

UNIT AGREEMENT
MYERS LANGLEIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

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Preamble

Agreement Proper

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UNIT AGREEMENT
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

State of New Mexico No. _____

THIS AGREEMENT, entered into as of the 1st day of January, 1973, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "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 (Sec. 3, Chap. 88, Laws 1943, as amended by Sec. 1 of Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 39, N.M.S. 1953 anno.) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws of 1943, as amended by Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, N.M.S. 1953 anno.) to amend, with the approval of the lessee, any oil and gas lease embracing State lands so that the length of the term of said lease will coincide with the term of an agreement as to the unitized development and operation of State lands; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by law (Art. 111, Chap. 65, Vol. 9, Part 2, New Mexico Statutes, 1953 Annotated) to approve this agreement, and the conservation provisions hereof; and

WHEREAS, the Mineral Leasing Act of February 25, 1920 (41 Stat. 437, as amended 30 U.S.C. Sections 181 et seq.) authorizes Federal lessees and their representatives to unite with each other or jointly or separately with others in collectively adopting and operating a cooperative or unit plan of development or operation of any oil or gas pool, field or like area or any part thereof for the purpose of more properly conserving the

natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

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

WHEREAS, it is the purpose of the parties hereto to enable institution and consummation of secondary recovery operations, conserve natural resources, to prevent waste and secure the 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 "Unit Area" and the "Unitized Formation" lying thereunder (as those terms are defined hereinafter), and agree severally among themselves as follows:

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

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

(a) "Unit Area" is defined as the area described by tracts in Exhibit "B" and depicted on Exhibit "A" attached hereto, containing 9,923.68 acres more or less, or to which it may be extended as herein provided.

(b) "Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.

(c) "Commission" is defined as the Oil Conservation Commission of the State of New Mexico.

(d) "Director" is defined as the Director of the United States Geological Survey.

(e) "Secretary" is defined as the Secretary of the Interior of the United States of America or any other person duly authorized to exercise powers vested in that office.

(f) "Department" is defined as the Department of the Interior of the United States of America.

(g) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey having jurisdiction over oil and gas operation on Federal lands in the Unit Area.

(h) "Unitized Formation" means that interval underlying the Unit Area the vertical limits of which extend from a point 100 feet above the base of the Seven Rivers formation to the base of the Queen formation; said interval having been heretofore found to occur in Texas Pacific Oil Company's Blinbry "B" No. 3 well (located 2310 feet from the west line and 330 feet from the north line of Section 34, Township 23 South, Range 37 East, Lea County, New Mexico) at an indicated depth interval of 3168 feet to 3570 feet, as recorded on the Schlumberger Electrical log Run No. 1 taken December 26, 1952, said log being measured from a derrick floor elevation of 3300 feet above sea level.

(i) "Unitized Substances" means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within and produced from the Unitized Formation underlying the lands unitized hereunder.

(j) "Tract" is defined as each parcel of land described as such and given a tract number in Exhibit "B".

(k) "Tract Participation" is defined as the percentage of Unitized Substances to be allocated to a Tract qualified for participation under this agreement, as shown on Exhibit "C".

(l) "Unit Participation" of each Working Interest Owner means the sum of the products obtained by multiplying the Working Interest share of such Working Interest Owner in each Tract by the Tract Participation of such Tract.

(m) "Working Interest" is defined as the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership of mineral fee simple title, under an oil or gas lease, or otherwise, and

includes any interest which is chargeable with and obligated to pay or bear, either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing and producing operations.

(n) "Working Interest Owner" is defined as and shall mean any party hereto owning a Working Interest. The owner of oil and gas rights which are free of leases or other instruments conveying the Working Interest to another shall be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth (1/8) interest therein.

(o) "Record Owner" is defined as the holder of the record title to a lease covering Federal lands according to the applicable records of the Department of the Interior of the United States of America.

(p) "Royalty Interest" or "Royalty" is defined as an interest other than a Working Interest in or a right to receive a portion of the Unitized Substances or the proceeds thereof and includes the royalty interest reserved by the lessor by an oil and gas lease and any overriding royalty interest, oil payment interest, net profit contract, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(q) "Royalty Owner" is defined as and shall mean the owner of a Royalty Interest.

(r) "Voting Interest" of each Working Interest Owner, unless otherwise specifically defined herein, shall equal its Unit Participation in effect at the time a vote is taken.

(s) "Usable Well" shall mean a well which, in accordance with good oil field practice, is adequately equipped and in condition with casing in good repair (hereinafter referred to as "Usable Condition") to permit production of Unitized Substances from the Unitized Formation to the surface by conventional production methods.

(t) "Unit Operating Agreement" is defined as and shall mean any agreement or agreements (whether one or more entered into separately or collectively) by and between the Unit Operator and the Working Interest Owners as provided in Section 9, Accounting Provisions and Unit Operating Agreement, infra, and shall be styled "Unit Operating Agreement, Myers Langlie-Mattix Unit, Lea County, New Mexico".

(u) "Unit Manager" is defined as the person or corporation appointed by the Working Interest Owners to perform the duties of the Unit Operator until the selection and qualification of a successor Unit Operator as provided for in Section 8 hereof.

SECTION 3. EXHIBITS. Exhibit "A" attached hereto is a map showing the Unit Area and the boundaries and identity of Tracts and leases in said Unit 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 comprising each Tract and the percentage ownership of each Working Interest Owner. Exhibit "C" attached hereto is a schedule showing the participation of each Tract during Phases I and II. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party.

Whenever reference herein or in the Unit Operating Agreement is made to an Exhibit, the reference is to the Exhibit as originally attached or, if revised, to the latest approved revision.

The description and ownership of the respective Tracts have been established by using the best information available. If it subsequently appears that clerical errors, including errors in Tract Ownership or mechanical miscalculations have been made, Unit Operator shall revise the Exhibits to conform with the facts. The revision shall not include any re-evaluation of engineering or geological interpretations used in determining Tract Participations. Errors and miscalculations discovered prior to the effective date of this agreement shall be corrected by Unit Operator in the first revision of Exhibits following the effective date and said first revisions shall be effective as of the ¹/₂ effective date of this agreement. The correction of any error other than the correction of a clerical or mechanical error shall be made by Unit Operator only after first having obtained approval of Working Interest Owners, the Supervisor and the Commissioner.

Exhibits A, B, and C shall be revised by Unit Operator whenever changes render such revision necessary or when requested by the Supervisor or the Commissioner. If an Exhibit is revised pursuant to this agreement, Unit Operator shall certify and file the required number of copies of the revised

Exhibit with the Commissioner and the Supervisor, and one (1) copy for record with the County Clerk, Lea County, New Mexico. Except as specified above, a revised Exhibit shall become effective on such date as may be determined by the Working Interest Owners with the approval of the Supervisor and the Commissioner, and shall be set forth on said revised Exhibit.

SECTION 4. EXPANSION. The Unit Area may, when practicable, be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement. Such expansion shall be effected in the following manner:

(a) The Working Interest Owner or Owners of a Tract or Tracts desiring to commit such Tract or Tracts to this Agreement, shall file an application therefor with Unit Operator requesting admission.

(b) Unit Operator shall circulate a notice to each Working Interest Owner of the proposed expansion, setting out the basis for admission, the recommended Tract Participation to be assigned to such Tract or Tracts, and other pertinent data. After negotiation (at Working Interest Owners' meeting or otherwise) if three or more Working Interest Owners having in the aggregate eighty percent (80%) Phase II Unit Participation have agreed to inclusion of such tract or tracts in the Unit Area, then Unit Operator shall:

(1) After preliminary concurrence by the Director and the Commissioner prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefor, the basis for admission of the additional tract or tracts, the Tract Participation to be assigned thereto and the proposed effective date thereof; and

(2) Deliver copies of said notice to the Commissioner, the Supervisor, each Working Interest Owner and to each lessee and lessor whose interests are affected, advising such parties that thirty (30) days will be allowed for submission to the Unit Operator of any objection to such proposed expansion; and

(3) File, upon the expiration of said thirty (30) day period as set out in (2) immediately above with the Commissioner and Supervisor the following: (a) Evidence of mailing or delivering copies of said notice of expansion; (b) An application for such expansion; (c) An instrument containing the appropriate joinders in compliance with the participation requirements of

Section 15, Tracts Qualified for Participation, hereof; and (d) Copies of any objections received.

The expansion shall, after due consideration of all pertinent information and approval by the Commissioner, the Commission, and the Supervisor, become effective as of the date prescribed in the notice thereof, preferably the first day of a month subsequent to the date of notice or on such other date as may be agreed upon by the Working Interest Owners and approved by the Commissioner, the Commission, and the Supervisor. The revised Tract Participations of those Tracts which were committed prior to such expansion shall remain in the same ratio one to another.

SECTION 5. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement". All "unitized land" and Unitized Substances are unitized under the terms of this agreement. Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any formation other than the Unitized Formation as defined under Section 2 (h).

SECTION 6. UNIT OPERATOR. Skelly Oil Company is hereby designated as Unit Operator, and by signing this agreement as Unit Operator it agrees and consents to accept the duties and obligations of Unit Operator for the operation, 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 the Unit Operator as the owner of a Working Interest when such an interest is owned by it.

SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Commissioner and the Supervisor, and until all unit wells are placed in a satisfactory condition for suspension, abandonment, or continued operations, as required by the Supervisor as to Federal lands and the Commissioner as to State lands, unless a new Unit

Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

The Unit Operator shall, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by three (3) or more Working Interest Owners having in the aggregate eighty percent (80%) or more of the Phase II Unit Participation remaining after excluding the Phase II Unit Participation of the Unit Operator. Such removal shall be effective upon notice thereof to the Commissioner and the Supervisor.

In all such instances of effective resignation or removal, until a successor to Unit Operator is selected and approved as hereafter provided, the Working Interest Owners shall be jointly responsible for the performance of the duties of the Unit Operator and shall, not later than thirty (30) days before such resignation or removal becomes effective, appoint a Unit Manager to represent them in any action to be taken hereunder.

The resignation or removal of Unit Operator under this agreement shall not terminate its rights, 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 wells, equipment, books and records, materials, appurtenances and any other assets, used in connection with the unit operations and owned by the Working Interest Owners to the new duly qualified successor Unit Operator or to the Unit Manager 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 the removal of any material, equipment, and appurtenances needed for the preservation of any wells.

Nothing herein contained shall be construed to release, relieve or discharge a Unit Operator who resigns or is removed hereunder from any liability for default by it hereunder or from duties accruing or performable by it prior to the effective date of such resignation or removal.

SECTION 8. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator as herein provided. 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 Supervisor and the Commissioner. If no successor Unit Operator is selected as herein provided, the Commissioner or the Director, at his election, may declare this agreement terminated.

In selecting a successor Unit Operator the affirmative vote of three (3) or more Working Interest Owners owning a total of sixty-five percent (65%) or more of the Phase II Unit Participation shall prevail, provided that if any one Working Interest Owner has a Phase II Unit Participation greater than thirty-five percent (35%), its negative vote or failure to vote shall not be regarded as sufficient if the affirmative vote represents a majority of the voting interest, and such affirmative vote shall be controlling on all parties. If the Unit Operator who is removed votes only to succeed itself or fails to vote, the successor Unit Operator may be selected by the affirmative vote of three or more Working Interest Owners owning a majority of the Phase II voting interest remaining after excluding the voting interest of Unit Operator so removed.

SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT.

Costs and expenses incurred by the Unit Operator in conducting unit operations hereunder shall be apportioned among, borne and paid by the Working Interest Owners in accordance with the Unit Operating Agreement. The Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts and such other rights and obligations as between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be deemed either to modify any of the ¹terms and conditions of this agreement or to relieve the Unit Operator of any right or obligation established under this agreement, and in case of any inconsistency or conflict between this agreement and the Unit Operating Agreement, this agreement shall prevail. Two true copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Commissioner and three true copies thereof shall be filed with the Supervisor prior to approval of this agreement.

SECTION 10. 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. Upon request, acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. EQUIPMENT AND FACILITIES NOT FIXTURES ATTACHED TO REALTY. Each Working Interest Owner has heretofore placed and used on its Tract or Tracts committed to this agreement, various well and lease equipment and other property, equipment and facilities. It is also recognized that additional equipment and facilities may hereafter be placed and used upon the Unitized Land as now or hereafter constituted. Therefore, for all purposes of this agreement any and all such equipment shall be considered to be personal property and not fixtures attached to realty. Accordingly, subject to the limitations contained in Section 10, said well and lease equipment and personal property is hereby severed from the mineral estates affected by this agreement, and it is agreed that any and all such equipment and personal property shall be and remain personal property for all purposes.

SECTION 12. PLAN OF OPERATIONS. It is recognized and agreed by the parties hereto that the object and purpose of this agreement is to formulate and to put into effect a secondary recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve natural resources. The parties hereto agree that the Unit Operator may, subject to the consent and approve of a plan of operation by the Working Interest Owners, the Supervisor, the Commissioner and the Commission, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil and any one or more other substances or combination of substances whether produced from the Unitized Formation or not, and that the location of input wells and the rates of injection therein and the rate of production shall be governed by standards of

good geologic and petroleum engineering practices and conservation methods.

The parties hereto, subject to prior rights, if any, grant to Unit Operator the use of brine or non-potable water or both from any formation in and under the Unitized Land for injection into the Unitized Formation. After commencement of secondary operations, Unit Operator shall furnish the Commissioner and the Supervisor monthly injection and production reports for each well in the Unit. The Working Interest Owners, the Commissioner and the Supervisor shall be furnished periodic reports on the progress of the plan of operation and any revisions or changes thereto deemed necessary to meet changed conditions or to protect the interests of all parties to this agreement; provided, however, that any revision of the approved plan of operation shall be subject to the consent and approval of the Working Interest Owners, the Commission, the Commissioner and the Supervisor.

A plan of operation shall be filed with the Supervisor and the Commissioner concurrently with the filing of this unit agreement for final approval. Said plan of operation and all revisions thereof shall be as complete and adequate as the Supervisor and the Commissioner may determine to be necessary for timely operation consistent herewith. Upon approval of this agreement and the aforementioned plan by the Supervisor and the Commissioner, said plan and all subsequently approved plans shall constitute the operation obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time, before the expiration of any existing plan, the Unit Operator shall submit for like approval a plan of an additional specified period of operation.

Notwithstanding anything to the contrary herein contained, should the Unit Operator fail to commence operations for the secondary recovery of the unitized substances³¹ from the unit area within one year after the effective date of this agreement and any extension thereof approved by the Supervisor and the Commissioner, this agreement shall terminate automatically as of the date of default.

SECTION 13. USE OF SURFACE. The parties hereto, to the extent of their rights and interest, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may reasonably be necessary for unit operations, including the free use of water from the Unit Area for unit operations, except water from any well, lake, pond or

irrigation ditch of a surface owner, provided that, nothing herein shall be construed as leasing or otherwise conveying to Working Interest Owners a site for a water, gas injection, processing or other plant or camp site. Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements, and structures on the Unit Area that result from Unit Operations.

SECTION 14. TRACT PARTICIPATION. Participation of each Tract is shown in Exhibit "C" and has been computed in accordance with the following:

(a) Phase I Participation. Phase I begins the effective date hereof and continues until the first day of the month next following the date that the cumulative volume of oil produced after January 1, 1969, from the Unitized Formation underlying all of the Tracts in the Unit Area totals 299,013 barrels. The Tract Participation of each Tract during Phase I, shown on Exhibit "C", is based upon the following formula:

Tract Participation Percentage

Phase I equals

$$100 \frac{A}{B}$$

Where: "A" equals total income from oil and gas produced from such Tract from the Unitized Formation during the period January 1, 1968, through December 31, 1968.

"B" equals the summation of the total income from oil and gas produced from all qualified Tracts from the Unitized Formation during the period January 1, 1968, through December 31, 1968.

(b) Phase II Participation. Phase II shall begin the first day of the month next following the date on which the last of the 299,013 barrels referred to in (a) above is produced and shall continue for the remainder of the term of this agreement. The Participation of each Tract during Phase II, shown on Exhibit "C", is based upon the following formula:

Tract Participation Percentage,

Phase II equals

$$85 \frac{E}{F} \text{ plus } 10 \frac{G}{H} \text{ plus } 5 \frac{I}{J}$$

Where: "E" equals the estimated quantity of oil ultimately recoverable from the Unitized Formation by primary recovery operations credited to each Tract.

"F" equals the summation of the estimated quantity of oil ultimately recoverable from the Unitized Formation by

primary recovery operations credited to all qualified Tracts.

"G" equals the cumulative oil produced from the Unitized Formation underlying each Tract as of July 1, 1966.

"H" equals the summation of the cumulative oil produced from the Unitized Formation underlying all qualified Tracts as of July 1, 1966.

"I" equals the number of acres contained in each Tract.

"J" equals the summation of the number of acres contained in all qualified Tracts.

If less than all Tracts within the Unit Area qualify for participation hereunder as of the effective date hereof, Unit Operator shall file with the Supervisor, the Commissioner and the Commission a schedule showing the qualified Tracts as of said effective date, which schedule shall be designated Revised Exhibit C and considered for all purposes as a part of this agreement. Said revised Exhibit C shall set forth opposite each qualified Tract the revised Tract Participation therefor which shall be calculated by using the same factors and formula which were used to arrive at the Tract Participations set out in Exhibit C attached hereto, but applying the same only to the qualified Tracts. Said revised Exhibit C, upon approval by the Supervisor and the Commissioner, shall supersede, effective as of the effective date hereof, the Exhibit C attached hereto.

The Tract Participations shown on Exhibit C attached hereto, or as may be shown on the Revised Exhibit C as above provided, shall govern the allocation of unitized substances on and after the effective date of this Unit Agreement, and until the Tract Participations are revised pursuant to this agreement and such revised Tract Participations are approved by the Supervisor and the Commissioner.

(c) Within Sixty (60) days after the requirements for commencement of Phase II have been met, the Operator will notify the Oil and Gas Department of the New Mexico State Land Office of such conversion to Phase II.

SECTION 15. TRACTS QUALIFIED FOR PARTICIPATION. On and after the effective date hereof, and until expansion as provided in Section 4 hereof, the tracts within the Unit Area which shall be entitled to participation (as provided in Section 14, Tract Participation, hereof) in the production of Unitized Substances shall be composed of the Tracts shown on Exhibit A and listed in Exhibit "E" which qualify as follows:

(a) Each tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest therein have become parties hereto and as to which Royalty or Record Owners owning seventy-five percent (75%) or more of the Royalty or Record Interest therein have become parties hereto.

(b) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest therein have become parties hereto and as to which Royalty or Record Owners owning less than seventy-five percent (75%) of the Royalty and Record Interest therein have become parties hereto and, further, as to which:

(i) All Working Interest Owners in such Tract have joined in a request for the qualification of such Tract, and

(ii) Eighty percent (80%) of the combined voting interests of Working Interest Owners in all Tracts meeting the requirements of paragraph (a) hereof have voted in favor of qualifying such Tract.

For the purpose of this paragraph (b), a Working Interest Owner's "voting interest" shall be equal to the ratio (expressed in percent) which its aggregate Phase II Participation in all Tracts qualifying under paragraph (a) bears to the total Phase II Participation of all Working Interest Owners in all Tracts qualifying under paragraph (a).

(c) Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest therein have become parties hereto, regardless of the percentage of Royalty and Record Interest therein which is committed hereto and, further, as to which:

(i) The Working Interest Owner operating such Tract and all of the other Working Interest Owners in such Tract who have become parties hereto have joined in a request for qualification of such Tract and at least eighty-five percent (85%) of such parties have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other Working Interest Owners in the Unit, their successors and assigns, against all claims and demands which arise out of the qualification of such Tract which may be made by the owners of Interests in such Tract who are not parties hereto; and

(ii) Eighty percent (80%) of the combined voting interest of

Working Interest Owners in all Tracts meeting the requirements of paragraphs (a) and (b) have voted in favor of the qualification of such Tract and acceptance of the indemnity agreement.

For the purpose of this paragraph (c), a Working Interest Owner's "voting interest" shall be equal to the ratio (expressed in percent) which its aggregate Phase II Participation in all Tracts qualifying under paragraphs (a) and (b) bears to the total Phase II Participation of all Working Interest Owners in all Tracts qualifying under paragraphs (a) and (b). Upon the qualification of a Tract, the Unit Participation which would have been attributed to the nonsubscribing owners of the Working Interest in such Tract, had they become parties to this agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to the indemnity agreement, in proportion to their respective Working Interests in the Tract.

