



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-770

APPLICATION OF ARCH PETROLEUM TO EXPAND ITS WATERFLOOD PROJECT IN THE DOLLARHIDE-DEVONIAN POOL IN LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-2248, Arch Petroleum has made application to the Division on January 4, 2001, for permission to expand its West Dollarhide Devonian Unit Waterflood Project in the Dollarhide-Devonian Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above referenced West Dollarhide Devonian Unit Waterflood Project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Arch Petroleum, is hereby authorized to inject water into the Devonian formation at approximately 7,763 feet to approximately 7,920 feet through 2 3/8-inch plastic lined tubing set in a packer located at approximately 7,713 feet in the following-described well for purposes of secondary recovery to wit:

WDDU Well No. 122
API No. 30-025-34903
2225' FSL & 875' FWL, Unit L,
Section 33, Township 24 South, Range 38 East, NMPM
Lea County, New Mexico

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to 1552 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Devonian formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject well shall be governed by all provisions of Division Order No. R-2248 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the

injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 5th day of March, 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Hobbs
Bureau of Land Management - Carlsbad
Case File No. 2557

MAIN OFFICE COO

UNIT AGREEMENT

WEST DOLLARHIDE-DEVONIAN UNIT

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LEA COUNTY, NEW MEXICO

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2557*

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Exhibit "A" (Map of Unit Area)
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UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
WEST DOLLARHIDE-DEVONIAN UNIT
LEA COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the _____ day of _____, 1961, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "Parties hereto",

W I T N E S S E T H :

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

may coincide with the term of such unitized development and operation of State lands; and

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

WHEREAS, the 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 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 West Dollarhide-Devonian Unit covering the land hereinafter described to give reasonably effective control of operation therein; and

WHEREAS, it is the purpose of the parties hereto, to enable institution and consummation of secondary recovery operations, to 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 interests in the below defined Unit Area, 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 those lands specified in Exhibit "A" hereof, and such land is hereby designated and recognized as constituting the Unit Area; the lands described in said Exhibit "A" are described as:

LEA COUNTY, NEW MEXICO

T. 24 S., R. 38 E.,

Section 32: E/2 SE/4 and SE/4 NE/4
Section 33: Lots 1, 2, 3, and 4, NE/4 NW/4,
S/2 NW/4 and SW/4

T. 25 S., R. 38 E.,

Section 4: Lots 1, 2, 3 and 4, S/2 NW/4 and NW/4 SW/4
Section 5: Lots 1, 2 and NE/4 SE/4

containing 765.25 acres, more or less.

(b) "Land 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.

(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.

(h) "Devonian Age Formation" or "Formation" shall mean that certain stratigraphic interval and reservoir, which was encountered between the depths of 7,694 feet and 7,893 feet as measured from the kelly bushing elevation on that certain Schlumberger Well Surveying Corporation Electrical Log dated January 6, 1953, of Gulf Oil Corporation Harry Leonard (NCT-G) Well No. 7 (formerly Leonard "A" No. 19) located 1,650 feet from the south line and 330 feet from the west line of Section 33, Township 24 South, Range 38 East, Lea County, New Mexico.

(i) "Unitized Formation" is defined as that portion of the Devonian Age Formation effectively committed to this Agreement.

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

(k) "Unit Participation" as used herein shall mean the percentage of participation, either Primary Phase or Secondary Phase, whichever is pertinent, as is shown for each Working Interest Owner in Exhibit "B" to the Unit Agreement which is in effect at the time the requirement for a specified minimum vote of Working Interest Owners arises.

(l) "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 and gas lease, or otherwise held.

(m) "Working Interest Owner" is defined as and shall mean any party hereto owning a Working Interest, including a carried working interest owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise, which interest 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 the Unitized Substance from the Unitized Formation and operating thereof hereunder.

(n) "Royalty Interest" or "Royalty" is defined as an interest other than a Working Interest in or 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 contracts, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

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

(p) "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, infra, and shall be styled "Unit Operating Agreement, West Dollarhide-Devonian Unit, Lea County, New Mexico".

(q) "Unit Manager" is defined as the person or corporation appointed by the Unit 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.

(r) "Paying Quantities" is defined as production of Unitized Substances in quantities sufficient to pay for the cost of producing same from wells on the Unitized Land.

(s) "Primary Phase of Operations" is defined as the status of operations during the period that Unitized Substances are produced from the Unit Area from and after the effective date of this Agreement until 7:00 o'clock a.m. the first day of the calendar month ensuing after 276,576 barrels of oil minus the gross oil production from January 1, 1961 to the effective date of this Agreement have been produced from the Unitized Formation. The Primary Phase, being predicated upon 100% commitment of the Unit Area, shall be subject to correction to coincide with the Primary Phase of the unitized portion of the reservoir in event of the non-commitment of any tract. For the purposes of this definition the Operator's Monthly Reports, Form C-115, filed with the New Mexico Oil Conservation Commission shall be deemed the controlling evidence of the production of 276,576 barrels of oil after January 1, 1961.

(t) "Secondary Phase of Operations" is defined as the status of operations for the remainder of the term of this agreement after the Primary Phase has been completed.

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, percentage ownership of each Working Interest Owner in each tract, and the percentage of participation each tract has in the Unit Area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the Unit Area render such revision necessary, and at least two copies of such revision shall be filed with the Land Commissioner, and not less than six copies thereof shall be filed with the Supervisor.

SECTION 4. EXPANSION: The above described 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 to conform with 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 bring such tract or tracts into this Unit, shall file an application therefor with Unit Operator requesting such admission.

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

(1) 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 Unit Participation to be assigned thereto and the proposed effective date thereof; and

(2) Deliver copies of said notice to the Land Commissioner, the Director, each Working Interest Owner and to the 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 Land Commissioner and Director 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 13, infra; and (d) Copy of any objections received.

The expansion shall, after due consideration of all pertinent information and approval by the Land Commissioner and the Director, 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 set by the Land Commissioner and the Director in the order or instrument approving such expansion.

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 oil and gas in the Devonian Age Formation of the unitized land is unitized under the terms of this Agreement and herein are called "Unitized Substances". 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 Devonian Age Formation as above described.

