27

8-13-83

T 9 S - R 27 E
Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$
Containing 639.28 acres, more or less
T 10 S - R 27 E
Section 16: W $\frac{1}{2}$, NE $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{2}$
Containing 560.00 acres, more or less

TOWNSHIP 10 SOUTH, RANGE 27 East, NMPM
Section 3:
Sections 4 through 9:
Section 10:
Sections 17 through 20

34

APP: 9-7-83

T 10 S - R 27 E
Section 21: All
Containing 640.00 acres, more or less

OPERATOR DID NOT PRICE THEM 3RD
UNIT WELL AS Per Section 8 of Unit

AMENDED REPORT REFLECTING CONTRACTION OF UNIT AREA EFFECTIVE FEBRUARY 28, 1983

Unit Name SILMAN LAKE UNIT- EXPLORATORY
Operator CELESTE C. GRYNBERG
County CHAVES

EXPIRED

EFFECTIVE DATE 8-13-83
APR. 9-7-83

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1	LG-9154	C.S.	36	9S	26E	All	NOT COMMITTED	640.00	Aikman Petroleum	
* NOTICE THIS TRACT HAS BEEN CONTRACTED - EFFECTIVE FEBRUARY 28, 1983										
3	L-6909	W.R.	32	9S	27E	W/2	2-23-81	320.00	Southland Royalty Co.	
4	L-6908	C.S.	32	9S	27E	E/2	2-23-81	320.00	Southland Royalty Co.	
5	LG-4929	C.S.	33	9S	27E	NE/4, N/2SE/4, SW/4SE/4, SW/4NW/4, SW/4	2-23-81	480.00	Yates Petroleum Corp.	
6	LG-03- /	C.S.	33	9S	27E	SE/4SE/4, N/2NW/4, SE/4NW/4	2-22-81	160.00	Celeste C. Grynberg	
7	L-5211-1	C.S.	34	9S	27E	NW/4NW/4, SW/4SW/4	2-22-81	80.00	Celeste C. Grynberg	
8	L-6645-1	C.S.	34	9S	27E	NE/4NW/4, S/2NW/4, N/2SW/4, SE/4SW/4	2-22-81	240.00	Celeste C. Grynberg	
9	LG-5229	C.S.	1	10S	26E	NW/4, SW/4, SE/4	NOT COMMITTED	480.27	Harper Oil Company	
10	L-5212-1	C.S.	1	10S	26E	Lot 1, SE/4NE/4, NE/4, S/2, SW/4NW/4	2-22-81	600.02	Celeste C. Grynberg	
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13	LG-07- /	C.S.	8	10S	27E	W/2	2-22-81	639.35	Celeste C. Grynberg	
14	LG-06- /	W.R.	8	10S	27E	E/2	2-22-81	639.01	Celeste C. Grynberg	
15	LG-05	W.R.	4	10S	27E	All	2-23-81	637.96	Southland Royalty Co.	

Unit Name	SIMAN LAKE UNIT-EXPLORATORY
Operator	CELESTE C. GRYNBERG
County	CHAVES

EXPIRED

EFFECTIVE DATE 8-13-83
APP. 4-7-83

STATE TRACT NO.	LEASE NO.	INSTITUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
31	L-6649-1	C.S.	20	10S	27E	SW/4	2-22-81	160.00		Celeste C. Grynberg
32	L-6647-1	C.S.	17	10S	27E	W/2	2-22-81	320.00		Celeste C. Grynberg
33	L-6648-2	W.R.	20	10S	27E	E/2	2-24-81	320.00		Harvey E. Yates Co.
* 34	NOTICE: THIS TRACT HAS BEEN CONTRACTED - EFFECTIVE FEBRUARY 28, 1983									

AMENDED REPORT REFLECTING CONTRACTION OF UNIT AREA EFFECTIVE FEBRUARY 28, 1983

Unit Name SILMAN LAKE UNIT-EXPLORATORY
Operator CELESTE C. GRYNBERG
County CHAVES

EXPIRED

EFFECTIVE DATE 8-13-83
APP: 9-7-83

STATE TRACT NO.	LEASE NO.	INST-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
16	LG-04-1	W.R.	10	19S	27E	W/2	2-22-81	639.21		Celeste C. Grynberg
		W.R.	3	10S	27E	Lots 3, 4, S/2NW/4, SW/4	2-22-81			
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22	L-5213-1	C.S.	13	10S	26E	SE/4NE/4, SE/4NW/4, NE/4SW/4	2-22-81	400.00		Celeste C. Grynberg
		C.S.	24	10S	26E	E/2SE/4, NE/4, SE/4NW/4	2-22-81			
23	LG-5244	C.S.	18	10S	27E	SE/4, E/2SW/4, S/2NE/4, S/2NW/4	2-23-81	400.00		Yates PetroleumCorp.
24.	L-5214	C.S.	18	10S	27E	N/2NE/4	2-22-81	160.00		Celeste C. Gynberg
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25	L-6646-1	W.R.	17	10S	27E	NE/4NE/4, S/2NE/4	2-22-81	120.00		Celeste C. Grynberg
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29	LG-160-1	C.S.	19	10S	27E	SW/4			159.39	Harry Pace
30	LG-5245	C.S.	19	10S	27E	SE/4, W/2NE/4	2-23-81	240.00		Yates Petroleum Corp.

#7158

State of New Mexico



Commissioner of Public Lands

JIM BACA
COMMISSIONER

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

September 7, 1983

Grynberg Petroleum Company
5000 South Quebec, Suite 500
Denver, Colorado 80237

Re: Termination of Silman Lake Unit
Chaves County, New Mexico

ATTN: Ms. Celeste C. Grynberg

Dear Ms. Grynberg:

The Silman Lake Unit was approved by this office as an exploratory unit agreement effective as of February 26, 1981. Section 8 of the captioned unit agreement states that the "Unit Operator shall continue drilling dilligently, 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 the Commissioner".

Upon reviewing your agreement, we find the following:

1. The Silman Lake Unit well #1 was plugged and abandoned on 7-31-81.
2. The 2nd test well was plugged and abandoned on 8-13-82, making the 3rd test well due to be commenced by 2-13-83.
3. This office granted you an additional six months to commence the drilling of your third well by August 13, 1983.
4. We have not been advised by your company as unit operator that any additional wells have been commenced within the Silman Lake Unit Area.

In view of the above the Silman Lake Unit has this date been terminated effective as of August 13, 1983, as per section 8 of the unit agreement.

Grynberg Petroleum Company
Page 2
September 7, 1983

Please notify all Interested Parties of this action.

Yours truly,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: RAY D. GRAHAM, Director
Oil and Gas Division
AC/505-827-5744

JB/RDG/cm

cc: OCD - Santa Fe, New Mexico

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

March 16, 1983

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

Grynberg Petroleum Company
5000 South Quebec, Suite 500
Denver, Colorado 80237

*Copy
7158*

Re: **Voluntary Contraction**
Silman Lake Unit Area
Chaves County, New Mexico

ATTENTION: Nancy Stolzle

Gentlemen:

In compliance with our letter of January 26, 1983, the Commissioner of Public has reviewed the requirements as set forth in our letter and find that all parties committed to the unit have timely submitted their ratifications in favor of voluntarily contracting the Silman Lake Unit Area. In view of the above the Commissioner of Public Lands has this date approved the contraction of the following lands from the Silman Lake Unit Area:

Tract No.	Description of Tract
2	<u>T 9S - R 27E</u> Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Containing 639.28 acres, more or less
27	<u>T 10 S - R 27 E</u> Section 16: W $\frac{1}{2}$, NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Containing 480.00 Acres, more or less
34	<u>T 10 S - R 27 E</u> Section 21: All Containing 640.00 acres, more or less

You are requested to furnish all interested parties of this approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/FOP/pm
cc:

OCD-Santa Fe, New Mexico

GRYNBERG PETROLEUM COMPANY

5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237 USA • PHONE 303 - 850-7490

TELEX: 45-4497 ENERGY DVR
TELECOPIER: 303 - 753-9997

March 2, 1983

State of New Mexico
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, NM 87501

ATTN: Mr. Pete Martinez

RE: Silman Lake Unit
Chaves County, New Mexico

Gentlemen:

I understand that your office received a copy of the "Consent to Contract Unit Area" forms from every Silman Lake Unit working interest owner by the February 28, 1983 deadline.

Accordingly, enclosed please find three (3) copies of the revised Exhibits "A" and "B" to the Silman Lake Unit Area which reflect the February 28, 1983 contraction.

If you require any further information, please advise.

Very truly yours,


Nancy Stolze
Assistant Land Manager

NS/ggd
encls. 3

JACK GRYNBERG AND ASSOCIATES

PETROLEUM, GEOLOGICAL, GEOPHYSICAL AND MINING ENGINEERS

XX

TELEX: 45-4497 ENERGY DVR
TELECOPIER: 303-623-5224

5000 E Quebec, Suite 200
D. C. 80227
December 28, 1982

Mr. Ray Graham
Commissioner
Division of Oil and Gas
State of New Mexico
Post Office Box 1148
Santa Fe, NM 87501

RE: Silman Lake Unit
(Unit Dated February 25, 1981)
Chaves County, New Mexico

Dear Mr. Graham:

I am writing this letter on behalf of Celeste C. Grynberg, the operator of the Silman Lake Unit (hereinafter referred to as "the Unit"). Mrs. Grynberg is quite anxious to continue her Abo exploration program within the unit, this being in spite of the fact that she has drilled two dry holes in the unit since it was formed. There has been geological data gained from the Grynberg exploration program within the unit and this data, together with new geophysical data that we have obtained and begun evaluating, have given the Grynberg geologist and geophysicists encouragement for pursuing not only the Abo gas formation (the original zone sought in the unit), but also Pennsylvanian gas. Our pursuit of gas-bearing sands has been stimulated by what we have seen, but the marketing of any newly discovered reserves will be severely hampered by the current over-capacity of gas producers.

We have been in contact with the pipeline companies that serve this area and their interest in contracting for the purchase of new production under yet-to-be negotiated contracts has been less than enthusiastic. Nevertheless, we are determined to pursue our exploration and development program because we all know that this abundance is only temporary. Accordingly, we have come to two main conclusions:

Our first conclusion is that, if at least seventy-five percent (75%) of the working interest joinders agree with our proposal (and we are sure they will), we would like to contract the unit and remove from the unit the following acreage:

Township 9 South - Range 26 East
Section 36: All

Township 10 South - Range 27 East
Section 16: N/2, SW/4, W/2SE/4
21: All

Mr. Ray Graham
Commissioner
Division of Oil and Gas
State of New Mexico
December 28, 1982
RE: Silman Lake Unit (Unit Dated 2/25/81)
Chaves County, New Mexico

Page 2

We feel the geological merit of these three tracts does not warrant keeping them in the unit.

Secondly, under provision No. 8. of the captioned Unit Agreement, the unit operator is required to ". . .continue drilling diligently, one well at a time, allowing not more than six months between completion of one well and the beginning of the next well, until a well capable of producing unitized substance in paying quantities is completed. . .". The Silman Lake Unit #2 was completed on August 13, 1982. Furthermore, under provision 17 of the captioned unit agreement, "This agreement. . .shall terminate in two years after such date (February 25, 1981) unless such date of expiration is extended by the Commissioner. . .".

Because of the terrible market conditions as we discussed earlier in this letter and our reevaluation and proposed contraction of the Unit Area, we respectfully request that the Commissioner grant us a two (2) year extension (to February 25, 1985) of the Unit pursuant to provision 17 of the captioned Unit Agreement and an additional six (6) months to commence our next Unit Well (August 13, 1983), under provision 8 of the captioned Unit Agreement.

The purpose of this request for an extension is to enable us to develop in an orderly and expeditious manner the unitized lands in accordance with sound conservation practices, simultaneously with the realization of the greatest ultimate recovery of unitized substances. To proceed immediately with further development under the current market conditions would prove to be disastrous.

Your granting our request for an extension and the loosening up of the natural gas market by late Fall will enable us to explore and develop the Unit so as to grant the State of New Mexico, the only royalty holder in the Unit, otherwise unrealizable financial rewards from their understanding and working within the framework of the adverse gas marketing conditions as they currently exist.

Your kind consideration of our two proposals will be greatly appreciated.

Very truly yours,

GRYNBERG PETROLEUM COMPANY
CELESTE C. GRYNBERG



By: Nancy Stolzle
Assistant Land Manager

NC:ah



JIM BACA
COMMISSIONER



Commissioner of Public Lands

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

January 26, 1983

Jack Grynberg and Associates
5000 South Quebec, Suite 500
Denver, Colorado 80237

Re: Silman Lake Unit
Chaves County, New Mexico

ATTENTION: Nancy Stolzle

Gentlemen:

Reference is made to your letter dated December 28, 1982, wherein you have advised us that you would like to contract the Silman Lake Unit Area and remove All of Section 36-T9S-R26E, N/2,SW/4,W/2SE/4 Section 16, All of Section 21-T10S-R27E, Chaves County, New Mexico.

Section 36-T9S-R26E was never committed to the unit and therefore it is meaningless to attempt to contract the unit by eliminating this section. Please substitute another section of committed acreage for this one.

Upon reviewing the unit agreement we find there is no provision for contracting the unit area, however, if you will send copies of a consent to contract the unit area signed by all parties committed to the unit, we will consider your application for contraction. The following extensions are granted on the condition that you furnish this office, on or before February 28, 1983, with a copy of the consent from each and every working interest owner committed.

As per your second request that the Commissioner grant you a two (2) year extension (to February 25, 1985) of the Unit pursuant to provision 17 of the captioned Unit Agreement and an additional six (6) months to commence your third well by August 3, 1983 has been reviewed.

Your request for an additional six (6) months to commence the drilling of your third well by August 3, 1983, has this date been granted pursuant to Section 8 of the unit agreement.

The Commissioner of Public Lands has also this date extended the termination date of the Silman Lake Unit, as per section 17 of said agreement, to August 13, 1983, and not February 25, 1985, as requested in your letter of December 28, 1982.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

Ray D. Graham

BY: RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm

CC: Administration



JIM BACA
COMMISSIONER



State of New Mexico

Commissioner of Public Lands

February 21, 1983

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

Hanlad Oil Corporation
P. O. Box 1515
Roswell, New Mexico 88201

Re: Contraction of Silman Lake Unit
Chaves County, New Mexico

Gentlemen:

Celeste C. Grynberg, d/b/a Grynberg and Associates, operator of the Silman Lake Unit, Chaves County, New Mexico has requested a contraction of the above captioned unit area. The following tracts are to be contracted from the unit area.

Tract No. 2 Lots 1,2,3,4,E/2W/2,E/2 Sec. 31-T9S-R27E.

Tract No. 27 W/2,NE/4,W/2SE/4 Sec. 16-T10S-R27E.

Tract No. 34 All Sec. 21-T10S-R27E.

A preliminary review of the unit and acreage up for contraction reflect that if the contraction is approved, it is our interpretation that your State of New Mexico Oil and Gas Lease No. L-794 situated in Tract No. 27, will be held by production from the Paul Slayton Diablo State Well No. 1, located in the SE/4SE/4 of Section 16, Township 10 South, Range 27 East. This will serve to extend this lease for so long as it keeps producing in commercial quantities.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
cc:

Grynberg Petroleum Company
5000 South Quebec, Suite 500
Denver, Colorado 80237

GRYNBERG PETROLEUM COMPANY

3000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237 USA • PHONE 303-850-7490

TELEX: 45-4497 ENERGY DVR
TELECOPIER: 303-753-9997

February 2, 1983

State of New Mexico
State Land Office
Attn: Mr. Ray Graham
Director, Oil and Gas Division
Post Office Box 1148
Santa Fe, NM 87501

RE: Silman Lake Unit
Chaves County, New Mexico

Dear Mr. Graham:

Enclosed please find a corrected Exhibit "B" for the captioned agreement. As we discussed on the phone a few weeks ago, some arithmetic errors were found and the working interest column needed to specify those tracts which did not join.

Per your letter of January 26, we are currently getting working interest consent to contract the unit area. The consent forms will be sent to you as soon as possible.

Very truly yours,


Nancy Stolzle
Assistant Land Manager

NS/ggd
encl. 1

cc: Working Interest Owners

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
<u>STATE LANDS</u>							
7.	T9S-R27E Sec. 34: NW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$	80.00	L-5211 3-1-81 Assigned as L-5211-1	State of New Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
10.	T10S-R26E Sec. 1: Lot 1, SE $\frac{1}{4}$ NE $\frac{1}{4}$ 12: NE $\frac{1}{4}$, S $\frac{1}{2}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$	600.02	L-5212 3-1-81 Assigned as L-5212-1	State of New Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%

CONTRACTED 2/29/83

EXHIBIT "B"

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

-2-

Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
22.	T10S-R26E Sec. 13: SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, 24: E $\frac{1}{2}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	400.00	L-5213 3-1-81 Assigned as L-5213-1	State of New Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
24.	T10S-R27E Sec. 18: NE $\frac{1}{4}$ NE $\frac{1}{4}$, 19: E $\frac{1}{2}$ NE $\frac{1}{4}$	160.00	L-5214 3-1-81 Assigned as L-5214-1	State of New Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
8.	T9S-R27E Sec. 34: NE $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$	240.00	L-6645 10-1-81 Assigned as L-6645-1	State of New Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

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Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
25.	<u>T10S-R27E</u> <u>Sec. 17:</u> NE $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$	120.00	L-6646 10-1-81 Assigned as L-6646	State of New Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff as co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
32.	<u>T10S-R27E</u> <u>Sec. 17:</u> W $\frac{1}{2}$	320.00	L-6647 10-1-81 Assigned as L-6647-1	State of N. Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, as beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
33.	<u>T10S-R27E</u> <u>Sec. 20:</u> E $\frac{1}{2}$	320.00	L-6648 10-1-81 L-6648-2	State of N. Mex. - All of 12.5%	Harvey E. Yates Co. 100%	5.00% David A. Smith 1.00% W.T. Wynn 1.00% Andrew C. Lattu	Harvey E. Yates Co. 75.46315% Explorers Petrol. Corp. 11.25% Fred G. Yates Harvey E. Yates

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

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Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
31.	<u>T10S-R27E</u> Sec. 20: SW $\frac{1}{4}$	160.00	L-6649 10-1-81 Assigned as L-6649-1	State of N. Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Gryn- berg, Stephen Mark Grynberg, and Miriam Zela Grynberg, bene- ficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
4.	<u>T9S-R27E</u> Sec. 32: E $\frac{1}{2}$	320.00	L-6908 2-1-82	State of N. Mex. - All of 12.5%	Southland Royalty Co.		Southland Royalty Co. 100%
3.	<u>T9S-R27E</u> Sec. 32: W $\frac{1}{2}$	320.00	L-6909 2-1-82	State of N. Mex. - All of 12.5%	Southland Royalty Co.		Southland Royalty Co. 100%
6.	<u>T9S-R27E</u> Sec. 33: SE $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$	160.00	L-6-0003 4-1-82 Assigned as L-6-03-1	State of N. Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Gryn- berg, Stephen Mark Grynberg, and Miriam Zela Grynberg, bene- ficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	1.25% Moshe I. Ettinger	Celeste C. Grynberg & Dean G. Smernoff Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