SECTION 16. ALLOCATION OF UNITIZED SUBSTANCES. All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices on unitized land for drilling, operating, camp and other production or development purposes and for pressure maintenance in accordance with a plan of operation approved by the Supervisor and the Commissioner, or unavoidably lost) shall be apportioned among and allocated to the qualified Tracts in accordance with the respective Tract Participations effective hereunder during the respective periods such Unitized Substances were produced, as set forth in the schedule of participation in Exhibit C. The amount of Unitized Substances so allocated to each tract, and only that amount (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such Tract), shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

The Unitized Substances allocated to each such Tract shall be distributed among, or accounted for to, the parties executing, consenting to or ratifying this agreement and entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions, as they would have participated and shared in the production from such Tracts, or in the proceeds thereof, had this agreement not been entered into, and with the same legal force and effect.

No Tract qualified for participation under this agreement shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances from said Tract.

If the Working Interest and/or the Royalty Interest in any Tract is divided with respect to separate parcels or portions of such Tract and owned severally by different persons, the Unitized Substances allocated to such Tract shall, in the absence of a recordable instrument executed by the owners of such interest, furnished to Unit Operator and fixing the divisions of ownership, be divided among the owners of interest in such parcels or portions in proportion to the number of surface acres in each parcel or portion.

The Unitized Substances allocated to each Tract shall be delivered in kind to the parties entitled thereto by virtue of the ownership of oil and gas rights therein or by purchase from such owners. Each of the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose within the Unit Area, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Subject to Section 13, Royalty Settlement, hereof, any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party receiving the same in kind. In the event any Working Interest Owner shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unitized Formation currently as and when produced, Unit Operator, in order to avoid curtailing Unit operations, may sell or otherwise dispose of such production to itself or to others on a day-to-day basis at not less than the prevailing market price in the area for like production, and the account of such Working Interest Owner shall be charged therewith as having received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owner of the Tract or Tracts concerned or to a party designated in writing by such Working Interest Owner. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any Working Interest Owner's

share of gas production without first giving such Working Interest Owner sixty (60) days notice of such intended sale.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, shall be responsible for the payment of all Royalty due under the lease or leases covering said Tract, and each such party shall hold each other party hereto harmless against all claims, demands and causes of action for Royalty due under the lease or leases covering said Tract.

SECTION 17. BALANCING OF PRODUCTION. Unit Operator shall make a proper and timely gauge of all lease and other tanks located on each committed Tract in order to ascertain the amount of merchantable oil in such tanks, above the pipeline connection, on the effective date hereof. All such oil which is a part of the prior allowable of the well or wells from which the same was produced shall be and remain the property of the Owners entitled thereto as if this agreement had not been entered into and such Owners shall promptly remove same. Any such oil not so removed may be sold by the Unit Operator for the account of such Owners, subject to payment of all Royalties due under the terms and provisions of the applicable lease or leases and other contracts. All oil which is in excess of the prior allowable for the well or wells from which the same was produced shall be regarded and treated the same as Unitized Substances produced after the effective date hereof. If, as of the effective date hereof, any Tract of unitized land is overproduced with respect to the allowable of the well or wells on that Tract and if the amount of such over-production has been sold or otherwise disposed of, such over-production shall be regarded and included as a part of the Unitized Substances produced after the effective date hereof, and the amount thereof charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

SECTION 18. ROYALTY SETTLEMENT. The State of New Mexico and the United States of America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the Unitized Substances produced from any Tract unitized hereunder, shall hereafter be entitled to take in kind their share of the Unitized Substances allocated to such

Tract, and Unit Operator shall make deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for Royalty Interests not taken in kind shall be made by Working Interest Owners responsible therefor under existing contracts, laws and regulations, on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any Royalty due under their leases, except that such Royalty shall be computed in accordance with the terms of this Unit Agreement.

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

If the amount of production or the proceeds thereof accruing to any Royalty Owner (except the United States of America) in a Tract depends upon the average production per well or the average pipeline run per well from a Tract during any period of time, then such production shall be determined from and after the effective date hereof by dividing the production allocated each Tract during such period of time by the number of wells located thereon capable of producing as of the effective date hereof, provided, however, any Tract without a producible well on said effective date shall, for the purposes herein contained, be considered as having one such well thereon.

All Royalty due the State of New Mexico and the United States of America and the other Royalty Owners hereunder shall be computed and paid on the basis of all Unitized Substances allocated to the respective Tract or Tracts qualified hereunder, in lieu of actual production from such Tract or Tracts.

Each Royalty Owner (other than the State of New Mexico and the United States of America) that ratifies this agreement represents and warrants that he is the owner of a Royalty Interest in a Tract or Tracts within the Unit Area as his interest appears in Exhibit "B" attached hereto. If the title to a Royalty Interest fails but the lands to which it relates remain subject hereto, the party whose title failed shall not be entitled to share hereunder with respect to such interest.

SECTION 19. RENTAL SETTLEMENT. Rentals or minimum royalties due on leases committed hereto shall be paid by Working Interest Owners responsible therefor under existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof, due under their leases. Rental for lands of the State of New Mexico subject to this agreement shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or minimum royalty for lands of the United States of America subject to this agreement shall be paid at the rate specified in the respective leases from the United States of America, unless rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 20. 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 Federal and State laws and regulations.

SECTION 21. DRAINAGE. The Unit Operator shall take such measures as the Supervisor or the Commissioner deems appropriate and adequate to prevent drainage of the Unitized Substances from the Unitized Lands by wells on land not subject to this agreement.

SECTION 22. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Commissioner,

respectively, shall and by their approval hereof, or by the approval hereof by their duly authorized representatives, do hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty and royalty requirement of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement.

Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every separately owned Tract committed to this agreement, regardless of whether there is any development of any particular Tract of the Unitized Land.

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

(c) Suspension of drilling or producing operations on all Unitized Lands pursuant to direction or consent of the Commissioner and the Supervisor shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every Tract of Unitized Land. A suspension of drilling or producing operations on specified lands shall be applicable only to such lands.

(d) Each lease, sublease, or contract relating to the exploration, drilling, development or operation for Unitized Substances, which by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement, as to the land committed so long as such lease remains subject hereto.

(e) Any Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such land remains committed hereto.

(f) Any lease embracing lands of the State of New Mexico which is made subject to this agreement shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(g) 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 lease 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 (whether within or without the Unit Area), if oil or gas are discovered and are capable of 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, any such lease shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of Unitized Substances, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as Unitized Substances are produced in paying quantities from any portion of said lands.

(h) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17(j) of the Mineral Leasing Act as amended by the Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the ¹lands committed and the lands not committed as of the effective date of unitization; provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

SECTION 23. 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 interests until this agreement terminates, and any grant, transfer, or conveyance of interest

in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic or certified copy of the instrument of transfer; and no assignment or transfer of any Royalty Interest shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, photostatic or certified copy of the instrument of transfer.

SECTION 24. EFFECTIVE DATE AND TERM. This agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of the first day of the calendar month next following:

(a) The execution or ratification of this agreement and the Unit Operating Agreement by Working Interest Owners owning tracts with a combined Phase II Unit Participation of at least eighty-five percent (85%), and the execution or ratification of this agreement by Royalty and Record Owners owning interests in tracts having a combined interest of at least sixty-five percent (65%) of the Royalty and Record Interest in the Unit Area, calculated on the basis of Phase II Unit Participation; and

(b) The approval of this agreement by the Commissioner, the Supervisor, and the Commission;

(c) If (a) and (b) above are not accomplished on or before January 1, 1974, this agreement shall ipso facto expire on said date (hereinafter called "expiration date") and thereafter be of no further force or effect, unless prior thereto this agreement has been executed or ratified by Working Interest Owners owning tracts with a combined Phase II Unit Participation of at least eighty percent (80%), and the Working Interest Owners owning tracts with a combined Phase II Unit Participation of at least sixty-five percent (65%) committed to this agreement have decided to extend said expiration date for a period not to exceed six (6) months (hereinafter called "extended expiration date"). If said expiration date is so extended and (a) and (b) are not accomplished on or before said extended expiration date, this agreement shall ipso facto expire on said extended expiration date and thereafter be of no further force and effect.

Unit Operator shall file at least one counter part of this agreement for record in the office of the County Clerk of Lea County, New Mexico. Within thirty (30) days after the effective date of this agreement, Unit Operator shall file for record in each office where a counterpart of this agreement is recorded, a certificate to the effect that this agreement has become effective according to its terms and stating further the effective date.

The term of this agreement shall be for and during the time that Unitized Substances are or can be produced in quantities sufficient to repay the cost of producing same from the Unitized Land and should production cease so long thereafter as drilling, reworking or other operations to restore production (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, and should production be restored so long thereafter as such Unitized Substances can be produced as aforesaid.

This agreement may be terminated at any time with the approval of the Commissioner and the Supervisor by Working Interest Owners owning tracts with a combined Phase II Unit Participation of at least seventy five percent (75%). Notice of any such termination shall be given by Unit Operator to all parties hereto.

Upon termination of this agreement, the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts.

If not otherwise covered by the leases unitized under this agreement, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after termination of this agreement in which to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit Operations.

SECTION 25. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and to alter or modify the quantity and rate of production under this Agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served

thereby to be stated in the order of alteration or modification; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

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

SECTION 26. NONDISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

SECTION 27. APPEARANCES. Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Commissioner, the Department, and the Commission, and to appeal from any order issued under the rules and regulations of the Commissioner, the Department, or the Commission, or to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Commissioner, the Department, or the Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceeding.

SECTION 28. NOTICES. All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or 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 or parties may have furnished in writing to the party sending the notice, demand or statement.

SECTION 29. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall be construed as a waiver by any party hereto of the

right to assert any legal or constitutional right or defense as to the validity or invalidity of any Federal or State law or rule or regulation issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

SECTION 30. WAIVER OF RIGHTS TO PARTITION. Each party hereto covenants that, during the existence of this agreement, it will not resort to any action to partition the Unitized Formation or the Unit Equipment, and to that extent waives the benefits of all laws authorizing such partition.

SECTION 31. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue secondary recovery operations or to operate on or produce Unitized Substances from any of the lands covered by this agreement shall be suspended while, but only so long as the Unit Operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agency, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not. Nothing herein shall be construed to require Unit Operator, against its will, to settle strikes.

SECTION 32. LOSS OF TITLE. In the event title to any tract of unitized land shall fail so as to render the Tract not subject to this agreement and the true owner cannot be induced to join this Agreement, such Tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. If a Tract ceases to be subject to this agreement because of the failure of title, Unit Operator, subject to Section 14, Tract Participation, hercof, shall recompute the Tract Participation of each of the Tracts remaining qualified for participation and shall revise Exhibit "C" accordingly. The revised exhibit shall be effective as of the first day of the calendar month in which such failure of title is finally determined.

If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure of title shall be governed by the Unit Operating Agreement. If title to a Royalty Interest fails, but the Tract to which it relates remains qualified, the parties whose title failed shall not be entitled to share hereunder with respect to such interest. In the

event of a title dispute as to any Royalty, Working Interest or other interest subject hereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to State or Federal land or leases, no payments of funds due the State of New Mexico or the United States of America shall be withheld, but such funds shall be deposited as directed by the Commissioner or the Supervisor (as the case may be), to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

SECTION 33. JOINDER IN DUAL CAPACITY. Execution as herein provided by any party either as a Working Interest Owner or as a Royalty Owner shall commit all interests that may be owned or controlled by such party not specifically excluded by the terms of the joinder instrument, provided said party also executes the Unit Operating Agreement as owner of a Working Interest.

SECTION 34. NONJOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a qualified Tract fails or refuses to subscribe or consent to this agreement, the owner of the Working Interest in that Tract may withdraw said Tract from this agreement by written notice to the Supervisor, the Commissioner and the Unit Operator prior to the approval of this agreement by the Supervisor and the Commissioner. Joinder by any Royalty Owner, at any time, must be accompanied by appropriate joinder of the corresponding Working Interest Owner in order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to this agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for such interest to be regarded as effectively committed to this agreement.

Any oil or gas interest in the Utilized Formation not committed hereto prior to the effective date of this agreement may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 15 (Tracts Qualified for Participation) hereof, at any time during a period of six months after the effective date of this agreement on the same basis of participation as provided in said Section 15, by the owner or owners thereof subscribing, ratifying, or consenting in writing to

this agreement and, if the interest is a Working Interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that after such six months the right of subsequent joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by Working Interest Owners owning tracts with Phase II Participation of at least eighty percent (80%) and approval of the Supervisor and the Commissioner, provided that the Tract participation of each previously qualified Tract shall remain in the same ratio one to the other. Such joinder by a proposed Working Interest Owner must be evidenced by his execution or ratification of this agreement and the Unit Operating Agreement. Such joinder by a Royalty Owner must be evidenced by his execution or ratification of this agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such Royalty Owner.

Except as may be otherwise herein provided, subsequent joinder to this agreement shall be effective the first day of the month following the filing with the Commissioner and the Supervisor of duly executed counterparts of any and all documents necessary to establish effective commitment of any Tract or interest to this agreement, unless objection to such joinder by the Commissioner or the Supervisor is duly made within sixty (60) days after such filing; provided, however, that as to State lands such subsequent joinder must be approved by the Commissioner.

It is expressly agreed by the parties hereto that the provisions of this Section 34 are made subject to the provisions of Section 15 hereinabove set forth and nothing contained herein shall be construed in contro-
vention or derogation thereof.

SECTION 35. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and 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 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 land within the above described Unit Area.

SECTION 36. TAXES. The Working Interest Owners shall render and pay or cause to be rendered and paid for their account and the account of the Royalty Owners all valid taxes on or measured by the amount or value of the Unitized Substances produced, gathered and sold from the land subject to this agreement. The Working Interest Owners in each Tract may charge the proper proportion of said taxes to the Royalty Owners having interests in said Tract, and may currently retain and deduct sufficient of the Unitized Substances or derivative products, or net proceeds thereof, from the allocated share of each Royalty Owner to secure reimbursement for the taxes so paid. No taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract with his lessee to pay such taxes.

In order to avoid title failures which might incidentally cause the title to a Working Interest or Royalty Interest to fail, the owners of (1) the surface rights to each committed Tract, (2) severed mineral or Royalty Interest in said Tracts and (3) improvements located in said Tracts not utilized for Unit operations shall individually be responsible for the rendition and assessment, for ad valorem tax purposes, of all such property, and for the payment of such taxes, except as otherwise provided in any contract or agreement between such owners and a Working Interest Owner or Owners. If any ad valorem taxes are not paid by such owner responsible therefor when due, Unit Operator may, at any time prior to tax sale, pay the same, redeem such property and discharge such tax liens as may arise through non-payment. In the event Unit Operator makes any such payment or redeems any such property from tax sale, Unit Operator shall be reimbursed therefor by the Working Interest Owners in proportion to their respective Unit Participations then in effect, and Unit Operator shall withhold from any proceeds derived from the sale of Unitized Substances otherwise due to said delinquent taxpayer or taxpayers an amount sufficient to defray the costs of such payment or redemption, such withholding to be distributed among the Working Interest Owners in proportion to their respective contributions toward such payment or redemption. Such withholding shall be without prejudice to any other remedy, either at law or in equity, which may be available for exercise by the Unit Operator or by the Working Interest Owners.

SECTION 37. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the Working Interest Owner, nor any of them, shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provisions thereof to the extent that the said Unit Operator or the Working Interest Owners, or any of them, are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority which by any provisions of this agreement are vested in the Commission shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

SECTION 38. NO PARTNERSHIP. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

SECTION 39. NO SHARING OF MARKET. This agreement is not intended to provide, and shall not be construed to provide, directly or indirectly for any cooperative refining, joint sale, or marketing of Unitized Substances.

SECTION 40. BORDER AGREEMENTS. Unit Operator, with concurrence of Working Interest Owners having a combined Phase II Unit Participation of sixty five percent (65%) or more, may, subject to approval of the Supervisor, enter into a border-protection agreement or agreements with the Working Interest Owners of lands not subject hereto, when said agreements provide for operations designed to increase ultimate recovery, conserve

natural resources, and protect the parties and their interests.

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

ATTEST:

SKELLY OIL COMPANY

Assistant Secretary

By: _____
Vice President

Date: _____

UNIT OPERATOR

NON-OPERATORS

STATE OF NEW MEXICO)
) SS
COUNTY OF LEA)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____, Vice President for SKELLY OIL COMPANY, on behalf of said company.

My Commission Expires:

Notary Public

MYERS LANGLIE-MATTLX UNIT
LEA COUNTY, NEW MEXICO

K E Y

<u>Tract</u> <u>No.</u>	<u>Location</u>	<u>Tract</u> <u>No.</u>	<u>Location</u>	<u>Tract</u> <u>No.</u>	<u>Location</u>
1	B-4	28	C-1, C-2 & D-2	55	E-3
2	B-4	29	D-1	56	E-3
3	D-4	30	B-3	57	C-2
4	D-4	31	B-3	58	C-2
5	D-4	32	B-3	59	C-2
6	B-1	33	B-3	60	D-2
7	B-2	34	D-3	61	E-2
8	B-1	35	D-3	62	D-2
9	F-2	36	D-3	63	F-1 & F-2
10	F-2	37	D-3	64	B-1
11	F-2	38	D-3	65	B-1
12	F-1	39	G-2	66	B-1
13	F-1	40	G-2	67	C-1
14	C-3	41	G-2	68	C-1
15	C-3	42	G-2	69	C-1
16	E-4	43	B-4	70	D-1
17	D-4	44	B-4	71	D-1
18	D-4	45	B-4	72	D-1
19	D-4	46	C-4	73	D-1
20	C-4	47	C-4	74	E-1
21	C-4	48	C-4	75	E-1
22	D-4	49	C-3	76	E-1
23	F-3	50	E-3	77	E-1
24	F-3	51	E-3	78	E-1
25	F-3	52	E-3	79	E-1
26	C-2 & D-2	53	E-3	80	E-1
27	C-1, E-1 & E-2	54	E-3	81	C-1
				82	C-4

EXHIBIT "B"
UNIT A - MENT
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record And Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
<u>FEDERAL LAND</u>							
1	T23S - R36E Sec. 25: N/2 SE/4; E/2 SW/4 & SW/4 SW/4	200.00	LC-030139(b) H.B.P.	USA - All Schedule D 12.5%	J. Roger Lynn - 25% Patrick Lynn - 25% William R. Lynn - 25% Estate of Theresa Lynn - 25%	Continental Oil Company - 1.25000% Chevron Oil Company 1.25000% Atlantic Richfield Company - 1.25000% Amoco Production Company - 1.25000% Ben Redman - 2.50000%	Flag-Redfern Oil Co. 100%
2	T23S - R36E Sec. 25: S/2 SE/4	80.00	LC-030139(b) H.B.P.	USA - All Schedule D 12.5%	J. Roger Lynn - 25% Patrick Lynn - 25% William R. Lynn - 25% Estate of Theresa Lynn - 25%	None	Atlantic Richfield Company 25.00000% Chevron Oil Company 25.00000% Continental Oil Company 25.00000% Amoco Production Company 25.00000%
3	T23S - R37E Sec. 29: NW/4 & W/2 NE/4	240.00	LC-030187 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.05626% Boys Club of America - 0.05626% Shattuck School - 0.05626% New Mexico Boys Ranch, Inc. 0.05626% Regents, University of New Mexico - 0.05626% Marie Jan Devoss - 0.28120% Ernest D. White - 0.09375%	Gulf Oil Corporation - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
4	T23S - R37E Sec. 29: E/2 NE/4	80.00	LC-030187 H.B.P.	USA - All Step Scale 12.5%	James W. Rasmussen - 100%	Robert J. Leonard - 0.09375% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09375% Patrick J. Leonard - 0.09375% First Nat'l. Bank of Rochester, Trustee- 0.09375% Myrtle M. Olson - 0.09375%	John H. Hendrix - 45.000000% Michael L. Klein - 45.000000% Aubrey Kenyon - 10.000000%
						Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.03626% Boys Club of America - 0.03626% Shattuck School - 0.03626% New Mexico Boys Ranch, Inc. - 0.03626% Regents University of New Mexico-0.03626% Marie Jane Devoss - 0.28120% Emmett D. White - 0.09375% Robert J. Leonard - 0.09375% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09375% Patrick J. Leonard - 0.09375% First Nat'l. Bank of Rochester, Trustee-0.09375% Gulf Oil Corporation - See Attach. #1 - Tract 4 Myrtle M. Olson - 0.09375%	