SECTION 6. UNIT OPERATOR: Gulf Oil Corporation is hereby initially designated the Unit Operator, and by signing this instrument 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 Land Commissioner and the Director, 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 resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by at least two of the committed Working Interest Owners having in the aggregate 75% or more Unit Participation exclusive of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Land Commissioner and the Director.

In all such instances of effective resignation or removal, until a successor to Unit Operator is selected and approved as hereinafter 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 right, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, 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 or appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator who resigns or is removed hereunder for any liability or 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 Land Commissioner and the Director. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the Land Commissioner and the Director, at their election, may declare this Agreement terminated.

In selecting a successor Unit Operator the majority vote of the Working Interest Owners on the basis of Unit Participation shall prevail, provided that in the event one Working Interest Owner should own more than forty-five percent (45%) voting interest, its vote shall not be regarded as sufficient unless supported by the vote of two or more Working Interest Owners having a combined voting interest of at least six percent (6%). No Working Interest Owner who has been Unit Operator and who has been removed may vote for self-succession.

SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: Costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement. Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating 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 terms and conditions of this Unit 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 Unit Agreement shall prevail. Two true copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Land 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. 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. PLAN OF OPERATIONS. It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances in paying quantities and 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 approval of a plan of operation by the Working Interest

Owners, the Supervisor, and the Land Commissioner, 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 Unit Area 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. Subject to like approval the Plan of Operation may be revised as conditions may warrant.

The initial plan of operation shall be filed with the Supervisor and the Land Commissioner concurrently with the filing of this Unit Agreement for final approval. Said initial plan of operation and all revisions thereof shall be as complete and adequate as the Supervisor and the Land Commissioner may determine to be necessary for timely operation consistent herewith. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of operation.

SECTION 12. TRACT PARTICIPATION: In Exhibit "B" attached hereto, there are listed and numbered the various tracts within the Unit Area and set forth opposite each tract are figures which represent the percentage of participation allocated to each tract in the Unit Area during the Primary and Secondary Phases of Operations, respectively, as those terms are defined herein.

The percentage of participation of each tract during the Primary Phase of operations shall be based upon the summation of two factors to be weighed as follows, to-wit:

(1) 50 times the ratio of primary reserve from the tract to the total primary reserves from all tracts of unitized land. Primary reserves as used herein are those which were estimated as of January 1, 1961 at 276,576 barrels as to all tracts in the Unit Area.

(2) 50 times the ratio of the rate of production from the tract to the rate of production from all tracts of unitized land. The rate of production as used herein is obtained by measuring the gross oil production from the period July 1, 1960 to January 1, 1961 as shown on the pertinent Operator's Monthly Reports, Form C-115, on file with the New Mexico Oil Conservation Commission.

The percentage of participation to each tract during the Secondary Phase of Operations shall be based upon the ratio of the ultimate primary recovery from the tract to the ultimate primary recovery from all tracts of unitized land. Ultimate primary recovery as used herein is the sum of the accumulated oil production through December 31, 1960 as shown on the pertinent Operators Monthly Reports, Form C-115, on file with the New Mexico Oil Conservation Commission and the 276,576 barrels of estimated remaining primary oil on January 1, 1961 on all tracts in the Unit Area.

After said remaining primary oil has been produced, effective as of 7:00 o'clock a.m. the first day of the following calendar month the tract participations shall be in accordance with the Secondary Phase allocations.

SECTION 13. TRACTS QUALIFIED FOR PARTICIPATION: On and after the effective date hereof the tracts within the Unit Area which shall be entitled to participation in the production of Unitized Substances therefrom shall be those tracts within the Unit Area and more particularly described in said Exhibit "B" that are qualified as follows:

(a) Each and all of those tracts as to which Working Interest Owners owning 100% of the Working Interest in said tract and Royalty Owners owning 100% of the Royalty Interest in said tract have subscribed, ratified or consented to this Agreement; and

(b) Each and all of those tracts as to which Working Interest Owners owning not less than 95% of the Working Interest therein and Royalty Owners owning not less than 75% of the Royalty Interest therein have executed this Agreement, and in which the Working Interest Owners in said tract who have executed this Agreement have agreed to indemnify and hold harmless all other parties hereto, in a manner satisfactory to 85% of the Working Interest Owners qualified under (a), against any and all claims and demands that may be made by the nonjoining Working Interest Owners or Royalty Owners, or both, on account of the commitment and joinder of such tract to the Unit Agreement, and operation thereof under such conditions on the basis herein provided, and as to which 85% of the Working Interest Owners qualified under (a), exclusive of the Working Interest Owner submitting such tract, have approved the commitment of such tract to this Unit Agreement.

If, on the effective date of this Agreement, there is any tract or tracts which have not been effectively committed to or made subject to this Agreement by qualifying as above provided,

then such tract or tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this Agreement for final approval by the Land Commissioner and the Director, file therewith a schedule of those tracts which have been committed and made subject to this Agreement and are entitled to participate in the production from the Unit Area hereunder. Said schedule shall set forth opposite each such committed tract the lease number or assignment number, the owner of record of the lease, and the percentage participation of such tract which shall be computed according to the participation formula set out in Section 12 (Tract Participation) above. This schedule of participation shall be a part of Exhibit "B" and upon approval thereof by the Land Commissioner and the Director shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until a new schedule is filed and approved by the Land Commissioner and the Director.

SECTION 14. 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 or unavoidable loss) shall be apportioned among and allocated to the committed tracts within the Unit Area in accordance with the respective tract participation effective hereunder during the respective periods such Unitized Substances were produced, as set forth in the schedule of participation in Exhibit "B". 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 tract shall be distributed among, or accounted for, to the parties executing, consenting to or ratifying this Agreement 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 committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances, and nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the joinder of any tract.

If the Working Interest and the Royalty Interest in any tract are divided with respect to separate parcels or portions of such tract and owned severally by different persons, the percentage participation assigned to such tract shall, in the absence of a recordable instrument executed by all owners and furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

The Unitized Substances allocated to each tract shall be delivered in kind to the respective Working Interest Owners and parties entitled thereto by virtue of the ownership of oil and gas rights therein or by purchase from such owners. Each Working Interest Owner and 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 on unitized land, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Subject to Section 15 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 party hereto shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unit Area currently as and when produced, then so long as such conditions continue, Unit Operator, for the account and at the expense of such party and in order to avoid curtailing the operation of the Unit Area, may sell or otherwise dispose of such production to itself or 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 party 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 party entitled thereto. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any other party's share of gas production without first giving such other party 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 on the lease or leases and tracts contributed by it and received into the Unit, and each such party shall hold each other party hereto harmless against all claims, demands and causes of action for such Royalty on the lease or leases and tracts contributed by it to the Unit Area.

