

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
COWTOWN UNIT
EDDY COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of May, 1964, 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 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 of 1943 as amended by Section 1 of Chapter 162, Laws of 1951) 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. 1, Chapter 162, Laws of 1951) 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 1951, and Chap. 168, Laws of 1949) to approve this agreement, and the conservation provisions hereof; and

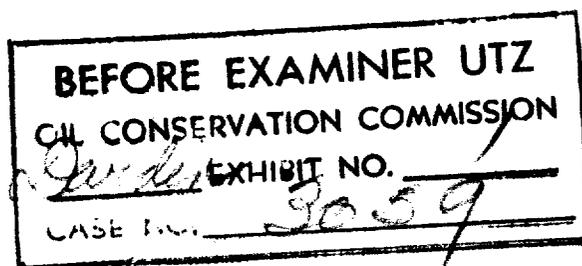
WHEREAS, the parties hereto hold sufficient interests in the Cowtown Unit covering the land hereinafter described to give reasonably effective control of operation therein; and

WHEREAS, it is the purpose of the parties hereto, to enable institution and consummation of secondary recovery operations, to conserve natural resources, 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:

ARTICLE I. Unit Area and Definitions: For the purpose of this agreement, the following terms and expressions as used herein shall mean:

(a) "Unit Area" is defined as the following described land and such land is hereby designated and recognized as constituting the Unit Area, to-wit:



NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Eddy County, New Mexico

T-18-S R-28-E

Section 13: SW/4

Section 24: W/2 NW/4, NE/4 NW/4

and containing in all 280.00 acres of land, more or less.

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

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

(d) "Unitized Formation" or "Formation" is defined as and shall mean all productive horizons from the surface of the ground to 400 feet below the top of the San Andres formation of the Permian Age. The top of the San Andres is more specifically located in the Frank Darden-Ohio State No. 1 well in SE/4 SW/4 of Section 13, Township 18 South, Range 28 East, @ 2642 feet as shown on Lane-Wells Radioactivity Log dated March 5, 1964, and in the Frank Darden-Magnolia State No. 2 well in SW/4 NW/4 of Section 24, Township 18 South, Range 28 East, @ 2580 feet as shown on Lane-Wells Radioactivity Log dated September 14, 1956.

(e) "Unitized Substances" is defined as and shall mean all of the oil, gas, and constituent liquids or liquefiable hydrocarbons contained in or produced from the Unitized Formation underlying the Unit Area and subsequently admitted land effectively committed to this Agreement or unit.

(f) "Usable Well" is defined as a well which has been drilled in the Unit Area to the depth of the unitized formation and has casing in the hole in condition for use as either a producing well or an injection well, and on which there has been filed with the State of New Mexico, on or before the effective date of this agreement, a well record and Completion Report (Form C-105) or Request for Oil Allowable (Form C-104) and which well has produced some oil from the unitized formation and has had an allowable granted for it by the Oil Conservation Commission of the State of New Mexico.

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

(h) "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.

(i) "Royalty Interest" or "Royalty" is defined as an interest other than a working interest in or right to receive a portion of the Unitized Substance 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 or other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(j) "Royalty Owner" is defined as and shall mean the owner of a royalty interest.

(k) "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 Article 8, Infra, and shall be styled "Unit Operating Agreement, Cowtown Unit, Eddy County, New Mexico."

(l) "Cumulative Oil Production" is defined as that cumulative volume of oil produced and saved from each tract upon which a producing well has been completed prior to January 1, 1964, insofar as such production was reported to the Commission. For each tract upon which a well has not been completed or was completed subsequent to January 1, 1964, which are included within the Unit Area, "Cumulative Oil Production" is defined as that value assigned to each of said tracts by the Working Interest Owners.

ARTICLE 2. 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 Commissioner.

ARTICLE 3. 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 65 per cent of the working interest owners (on the basis of 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 Commissioner and Commission, each Working Interest Owner (mailing copy of such notice to the last known address of each such 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 objections to such proposed expansion; and

(3) File, upon the expiration of said thirty (30) days period as set out in Item 2 immediately above and provided that objections of not more than ten per cent of the previously committed Working Interest Owners have been filed thereto, with the Commissioner the following: (a) Evidence of mailing copies of said notice of expansion, (b) an application of such expansion; and (c) an instrument containing the appropriate joinders in compliance with the participation requirement of Article 12 Infra.

The expansion shall, after due consideration of all pertinent information and upon approval by the Commissioner and Commission, become effective as of the date prescribed in the notice thereof or on such other date as set by the Commissioner in the order or instrument approving such expansion.

