

U N I T   A G R E E M E N T

This agreement, entered into as of the Thirtieth day of August, 1951, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

Witnesseth:

Whereas, TIM G. LOWRY, of Chicago, Illinois, and MYRON S. FOX, of Culver City, California, are lessees, by assignments, under oil, gas and mineral leases covering acreage described in Schedule A attached hereto and made a part hereof by reference; and

Whereas, CHARLES F. REUTER, of New York City, New York, and TIM G. LOWRY, of Chicago, Illinois, are lessees, by assignment, under oil, gas and mineral leases covering acreage described in Schedule B attached hereto and made a part hereof by reference; and

Whereas, by Operating Agreements dated November 15, 1950 and March 15, 1951, respectively, TODD M. PETTIGREW, THOMAS W. DOSWELL and TIM G. LOWRY are designated as "Operators" with respect to the development and operation of the leases listed in said Schedules A and B, attached hereto; and

Whereas, the other signatories hereto are owners of working, royalty, or other oil or gas interests in said leases, as indicated below; and

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

Now, therefore, in consideration of the covenants herein contained, and other good and valuable considerations, the parties hereto agree as follows:

UNIT AREA

1. For the purpose of developing the Pictured Cliff formation only, said TODD M. PETTIGREW and TIM G. LOWRY, as Operators, and pursuant to said operating agreements of November 15, 1950 and March 15, 1951, are hereby authorized to combine as operating units the following acreage in Rio Arriba County, New Mexico:

NEW MEXICO PRINCIPAL MERIDIAN

Unit One:

T. 26 N. R. 6 W.,  
Sec. 2, N 1/2 S E 1/4;  
Sec. 2, S 1/2 S E 1/4

Total unit area 160 acres more or less.

EXHIBIT "B"

NEW MEXICO PRINCIPAL MERIDIAN

Unit Two: T. 26 N., R. 6 W.,  
Sec. 16, N 1/2 N 1/2;  
Sec. 16, S 1/2 N 1/2

Total unit area 320 acres more or less.

UNITIZED SUBSTANCES

2. Limited to the Pictured Cliff formation, all land committed to each of the above specified units shall constitute "unitized land", and all oil, gas, natural gasoline, and associated fluid hydrocarbons in said Pictured Cliff formation are unitized hereunder and constitute "unitized substances".

UNIT OPERATION AND ACCOUNTING

3. Development and operation of the Pictured Cliff formation of each unit area above described and rendering a proper accounting thereof shall be done by said Operators pursuant to said Operating Agreements of November 15, 1950 and March 15, 1951.

ALLOCATION OF PRODUCTION

4. All unitized substances produced from each participating area established hereunder, except any part thereof used for production or development purposes, or unavoidable loss, shall be deemed to have been produced equally on an acreage basis from the tracts of unitized land which constitute a given unit area established for such production, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of such production as its area bears to the area of the entire unit. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area.

ROYALTIES AND RENTALS

5. Nothing herein contained shall operate to relieve the lessees from their obligations under the terms of their leases to pay rentals and royalties.

LEASES AND CONTRACTS CONFORMED TO AGREEMENT

6. During the effective life of this agreement, drilling and producing operations performed by the Unit Operators upon any unitized land will be accepted and deemed to be operations under and for the benefit of all leases unitized hereunder, and no such lease shall be deemed to expire by reason of failure to produce from wells situated on land therein embraced.

CONSERVATION

7. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and

efficient recovery of said substances, to the end that the maximum efficient yield may be obtained without waste, as defined by or pursuant to State or Federal law or regulation; and production of unitized substances shall be limited to such production as can be put to beneficial use with adequate realization of fuel and other values.

COVENANTS RUN WITH LAND

8. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest.

EFFECTIVE DATE AND TERM

9. This agreement shall become effective when signed by all parties listed on Schedule C and shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, provided, however, this agreement may be terminated at any time by not less than 75%, on an acreage basis, of the owners of working interests in any unit area.

COUNTERPARTS

10. This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document, or this agreement may be ratified with like force and effect by a separate instrument in writing specifically referring hereto.