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Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
16.	T10S-R27E Sec. 10: W $\frac{1}{2}$ 3: Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$	639.21	LG-0004 4-1-82 Assigned as LG-04-1	State of N. Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
15.	T10S-R27E Sec. 4: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$	637.96	LG-0005 4-1-82	State of N. Mex. - All of 12.5%	Southland Royalty Co.		Southland Royalty Co.
14.	T10S-R27E Sec. 5: Lots 1, 2, S $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ E $\frac{1}{2}$ 8: E $\frac{1}{2}$	639.01	LG-0006 4-1-82 Assigned as LG-05-1	State of N. Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%
13.	T10S-R27E Sec. 5: Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ 8: W $\frac{1}{2}$	639.35	LG-0007 4-1-82 Assigned as LG-07-1	State of N. Mex. - All of 12.5%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, beneficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
19.	T10S-R27E Sec. 7: Lots 1,2,3, E1/2, E1/2, E1/2	597.51	LG-0008 4-1-82 LG-08-1	State of N. Mex. - All of 12.5%	Celeste C. Grynberg & Dean Dean G. Smernoff as Co-Moshe I. Ettinger trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, bene- ficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	Celeste C. Grynberg & Dean G. Smernoff as Co-trustees for Rachel Susan Grynberg, Stephen Mark Grynberg, and Miriam Zela Grynberg, bene- ficiaries of the "Rachel Susan Trust", "Stephen Mark Trust", "Miriam Zela Trust", respectively. 100%	
29.	T10S-R27E Sec. 19: SW1/4	153.39	LG-160 5-1-82	State of N. Mex. - All of 12.5%	Harry M. Pace	Did Not Join Unit	
5.	T9S-R27E Sec. 33: NE1/4, N1/2SE1/4, SW1/2SE1/4, SW1/4	480.00	LG-4929 12-1-87	State of N. Mex. - All of 12.5%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%	
9.	T10S-R26E Sec. 1: NW1/4, S1/2	480.27	LG-5229 4-1-88	State of N. Mex. - All of 12.5%	Harper Oil Co.	Did Not Join Unit	
21.	T10S-R26E Sec. 13: SE1/4, SE1/2SW1/4, W1/2SW1/4, N1/2N1/2, SW1/4NW1/4, SW1/4NE1/4	520.00	LG-5235 4-1-88	State of N. Mex. - All of 12.5%	Harper Oil Co. 100%	Did Not Join Unit	

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

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Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
28.	<u>T10S-R26E</u> Sec. 24: SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$	360.00	LG-5239 4-1-88	State of New Mex. - All of 12.5%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%		Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%
12.	<u>T10S-R27E</u> Sec. 6: Lots 1, 2, 3, 4, 5, 6, 7, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$	634.39	LG-5241 4-1-88	State of New Mex. - All of 12.5%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25%		Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25%
20.	<u>T10S-R27E</u> Sec. 9: All	640.00	LG-5242 4-1-88	State of New Mex. - All of 12.5%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%		Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%
26	<u>T10S-R27E</u> Sec. 17: NW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ 20: NW $\frac{1}{4}$	360.00	LG-5243 4-1-88	State of New Mex. - All of 12.5%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%		Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%
23.	<u>T10S-R27E</u> Sec. 18: SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$	400.00	LG-5244 4-1-88	State of N. Mex. - All of 12.5%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%		Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%
30.	<u>T10S-R27E</u> Sec. 19: SE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$	240.00	LG-5245 4-1-88	State of N. Mex. - All of 12.5%	Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%		Yates Petroleum Corp. 25% Yates Drilling Co. 25% MYCO Industries, Inc. 25% ABO Petroleum Corp. 25%

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

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Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
17.	T10S-R26E Sec. 12: E 21 NW 1/4, NW 1/4 NW 1/4	120.00	LG-5412 6-1-88	State of N. Mex. - A11 of 12.5%	Harper Oil Co.		Did Not Join Unit
11.	T10S-R26E Sec. 1: W 1/2 NE 1/4	80.07	LG-7421 1-1-90 Assigned as LG-7421-1	State of N. Mex. - A11 of 12.5%	Robert L. Thornton	Robert L. Thornton	Did Not Join Unit
1.	T9S-R26E Sec. 35: A11	640.00	LG-9154 1-1-91	State of N. Mex. - A11 of 12.5%	Aikman Petroleum		Did Not Join Unit
State Land	Tracts	Total	11,467.18	Acres	or	96.98%	of Unit Area

CONTRACTED 2/29/83
EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

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Tract	Description of Land	No. of Acres	Serial No. & Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest In Silman Lake Unit & Percentage
FEE LANDS:							
18.	T10S-R27E Sec. 7: SW ¹ / ₄ SW ¹ / ₄ 18: NW ¹ / ₂ SW ¹ / ₄ 19: NW ¹ / ₄	356.66	5-30-88	Malcolm C. Harrol & Loretta F. Harrol 3.9062% or 100% Martha K. Rice 7.8125% of 100% Lucille A. Bennett Muse 1.9531% of 100% Homer Dale Bennett) Joe Powell Bennett) Debra Lou Bennett) Gary Logan Bennett) 1.9531% of 100%	Inexco Oil Co. 100%	6.25% Carl Schellinger	Did Not Join Unit
Fee	Tracts	Total	356.66	Acres	or	3.02%	of Unit Area
	Total	3,823.84	Acres	Fall	in	the	Unit Area
Joined in Unit Area:		9,467.45	Acres	or	80.67%	of	Total Acres
Not Joined in Unit Area:		2,356.39	Acres	or	19.33%	of	Total Acres

RECORDED
FEB 24 9 38 AM '83
STATE LAND OFFICE
SANTA FE, N.M.

CONSENT TO CONTRACT WITH LAND
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

On February 23, 1983, the Silman Lake Unit Agreement was approved, effective February 23, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 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1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 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1677, 1678, 1679, 1680, 1681, 1682, 1683, 1684, 1685, 1686, 1687, 1688, 1689, 1690, 1691, 1692, 1693, 1694, 1695, 1696, 1697, 1698, 1699, 1700, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1708, 1709, 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1718, 1719, 1720, 1721, 1722, 1723, 1724, 1725, 1726, 1727, 1728, 1729, 1730, 1731, 1732, 1733, 1734, 1735, 1736, 1737, 1738, 1739, 1740, 1741, 1742, 1743, 1744, 1745, 1746, 1747, 1748, 1749, 1750, 1751, 1752, 1753, 1754, 1755, 1756, 1757, 1758, 1759, 1760, 1761, 1762, 1763, 1764, 1765, 1766, 1767, 1768, 1769, 1770, 1771, 1772, 1773, 1774, 1775, 1776, 1777, 1778, 1779, 1780, 1781, 1782, 1783, 1784, 1785, 1786, 1787, 1788, 1789, 1790, 1791, 1792, 1793, 1794, 1795, 1796, 1797, 1798, 1799, 1800, 1801, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1819, 1820, 1821, 1822, 1823, 1824, 1825, 1826, 1827, 1828, 1829, 1830, 1831, 1832, 1833, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843, 1844, 1845, 1846, 1847, 1848, 1849, 1850, 1851, 1852, 1853, 1854, 1855, 1856, 1857, 1858, 1859, 1860, 1861, 1862, 1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192,

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 13, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	<u>T 9 S - R 27 E</u> Section 31: Lots 1, 2, 3, 4, 5, 6, 7, 8 Containing 639.28 acres, more or less
27	<u>T 10 S - R 27 E</u> Section 16: NE $\frac{1}{4}$, NE $\frac{1}{2}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Containing 480.00 acres, more or less
34	<u>T 10 S - R 27 E</u> Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 9th day of February, 1983.

PAUL SLAYTON

Paul Slayton

Address: P.O. Box 1936

Roswell, NM 88201

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of February, 1983, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

On this 9th day of February, 1983, before me personally appeared PAUL SLAYTON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

Oct. 27, 1986

Ruby Wickersham
Notary Public

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 13, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, E1/4, E1/2 Containing 639.28 acres, more or less
27	T 10 S - R 27 E Section 16: E1/4, NE1/4, E1/2SE1/4 Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 18th day of February, 1983.

ATTEST:

Rosemary Arney
Secretary

EXPLORERS PETROLEUM CORPORATION

By:

George M. Yates, President

Address: Post Office Box 1933

Roswell, NM 88201

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

On this 18th day of February, 1983, before me appeared GEORGE M. YATES, to me personally known, who, being duly sworn, did say that he is the President of Explorers Petroleum Corporation and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said GEORGE M. YATES acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

5-30-85

June Deth
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of February, 1983, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

Notary Public

GRYNBERG PETROLEUM COMPANY

5000 SOUTH QUEBEC • SUITE 500 • DENVER, COLORADO 80237 USA • PHONE 303 - 850-7490

TELEX: 40-4497 ENERGY DVR
TELECOPIER: 303 - 753-9997

February 16, 1983

State of New Mexico
Commissioner of Public Lands
ATTN: Mr. Ray Graham
Director Oil and Gas Division
Post Office Box 1148
Santa Fe, NM 87501

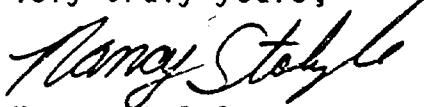
RE: Consent to Contract Unit Area
Silman Lake Unit
Chaves County, New Mexico

Dear Mr. Graham:

Enclosed please find an executed copy of the referenced "Consent to Contract Unit Area" from the "Rachel Susan Trust," "Stephen Mark Trust," "Miriam Zela Trust," Celeste C. Grynberg, d/b/a Grynberg and Associates, and Celeste C. Grynberg.

Please advise if anything further is necessary.

Very truly yours,



Nancy Stolzle
Assistant Land Manager

NS/ggd
encls.

RECEIVED
FEB 18 10 11 AM '83
STATE LAND OFFICE
SANTA FE, N.M.

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 25, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	<u>T 9 S - R 27 E</u> Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Containing 639.28 acres, more or less
27	<u>T 10 S - R 27 E</u> Section 16: W $\frac{1}{2}$, NE $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{2}$ Containing 480.00 acres, more or less
34	<u>T 10 S - R 27 E</u> Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 15 day of February, 1983.

"RACHEL SUSAN TRUST"

"STEPHEN MARK TRUST"

"MIRIAM ZELA TRUST"

By: Celeste C. Grynberg
Celeste C. Grynberg (Co-trustee)
c/o Grynberg Petroleum Company
5000 South Quebec, Ste. 500
Denver, CO 80237
By: Dean G. Smernoff
Dean G. Smernoff (Co-trustee)
c/o Grynberg Petroleum Company
5000 South Quebec, Ste. 500
Denver, CO 80237

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of February, 1983, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Notary Public

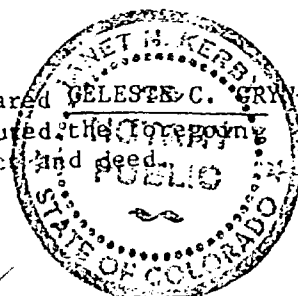
STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

On this 15 day of February, 1983, before me personally appeared CELESTE C. GRYNBERG & DEAN G. SMERNOFF, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

3/2/85
JANET N. KERBY, NOTARY PUBLIC
1038 GARFIELD STREET
DENVER, COLORADO 80206

Notary Public



CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 25, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Containing 639.28 acres, more or less
27	T 10 S - R 27 E Section 16: W $\frac{1}{2}$, NE $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 9 day of February, 1983.

CELESTE C. GRYNBERG, d/b/a GRYNBERG &
ASSOCIATES

Celeste C. Grynberg

Address: 5000 South Quebec, Suite 500
Denver, CO 80237

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of February, 1983, before me appeared _____, to me personally known, who, being duly sworn, did say that he is the _____, and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Notary Public

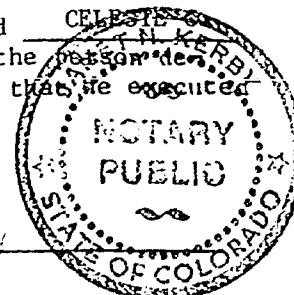
STATE OF COLORADO)
COUNTY OF ARAPAHOE) ss.

On this 9 day of February, 1983, before me personally appeared CELESTE C. GRYNBERG, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

Janet N. Kerby
JANET N. KERBY, NOTARY PUBLIC
1023 GARFIELD STREET
DENVER, COLORADO 80206

Janet N. Kerby
Notary Public



CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 13, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467, 1468, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 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1677, 1678, 1679, 1680, 1681, 1682, 1683, 1684, 1685, 1686, 1687, 1688, 1689, 1690, 1691, 1692, 1693, 1694, 1695, 1696, 1697, 1698, 1699, 1700, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1708, 1709, 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1718, 1719, 1720, 1721, 1722, 1723, 1724, 1725, 1726, 1727, 1728, 1729, 1730, 1731, 1732, 1733, 1734, 1735, 1736, 1737, 1738, 1739, 1740, 1741, 1742, 1743, 1744, 1745, 1746, 1747, 1748, 1749, 1750, 1751, 1752, 1753, 1754, 1755, 1756, 1757, 1758, 1759, 1760, 1761, 1762, 1763, 1764, 1765, 1766, 1767, 1768, 1769, 1770, 1771, 1772, 1773, 1774, 1775, 1776, 1777, 1778, 1779, 1780, 1781, 1782, 1783, 1784, 1785, 1786, 1787, 1788, 1789, 1790, 1791, 1792, 1793, 1794, 1795, 1796, 1797, 1798, 1799, 1800, 1801, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1819, 1820, 1821, 1822, 1823, 1824, 1825, 1826, 1827, 1828, 1829, 1830, 1831, 1832, 1833, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843, 1844, 1845, 1846, 1847, 1848, 1849, 1850, 1851, 1852, 1853, 1854, 1855, 1856, 1857, 1858, 1859, 1860, 1861, 1862, 1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2

RECEIVED
FEB 14 10 53 AM '83
STATE LAND OFFICE
SANTA FE, N.M.



Southland Royalty Company

February 9, 1983

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

Attention: Mr. Ray D. Graham, Director

Re: Consent to Contract Unit Agree
Silman Lake Unit
Chaves County, New Mexico
Dallas Ranch Prospect #1716
20845, 20846, 20855, 500616

Gentlemen:

Enclosed is original "Consent to Contract Unit Area" which has been signed by A. D. James, attorney-in-fact for Southland Royalty Company. This is our consent to contract the Unit Agreement as stated in this agreement. This does not bind Southland Royalty Company to participate in the drilling of any wells on this state-approved Unit.

Please advise if anything further is necessary.

Yours very truly,

SOUTHLAND ROYALTY COMPANY

Lee Grigson
Landman

LG:am
Enclosure

cc: Grynberg Petroleum Company
5000 South Quebec, Suite 500
Denver, CO 80237
Attention: Nancy Stolzle

21 DESTA DRIVE (915) 686-5600 MIDLAND, TEXAS 79701

CONSENT TO CONTRACT UNIT AREA
 SILMAN LAKE UNIT
 CHAVES COUNTY, NEW MEXICO

RECORDED
 FEB 14 10 53 AM '83
 STATE OF NEW MEXICO
 SANTA FE

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 25, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Containing 639.28 acres, more or less
27	T 10 S - R 27 E Section 16: W $\frac{1}{2}$, NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 9 day of February, 1983.

SOUTHLAND ROYALTY COMPANY

By: A. D. James
 Attorney-in-Fact

Address: 21 Desta Drive
Midland, TX 79701

STATE OF TEXAS)
) ss.
 COUNTY OF MIDLAND)

On this 9th day of February, 1983, before me appeared A. D. JAMES, to me personally known, who, being duly sworn, did say that he is the Attorney-in-Fact for Southland Royalty Company, and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Notary Public acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:
November 24, 1985

Ann McCrary (Ann McCrary)
 Notary Public

STATE OF _____)
) ss.
 COUNTY OF _____)

On this _____ day of February, 1983, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

Notary Public

HEYCO

PETROLEUM PRODUCERS



HARVEY E. YATES COMPANY

P. O. BOX 1933

SUITE 300, SECURITY NATIONAL BANK BUILDING

505/623-6601

ROSWELL, NEW MEXICO 88201

February 18, 1983

State of New Mexico
Commissioner of Public Lands
Post Office Box 1148
Santa Fe, New Mexico 87601

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

Re: SILMAN LAKE UNIT
Chaves County, New Mexico
(HEYCO Ref: 9098)

Gentlemen:

Harvey E. Yates Company is a party committed to the Silman Lake Unit. Enclosed is our consent to the contraction of the unit as outlined in your letter of January 26, 1983.

Sincerely,

Thomas J. Hall, III
Attorney

TJH:seb

Enclosures

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 15, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ Containing 639.28 acres, more or less
27	T 10 S - R 27 E Section 16: W $\frac{1}{2}$, NE $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 18th day of February, 1983.

ATTEST:

L. J. Arney
Assistant Secretary

HARVEY E. YATES COMPANY

By:

George M. Yates, Vice President

Address: Post Office Box 1933

Roswell, NM 88201

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

On this 18th day of February, 1983, before me appeared GEORGE M. YATES, to me personally known, who, being duly sworn, did say that he is the Vice President of Harvey E. Yates Company, and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said GEORGE M. YATES acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Notary Public

STATE OF)
COUNTY OF) ss.

On this day of February, 1983, before me personally appeared , to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

Notary Public

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 25, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Containing 639.28 acres, more or less
27	T 10 S - R 27 E Section 16: W $\frac{1}{2}$, NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 18th day of February, 1983.

HARVEY E. YATES

By: George M. Yates, Attorney-in-Fact

Address: P.O. Box 1933

Roswell, NM 88201

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of February, 1983, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

as Attorney-in-Fact on behalf of HARVEY E. YATES, On this 18th day of February, 1983, before me personally appeared GEORGE M. YATES, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

5-30-85

Janie Betty
Notary Public



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

February 23, 1983

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

Attention: Mr. Ray D. Graham

Re: Silman Lake Unit
Chaves County, New Mexico

Gentlemen:

At the request of Celeste C. Grynberg, Operator of the captioned unit, enclosed are Consents to Contract Unit Area for the Silman Lake Unit. These Consents have been executed on behalf of Yates Petroleum Corporation, Yates Drilling Company, Abo Petroleum Corporation, and Myco Industries, Inc.

Please advise should you require anything further.

Very truly yours,

YATES PETROLEUM CORPORATION

Kathy H. Colbert
Kathy H. Colbert
Landman

KCH/mg
Enclosures

cc: Celeste C. Grynberg
5000 S. Quebec
Suite 500
Denver, Colorado 80237

RECEIVED
FEB 28 10 31 AM '83
STATE LAND DIVISION
SANTA FE, N.M.

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 13, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 2 S - R 27 E Section 31: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467, 1468, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1525, 1526, 1527, 1528, 1529, 1530, 1531, 1532, 1533, 1534, 1535, 1536, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545, 1546, 1547, 1548, 1549, 1550, 1551, 1552, 1553, 1554, 1555, 1556, 1557, 1558, 1559, 1560, 1561, 1562, 1563, 1564, 1565, 1566, 1567, 1568, 1569, 1570, 1571, 1572, 1573, 1574, 1575, 1576, 1577, 1578, 1579, 1580, 1581, 1582, 1583, 1584, 1585, 1586, 1587, 1588, 1589, 1590, 1591, 1592, 1593, 1594, 1595, 1596, 1597, 1598, 1599, 1600, 1601, 1602, 1603, 1604, 1605, 1606, 1607, 1608, 1609, 1610, 1611, 1612, 1613, 1614, 1615, 1616, 1617, 1618, 1619, 1620, 1621, 1622, 1623, 1624, 1625, 1626, 1627, 1628, 1629, 1630, 1631, 1632, 1633, 1634, 1635, 1636, 1637, 1638, 1639, 1640, 1641, 1642, 1643, 1644, 1645, 1646, 1647, 1648, 1649, 1650, 1651, 1652, 1653, 1654, 1655, 1656, 1657, 1658, 1659, 1660, 1661, 1662, 1663, 1664, 1665, 1666, 1667, 1668, 1669, 1670, 1671, 1672, 1673, 1674, 1675, 1676, 1677, 1678, 1679, 1680, 1681, 1682, 1683, 1684, 1685, 1686, 1687, 1688, 1689, 1690, 1691, 1692, 1693, 1694, 1695, 1696, 1697, 1698, 1699, 1700, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1708, 1709, 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1718, 1719, 1720, 1721, 1722, 1723, 1724, 1725, 1726, 1727, 1728, 1729, 1730, 1731, 1732, 1733, 1734, 1735, 1736, 1737, 1738, 1739, 1740, 1741, 1742, 1743, 1744, 1745, 1746, 1747, 1748, 1749, 1750, 1751, 1752, 1753, 1754, 1755, 1756, 1757, 1758, 1759, 1760, 1761, 1762, 1763, 1764, 1765, 1766, 1767, 1768, 1769, 1770, 1771, 1772, 1773, 1774, 1775, 1776, 1777, 1778, 1779, 1780, 1781, 1782, 1783, 1784, 1785, 1786, 1787, 1788, 1789, 1790, 1791, 1792, 1793, 1794, 1795, 1796, 1797, 1798, 1799, 1800, 1801, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1819, 1820, 1821, 1822, 1823, 1824, 1825, 1826, 1827, 1828, 1829, 1830, 1831, 1832, 1833, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843, 1844, 1845, 1846, 1847, 1848, 1849, 1850, 1851, 1852, 1853, 1854, 1855, 1856, 1857, 1858, 1859, 1860, 1861, 1862, 1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 13, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, 24 1/2, E 1/2 Containing 639.28 acres, more or less
27	T 10 S - R 27 E Section 16: W 1/2, NE 1/2, W 1/2 SE 1/4 Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 23rd day of February, 1983.