3 Cont'd

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
5	T23S - R37E Sec. 28: SW/4 NW/4	40.00	LC-030187 H.B.P.	USA - All Step Scale 12.5%	Gulf Oil Corporation 100%	Sabine Royalty Corporation 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.05626% Boys Club of America - 0.05626% Shattuck School - 0.05626% New Mexico Boys Ranch, Inc. - 0.05626% Regents University of New Mexico-0.05626% Marie Jane Devoss - 0.28120% Emmett D. White - 0.09375% Robert J. Leonard - 0.09375% Midwest Oil Corporation - 0.50000%	Tom Brown Drilling Company - 18.75000% O. A. Bourg Drilling Company - 6.25000% R. DeChlechts Estate - 25.00000% Elder Estate - 50.00000%
6	T24S - R36E Sec. 12: SW/4 NW/4	40.00	LC-030467(a) H.B.P.	USA - All Schedule C	Estate of Daniel Vaughan deceased 100%	See Attachment No. 1 - Tract 6	Atlantic Richfield Company - 25.00000% Chevron Oil Company - 25.00000% Confidential Oil Company - 25.00000% Amoco Production Company - 25.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
7	T24S - R36E Sec. 1: Lot 1	39.98	LC-030467(b) H.B.P.	USA - All Schedule D 12.5%	Estate of Daniel Vaughan, deceased 100%	J. B. Bockman - 1.25000% Evelyn Stump Hill - 1.25000%	Atlantic Richfield Company - 25.00000% Chevron Oil Company 25.00000% Continental Oil Company - 25.00000% Amoco Production Company - 25.00000%
8	T24S - R36E Sec. 12: SE/4 NE/4	40.00	LC-030467(b) H.B.P.	USA - All Schedule D	Estate of Daniel Vaughan, deceased 100%	J. B. Bockman - 1.25000% Evelyn Stump Hill-1.25000%	Atlantic Richfield Company - 25.00000% Chevron Oil Company 25.00000% Continental Oil Company - 25.00000% Amoco Production Company - 25.00000%
9	T24S - R37E Sec. 3: Lots 3 & 4 S/2 NW/4, E/2 SW/4, W/2 SE/4	319.01	LC-032339(a) H.B.P.	USA - All Schedule C	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Edith Huff Vesely - .16667% Lucretia E. Conlon - 1.08333% Jeanne E. Reeves - .50000% Ray E. Hubbard - .62500% G. E. Hubbard - .62500% W. V. McChner - .62500% Lulu Snively Rush - .31250% Boyce Rush Gainger - .15625% Ruth Bush Bishop - .15625% North Central Texas Oil Co. - .62500% Roger B. Ovings - .12500% Mrs. Annie May Kavanaugh, Admx., of Estate of E. E. Jack, Dec. 2.50000%	Carter Foundation Production Company - 100%
10	T24S - R37E Sec. 3: Lots 1 & 2 SE/4 NE/4, NE/4 SE/4	158.87	LC-032339(a) H.B.P.	USA - All Schedule C 12.5%	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lucille R. Jack - 0.51750% Annie May Kavanaugh - 0.54625%	W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% N. B. Hunt - 50.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
10	Cont'd.					W. M. Beauchamp, Gdn. of Est. of William Howard Jack - 0.51750% Mack Easley - 0.05750% John Quinn - 0.05750% Dorothy Beaty Mitchell - 0.03593% Virginia Mitchell Lee - 0.00719% Charles S. Mitchell - 0.00719% Dorothy Mitchell Latady - 0.00719% The Catholic Church Extension Society of the U.S.A. - 0.46000% Howard Bradley Jack - 0.02875% J. H. Daws - 0.05750%	
11	T24S - R37E Sec. 3: SW/4 NE/4, SE/4 SE/4	80.00	LC-032339(a)	USA - All Schedule C	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lucille R. Jack - 0.51750% Annie May Kavanaugh - 0.54625% W. M. Beauchamp, Gdn. of Est. of William Howard Jack - 0.51750% Mack Easley - 0.05750% John Quinn - 0.05750% Dorothy Beaty Mitchell - 0.03593% Virginia Mitchell Lee - 0.00719% Charles S. Mitchell - 0.00719% Dorothy Mitchell Latady - 0.00719% The Catholic Church Extension Society of the U.S.A. - 0.46000%	W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% N. B. Hunt - 50.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
11	Cont'd.					Howard Bradley Jack - 0.02875% J. H. Daws - 0.05750%	
12	T24S - R37E Sec. 10; S/2 NE/4, W/2 SE/4	160.00	LC-032339(b) H.B.P.	USA - All Schedule D	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	None W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% N. B. Hunt - 50.00000%	
13	T24S - R37E Sec. 10; E/2 NW/4, NW/4 NE/4	120.00	LC-032339(b) H.B.P.	USA - All Schedule D	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lula S. Rush - 8.20310% Kathryn H. Holland - 5.46870% Boyce Rush Davis - 4.10160% Ruth Rush Weaver - 4.10160%	W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% N. B. Hunt - 50.00000%
14	T23S - R37E Sec. 31; N/2 SE/4 SE/4 SE/4	120.00	LC-032545(a) H.B.P.	USA - All Schedule C	Texaco Inc. - 100%	Southland Royalty Company - 2.00000% H. R. Stroube - 0.50000% Marshall & Winston Inc. - 0.75000% W. C. Stroube - 0.50000% John M. Loffland, Jr. - 0.75000% Albuquerque Nat'l. Bank, Tst. of Tr. of Frank A. Andrews - 0.46295% Marice I. Kyte - 0.50000% Selma E. Andrews, Agency #1335 - 0.53705% David Bond Kyte - 0.25000% Bank of Cal., NA Tst. under Declaration of Tst. dated Dec. 23, 1958 - 0.25000% Lillian H. Coll, Indv. & as Exrx. & Tst. U/W of H. W. Coll - 1.00000%	Texaco Inc. - 100.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Inter Owner and Percentage
15	T23S - R37E Sec. 31: Lots 3 & 4, E/2 SW/4, SW/4 SE/4	195.96	LC-032545(b) H.B.P.	USA - All Schedule D	Texaco Inc. - 100%	None	Texaco Inc. - 100.000000%
16	T23S - R37E Sec. 28: SW/4	160.00	LC-057420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.05624% Boys Club of America - 0.05624% Shattuck School - 0.05625% New Mexico Boys' Ranch, Inc. - 0.05625% Regents University of New Mexico - 0.05625% Maybelle K. Stewart - 0.28130% Emmett D. White - 0.09373% Robert J. Leonard - 0.09373% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09373% Patrick J. Leonard - 0.09373% First Nat'l. Bank of Rochester, Trustee U/W of Hildred H. Seybert, decd. - 0.09382% Gulf Oil Corporation - See Attach. #1-Tract 16 Myrtle M. Olson - 0.09373%	Continental Oil Company - 100.000000%
17	T23S - R37E Sec. 29: S/2 SE/4, NE/4 SE/4	120.00	LC-057420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500%	Continental Oil Company - 66.66666% T. J. Sivley - 33.33334%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
17	Cont'd.						
				Elks National Foundation - 0.05624%			
				Boys Club of America - 0.05624%			
				Shattuck School - 0.05625%			
				New Mexico Boys' Ranch, Inc. - 0.05625%			
				Regents University of New Mexico - 0.05625%			
				Maybelle K. Stewart - 0.28130%			
				Emmatt D. White - 0.09373%			
				Robert J. Leonard - 0.09373%			
				Midwest Oil Corporation - 0.50000%			
				Timothy T. Leonard - 0.09373%			
				Patrick J. Leonard - 0.09373%			
				First Nat'l. Bank of Rochester, Trustee U/W of Mildred H. Seybert, decd. - 0.09382%			
				Gulf Oil Corporation - See Attach. #1-Tract 17			
				Myrtle M. Olson - 0.09373%			
18	T23S - R37E Sec. 29; NW/4 SE/4	40.00	LC-057420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation - 0.12500%	Gulf Oil Corporation - 100.00000%
						Marsball & Winston, Inc. - 0.12500%	
						Elks National Foundation - 0.05620%	
						Boys Club of America - 0.05620%	
						Shattuck School - 0.05630%	
						New Mexico Boys' Ranch, Inc. - 0.05630%	
						Regents University of New Mexico - 0.05620%	

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty	
						Owner and Percentage	Working Interest Owner and Percent
18	Cont'd.					Maybelle K. Stewart - 0.28130% Emmett D. White - 0.09375% Robert J. Leonard - 0.09375% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09375% Patrick J. Leonard - 0.09375% First Nat'l. Bank of Rochester, Trustee - 0.09375% Myrtle M. Olson - 0.09375%	
19	T23S - R37E Sec. 29: S/2 SW/4	80.00	LC-060824 H.B.P.	USA - All Schedule C	Texas Pacific Oil Company 100%	Albuquerque Nat'l. Bank, Test. Texas Pacific Oil Company Tst. for Frank A. Andrews 58.33334% decd. - 0.46295% Allied Chemical Corporation Selma E. Andrews - 0.53705% 41.66666% Bank of California, Trustee - 0.25000% Lillian H. Coll, Indv. & as Exrx. & Tst. U/W of M. W. Coll - 1.00000% David Bond Kyte - 0.25000% Mariee I Kyte - 0.50000% John M. Loffland, Jr. - 0.75000% Marshall & Winston, Inc. - 0.75000% Southland Royalty Company - 2.00000% H. R. Stroube - 1.00000% Texaco Inc. - sliding scale See Attach. #1-Tract 19	
20	T23S - R37E Sec. 30: Lot 2	37.85	LC-060825(a) H.B.P.	USA - All Schedule C 12.5%	Texas Pacific Oil Company 100%	Albuquerque Nat'l. Bank, Test. Tst. of Frank A. Andrews, decd. - 0.46295%	Texas Pacific Oil Company 100.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
21	T23S - R37E Sec. 30: Lot 1, E/2 NW/4, NE/4	277.81	LC-060825(8) H.B.P.	USA - All Schedule C	Texas Pacific Oil Company 100%	Selma E. Andrews - 0.53705% Bank of California, Tst. - 0.25000% Lillian H. Coll, Indv. & Exrx. & Tst. U/W of M. W. Coll - 1.00000% David Bond Kyte - 0.25000% Mariee I Kyte - 0.50000% John M. Loffland, Jr. - 0.75000% Marshall & Winston, Inc. - 0.75000% Southland Royalty Company - 2.00000% H. R. Stroube - 0.50000% W. C. Stroube - 0.50000% Texaco Inc. - 12.50000%	Texas Pacific Oil Company - 100.00000% Albuquerque Nat'l. Bank, Tst. Tst. of Frank A. Andrews, decd. - 0.46295% Selma E. Andrews - 0.53705% Bank of California, Tst. - 0.25000% Lillian H. Coll, Indv. & Exrx. & Tst. U/W of M. W. Coll - 1.00000% David Bond Kyte - 0.25000% Mariee I. Kyte - 0.50000% John M. Loffland, Jr. - 0.75000% Marshall & Winston, Inc. - 0.75000% Southland Royalty Company - 2.00000%

20 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
21	Cont'd.						
22	T23S - R37E Sec. 29; N/2 SW/4	80.00	LC-060825(a) H.B.P.	USA - All Schedule C	Texas Pacific Oil Company 100%	H. R. Stroube - 0.50000% W. C. Stroube - 0.50000% Texaco Inc. - 12.50000% Albuquerque Nat'l. Bank, Test. Tst. of Frank A. Andrews, decd. - 0.46295% Selma E. Andrews - 0.53705% Bank of California, Tst. - 0.25000% Lillian H. Coll, Indv. & Exrx. & Tst. U/W of M. W. Coll - 1.00000% David Bond Kyte - 0.25000% Marlee I Kyte - 0.50000% John M. Loffland, Jr. - 0.75000% Marshall & Winston, Inc. - 0.75000% Southland Royalty Company - 2.00000% H. R. Stroube - 0.50000% W. C. Stroube - 0.50000% Texaco Inc. - sliding scale See Attach. #1-Tract 22	Texas Pacific Oil Company - 100.00000%
23	T23S - R37E Sec. 34; NW/4	160.00	LC-060825(b) H.B.P.	USA - All Schedule D 12.5%	Texas Pacific Oil Company 100%	Texasaco Inc. - 12.50000%	Texas Pacific Oil Company - 100.00000%
24	T23S - R37E Sec. 34; N/2 SW/4	80.00	LC-060825(b) H.B.P.	USA - All Schedule D	Texas Pacific Oil Company 100%	Texasaco Inc. - 12.50000%	Texas Pacific Oil Company - 100.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
25	T23S - R37E Sec. 34: S/2 SW/4	80.00	LC-065722 H.B.P.	USA - All Schedule D 12.5%	Texas Pacific Oil Company 100%	Texaco Inc. - 12.50000%	Texas Pacific Oil Company - 50.00000% Atlantic Richfield Company - 50.00000%
26	T24S - R37E Sec. 5: SW/4 Sec. 6: SE/4	320.00	NM-7488 H.B.P.	USA - All Schedule D 12.5%	Texas Pacific Oil Company 100%	None	Texas Pacific Oil Company - 100.00000%
27	T24S - R37E Sec. 4: S/2 Sec. 7: Lots 1 & 2, E/2 NW/4 Sec. 9: N/2 SW/4	556.23	NM-7488 H.B.P.	USA - All Schedule D 12.5%	Amoco Production Company 100%	None	Amoco Production Company - 100.00000%
28	T24S - R37E Sec. 5: Lots 3 & 4, S/2 NW/4 Sec. 6: Lots 1 & 2, S/2 NE/4 Sec. 7: NE/4	477.96	NM-7488 H.B.P.	USA - All Schedule D 12.5%	Amoco Production Company 100%	None	Amoco Production Company - 100.00000%
29	T24S - R37E Sec. 8: RW/4	160.00	NM-0321613 H.B.P.	USA - All Schedule D 12.5%	Texas Pacific Oil Company 100%	Atlantic Richfield Company - 0.62500% W. M. Beauchamp, Gdn. of Estate of William Howard Jack - 0.56250% Continental Oil Company - 0.62500% J. H. Daws - 0.06250% Mack Esley - 0.06250% John Quinn - 0.06250% Lucille R. Jack - 0.56250%	Texas Pacific Oil Company - 30.00000% Herbert J. Schmitz - 20.00000% Frank D. Lortscher - 25.00000% Arlene S. Anthony - 8.33333% Charles T. Scott, Jr. - 8.33333% Robert C. Scott - 8.33333%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
29	Cont'd.						
				Charles S. Mitchell - 0.06250%			
				Amoco Production Company - 0.62500%			
				Chevron Oil Company 0.62500%			
				Catholic Church Extension Society - 0.50000%			
				Annie May Kavanaugh - 0.59375%			
				Howard Bradley Jack - 0.03125%			

Twenty-nine (29) Federal Tracts Totaling 4,543.67 Acres - 45.78614% of Unit Area

STATE LANDS

30	T23S - R36E Sec. 36: N/2	320.00	B-1431-3 Dec. 5, 1932 H.B.P.	State of New Mexico-All	Amerada Hess Corporation- 100%	None	Amerada Hess Corporation - 100.00000%
31	T23S - R36E Sec. 36: E/2 SW/4	80.00	B-1167-9 B-1167-10 Sept. 6, 1932 H.B.P.	State of New Mexico-All	Est. of Ralph Lowe - 100%	Shell Canadian Exploration Company - 6.25000% T. J. Brown, Ind. Exec. of Est. of Romualdo DeChicchis - 4.706250%	Est. of Ralph Lowe - 100.00000%
32	T23S - R36E Sec. 36: W/2 SE/4	80.00	B-7776 Sep. 10, 1938 H.B.P.	State of New Mexico-All	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%
33	T23S - R36E Sec. 36: E/2 SE/4	80.00	B-243-1 Sep. 10, 1931 H.B.P.	State of New Mexico-All	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 100.00000%
34	T23S - R36E Sec. 32: N/2	320.00	B-1732 Feb. 28, 1933 H.B.P.	State of New Mexico-All	Gulf Oil Corporation - 100%	Gulf Oil Corporation - 6.25000%	Gulf Oil Corporation - 100.00000%

Great Western Drilling -
100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Explication Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage		
45 Cont'd.				Fluor Corporation - 3.125007 Edward A. Gould - 0.130217 Ima Hays - 0.520837 First Nat'l, Bank of Oregon, A/C J. A. Haynes - 0.032557 Frank Haynes - 0.162767 Frank Haynes, Cdn. for J. R. Haynes - 0.130217 W. C. Hentzler - 0.016287 G. H. Jinkins - 0.520837 F. D. & Lillian B Jones - 0.500007 Rose Kendall & Richard W. Kendall, Exec. of Est. of William J. Kendall, dec. - 0.097657 Mina O. Lankford - 1.562507 Arne S. Mark - 0.065117 J. Hiram Moore - 0.016287 Fannie McIntire - 0.006147 Mary Margaret Parr - 0.008147 W. A. Pruett - 0.625007 Mary Lee S. Reese - 0.039067 Virginia Lee Saunders - 0.130217 Woodlan Perry Saunders - 0.039067 George P. Senner - 0.065107 Mrs. S. S. Stinson - 1.041677 Jenle Stroll - 0.016287					

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	
45	Cont'd.			Superior Oil Co. - 3.87500% F. R. Warr Est. - 0.19531% W. Verde Watson - 0.05208% Annabel & R. R. Winingham - 0.52083%				
46	T235 - R37E Sec. 30: Lots 3 & 4	75.78		Chas. T. Bates, Jr. - 0.46875% James R. Bates - 0.46875% K. C. Bates - 0.46875% Theodocia G. Bates - 1.64062% Warren J. Bates - 0.46875% Edwin G. Bradley 0.19531% Don Cowden - 0.09766% Jewell Horrow Cowden, Estr. of Est. of Felix Miller Cowden, decd. - 0.09766% Mary Cowden - 0.09766% William Leo Cowden - 0.19531% Catherine L. Dumrace Reich - 3.51563% Linda L. Hammond - 0.09766%			Mobil Oil Corporation - 3.12500% General Crude Oil Company 3.12500%	Clay Trusts #618-1, 2 & 3 - 23.33333% Margaret B. Clay - 26.66667% George R. Bentley - 3.33333% Merchants Nat'l. Bank of Terre Haute, Ind. for John M. Bentley, decd. - 3.33333% Management Trust Company - 10.00000% Gackle Oil Company - 3.33334%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
46 Cont'd.				Martha Watkins Harris-0.06510%			
				Ima Hays-0.09766%			
				C. M. Jenkins - 0.19531%			
				Reginald H. Johnson			
				Charles G. Schirmer,			
				John D. Woodfin, Jr.			
				Tenants & Tere. for Brewster Trust - 0.78125%			
				R. E. King-0.29297%			
				Hazelie Klusa-0.19531%			
				Helen Magruder Kolliker-0.14648%			
				Mrs. Clyde W. Miller- 0.06510%			
				Fluor Corporation - 1.56250%			
				Kort Worth Nat'l. Bank, Trst. for Roy S. Magruder (Trust 1059)- 0.14648%			
				Myrtle Dean Watkins- 0.06510%			
				Annabel Wmningham- 0.09766%			
				Elizabeth Woolworth- 0.26042%			
				May Woolworth- 0.32552%			
				First Nat'l. Bank of Roswell, Trst. Under Alice M. Lee Tr. of 1/1/66-0.29297%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
46	Cont'd.			Shriners Hospital for Crippled Children - 0.09766%			
47	T235 - R37E Sec. 30: N/2 SE/4, NE/4 SW/4	120.00		Chas. T. Bates, Jr.-0.46875% James Ray Bates - 0.46875% K. C. Bates - 0.46875% Theodocia G. Bates-1.64062% Warren J. Bates - 0.46875% Edwin G. Bradley - 0.19531% Don Cowden-0.09766% Jewell Morrow Cowden, Extr. of Est. of Felix Miller Cowden, decd.-0.09766% Mary Cowden-0.09766% William Leo Cowden - 0.19531% Catherine L. Dumrabe Reich - 3.51563% Ilna L. Hammond - 0.09766% Martha Matkine Harris - 0.06510% Ima Hays - 0.09766% C. M. Jenkins - 0.19531% Reginald H. Johnson, Charles G. Schlmer, John D. Woodfin, as Jt. Tenants & Trust for Brewster Trust- 0.78	Gackie Oil Company-100%	J. C. Maxwell - 3.12500% J. E. Simmons - 3.12500%	Clay Trusts #618-1, 2 & 3 - 14.16667% Margaret B. Clay - 14.1666% W. J. Clay - 28.33333% Management Trust Company - 10.00000% Gackie Oil Company - 33.33333%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
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47 Cont'd.