In witness whereof, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

<u>Aug 30</u> , 1951	<u>Jim Brown</u>
<u>Sept 4</u> , 1951	<u>Frank A. Schultz</u>
<u>Sept 4</u> , 1951	<u>Robert Miers</u>
<u>Sept - 8</u> , 1951	<u>R. S. Crockett</u>
_____, 1951	_____
_____, 1951	_____
_____, 1951	_____

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<u>Aug 30</u> , 1951	<u>John S. Lounsbury</u>
<u>Sept. 5</u> , 1951	<u>Myron S. Fox</u>
<u>Sept 10</u> , 1951	<u>Charles W. Keeton</u>
_____, 1951	_____
_____, 1951	_____
_____, 1951	_____
_____, 1951	_____

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Aug. 30, 1951

October 2, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

John B. Fournier  
Martin Yates III

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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Aug. 30, 1951

Sept. 29, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

\_\_\_\_\_, 1951

John L. Town  
Ralph [unclear]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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<u>Aug. 30</u> , 1951	<u>John J. Conway</u>
<u>Sept. 18</u> , 1951	<u>Jack J. Conway</u>
_____, 1951	_____
_____, 1951	_____
_____, 1951	_____
_____, 1951	_____
_____, 1951	_____

S C H E D U L E A

NEW MEXICO PRINCIPAL MERIDIAN

Township 26 North, Range 6 West,

Section 2, North half of the South East quarter

and

Section 16, South half of the North half

Rio Arriba County, New Mexico.

S C H E D U L E B

NEW MEXICO PRINCIPAL MERIDIAN

Township 26 North, Range 6 West,

Section 2, South half of the South East quarter

and

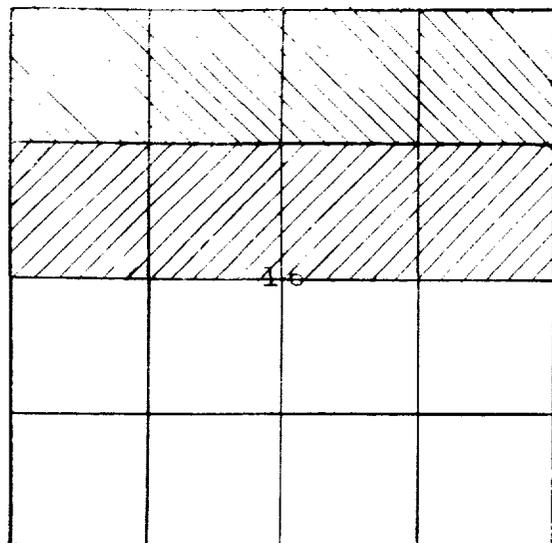
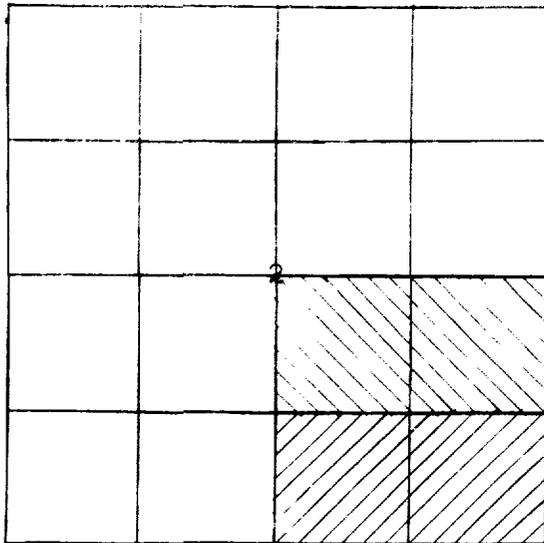
Section 16, North half of the North half

Rio Arriba County, New Mexico.

U N I T E D E D

Ownership of oil and gas interest in:

Township 26 North, Range 6 West, T.14P.14., Rio Arriba County,  
New Mexico



Name and address

Interest Owned

Myron S. Fox  
Culver City, California

Assignee of undivided 1/2 of leasehold interest in N 1/2 SE 1/4 Sec. 2 and S 1/2 N 1/2 Sec. 16.

Tim G. Lowry  
Chicago, Illinois

Assignee of undivided 1/2 of leasehold interest in N 1/2 SE 1/4 Sec. 2 and S 1/2 N 1/2 Sec. 16.

Charles F. Reuter  
New York City, New York

Assignee of undivided 1/2 of leasehold interest in S 1/2 SE 1/4 Sec. 2 and N 1/2 N 1/2 Sec. 16.

Tim G. Lowry  
Chicago, Illinois

Assignee of undivided 1/2 of leasehold interest in S 1/2 SE 1/4 Sec. 2 and N 1/2 N 1/2 Sec. 16.

Joe G. Harvey  
Roswell, New Mexico

5% overriding royalty on N 1/2 SE 1/4 Sec. 2 and N 1/2 Sec. 16.