YATES DRILLING COMPANY

By: [Signature]
Attorney-in-Fact

Address: 207 South Fourth Street

Artesia, NM 88210

STATE OF NEW MEXICO)
) ss.
COUNTY OF EDDY)

On this 23rd day of February, 1983, before me appeared Payton Yates, to me personally known, who, being duly sworn, did say that he is the Attorney-in-Fact for Yates Drilling Company, and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Payton Yates acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

March 1, 1986

[Signature]
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of February, 1983, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

Notary Public

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 23, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467, 1468, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1525, 1526, 1527, 1528, 1529, 1530, 1531, 1532, 1533, 1534, 1535, 1536, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545, 1546, 1547, 1548, 1549, 1550, 1551, 1552, 1553, 1554, 1555, 1556, 1557, 1558, 1559, 1560, 1561, 1562, 1563, 1564, 1565, 1566, 1567, 1568, 1569, 1570, 1571, 1572, 1573, 1574, 1575, 1576, 1577, 1578, 1579, 1580, 1581, 1582, 1583, 1584, 1585, 1586, 1587, 1588, 1589, 1590, 1591, 1592, 1593, 1594, 1595, 1596, 1597, 1598, 1599, 1600, 1601, 1602, 1603, 1604, 1605, 1606, 1607, 1608, 1609, 1610, 1611, 1612, 1613, 1614, 1615, 1616, 1617, 1618, 1619, 1620, 1621, 1622, 1623, 1624, 1625, 1626, 1627, 1628, 1629, 1630, 1631, 1632, 1633, 1634, 1635, 1636, 1637, 1638, 1639, 1640, 1641, 1642, 1643, 1644, 1645, 1646, 1647, 1648, 1649, 1650, 1651, 1652, 1653, 1654, 1655, 1656, 1657, 1658, 1659, 1660, 1661, 1662, 1663, 1664, 1665, 1666, 1667, 1668, 1669, 1670, 1671, 1672, 1673, 1674, 1675, 1676, 1677, 1678, 1679, 1680, 1681, 1682, 1683, 1684, 1685, 1686, 1687, 1688, 1689, 1690, 1691, 1692, 1693, 1694, 1695, 1696, 1697, 1698, 1699, 1700, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1708, 1709, 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1718, 1719, 1720, 1721, 1722, 1723, 1724, 1725, 1726, 1727, 1728, 1729, 1730, 1731, 1732, 1733, 1734, 1735, 1736, 1737, 1738, 1739, 1740, 1741, 1742, 1743, 1744, 1745, 1746, 1747, 1748, 1749, 1750, 1751, 1752, 1753, 1754, 1755, 1756, 1757, 1758, 1759, 1760, 1761, 1762, 1763, 1764, 1765, 1766, 1767, 1768, 1769, 1770, 1771, 1772, 1773, 1774, 1775, 1776, 1777, 1778, 1779, 1780, 1781, 1782, 1783, 1784, 1785, 1786, 1787, 1788, 1789, 1790, 1791, 1792, 1793, 1794, 1795, 1796, 1797, 1798, 1799, 1800, 1801, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1819, 1820, 1821, 1822, 1823, 1824, 1825, 1826, 1827, 1828, 1829, 1830, 1831, 1832, 1833, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843, 1844, 1845, 1846, 1847, 1848, 1849, 1850, 1851, 1852, 1853, 1854, 1855, 1856, 1857, 1858, 1859, 1860, 1861, 1862, 1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 23, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, SW $\frac{1}{4}$, E $\frac{1}{2}$ Containing 639.23 acres, more or less
27	T 10 S - R 27 E Section 16: NW $\frac{1}{4}$, NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less

NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 23rd day of February, 1983.

ABO PETROLEUM CORPORATION

By: [Signature]

Attorney-in-Fact

Address: 207 South Fourth Street

Artesia, NM 88210

STATE OF NEW MEXICO)
) ss.
COUNTY OF EDDY)

On this 23rd day of February, 1983, before me appeared John A. Yates, to me personally known, who, being duly sworn, did say that he is the Attorney-in-Fact for Abo Petroleum Corporation, and that the seal affixed to said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John A. Yates acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

March 1, 1986

Miriam A. Flores
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of February, 1983, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

Notary Public

7

CONSENT TO CONTRACT UNIT AREA
SILMAN LAKE UNIT
CHAVES COUNTY, NEW MEXICO

WHEREAS, the Silman Lake Unit Agreement was approved, effective February 15, 1981, by the Commissioner of Public Lands of the State of New Mexico.

WHEREAS, the working interest owners committed to Silman Lake Unit desire to contract out of said unit the following tracts:

Tract No.	Description of Tract
2	T 9 S - R 27 E Section 31: Lots 1, 2, 3, 4, SW $\frac{1}{4}$, E $\frac{1}{2}$ Containing 639.28 acres, more or less
27	T 10 S - R 27 E Section 16: NW $\frac{1}{4}$, NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ Containing 480.00 acres, more or less
34	T 10 S - R 27 E Section 21: All Containing 640.00 acres, more or less


NOW, THEREFORE, in consideration of the premises hereinbefore stated, the undersigned does hereby agree and consent to the Unit contraction described hereinabove.

This consent shall be effective as to the undersigned's working interest(s) in any land(s) and lease(s) presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area.

This consent is being executed in multiple originals by the various Silman Lake Unit working interest owners.

Executed this 2nd day of February, 1983.

FRED G. YATES, INC.


Security National Bank Bldg.
Suite 919
Address: _____
Roswell, NM 88201

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of February, 1983, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

On this 2nd day of February, 1983, before me personally appeared FRED G. YATES, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

My Commission Expires:

12-1-84

Notary Public

JACK GRYNBERG AND ASSOCIATES

PETROLEUM, GEOLOGICAL, GEOPHYSICAL AND MINING ENGINEERS

1050 17th STREET • SUITE 1950 • DENVER, COLORADO 80265 • PHONE 303-732-1466

JUL 15 1982

TELEX: 45-4497 ENERGY DVR
TELECOPIER: 303-623-5224

July 13, 1982

Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

RE: Designation of Agent
Silman Lake Unit
#2 Silman Lake Unit
SW/4NW/4, Sec. 7, T 10 S - R 27 E
Chaves County, New Mexico

Gentlemen:

The captioned well, previously operated by Viking Petroleum, Inc., is now being operated by Jack J. Grynberg. Enclosed please find three (3) copies of the designation of agent from Celeste C. Grynberg, Unit Operator.

If you require further information, please advise.

Yours truly,



Nancy Stolze
Land Manager

NS/ggd
encls. 3

cc: Commissioner of Public Land w/encl.
Attn: Mr. Floyd Prando
Post Office Box 1148
Santa Fe, New Mexico 87501

Case 7158

DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Commissioner of Public Lands of the State of New Mexico, Unit Operator under the Silman Lake Unit Agreement, Chaves County, New Mexico, approved February 25, 1981 and hereby designated:

NAME: Jack J. Grynberg

ADDRESS: 1050 17th St., Suite 1950
Denver, CO 80265

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil Conservation rules and regulations with respect to drilling, testing, and completing unit well No. 2 Silman Lake Unit in Section 7: SW/4NW/4, T. 10 S., R. 27 E., Chaves County, New Mexico.

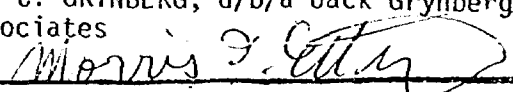
It is understood that this designation of agent does not relieve the Unit Operator of responsibility for compliance with the terms of the unit agreement and the Oil Conservation Division, rules and regulation. It is also understood that this designation of agent does not constitute an assignment of any interest under the unit agreement of any lease committed thereto.

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

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

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

CELESTE C. GRYNBERG, d/b/a Jack Grynberg
and Associates


By: Morris I. Ettinger, Attorney-in-Fact


Witness

Date: July 9, 1982

DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Commissioner of Public Lands of the State of New Mexico, Unit Operator under the Silman Lake Unit Agreement, Chaves County, New Mexico, approved February 25, 1981 and hereby designated:

NAME: Jack J. Grynberg

ADDRESS: 1050 17th St., Suite 1950
Denver, CO 80265

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil Conservation rules and regulations with respect to drilling, testing, and completing unit well No. 2 Silman Lake Unit in Section 7: SW/4NW/4, T. 10 S., R. 27 E., Chaves County, New Mexico.

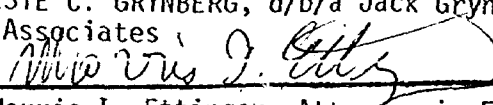
It is understood that this designation of agent does not relieve the Unit Operator of responsibility for compliance with the terms of the unit agreement and the Oil Conservation Division, rules and regulation. It is also understood that this designation of agent does not constitute an assignment of any interest under the unit agreement of any lease committed thereto.

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

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

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

CELESTE C. GRYNBERG, d/b/a Jack Grynberg
and Associates


By: Morris I. Ettinger, Attorney-in-Fact


Witness

Date: July 9, 1982

DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Commissioner of Public Lands of the State of New Mexico, Unit Operator under the Silman Lake Unit Agreement, Chaves County, New Mexico, approved February 25, 1981 and hereby designated:

NAME: Jack J. Grynberg

ADDRESS: 1050 17th St., Suite 1950
Denver, CO 80265

as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil Conservation rules and regulations with respect to drilling, testing, and completing unit well No. 2 Silman Lake Unit in Section 7: SW/4NW/4, T. 10 S., R. 27 E., Chaves County, New Mexico.

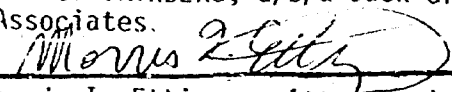
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CELESTE C. GRYNBERG, d/b/a Jack Grynberg
and Associates.


By: Morris I. Ettinger, Attorney-in-Fact


Witness

Date: July 9, 1982

JACK GRYNBERG AND ASSOCIATES

PETROLEUM, GEOLOGICAL, GEOPHYSICAL AND MINING ENGINEERS

1050 17th STREET • SUITE 1950 • DENVER, COLORADO 80266 • PHONE 303 - 572-1455

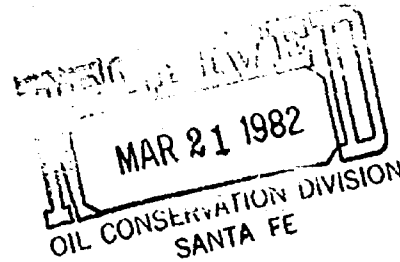
TELEX 45-4487 ENERGY DVR
TELECOPIER: 303-623-5224

March 18, 1982

Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

RE: Designation of Agent
Silman Lake Unit
Chaves County, New Mexico

For: #2 Silman Lake Unit
SW/4NW/4 Sec. 7, T 10 S - R 27 E



7158

Gentlemen:

Enclosed please find three (3) copies of the captioned designation of agent form for the subject well.

Please let me know if you require any further information.

Yours truly,

A handwritten signature in cursive script that reads "Nancy Stofzle".

Nancy Stofzle
Land Manager
encls. 3

cc: Commissioner of Public Lands w/encl.
Attn: Mr. Floyd Prando
Post Office Box 1148
Santa Fe, New Mexico 87501

*approved
3/23 by Public Lands
com of*

DESIGNATION OF AGENT

Supervisor, Oil and Gas Operations:

The undersigned is, on the records of the Commissioner of Public Lands of the State of New Mexico, Unit Operator under the Silman Lake Unit Agreement, Chaves County, New Mexico, approved February 25, 1981 and hereby designated:

NAME: Viking Petroleum Inc.

ADDRESS: 2700 Center Bldg.
2761 E. Skelly Drive
Tulsa, Oklahoma 74105

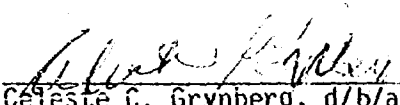
as its agent, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Oil Conservation rules and regulations with respect to drilling, testing, and completing unit well No. 2 Silman Lake Unit in Section 7: SW/4NW/4, T. 10 S., R. 27 E., Chaves County, New Mexico.

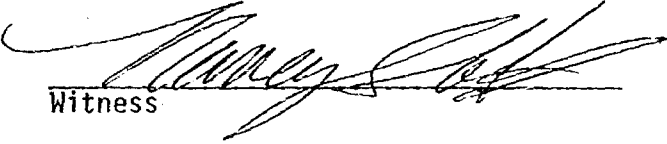
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Celeste C. Grynberg, d/b/a Jack Grynberg
and Associates, Unit Operator


Witness

Date: February 18, 1982

DESIGNATION OF AGENT

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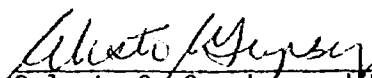
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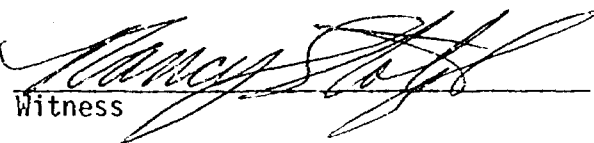
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Celeste C. Grynberg, d/b/a Jack Grynberg
and Associates, Unit Operator


Witness

Date: February 18, 1982

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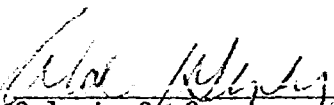
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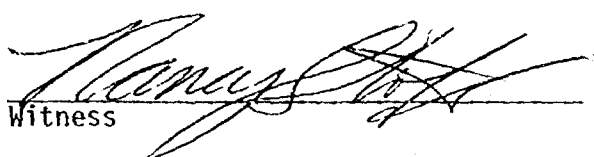
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Celeste C. Grynberg, d/b/a Jack Grynberg
and Associates, Unit Operator


Witness

Date: February 18, 1982

Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Townships 8 and 9 South, Range 27 East.
- CASE 7158: Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 2 and 10 South, Ranges 26 and 27 East.
- CASE 7159: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Township 25 North, Range 10 West.
- CASE 7160: Application of Harlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.
- CASE 7148: (Continued from February 11, 1981, Examiner Hearing)
- Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vida-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.
- CASE 7051: (Continued from January 28, 1981, Examiner Hearing)
- Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Drinkard production in the wellbore of its L.G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.
- CASE 7140: (Continued from February 11, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7149: (Continued from February 11, 1981, Examiner Hearing)
- Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.
- CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

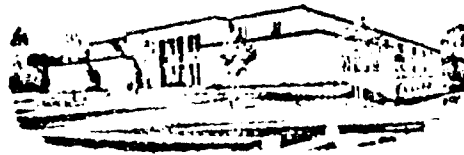
- CASE 7162: Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee formation underlying the E/2 of Section 25, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7163: Application of ARCO Oil and Gas Company for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalnat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.
- CASE 7164: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7165: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellebenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7166: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.
- CASE 7167: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Made Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.
- CASE 7168: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.
- CASE 7129: (Continued from February 11, 1981, Examiner Hearing)
- Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7169: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7170: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

- CASE 7171: Application of Zia Energy Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit in the Eumont Gas Pool comprising the SW/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakota formations: No. 157 located 1980 feet from the North line and 660 feet from the West line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, the S/2 of said Section 36 to be dedicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

February 26, 1981

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

Jack Grynberg and Associates
1050 17th Street- Suite 1950
Denver, Colorado 80265

7158

Re: Silman Lake Unit
Chaves County, New Mexico

ATTENTION: Mr. David L. Nevils

Gentlemen:

The Commissioner of Public Lands has this date approved the Silman Lake Unit, Chaves County, New Mexico. The effective date being the date of approval.

Enclosed are Five (5) Certificates of approval.

Your filing fee in the amount of Two Hundred and Thirty (\$230.00) has been received.

In the future in preparing your Exhibit "B", please list the tracts in numerical order and leases in chronological order. On the last revised exhibit you submitted to this office your leases are alright, however, the tract numbers should of been in numerical order, which we failed to point out. Enclosed is a sample copy for your reference.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:

RAY D. GRAHAM, Director
Oil and Gas Division

AJA/RDG/s
encls.

cc: OCD-Santa Fe, New Mexico

Unit Name SILMAN LAKE UNIT-EXPLORATORY
 Operator Celeste C. Grynberg
 County CHAVES

DATE	OCC CASE NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	7158 OCC ORDER NO. R-6603							
COMMISSIONER	COMMISSION	2-26-81	13,743.12	13,386.46	-0-	356.66	Yes	2 Yrs
2-26-81	2-25-81							

UNIT AREA

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
 Section 36: All

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
 Sections 31 through 33: All
 Section 34: W/2

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
 Section 1: All
 Sections 12 and 13: All
 Section 24: All

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
 Section 3: W/2
 Sections 4 through 9: All
 Section 10: W/2
 Section 16: N/2, SW/4, and W/2SE/4
 Sections 17 through 21: All

Unit Name SILMAN LAKE UNIT- EXPLORATORY
 Operator CELESTE C. GRYNBERG
 County CHAVES

STATE TRACT NO.	LEASE NO.	INSTITUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
1	LG-9154	C.S.	36	9S	26E	All	NOT COMMITTED	640.00		Aikman Petroleum
2	LG-4928	W.R.	31	9S	27E	Lots 1, 2, 3, 4, E/2W/2, E/2	2-23-81	639.28		Yates Petroleum Corp.
3	L-6909	W.R.	32	9S	27E	W/2	2-23-81	320.00		Southland Royalty Co.
4	L-6908	C.S.	32	9S	27E	E/2	2-23-81	320.00		Southland Royalty Co.
5	LG-4929	C.S.	33	9S	27E	NE/4, N/2SE/4, SW/4SE/4, SW/4NW/4, SW/4	2-23-81	480.00		Yates Petroleum Corp.
6	LG-03- /	C.S.	33	9S	27E	SE/4SE/4, N/2NW/4, SE/4NW/4	2-22-81	160.00		Celeste C. Grynberg
7	L-5211-1	C.S.	34	9S	27E	NW/4NW/4, SW/4SW/4	2-22-81	80.00		Celeste C. Grynberg
8	L-6645-1	C.S.	34	9S	27E	NE/4NW/4, S/2NW/4, N/2SW/4, SE/4SW/4	2-22-81	240.00		Celeste C. Grynberg
9	LG-5229	C.S.	1	10S	26E	NW/4, SW/4, SE/4	NOT COMMITTED	480.27		Harper Oil Company
10	L-5212-1	C.S.	1	10S	26E	Lot 1, SE/4NE/4, NE/4, S/2, SW/4NW/4	2-22-81	600.02		Celeste C. Grynberg
11	LG-7421	C.S.	1	10S	26E	W/2NE/4	NOT COMMITTED	80.07		Robert L. Thorton
12	LG-5241	C.S.	6	10S	27E	Lots 1, 2, 3, 4, 5, 6, 7, S/2NE/4, SE/4NW/4, SE/4, E/2SW/4	2-23-81	636.39		Yates Petroleum Corp.
13	LG-07- /	C.S.	8	10S	27E	W/2	2-22-81	639.35		Celeste C. Grynberg
14	LG-06- /	W.R.	8	10S	27E	E/2	2-22-81	639.01		Celeste C. Grynberg
15	LG-05	W.R.	4	10S	27E	All	2-23-81	637.96		Southland Royalty Co.