	R. E. King -						
	0.29297%						
	Mozelle Klues -						
	0.19531%						
	Helen Magruder Kolliker -						
	0.14648%						
	Mrs. Clyde W. Miller -						
	0.06510%						
	Fluor Corporation -						
	1.56250%						
	Port Worth Nat'l. Bank,						
	Trst. for Roy S. Magruder						
	(Trust 1059) - 0.14648%						
	Myrtle Dean Watkins -						
	0.06510%						
	Annabel Wingham -						
	0.09766%						
	Elizabeth Woolworth -						
	0.26042%						
	Hay Woolworth -						
	0.32552%						
	First Nat'l. Bank of						
	Roswell, Trst. Under						
	Allie M. Lee Trust of						
	1/1/66-0.29297%						
	Shriners Hosp. for						
	Crippled Children -						
	0.09766%						

48 T235 - R37E
 Sec. 30: SE/4 SW/4,
 SW/4 SE/4

80.00 Nov. 25, 1927

	Chas. T. Bates, Herbert Herff - 100%						
	Jr. - 0.46875%						
	James Ray Bates -						
	0.46875%						
	K. C. Bates -						
	0.46875%						
	Theodocia G. Bates -						
	1.64062%						

None

Great Western Drilling Co. -
 100.00000%

48 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Warren J. Bates- 0.46875%			
				Edwin G. Bradley- 0.19531%			
				Don Cowden-0.09766%			
				Jewell Morrow Cowden, Extr. of Est. of Felix Miller Cowden, decd. - 0.09766%			
				Mary Cowden-0.09766%			
				William Leo Cowden - 0.19531%			
				Catherine L. Dunaese Reich - 3.51563%			
				Linda L. Hammond - 0.09766%			
				Martha Wackins Harris- 0.06510%			
				Ima Hays-0.09766%			
				G. M. Jenkins-0.19531%			
				Reginald H. Johnson, Charles G. Schlmer, John D. Woodfin, as Jt. Tenants and Tats. For Brewster Trust - 0.78125%			
				R. E. King-0.29297%			
				Mozelle Kluss-0.19531%			
				Helen Magruder Kolliker- 0.14648%			
				Mrs. Clyde W. Miller- 0.06510%			
				Fluor Corporation - 1.56250%			
				Port Worth Nat'l. Bank, Trs.-0.14648%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
48 Cont'd.				Myrtle Dean Watkins-0.06510%			
				Annabel Winingham- 0.09766%			
				Elizabeth Woolworth- 0.26042%			
				May Woolworth - 0.32552%			
				First Nat'l. Bank of Roswell, Trustee-0.29297%			
				Shriners Hospital for Crippled Children - 0.09766%			
49	T235 - R37E Sec. 31: Lots 1 & 2, E/2 NW/4, NE/4	315.88		Chas. T. Bates, Jr.-0.33854%	Chas. T. Bates, Gackle Oil Company-100%	See Attachment No. 1 - Tract 49	Cities Service Oil Company- 25.00000%
				James Ray Bates- 0.33854%			Reserve Oil & Gas Company - 3.12500%
				K. C. Bates - 0.33854%			Fluor Corporation - 3.12500%
				Theodocia C. Bates- 1.18490%			Clay Trusts #618-1, 2 & 3 - 19.47917%
				Warren J. Bates- 0.33854%			Margaret B. Clay-19.47917%
				Edwin G. Bradley- 0.19531%			Management Trust Company - 6.87500%
				Don Cowden - 0.09766%			Gackle Oil Company - 22.91666%
				Jewell Morrow Cowden, Extr. of Est. of Felix Miller Cowden, decd.-0.09766%			
				Mary Cowden-0.09766%			
				William Leo Cowden- 0.19531%			
				Gatherline L. Dumraese Ketch-2.53906%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
49 Cont'd.							
				Linda L. Hammond - 0.09766%			
				Martha Matkins Harris - 0.06510%			
				Ima Hays - 0.09766%			
				G. M. Jenkins - 0.19531%			
				Reginald H. Johnson, Charles G. Schlmer, John D. Woodfin, as Jt. Tenants & Trusts. For Brewster Trust - 0.78125%			
				R. E. King-0.29297%			
				Mozelle Kluss-0.19531%			
				Helen McGruder Kolliker - 0.14648%			
				Mrs. Clyde W. Miller - 0.06510%			
				Fluor Corporation - 0.39063%			
				Fort Worth Nat'l. Bank, Trust for Roy S. McGruder (Trust 1059) - 0.14648%			
				Myrtle Dean Watkins - 0.06510%			
				Annabel Winningham - 0.09766%			
				Elizabeth Woolworth - 0.26042%			
				May Woolworth-0.32552%			
				First Nat'l. Bank of Rowell, Trust, under Allie M. Lee Trust of 1/1/66-0.29297%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
50	T235 - R37E Sec. 33: NW/4, W/2 NE/4, SE/4 NE/4	280.00	Sept. 27, 1933				
				Nary N. Sivalis Combs-0.52085%	Resler & Sheldon - 100%	Gulf Oil Corporation - 6.25000%	Resler & Sheldon - 100.00000%
				Gordon M. Cone- 1.04170%			
				Betty Rae Sivalis Davis-0.52085%			
				Harry Ann Deen- 0.05780%			
				Edith E. Davis Fanning-5.20840%			
				Alan Isern - 0.11610%			
				Carolyn Isern - 0.11610%			
				E. D. Isern - 0.23120%			
				Edward Isern, Jr.- 0.05780%			
				Marian Isern - 0.11560%			
				Mabee Royalties, Inc.-2.34380%			
				Bonnie H. Morrison 0.34690%			
				North Central Oil Corp.-1.04170%			
				W. A. Yeager & J. M. Armstrong - 0.78120%			

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
51	T23S - R37E Sec. 33: NE/4 NE/4	40.00		Edith E. Davis Fanning - 14.06250% Mabe Royalties, Inc. - 3.51563% W. A. Yeager & J. M. Armstrong - 1.17187%	Realer & Sheldon - 100%	None	Realer & Sheldon - 100.00000%
52	T23S - R37E Sec. 33: N/2 SW/4	80.00		Geraldine Davis Walker - 0.03255% Pauline Davis Stone - 0.03255% Joyce D. Shurmon - 0.03256% Billy G. Davis - 0.03255% Marjorie Cone Kastman, Gdn. of Est. of S. E. Cone - 0.49133% Edith E. Davis Fanning - 2.99479% Jennie D. Young - 2.99479% Mary Lee McInnis - 2.99479% J. G. Davis Est. - 1.771131% Bertha Davis - 2.99479% Charles L. Cobb - 0.01092% Owen W. McMorter - 0.01092% Hubert E. Cone - 0.14038%	W. K. Byrom - 100%	None	W. K. Byrom - 68.75000% Charles B. Read - 6.25000% R. G. McPherson - 25.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Leasee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
52 Cont'd.				Adeline Cone- 0.44434%			
				Frank Bateman- 0.32288%			
				James L. Taylor- 0.33691%			
				C. M. Neal - 0.14038%			
				W. D. Girard, Jr.- 0.14038%			
				Holk Shelton- 0.01638%			
				Emmet Shelton- 0.01638%			
				Florence Louise Woods-0.32288%			
				North Central Oil Corp.-1.25348%			
				Lavenna Howard, Indv. & Indept. Extr. & Tst. of Est. of L. A. Howard-0.01092%			
				Jerome T. Hanners, Adm. of Est. of G. T. Hanners-0.42114%			
53	T23S - R37E Sec. 33: SW/4 SW/4	40.00		Geraldine Davis Walker- 0.03255%	W. K. Byrom - 100%	None	H. K. Byrom - 68.75000% Charles B. Read - 6.25000% R. C. McPherson - 25.00000%
				Pauline Davis Stone-0.03255%			
				Joyce Davis Shurmon-0.03256%			
				Billy G. Davis- 0.03255%			
				Margorie Cone Kastman, Gdn. of Est. of S. E. Cone-0.49133%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
53 Cont'd.				Edith E. Davis Fanning-2.99479%			
				Jannie D. Young- 2.99479%			
				Mary Lee McInnis- 2.99479%			
				J. C. Davis Est.- 2.99479%			
				Bertha Davis- 2.99479%			
				Charles L. Cobb- 0.01092%			
				Owen W. McPhorrier- 0.01092%			
				Hubert E. Cone- 0.14038%			
				Adeline Cone-0.44434%			
				Frank Bateman- 0.32288%			
				James L. Taylor- 0.33691%			
				C. M. Neal-0.14038%			
				W. D. Girard, Jr.- 0.14038%			
				Polk Shelton-0.01638%			
				Ermest Shelton- 0.01638%			
				Florence Louise Hoode-0.32288%			
				Lavenna Howard, Indv. & Indept. Exrx. & Tst. of Est. of L. A. Howard-0.01092%			
				Jerome T. Hanners, Adm. of Est. of G. T. Hanners-0.42114%			

Exhibit "B"
 Myers Langille-Hartix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
54	T23S - R37E Sec. 33: SE/4 SW/4	40.00		Chase Manhattan Bank, Special Acct. F NC - 0.89286% Bertha Davis - 2.08333% Mary Lee McInnis - 2.08333% Edith E. Fanning - 2.08333% Magnolia Davis - 0.29762% Jerry Glynn Davis - 0.44663% Terry Wayne Davis - 0.44663% Jerome T. Hanners, Adm. of Est. of G. T. Hanners - 0.29297% Jennie D. Young - 2.08333% Flora B. Davis - 0.09766% Joyce Davis Shurmon - 0.42318% Geraldine Davis Walker - 0.42318% Billy G. Davis - 0.42317% Pauline Davis Stone - 0.42318%	Frank Bateman - 100%	Genevieve Crabb - 2.57812% R. C. Crabb, Jr. - 0.85938% First Nat'l. Bank of Midland, Atty. in fact for John Ed Crabb - 0.85938% Helen Crabb Selline - 0.85937% Paul L. Davis - 3.43750% Lonnie Kemper - 12.50000%	Frank Bateman - 100.00000%
55	T23S - R37E Sec. 33: N/2 SE/4	80.00		Frank Bateman - 0.22459% Charles L. Cobb - 0.00761%	Cecity Oil Company - 100%	None	Cecity Oil Company - 100.00000%

55 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Hrs. Richard A. Combs-0.52084%			
				Gordon M. Cone-1.04167%			
				Hubert E. Cone-0.09767%			
				Adeline Z. Cone-0.29620%			
				Bety Rae Stivalls Davls-0.52083%			
				Jerry Glynn Davls-0.44643%			
				Hagnolia Davls-0.29762%			
				Terry Wayne Davls-0.44642%			
				Mrs. T. E. Davls-2.08334%			
				Edith D. Fanning-2.08334%			
				W. D. Girand, Jr.-0.09765%			
				Mary E. Hanners-0.29296%			
				Lavena Howard, Indv. & Ind. Exec. & Trustee of Est. of L. A. Howard - 0.00761%			
				Margorie Cone Kastman, Gdn. of Est. of S. E. Cone-0.34178%			
				Mary Lee McInnis-2.08334%			
				Owen W. McInnister-0.00761%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
55	Cont'd.			C. H. Neal - 0.09766%			
				North Central Oil Corp.-0.89285%			
				Emmett Shelton - 0.01141%			
				Polk Shelton - 0.01141%			
				Joyce Davls Sturmon- 0.03255%			
				James L. Taylor- 0.11718%			
				C. F. Taylor & L. Taylor - 0.11719%			
				Geraldine Walker- 0.03255%			
				Florence Louise Hoods-0.22459%			
				Suspense-0.06510%			
56	T235 - R37E Sec. 33: S/2 SE/4	30.00		Frank Bateman- 0.22459%	Johnson & French - 100%	Celty Oil Company - 10.93750%	Johnson & French - 50.00000% Atlantic Richfield Company - 50.00000%
				Charles L. Cobb- 0.00761%			
				Mrs. Richard A. Combs - 0.52084%			
				Gordon M. Cone 1.04167%			
				Hubert E. Cone- 0.09767%			
				Adeline Z. Cone- 0.29620%			
				Betty Rue Sivalis Davis-0.52083%			
				Jerry Gynn Davls- 0.44643%			
				Magnolia Davls- 0.9762%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
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56 Cont'd.

				Terry Wayne Davis- 0.44642%			
				Mrs. T. E. Davis - 2.08334%			
				Edith D. Fanning- 2.08334%			
				W. D. Girard, Jr.- 0.09765%			
				Mary E. Hanners- 0.29296%			
				Lavana Howard, Indv. & Ind. Exec. & Trustee of Est. of L. A. Howard - 0.00761%			
				Marjorie Cone Kastman Gdn. of Est. of S. E. Cone-0.34178%			
				Mary Lee McInnis - 2.08334%			
				Owen W. McWhorter- 0.00761%			
				C. M. Neal - 0.09766%			
				North Central Oil Corp.-0.89285%			
				Ernaett Shelton- 0.01141%			
				Polk Shelton- 0.01141%			
				Joyce Davis Shurson-0.03255%			
				James L. Taylor- 0.11718%			
				C. F. Taylor & L. Taylor-0.11719%			
				Geraldine Walker- 0.03255%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
56 Cont'd.				Terry Hayne Davis - 0.44642%			
				Mrs. T. E. Davis - 2.08334%			
				Edith D. Fanning - 2.08334%			
				W. D. Girard, Jr. - 0.09765%			
				Mary E. Hanners - 0.29296%			
				Lavena Howard, Indv. & Ind. Exec. & Trustee of Est. of L. A. Howard - 0.00761%			
				Marjorie Cone Kastman Gdn. of Est. of S. E. Cone - 0.34178%			
				Mary Lee McIntire - 2.08334%			
				Owen W. McWhorter - 0.00761%			
				C. M. Neal - 0.09766%			
				North Central Oil Corp. - 0.89285%			
				Emmett Shelton - 0.01141%			
				Polk Shelton - 0.01141%			
				Joyce Davis - 0.03255%			
				Shurbon - 0.03255%			
				James L. Taylor - 0.11718%			
				C. F. Taylor & L. Taylor - 0.11719%			
				Ceraldine Walker - 0.03255%			

No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
56	Cont'd.			Florence Louise Woods-0.22459% Suspense-0.06510%			
57	T24S - R37E Sec. 6; Lot 4	37.95	Feb. 16, 1950	Jim Camp - 3.12500% General Crude Oil Company - 2.34375% Cities Service Oil Company - 3.12500% Mobil Oil Corp. - 3.12500% Clara Dwyer Est. - 0.39062% (Suspense) Gertrude C. Mitchell - 0.39063% (Suspense)	Mobil Oil Corporation - 100%	None	Mobil Oil Corporation - 50.00000% General Crude Oil Company - 18.75000% Cities Service Oil Company - 25.00000% Clara Dwyer Estate - 3.12500% (Suspense) Gertrude C. Mitchell - 3.12500% (Suspense)
58	T24S - R37E Sec. 6; Lot 3; SE/4 NW/4; SE/4 SW/4	119.80	Dec. 17, 1942 Dec. 23, 1941	Rose Eaves - 2.08330% Effie Carter - 2.08330% Pouhatan Carter, Jr. - 1.04170% Anderson Carter - 1.04170% Fluor Corporation - 4.16670% Blanche McCallister - 1.04165% Blanche McCallister Life Estate - 1.04165%	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 50.00000% Cities Service Oil Company - 33.33333% Blanche McCallister - 8.33333% Blanche McCallister, et al - 8.33334%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Explanation Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
59	T24S - R37E Sec. 6: NE/4 SW/4	40.00	Nov. 16, 1943	Joyce Christmas Brown - 7.81250% B. A. Christmas, Jr. -1.56250% Joyce Ann Brown - 0.62500% B. A. Christmas, Jr., Trustee U/M of B. A. Christmas - 2.50000%	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 100.00000%
60	T24S - R37E Sec. 5: Lots 1 & 2; S/2 NE/4	158.64	Aug. 3, 1926	Sabine Royalty Corp. - 3.12500% Edith Davis Fanning - 7.81250% Midwest Oil Corp. -1.56250%	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%
61	T24S - R37E Sec. 4: Lots 1, 2 3, 64; S/2 N/2	317.64	Aug 3, 1926	Midwest Oil Corp. - 1.56250% Jerry Glynn Davis - 0.78125% Edith Davis Fanning-1.02426% Charles L. Cobb - 0.00765% Jerry Wayne Davis 0.78125% Jennie D. Young - 2.08333% Owen W. McWhorter- 0.00765%	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%

Exhibit "B"
 Myers Langille-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
61 Cont'd.							
				Hary Lee McInnis- 1.302087			
				Hubert E. Cone - 0.098387			
				Bertha Davis - 2.08333%			
				Geraldine Davis			
				Walker-0.09346%			
				Pauline Davis			
				Stone-0.09346%			
				Joyce Davis			
				Shurmon-0.09346%			
				Billie Davis-			
				0.09346%			
				Adeline Cone -			
				0.29845%			
				Frank Bateman-			
				0.22628%			
				James L. Taylor-			
				0.11806%			
				C. M. Neal -			
				0.098387			
				W. D. Girand, Jr.			
				0.098387			
				Polk Shelton -			
				0.01147%			
				Emmett Shelton -			
				0.01147%			
				Florence Louise			
				Woods-0.24595%			
				Lavena Howard,			
				Indp. Exrx. &			
				Tr. of Est. of			
				L. A. Howard -			
				0.00765%			
				Charley F. Taylor			
				& Lenora Taylor			
				JTRKS-0.11806%			

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Hyere Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
61	Cont'd.			Marjorie Cone Kaelman - 0.344347 Mary E. Hanners - 0.295157 Magonilla Davis - 0.52084			
62	T24S - R37E Sec. 5: SE/4	160.00	Sep. 9, 1926	Continental Oil Co. - 0.507817 Wallace W. Irvin - 0.781257 Jennie D. Young - 7.812507 May Woolworth - 0.651047 Elizabeth Woolworth - 0.520837 Southern Calif. Petroleum Corp. - 0.781257 Republic Nat'l, Bank of Dallas, Trustee for A/C of Langdell Oil Co. - 1.054697 Myrtle Dean Watkins - 0.130217 Mrs. Clyde W. Miller - 0.130217 Martha Watkins Harris - 0.130217	Texaco Inc. - 100%	None	Texaco Inc. - 100.000007%
63	T24S - R37E Sec. 3: W/2 SW/4 Sec. 10: W/2 NW/4, E/2 SW/4	240.00	April 29, 1926	Amerada Hess Corporation - 0.390607 Dorothy Gutman - 0.732407	Gulf Oil Corporation - 100.000007%	None	Gulf Oil Corporation - 100.000007%

<u>Tr. No.</u>	<u>Description of Land</u>	<u>No. of Acres</u>	<u>Serial No. and Lease Expitiation Date</u>	<u>Basic Royalty Owner and Percentage</u>	<u>Lessee of Record and Percentage</u>	<u>Overriding Royalty Owner and Percentage</u>	<u>Working Interest Owner and Percentage</u>
63 Cont'd.				Max Gutman - 0.24410%			
				W. A. Yeager & J. H. Armstrong - 0.78120%			
				Harry Arledge - 0.04880%			
				Catherine L. Dumraese - 0.39060%			
				Reginald H. Johnson & John D. Woodfin, Surviving Jt. Tenant, The Brewster Trust - 0.39060%			
				Edith G. Socolow - 0.24420%			
				Theodocia G. Bates - 0.18230%			
				Warren J. Bates - 0.05210%			
				Charles T. Bates, Jr. - 0.05210%			
				Tina Levine - 0.09770%			
				Kenneth C. Bates - 0.05210%			
				Echar Chlam - 0.24449%			
				Lucille Chlsm Bates - 0.03650%			
				Wilma Chlam Lahn - 0.03660%			
				Norma Chlsm McCarthy - 0.03650%			
				Harry Louise Nornenssen - 0.03660%			
				Harry Helen Setton - 1.17190%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
63 Cont'd.				Southern Calif. Petroleum Corp. 0.78130%			
				Joyce Christman Brown-0.19530%			
				Alfred E. Cutman- 0.24416%			
				Deltex Royalty Co., Inc. 0.39060%			
				Thomas J. Galbraith- 1.17190%			
				Effie Carter- 0.39070%			
				Powhatan Carter, Jr.-0.19530%			
				Anderson Carter- 0.19530%			
				B. A. Christman, Jr.-0.09770%			
				Fluor Corporation- 0.78120%			
				James Ray Bates- 0.05210%			
				June D. Speight- 0.39060%			
				Mary E. Voss, Ex. of Est. of F. Walter Voss- 0.39060%			
				Thomas G. Voss- 0.39060%			
				Jean Robertson- 0.39070%			
				Way Enterprises Inc.-0.39070%			
				Daniel L. Cutman, Trst. U/W of Max Cutman- 0.73240%			

