

Revisions to Agreements

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 13503 & 04 Exhibit No. 17
Submitted By:
Apache Corporation
Hearing Date: June 16, 2005
BEFORE THE

Unit Operating Agreement

1. Exhibit A- Changed Tract 5C E/2E/2 Section 13 to Tract 5D.
2. Exhibit B-1 – (a) Removed E/2E/2 Section 13 from Tract 5C and added Tract 5D E/2E/2 Section 13 , (b) Changed the W/2SE/4 Section 13 to NW/4SE/4 Section 13, (c) Tract 4-Exxon is claiming 5% ORRI as to Tubb and Drinkard Formations, currently credited to Elliott Industries and Elliott Hall Co. Exxon currently sorting out with McElvain Oil & Gas Co.
3. Exhibits B-2, B-3, C of the Unit Operating Agreement changed with the addition of Tract 5D.
4. Article 11.4 and 12.2- Apache and T.H. McElvain has agreed to the following changes:

Delete the following Article 12.2 pages 19 & 20:

“Each Non-Consenting Party shall be deemed to have relinquished to the Carrying Parties, and the Carrying Parties shall own and be entitled to receive, in proportion to their respective Carried Interest, all such Non-Consenting Party’s share of the proceeds of the sale of Unitized substances plus an amount equal to 200% of all such Unit Expenses allocated to such Carried Interest, it being further agreed and understood that the unpaid balance of any amount payable out of such Carried Interest hereunder (including the additional 200% of such Unit Expenses provide for above shall bear interest at the Prime rate set by Chase Manhattan Bank of New York for the same period plus one percent (1%) or the maximum contract rate permitted by applicable usury laws, whichever is the lesser.”

And substitute the following:

“Each Non-Consenting Party shall be deemed to have relinquished to the Carrying Parties, and the Carrying Parties shall own and be entitled to receive, in proportion to their respective Carried Interest, all such Non-Consenting Party's share of proceeds of the sale of Unitized substances (after deducting: Ordinary Unit Expenses, including any accrued interest thereon at the rate of Prime plus 1% in accordance with Section 11.4; applicable ad valorem, production severance and excises taxes; and royalty, overriding royalty and other lease burdens as set forth in Exhibit "B-1" of the Unit Agreement) until such time that the Carrying Parties recover from such Non-Consenting Party's share of proceeds an amount equal to the cost of such Unit Operation conducted subject to Section 3.2.4, plus an additional amount equal to 200% of the cost for such non-consent Unit Operation.”

Further Apache et al has agreed to delete in its entirety the second full paragraph of Section 11.4 page 16 of the Unit Operating Agreement beginning with “Notwithstanding any provision of this Section 11.4 to the contrary.....”.

Page 2- Revisions to Unit and Unit Operating Agreements

5. Signature Page, Page 29- has been changed to reflect CHEVRON U.S.A. INC.
6. Exhibit "D" COPAS: Section I.3.B -Advances and Payment by Non-Operators-
Added "Chase"

Section III.2. III.3 – Overhead – Major Construction, Catastrophe
A threshold limit of \$25,000 has been inserted.

Sections IV.2A.2b – Pricing of Joint Account Material Purchases, Transfers and Dispositions- Line Pipe Deleted the words "plus 20%".

Unit Agreement

1. Changes to Exhibits A, B-1, B-2, B-3 with the removal of E/2E/2 Section 13 from Tract 5C to creating Tract 5D and adding E/2E/2 Section 13 to Tract 5D.