Unit Name SILMAN LAKE UNIT-EXPLORATORY
 Operator CELESTE C. GRYNBERG
 County CHAVES

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
16	LG-04-1	W.R.	10	19S	27E	W/2	2-22-81	639.21		Celeste C. Grynberg
		W.R.	3	10S	27E	Lots 3, 4, S/2NW/4, SW/4	2-22-81			
17	LG-5412	C.S.	12	10S	26E	E/2NW/4, NW/4NW/4	NOT COMMITTED		120.00	Harper Oil Company
18	FEE LANDS									
19	LG-08-1	C.S.	7	10S	27E	E/2, Lots 1, 2, 3, E/2W/2	2-22-81	597.51		Celeste C. Grynberg
20	LG-5242	W.R.	9	10S	27E	All	2-23-81	640.00		Yates Petroleum Corp.
21	LG-5235	C.S.	13	10S	26E	SE/4, SE/4SW/4, W/2SW/4, SW/4NW/4, SW/4NE/4, N/2N/2	NOT COMMITTED		520.00	Harper Oil Company
22	L-5213-1	C.S.	13	10S	26E	SE/4NE/4, SE/4NW/4, NE/4SW/4	2-22-81	400.00		Celeste C. Grynberg
		C.S.	24	10S	26E	E/2SE/4, NE/4, SE/4NW/4	2-22-81			
23	LG-5244	C.S.	18	10S	27E	SE/4, E/2SW/4, S/2NE/4, E/2NW/4	2-23-81	400.00		Yates Petroleum Corp.
24	L-5214	C.S.	18	10S	27E	N/2NE/4	2-22-81	160.00		Celeste C. Grynberg
		C.S.	19	10S	27E	E/2NE/4				
25	L-6646-1	W.R.	17	10S	27E	NE/4NE/4, S/2NE/4	2-22-81	120.00		Celeste C. Grynberg
26	LG-5243	C.S.	17	10S	27E	NW/4NE/4, SE/4	2-23-81	360.00		Yates Petroleum Corp.
		C.S.	20	10S	27E	NW/4				
27	L-794-1	C.S.	16	10S	27E	W/2, NE/4, W/2SE/4	2-23-81	480.00		Harlad Oil Corporation
28	LG-5239	C.S.	24	10S	26E	SW/4, W/2SE/4, N/2NW/4, SW/4NW/4	3-23-81	360.00		Yates Petroleum Corp.
29	LG-160-1	C.S.	19	10S	27E	SW/4	NOT COMMITTED		159.39	Harry Pace
30	LG-5245	C.S.	19	10S	27E	SE/4, W/2NE/4	2-23-81	240.00		Yates Petroleum Corp.

Unit Name SILMAN LAKE UNIT-EXPLORATORY
 Operator CELESTE C. GRYNBERG
 County CHAVES

STATE TRACT NO.	LEASE NO.	INSTI- TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACREAGE NOT RATIFIED	LESSEE
							DATE	ACRES		
31	L-6649-1	C.S.	20	10S	27E	SW/4	2-22-31	160.00		Celeste C. Grynberg
32	L-6647-1	C.S.	17	10S	27E	W/2	2-22-31	320.00		Celeste C. Grynberg
33	L-6648-2	W.R.	20	10S	27E	E/2	2-24-31	320.00		Harvey E. Yates Co.
34	LC-5246	W.R.	21	10S	27E	All	2-23-81	640.00		Yates Petroleum Corp.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Grynberg & Associates)
for a unit agreement, Chaves County,)
New Mexico.)

CASE
7158

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

J. E. Gallegos, Esq.
JONES, GALLEGOS, SNEAD &
WERTHEIM
Santa Fe, New Mexico 87501

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I N D E X

MORRIS ETTINGER

Direct Examination by Mr. Gallegos	3
Cross Examination by Mr. Nutter	10

E X H I B I T S

Applicant Exhibit A, Unit Agreement	5
Applicant Exhibit B, Document	6
Applicant Exhibit C, Map	7
Applicant Exhibit D, Geological Report	10

1
2 MR. NUTTER: We'll call next Case Number
3 7158.

4 MR. PADILLA: Application of Grynberg
5 and Associates for a unit agreement, Chaves County, New
6 Mexico.

7 MR. GALLEGOS: I'm Gene Gallegos, P. O.
8 Box 2228, Santa Fe, New Mexico, representing the applicant.

9 Mr. Examiner, I've placed before you
10 and tendered Exhibits A, B, C, and D. One comment, Exhibit
11 A is the unit agreement previously supplied with the appli-
12 cation, as an exhibit to the application, and there is a
13 slight change in the agreement, which I will have explained
14 by the witness.

15 MR. NUTTER: Okay.

16
17 (Witness sworn.)

18
19 MORRIS ETTINGER

20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MR. GALLEGOS:

25 Q State your name, please.

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A. Morris Ettinger.

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4

Q. What employment or association do you have with Grynberg and Associates, Mr. Ettinger?

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A. I am the Exploration Manager of this company.

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Q. What formal education and practical experience have you had to qualify you for that position?

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A. I am a graduate of Colorado School of Mines where I have a degree in geophysical engineering and Master of Science in geology, and I have about twenty-five years of actual experience in the oil and gas exploration, domestic and international.

Q. Have you previously testified in various forums, including the Oil Conservation Division as an expert witness?

A. Yes.

Q. Are you familiar with the proposed Selman Lake Unit?

A. Yes.

Q. And have you done the geologic study in connection with the formation of that unit?

A. Yes.

Q. All right. Now, Mr. Ettinger, first of all, I'd like for you to turn your attention to the Exhibit

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2 A, which is the unit agreement, and can you briefly state to
3 the Examiner the difference in that agreement as it appears
4 now and has been submitted to the State Land Office as op-
5 posed to its form when this application was originally
6 filed?

7 A. Basically it's -- in the original filing
8 by mistake it was as a divided unit and really what we want
9 is an undivided unit, and the difference is primarily in
10 the paragraph ten, in the participation after discovery,
11 where the only -- only the spacing, whoever has interest in
12 the spacing unit will participate in the well, in each well.

13 Q. I think maybe you misstated it. It was
14 previously submitted as an undivided unit.

15 A. That's correct.

16 Q. Is that correct?

17 A. Yes.

18 Q. And the change, I think you --

19 A. Oh, I'm sorry.

20 Q. The change would be to structure it as
21 a divided unit.

22 A. Correct.

23 Q. All right.

24 MR. NUTTER: And that's all the amend-
25 ment, just in section 10 of the unit agreement?

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2 MR. GALLEGOS: The wording in the first
3 paragraph of Section 10.

4 MR. NUTTER: Okay, fine.

5 MR. GALLEGOS: Is changed, the wording
6 is changed to accommodate that.

7 MR. NUTTER: Thank you.

8 Q Do you have joinder of the working in-
9 terest owners and are those reflected in the multi-pages
10 that are marked as Exhibit B?

11 A Yes.

12 Q What do those constitute in percent of
13 the entire proposed unit?

14 A About 83 percent.

15 Q As far as the royalty interest in the
16 unit, is all of that held by the State of New Mexico, with
17 the exception of 360 acres?

18 A Yes, most of the land is State land,
19 with the exception of 360 acres.

20 Q And that 360 acres is pointed out in
21 the exhibits with the application, Mr. Examiner.

22 Is there a change that you would like
23 to make in behalf of the applicant as far as the acreage
24 included within the unit agreement, and if so, would you
25 explain that?

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A. Yes. The unit boundary as shown in Exhibit -- what is the --

Q. C.

A. Exhibit C, include a number of producing wells from the Queen -- from the San Andres in the Diablo Field.

What we would like to do is exclude the 80 acres which is the spacing area for the two wells located in Section 16, and therefor we would like to exclude the east half of the southeast of Section 16, 80 acres.

Q. And what would the total acreage of the proposed unit be, then?

A. The total acreage will be 13,663 acres.

Q. Now, --

MR. NUTTER: Let me write that down.

MR. GALLEGOS: Okay.

MR. NUTTER: 13,--

A. 663.

MR. NUTTER: Thank you.

Q. Now your Exhibit C also shows a well in the northeast portion of Section 21. What is the status of that?

A. As far as I know this well was plugged in 1965.

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Q So the unit boundary would be unchanged as far as Section 21 and any other section or area other than that that you've just described?

A. Correct.

Q On what geologic rationale have you defined the unit boundary as portrayed on Exhibit C?

A. Basically the main control is the Honolulu Well drilled in Section 16 in the southeast south-east. This well went to the granite and it demonstrated in the Abo formation, or the Lower Abo formation, a well developed sand.

The primary objective of this unit is the Lower Abo sand and when we correlate this Lower Abo sand with other wells that went through the Abo in this area, we can see that this Abo, or Lower Abo sand, loses, or the sand goes into shale as we go west. And this is primarily the reason for the Lower Abo sand porosity pinchout that in the other wells that we see to the west and north of this unit, this sand is gone.

So basically the trap for hydrocarbons will be the Lower Abo sand porosity pinchout line and the contour of 1725, -1725, of the Lower Abo sand.

Q Incidentally, is this unit located in proximity to the, I think it was called Campbell Station

1
2 Unit, that was just heard?

3 A Yes, it will be about roughly six miles
4 south.

5 Q The plan of operation for this unit is
6 basically described in the proposed unit agreement ---

7 A Yes.

8 Q --- is that correct?

9 A Uh-huh.

10 Q What is the specific plan as far as the
11 initial exploratory well?

12 A We would like to move and drill a well
13 in the northwest northeast of Section 8 to a depth of 6000
14 feet, and this well should go through the Abo formation.

15 Q Can you state more precisely where that
16 location will be?

17 A Yes. Actually the location was staked
18 at 1980 feet from the east line and 660 feet from the north
19 line of Section 8.

20 MR. NUTTER: And what would the depth be?

21 A 6000 feet.

22 MR. NUTTER: 6000.

23 Q Is the applicant ready to proceed with
24 the drilling of that well?

25 A Yes. Actually, all arrangements have

1
2 been made to start with the drilling operation immediately.

3 Q And is there some urgency in that regard?

4 A Yes, because some of the leases will
5 expire soon.

6 Q And I call your attention to Exhibit D,
7 the geologic report. Did you prepare that?

8 A Yes.

9 Q And does that state with more particu-
10 larity the reservoir objective and the geology of the proposed
11 unit?

12 A Right.

13 Q In your opinion will the proposed unit
14 development prevent waste and promote more efficient recovery
15 of the hydrocarbons?

16 A Yes.

17 MR. GALLEGOS: We move the admission of
18 Exhibits A, B, C, and D, and pass the witness for cross
19 examination.

20 MR. NUTTER: Exhibits A through D will
21 be admitted in evidence.

22
23 CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Mr. Ettinger, you mentioned you had some

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rather short term leases in here?

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A. Yes.

4

Q. What are the expiration dates of those

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short term leases?

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A. Some of those leases will expire March

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8

Q. So we don't have too many days before --

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A. That's correct, yes.

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Q. -- those leases will expire.

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A. We are already applied to the State for

12

permission to drill and staked the location so we'll be

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ready to move.

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MR. NUTTER: Okay, Mr. Gallegos, we will

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let you know immediately when we get approval on this unit.

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I don't think there will be any problem getting approval

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forthwith.

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MR. GALLEGOS: Okay, thank you.

19

MR. NUTTER: Are there any other ques-

20

tions of the witness? He may be excused.

21

Do you have anything further, Mr. Gallegos?

22

MR. GALLEGOS: No, Mr. Examiner.

23

MR. NUTTER: Does anyone have anything

24

they wish to offer in Case Number 7158?

25

We'll take the case under advisement.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 493-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7158, heard by me on 2/25 1981.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Grynberg & Associates
for a unit agreement, Chaves County,
New Mexico.

CASE
7158

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

J. E. Gallegos, Esq.
JONES, GALLEGOS, SNEAD &
WERTHEIM
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I N D E X

MORRIS ETTINGER

Direct Examination by Mr. Gallegos	3
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13 slight change in the agreement, which I will have explained
14 by the witness.

15 MR. NUTTER: Okay.

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17 (Witness sworn.)

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19 MORRIS ETTINGER

20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MR. GALLEGOS:

25 Q

State your name, please.

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A. Morris Ettinger.

Q. What employment or association do you have with Grynberg and Associates, Mr. Ettinger?

A. I am the Exploration Manager of this company.

Q. What formal education and practical experience have you had to qualify you for that position?

A. I am a graduate of Colorado School of Mines where I have a degree in geophysical engineering and Master of Science in geology, and I have about twenty-five years of actual experience in the oil and gas exploration, domestic and international.

Q. Have you previously testified in various forums, including the Oil Conservation Division as an expert witness?

A. Yes.

Q. Are you familiar with the proposed Selman Lake Unit?

A. Yes.

Q. And have you done the geologic study in connection with the formation of that unit?

A. Yes.

Q. All right. Now, Mr. Ettinger, first of all, I'd like for you to turn your attention to the Exhibit

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4 now and has been submitted to the State Land Office as op-
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11 where the only -- only the spacing, whoever has interest in
12 the spacing unit will participate in the well, in each well.

13 Q I think maybe you misstated it. It was
14 previously submitted as an undivided unit.

15 A. That's correct.

16 Q Is that correct?

17 A. Yes.

18 Q And the change, I think you --

19 A. Oh, I'm sorry.

20 Q The change would be to structure it as
21 a divided unit.

22 A. Correct.

23 Q All right.

24 MR. NUTTER: And that's all the amend-
25 ment, just in section 10 of the unit agreement?

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2 MR. GALLEGOS: The wording in the first
3 paragraph of Section 10.

4 MR. NUTTER: Okay, fine.

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9 terest owners and are those reflected in the multi-pages
10 that are marked as Exhibit B?

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13 the entire proposed unit?

14 A About 83 percent.

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16 unit, is all of that held by the State of New Mexico, with
17 the exception of 360 acres?

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19 with the exception of 360 acres.

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21 the exhibits with the application, Mr. Examiner.

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What we would like to do is exclude the 80 acres which is the spacing area for the two wells located in Section 16, and therefor we would like to exclude the east half of the southeast of Section 16, 80 acres.

Q. And what would the total acreage of the proposed unit be, then?

A. The total acreage will be 13,663 acres.

Q. Now, --

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MR. GALLEGOS: Okay.

MR. NUTTER: 13,--

A. 663.

MR. NUTTER: Thank you.

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A. As far as I know this well was plugged in 1965.

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4 than that that you've just described?

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7 defined the unit boundary as portrayed on Exhibit C?

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9 Honolulu Well drilled in Section 16 in the southeast south-
10 east. This well went to the granite and it demonstrated in
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13 The primary objective of this unit is
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15 with other wells that went through the Abo in this area, we
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23 contour of 1725, -1725, of the Lower Abo sand.

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4 south.

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6 basically described in the proposed unit agreement ---

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11 initial exploratory well?

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14 feet, and this well should go through the Abo formation.

15 Q Can you state more precisely where that
16 location will be?

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18 at 1980 feet from the east line and 660 feet from the north
19 line of Section 8.

20 MR. NUTTER: And what would the depth be?

21 A. 6000 feet.

22 MR. NUTTER: 6000.

23 Q Is the applicant ready to proceed with
24 the drilling of that well?

25 A. Yes. Actually, all arrangements have

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2 been made to start with the drilling operation immediately.

3 Q And is there some urgency in that regard?

4 A Yes, because some of the leases will
5 expire soon.

6 Q And I call your attention to Exhibit D,
7 the geologic report. Did you prepare that?

8 A Yes.

9 Q And does that state with more particu-
10 larity the reservoir objective and the geology of the proposed
11 unit?

12 A Right.

13 Q In your opinion will the proposed unit
14 development prevent waste and promote more efficient recovery
15 of the hydrocarbons?

16 A Yes.

17 MR. GALLEGOS: We move the admission of
18 Exhibits A, B, C, and D, and pass the witness for cross
19 examination.

20 MR. NUTTER: Exhibits A through D will
21 be admitted in evidence.

22
23 CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Mr. Ettinger, you mentioned you had some

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rather short term leases in here?

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A. Yes.

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Q. What are the expiration dates of those

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Q. So we don't have too many days before --

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MR. NUTTER: Okay, Mr. Gallegos, we will

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let you know immediately when we get approval on this unit.

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I don't think there will be any problem getting approval

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forthwith.

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MR. NUTTER: Are there any other ques-

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tions of the witness? He may be excused.

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Do you have anything further Mr. Gallegos?

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MR. GALLEGOS: No, Mr. Examiner.

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MR. NUTTER: Does anyone have anything

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they wish to offer in Case Number 7158?

25

We'll take the case under advisement.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7158, heard by me on 2/25 1981.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409



BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

February 25, 1981

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

Mr. J. E. Gallegos
P. O. Box 2228
Santa Fe, New Mexico

Re: CASE NO. 7158
ORDER NO. R-6603

Applicant:

Grynberg & Associates

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	x
Artesia OCD	x
Aztec OCD	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7158
Order No. R-6603

APPLICATION OF GRYNBERG & ASSOCIATES
FOR APPROVAL OF THE SILMAN LAKE UNIT
AGREEMENT, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 25, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of February, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Grynberg & Associates, seeks approval of the Silman Lake Unit Agreement covering 13,663.12 acres, more or less, of State and Fee lands described as follows:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 36: All

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Sections 31 through 33: All
Section 34: W/2

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 1: All
Sections 12 and 13: All
Section 24: All

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 3: W/2

Sections 4 through 9: All

Section 10: W/2

Section 16: N/2, SW/4, and W/2 SE/4

Sections 17 through 21: All

(3) That all plans of development and operation and creations, expansions, or contractions of participating areas or expansions or contractions of the unit area, should be submitted to the Director of the Division for approval.

(4) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Silman Lake Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that 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, duty, or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Division within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That all plans of development and operation, all unit participating areas and expansions and contractions thereof, and all expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

-3-
Case No. 7158
Order No. R-6603

(5) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Division immediately in writing of such termination.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

fd/

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 1981, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (hereinafter referred to as "The Commissioner"), (Section 3 Chapter 88, Laws 1943) as amended by December 1 of Chapter 162, Laws 1951, (Chapter 19, Article 10, Section 45, New Mexico Statutes 1978 Annot.) to consent to and approve the development or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part or all of any oil or gas pool, field, or area in the interest of conservation and greater ultimate recovery of oil and gas; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 1, Chapter 162), (Laws of 1951, Chapter 19, Article 10, Section 47, New Mexico Statutes 1978 Annotated) to amend, with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field, or area; and

BEFORE EXAMINER MUTTER
OIL CONSERVATION DIVISION
CASE NO. 7158 A

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

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

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

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

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area: The area specified on the map attached hereto, marked Exhibit "A", is hereby designated and recognized as constituting the unit area, containing 13,743.12 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 lands 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 on said map or schedule as owned by such party. Exhibits A and B

shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

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

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: Celeste C. Grynberg d/b/a Grynberg & Associates, whose address is 1050 17th Street, Suite 1950, Denver, Colorado, 80265, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

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

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the 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 Commissioner and the Division.