63 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				B. A. Christmas, Jr., Gdn. of Mary Theresa Christmas - 0.02440%			
				B. A. Christmas, Jr., Gdn. of Bradford Ace Christmas - 0.02440%			
				B. A. Christmas, Jr., Gdn. of Candy Christmas - 0.02440%			
				B. A. Christmas, Jr., Gdn of Helen Jane Christmas-0.02440%			
				Ella F. Allen 0.09765%	Atlantic Richfield Company- 100%	None	Atlantic Richfield Company- 100.00000%
				Lem B. Allen 0.09765%			
				Atlantic Richfield Co.- 1.17190%			
				Citice Service Oil Company- 3.12500%			
				Continental Oil Company - 0.39060%			
				Nannic Cooper- 1.56250%			
				Edson Petroleum Company - 0.39060%			
				First Nat'l Bank, Trustee A/C #747-0.03900%			

64 1245 - R36E 80.00
 Sec. 12: SW/4 NE/4, SE/4 NW/4

Atlantic Richfield Company- 100.00000%

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64 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
	General Crude Oil Company-						
	Helen Koenig			4.68750%			
	Graves -						
	Dena Ida Koenig-			0.00088%			
	Palmer E. Koenig-			0.00175%			
	La Gloria Oil & Gas Company-			0.00087%			
	Frank O. Long-			0.78130%			
	John Byron McKean-			0.00030%			
	Montana McKean -			0.04230%			
	Myrtle M. Smith -			0.03900%			
	Dorothy M. Stein-			0.01630%			
	Jack Stieren -			0.02120%			
	Nan McKean Taylor-			0.00410%			
	Nora Walker -			0.02120%			
	Mrs. Exor Hegam,			0.00010%			
	Cdn. Est. of Haud Eagle						
	Pleura-O.00010%						
	Mobil Oil Corp.-						
	Lucile M. Owens-			4.68750%			
				0.01630%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
64	Cont'd.			Elizabeth H. Penn, Trustee- 0.095502% Nancy Elizabeth Penson-0.286502% Royalty Roundup, Inc.-0.000902%			
65	T245 - R36E Sec. 12: N/2 SW/4	80.00		Atlantic Rich- field Co. - 0.781252% Cities Service Oil Company- 1.562502% Continental Oil Company - 0.390632% John A. & Nannie Cooper-1.562502% Edson Petroleum Co.-0.390632% Dena Ida Koenig, Indv. & as Extrx. of Esc. of E. J. Koenig, decd.-0.003512% La Gloria Oil & Gas Co.-0.781252% Lasca Inc.-1.000002% E. B. McKean (Suspense) 0.195312% Robert Lee Penn - 0.095492% Nancy Elizabeth Penson-0.095492% John J. Reynolds- 5.250002% Jack Stieren - 0.004072% Mrs. Nora Walker- 0.000142%	Skelly Oil Company - 100%	None	Skelly Oil Company - 81.250002% Atlantic Richfield Company - 6.250002% Cities Service Oil Company - 12.500002%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
65	Cont'd.	120.00		Suspense-0.00013% Lem B. Allen - 0.09765% Ella Fulshear Allen-0.09766% Nancy Elizabeth Penson-0.19104% First Nat'l, Bank In Dallas & Vera H. Long, Ind. Exec. of Frank O. Long, decd. (Suspense)-0.00028% Royalty Roundup, Inc.- 0.00047%	Atlantic Richfield Company- 100%	None	Atlantic Richfield Company - 100.00000%

66 ✓ T245 - R36E
 Sec. 12: N/2 SE/4,
 SE/4 SE/4

120.00

Amy Adams -	Atlantic Richfield Company-	None	Atlantic Richfield Company -
0.46880%			100.00000%
C. O. Boyd-			
1.40630%			
Mabel Cooper-			
0.46870%			
Mrs. Gladys J.			
Dean-0.04690%			
Fluor Corporation-			
1.56250%			
Ethel Fuller-			
0.46870%			
Eula Holden -			
0.04690%			
Catherine Ivy-			
0.04690%			
Jack M. Johnston			
0.46870%			
J. T. Kennedy, Gdn. of			
Est. of Billy Fred			
Kennedy-0.46870%			
Odessa Lankford -			
0.46870%			

Exhibit "B"
 Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
66	Cont'd.			Doria Kennedy Lila- 0.02340% Petroleum Corp. of Texas-1.66670% Connie P. Russell - 0.04690% Johnnie R. Russell- 0.04690% Miller Russell - 0.04690% Rufus B. Russell- 0.02345% Ruth Russell, Gdn. of Est. of Jimmie Norton Russell, a minor- 0.02345% Thurman A. Russell- 0.04690% Walter B. Russell - 0.04690% Southern Minerals Corp.-3.3330% Sparks Healey Co.- 0.80470% Delia Toby - 0.46870%	King, Warren & Dye - 100%	Mobil Oil Corp. - 5.46875% General Crude Oil Co. - 5.46875%	Max A. Thurber, Dorothy E. King & J. Ed Warren, Ancillary Excess. of Est. of Carl B. King- 50.00000% J. E. Warren-25.00000% F. W. Dye Est.-25.00000%
67	T24S - R37E Sec. 7: Lot 3, NE/4 SW/4	78.11		Harold E. Bickford- 1.56250% Fannie B. Dore-0.62500% General Crude Oil Co.-3.12500% M. L. Hunt - 0.29297% Mobil Oil Corp.- 3.12500%			

Exhibit "B"
 Myers Langlie-Matrix Unit
 Page 44

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
67	Cont'd.			W. A. Pruett-0.31250% Southern Petroleum Expl. Inc.-0.78125% The Superior Oil Co.-1.93750% Nat'l. Bank of Commerce & Lillian B. Jones, Ind. Exec. of Est. of Frank D. Jones, decd.-0.25000% Donald Blackmar & Bernard Johnston, Co.-Exec. of Est. of J. B. Headley, decd.-0.19531% Marion L. Hunt, Ind. Execrx. of Est. of Eddalyn Hunt-0.29297%			
68	T24S - R37E Sec. 7; Lot 4, and SE/4 SW/4	78.10		Harold E. Blackford-1.56250% Fannie B. Dore-0.62500% General Crude Oil Co.-3.12500% M. L. Hunt - 0.29297% Mobil Oil Corp.-3.12500% W. A. Pruett - 0.31250% Southern Petroleum Expl. Inc.-0.78125%	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%

Exhibit "D"
 Myers Langlie-Hattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
68	Cont'd.			Superior Oil Co.-1.93750% Suspense (formerly Est. of Frank D. Jones)-0.25000% Donald Blackmar & Bernard Johnston, Co.-Exec. of Est. of J. B. Headley, decd.-0.19531% Marion L. Hunt Ind. Execrx. of Est. of Edalyn Hunt-0.29297%			
69	T24S - R37E Sec. 7: SE/4	160.00		Texas National Bank of Commerce for Acct. of Harris County Charity Fdn. #11-All	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%
70	T24S - R37E Sec. 8: N/2 SW/4	80.00	July 31, 1946 June 11, 1946 May 20, 1946 May 15, 1946	George E. Cooper - 1.56250% J. W. Burrell - 0.39063% Fred Turner, Jr. Acct. #5-2.73437% Robert P. Moore - 1.56250% Mrs. Jimmie Cooper - 5.46875% Leona L. Stegner - 0.78125%	Continental Oil Company - 100%	Gulf Oil Corporation - 5.46875%	Continental Oil Company - 100.00000%

Exhibit "B"
 Myers Langlic-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage		Overriding Royalty		Working Interest	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
71	T245 - R37E Sec. 8: SW/4 SW/4	40.00	July 31, 1946 June 11, 1946 May 20, 1946 May 15, 1946	Fred Turner, Jr. - 2.73440% George E. Cooper - 1.56250% Mrs. Jimmie Cooper - 5.46880% Robert P. Moore - 1.56250% J. W. Burrell - 0.39060% Leona Stagner - 0.78120%	Gulf Oil Corporation - 100%	None	None	Gulf Oil Corporation - 100.00000%			
72	T24S - R37E Sec. 8: NE/4	160.00		Atlantic Richfield Co. - 8.9843% Wilbirth Burgess - 0.78125% Elizabeth Hanniffin - 0.78125% First Nat'l. Bank at Lubbock for Acct. of C. G. James - 0.78125% Howard Jennings - 0.78125% Dora L. Saunders, Dora Lee Saunders Behn, Leland Lewis Fellows and T. T. Saunders, Jr., Jt. Executors of Est. of L. I. Lewis - 0.58594% Nellie T. Lewis - 0.58594%	Texas Pacific Oil Company - 100%	Cities Service Oil Company - Sliding scale* Atlantic Richfield Co. - Sliding scale* *See Attach. #1-Tract 72		Texas Pacific Oil Company - 100.00000%			

Exhibit "B"
 Myers Langille-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
72	Cont'd.			Neicia Mounsey - 1.56250% Virgil K. Reeve - 0.39062%			
73	T24S - R37E Sec. 8; N/2 SE/4	80.00	Oct. 17, 1956	Atlantic Richfield Co. - 6.25000% Wilmirth Burgess - 0.78125% First Nat'l Bank at Lubbock - 0.78125% Elizabeth Hanniffin - 0.78125% Howard Jennings - 0.78125% Dora L. Saunders, Dora Lee Saunders Behn, Leland Lewis Fellows, T. T. Saunders, Jr., Jt. Executors of Est. Of L. T. Lewis - 0.58594% Nellie T. Lewis - 0.58594% Neicia Mounsey - 1.56250% Virgil K. Reeve - 0.39062%	Amerada Hess Corp. - 100%	None	Amerada Hess Corp. - 50.00000% Atlantic Richfield Company - 50.00000%
74	T24S - R37E Sec. 9; W/2 NW/4	80.00		Carmen Regis Buchanan - 0.66935% Easter Cruzan - 1.36719%	Atlantic Richfield Company - 100%	None	Atlantic Richfield Company - 100.00000%

Exhibit "B"
 Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
74	Cont'd.			Sidney Z. Hays- 1.04167% Martha Maxine Keymer-1.04166% E. Ray Phelps- 0.01425% E. R. Polhamus- 0.97655% Kathryn D. Sparr- 1.04167% Martha Ellen Whitsett- 3.12500% Wood Oil Co.- 3.12500% Edna L. Polhamus Young-0.09766%			
75	T24S - R37E Sec. 9: NE/4 NW/4	40.00		Martha M. Hays Keymer- 1.56250% Sidney Z. Hays- 1.56250% Martha Ellen Hays-4.68750% Kathryn D. Sparr- 1.56250% Elinor H. Polhamus- 1.46484% Edna Polhamus Young-0.14649% Carmen Regis Buchanan - 0.83068% Easter Cruzan- 2.05078%	Continental-Emasco Company- 100%	Continental-Emasco Company- 87.5% R. L. Summers - 12.5%	

Exhibit "D"
 Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
75	Cont'd.			Wood Oil Co.- 4.68750% E. Roy Phelps - 0.19531%	Ralph L. Clarke - 100%		Ralph L. Clarke - 100.00000%
76	T24S - R37E Sec. 9; SE/4 NW/4	40.00		Bertha S. Adkins - 0.31250% Andrew Oil & Gas Royalties, Inc.-0.31250% Donald B. Daer- 0.62500% Albert B. Bennett - 0.31250% Leon S. Bennett- 0.31250% Howard W. Cole, Adm. of Est. of Seth Sears, 0.31250% John H. Costello- 0.62500% Kirby Petroleum Co.-3.12500% Richard A. Loweth Adm. of Est. of Alfred R. Loweth- 0.31250% Mary Grier Pratt - 0.41667% John L. Pratt III- 0.20833% St. Mary's Church, Ticonderoga, N.Y.- 0.93750%	Ralph L. Clarke - 100%	None	Ralph L. Clarke - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	
76	Cont'd.			Warren E. Shaw & Henning A. Johnson, Co-Exec. of Est. of Sara F. Shaw - 0.31250% Henry F. Smith, Adm. of Est. of F. Page Bearse - 0.31250% Hazel T. Stines - 0.31250% A. K. Stubbs - 0.62500% Suspense, decd., Paul Elwood Middleton & Sophie Walther Middleton - 0.62500% Suspense - Walter Adams - 0.31250% Suspense, decd., G. William Ward - 0.15625% Suspense, (G. William Ward, decd.) G. William Ward & L. Atwood Bennett, Tst. for Thomas Ward - 0.15625% Suspense, Christian R. Martin, decd. - 0.62500% Frances Grier Wakefield - 0.41667% David D. Wakefield - 0.10417% Robert W. Wakefield - 0.10416% Frank S. Walker - 0.62500%				
77	T24S - R37E Sec. 9: NW/4 NE/4	40.00		Carmen Regis Buchanan - 1.09863% Easter Cruzan - 3.51563% E. R. Polhmann - 2.92969%	Continental-Emsco Company - 100%	Continental-Emsco Company - 87.5% R. L. Summers - 12.5%		

Exhibit "B"
Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percent
77	Cont'd.			Wood Oil Co. - 9.37500% Edna Polhamus Young-O.65918% E. R. Polhamus, Easter Cruzan & Carmen Regie Buchanan-1.17187%			
78	T24S - R37E Sec. 9: SW/4 NE/4	40.00		Lee Carter - 8.3333% Effie Anderson Carter- 2.0833% Powhatan Carter, Jr.-1.04167% Anderson Carter- 1.04167%			Unleased
79	T24S - R37E Sec. 9: NE/4 NE/4	40.00		Lee Carter - 8.3333% Effie Anderson Carter- 2.0833% Powhatan Carter, Jr.-1.04167% Anderson Carter- 1.04167%	W. K. Byrom - 50% Conka Production Co.- 25% Finn Watson - 25%	Atlantic Richfield Co.- 5.46875%	W. K. Byrom - 50.00000% Conka Production Co. 25.00000% Finn Watson - 25.00000%
80	T24S - R37E Sec. 9: SE/4 NE/4	40.00		Lee Carter - 8.3333% Effie Anderson Carter- 2.0833% Anderson Carter- 1.04167% Powhatan Carter Jr.-1.04167%	Atlantic Richfield Company - 100%	None	Atlantic Richfield Company- 100.00000%

Exhibit "B"
 Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
81	T24S - R37E Sec. 11: SW/4 NW/4	40.00	May 24, 1926	Atlantic Richfield - 0.23148% L. C. Ritts 1.50462% Robert C. Sharp 1.50462% Charles T. Bates-0.78125% I. J. Underwood-0.43403% Mrs. Catherine L. Dumraese Reich-0.78125% O. W. Skirvin-0.43403% Odella N. Clark-0.24306% Rocket Oil & Gas Company-1.56250% James Henry Bearly - 0.04774% Elizabeth Bearly Dudley-0.04774% Margarete Bearly Moore-0.04774% Ione Bearly Atkins - 0.04775% Wachovia Bank & Trust Co., Trustee For Richard C. Allen & Lillian Allen-0.43403% The Chase Manhattan Bank (Argo Prod. Pmt.)-4.39816%	Crown Central Petroleum Corp. 100%	None	Crown Central Petroleum Corp. - 100.00000%

Exhibit "B"
 Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
82	T23S - R37E Sec. 30: SE/4 SE/4	40.00		Charles T. Bates, Jr. - .46880% James Ray Bates - .46880% Kenneth C. Bates - .46880% Theodocia G. Bates - 1.64070% Warren J. Bates - .46880% Edwin C. Bradley - .19530% Don R. Cowden - .09760% Felix Miller Cowden - .09760% Rorie Emmitt Cowden - .19530% William Leo Cowden - .19530% Catherine L. Dumraese - 3.51560% Fort Worth Nat'l. Bank Trustee Under Will of Roy S. Magruder, Decd. - .14650% Mrs. Martha W. Harris - .04680% Ima Hays - .09760% G. M. Jinkins - .19530% R. H. Johnson, C. G. Schirmer and J. D. Woodfin, Trustees for Brewster Trust - .78130% Robert E. King No. 2 - .29300% Mozelle Kluss - .19530%	Atlantic Richfield Co. - 100%	J. C. Maxwell - 21.87500%	Atlantic Richfield Co. - 100.00000%

Exhibit "B"
 Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
82	Cont'd.			Mrs. Helen Magruder Kolliker-.14650%			
				Mrs. Clyde W. Miller-.08680%			
				The First Nat'l. Bank of Roswell Trustee of Allie M. Lee Trust-.29295%			
				Shriners Hospital for Crippled Children-.09765%			
				Myrtis Dean Watkins-.08680%			
				Annabel Wunningham-.09760%			
				Elizabeth Woolworth-.13020%			
				May Woolworth-.13020%			
				May Woolworth, Attorney-in-fact for Mrs. J. E. Watkins, L. Woolworth, and E. Woolworth -.26040%			
				Fluor Corporation - 1.56250%			

Forty (40) Fee Tracts totalling 3,781.90 acres - 38.10985% of Unit Area

Federal Lands	4,543.67 Acres	45.78614% of Unit Area
State Lands	1,598.11 Acres	16.10401% of Unit Area
Fee Lands	3,781.90 Acres	38.10985% of Unit Area
TOTAL	9,923.68 Acres	100.00000% of Unit Area

ATTACHMENT NO. 1
TO EXHIBIT "B"
UNIT AGREEMENT
MYERS LANGLEIE-MATTIX UNIT, LEA COUNTY, NEW MEXICO

Schedule of sliding scale overriding royalty interests:

Tract 4

Gulf's ORRI of 12.5%, suspended for amounts over 17.5% when average production/well/day is 15 barrels or less, or when gas production is 500 MCF or less.

Tract 5

Gulf has an ORRI of 12.5% on primary production and 25% on secondary production, suspended for amounts over 17.5% when average production/well/day is 15 barrels or less.

Tract 6

<u>Overriding Royalty Owner</u>	<u>Percentage (%)</u>	
	<u>7 1/2% *</u>	<u>5% **</u>
Marshall & Winston, Inc.	0.50000	0.33334
Southland Royalty Co.	0.75000	0.50000
Mr. J. E. Bockman	1.62500	1.08333
Ms. Selma E. Andrews	0.80557	0.53705
Frank Andrews Trust	0.69443	0.46295
Sabine Royalty Corporation	0.50000	0.33333
Ms. Evelyn Stump Hill	1.62500	1.08333
Fluor Corporation	<u>1.00000</u>	<u>0.66667</u>
	7.50000	5.00000

* During the period or periods when the average production per well per day is more than 15 barrels on the entire leasehold or any part of the area thereof or any zone segregated for computation of royalties.

** During the period or periods when the average production per well per day is 15 barrels or less on the entire leasehold or any part of the area thereof or any zone segregated for computation of royalties.

Tracts 16 and 17

Gulf's ORRI is 5% when average production/well/day is over 15 barrels or 500 MCF, reducible to 3.125% when production falls below such amounts.

Tracts 19 and 22

Texaco's ORRI is 1/16 when daily average oil production is 40 barrels or less, 3/32 when daily average oil production is more than 40 barrels but not more than 60 barrels and 1/8 when daily average oil production is more than 60 barrels. Override to be calculated on production from the SW/4 Section 29-23S-37E, which covers both Tracts 19 and 22. Texaco's override on gas is 1/8 of all gas produced from same quarter section.

Tract 44

Gulf and Shell overrides are as follows:

When daily avg. oil prod.
per well per day is -

The ownership is -

150 barrels or more	1/8 separately or 1/4 combined
75-150 barrels	1/16 separately or 1/8 combined
55-75 barrels	3/64 separately or 3/32 combined
10-55 barrels	1/32 separately or 1/16 combined
Not more than 10 barrels	1/64 separately or 1/32 combined

Override on gas 1/8 of 8/8 of gas and casinghead gas.

EXHIBIT "C"

UNIT AGREEMENT
 MYERS LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICO

SCHEDULE OF TRACT PARTICIPATION

<u>Tract No.</u>	<u>Phase II Tract Participation (%)</u>
1	1.22311
2	.59021
3	4.16521
6	.64225
7	1.07386
8	.36086
10	2.14022
11	.33405
12	2.07257
13	1.66580
14	1.54385
15	4.11596
16	.40945
17	1.19564
18	.33599
19	2.49538
20	.15631
21	3.08133
22	2.00252
23	.30952
24	.30468
25	.91715
26	3.39996
27	2.63684
28	2.19345
29	1.02337
30	5.63333
31	.59616
32	1.22538
33	2.41311
34	2.57678
35	.08931
36	.33124
37	.76162
38	.15657
39	.94333
40	2.69658
41	.39002
42	.27833
43	.26781
44	1.29114
45	.02187
46	.45346
47	.06561
48	.04581
49	3.29505
50	1.33259
51	.18398
52	.67176
53	.31075
54	.26871
55	.23648
56	1.15151
57	1.37678
58	.85761
59	1.43644
60	1.38687
61	1.10778
62	2.09278
63	2.10707
64	1.50062
65	1.91167

SCHEDULE OF TRACT PARTICIPATION
SECOND REVISION
PAGE 2

Tract No.	Phase II Tract Participation (%)
66	4.41344
68	3.85760
69	2.34135
70	.27581
71	.29746
72	1.85423
73	.59021
74	1.06063
75	.50868
76	.75123
77	.18322
79	.38667
80	.71139
81	.91263
TOTAL	100.00000

UNIT OPERATING AGREEMENT

MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

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UNIT OPERATING AGREEMENT
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the first day of January, 1973, by and between the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

W I T N E S S E T H:

WHEREAS, the parties hereto as Working Interest Owners have executed, as of the date hereof, an agreement entitled "Unit Agreement, Myers Langlie-Mattix Unit, Lea County, New Mexico", herein referred to as "Unit Agreement", which, among other things, provides for a separate agreement to be entered into by Working Interest Owners to provide for the development and operation of the Unit Area;

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

ARTICLE 1

CONFIRMATION OF UNIT AGREEMENT

1.1 Confirmation of Unit Agreement. The Unit Agreement is hereby confirmed and by reference made a part of this agreement. The definitions in the Unit Agreement are adopted for all purposes of this agreement. If there is any conflict between the Unit Agreement and this agreement, the Unit Agreement shall govern.