If, after the effective date of this Agreement, there is any tract or tracts that are subsequently committed hereto, as provided in Section 4 (Expansion) hereof, or any tract or tracts within the Unit Area not committed hereto as of the effective date hereof but which are subsequently committed hereto under the provisions of Section 30 (Nonjoinder and Subsequent

Joinder), or if any tract is excluded from the Unit Area as provided for in Section 29 (Loss of Title), the schedule or participation as shown in Exhibit "B", subject to Section 12 (Tract Participation) or Section 30 (Nonjoinder and Subsequent Joinder), whichever is appropriate, shall be revised by the Unit Operator and distributed to the Working Interest Owners, the Land Commissioner, and the Director to show the new percentage participation of all the then effectively committed tracts; and the revised Exhibit "B", upon approval by the Land Commissioner and the Director, shall govern all the allocation of production from and after the effective date thereof until a new schedule is filed and approved by the Land Commissioner and the Director.

SECTION 15. 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 substances produced from any tract unitized hereunder, shall continue to be entitled to such right 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 Interest 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.

If gas obtained from lands not subject to this Agreement is introduced into the Unitized Formation, for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan approved pursuant to Section 11 (Plan of Operations), a like amount of gas, less appropriate deductions for loss

from any cause, may be withdrawn from the Unitized Formation, royalty free as to dry gas but not as to the products extracted therefrom; provided that such right of withdrawal shall terminate as of the effective date of termination of the Unit Agreement.

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 committed hereto, 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 executes this Agreement represents and warrants that it is the owner of a Royalty Interest in a tract or tracts within the Unit Area as its interest appears in Exhibit "B" attached hereto. If any Royalty Interest in a tract or tracts should be lost by title failure or otherwise in whole or in part, during the term of this Agreement, then the Royalty Interest of the party representing himself to be the owner thereof shall be reduced proportionately and the interest of all parties shall be adjusted accordingly.

SECTION 16. 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 17. CONSERVATION: Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to Federal and State laws and regulations.

SECTION 18. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from unitized land by wells on land not subject to this Agreement.

SECTION 19. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas 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 Land Commissioner, respectively, shall and by their approval hereof, or by the approval hereof by their duly authorized representatives, do hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this Agreement.

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

(a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this Agreement, regardless of whether there is any development

of any particular part or tract of the Unit Area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling, producing or secondary recovery operations performed hereunder upon any tract of unitized lands shall 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 land therein embraced.

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

(d) Each lease, sublease, or contract relating to the exploration, drilling, development or operation for oil and gas 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.

(e) Termination of this Agreement shall not affect any lease which, pursuant to the terms thereof or any applicable laws, shall continue in force and effect thereafter.

(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 land committed hereto, shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. Provided, however, that notwithstanding any of the provisions of this Agreement to the contrary, such lease shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease if oil or gas is, or has heretofore been discovered in paying quantities on some part of the lands embraced in such lease committed to this Agreement or, so long as a portion of the Unitized Substances produced from the Unit Area is, under the terms of this Agreement, allocated to the portion of the lands covered by such lease committed to this Agreement, or, at any time during the term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the Unit Operator is then engaged in bona fide drilling, reworking, or secondary recovery operations on any part of the lands embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so long as such operations are diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced 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 Section 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 lands committed and the lands not committed as of the effective date of unitization; Provided, however, that any such lease as to the non-unitized 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 20. MATHEMATICAL ERRORS: It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical errors which might exist in the pertinent exhibits to this Agreement upon approval of the Land Commissioner and the Supervisor.

SECTION 21. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto 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, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

SECTION 22. 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 7:00 o'clock a.m. 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 a combined Primary Phase Unit Participation of at least 95 percent, and the execution or ratification of the Agreement by Royalty Owners owning a combined interest of at least 75 percent of the Royalty Interest, in said Unit Area; and

(b) The approval of this Agreement by the Land Commissioner, the Secretary or his duly authorized representative, and the Commission; and

(c) The filing of at least one counterpart of this Agreement for record in the office of the County Clerk of Lea County, New Mexico, by the Unit Operator; and provided, further, that if (a), (b) and (c) above are not accomplished on or before July 1, 1962, this Agreement shall ipso facto terminate on said date (hereinafter called "termination 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 a combined Primary Phase Unit Participation of at least 90 percent, and the Working Interest Owners owning a combined unit participation of at least 90 percent committed to this Agreement have decided to extend said termination date for a period not to exceed six months (hereinafter called "extended termination date"). If said termination date is so extended and (a), (b) and (c) are not accomplished on or before said extended termination date, this Agreement shall ipso facto terminate on said extended termination date and thereafter be of no further force or effect.

Unit Operator shall, within thirty (30) days after the effective date of this Agreement, file for record in the 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 produced in paying quantities from the Unit Area and so long thereafter as drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, unless sooner terminated by Working Interest Owners in the manner hereinafter provided.

This Agreement may be terminated with the approval of the Land Commissioner and the Director by Working Interest Owners

owning 90 percent Unit Participation whenever such Working Interest Owners determine that Unit operations are no longer profitable, feasible or in the interest of conservation. Notice of any such termination shall be given by Unit Operator to all parties hereto.

Upon termination of this Agreement, the further development and operation of the Unit Area as a Unit shall be abandoned, Unit operations shall cease, and thereafter the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate tracts just as if this Agreement had never been entered into.

If not otherwise covered by the leases unitized under this Agreement, Royalty Owners hereby grant Working Interest Owners a period of six 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 23. 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 within the limits made or fixed by the Commission 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 Land Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this Agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

Powers in this Section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen days from notice, and thereafter subject to administrative appeal before becoming final.

SECTION 24. NONDISCRIMINATION: In the performance of work under this agreement Unit Operator agrees to comply with the nondiscrimination provisions of Executive Order 10925 (26 F.R. 1977).