The resignation or removal of the unit operator under this agreement shall not terminate his 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 wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, 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 Commissioner. If no successor unit operator is selected and qualified as herein provided, the

Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

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

7. 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 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 or possession and use vested in the parties hereto only for the purpose herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to adequately test the Permian ABO formation, or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth, or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable. However, the unit operator shall not, in any event, be required to drill said well to a depth in excess of 6,000 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) 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 the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted. Upon failure to comply with the drilling provisions of this article, the Commissioner may, after reasonable notice to the unit operator and each working interest owner and lessee at their last known addresses, declare this unit agreement terminated, and all

rights, privileges and obligations granted and assumed by this unit agreement shall terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:

Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve month period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve-month period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices and so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development, this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico within the unit area embracing undeveloped regular well spacing or proration units; but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands, provided, however, the Commissioner shall give notice to the unit operation and the lessees of record in the manner prescribed by (Section 19-10-20 New Mexico Statutes 1978 Annotated), of intention to cancel on account by any alleged breach of said covenant for reasonable development and any decision entered

thereunder shall be subject to appeal in the manner prescribed by (Section 19-10-23 New Mexico Statutes 1978 Annotated), and provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the working interest in the spacing unit for such well established by the Division shall remain fixed. For the purposes of this Unit Agreement, each spacing unit established by the Division shall be deemed to be a separate spacing unit and participation in each such spacing unit shall be on an acreage basis within each such spacing unit.

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

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each spacing unit established by the Division except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the spacing unit of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the spacing unit established for such well.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:
All rental and minimum royalties due on leases committed

hereto shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the leases committed hereto including the spacing unit; provided, however, the State and any other owner shall be entitled to take in kind its share of the unitized substances allocated to the respective spacing unit, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, 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, however, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

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

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS
THEY APPLY TO LANDS WITHIN THE UNITIZED AREA:

The terms, conditions and provisions of all leases, sub-

leases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area and to the extent necessary to make the same conform to the provisions hereof. The respective terms of said lease and agreements will thereby be extended insofar as necessary to coincide with the terms of this agreement, and the approval of this agreement by the Commissioner and leases shall be effective to extend the terms of each such lease as to lands within the unitized area to conform to the provisions and terms of this agreement. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall remain in full force and effect and shall continue in force beyond the term provided therein as long as this agreement remains in effect; provided, however, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not effect any lease which, pursuant to the terms thereof or any applicable laws, would continue in full force and effect thereafter. The commencement, completion, continued operation or production on any of the leasehold interests committed to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto, and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to

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

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

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

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of in-

terest in land or leases subject hereto shall be conditioned upon the assumption of all privileges and obligations hereunder to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term, or any extension thereof. In the latter case, this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered ~~can~~ ^{ARE} be produced in paying quantities. This agreement may be terminated at any time by not less than seventy-five percent (75%), on an acreage basis, of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided therein.

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

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands

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

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

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continued drilling or to operate 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, war, act of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator, whether similar to matters herein enumerated or not.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a

result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocate portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator, as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. COUNTERPARTS: This agreement may be executed in any number of counterpart, 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.

24. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed and counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit

expenses incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR AND WORKING INTEREST OWNER

OPERATOR

DATE: _____

By: _____
President

ATTEST:

By: _____

OTHER WORKING INTEREST OWNERS

Company

DATE: _____

By: _____

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

ABO PETROLEUM CORPORATION

By: [Signature]
Attorney-in-Fact

Address: 207 South Fourth Street

Artesia, New Mexico 88210

TRACT(S)

STATE OF NEW MEXICO

COUNTY OF EDDY

ss.

On this 23rd day of February, 1981, before me appeared John A. Yates, to be personally known, who, being by me duly sworn, did say that he is the Attorney-in-Fact for ABO Petroleum Corporation and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John A. Yates acknowledged said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

My commission expires:

9/14/83

STATE OF _____

COUNTY OF _____

ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. B
CASE NO. 7158

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

MYCO INDUSTRIES, INC.

By: Randy B. Patterson

Attorney-in-Fact

Address: 207 South Fourth Street

Artesia, New Mexico 88210

TRACT(S)

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

On this 23rd day of February, 1981, before me appeared Randy B. Patterson, to be personally known, who, being by me duly sworn, did say that he is the ATTORNEY-IN-FACT for MYCO INDUSTRIES, INC., and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Randy B. Patterson acknowledged said instrument to be the free act and deed of said corporation.

Maisha A. Deyan
Notary Public

My commission expires:

August 20, 1984

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

YATES PETROLEUM CORPORATION

By: [Signature]
Attorney-in-Fact
Address: 207 South Fourth Street
Artesia, New Mexico 88210

TRACT(S)

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 23rd day of February, 1981, before me appeared John A. Yates, to be personally known, who, being by me duly sworn, did say that he is the ATTORNEY-IN-FACT for Yates Petroleum Corporation and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John A. Yates acknowledged said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

My commission expires:

August 20, 1984
STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23 day of February, 1981.

Ray Willis

TRACT(S)

Address: P.O. Box 1515
Rosewell, N.M. 88231

STATE OF New Mexico } ss.
COUNTY OF Chaves

On this 23 day of February, 1981, before me appeared Ray Willis, to be personally known, who, being by me duly sworn, did say that he is the Vice President of Sanlud Oil Corp. and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Ray Willis acknowledged said instrument to be the free act and deed of said corporation.

Josephine M. Chambers
Notary Public

My commission expires:

6/22/83

STATE OF _____ } ss.
COUNTY OF _____

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

SOUTHLAND ROYALTY COMPANY

C. E. Mear
C. E. Mear, Attorney in Fact
Address: 1100 Wall Towers West
Midland, Texas 79701

TRACT(S)

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

On this 23rd day of February, 1981, before me appeared C. E. Mear, to be personally known, who, being by me duly sworn, did say that he is the Attorney in Fact ~~XXXXXXXXXX~~ for Southland Royalty Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said C. E. Mear acknowledged said instrument to be the free act and deed of said corporation.

Judy Wilson
Notary Public

My commission expires:
9/8/81

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

YATES DRILLING COMPANY

By: [Signature]
Attorney-in-Fact
Address: 207 South Fourth Street
Artesia, New Mexico 88210

TRACT(S)

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 23rd day of February, 1981, before me appeared S. P. Yates, to be personally known, who, being by me duly sworn, did say that he is the ATTORNEY-IN-FACT for YATES DRILLING COMPANY, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said S. P. Yates acknowledged said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

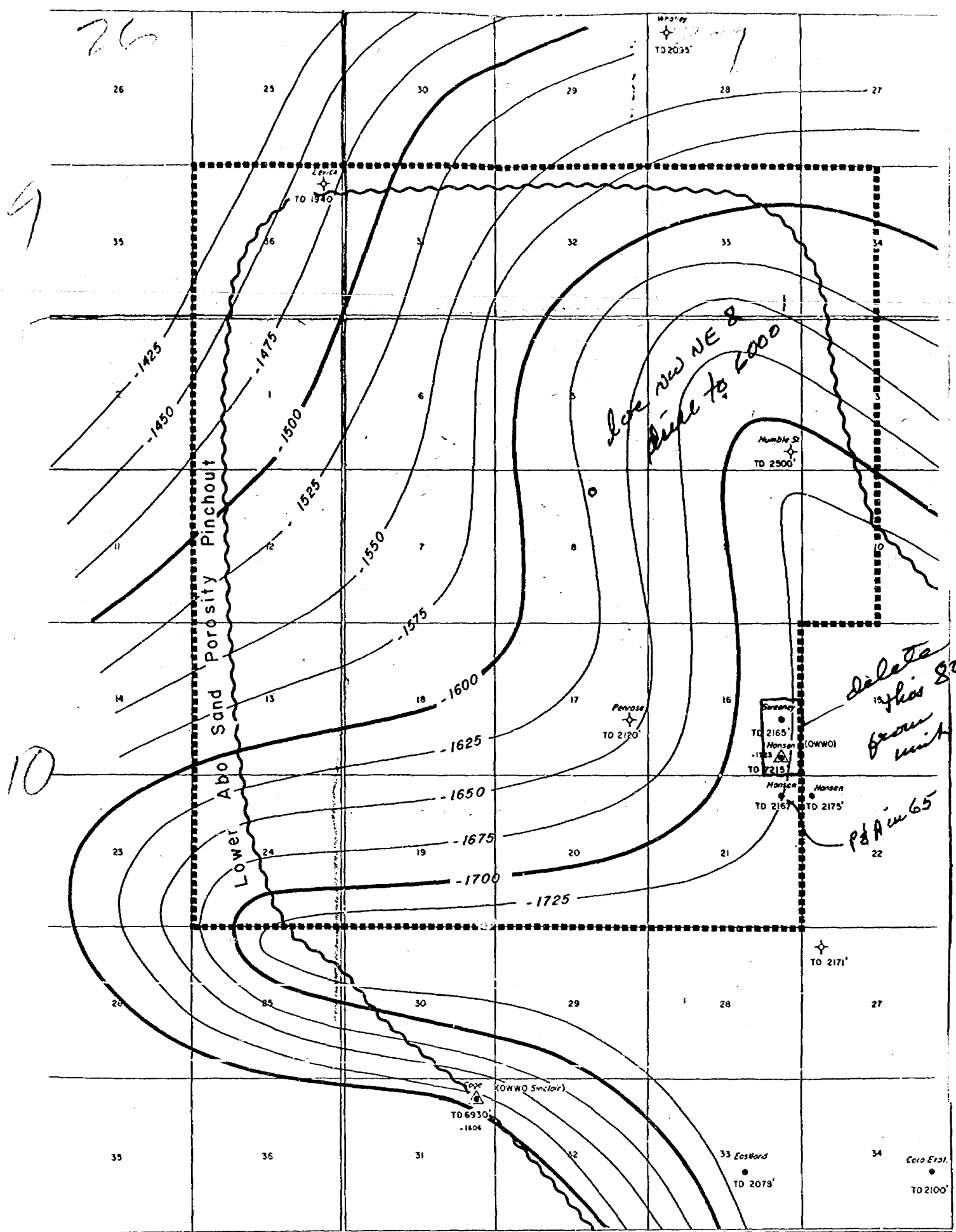
My commission expires:

9/14/83
STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:



LEGEND

- SILMAN LAKE UNIT BOUNDARY
- ✧ Dry Hole
- Oil Well
- ⚠ Well bottomed in Abo or below

SILMAN LAKE UNIT BOUNDARY
 CHAVES COUNTY, NEW MEXICO
 PLAT NO. **e**
7158

Exhibit "C"

GRYNBERG AND ASSOCIATES

PROPOSED
 SILMAN LAKE UNIT AREA
 CHAVES COUNTY, NEW MEXICO

STRUCTURE MAP
 ON TOP OF
 THE LOWER ABO SAND

Scale: 2" = 1 mile

C.I. = 25 ft.

JAN '81

GEOLOGIC REPORT
PROPOSED SILMAN LAKE UNIT
T 9&10 S - R 26&27E
CHAVES COUNTY, NEW MEXICO

SECTION NO. D

7158

1. LOCATION

The proposed unit is located about 16 miles east of Roswell, New Mexico. The land included in the proposed unit consists of 20 full sections and 3 half sections for a total area of approximately 13,743 acres.

The sections in the proposed unit area are:

Section: 36 T 9 S - R 26 E

Sections: 31, 32, and 33, and $W\frac{1}{2}$ of Section 34, T 9 S - R 27 E

Sections: 1, 12, 13, and 24, T 10 S - R 26 E

Sections: 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, and $W\frac{1}{2}$ of
Section 3 and 10, all in T 10 S - R 27 E

2. GEOLOGY

The proposed unit area is located on the northwest shelf of the Delaware Basin. This is part of the larger Permian Basin of West Texas and Southeastern New Mexico. The Delaware Basin was the area of maximum subsidence during the Permian, which led to the thickest accumulation of marine strata in the Permian time.

The unit area does include portions of the Diablo Field which produces oil from the San Andres reservoir of Permian age.

3. WELLS WITHIN THE PROPOSED UNIT AREA

Six wells were drilled within the unit area of which three were dry holes and three are producing from the San Andres reservoir. Exhibit "C" shows the locations of those wells. Only one well of the six went deeper than the San Andres formation, the well went to the Granite and a depth of 7200 feet.

This well is the Honolulu Oil Corporation Lavick State #1-P, located in the SESE of Section 16, T 10 S - R 27 E. This well was drilled in 1950 and completed as a dry hole. In 1962 Ernest A. Hanson worked over this well and completed it as the discovery well of the Diablo field producing oil from the San Andres reservoirs.

4. PRIMARY OBJECTIVE

The primary objective of the proposed unit is the Lower Abo sand in the Abo formation of Permian age. The closest Abo production is in the western half of T 9 S - R 26 E where gas is produced. However, in the above producing wells the productive reservoir is found in the Middle Abo whereas in the unit area the objective is the Lower Abo sand.

5. GEOLOGICAL BASIS FOR UNIT BOUNDARY

Regional studies of the Abo indicate that the Lower Abo sand which is well developed in the Honolulu Oil Corporation Lavick State #1-P well in section 16 shales-out to the west and north as shown in Exhibit "C". The potential trap for hydrocarbon accumulation is formed by the area enclosed by the "Porosity Pinchout" line and the -1725 structural contour on the top of the Lower Abo sand. Any half-section (320 acre) of which at least a portion of the area is located within the potential trap area described above, was included in the proposed unit area.

6. WELL PROPOSAL

A well is proposed to be drilled in the NE of Section 8, T 10 S - R 27 E to a depth of approximately 6000 feet to the base of the Abo formation.

ROUGH

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7158

Order No. R-6603

APPLICATION OF GRYNBERG & ASSOCIATES
FOR APPROVAL OF THE SILMAN LAKE
UNIT AGREEMENT, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 25
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this day of February, 19 81, the
Division Director, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Grynberg & Associates,
seeks approval of the Silman Lake Unit Agreement
covering 13,668.12 acres, more or less, of State, ~~Federal~~
and Fee lands described as follows:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 9 NORTH, RANGE 26 EAST, NM 1M
Section 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40
TOWNSHIP 9 SOUTH, RANGE 27 EAST, NM 1M
Section 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40
TOWNSHIP 10 SOUTH, RANGE 26 EAST, NM 1M
Section 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40

(3) That all plans of development and operation and creations,
expansions, or contractions of participating areas or expansions
or contractions of the unit area, should be submitted to the
Director of the Division for approval.

(4) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Silman Lake Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that 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, duty, or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Division within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That all plans of development and operation, all unit participating areas and expansions and contractions thereof, and all expansions or contractions of the unit area, shall be submitted to the Director of the Oil Conservation Division for approval.

(5) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for

~~the~~ State of New Mexico and ~~the Director of the United States Geologi-~~
~~cal-Survey~~; that this order shall terminate ipso facto upon the
termination of said unit agreement; and that the last unit opera-
tor shall notify the Division immediately in writing of such
termination.

(6) That jurisdiction of this cause is retained for the
entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
SILMA LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

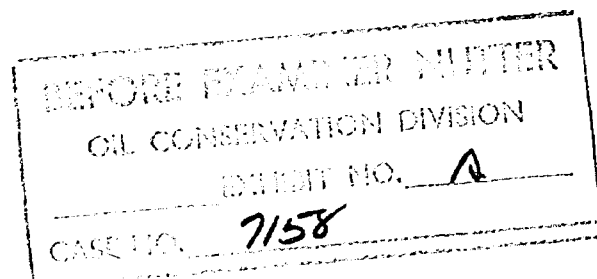
THIS AGREEMENT, entered into as of the _____ day of _____, 1981, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (hereinafter referred to as "The Commissioner"), (Section 3 Chapter 88, Laws 1943) as amended by December 1 of Chapter 162, Laws 1951, (Chapter 19, Article 10, Section 45, New Mexico Statutes 1978 Annot.) to consent to and approve the development or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part or all of any oil or gas pool, field, or area in the interest of conservation and greater ultimate recovery of oil and gas; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 1, Chapter 162), (Laws of 1951, Chapter 19, Article 10, Section 47, New Mexico Statutes 1978 Annotated) to amend, with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field, or area; and



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

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

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

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

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area: The area specified on the map attached hereto, marked Exhibit "A", is hereby designated and recognized as constituting the unit area, containing 13,743.12 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 lands 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 on said map or schedule as owned by such party. Exhibits A and B

shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

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

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: Celeste C. Grynberg d/b/a Grynberg & Associates, whose address is 1050 17th Street, Suite 1950, Denver, Colorado, 80265, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

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

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the 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 Commissioner and the Division.

The resignation or removal of the unit operator under this agreement shall not terminate his 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 wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, 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 Commissioner. If no successor unit operator is selected and qualified as herein provided, the

Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

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

7. 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 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 or possession and use vested in the parties hereto only for the purpose herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to adequately test the Permian ABO formation, or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth, or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable. However, the unit operator shall not, in any event, be required to drill said well to a depth in excess of 6,000 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) 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 the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted. Upon failure to comply with the drilling provisions of this article, the Commissioner may, after reasonable notice to the unit operator and each working interest owner and lessee at their last known addresses, declare this unit agreement terminated, and all

rights, privileges and obligations granted and assumed by this unit agreement shall terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:

Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve month period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve-month period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices and so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development, this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico within the unit area embracing undeveloped regular well spacing or proration units; but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands, provided, however, the Commissioner shall give notice to the unit operation and the lessees of record in the manner prescribed by (Section 19-10-20 New Mexico Statutes 1978 Annotated), of intention to cancel on account by any alleged breach of said covenant for reasonable development and any decision entered

thereunder shall be subject to appeal in the manner prescribed by (Section 19-10-23 New Mexico Statutes 1978 Annotated), and provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the working interest in the spacing unit for such well established by the Division shall remain fixed. For the purposes of this Unit Agreement, each spacing unit established by the Division shall be deemed to be a separate spacing unit and participation in each such spacing unit shall be on an acreage basis within each such spacing unit.

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

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each spacing unit established by the Division except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the spacing unit of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the spacing unit established for such well.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rental and minimum royalties due on leases committed

hereto shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the leases committed hereto including the spacing unit; provided, however, the State and any other owner shall be entitled to take in kind its share of the unitized substances allocated to the respective spacing unit, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, 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, however, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

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

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INsofar AS
THEY APPLY TO LANDS WITHIN THE UNITIZED AREA:

The terms, conditions and provisions of all leases, sub-

leases, operating agreements and other contracts relating to the exploration, mining, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area and to the extent necessary to make the same conform to the provisions hereof. The respective terms of said lease and agreements will thereby be extended insofar as necessary to coincide with the terms of this agreement, and the approval of this agreement by the Commissioner and leases shall be effective to extend the terms of each such lease as to lands within the unitized area to conform to the provisions and terms of this agreement. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall remain in full force and effect and shall continue in force beyond the term provided therein as long as this agreement remains in effect; provided, however, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not effect any lease which, pursuant to the terms thereof or any applicable laws, would continue in full force and effect thereafter. The commencement, completion, continued operation or production on any of the leasehold interests committed to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto, and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to

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

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

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

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of in-

terest in land or leases subject hereto shall be conditioned upon the assumption of all privileges and obligations hereunder to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term, or any extension thereof. In the latter case, this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered ~~can~~^{ARE} be produced in paying quantities. This agreement may be terminated at any time by not less than seventy-five percent (75%), on an acreage basis, of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided therein.

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

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands

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

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

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continued drilling or to operate 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, war, act of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator, whether similar to matters herein enumerated or not.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a

result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocate portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator, as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. COUNTERPARTS: This agreement may be executed in any number of counterpart, 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.

24. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed and counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit

expenses incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR AND WORKING INTEREST OWNER

OPERATOR

DATE: _____

By: _____
President

ATTEST:

By: _____

OTHER WORKING INTEREST OWNERS

Company

DATE: _____

By: _____

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

MYCO INDUSTRIES, INC.

By: Randy G. Patterson
Attorney-in-Fact
Address: 207 South Fourth Street
Artesia, New Mexico 88210

TRACT(S)

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

On this 23rd day of February, 1981, before me appeared Randy G. Patterson, to be personally known, who, being by me duly sworn, did say that he is the ATTORNEY-IN-FACT for MYCO INDUSTRIES INC. and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Randy G. Patterson acknowledged said instrument to be the free act and deed of said corporation.