ARTICLE 2

EXHIBITS

2.1 Exhibits. The following exhibits are incorporated herein and made a part hereof.

2.1.1 Exhibits A, B & C of the Unit Agreement are incorporated herein by reference.

2.1.2 Exhibit D attached hereto, is a schedule showing the Unit Participations of each Working Interest Owner for Phase I and Phase II of Unit Operations. Exhibit D or a revision thereof, shall not be conclusive as to the information therein except it

shall be used as showing the Unit Participations of the Working Interest Owners for purposes of this agreement until shown to be in error or revised as herein authorized.

2.1.3 Exhibit E, attached hereto, is the Accounting Procedure applicable to the development and operation of the Unit Area; in the event of conflict between this agreement and Exhibit D, this agreement shall prevail.

2.1.4 Exhibit F, attached hereto are the assessments which may be made against the working interest owners of certain non-usable wells listed thereon as provided in Article 10. In the event the tracts for any of the wells listed in Exhibit "F" fail to qualify for inclusion in the Unit on the effective date hereof, Exhibit "F" shall be revised to delete each such well and its assessment.

2.2 Revision of Exhibits. Whenever Exhibits A, B or C are revised, Exhibit D shall be revised accordingly and be effective as of the same date. Unit Operator shall also revise Exhibit D from time to time as required to conform to changes in ownership of which Unit Operator has been notified as provided in the Unit Agreement.

ARTICLE 3

SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

3.1 Over-all Supervision. Working Interest Owners shall exercise over-all supervision and control of all matters pertaining to unit operations pursuant to this agreement and the Unit Agreement. In the exercise of such authority, each Working Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

3.2 Specific Authorities and Duties. The matters with respect to which the Working Interest Owners shall decide and take action shall include, but not be limited to, the following:

3.2.1 Method of Operation. The method of operation, including any type of pressure maintenance, secondary recovery, or other recovery program to be employed.

3.2.2 Drilling of Wells. The drilling of any well within the Unit Area whether for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.3 Well Recompletions and Change of Status. The recompletion, abandonment, or change of status of any well, or the use of any well for in-

jection or for other purposes.

3.2.4 Expenditures. The making of any single expenditure in excess of Fifteen Thousand Dollars (\$15,000.00); provided that, approval by Working Interest Owners of the drilling, reworking, deepening, or plugging back of any well shall include approval of all necessary expenditures required therefor, and for completing, testing, and equipping the same, including necessary flow lines, separators, and lease tankage.

3.2.5 Disposition of Unit Equipment. The selling or otherwise disposing of any major item of surplus Unit equipment, if the current list price of new equipment similar thereto is Three Thousand and Five Hundred Dollars (\$3,500.00) or more.

3.2.6 Appearance Before a Court or Regulatory Agency. The designating of a representative to appear before any court or regulatory agency in matters pertaining to Unit Operations; provided that, such designation shall not prevent any Working Interest Owner at its own expense from appearing in person or from designating another representative in its own behalf.

3.2.7 Audits. The auditing of the accounts of Unit Operator pertaining to unit operations hereunder; provided that, the audits shall:

(a) not be conducted more than once each year except upon the resignation or removal of Unit Operator.

(b) be made at the expense of all Working Interest Owners other than the Working Interest Owner designated as Unit Operator;

and

(c) be made upon not less than thirty (30) days' written notice to Unit Operator.

3.2.8 Inventories. The taking of periodic inventories under the terms of Exhibit E.

3.2.9 Technical Services. The authorizing of charges to the joint account for services by consultants or Unit Operator's technical personnel not covered by the overhead charges provided by Exhibit E.

3.2.10 Assignments to Committees. The appointment of committees to study any problems in connection with Unit Operations.

3.2.11 Removal of Unit Operator and the Selection of a Successor.

- 3.2.12 Enlargement of the Unit Area.
- 3.2.13 Adjustment and Readjustment of Investments.
- 3.2.14 Termination of the Unit Agreement.

ARTICLE 4

MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall in writing inform Unit Operator of the names and addresses of the representative and alternate who are authorized to represent and bind such Working Interest Owner with respect to Unit Operations. The representative or alternate may be changed from time to time by written notice to Unit Operator.

4.2 Meetings. All meetings of the Working Interest Owners shall be called by Unit Operator upon its own motion or at the request of one or more Working Interest Owners having a total Unit Participation of not less than ten percent (10%). No meeting shall be called on less than fourteen (14) days' advance written notice, with agenda for the meeting attached. Working Interest Owners who attend the meeting shall not be prevented from amending items included in the agenda or from deciding the amended item or other items presented at the meeting. The representative of Unit Operator shall be chairman of each meeting.

4.3 Voting Procedure. Working Interest Owners shall decide all matters coming before them as follows:

4.3.1 Voting Interest. Each Working Interest Owner shall have a voting interest equal to its Unit Participation in effect at the time such vote is taken.

4.3.2 Vote Required. Except as may otherwise be provided herein or in the Unit Agreement, Working Interest Owners shall act upon and determine all matters coming before them by the affirmative vote of three (3) or more Working Interest Owners having a combined Voting Interest of at least sixty-five percent (65%), provided that, should any one Working Interest Owner own more than thirty-five percent (35%) Voting Interest, its negative vote or failure to vote shall not defeat a motion and such motion shall pass if such motion is approved by a majority of the Voting Interest, and such affirmative vote shall be controlling on all parties.

4.3.3 Vote at Meeting by Non-attending Working Interest

Owners. Any Working Interest Owner not represented at a meeting may vote on any item included in the agenda of the meeting by letter or telegram addressed to the chairman of the meeting provided such vote is received prior to the submission of such item to vote. Such vote shall not be counted with respect to any item on the agenda which is amended at the meeting.

4.3.4 Poll Votes. Working Interest Owners may vote on and decide, by letter or telegram, any matter submitted in writing to Working Interest Owners, if no meeting is requested, as provided in Section 4.2, within ten (10) days after the proposal is sent to Working Interest Owners. Unit Operator will give prompt notice of the results of the voting to all Working Interest Owners.

ARTICLE 5

INDIVIDUAL RIGHTS
OF WORKING INTEREST OWNERS

5.1 Reservation of Rights. Working Interest Owners severally reserve to themselves all their rights, except as otherwise provided in this agreement and the Unit Agreement.

5.2 Specific Rights. Each Working Interest Owner shall have, among others, the following specific rights:

5.2.1 Access to Unit Area. Access to the Unit Area at all reasonable times to inspect Unit operations, all wells, and the records and data pertaining thereto.

5.2.2 Reports. The right to receive from Unit Operator, upon written request, copies of all reports to any governmental agency, reports of crude oil runs and stocks, inventory reports, and all other information pertaining to Unit operations. The cost of gathering and furnishing information not ordinarily furnished by Unit Operator to all Working Interest Owners shall be charged to the Working Interest Owner who requests the information.

ARTICLE 6

UNIT OPERATOR

6.1 Unit Operator. SKELLY OIL COMPANY is hereby designated as Unit Operator.

6.2 Resignation or Removal. Unit Operator may resign or be removed at any time under procedures prescribed in Section 7 of the Unit Agreement.

6.3 Selection of Successor. Upon the resignation or removal of a Unit Operator, a successor Unit Operator shall be selected by Working Interest Owners in the manner prescribed in Section 8 of the Unit Agreement.

ARTICLE 7

AUTHORITIES AND DUTIES OF UNIT OPERATOR

7.1 Exclusive Right to Operate Unit. Subject to the provisions of this agreement and to instructions from Working Interest Owners, Unit Operator shall have the exclusive right and be obligated to conduct Unit Operations.

7.2 Workmanlike Conduct. Unit Operator shall conduct Unit Operations in a good and workmanlike manner as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them informed of all matters which Unit Operator, in the exercise of its best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages, unless such damages result from its gross negligence or willful misconduct.

7.3 Liens and Encumbrances. Unit Operator shall endeavor to keep the lands and leases in the Unit Area free from all liens and encumbrances occasioned by Unit Operations, except the lien as outlined in Section 11.5.

7.4 Employees. The number of employees used by Unit Operator in conducting unit operations, their selection, hours of labor, and compensation shall be determined by Unit Operator. Such employees shall be the employees of Unit Operator.

7.5 Records. Unit Operator shall keep correct books, accounts, and records of Unit Operations hereunder and shall permit any party hereto to examine all records of same at any reasonable time.

7.6 Reports to Working Interest Owners. Unit Operator shall furnish to Working Interest Owners periodic reports of Unit Operations as prescribed by the Working Interest Owners.

7.7 Reports to Governmental Authorities. Unit Operator shall make all reports to governmental authorities that it has the duty to

make as Unit Operator.

7.8 Engineering and Geological Information. Unit Operator shall furnish to a Working Interest Owner, upon written request, a copy of the log and other engineering and geological data pertaining to wells drilled for Unit Operations.

7.9 Expenditures. Unit Operator is authorized to make single expenditures not in excess of Fifteen Thousand Dollars (\$15,000.00) without prior approval of Working Interest Owners. If an emergency occurs, Unit Operator may immediately make or incur such expenditures as in its opinion are required to deal with the emergency. Unit Operator shall report to Working Interest Owners, as promptly as possible, the nature of the emergency and the action taken.

7.10 Wells Drilled by Unit Operator. All wells drilled by Unit Operator shall be at the usual rates prevailing in the area. Unit Operator may employ its own tools and equipment under terms and conditions approved by Working Interest Owners.

ARTICLE 8

TAXES

8.1 Ad Valorem Taxes. Unit Operator shall, beginning with the first calendar year after the effective date hereof, make and file for ad valorem tax purposes all necessary renditions and returns with the proper taxing authorities or governmental subdivisions covering all real and personal property of each Working Interest Owner within the unitized land and used or held by Unit Operator in connection with the development and operation of the Unitized Formation. Any Working Interest Owner dissatisfied with any proposed rendition or assessment of its interest in real or personal property, shall have the right, at its own expense, to protest and resist the same. All such ad valorem taxes due and payable on account of real and personal property of each Working Interest Owner in, on and under the unitized land which is used in connection with Unit Operations shall be paid by Unit Operator for the joint account in the same manner as other costs and expenses of Unit Operations; provided, that if the interest of a Working Interest Owner is subject to separately assessed overriding royalty interest, production payment, or other interest in excess of 1/8th royalty, such Working Interest Owner shall be given credit for the reduction in taxes paid resulting therefrom.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
35	T23S - R37E Sec. 32: N/2 SW/4	80.00	B-1167-12 H.B.P.	State of New Mexico-All	Shell Oil Company - 100%	None	El Paso Natural Gas Company - 100.00000%
36	T23S - R37E Sec. 32: S/2 SW/4	80.00	B-165-1 H.B.P.	State of New Mexico-All	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%
37	T23S - R37E Sec. 32: S/2 SE/4	80.00	B-85-11 H.B.P.	State of New Mexico-All	Amerada Hess Corp. - 100%	None	Amerada Hess Corporation - 50.00000% Skelly Oil Company - 50.00000%
38	T23S - R37E Sec. 32: N/2 SE/4	80.00	B-1327 H.B.P.	State of New Mexico-All	Skelly Oil Company - 100%	None	Amerada Hess Corporation - 50.00000% Skelly Oil Company - 50.00000%
39	T24S - R37E Sec. 2: Lot 3, SE/4 NW/4	79.37	B-9974-3 H.B.P.	State of New Mexico-All	Phillips Petroleum Co. - 100%	None	Skelly Oil Company - 100.00000%
40	T24S - R37E Sec. 2: Lot 4, SW/4 NW/4, N/2 SW/4	159.39	B-9974-Orig. Dec. 10, 1942 H.B.P.	State of New Mexico-All	Phillips Petroleum Co. - 100%	None	Skelly Oil Company -
41	T24S - R37E Sec. 2: S/2 SW/4	80.00	B-9974-Orig. H.B.P.	State of New Mexico-All	Phillips Petroleum Co. - 100%	Robert E. Strippling - 2.05078% James H. Steedman - 2.05078%	Skelly Oil Company - 100.00000%
42	T24S - R37E Sec. 2: Lot 2, SW/4 NE/4	79.35	B-9694 H.B.P.	State of New Mexico-All	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%

Thirteen (13) State Tracts Totaling 1,598.11 Acres - 16.10601% of Unit Area

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Home	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
43	T235 - B36E Sec. 25: NW/4, NE/4	40.00	Nov. 28, 1948					
<u>FREE LANDS</u>								
	Atlantic Richfield Co. -				Petroleum Corporation of Texas - 100%			Petroleum Corporation of Texas - 50.00000%
	5.85938%							Reserve Oil & Gas Company - 50.00000%
	Olive Bell -							
	0.19531%							
	Mark Campbell -							
	0.39063%							
	C. H. Crier -							
	0.19531%							
	Central Bank & Tr. Des Moines, Cdn. of Est. of Mrs. Frank P. Faulk -							
	0.19531%							
	Fluor Corporation -							
	3.12500%							
	Ima Hays - 1.56250%							
	W. C. Hentzler -							
	0.04883%							
	G. Jenkins -							
	1.56250%							
	Mina O. Lankford -							
	1.56250%							
	Arne S. Haki -							
	0.19531%							
	J. Hiram Moore -							
	0.04883%							
	Fannie McInliffe -							
	0.02442%							
	Harry Margaret Parr -							
	0.02442%							

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty (Owner and Percentage)	Working Interest Owner and Percentage
43	Cont'd.			Tente Stroll - 0.04833% R. R. Warn Est. - 0.19531% Annabel & R. R. Wainwright - 1.56250%			
44	T23S - R36E Sec. 25: NE/4 NE/4	40.00	May 1, 1930	Lee Carter - 8.33333% Anderson Carter - 1.04167% Rowhahn Carter, Jr. - 1.04167% Effie Carter - 2.08333%	Shell Petroleum Corp. - 100%	Gulf Oil Corporation - sliding scale* Shell Canadian Exploration Company - sliding scale* *See Attach. 01-Tract 44	Reserve Oil & Gas Company - 50.00000% Mrs. V. M. Donnelly - 50.00000%
45	T23S - R36E Sec. 25: SE/4 NE/4	40.00	Nov. 28, 1948	Atlantic Richfield Co. - 5.85938% Olive Bell - 0.13021% Mark Campbell - 0.19531% J. E. Clark - 0.13021% Rosa B. Crew - 0.13021% C. H. Criler - 0.06511% Chas. A. Dore - 1.25000% Geo. R. Dunseath - 0.06510% Central Nat'l. Bank & Tr., Des Moines, Iowa, Cdn. of Est. of Hrs. Frank F. Faulk - 0.06510% Henry A. Felt - 9765%	Petroleum Corporation of Texas - 100%	None	Petroleum Corporation of Texas - 25.00000% Reserve Oil & Gas Company - 25.00000% Superior Oil Company - 31.00000% Chas. A. Dore - 10.00000% W. A. Pruett - 5.00000% F. D. & Lillian B. Jones - 4.00000%

8.2 Other Taxes. Each Working Interest Owner shall pay or cause to be paid all production, severance, gathering, and other taxes imposed upon or in respect to the production or handling of its share of Unitized Substances.

ARTICLE 9

INSURANCE

9.1 Insurance. Unit Operator, at all times while conducting operations hereunder, shall purchase or provide protection for the benefit of the parties hereto, comparable to that afforded under standard form policies of insurance as follows:

- (1) Workmen's Compensation and Employers' Liability insurance providing benefits in accordance with the laws of the State of New Mexico.
- (2) General Public Liability Insurance with Bodily Injury limits of \$100,000 per person and \$300,000 per accident and a Property Damage limit of \$100,000 per accident.
- (3) Automobile Public Liability Insurance with Bodily Injury limits of \$100,000 per person and \$300,000 per accident and a Property Damage limit of \$50,000.

Unit Operator shall charge the joint account an amount not to exceed the premium applicable to the protection provided in Paragraphs 1 and 2 above.

Unit Operator shall not provide any other kinds of insurance for the benefit of the parties hereto except with mutual written consent of the parties.

Insurance requirements for contractors or sub-contractors shall be left to the judgment of Unit Operator.

Should Skelly Oil Company cease to be Unit Operator hereunder, any new Unit Operator shall carry Workmen's Compensation Insurance and General Public Liability and Automobile Public Liability and Property Damage Insurance with limits as above specified or as mutually agreed upon by the parties hereto.

ARTICLE 10

ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon execution of this agreement by the respective Working Interest Owners, each elects that its wells as shown on Exhibit "A" are hereby committed to the Unit. Upon the effective

date hereof, but subject to Article 12 and the other provisions of this Article 10, said Working Interest Owners shall deliver to Unit Operator the following:

10.1.1 Wells and Casing. All those wells shown on Exhibit "A" in Usable Condition together with that portion of all wells completed or to be completed by the Unit Operator in the Unitized Formation, which are used or usable in whole or in part for production of Unitized Substances or for injection or other purposes together with the casing therein above the base of the Unitized Formation. In dual completion wells, Unit Operator shall take over an undivided one-half interest in the casing to the base of the Unitized Formation where the Unitized Formation lies above the other formation in which the well is completed. Where the other formation in which the well is completed lies above the Unitized Formation, Unit Operator shall take over an undivided one-half interest in the casing to the base of the other formation and a full interest below said point.

10.1.2 Well and Lease Equipment. The tubing in each such well, the wellhead connections thereon, and all other lease and operating equipment that is used in the operation of such wells and which the Working Interest Owners then determine may be necessary or desirable for conducting Unit Operations.

10.1.3 Records. A copy of all production and well records that pertain to such delivered wells.

10.2 Assessment in Lieu of Usable Well. Each of the Working Interest Owners named in Exhibit "F", in lieu of delivering to the Unit the wells listed thereon in Usable Condition as of the effective date hereof, does herewith bind itself and agree to the following:

10.2.1 Schedule I - Assessments. Each of the Working Interest Owners listed under Schedule I of Exhibit "F" will deliver its wells listed thereunder to Unit Operator on the effective date hereof, and each shall pay its proportionate share of any remedial work approved by the Working Interest Owners and done to make any Schedule I well a Usable Well, based on the ratio that its total assessments under Schedule I for its wells which are not Usable Wells on the effective date hereof bears to the total assessments under Schedule I for all the wells listed thereon which are not Usable Wells on the effective date hereof. Unit Operator shall bill each Working Interest Owner who is obligated hereunder

from time to time for its share of the cost of remedial work as such work is performed. Installation of casing to the top of the Langlie-Mattix formation shall be initiated only after approval by the Working Interest Owners as provided in Article 4 of this agreement; provided, however, that if such casing is not installed within two years after the effective date of this agreement, said installation shall be at the expense of all Working Interest Owners rather than those listed in Schedule I of Exhibit "F". In no event shall any Working Interest Owner be separately assessed hereunder an amount in excess of the total assessments under Schedule I shown opposite its wells which are not Usable Wells on the effective date of this agreement. Any costs in excess of those separately assessed hereunder shall be charged as Unit expense.

10.2.2 Schedule II - Assessments. The Working Interest Owners of those wells listed under Schedule II of Exhibit "F" may retain for their own use, as to formations other than the Unitized Formation, the wells listed thereunder. Any Working Interest Owner who fails to deliver as a Usable Well on the effective date of this agreement any of the wells listed under Schedule II of Exhibit "F" shall be assessed in lieu thereof the amount set forth opposite such well. The assessment may be paid in cash, for credit to the joint account, within thirty (30) days after Phase II becomes effective, or may be paid out of sixty percent (60%) of the production allocated to the tract, under Phase II, on which such well is located.