SECTION 25. APPEARANCES: Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Land Commissioner, the Department, and the Commission, and to appeal from any order issued under the rules and regulations of the Land 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 Land 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 26. 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 27. NO WAIVER OF CERTAIN RIGHTS: Nothing in this Agreement contained shall be construed as a waiver by any

development in the absence of the specific written approval thereof by the Land Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this Agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

Powers in this Section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen days from notice, and thereafter subject to administrative appeal before becoming final.

SECTION 24. NONDISCRIMINATION: In connection with the performance of work under this agreement, the Unit Operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F.R. 1977), which are hereby incorporated by reference in this agreement.

SECTION 25. APPEARANCES: Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Land Commissioner, the Department, and the Commission, and to appeal from any order issued under the rules and regulations of the Land 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 Land 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 26. 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 27. NO WAIVER OF CERTAIN RIGHTS: Nothing in this Agreement contained shall be construed as a waiver by any

party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or rules or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

SECTION 28. 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.

SECTION 29. LOSS OF TITLE: In the event title to any tract of unitized land shall fail so as to render the tract inoperable under this Agreement and the true owner cannot be induced to join this Unit 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. In the event of a dispute as to title as to any Royalty, Working Interest or other interest subject thereto, 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 Land 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 30. NONJOINDER AND SUBSEQUENT JOINDER: If the owner of any substantial interest in a tract within the Unit Area fails or refuses to subscribe, ratify, or consent in writing to this Agreement, the Working Interest Owner in that tract who has executed or ratified this Agreement may withdraw said tract from this Agreement by written notice to the Director, the Land Commissioner, and Unit Operator prior to the effective date of this Agreement. 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 the Unit 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 Unit Agreement.

Any oil or gas interest in the Devonian Age Formation not committed hereto prior to submission of this Agreement to the Land Commissioner and the Director for final approval may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 13 (Tracts Qualified for Unit Participation) hereof, at any time up to the effective date hereof and for a period to and including six months thereafter, on the same basis of participation as provided in said Section 13, 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 from and after six months from the effective date hereof 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 90 percent Unit Participation. 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 proposed Royalty Owner must be evidenced by his execution, ratification or consent 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 proposed Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective at 7:00 o'clock a.m. as of the first day of the month following the filing with the Land 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 Land Commissioner or the Director is duly made within sixty (60) days after such filing.

SECTION 31. 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 lands within the above described Unit Area.

SECTION 32. TAXES: Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to the United States or to the State of New Mexico, nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 33. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the Working Interest Owners, nor any of them, shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable 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 vested in the Commission in and by any provisions of this Agreement are vested in the Commission and 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 34. 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 35. PRODUCTION AS OF THE EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease and other tanks within the Unit Area in order to ascertain the amount of merchantable oil above the pipe line connection in such tanks as of 7:00 a.m. on the effective date hereof. All such oil which has then been produced legally shall be and remain the property of the Working Interest Owner entitled thereto, the same as if the Unit had not been formed; and such Working Interest Owner shall promptly remove said oil from the Unit Area. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owner, subject to the payment of all Royalty to Royalty Owners under the terms hereof. The oil that is in excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized Substances produced after effective date hereof.

If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the wells on that Tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded as a part of the Unitized Substances produced after the effective date hereof and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

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

GULF OIL CORPORATION

Law	<i>W.A.</i>
Comptr.	
Exp.	
Prod.	

ATTEST:

W.C. Korman
Assistant Secretary

By *E.O. Mortlock*
Attorney-in-Fact

Date: MAR 9 1962

UNIT OPERATOR AND WORKING INTEREST OWNER

THE STATE OF NEW MEXICO *§*

COUNTY OF CHAVES *§*

The foregoing instrument was acknowledged before me this 12th day of June, 1962, by W. A. SHELLSHEAR *E. O. MORTLOCK* Attorney-in-Fact for GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

L.B. Parker
Notary Public

My Commission Expires:
10-8-65

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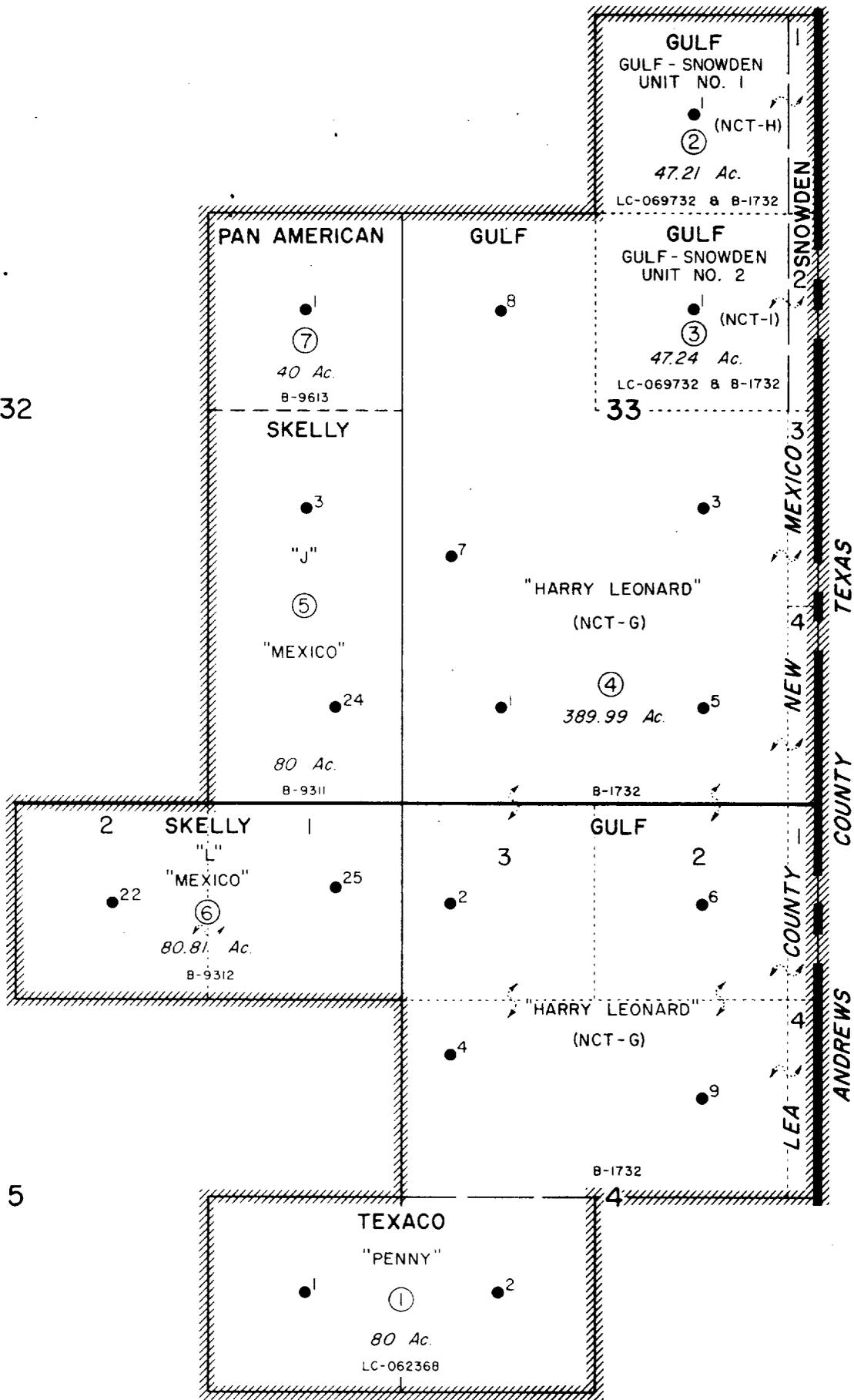