Marsha A. Keyes
Notary Public

My commission expires:

August 20, 1984
STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

NOTARY PUBLIC
STATE OF NEW MEXICO
MARSHA A. KEYES
7158

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

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This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

YATES PETROLEUM CORPORATION

By: [Signature]

Attorney-in-Fact
Address: 207 South Fourth Street

Artesia, New Mexico 88210

TRACT(S)

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 23rd day of February, 1981, before me appeared John A. Yates, to be personally known, who, being by me duly sworn, did say that he is the Attorney-in-Fact for Yates Petroleum Corporation and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John A. Yates acknowledged said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

My commission expires:

August 20, 1984

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23 day of February, 1981.

Ray Willis

TRACT(S)

Address: P.O. Box 1515
Roswell, N.M. 88201

STATE OF New Mexico } ss.
COUNTY OF Chaves

On this 23 day of February, 1981, before me appeared Ray Willis, to be personally known, who, being by me duly sworn, did say that he is the Vice President of Sanladi Oil Corp. and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Ray Willis acknowledged said instrument to be the free act and deed of said corporation.

Josephine M. Chambers
Notary Public

My commission expires:

6/22/83

STATE OF _____ } ss.
COUNTY OF _____

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests herein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the unit area in which the undersigned may be found to have an oil or gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

SOUTHLAND ROYALTY COMPANY

C. E. Mear
C. E. Mear, Attorney in Fact
Address: 1100 Wall Towers West
Midland, Texas 79701

TRACT(S)

STATE OF TEXAS)
COUNTY OF MIDLAND) ss.

On this 23rd day of February, 1981, before me appeared C. E. Mear, to be personally known, who, being by me duly sworn, did say that he is the Attorney in Fact ~~President~~ for Southland Royalty Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said C. E. Mear acknowledged said instrument to be the free act and deed of said corporation.

Judy Dwyer
Notary Public

My commission expires:
9/8/81

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Silman Lake Unit Area, County of Chaves, State of New Mexico, dated _____, 1981, in form approved by the Commissioner of Public Lands of the State of New Mexico, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the Undersigned hereby expressly ratifies, approves and adopts said Unit Agreement and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

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This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

YATES DRILLING COMPANY

By: [Signature]

Attorney-in-Fact

Address: 207 South Fourth Street

Artesia, New Mexico 88210

TRACT(S)

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 23rd day of February, 1981, before me appeared S. P. Yates, to be personally known, who, being by me duly sworn, did say that he is the ATTORNEY-IN-FACT for YATES DRILLING COMPANY, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said S. P. Yates acknowledged said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

My commission expires:

9/14/83

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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This Ratification and Joinder shall be binding upon the undersigned, its heirs, assigns or successors in interests.

EXECUTED this 23rd day of February, 1981.

ABO PETROLEUM CORPORATION

By: [Signature]

Attorney-in-Fact

Address: 207 South Fourth Street

Artesia, New Mexico 88210

TRACT(S)

STATE OF NEW MEXICO)

COUNTY OF EDDY)

ss.

On this 23rd day of February, 1981, before me appeared John A. Yates, to be personally known, who, being by me duly sworn, did say that he is the ATTORNEY-IN-FACT for Abo Petroleum Corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John A. Yates acknowledged said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

My commission expires:

9/14/83

STATE OF _____)

COUNTY OF _____)

ss.

On this _____ day of _____, 1981, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

GEOLOGIC REPORT
PROPOSED SILMAN LAKE UNIT
T 9&10 S - R 26&27E
CHAVES COUNTY, NEW MEXICO

7158 D

1. LOCATION

The proposed unit is located about 16 miles east of Roswell, New Mexico. The land included in the proposed unit consists of 20 full sections and 3 half sections for a total area of approximately 13,743 acres.

The sections in the proposed unit area are:

Section: 36 T 9 S - R 26 E

Sections: 31, 32, and 33, and $W\frac{1}{2}$ of Section 34, T 9 S - R 27 E

Sections: 1, 12, 13, and 24, T 10 S - R 26 E

Sections: 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, and $W\frac{1}{2}$ of

Section 3 and 10, all in T 10 S - R 27 E

2. GEOLOGY

The proposed unit area is located on the northwest shelf of the Delaware Basin. This is part of the larger Permian Basin of West Texas and Southeastern New Mexico. The Delaware Basin was the area of maximum subsidence during the Permian, which led to the thickest accumulation of marine strata in the Permian time.

The unit area does include portions of the Diablo Field which produces oil from the San Andres reservoir of Permian age.

3. WELLS WITHIN THE PROPOSED UNIT AREA

Six wells were drilled within the unit area of which three were dry holes and three are producing from the San Andres reservoir. Exhibit "C" shows the locations of those wells. Only one well of the six went deeper than the San Andres formation, the well went to the Granite and a depth of 7200 feet.

This well is the Honolulu Oil Corporation Lavick State #1-P, located in the SESE of Section 16, T 10 S - R 27 E. This well was drilled in 1950 and completed as a dry hole. In 1962 Ernest A. Hanson worked over this well and completed it as the discovery well of the Diablo field producing oil from the San Andres reservoirs.

4. PRIMARY OBJECTIVE

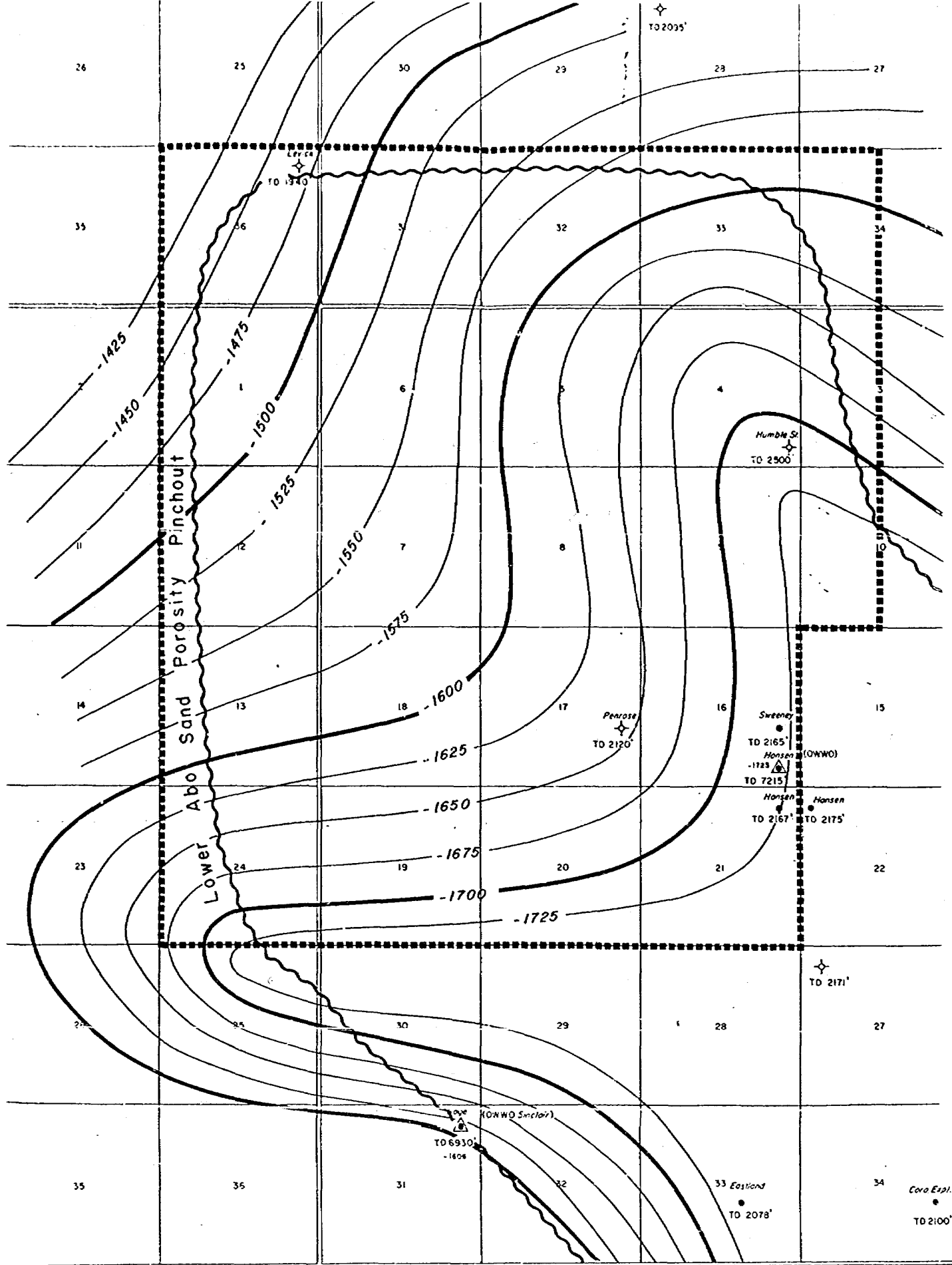
The primary objective of the proposed unit is the Lower sand in the Abo formation of Permian age. The closest Abo production is in the western half of T 9 S - R 26 E where gas is produced. However, in the above producing wells the productive reservoir is found in the Middle Abo whereas in the unit area the objective is the Lower Abo sand.

5. GEOLOGICAL BASIS FOR UNIT BOUNDARY

Regional studies of the Abo indicate that the Lower Abo sand which is well developed in the Honolulu Oil Corporation Lavick State #1-P well in section 16 shales-out to the west and north as shown in Exhibit "C". The potential trap for hydrocarbon accumulation is formed by the area enclosed by the "Porosity Pinchout" line and the -1725 structural contour on the top of the Lower Abo sand. Any half-section (320 acre) of which at least a portion of the area is located within the potential trap area described above, was included in the proposed unit area.

6. WELL PROPOSAL

A well is proposed to be drilled in the NE of Section 8, T 10 S - R 27 E to a depth of approximately 6000 feet to the base of the Abo formation.



R 26 E

R 27 E

LEGEND

- SILMAN LAKE UNIT BOUNDARY
- ✧ Dry Hole
- Oil Well
- △ Well bottomed in Abo or below

Exhibit "C"

GRYNBERG AND ASSOCIATES

PROPOSED
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

STRUCTURE MAP
ON TOP OF
THE LOWER ABO SAND

Scale: 2" = 1 mile

C.I. = 25 ft.

JAN '81

7158 C

D

7158

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T 9&10 S - R 26&27E
CHAVES COUNTY, NEW MEXICO

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Sections: 31, 32, and 33, and $W\frac{1}{2}$ of Section 34, T 9 S - R 27 E

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Sections: 4, 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21, and $W\frac{1}{2}$ of

Section 3 and 10, all in T 10 S - R 27 E

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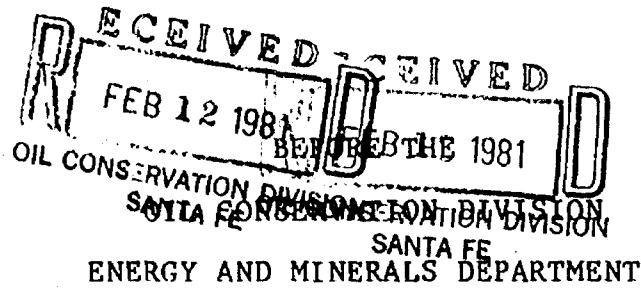
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STATE OF NEW MEXICO

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IN THE MATTER OF THE APPLICATION OF
GRYNBERG & ASSOCIATES FOR APPROVAL
OF THE SILMAN LAKE UNIT, CHAVES
COUNTY, NEW MEXICO.

Case No. 7/58

APPLICATION

THE APPLICANT, GRYNBERG & ASSOCIATES, Denver,
Colorado, by its attorneys, Jones, Gallegos, Snead & Wertheim,
P.A., request approval of the Silman Lake Unit, Chaves County,
New Mexico, covering 13,743.12 acres of state land and private
land, and in support of its application states:

1. Applicant desires to obtain the Division approval
of the Silman Lake Unit as a drilling unit covering those
certain lands described as follows:

Township 9 South, Range 26 East, N.M.P.M.

Sec. 36: All

Township 9 South, Range 27 East, N.M.P.M.

Sec. 31, 32, 33: All
Sec. 34: W 1/2

Township 10 South, Range 26 East, N.M.P.M.

Sec. 1, 12, 13 and 24: All

Township 10 South, Range 27 East, N.M.P.M.

Sec. 4, 5, 6, 7,
8, 9, 16, 17,
18, 19, 20,
21: All
Sec. 3: W 1/2
Sec. 10: W 1/2

The mineral ownership of the above lands is held by the State
of New Mexico except the ownership is private fee land in
Township 10 South, Range 27 East, as follows: Sec. 7: SW 1/4,

1 SW 1/4; E 1/2; Lots 1, 2, 3; East 1/2, W 1/2. Sec. 18: W 1/2,
2 W 1/2. Sec. 19: NW 1/4.

3 2. A map of the proposed unit area is attached
4 hereto and marked Exhibit "A".

5 3. The applicant will be the operator of the unit
6 area in an operation that is described in the Proposed Plan of
7 Unitization which is attached hereto and marked Exhibit "B".

8 4. The applicant's proposal is to unitize from the
9 surface to a depth equivalent to all potential
10 hydrocarbon-bearing formations. It will not be obligated to,
11 and does not expect to, drill to a depth in excess of 6,000
12 feet. The objective of the test well and its location will be
13 presented by geological report to the Division at hearing in
14 this matter.

15 5. It is believed that the formation of the proposed
16 unit will prevent waste and substantially increase the ultimate
17 recovery of oil and gas from the unitized area while protecting
18 the correlative rights within such area.

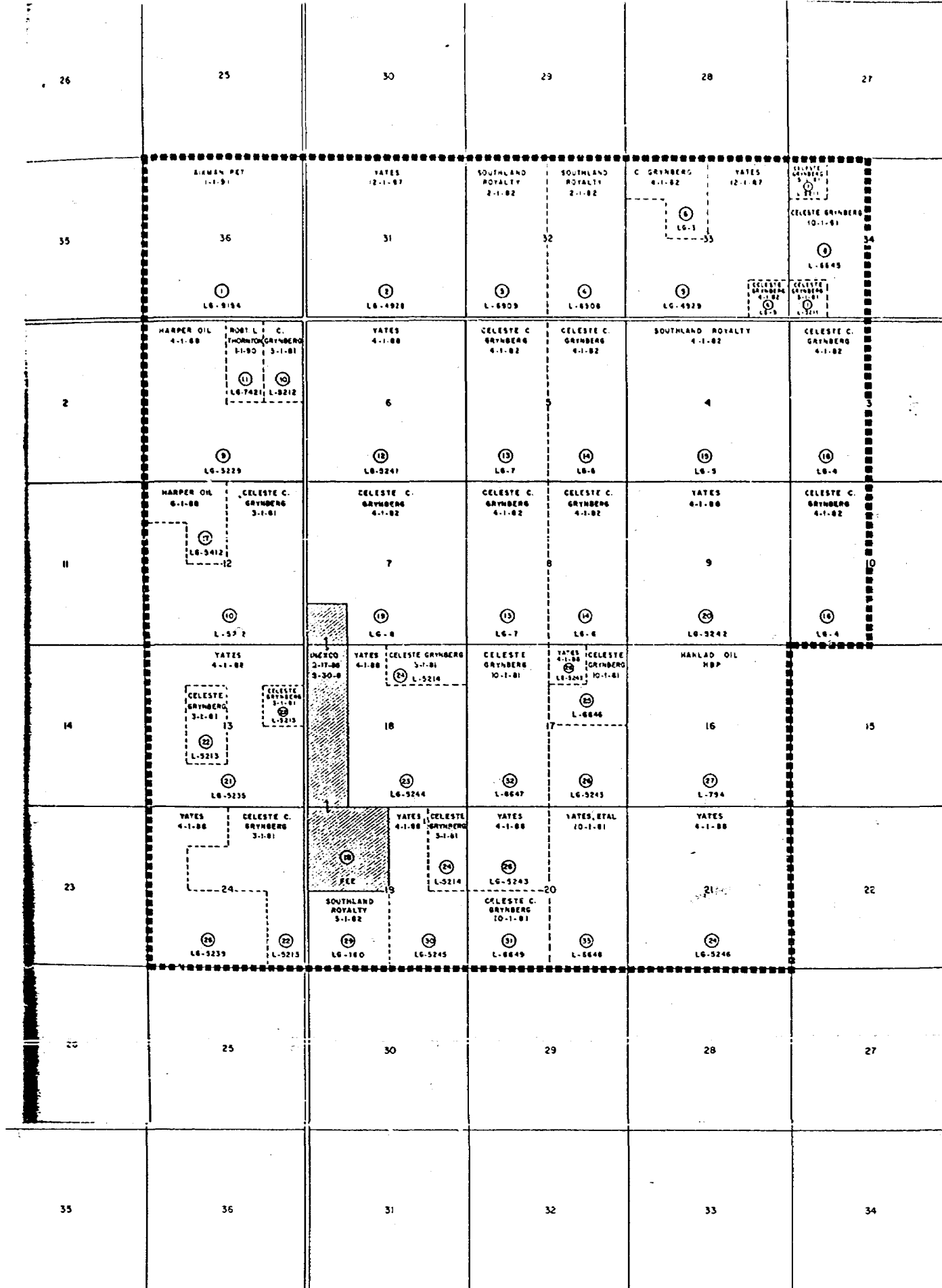
19 WHEREFORE, the applicant requests the Division to set
20 this matter down for hearing before an examiner at an early
21 date, give notice thereof as required by law, and after
22 hearing, granting its application, and such further relief as
23 appears proper.
24

25 GRYNBERG & ASSOCIATES
26 By Its Attorneys

27 JONES, GALLEGOS, SNEAD & WERTHEIM, P.A.

28 By

29 J. E. Gallegos
30 J. E. GALLEGOS
31 P.O. Box 2228
32 Santa Fe, New Mexico 87501
(505) 982-2691



R 26 E

R 27 E

LEGEND

- SILMAN LAKE UNIT BOUNDARY
- STATE
- FEE
- ✓ LEASE HOOK

Exhibit "A"

GRYNBERG AND ASSOCIATES

PROPOSED
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

OWNERSHIP MAP

Scale: 2" = 1 mile

JAN '81

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
SILMAN LAKE UNIT AREA
CHAVEZ COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 1981, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 3 Chapter 88, Laws 1943) as amended by December 1 of Chapter 162, Laws 1951, (Chapter 19, Article 10, Section 45, New Mexico Statutes 1978 Annot.) to consent to and approve the development or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part or all of any oil or gas pool, field, or area in the interest of conservation and greater ultimate recovery of oil and gas; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 1, Chapter 162), (Laws of 1951, Chapter 19, Article 10, Section 47, New Mexico Statutes 1978 Annotated) to amend, with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field, or area; and

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

WHEREAS, the parties hereto hold sufficient interests in the South Cottonwood Draw Unit Area covering the land hereinafter described to give reasonably effective control of operation therein; and

Exhibit "B"

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

The area specified on the map attached hereto, marked EXHIBIT "A", is hereby designated and recognized as constituting the unit area, containing 13,743.12 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 lands 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 on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

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

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: Grynberg & Associates, whose address is 1050 17th Street, Suite 1950, Denver, Colorado, 80265, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to

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 only when such an interest is owned by it.

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

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the 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 Commissioner and the Division.