10.2.3 Schedule III - Assessments. Working Interest Owners may, at any time after the effective date hereof, determine that those wells listed under Schedule III of Exhibit "F" which have not been completed as Usable Wells prior to the effective date hereof, need to be completed as Usable Wells. When such determination is made, Unit Operator shall make appropriate written demands on the Working Interest Owners of the wells determined necessary. Within thirty (30) days after such demand, each Working Interest Owner upon whom demand is made shall advise Unit Operator of its election as to the following:

- A. Within ninety (90) days after demand as provided above, each Working Interest Owner upon whom demand is made shall complete and equip, at its sole cost,

risk and expense, a Usable Well. Upon delivery to Unit Operator of a Usable Well, an inventory and adjustment of investment shall be effected in accordance with the other provisions of this Article 10.

- B. Working Interest Owners upon whom demand is made under this Section 10.2.3 may, in lieu of furnishing a Usable Well, elect to pay in cash to the Unit Operator, for credit to the joint account, the amount shown under Schedule III of Exhibit "F" opposite the well for which demand is made. Payment shall be made within thirty (30) days after receipt of demand for a Usable Well.

10.3 Inventory. On the effective date hereof, or as soon thereafter as feasible, Working Interest Owners shall, at Unit expense, inventory the personal property taken over under Section 10.1 above. Such inventory shall be limited to controllable material as defined by the "Material Classification Manual", 1967 Print, issued by the Council of Petroleum Accountants Societies of North America; provided however, that for adjustment purposes only, sucker rods, down-hole pumps and other items as agreed upon by the Working Interest Owners will be treated the same as controllable equipment. Although all casing shall be included in full detail in the inventory, the value of the casing for adjustment purposes shall be zero. Noncontrollable items which are omitted from the inventory shall, nevertheless, be taken over by the Unit if in use on the property. As to any Tract, Unit Operator shall notify each Working Interest Owner therein at least ten (10) days prior to the taking of the inventory with respect to such Tract, so that each of said Working Interest Owners may make arrangements to be represented at the taking of the inventory. Failure of a Working Interest Owner to be represented at the taking of the inventory shall, nevertheless, bind such Working Interest Owner to accept the inventory taken by representatives of the other Working Interest Owners.

10.4 Inventory Evaluation and Approval. Unit Operator shall furnish for approval by Working Interest Owners an inventory reflecting the following:

- (a) A list of controllable material and equipment, except for material and equipment required for production from non-unitized

formations, deemed necessary or desirable for Unit Operations. The material and equipment so listed shall be valued at eighty percent (80%) of the price basis prescribed for material in Paragraph 2 of Article IV of Exhibit "E", the applicable conditions to be indicated on the inventory; provided, however, that material and equipment not classified to be in condition B or C as specified in Paragraph 2 of Article IV of Exhibit E shall not be taken over by Unit Operator except by special agreement with the owners of said equipment as approved by the Working Interest Owners.

(b) A list of material and equipment serving the Unitized Formation deemed necessary by the Unit Operator for the temporary convenience of the Unit. Said material and equipment shall be retained on a loan basis for a period of time not to exceed six (6) months from and after the effective date of this agreement unless individual arrangement has been made for the further use thereof.

(c) A list of the material and equipment which, although taken over by Unit Operator, is not, as of date of submission of said inventory for Working Interest Owner approval, deemed necessary or desirable for Unit Operations.

10.5 Adjustment of Investment. Upon approval by the Working Interest Owners of the inventory evaluation referred to in Section 10.4 hereof, each Working Interest Owner shall be credited with the value as determined in accordance with Section 10.4 (a) above, of its interest in all material and equipment taken over by Unit Operator under Section 10.1 of this agreement and charged with an amount equal to that obtained by multiplying the total value of all such material and equipment taken over by Unit Operator by such Working Interest Owner's Phase II Unit Participation. If the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be paid and in all other respects be treated as any other item of Unit expense chargeable against such Working Interest Owner. If the credit to any Working Interest Owner is greater than the amount charged against such Working Interest Owner, the resulting net credit shall be paid to such Working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above.

10.6 Removal of Non-Unit Equipment. Upon approval by the Working Interest Owners of the inventory referred to in Section 10.4 hereof, the material and equipment listed as surplus as provided in Section 10.4 (c) shall be reclaimed by the owner thereof and may be removed from the Unit Area at any time or shall be removed within a reasonable time after the owners of such property have been requested to do so by Unit Operator unless said material and equipment are necessary for use by the owners thereof in the operation or development of horizons not unitized under the Unit Agreement and this agreement. Material and equipment listed under Section 10.4 (b) shall be reclaimed and removed by the owner thereof on request of Unit Operator.

10.7 General Facilities. The acquisition of warehouses, warehouse stocks, lease houses, camps, facility systems, and office buildings necessary for Unit Operations shall be by negotiation by the owners thereof and Unit Operator, subject to the approval of Working Interest Owners based upon their respective Phase II Unit Participations. There shall be no adjustment for lease roads or appurtenances thereto.

10.8 Ownership of Personal Property and Facilities. Each Working Interest Owner shall, by virtue hereof, own an undivided interest in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this agreement, and said undivided interest shall be equal to its Phase II Unit Participation.

ARTICLE 11

UNIT EXPENSE

11.1 Basis of Charges to Working Interest Owners. Unit Operator initially shall pay and discharge all costs and expenses incurred in the development and operation of the Unit Area. Each Working Interest Owner shall reimburse Unit Operator for its proportionate share of all such costs and expenses as follows:

11.1.1 Operating Expense. Beginning at 7:00 A.M., on the effective date hereof, all operating expenses shall be shared by Working Interest Owners in accordance with their respective Unit Participation as set out in Exhibit "D" which are in effect at the time said expenses are incurred.

11.1.2 Capital Expenditures. Beginning at 7:00 A.M., on the effective date hereof, and thereafter during the life of this agreement, all capital expenditures for development and for the purchase and

installation of material classified as investment items shall be shared by Working Interest Owners in accordance with their respective Phase II Unit Participations as set out in Exhibit "D".

All charges, credits and accounting for costs and expenses shall be governed by Exhibit "E" or, when applicable, the provisions of Section 11.1.2 hereof.

11.2 Budgets. Before or as soon as practical after the effective date hereof, Unit Operator shall prepare a budget of estimated costs and expenses for the remainder of the calendar year, and on or before the first day of each October thereafter shall prepare a budget of estimated costs and expenses for the ensuing calendar year. Such budgets shall set forth the estimated costs and expenses by quarterly periods. Budgets so prepared shall be estimates only and shall be subject to adjustment and correction by Working Interest Owners and Unit Operator from time to time whenever it shall appear that an adjustment or correction is proper. A copy of such budget and adjusted budget shall be promptly furnished each Working Interest Owner.

11.3 Advance Billings. Unit Operator shall have the right to require Working Interest Owners to advance their respective shares of estimated Unit expense by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized estimate thereof for the succeeding month, with a request for payment in advance. Within fifteen (15) days thereafter, each Working Interest Owner shall pay to Unit Operator its share of such estimate. Adjustments between estimated and actual Unit Expense shall be made by Unit Operator at the close of each calendar month, and the accounts of Working Interest Owners shall be adjusted accordingly.

11.4 Commingling of Funds. No funds received by Unit Operator under this agreement need be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.5 Lien of Unit Operator and Working Interest Owners. Each Working Interest Owner grants to Unit Operator a lien upon its oil and gas rights in each Tract, its share of Unitized Substances when produced, and its interest in all Unit equipment, as security for payment of its share of Unit expense, together with interest thereon at the rate of ten percent (10%) per annum. Unit Operator shall have the right to bring suit to enforce collection of such indebtedness with or without seeking foreclosure of the

lien. In addition, upon default by any Working Interest Owner in the payment of its share of Unit expense, Unit Operator, without prejudice to other existing remedies, shall have the right to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed by such Working Interest Owner, plus interest as aforesaid, has been paid. Each purchaser shall be entitled to rely upon Unit Operator's written statement concerning the amount of any default. Unit Operator grants a like lien to the Working Interest Owners.

11.6 Unpaid Unit Expense. If any Working Interest Owner fails to pay its share of Unit expense within sixty (60) days after rendition of a statement therefor by Unit Operator, each Working Interest Owner agrees, upon request by Unit Operator, to pay its proportionate part of the unpaid share of Unit expense of the defaulting Working Interest Owner. The Working Interest Owners that pay the share of Unit expense of a defaulting Working Interest Owner shall be reimbursed by the Unit Operator for the amount so paid, plus any interest collected thereon, upon receipt by Unit Operator of any past due amount collected from the defaulting Working Interest Owner. Any Working Interest Owner so paying a defaulting Working Interest Owner's share of Unit expense shall be subrogated to the lien and rights herein granted Unit Operator.

11.7 Uncommitted Royalty. Should an owner of a Royalty Interest in any Tract fail to become a party to the Unit Agreement, and, as a result thereof, the actual Royalty Interest payments with respect to such Tract are more or less than the Royalty Interest payments computed on the basis of the Unitized Substances that are allocated to such Tract under the Unit Agreement, the difference shall be borne by or inure to the benefit of Working Interest Owners in proportion to their respective Unit Participations; however, the difference to be borne by or inure to the benefit of Working Interest Owners shall not exceed an amount computed on the basis of one-eighth (1/8) of the difference between the Unitized Substances allocated to the Tract and the Unitized Substances produced from the Tract. Such adjustments shall be made by charges and credits to the joint account. If the interest of such Royalty Owner is an overriding royalty interest, production payment or other interest conveyed out of a Working Interest, the obligation to make the payment or to otherwise satisfy such Royalty Owner shall be the sole obligation of the Working Interest Owner or Owners whose interest is burdened thereby.

ARTICLE 12

NON-UNITIZED FORMATIONS

12.1 Right to Operate. Any Working Interest Owner that now has or hereafter acquires the right to drill for and produce oil, gas or other minerals, from other than the Unitized Formation, shall have the right to do so notwithstanding this agreement or the Unit Agreement. In exercising the right, however, the Working Interest Owner shall exercise reasonable precaution to prevent unreasonable interference with Unit Operations. No Working Interest Owner shall produce Unitized Substances through any well drilled or operated by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be protected in a manner satisfactory to Working Interest Owners so that the production of Unitized Substances will not adversely be affected.

12.2 Multiple Completions - Limitations. There shall be no wells in the Unit Area completed in more than two producing formations, one of which is the Unitized Formation, except under such terms and conditions as may be agreed upon by the Working Interest Owners.

12.3 Joint Operations Provided For. Multiply completed wells shall be handled as follows:

12.3.1 Rights of Unit Operator and Allocation of Cost Between Unitized and Non-Unitized Operations. Unit Operator shall have the right to operate that portion of multiply-completed wells which were delivered to it pursuant to Article 10 above for production of Unitized Substances or as injection wells or for any other purpose pursuant to or in connection with the Unit operations provided for herein. The Working Interest Owner or Owners who own Oil and Gas Rights to any formation other than the Unitized Formation wherein any such multiply-completed well is situated, hereinafter called "Other Operator", shall have the right at its sole cost, risk and expense to operate that portion of such well which it has retained for the production of oil and gas from such formation other than the Unitized Formation, hereinafter called "Other Formation". The cost and expense of operating a multiply-completed well as to the Unitized Formation and keeping and maintaining the personal property delivered to Unit Operator pursuant to Article 10, save and except for casing, shall be borne entirely by the Working Interest Owners of the

Unit the same as if such well were a single completion in the Unitized Formation.

Except where circumstances and conditions warrant otherwise, Unit Operator shall be entitled to install tubing of a size equal to the tubing installed and used for the Other Formation, it being the intention hereby to provide that Unit operations shall not be subordinated to a secondary or inferior status.

12.3.2 Subsequent Completion in Formation Other than Unitized Formation. No well in which the Unit owns a partial or full interest may be subsequently completed or recompleted in another formation without the consent of the Working Interest Owners.

12.3.3 Workovers or Other Similar Operations in Multiply-Completed Wells. If either the Unit Operator or Other Operator should desire to conduct a workover, reconditioning or other operation which would result in any interruption or cessation of operations being conducted in, upon or with respect to such well by the other party, then the party desiring to undertake such operation shall first notify the other party in writing at least fifteen (15) days prior to commencing the proposed operation, setting out a complete and detailed description thereof. After the expiration of the fifteen (15) day period, or sooner if mutually agreeable, the party desiring to undertake such operations may proceed in accordance with its proposal subject to any amendments or changes which have been mutually agreed upon by the parties during the fifteen (15) day period. Such operations shall be performed in a good and workmanlike manner and, except as hereinafter provided with respect to casing, at the sole cost, risk and expense of the party undertaking the work. The party undertaking the work shall at his sole cost, risk and expense make all reasonable efforts to restore the formation operated by the other party to the same working condition and status of performance which existed prior to undertaking the work. Except for gross negligence or willful misconduct, the party undertaking such work shall not be liable beyond the duty imposed by the preceding sentence hereof or responsible for any damages to or loss of production from the formation operated by the party not desiring to undertake the work, nor shall such undertaking party be liable for any damage to the well or the casing.

12.3.4 Maintenance of Casing. In the event any casing repairs become necessary with respect to a multiply-completed well which are not the result of workovers or other similar operations hereinabove provided for, the Unit Operator and Other Operator shall pay the cost of such repairs in the following proportions: If the Unitized Formation lies below the other formation in which the well is completed, the Unit Operator and the Other Operator shall share equally the cost of any casing repairs necessary to the base of the other said formation and the cost of any repairs necessary from the base of the other said formation to the base of the Unitized Formation shall be borne solely by the Unit Operator; If the Unitized Formation lies above the other formation in which the well is completed, the Unit Operator and the Other Operator shall share equally the costs of any necessary repairs to the base of the Unitized Formation and the cost of any repairs necessary below the base of the Unitized Formation shall be borne solely by the Other Operator.

12.3.5 Replacement Wells. If as a consequence of any deeper drilling, workover or repairs, a replacement well has been proposed by the Unit Operator, either the Working Interest Owners or the Other Operator may elect whether or not to participate in the drilling of such replacement well as a multiple-completion well. In the event such a replacement well is to be drilled, the cost of drilling the same to the base of the Unitized Formation shall be borne by the Working Interest Owners and the Other Operator in equal shares, if the Unitized Formation lies above the other formation in which the well is completed, and the cost of drilling said replacement well below the Unitized Formation shall be borne by the Other Operator. If the Unitized Formation lies below the other formation in which said replacement well is to be completed the cost of drilling the same to the base of the other formation will be borne by the Working Interest Owners and the Other Operator in equal shares, and the cost of drilling said replacement well below the base of the other formation shall be borne by the Working Interest Owners. The Working Interest Owners and Other Operator shall each pay their respective completion costs in any such replacement well.

12.3.6 Communications Between Formations. Unit Operator shall be responsible for checking communications between the Unitized Formation and any other Formation; provided, however, the Other Operator shall be

notified at least twenty-four (24) hours prior to the taking of any packer leakage tests and be permitted to have a representative present if they should so desire. The cost of any operation performed to remedy communication between zones will be borne equally by and between the Working Interest Owners and the Other Operator, or Operators, of such communicating zone or zones.

12.3.7 Abandonment. If either party should desire at any time to abandon one of its operations in any multiply-completed well and salvage its material and equipment therefrom, such party shall be bound to give the other party at least a fifteen (15) day notice in writing prior to making such abandonment and shall otherwise proceed as provided above in Section 12.3.3, subject however to the terms and provisions of Section 22.1. If both parties mutually agree to abandon the well, the cost of such abandonment shall be shared equally.

ARTICLE 13

TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective Working Interests set forth opposite its name in Exhibit "B" of the Unit Agreement, and hereby agrees to indemnify and hold harmless the other Working Interest Owners from any loss due to failure, in whole or in part, of its title to any such interest, except failure of title arising out of Unit Operations; provided that, such indemnity and warranty shall be limited to an amount equal to the net value that has been received from the sale or receipt of Unitized Substances attributed to the interest as to which title failed. Each failure of title will be deemed to be effective, insofar as this agreement is concerned, as of the first day of the calendar month in which such failure is finally determined, and there shall be no retroactive adjustment of Unit expense, or retroactive allocation of Unitized Substances or the proceeds therefrom, as a result of title failure.

13.2 Failure Because of Unit Operations. The failure of title to any Working Interest in any Tract by reason of Unit Operations, including non-production from such Tract, shall not change the Unit Participation of the Working Interest Owner whose title failed in relation to the Unit Participations of the other Working Interest Owners at the time of the title failure.

ARTICLE 14

LIABILITY, CLAIMS, AND SUITS

14.1 Individual Liability. The duties, obligations and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein contained shall ever be construed as creating a partnership of any kind, joint venture, association, or trust among Working Interest Owners.

14.2 Settlements. Unit Operator may settle any single damage claim or suit involving Unit Operations but not involving an expenditure in excess of Two Thousand Dollars (\$2,000.00), provided the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above specified amount, Working Interest Owners shall assume and take over the further handling of the claim or suit unless such authority is expressly delegated to Unit Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be an item of Unit expense. If a claim is made against any Working Interest Owner or if any Working Interest Owner is sued on account of any matter arising from Unit Operations and over which such Working Interest Owner individually has no control because of the rights given Working Interest Owners and Unit Operator by this agreement and the Unit Agreement, the Working Interest Owner shall immediately notify the Unit Operator, and the claim or suit shall be treated as any other claim or suit involving Unit Operations.

ARTICLE 15

INTERNAL REVENUE PROVISION

15.1 Internal Revenue Provision. Each Working Interest Owner hereby elects that it and the operations covered by this agreement be excluded from the application of Subchapter K of Chapter 1 of Sub-title A of the Internal Revenue Code of 1954, or such portion thereof as the Secretary of the Treasury of the United States or his delegate shall permit by election to be excluded therefrom. Unit Operator is hereby authorized and directed to execute on behalf of each Working Interest Owner such additional or further evidence of the election as may be required by regulations issued under said Subchapter K. Should the regulations require each party to execute such further evidence, each Working Interest Owner agrees to execute or join in the execution thereof. The election hereby made and the other provisions of this paragraph shall apply in like manner to

applicable state laws, regulations, and rulings now in effect or hereafter enacted that have an effect similar to the federal provisions referred to herein.

ARTICLE 16

NOTICES

16.1 Notices. All notices required hereunder shall be in writing and shall be deemed to have been properly served when sent by mail or telegram to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Section 4.1 hereof.

ARTICLE 17

WITHDRAWAL OF WORKING INTEREST OWNER

17.1 Withdrawal. If any Working Interest Owner so desires, it may withdraw from this agreement by conveying, assigning and transferring, without warranty of title either express or implied, to the other Working Interest Owners who do not desire to withdraw herefrom, all of the former's right, title and interest in and to its lease or leases or other operating rights in the Unit Area insofar as said lease, leases or rights pertain to the Unitized Formation, together with the withdrawing Working Interest Owner's interest in all wells, pipe lines, casing, injection equipment, facilities and other personal property used in conjunction with the development and operation of the Unit Area; provided, however, that such transfer, assignment or conveyance shall not relieve said Working Interest Owner from any obligation or liability incurred prior to the date of the execution and delivery thereof. The interest so transferred, assigned and conveyed shall be taken and owned by the other Working Interest Owners in proportion to their respective Phase II Unit Participations. After the execution and delivery of such transfer, assignment or conveyance; the withdrawing Working Interest Owner shall be relieved from all further obligations and liability hereunder and under the Unit Agreement. Thereupon, the right of such Working Interest Owner to any benefits subsequently accruing hereunder and under the Unit Agreement shall cease; provided, that upon delivery of said transfer, assignment or conveyance, the assignees (in the ratio of the respective interests so acquired) shall pay to the assignor for its interest in all jointly owned equipment, casing and other personal property the fair net salvage value thereof, less its proportionate share of the costs of terminating the Unit, as same are

determined and fixed by Working Interest Owners. This Section shall not prevent a Working Interest Owner from assigning, conveying or otherwise transferring its interest, in whole or in part, provided such assignment, conveyance or transfer is made subject to the terms of this agreement and the Unit Agreement.

ARTICLE 18

CREATION OF NEW INTEREST

18.1 Creation of New Interest. If any Working Interest Owner shall, after executing this agreement, create any overriding royalty, production payment, or other similar interest, hereafter referred to as "new interest", out of its interest subject to this agreement, such new interest shall be subject to all the terms and provisions of this agreement. In the event the Working Interest Owner owning the interest from which the new interest was created withdraws from this agreement under the terms of Article 17, or fails to pay any expenses and costs chargeable to it under this agreement and the production to the credit of such Working Interest Owner is insufficient for that purpose, the owner of the new interest will be liable for the pro rata portion of all costs and expenses for which the original Working Interest Owner creating such new interest would have been liable by virtue of his ownership of the new interest had the same not been transferred. In this event, the lien provided in Section 11.5 may be enforced against such new interest. If the owner of the new interest bears a portion of the costs and expenses or the same is enforced against such new interest, the owner of the new interest will be subrogated to the rights of the Unit Operator with respect to the interest primarily chargeable with such costs and expenses.