EXHIBIT A

WEST DOLLARHIDE DEVONIAN UNIT
LEA COUNTY, NEW MEXICO

////// Unit Area Boundary

② Tract Number

Scale: 1" = 1000'

EXHIBIT "B"
 WEST DOLLARHIDE - DEVONIAN UNIT
 IEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	UNIT NO., LEASE AND/OR ASSIGN. NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY		WORKING INTEREST	PER CENT PARTICIPATION	
						OWNER AND AMOUNT	AMOUNT		OWNER AND AMOUNT	PRIMARY
1	NW/4 SW/4 Sec. 4 and NE/4 SE/4 Sec. 5, T-25-S, R-38-E	80	LC-062368	12.5%	Texaco Inc.	John M. Loffland, Jr. 0.12500%	0.26853%	Texaco Inc. 100.00000%	5.2108242	8.3227041
						Selma E. Andrews Albuquerque Nat'l. Bank, Testamentary Trustee of Frank A. Andrews, Deceased 0.23147%	0.62500%			
						Skelly Oil Company M. W. Coll 0.05859%	0.12500%			
						Roger B. Owings Neville G. Penrose 0.12500%	0.00781%			
						Effie E. Valentine The First Nat'l. Bank of Denver, Successor Trustee Under the Last Will and Testament of Charles T. Lupton, Deceased 0.06250%	0.01563%			
						T. A. Pedley, Jr. The First Nat'l. Bank of Denver, Successor Trustee Under the Will of Josephine M. Smith, Deceased 0.21484%	0.01563%			
						Graceam M. Pedley 0.01563%				

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	UNIT NO., LEASE AND/OR ASSIGN. NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT	PER CENT PARTICIPATION OF TRACT IN UNIT	
								PRIMARY	SECONDARY
2	Lot 1 and NE/4 NW/4 Sec. 33, T-24-S, R-38-E	47.21	14-08-001-931 (LC-069732 & B-1732)	12.5% (United States of America 1.90900% State of New Mexico 10.59100%)	Gulf Oil Corp. Fred J. Brotherton George A. Miehaus, Jr. James H. Snowden Gus Layton E. L. Lockwood W. E. Irvin	L. E. Hults * 0.40677% The Fort Worth Nat'l. Bank, Trustee for Roy S. Magruder 0.37250% Helen Magruder 0.37250%	Gulf Oil Corp. 85.10000% Fred J. Brotherton 1.86250% Leslie B. Gardner 1.86250% George A. Miehaus, Jr. 0.93125% The First Nat'l. Bank of Fort Worth, Accounts of: James H. Snowden 3.72500% Gus Layton 3.72500% E. L. Lockwood 1.86250% W. E. Irvin 0.93125%	14.3645100	9.2338392
								0.3143819	0.2020920
3	Lot 2 and SE/4 NW/4 Sec. 33, T-24-S, R-38-E	47.24	14-08-001-932 (LC-069732 & B-1732)	12.5% (United States of America 1.91570% State of New Mexico 10.58430%)	Gulf Oil Corp. Fred J. Brotherton George A. Miehaus, Jr. James H. Snowden Gus Layton E. L. Lockwood W. E. Irvin	L. E. Hults * 0.40677% The Fort Worth Nat'l. Bank, Trustee for Roy S. Magruder 0.37250% Helen Magruder 0.37250%	Gulf Oil Corp. 85.10000% Fred J. Brotherton 1.86250% Leslie B. Gardner 1.86250% George A. Miehaus, Jr. 0.93125% The First Nat'l. Bank of Fort Worth, Accounts of: James H. Snowden 3.72500% Gus Layton 3.72500% E. L. Lockwood 1.86250% W. E. Irvin 0.93125%	9.5736371	7.7812763
								0.2095288	0.1703011
4	SW/4 NW/4, Lots 3,4 & SW/4 Sec. 33, T-24-S, R-38-E, and Lots 1,2,3 & 4 and S/2 NW/4 Sec. 4, T-25-S, R-38-E	389.99	B-1732	12.5%	Gulf Oil Corp.	None	Gulf Oil Corp. 100.00000%	23.8884315	46.2278253
								0.1047644	0.0851506
								11.2498675	9.1436854
								0.1571910	0.1010460
								16.8795653	10.8505750
								0.6287638	0.4041839
								0.6287638	0.4041839
								0.3143819	0.2020920
								0.3143819	0.2020920
								0.1571910	0.1010460
								0.1571910	0.1010460
								0.6287638	0.4041839
								0.6287638	0.4041839
								0.3143819	0.2020920
								0.3143819	0.2020920
								0.1571910	0.1010460
								0.1571910	0.1010460
								0.6287638	0.4041839
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								0.3143819	0.2020920
								0.3143819	0.2020920
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TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	UNIT NO., LEASE AND/OR ASSIGN. NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT	PER CENT PARTICIPATION OF TRACT IN UNIT		
								PRIMARY	SECONDARY	
5	E/2 SE/4 Sec. 32 T-24-S, R-38-E	80	B-9311	12.5%	Skelly Oil Company	None	Skelly Oil Co. 50.00000%	5.8766799	3.1552963	
6	Lots 1 and 2, Sec. 5, T-25-S, R-38-E	80.81	B-9312	12.5%	Skelly Oil Company	None	Skelly Oil Co.	14.1133232	6.3715711	
							50.00000%			
							Joe D. Kennedy, Y.Q. McCannon and George Thompson, Jr., Trustees of Marilyn Maxwell Trust			
							5.00000%	1.4113323	0.6371571	
							Texaco Inc.			
							25.00000%	7.0566616	3.1857855	
7	SE/4 NE/4 Sec. 32, T-24-S, R-38-E	40	B-9613	12.5%	Pan American Petroleum Corp.	None	J. C. Maxwell I	4.9396631	2.2300499	
							17.50000%			
							; Joseph D. Kennedy			
							2.50000%	0.7056661	0.3185786	
							28.2266463	12.7431422		
							2.7913055	6.4014755		
TOTALS								100.0000000	100.0000000	
								Federal Lands	94.45 Acres	12.342% of Unit Area
								State Lands	670.80 Acres	87.658% of Unit Area
								Privately Owned Lands	None	
									765.25 Acres	100.000% of Unit Area