The resignation or removal of the 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 wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, 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 Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

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

7. 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 purpose herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient

to adequately test the Permian Abo Formation.
or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth, or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable. However, the unit operator shall not, in any event, be required to drill said well to a depth in excess of 6,000 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) 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 the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted. Upon failure to comply with the drilling provisions of this article, the Commissioner may, after reasonable notice to the unit operator and each working interest owner and lessee at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:

Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve month period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve-month period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices and so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development, this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico within the unit area embracing undeveloped regular well spacing or proration units; but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by (Section 19-10-20 New Mexico Statutes 1978 Annotated), of intention to cancel on account by any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by (Section 19-10-23 New Mexico Statutes 1978 Annotated), and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as to the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

*Amended
Dec 24 A
7/15/8*

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to

the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized area shall be allocated as provided herein, regardless of whether any wells are drilled or any particular tracts of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, 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, however, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production, or other charge in addition to the usual royalty, the

owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA:

The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area and to the extent necessary to make the same conform to the provisions hereof. The respective terms of said leases and agreements will thereby be extended insofar as necessary to coincide with the term of this agreement, and the approval of this agreement by the Commissioner and leases shall be effective to extend the terms of each such lease as to lands within the unitized area to conform to the provisions and terms of this agreement. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall remain in full force and effect and shall continue in force beyond the term provided therein as long as this agreement remains in effect; provided, however, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not effect any lease which, pursuant to the terms thereof or any applicable laws, would continue in full force and effect thereafter. The commencement, completion, continued operation or production on any of the leasehold interests committed to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto, and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

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

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

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

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term, or any extension thereof. In the latter case, this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced in paying quantities. This agreement may be terminated at any time by not less than seventy-five percent (75%), on an acreage basis, of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided therein.

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

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests

affected hereby before the Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Division, provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate 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, war, act of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator, whether similar to matters herein enumerated or not.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER: Any oil or gas interest in land within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit expenses incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS: This agreement may be executed in any number of counterpart, 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 undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR AND WORKING INTEREST OWNER

OPERATOR

By _____

DATE: _____
ATTEST _____

By _____

OTHER WORKING INTEREST OWNERS

DATE: _____

ATTEST

By _____

Company

By _____

Address

OTHER WORKING INTEREST OWNERS

DATE: _____

ATTEST

By _____

Company

By _____

Address

OTHER WORKING INTEREST OWNERS

DATE: _____

ATTEST

By _____

Company

By _____

Address

OTHER WORKING INTEREST OWNERS

DATE: _____

ATTEST

By _____

Company

By _____

Address

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
<u>STATE LANDS:</u>							
1.	T9S-R26E Sec. 36: All	640.0	LG-9154 1-1-91	State of New Mexico - All (100%)	Alkman Petroleum		
2.	T9S-R27E Sec. 31: All	639.28	LG-4928 12-1-87	State of New Mexico - All (100%)	Yates Petroleum Corp.		
3.	T9S-R27E Sec. 32: W 1/2	320.0	L-6909 2-1-82	State of New Mexico - All (100%)	Southland Royalty Co.		
4.	T9S-R27E Sec. 32: E 1/2	320.0	L-6908 2-1-82	State of New Mexico - All (100%)	Southland Royalty Co.		

5. T9S-A27E 480.0 LG-4829 State of New Yates Petroleum Corp.
 Sec. 33: NE 1/4; Mexico - All
 N 1/2 SE 1/4; (100%)
 SW 1/4 SE 1/4;
 SW 1/4 NW 1/4;
 SW 1/4

6 T9S-R27E 160.0 LG-0003 Celeste C. Grynberg
 Sec. 33: SE 1/4 100%
 SE 1/4; N 1/2
 NW 1/4; SE 1/4
 NW 1/4
 LG-03-1
 Assigned as
 4-1-82
 State of New Mexico - All (100%)

7. T9S-R27E 80.0 L-5211 Celeste C. Grynberg
 Sec. 34: NW 1/4 100%
 NW 1/4; SW 1/4
 SW 1/4
 Assigned as
 3-1-81
 L-5211-1
 State of New Mexico - All (100%)

5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.66666%

100%

5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.66666%

100%

8.	T9S R27E Sec. 34: NE 1/4 NW 1/4; S 1/2 NW 1/4; N 1/2 SW 1/4; SE 1/4 SW 1/4	240.0	L-6645	State of New Mexico - All (100%)	Celeste C. Grynberg 100%	5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co- Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust - 1.666678 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.666678 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.666668	100%
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9.	T10S-R26E Sec. 1: NW 1/4; SW 1/4; SE 1/4	480.27	IG-5229	State of New Mexico - All (100%)	Harper Oil Co.	
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10.	T10S-R26E Sec. 1: Lot 1; SE 1/4 NE 1/4; Sec. 12: NE 1/4; S 1/2; SW 1/4 NW 1/4	600.02	L-5212	State of New Mexico - All (100%)	Celeste C. Grynberg 100%	5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co- Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust - 1.666678 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.666678 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.666668	100%
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11.	T10S-R26E Sec. 1: W 1/2 NE 1/4	80.07	LG-7421	State of New Mexico - All (100%)	Harper Oil
			1-1-90 Assigned as LG-7421-1		

12.	T10S-R27E Sec. 6: All	634.39	LG-5241	State of New Mexico - All (100%)	Yates Petroleum Corp.
			4-1-88		

13.	T10S-R27E Sec. 8: W 1/2 Sec. 5: Lots 3,4; S 1/2 NW 1/4; S 1/2 W 1/2	639.35	LG-0007	State of New Mexico - All (100%)	Celeste C. Grynberg 100%
			4-1-82 Assigned as LG-07-1		

5% Trust - Celeste C. Grynberg
and Dean G. Smerhoff as Co-
trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust - 1.666678
Celeste C. Grynberg and Dean G.
Smerhoff as Co-Trustees for Stephen
Mark Grynberg, beneficiary under the
"Stephen Mark" Trust - 1.666678
Celeste C. Grynberg and Dean G.
Smerhoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.666668

14.	T10S-R27E Sec. 8: E 1/2 Sec. 5: Lots 1,2: S 1/2 NE 1/4; S 1/2 E 1/2	639.01	LG-0006	State of New Mexico - All (100%)	Celeste C. Grynberg 100%	5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co- trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust 1.666678 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.666678	100%
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15.	T10S-R27E Sec. 4: All	637.96	LG-0005	State of New Mexico - All (100%)	Southland Royalty Co.	
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16.	T10S-R27E Sec. 10: W 1/2 Sec. 3: Lots 3,4; S 1/2 NW 1/4; S 1/2 W 1/2	639.21	LG-0004	State of New Mexico - All (100%)	Celeste C. Grynberg 100%	5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co- Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust 1.666678 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.666678	100%
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Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.666668

17. T10S-R26E 120.0 IG-5412 State of New Harper Oil Co.
 Sec. 12: E 1/2 Mexico - All
 NW 1/4; NW 1/4 (100%)
 NW 1/4

13. T10S-R27E 356.66 3-17-88 Inexco Oil Company
 Sec. 7: SW 1/4
 SW 1/4; Sec. 18: 5-30-88
 W 1/2 W 1/2
 Sec. 19: NW 1/4

11. T10S-R27E 597.51 IG-0008 Celeste C. Grynberg
 Sec. 7: E 1/2; 100%
 Lots 1,2,3;
 E 1/2 W 1/2

5% Trust - Celeste C. Grynberg
 and Dean G. Smernoff as Co-
 Trustees for Rachel Susan
 Grynberg, beneficiary under the
 "Rachel Susan" Trust - 1.66667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Stephen
 Mark Grynberg, beneficiary under the
 "Stephen Mark" Trust - 1.66667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Miriam
 Zela Grynberg, beneficiary under the
 "Miriam Zela" Trust - 1.66666%

20. T10S-R27E 640.0 LG-5242 State of New Yates Petroleum Corp.
Sec. 9: All 4-1-88 Mexico - All
(100%)

21. T10S-R26E 520.0 LG-5235 State of New Yates Petroleum Corp.
Sec. 13: SE 1/4; Mexico - All
SE 1/4 SW 1/4; (100%)
W 1/2 SW 1/4; N 1/2
N 1/2; SW 1/4
NW 1/4; SW 1/4
NE 1/4

22. T10S-R26E 400.0 L-5213 State of New Celeste C. Grynberg
Sec. 13: SE 1/4 (100%)
NE 1/4; SE 1/4
NW 1/4; NE 1/4
SW 1/4; Sec. 24:
E 1/2 SE 1/4;
NE 1/4; SE 1/4
NW 1/4
3-1-81
Assigned as
L-5213-1

5% Trust - Celeste C. Grynberg
and Dean G. Smerhoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust 1.66667%
Celeste C. Grynberg and Dean
G. Smerhoff as Co-Trustees for
Stephen Mark Grynberg, beneficiary
under the "Stephen Mark" Trust -
...66667%
Celeste C. Grynberg and Dean G.
Smerhoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%

23. T10S-R27E
Sec. 18: SE 1/4;
E 1/2 SW 1/4;
S 1/2 NE 1/4;
E 1/2 NW 1/4

400.0

IG-5244

4-1-88

Yates Petroleum Corp.

24. T10S-R27E
Sec. 18: N 1/2
NE 1/4 Sec. 19:
E 1/2 NE 1/4

160.0

L-5214

3-1-81
Assigned as
L-5214-1

Celeste C. Grynberg
100%

5% Trust - Celeste C. Grynberg
and Dean G. Smernoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Stephen
Mark Grynberg, beneficiary under the
"Stephen Mark" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%

100%

25. T10S-R27E
Sec. 17: NE 1/4
NE 1/4; S 1/2
NE 1/4

120.0

L-6646

10-1-81
Assigned as
L-6646-1

State of New
Mexico - All
(100%)

Celeste C. Grynberg
100%

5% Trust - Celeste C. Grynberg
and Dean G. Smernoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Stephen
Mark Grynberg, beneficiary under the
"Stephen Mark" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%

100%

26. T10S-R27E 360.0 LG-5243 State of New Yates Petroleum Corp.
Sec. 17: NW 1/4 Mexico - All
NE 1/4: SE 1/4 (100%)
Sec. 20: NW 1/4

27. T10S-R27E 640.0 L-794 Paul Slayton
Sec. 16: All (Harlad Oil)

28. T10S-R26E 360.0 LG-5239 State of New Yates Petroleum Corp.
Sec. 24: SW 1/4; Mexico - All
W 1/2 SE 1/4; (100%)
N 1/2 NW 1/4;
SW 1/4 NW 1/4

29.	<u>T10S-R27E</u> Sec. 19: SW 1/4	159.39	LG-160	5-1-82	Southland Royalty Co.
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30.	<u>T10S-R27E</u> Sec. 19: SE 1/4; W 1/2 NE 1/4	240.0	LG-5245	4-1-88	Yates Petroleum Corp.
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31.	<u>T10S-R27E</u> Sec. 20: SW 1/4	160.0	L-6649	10-1-81 Assigned as L-6649-1	State of New Mexico - All (100%)	Celeste C. Grynberg 100%	54 Trust - Celeste C. Grynberg and Dean G. Smernoff as Co- Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust 1.666678 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.666678	100%
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Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.6666668
1.258 -
Moshe I. Ettinger

32. T10S-R2
Sec. 17: W 1/2

320.0

L-6647

State of New
Mexico - All
(100%)

Celeste C. Grynberg
100%

1C-1-81
Assigned as
L-6647-1

5: Trust - Celeste C. Grynberg
and Dean G. Smernoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Stephen
Mark Grynberg, beneficiary under the
"Stephen Mark" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%

100%

33. T10S-R2
Sec. 20 E 1/2

320.0

L-6648

State of New
Mexico - All
(100%)

Yates Petroleum Corp.

10-1-81

34. T10S-R27
Sec. 21: All

640.0

IG-5246

State of New
Mexico - All
(100%)

Yates Petroleum Corp.

4-1-88

BEFORE THE RECEIVED
OIL CONSERVATION DIVISION FEB 13 1981
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO SANTA FE

IN THE MATTER OF THE APPLICATION OF
GRYNBERG & ASSOCIATES FOR APPROVAL
OF THE SILMAN LAKE UNIT, CHAVES
COUNTY, NEW MEXICO.

Case No. 7158

APPLICATION

THE APPLICANT, GRYNBERG & ASSOCIATES, Denver,
Colorado, by its attorneys, Jones, Gallegos, Snead & Wertheim,
P.A., request approval of the Silman Lake Unit, Chaves County,
New Mexico, covering 13,743.12 acres of state land and private
land, and in support of its application states:

1. Applicant desires to obtain the Division approval
of the Silman Lake Unit as a drilling unit covering those
certain lands described as follows:

Township 9 South, Range 26 East, N.M.P.M.

Sec. 36: All

Township 9 South, Range 27 East, N.M.P.M.

Sec. 31, 32, 33: All
Sec. 34: W 1/2

Township 10 South, Range 26 East, N.M.P.M.

Sec. 1, 12, 13 and 24: All

Township 10 South, Range 27 East, N.M.P.M.

Sec. 4, 5, 6, 7,
8, 9, 16, 17,
18, 19, 20,
21: All
Sec. 3: W 1/2
Sec. 10: W 1/2

The mineral ownership of the above lands is held by the State
of New Mexico except the ownership is private fee land in
Township 10 South, Range 27 East, as follows: Sec. 7: SW 1/4,

1 SW 1/4; E 1/2; Lots 1, 2, 3; East 1/2, W 1/2. Sec. 18: W 1/2,
2 W 1/2. Sec. 19: NW 1/4.

3 2. A map of the proposed unit area is attached
4 hereto and marked Exhibit "A".

5 3. The applicant will be the operator of the unit
6 area in an operation that is described in the Proposed Plan of
7 Unitization which is attached hereto and marked Exhibit "B".

8 4. The applicant's proposal is to unitize from the
9 surface to a depth equivalent to all potential
10 hydrocarbon-bearing formations. It will not be obligated to,
11 and does not expect to, drill to a depth in excess of 6,000
12 feet. The objective of the test well and its location will be
13 presented by geological report to the Division at hearing in
14 this matter.

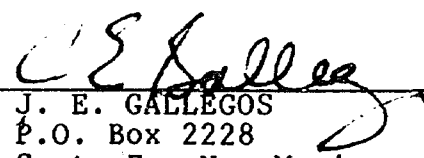
15 5. It is believed that the formation of the proposed
16 unit will prevent waste and substantially increase the ultimate
17 recovery of oil and gas from the unitized area while protecting
18 the correlative rights within such area.

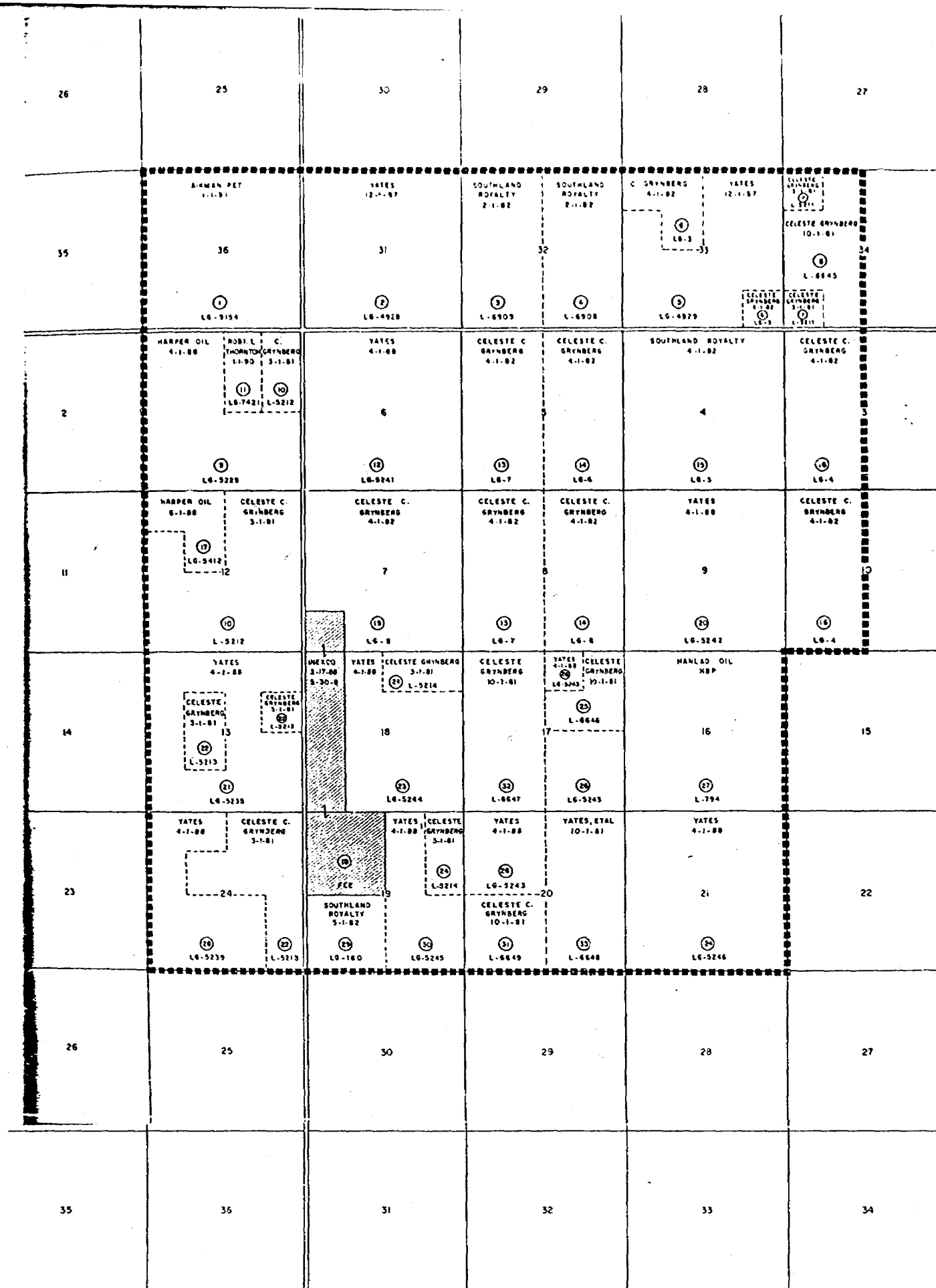
19 WHEREFORE, the applicant requests the Division to set
20 this matter down for hearing before an examiner at an early
21 date, give notice thereof as required by law, and after
22 hearing, granting its application, and such further relief as
23 appears proper.
24

25 GRYNBERG & ASSOCIATES
26 By Its Attorneys

27 JONES, GALLEGOS, SNEAD & WERTHEIM, P.A.

28 By

29 
30 J. E. GALLEGOS
31 P.O. Box 2228
32 Santa Fe, New Mexico 87501
(505) 982-2691



R26E

R 27 E

LEGEND

- SILMAN LAKE UNIT BOUNDARY
- STATE
- FEE
- ✓ LEASE HOOK

Exhibit "A"

GRYNBERG AND ASSOCIATES

PROPOSED
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

OWNERSHIP MAP

Scale: 2" = 1 mile

JAN '81

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
SILMAN LAKE UNIT AREA
CHAVEZ COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 1981, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 3 Chapter 88, Laws 1943) as amended by December 1 of Chapter 162, Laws 1951, (Chapter 19, Article 10, Section 45, New Mexico Statutes 1978 Annot.) to consent to and approve the development or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part or all of any oil or gas pool, field, or area in the interest of conservation and greater ultimate recovery of oil and gas; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 1, Chapter 162), (Laws of 1951, Chapter 19, Article 10, Section 47, New Mexico Statutes 1978 Annotated) to amend, with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field, or area; and

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

WHEREAS, the parties hereto hold sufficient interests in the South Cottonwood Draw Unit Area covering the land hereinafter described to give reasonably effective control of operation therein; and

Exhibit "B"

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

The area specified on the map attached hereto, marked EXHIBIT "A", is hereby designated and recognized as constituting the unit area, containing 13,743.12 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 lands 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 on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

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

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: Grynberg & Associates, whose address is 1050 17th Street, Suite 1950, Denver, Colorado, 80265, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to

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 only when such an interest is owned by it.