ARTICLE 19

ABANDONMENT OF WELLS

19.1 Rights of Former Owners. If Working Interest Owners decide to abandon permanently any well within the Unit Area prior to termination of the Unit Agreement, Unit Operator shall give written notice thereof to the Working Interest Owners of the Tract on which the well is located, and they shall have the option for a period of ninety (90) days after the sending of such notice to notify Unit Operator in writing of their election to take over and own the well. Within ten (10) days after the Working Interest Owners of the Tract have notified Unit Operator of their election to take over the well, they shall pay Unit Operator, for credit to the

joint account, the amount estimated by Working Interest Owners to be the net salvage value of the casing and equipment in and on the well. The Working Interest Owners of the Tract, by taking over the well, agree to seal off effectively and protect the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations.

19.2 Plugging. If the Working Interest Owners of a Tract do not elect to take over a well located thereon which is proposed for abandonment, Unit Operator shall plug and abandon the well in compliance with applicable laws and regulations.

ARTICLE 20

FORCE MAJEURE

20.1 Force Majeure. In the event any party hereto is rendered unable, wholly or in part, by force majeure to carry out its obligations under this contract, other than the obligations to make payment of money due hereunder, it is agreed that upon such party's giving notice and reasonably full particulars of force majeure in writing or by telegraph to the other parties hereto within a reasonable time after the occurrence of the cause relied upon, then the obligations of the party giving the notice, so far as they are affected by force majeure, shall be suspended during the continuance of any liability so caused, but for no longer period; and the cause of the force majeure shall, so far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any cause not reasonably within the control of the party claiming suspension.

ARTICLE 21

EFFECTIVE DATE AND TERM

21.1 Effective Date. This agreement shall become effective on the date and at the time that the Unit Agreement becomes effective.

21.2 Term. This agreement shall continue in effect so long as the Unit Agreement remains in effect, and thereafter until (a) all Unit wells have been abandoned and plugged or turned over to Working Interest Owners in accordance with Article 22; (b) all Unit equipment and real property acquired for the joint account have been disposed of by Unit Operator in accordance with instructions of Working Interest Owners; and (c) there has been a final accounting.

ARTICLE 22

ABANDONMENT OF OPERATIONS

22.1 Termination. Upon termination of the Unit Agreement, the following shall occur:

22.1.1 Oil and Gas Rights. Oil and gas rights in and to each separate Tract shall no longer be affected by this agreement, and thereafter the parties shall be governed by the terms and provisions of the leases, contracts, and other instruments affecting the separate Tracts.

22.1.2 Right to Operate. Working Interest Owners of any tract that desire to take over and continue to operate wells located thereon may do so by paying Unit Operator, for credit to the joint account, the net salvage value of the casing and equipment in and on the wells taken over, as estimated by Working Interest Owners, and by agreeing to plug properly each well at such time as it is abandoned.

22.1.3 Salvaging Wells. Unit Operator shall salvage as much of the casing and equipment in or on wells not taken over by Working Interest Owners of separate Tracts as can economically and reasonably be salvaged, and shall cause the wells to be plugged and abandoned properly.

22.1.4 Cost of Salvaging. Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operations in proportion to their respective Unit Participations as set out in Exhibit D.

ARTICLE 23

COUNTERPART EXECUTION

23.1 Execution by Separate Counterparts of Ratifications. This agreement may be executed in any number of counterparts and each counterpart so executed shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument; or, it may be ratified by a separate instrument in writing referring to this agreement. Each such ratification shall have the force and effect of an executed counterpart and of adopting by reference all provisions hereof.

ARTICLE 24

SUCCESSORS AND ASSIGNS

24.1 Successors and Assigns. The provisions hereof shall be covenants running with the lands, leases, and interests covered hereby,

and shall be binding upon and inure to the benefit of the respective heirs, devisees, legal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, this agreement is executed as of the date first above written.

ATTEST:

SKELLY OIL COMPANY

Assistant Secretary

By _____
Vice President

Date of Signature:

STATE OF OKLAHOMA)
) SS
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me this _____
day of _____, 19____ by _____,
Vice President of SKELLY OIL COMPANY, a Delaware corporation, on behalf
of said corporation.

My Commission expires:

Notary Public

EXHIBIT "D"
 UNIT OPERATING AGREEMENT
 MYERS LANGLEIE-MATTIX UNIT
 LEA COUNTY, NEW MEXICO

Working Interest Owner	P E R C E N T	
	Phase I	Phase II
Allied Chemical Corporation	.59869	1.01166
Amerada Hess Corporation	6.17699	6.21268
Arlene S. Anthony	0.00000	0.08288
Amoco Production Company	6.21201	5.34004
Atlantic Richfield Company	5.26996	9.53544
Frank Bateman	.20003	.26117
George R. Bentley	.02816	.01469
O. A. Bourg Drilling Company	.16486	.05131
Tom Brown Drilling Company	.49459	.15392
W. K. Byrom	1.55489	.84458
Chevron Oil Company	.76773	.64851
Cities Service Oil Company	2.01056	1.64622
Ralph L. Clarke	1.22629	.73075
Margaret B. Clay	.84250	.75051
Clay Trusts 618-1, 2 & 3	.81434	.73583
W. J. Clay	0.00000	.01777
Conka Production Company	.20424	.09399
Continental-Emasco Company	1.16195	.58852
Continental Oil Company	1.73554	2.08825
Crown Central Petroleum Corporation	.67790	.88783
R. DeChicchis Estate	.65945	.20523
Mrs. V. M. Donnelly	.41299	.62812
Chas. A. Dore	0.00000	.00209
Clara Dwyer Estate	.05261	.04186
F. W. Dye Estate	.18428	.28249
Elder Estate	1.31890	.41046
El Paso Natural Gas Company	0.00000	.08618
Flag-Redfern Oil Company	2.41669	1.18850
Fluor Corporation	.09902	.10012
Gackle Oil Company	1.00774	.90204
General Crude Oil Company	.31562	.25116
Getty Oil Company	.46205	.22939
Great Western Drilling Company	2.88702	2.54868
Gulf Oil Corporation	7.68827	10.67767
John H. Hendrix	.25581	.23951
Lamar Hunt	1.03064	1.51044
N. B. Hunt	2.06130	3.02090
W. H. Hunt	1.03066	1.51046
Johnson & French	.45264	.56001
Aubrey Kenyon	.05685	.05322
Michael L. Klein	.25581	.23950
F. D. & Lillian B. Jones	0.00000	.00084
C. B. King Estate	.36857	.56499
Frank D. Lortscher	0.00000	.24864
Ralph Lowe Estate	.74190	.57950
Management Trust Company	.30232	.27061
Blanche McCallister	.29047	.13893
R. G. McPherson	.41688	.23877
Merchants National Bank of Terre Haute	.02816	.01469
Gertrude C. Mitchell	.05260	.04186
Mobil Oil Corporation	.84166	.66977
Petroleum Corporation of Texas	.31649	.13537
W. A. Pruett	0.00000	.00104
Charles B. Read	.10421	.05969
Reserve Oil and Gas Company	.82849	.86361
Resler and Sheldon	3.93863	1.47473
Herbert J. Schmitz	0.00000	.19391
Charles T. Scott, Jr.	0.00000	.08288
Robert C. Scott	0.00000	.08288
T. J. Sivley	.19074	.38752
Skelly Oil Company	12.53466	13.36943
R. L. Summers	.16599	.08407

<u>Working Interest Owner</u>	<u>P E R C E N T</u>	
	<u>Phase I</u>	<u>Phase II</u>
Superior Oil Company	0.00000	.00648
Texaco Inc.	8.80313	10.28603
Texas Pacific Oil Company	16.89701	12.96196
J. E. Warren	.18428	.28249
Finn Watson	.20423	.09398
Unleased Interest	<u>0.00000</u>	<u>.27556</u>
TOTAL	100.00000	100.00000

EXHIBIT " E "

Attached to and made a part of Unit Operating Agreement
Myers Langlie Matrix Unit
Lea County, New Mexico

Recommended by the Council of Petroleum Accountants Societies of North America. Except as modified under:
 Sec. I Par. 5
 Sec. II Par. 3 and 3
 Sec. III Par. 5B(6) and 5C
 Sec. IV Par. 2A(1) and 2A

ACCOUNTING PROCEDURE
 (JOINT OPERATIONS)

I. GENERAL PROVISIONS

1. **Definitions**
 "Joint Property" shall mean the real and personal property subject to the agreement to which this "Accounting Procedure" is attached.
 "Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.
 "Operator" shall mean the party designated to conduct the Joint Operations.
 "Non-Operators" shall mean the nonoperating parties, whether one or more.
 "Joint Account" shall mean the account showing the charges and credits accruing because of the Joint Operations and which are to be shared by the Parties.
 "Parties" shall mean Operator and Non-Operators.
 "Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
 "Controllable Material" shall mean material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.
2. **Conflict with Agreement**
 In the event of a conflict between the provisions of this Accounting Procedure and the provisions of the agreement to which this Accounting Procedure is attached, the provisions of the agreement shall control.
3. **Collective Action by Non-Operators**
 Where an agreement or other action of Non-Operators is expressly required under this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the agreement or action of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.
4. **Statements and Billings**
 Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of costs and expenses, for the preceding month. Such bills will be accompanied by statements reflecting the total charges and credits as set forth under Subparagraph C below:
 A. Statement in detail of all charges and credits to the Joint Account.
 B. Statement of all charges and credits to the Joint Account, summarized by appropriate classifications indicative of the nature thereof.
 Statement of all charges and credits to the Joint Account summarized by appropriate classifications indicative of the nature thereof, except that items of Controllable Material and unusual charges and credits shall be detailed.
5. **Payment and Advances by Non-Operators**
 Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.
 Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of ten per cent (10%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser.
6. **Adjustments**
 Payment of any such bills shall not prejudice the right of any Non-Operators to protest or question the correctness thereof; provided however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of the Joint Property as provided for in Section VII.
7. **Audits**
 A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided however, the making of an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Paragraph 6 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

II. DIRECT CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the Joint Account with the following items:

1. **Rentals and Royalties**
 Delay or other rentals and royalties when such rentals and royalties are paid by Operator for the Joint Account of the Parties.
2. **Labor**
 - A. Salaries and wages of Operator's employees directly engaged on the Joint Property in the conduct of the Joint Operations, and salaries or wages of technical employees who are temporarily assigned to and directly employed on the Joint Property.
 - B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to the employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III; except that in the case of those employees only a pro rata portion of whose salaries and wages are chargeable to the Joint Account under Paragraph 1 of Section III, not more than the same pro rata portion of the benefits and allowances herein provided for shall be charged to the Joint Account. Cost under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

EXHIBIT "F"
UNIT OPERATING AGREEMENT
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

ASSESSMENTS

<u>Tract No.</u>	<u>Well Location</u>	<u>Lease Name and Well No.</u> <u>Working Interest Owner(s)</u>	<u>W.I. Owner(s)</u> <u>Assessment</u>
<u>SCHEDULE I</u>			
76	<u>Sec. 9-T24S-R37E</u> SE/4 NW/4	<u>Imperial Royalty No. 1</u> Ralph Clarke	\$ 6,098.00
70	<u>Sec. 8-T24S-R37E</u> NE/4 SW/4	<u>Cooper No. 1</u> Continental Oil Company	\$ 6,906.00
6	<u>Sec. 12-T24S-R36E</u> SW/4 NW/4	<u>Vaughn A-12 Fed. No. 1</u> Atlantic Richfield Company Chevron Oil Company Continental Oil Company Amoco Production Company	\$ 1,456.50 1,456.50 1,456.50 <u>1,456.50</u> \$ 5,826.00
33	<u>Sec. 36-T23S-R36E</u> SE/4 SE/4	<u>J. R. Holt B-State No. 2</u> Gulf Oil Corporation	\$ 5,872.00
12	<u>Sec. 10-T24S-R37E</u> NW/4 SE/4	<u>Mattix B Fed. No. 2</u> L. Hunt N. B. Hunt W. H. Hunt	\$ 1,473.25 2,946.50 <u>1,473.25</u> \$ 5,893.00
12	SE/4 SW/4	<u>Mattix B Fed. No. 3</u> L. Hunt N. B. Hunt W. H. Hunt	\$ 1,455.75 2,911.50 <u>1,455.75</u> \$ 5,823.00
13	<u>Sec. 10-T24S-R37E</u> SE/4 NW/4	<u>Mattix B-10 No. 1</u> L. Hunt N. B. Hunt W. H. Hunt	\$ 1,476.00 2,952.00 <u>1,476.00</u> \$ 5,904.00
44	<u>Sec. 25-T23S-R36E</u> NE/4 NE/4	<u>Carter No. 1</u> Mrs. V. M. Donnelly Reserve Oil & Gas Company	\$ 3,659.00 <u>3,659.00</u> \$ 7,318.00
80	<u>Sec. 9-T24S-R37E</u> SE/4 NE/4	<u>Lee Carter No. 1</u> Atlantic Richfield Company	\$ 6,408.00
74	<u>Sec. 9-T24S-R37E</u> SW/4 NW/4	<u>Fowler Hair No. 2</u> Atlantic Richfield Company	\$ 6,423.00
66	<u>Sec. 12-T24S-R36E</u> SE/4 SE/4	<u>Toby No. 1</u> Atlantic Richfield Company	\$ 6,448.00
32	<u>Sec. 36-T23S-R36E</u> NW/4 SE/4	<u>Mexico D No. 1</u> Skelly Oil Company	\$ 5,843.00
32	SW/4 SE/4	<u>Mexico D No. 2</u> Skelly Oil Company	\$ 5,843.00
68	<u>Sec. 7-T24S-R37E</u> SW/4 SW/4	<u>Toby No. 1</u> Skelly Oil Company	\$ 6,307.00

Exhibit "F"
 Meyers Langlie-Hattix Unit
 Page Two

<u>Tract No.</u>	<u>Well Location</u>	<u>Lease Name and Well No.</u> <u>Working Interest Owner(s)</u>	<u>W.I. Owner(s)</u> <u>Assessment</u>
14	<u>Sec. 31-T23S-R37E</u> NW/4 SE/4	<u>Blinebry "A" (NCT-1) No. 1</u> Texaco Inc.	\$ 5,825.00
15	<u>Sec. 31-T23S-R37E</u> NE/4 SW/4	<u>Blinebry "B" (NCT-1) No. 3</u> Texaco Inc.	\$ 5,824.00
TOTAL			\$ 98,561.00

SCHEDULE II

27	<u>Sec. 9-T24S-R37E</u> NW/4 SW/4	<u>C. Meyers B Fed. No. 13</u> Amoco Production Company	\$ 1,642.00
28	<u>Sec. 7-T24S-R37E</u> SW/4 NE/4	<u>C. Meyers B Fed. No. 10</u> Amoco Production Company	\$ 1,240.00
28	<u>Sec. 6-T24S-R37E</u> NW/4 NE/4	<u>C. Meyers B Fed. No. 11</u> Amoco Production Company	\$ 1,866.00
47	<u>Sec. 31-T23S-R37E</u> NE/4 NE/4	<u>Cowden "C" 1-A</u> Gackle Oil Company	\$ 4,794.00
63	<u>Sec. 3-T24S-R37E</u> NW/4 SW/4	<u>S. J. Carr No. 1</u> Gulf Oil Corporation	\$ 5,642.00
35	<u>Sec. 32-T23S-R37E</u> NW/4 SW/4	<u>State JL No. 1</u> El Paso Natural Gas Company	\$ 2,939.00
35	<u>Sec. 34-T23S-R37E</u> NE/4 NW/4	<u>Blinebry B Fed. No. 3</u> Texas Pacific Oil Company	\$ 958.00

SCHEDULE III

30	<u>Sec. 35-T23S-R36E</u> SE/4 NW/4	<u>State LMT No. 2</u> Amerada Hess Corporation	\$ 15,313.00
27	<u>Sec. 4-T24S-R37E</u> SW/4 SW/4	<u>Myers B Fed. No. 2</u> Amoco Production Company	\$ 63,834.00
64	<u>Sec. 12-T24S-R36E</u> SE/4 NW/4	<u>Cooper No. 2</u> Atlantic Richfield Company	\$ 15,563.00
7	<u>Sec. 28-T23S-R37E</u> NE/4 SW/4	<u>Stuart 29 Fed. No. 2</u> Continental Oil Company	\$ 17,736.00
34	<u>Sec. 32-T23S-R37E</u> NW/4 NW/4	<u>Leonard B State No. 2</u> Great Western Drilling Company	\$ 29,075.00
58	<u>Sec. 6-T24S-R37E</u> NE/4 NW/4	<u>Carter Eaves "A" No. 1</u> Gulf Oil Corporation Cities Service Oil Company Blanche McCallister Blanche McCallister, et al	\$ 14,494.00 9,662.00 2,415.00 2,416.00 \$ 28,987.00
3	<u>Sec. 29-T23S-R37E</u> NW/4 NW/4	<u>LaMunyon Fed. No. 4</u> Gulf Oil Corporation	\$ 10,791.00
71	<u>Sec. 8-T24S-R37E</u> SW/4 SW/4	<u>Fowler Hair No. 1</u> Gulf Oil Corporation	\$ 17,768.00



P. N. McGee
Manager-Land
Western Region

OXY USA INC.
Box 50250, Midland, Tx 79710

Phone (915) 685-5908
FAX: (915) 685-5754

September 13, 1994

Doyle Hartman
Oil Operator
3811 Turtle Creek Blvd. Suite 730
Dallas, Texas 75219

Re: Myers Langlie Mattix Unit, Lea County, New Mexico.

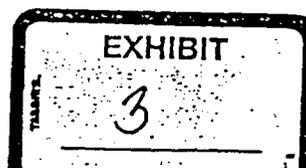
Dear Mr. Hartman:

In reply to your letters of August 23, and August 24, 1994, it appears we have substantial differences of opinion concerning the potential of the captioned Unit. Such differences of opinion are not unusual in the oil patch. It is clear from your letters you no longer desire to participate in the Myers Langlie Mattix Unit. However, your proposal to exchange your interest in the Unit for OXY's State "N" Lease is not acceptable. Your offer substantially under values the State "N" and is hereby declined as wholly inadequate. OXY has no desire to sell the State "N," therefore, any offer to acquire it must fully compensate OXY for the development potential. Your offer is several orders of magnitude below our internal valuation.

Should you desire to terminate your participation in the Unit, Article 17.1 of the Unit Operating Agreement permits any party in your position to withdraw from further participation by assigning all of their right, title, and interest in the Unit, the Unitized Formation, their lease or leases and any other operating rights, etc. to those parties who desire to continue Unit Operations. By such withdrawal you will avoid any future liability or responsibilities concerning unit operations. Of course nothing in Article 17 permits any party to avoid obligations that have been incurred prior to the delivery of their interests to the remaining parties. Therefore, if you wish to withdraw you should do so promptly to avoid incurring additional obligations.

OXY totally disagrees with your contention the unit is no longer viable. OXY sought and obtained unit operatorship based upon our opinion that we could improve existing unit operations. Recent financial results substantially demonstrate our position in this regard and we expect our planned future operations to continue the improvement.

Regarding your proposal to revise the participation factors for the unit, nothing in the Unit Agreement or Unit Operating Agreement permits such a revision. Only two events allow revision of the participation factors, an expansion of the Unit, and a failure of a tract or tracts to qualify for inclusion. Neither instance is applicable. Further, the Unit Agreement specifically and expressly prohibits "any re-



Doyle Hartman
Myers Langlie Mattix Unit
Lea Co., New Mexico

September 13, 1994
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evaluation of engineering or geological interpretations used in determining Tract Participations" and it further prohibits the removal of any tract from the Unit by reason of depletion.

The provisions cited above make it clear that at the time the Unit Agreement and Unit Operating Agreement were negotiated, the parties anticipated additional time, information, and technology, would reveal substantial variations in reserve composition and disposition. They considered the question and allocated the risk between the parties according to the information they possessed at the time, expressly prohibiting your proposed second guessing.

In short, your allegations are without merit and your proposals are either prohibited or inadequate. However, butting heads profits no one. To this end we are willing to consider a reasonable cash purchase proposal or trade for your interest in the Myers Langlie Mattix Unit. As the party who is dissatisfied with the status quo we feel it is incumbent upon you to propose a basis for reasonable discussion. That basis should include your immediate payment of your overdue JIB's with interest thereon.

Very truly yours,

OXY USA Inc.



P. N. McGee
Manager-Land
Western Region

cc: D. Romine
B. Hunt

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