WORKING INTEREST OWNERS JOINDER

IN UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

WEST DOLLARHIDE DEVONIAN UNIT, LEA COUNTY, NEW MEXICO

WHEREAS, the undersigned has received a counterpart of an instrument entitled "Unit Agreement for the Development and Operation of the West Dollarhide Devonian Unit, Lea County, New Mexico", and a counterpart of an instrument entitled, "Unit Operating Agreement, West Dollarhide Devonian Unit, Lea County, New Mexico", both of which were executed by Gulf Oil Corporation as the Unit Operator and as a working interest owner, to provide for conducting secondary recovery operations with respect to the Devonian formation underlying lands in Lea County, New Mexico; and

WHEREAS, said Unit Agreement and Unit Operating Agreement each provide for counterpart execution and for execution by ratification or consent in separate instruments specifically referring thereto; and

WHEREAS, the undersigned working interest owner, whose interests are defined in said instruments and exhibits thereto, desires to execute said Unit Agreement and Unit Operating Agreement by ratification and consent.

NOW, THEREFORE, in consideration of the premises, and of the mutual advantages to be secured by all who become parties to said instruments, the undersigned working interest owner does by these presents ratify and consent to all terms and provisions of the aforesaid Unit Agreement and Unit Operating Agreement.

EXECUTED this 3 day of April, 1962

Tom J. Brotherton

ATTEST: (corporation)

Wenona S. Brotherton

THE STATE OF New Jersey X
COUNTY OF Bergen X

The foregoing instrument was acknowledged before me this 3rd day of April, 1962, by Husband and wife.

My Commission Expires: NEW JERSEY
03/12/1964

Edgar Brosemann
Notary Public

THE STATE OF _____ X
COUNTY OF _____ X

The foregoing instrument was acknowledged before me this _____ day of _____, 196__, by _____, _____ for _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

WORKING INTEREST OWNERS JOINDER

IN UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

WEST DOLLARHIDE DEVONIAN UNIT, LEA COUNTY, NEW MEXICO

WHEREAS, the undersigned has received a counterpart of an instrument entitled "Unit Agreement for the Development and Operation of the West Dollarhide Devonian Unit, Lea County, New Mexico", and a counterpart of an instrument entitled, "Unit Operating Agreement, West Dollarhide Devonian Unit, Lea County, New Mexico", both of which were executed by Gulf Oil Corporation as the Unit Operator and as a working interest owner, to provide for conducting secondary recovery operations with respect to the Devonian formation underlying lands in Lea County, New Mexico; and

WHEREAS, said Unit Agreement and Unit Operating Agreement each provide for counterpart execution and for execution by ratification or consent in separate instruments specifically referring thereto; and

WHEREAS, the undersigned working interest owner, whose interests are defined in said instruments and exhibits thereto, desires to execute said Unit Agreement and Unit Operating Agreement by ratification and consent.

NOW, THEREFORE, in consideration of the premises, and of the mutual advantages to be secured by all who become parties to said instruments, the undersigned working interest owner does by these presents ratify and consent to all terms and provisions of the aforesaid Unit Agreement and Unit Operating Agreement.

EXECUTED this 4th day of April, 1962.

Leslie B. Gardner

ATTEST: (corporation)

Antoinette W. Gardner

THE STATE OF Texas)
)
COUNTY OF McLennan)

The foregoing instrument was acknowledged before me this 4th day of April, 1962, by Leslie B. Gardner and wife Antoinette W. Gardner.

My Commission Expires: June 1, 1963

Ouida Bowers (Ouida Bowers)
Notary Public

THE STATE OF _____)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 196__, by _____, _____ for _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

WORKING INTEREST OWNERS JOINDER

IN UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

WEST DOLLARHIDE DEVONIAN UNIT, LEA COUNTY, NEW MEXICO

WHEREAS, the undersigned has received a counterpart of an instrument entitled "Unit Agreement for the Development and Operation of the West Dollarhide Devonian Unit, Lea County, New Mexico", and a counterpart of an instrument entitled, "Unit Operating Agreement, West Dollarhide Devonian Unit, Lea County, New Mexico", both of which were executed by Gulf Oil Corporation as the Unit Operator and as a working interest owner, to provide for conducting secondary recovery operations with respect to the Devonian formation underlying lands in Lea County, New Mexico; and

WHEREAS, said Unit Agreement and Unit Operating Agreement each provide for counterpart execution and for execution by ratification or consent in separate instruments specifically referring thereto; and

WHEREAS, the undersigned working interest owner, whose interests are defined in said instruments and exhibits thereto, desires to execute said Unit Agreement and Unit Operating Agreement by ratification and consent.

NOW, THEREFORE, in consideration of the premises, and of the mutual advantages to be secured by all who become parties to said instruments, the undersigned working interest owner does by these presents ratify and consent to all terms and provisions of the aforesaid Unit Agreement and Unit Operating Agreement.