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

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the 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 Commissioner and the Division.

The resignation or removal of the 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 wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, 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 Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

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

7. 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 purpose herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient

to adequately test the Permian Abo Formation.
or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth, or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable. However, the unit operator shall not, in any event, be required to drill said well to a depth in excess of 6,000 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) 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 the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted. Upon failure to comply with the drilling provisions of this article, the Commissioner may, after reasonable notice to the unit operator and each working interest owner and lessee at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES:

Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve month period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve-month period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices and so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development, this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico within the unit area embracing undeveloped regular well spacing or proration units; but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by (Section 19-10-20 New Mexico Statutes 1978 Annotated), of intention to cancel on account by any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by (Section 19-10-23 New Mexico Statutes 1978 Annotated), and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as to the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to

the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized area shall be allocated as provided herein, regardless of whether any wells are drilled or any particular tracts of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, 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, however, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production, or other charge in addition to the usual royalty, the

owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA:

The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area and to the extent necessary to make the same conform to the provisions hereof. The respective terms of said leases and agreements will thereby be extended insofar as necessary to coincide with the term of this agreement, and the approval of this agreement by the Commissioner and leases shall be effective to extend the terms of each such lease as to lands within the unitized area to conform to the provisions and terms of this agreement. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall remain in full force and effect and shall continue in force beyond the term provided therein as long as this agreement remains in effect; provided, however, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not effect any lease which, pursuant to the terms thereof or any applicable laws, would continue in full force and effect thereafter. The commencement, completion, continued operation or production on any of the leasehold interests committed to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto, and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

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

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

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

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term, or any extension thereof. In the latter case, this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced in paying quantities. This agreement may be terminated at any time by not less than seventy-five percent (75%), on an acreage basis, of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided therein.

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

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests

affected hereby before the Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Division, provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate 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, war, act of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator, whether similar to matters herein enumerated or not.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER: Any oil or gas interest in land within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit expenses incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS: This agreement may be executed in any number of counterpart, 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 undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR AND WORKING INTEREST OWNER

OPERATOR

DATE: _____
ATTEST

By _____

By _____

OTHER WORKING INTEREST OWNERS

DATE: _____
ATTEST _____
By _____
Company _____
By _____

Address _____

OTHER WORKING INTEREST OWNERS

DATE: _____
ATTEST _____
By _____
Company _____
By _____

Address _____

OTHER WORKING INTEREST OWNERS

DATE: _____
ATTEST _____
By _____
Company _____
By _____

Address _____

OTHER WORKING INTEREST OWNERS

DATE: _____
ATTEST _____
By _____
Company _____
By _____

Address _____

EXHIBIT "E"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS
SILMAN LAKE UNIT AREA
CHAVES COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
<u>STATE LANDS:</u>							
1.	T9S-R26E Sec. 36: All	640.0	LG-9154 1-1-91	State of New Mexico - All (100%)	Aikman Petroleum		
2.	T9S-R27E Sec. 31: All	639.28	LG-4928 12-1-87	State of New Mexico - All (100%)	Yates Petroleum Corp.		
3.	T9S-R27E Sec. 32: W 1/2	320.0	L-6909 2-1-82	State of New Mexico - All (100%)	Southland Royalty Co.		
4.	T9S-R27E Sec. 32: E 1/2	320.0	L-6908 2-1-82	State of New Mexico - All (100%)	Southland Royalty Co.		

T9S-A27E
 Sec. 33: NE 1/4;
 N 1/2 SE 1/4;
 SW 1/4 SE 1/4;
 SW 1/4 NW 1/4;
 SW 1/4

480.0 LG-4829

State of New
 Mexico - All
 (100%)

Yates Petroleum Corp.

T9S-R27E
 Sec. 33: SE 1/4
 SE 1/4; N 1/2
 NW 1/4; SE 1/4
 NW 1/4

160.0 LG-0003

State of New
 Mexico - All
 (100%)

Celeste C. Grynberg
 100%

T9S-R27E
 Sec. 34: NW 1/4
 NW 1/4; SW 1/4
 SW 1/4

80.0 L-5211

State of New
 Mexico - All
 (100%)

Celeste C. Grynberg
 100%

5% Trust - Celeste C. Grynberg
 and Dean G. Smernoff as Co-
 Trustees for Rachel Susan
 Grynberg, beneficiary under the
 "Rachel Susan" Trust 1.6667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for
 Stephen Mark Grynberg, beneficiary
 under the "Stephen Mark" Trust -
 1.6667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Miriam
 Zela Grynberg, beneficiary under the
 "Miriam Zela" Trust - 1.66666%

100%

5% Trust - Celeste C. Grynberg
 and Dean G. Smernoff as Co-
 Trustees for Rachel Susan
 Grynberg, beneficiary under the
 "Rachel Susan" Trust 1.6667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Stephen
 Mark Grynberg, beneficiary under the
 "Stephen Mark" Trust - 1.6667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Miriam
 Zela Grynberg, beneficiary under the
 "Miriam Zela" Trust - 1.66666%

100%

8.	T9S-R27E Sec. 34: NE 1/4 NW 1/4; S 1/2 NW 1/4; N 1/2 SW 1/4; SE 1/4 SW 1/4	240.0	L-6645 10-1-81 Assigned as L-6645-1	State of New Mexico - All (100%)	Celeste C. Grynberg 100%	5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co- Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust - 1.66667% Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.66667% Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.66666%	100%
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9.	T10S-R26E Sec. 1: NW 1/4; SW 1/4; SE 1/4	480.27	LG-5229 4-1-88	State of New Mexico - All (100%)	Harper Oil Co.	
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10.	T10S-R26E Sec. 1: Lot 1; SE 1/4 NE 1/4; Sec. 12: NE 1/4; S 1/2; SW 1/4 NW 1/4	600.02	L-5212 3-1-81 Assigned as L-5212-1	State of New Mexico - All (100%)	Celeste C. Grynberg 100%	5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co- Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust - 1.66667% Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.66667% Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.66666%	100%
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11. T10S-R26E 80.07 LG-7421 State of New Harper Oil
 Sec. 1: W 1/2 Mexico - All
 NE 1/4 (100%)
 1-1-90
 Assigned as
 LG-7421-1

12. T10S-R27E 634.39 LG-5241 State of New Yates Petroleum Corp.
 Sec. 6: All Mexico - All
 (100%)
 4-1-88

13. T10S-R27E 639.35 LG-0007 State of New Celeste C. Grynberg
 Sec. 8: W 1/2 Mexico - All 100%
 Sec. 5: Lots 3,4; (100%)
 S 1/2 NW 1/4; S 1/2
 W 1/2 Assigned as
 LG-07-1

5% Trust - Celeste C. Grynberg
 and Dean G. Smerhoff as Co-
 Trustees for Rachel Susan
 Grynberg, beneficiary under the
 "Rachel Susan" Trust - 1.66667%
 Celeste C. Grynberg and Dean G.
 Smerhoff as Co-Trustees for Stephen
 Mark Grynberg, beneficiary under the
 "Stephen Mark" Trust - 1.66667%
 Celeste C. Grynberg and Dean G.
 Smerhoff as Co-Trustees for Miriam
 Zela Grynberg, beneficiary under the
 "Miriam Zela" Trust - 1.66666%

14. T10S-R27E 639.01 IG-0006 State of New Celeste C. Grynberg
Sec. 8: E 1/2 Mexico - All 100%
Sec. 5: Lots 1,2: (100%)
S 1/2 NE 1/4;
S 1/2 E 1/2
Assigned as
IG-06-1

5% Trust - Celeste C. Grynberg
and Dean G. Smernoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust 1.66667%
Celeste C. Grynberg and Dean
G. Smernoff as Co-Trustees for
Stephen Mark Grynberg, beneficiary
under the "Stephen Mark" Trust -
1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%
100%

15. T10S-R27E 637.96 IG-0005 State of New Southland Royalty Co.
Sec. 4: All Mexico - All (100%)
4-1-82

16. T10S-R27E 639.21 IG-0004 State of New Celeste C. Grynberg
Sec. 10: W 1/2 Mexico - All 100%
Sec. 3: Lots 3,4: (100%)
S 1/2 NW 1/4;
S 1/2 W 1/2
Assigned as
IG-04-1
100%

5% Trust - Celeste C. Grynberg
and Dean G. Smernoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust 1.66667%
Celeste C. Grynberg and Dean
G. Smernoff as Co-Trustees for
Stephen Mark Grynberg, beneficiary
under the "Stephen Mark" Trust -
1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%
100%

17. T10S-R26E 120.0 LG-5412 State of New Harper Oil Co.
 Sec. 12: E 1/2 Mexico - All
 NW 1/4; NW 1/4 (100%)
 NW 1/4

18. T10S-R27E 356.66 3-17-88 Inexco Oil Company
 Sec. 7: SW 1/4
 SW 1/4; Sec. 18:
 W 1/2 W 1/2
 Sec. 19: NW 1/4

See 12433

19. T10S-R27E 597.51 LG-0008 Celeste C. Grynberg
 Sec. 7: E 1/2; 100%
 Lots 1,2,3;
 E 1/2 W 1/2
 4-1-82
 Assigned as
 LG-08-1

5% Trust - Celeste C. Grynberg
 and Dean G. Smernoff as Co-
 Trustees for Rachel Susan
 Grynberg, beneficiary under the
 "Rachel Susan" Trust - 1.66667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Stephen
 Mark Grynberg, beneficiary under the
 "Stephen Mark" Trust - 1.66667%
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Miriam
 Zela Grynberg, beneficiary under the
 "Miriam Zela" Trust - 1.66666%

20. T1 3-R27E 640.0 IG-5242 State of New
Sec. 9: All 4-1-88 Mexico - All
 (100%) Yates Petroleum Corp.

21. T10S-R26E 520.0 IG-5235 State of New
Sec. 13: SE 1/4; Mexico - All
SE 1/4 SW 1/4; (100%) Yates Petroleum Corp.
W 1/2 SW 1/4; N 1/2
N 1/2; SW 1/4
NW 1/4; SE 1/4
NE 1/4

22. T10S-R26E 400.0 L-5213 State of New
Sec. 13: 1/4 Celeste C. Grynberg
NE 1/4; S 1/4 100%
NW 1/4; N 1/4 3-1-81
SW 1/4; S 1/4 Assigned as
E 1/2 SE 1/4; L-5213-1
NE 1/4; SE 1/4
NW 1/4

5 1/2 Trust - Celeste C. Grynberg
 and Dean G. Smernoff as Co-
 Trustees for Rachel Susan
 Grynberg, beneficiary under the
 "Rachel Susan" Trust 1.566678
 Celeste C. Grynberg and Dean
 G. Smernoff as Co-Trustees for
 Stephen Mark Grynberg, beneficiary
 under the "Stephen Mark" Trust -
 1.666678
 Celeste C. Grynberg and Dean G.
 Smernoff as Co-Trustees for Miriam
 Zela Grynberg, beneficiary under the
 "Miriam Zela" Trust - 1.666668

23. T10S-R27E 400.0 LG-5244 Yates Petroleum Corp.
 Sec. 18: SE 1/4;
 E 1/2 SW 1/4;
 S 1/2 NE 1/4;
 E 1/2 NW 1/4

24. T10S-R27E 160.0 L-5214 Celeste C. Grynberg
 Sec. 18: N 1/2 100%
 NE 1/4 Sec. 19:
 E 1/2 NE 1/4

25. T10S-R27E 120.0 L-6646 Celeste C. Grynberg
 Sec. 17: NE 1/4
 NE 1/4; S 1/2
 NE 1/4 10-1-81
 Assigned as L-6646-1
 State of New Mexico - All (100%)
 100%

5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust - 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.66666%
 100%

5% Trust - Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Rachel Susan Grynberg, beneficiary under the "Rachel Susan" Trust - 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Stephen Mark Grynberg, beneficiary under the "Stephen Mark" Trust - 1.66667%
 Celeste C. Grynberg and Dean G. Smernoff as Co-Trustees for Miriam Zela Grynberg, beneficiary under the "Miriam Zela" Trust - 1.66666%
 100%

26. T10S-R27E 360.0 LG-5243 State of New
Sec. 17: NW 1/4
NE 1/4; SE 1/4
Sec. 20: NW 1/4 4-1-88 Mexico - All
(1008) Yates Petroleum Corp.

27. T10E R27E 640.0 L-794 Paul Slayton
Sec. 16: All (Harlad Oil)

28. T10E R26E 360.0 LG-5239 State of New
Sec. 24: SW 1/4; 4-1-88 Mexico - All
W 1/ SE 1/4; (1008) Yates Petroleum Corp.
N 1/ NW 1/4;
SW 1/4 NW 1/4

29. T10S-R27E 159.39 LG-160 Southland Royalty Co.
Sec. 19: SW 1/4 5-1-82

30. T10S-R27E 240.0 LG-5245 Yates Petroleum Corp.
Sec. 19: SE 1/4;
W 1/2 NE 1/4 4-1-88

31. T10S-R27E 160.0 L-6649 Celeste C. Grynberg
Sec. 20: SW 1/4 10-1-81 Assigned as 100%
L-6649-1 State of New Mexico - All (100%)

5% Trust - Celeste C. Grynberg
and Dean G. Smernoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust 1.66667%
Celeste C. Grynberg and Dean
G. Smernoff as Co-Trustees for
Stephen Mark Grynberg, beneficiary
under the "Stephen Mark" Trust -
1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%
1.25% -
Moshe I. Ettinger

32. T10S-R27;
Sec. 17: W 1/2

320.0

L-6647
10-1-81
Assigned as
L-6647-1

State of New
Mexico - All
(100%)

Celeste C. Grynberg
100%

5% Trust - Celeste C. Grynberg
and Dean G. Smernoff as Co-
Trustees for Rachel Susan
Grynberg, beneficiary under the
"Rachel Susan" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Stephen
Mark Grynberg, beneficiary under the
"Stephen Mark" Trust - 1.66667%
Celeste C. Grynberg and Dean G.
Smernoff as Co-Trustees for Miriam
Zela Grynberg, beneficiary under the
"Miriam Zela" Trust - 1.66666%

100%

33. T10S-R2 E
Sec. 20: E 1/2

320.0

L-6648
10-1-81

State of New
Mexico - All
(100%)

Yates Petroleum Corp.

34. T10S-R27E
Sec. 21: All

640.0

LG-5246
4-1-88

State of New
Mexico - All
(100%)

Yates Petroleum Corp.

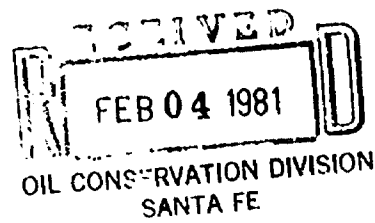
JONES, GALLEGOS, SNEAD & WERTHEIM

February 4, 1981

HAND-DELIVERED

Ms. Florene Davidson
Administrative Secretary
Oil Conservation Division
State Land Office
Santa Fe, New Mexico 87501

RE: Grynberg & Associates;
Silman Lake Unit;
Our File No. 41000-02



Case 7158

Dear Ms. Davidson:

In behalf of GRYNBERG & ASSOCIATES we are requesting the docketing of an application for approval of the Silman Lake Unit, Chavez County, New Mexico, covering 13,743.12 acres.

The lands comprising the proposed unit are State and Private as particularly described on the attached Schedule "A".

Please telephone me if any further information is needed in order to place this case on the February 25, 1981 docket. A formal application will follow in the next few days.

Very truly yours,

JONES, GALLEGOS, SNEAD
& WERTHEIM, P. A.

By

J. E. Gallegos
J. E. GALLEGOS

JEG:y1f

cc: Dave Nevils, Grynberg & Assoc.

O RUSSELL JONES (1912-1978)

JE GALLEGOS	PETER V. CULBERT
JAMES E. SNEAD	JAMES G. WHITLEY III
JERRY WERTHEIM	FRANCIS J. MATHEW
M. J. RODRIGUEZ	ROBERT W. ALLEN
JOHN WENTWORTH	JUDITH C. HERRERA
STEVEN L. TUCKER	KATHLEEN A. HEMPELMAN
ARTURO L. JARAMILLO	CHARLES A. PURDY

ATTORNEYS AT LAW

215 LINCOLN AVENUE SANTA FE, NEW MEXICO 87501 P.O. BOX 2228 (505) 982-2691 A PROFESSIONAL ASSOCIATION

SCHEDULE "A"

Township 9 South, Range 26 East N.M.P.M.

State Sec. 36: All

Township 9 South, Range 27 East N.M.P.M.

State Sec. 31: All

" Sec. 32: W 1/2

" Sec. 33: NE 1/4; N 1/2; SE 1/4; SW 1/4;
SE 1/4; SW 1/4; NW 1/4; SW 1/4

" Sec. 32: E 1/2

" Sec. 33: SE 1/4; SE 1/4; N 1/2; NW 1/4;
SE 1/4; NW 1/4

" Sec. 34: NW 1/4; NW 1/4; SW 1/4; SW 1/4

" Sec. 34: NE 1/4; NW 1/4; S 1/2; NW 1/4;
N 1/2; SW 1/4; SE 1/4; SW 1/4

Township 10 South, Range 26 East N.M.P.M.

State Sec. 1: NW 1/4; SW 1/4; SE 1/4

" Sec. 1: Lot 1; SE 1/4; NE 1/4

" Sec. 12: NE 1/4; S 1/2; SW 1/4; NW 1/4

" Sec. 1: W 1/2; NE 1/4

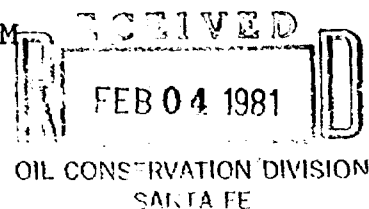
" Sec. 12: E 1/2; NW 1/4; NW 1/4; NW 1/4

" Sec. 13: SE 1/4; SE 1/4; SW 1/4; W 1/2;
SW 1/4; N 1/2; N 1/2; SW 1/4;
NW 1/4; SW 1/4; NE 1/4

" Sec. 13: SE 1/4; NE 1/4; SE 1/4; NW 1/4;
NE 1/4; SW 1/4;

" Sec. 24: E 1/2; SE 1/4; NE 1/4; SE 1/4;
NW 1/4

" Sec. 24: SW 1/4; W 1/2; SE 1/4; N 1/2;
NW 1/4; SW 1/4; NW 1/4



Township 10 South, Range 27 East N.M.P.M.

State Sec. 6: All
" Sec. 8: W 1/2
" Sec. 5: Lots 3, 4: S 1/2; NW 1/4; S 1/2; W 1/2
" Sec. 8: E 1/2
" Sec. 5: Lots 1, 2: S 1/2, NE 1/4; S 1/2; E 1/2
" Sec. 4: All
" Sec. 10: W 1/2
" Sec. 3: Lots 3, 4: S 1/2; NW 1/4; S 1/2; W 1/2

Private Sec. 7: SW 1/4; SW 1/4
" Sec. 18: W 1/2; W 1/2
" Sec. 19: NW 1/4
" Sec. 7: E 1/2; Lots 1, 2, 3: E 1/2; W 1/2

State Sec. 9: All
" Sec. 18: SE 1/4; E 1/2; SW 1/4; S 1/2; NE 1/4;
E 1/2; NW 1/4
" Sec. 18: N 1/2; NE 1/4
" Sec. 19: E 1/2; NE 1/4
" Sec. 17: NE 1/4; NE 1/4; S 1/2; NE 1/4
" Sec. 17: NW 1/4; NE 1/4; SE 1/4
" Sec. 20: NW 1/4
" Sec. 16: All
" Sec. 19: SW 1/4
" Sec. 19: SE 1/4; W 1/2; NE 1/4
" Sec. 20: SW 1/4
" Sec. 17: W 1/2
" Sec. 20: E 1/2
" Sec. 21: All