Ralph Nix and  
Martin Yates III  
Artesia, New Mexico

5% overriding royalty in S 1/2 SE 1/4 Sec. 2.

R. L. Crockett  
Dallas, Texas

1/3 interest in oil payment of \$288,000.00 to be paid out of 12 1/2% of all oil and gas produced, saved, and marketed from S 1/2 SE 1/4 Sec. 2, and 1/3 interest in oil payment of \$576,000.00 to be paid out of 12 1/2% of all oil and gas produced, saved, and marketed from N 1/2 N 1/2 Sec. 16, without limitation as to any particular formation.

Robert Mims  
Dallas, Texas

Same as that of R. L. Crockett described above.

Frank A. Schultz  
Dallas, Texas

Same as that of R. L. Crockett described above.

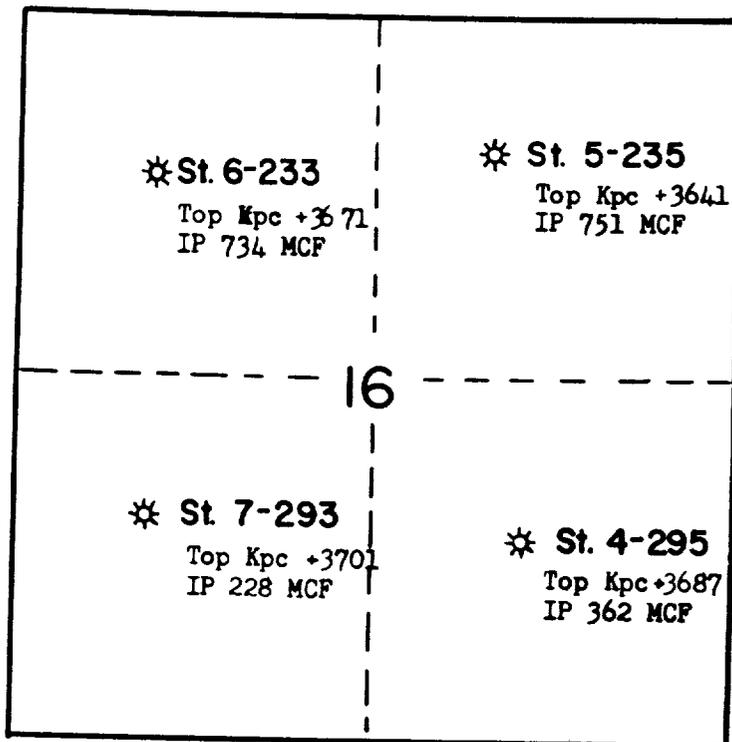
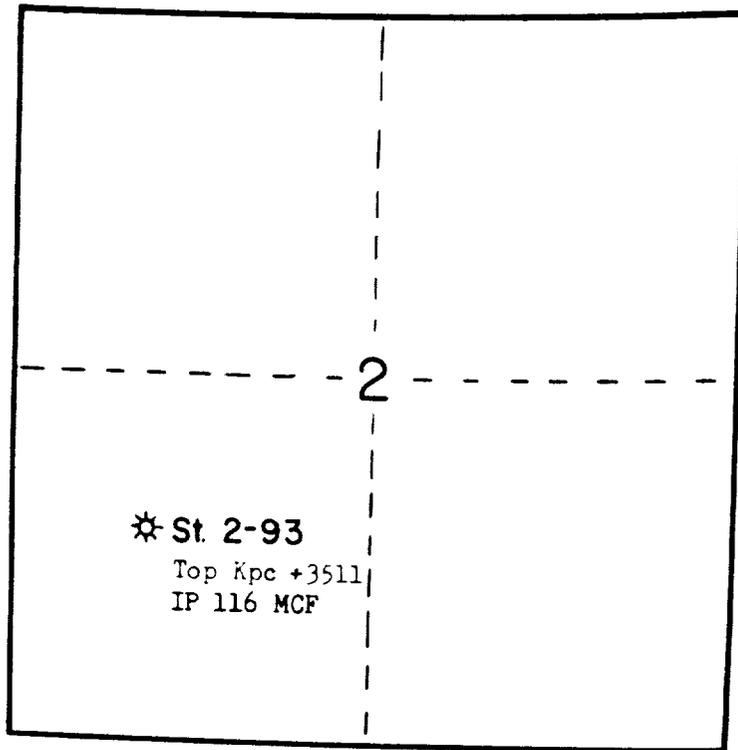


Exhibit "A"

2/2/5