EXECUTED this 4th day of April, 1962.

ATTEST: (corporation)

Mrs. W. E. Irvin
W. E. Irvin

THE STATE OF TEXAS X
COUNTY OF TARRANT X

The foregoing instrument was acknowledged before me this 4th day of April, 1962, by W. E. Irvin and Mrs. W. E. Irvin, husband and wife.

My Commission Expires:
June 1, 1963

Ethel F. Sebastian
Notary Public
Ethel F. Sebastian

THE STATE OF _____ X
COUNTY OF _____ X

The foregoing instrument was acknowledged before me this _____ day of _____, 196__, by _____, _____ for _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

WORKING INTEREST OWNERS JOINDER

IN UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

WEST DOLLARHIDE DEVONIAN UNIT, LEA COUNTY, NEW MEXICO

WHEREAS, the undersigned has received a counterpart of an instrument entitled "Unit Agreement for the Development and Operation of the West Dollarhide Devonian Unit, Lea County, New Mexico", and a counterpart of an instrument entitled, "Unit Operating Agreement, West Dollarhide Devonian Unit, Lea County, New Mexico", both of which were executed by Gulf Oil Corporation as the Unit Operator and as a working interest owner, to provide for conducting secondary recovery operations with respect to the Devonian formation underlying lands in Lea County, New Mexico; and

WHEREAS, said Unit Agreement and Unit Operating Agreement each provide for counterpart execution and for execution by ratification or consent in separate instruments specifically referring thereto; and

WHEREAS, the undersigned working interest owner, whose interests are defined in said instruments and exhibits thereto, desires to execute said Unit Agreement and Unit Operating Agreement by ratification and consent.

NOW, THEREFORE, in consideration of the premises, and of the mutual advantages to be secured by all who become parties to said instruments, the undersigned working interest owner does by these presents ratify and consent to all terms and provisions of the aforesaid Unit Agreement and Unit Operating Agreement.

EXECUTED this 13th day of April, 1962.

ATTEST: (corporation)

J. C. McMillan
J. C. McMillan, a married man dealing in his sole and separate property.

THE STATE OF Texas X
COUNTY OF Tarrant X

ILLEGIBLE

The foregoing instrument was acknowledged before me this 13th day of April, 1962, by J. C. McMillan, a married man dealing in his sole and separate property.

My Commission Expires: June 1, 1963

Gleana M. Brignone
Notary Public

THE STATE OF _____ X
COUNTY OF _____ X

The foregoing instrument was acknowledged before me this _____ day of _____, 196__, by _____, _____ for _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

WORKING INTEREST OWNERS JOINDER

IN UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

WEST DOLLARHIDE DEVONIAN UNIT, LEA COUNTY, NEW MEXICO

WHEREAS, the undersigned has received a counterpart of an instrument entitled "Unit Agreement for the Development and Operation of the West Dollarhide Devonian Unit, Lea County, New Mexico", and a counterpart of an instrument entitled, "Unit Operating Agreement, West Dollarhide Devonian Unit, Lea County, New Mexico", both of which were executed by Gulf Oil Corporation as the Unit Operator and as a working interest owner, to provide for conducting secondary recovery operations with respect to the Devonian formation underlying lands in Lea County, New Mexico; and

WHEREAS, said Unit Agreement and Unit Operating Agreement each provide for counterpart execution and for execution by ratification or consent in separate instruments specifically referring thereto; and

WHEREAS, the undersigned working interest owner, whose interests are defined in said instruments and exhibits thereto, desires to execute said Unit Agreement and Unit Operating Agreement by ratification and consent.

NOW, THEREFORE, in consideration of the premises, and of the mutual advantages to be secured by all who become parties to said instruments, the undersigned working interest owner does by these presents ratify and consent to all terms and provisions of the aforesaid Unit Agreement and Unit Operating Agreement.

EXECUTED this 26th day of April, 1962.

PAN AMERICAN PETROLEUM CORPORATION

ATTEST: (corporation)

C. F. Bedford
ATTORNEY-IN-FACT

APPROVED
RFH
BH JLH

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF TARRANT

BEFORE ME, the undersigned authority, on this day personally appeared C. F. BEDFORD, known to me to be the person who executed the foregoing instrument as ATTORNEY-IN-FACT of PAN AMERICAN PETROLEUM CORPORATION, and acknowledged to me that he executed the same for the purposes and consideration therein expressed; as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 26th day of April, 1962.

Ada Belle Zartman Ada Belle Zartman
NOTARY PUBLIC in and for
TARRANT County, TEXAS

WORKING INTEREST OWNERS JOINDER

IN UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

WEST DOLLARHIDE DEVONIAN UNIT, LEA COUNTY, NEW MEXICO

WHEREAS, the undersigned has received a counterpart of an instrument entitled "Unit Agreement for the Development and Operation of the West Dollarhide Devonian Unit, Lea County, New Mexico", and a counterpart of an instrument entitled, "Unit Operating Agreement, West Dollarhide Devonian Unit, Lea County, New Mexico", both of which were executed by Gulf Oil Corporation as the Unit Operator and as a working interest owner, to provide for conducting secondary recovery operations with respect to the Devonian formation underlying lands in Lea County, New Mexico; and

WHEREAS, said Unit Agreement and Unit Operating Agreement each provide for counterpart execution and for execution by ratification or consent in separate instruments specifically referring thereto; and

WHEREAS, the undersigned working interest owner, whose interests are defined in said instruments and exhibits thereto, desires to execute said Unit Agreement and Unit Operating Agreement by ratification and consent.

NOW, THEREFORE, in consideration of the premises, and of the mutual advantages to be secured by all who become parties to said instruments, the undersigned working interest owner does by these presents ratify and consent to all terms and provisions of the aforesaid Unit Agreement and Unit Operating Agreement.

EXECUTED this 26 day of April, 1964

Approved as to Form [Signature]

GULF OIL CORPORATION

ATTEST: (corporation)

[Signature]
Assistant Secretary

[Signature]
President

THE STATE OF _____ X
COUNTY OF _____ X

The foregoing instrument was acknowledged before me this _____ day of _____, 196__, by _____.

My Commission Expires: _____

Notary Public

THE STATE OF California X
COUNTY OF Alameda X

The foregoing instrument was acknowledged before me this 26 day of April, 1964, by [Signature], Vice President for [Signature], a California corporation, on behalf of said corporation.

My Commission Expires: July 23, 1964

[Signature]
Notary Public

CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 20 day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Witness:

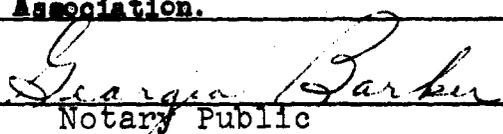

Cashier

Albuquerque National Bank, Testamentary
Trustee of Frank A. Andrews, deceased
By Ralph E. Becker
Trust Officer

THE STATE OF New Mexico

COUNTY OF Bernalillo

The foregoing instrument was acknowledged before me this 20 day of April, 1962, by Ralph E. Becker, Trust Officer of
Albuquerque National Bank, a National Banking Association.


Notary Public

My Commission Expires: 1963

CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

M. W. Call
Lillian Hauke Call

THE STATE OF New Mexico |
COUNTY OF Chaves |

The foregoing instrument was acknowledged before me this 27 day of April, 1962, by M. W. Call & Lillian Hauke Call Husband & Wife.

Jean Baston
Notary Public

My Commission Expires: March 1963



CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

John M. Loffland, Jr.
(Mrs. Frances J. Loffland)

THE STATE OF TEXAS

COUNTY OF TARRANT



The foregoing instrument was acknowledged before me this 26 day of APRIL, 1962, by JOHN M. LOFFLAND, JR. & FRANCES J. LOFFLAND HUSBAND AND WIFE.

James J. Jerry
Notary Public

My Commission Expires: 6-1-69

ILLEGIBLE

CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Helen Magruder Kolliker
William A. Kolliker

THE STATE OF TEXAS |
COUNTY OF EL PASO |

The foregoing instrument was acknowledged before me this 23rd day of April, 1962, by Helen Magruder Kolliker and William A. Kolliker.

My Commission Expires:



Jane Brownlow
Notary Public
Jane Brownlow
Notary Public in and for El Paso County, Texas

CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

~~THE FORT WORTH NATIONAL BANK, INCORPORATED
UNDER THE LAWS OF THE STATE OF TEXAS
BY: _____
VICE PRESIDENT AND TRUST OFFICER~~

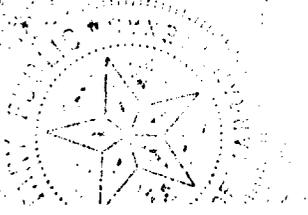
By: Alan C. Roberts
Vice President and Trust Officer

THE STATE OF TEXAS)
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, on this day personally appeared ALAN C. ROBERTS, Vice President and Trust Officer of The Fort Worth National Bank, Fort Worth, Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said bank in its fiduciary capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 9th day of May, A. D., 1962.

Virgil Lee Hickey
VIRGIL LEE HICKEY
Notary Public in and for Tarrant County, Texas



CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Roger B. Ovington + wife
Henry P. Ovington

THE STATE OF Texas |
County of Tarrant |

The foregoing instrument was acknowledged before me this 23 day of April, 1962, by Roger B. Ovington + wife
Henry P. Ovington

Emilio R. Craft
Notary Public



My Commission Expires: April 3

CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

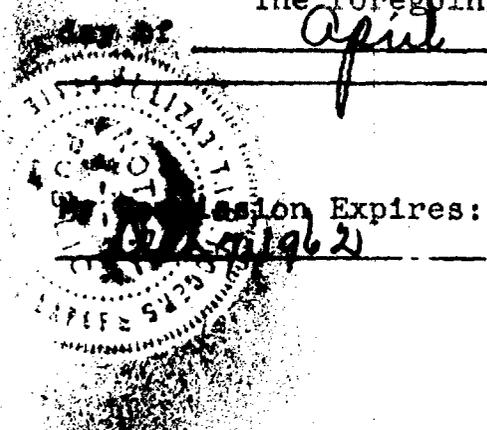
IN WITNESS WHEREOF this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Truman M. Pugh

THE STATE OF Kentucky |
COUNTY OF Caldwell |

The foregoing instrument was acknowledged before me this 28 day of April, 1962, by Truman M. Pugh

Elizabeth B. Rogers
Notary Public



CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

T. A. Pedley, Jr.

THE STATE OF Colorado |
COUNTY OF Denver |

The foregoing instrument was acknowledged before me this 25th day of April, 1962, by T. A. Pedley, Jr., a married man dealing in his sole and separate property.

Norman H. Comstock
Notary Public

Commission Expires: 1965
A circular notary seal for Norman H. Comstock, Notary Public, with the text "NOTARY PUBLIC" and "NORMAN H. COMSTOCK" around the perimeter.

CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 7th day of May, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

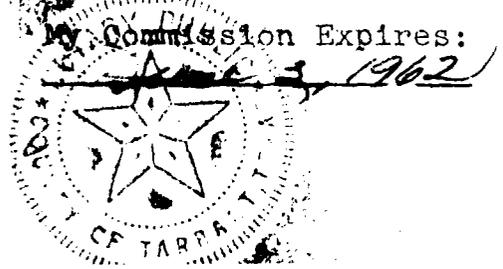
IN WITNESS WHEREOF this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Neville G. Penrose
Neville G. Penrose

THE STATE OF Nebraska
COUNTY OF Tarrant

The foregoing instrument was acknowledged before me this 7th day of May, 1962, by Neville G. Penrose.

Carroll Rice
Notary Public



CONSENT AND RATIFICATION OF
WEST DOLLARHIDE DEVONIAN UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the development and operation of the West Dollarhide Devonian Unit Area embracing lands in Lea County, New Mexico, which said Agreement is dated the 26th day of April, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof.

The undersigned also being the owners of royalty, overriding royalty or production payment interests in the lands or minerals embraced in said Unit Area, do hereby commit all of their said interests to the West Dollarhide Devonian Unit Agreement and do hereby consent thereto and ratify and agree to be bound by all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Effie E. Valentine
a single woman

THE STATE OF California |
COUNTY OF Santa Barbara |

The foregoing instrument was acknowledged before me this 27th day of April, 1962, by Effie E. Valentine a single

Katherine Hammond
Notary Public

My Commission Expires:
March 27, 1965