ARTICLE 4. Unitized Land and Unitized Substances: All oil and gas in all of the hereinabove described and subsequently admitted land effectively committed to this Agreement, insofar only as the same may be found in the Formation described in Article 1 (d), supra, together with the surface rights of ingress and egress, are unitized under the terms of this Agreement and said land shall constitute land referred to herein as "Unitized Land" or "land subject to this Agreement".

Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any formation other than Formation described in Article 1 (d), supra.

ARTICLE 5. Unit Operator: Frank Darden, Fort Worth National Bank Building, Fort Worth, Texas, is hereby designated as Unit Operator and by signing this instrument as Unit Operator 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 Unit Operator as the owner of a working interest when such an interest is owned by him.

ARTICLE 6. 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 three months after notice of intention to resign has been served by Unit Operator on all Working Interest Owners and the Commissioner, 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 him hereunder occurring prior to the effective date of his resignation.

The Unit Operator may, upon default or failure in the performance of his duties or obligations hereunder, be subject to removal in the manner provided for in the Unit Operating Agreement executed coincident herewith by and between the Working Interest Owners. Such removal shall be effective upon notice thereof to the Commissioner.

In all such instances of resignation or removal, until a successor 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 his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the Unit operations and owned by the Working Interest Owners to the new duly qualified successor Unit Operator or to the 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 removal of any material, equipment and appurtenances needed for the preservation of any wells.

ARTICLE 7. Successor Unit Operator: Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator in the manner provided for in the Unit Operating Agreement executed coincident herewith by and between the Working Interest Owners. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the Commissioner at his election may declare this Unit Agreement terminated.

ARTICLE 8. 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 agreement or agreements entered into (separately or collectively) by and between the Unit Operator and the Working Interest Owners. 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 Unit Agreement, and in case of any inconsistency or conflict between the Unit 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 Commissioner, prior to approval of this Agreement.

ARTICLE 9. Rights and Obligations of Unit Operator: Except as otherwise specifically provided herein or in the Unit Operating Agreement, 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 his capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

ARTICLE 10. 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 Unit Agreement is to formulate and to put into effect a secondary recovery project in order to effect the greatest 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 the Working Interest Owners, the Commissioner, and the Commission, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil and any one or more other substances 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 the standards of good geologic and petroleum engineering practices and conservation methods, and that Unit Operator shall carry on such operations as would a reasonably prudent operator under the same or similar circumstances.

ARTICLE 11. 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 is a figure which represents the percentage of participation allocated to such tract on 100 per cent tract commitment. The participation percentage of each tract was determined

as follows:

$$\begin{array}{l} \text{Percentage Par-} \\ \text{ticipation of} \\ \text{each tract} \end{array} = \frac{\text{Tract Cumulative Oil Production}}{\text{Unit Cumulative Oil Production}}$$

ARTICLE 12. Tracts Qualified for Unit Participation: On and after the effective date hereof the tracts within the Unit Area which shall be entitled to participate 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 75% or more of the royalty have executed this agreement; and

(b) Each and all of those tracts as to which Working Interest Owners owning less than 100% of the Working Interests have become parties to this agreement, regardless of the percentage of Royalty Interests therein that is committed hereto, and as to which the Working Interest Owner who operated the tract and all of the other Working Interest Owners in such tract who have become parties to this agreement have joined in a request for inclusion of such tract and have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other Working Interest Owners in the Unit Area against all claims and demands that may be made by the Owners of interests in such tract who are not parties to this agreement, and which arise out of the inclusion of the tract in the Unit Area.

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 Commissioner, or as soon thereafter as practicable, 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 and 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 11 (Tract Participation) above. This schedule of participation shall be a part of Exhibit "B" and upon approval thereof by the Commissioner shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until the effective date of a new schedule approved by the Commissioner.

ARTICLE 13. 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 within the Unit Area 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 several 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 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 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 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. Such party shall have the right to construct, maintain and operate within the Unit Area all necessary facilities for that purpose, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Any extra expenditures 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 in order to avoid curtailing the operation of the Unit Area, may sell or otherwise dispose of such production 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 the same. The proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto.

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 royalties, overriding royalties, oil payments, net profit contracts, and all payments out of

or burdens 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 royalties, overriding royalties, oil payments, net profit contracts, and other payments out of or burdens 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 contiguous to the Unit Area that are subsequently committed hereto, as above described in Article 3 or any tract or tracts within the Unit Area not effectively committed hereto as of the effective date hereof but which are subsequently committed hereto under the provisions of Article 30, Nonjoinder and Subsequent Joinder, or if any tract is excluded from the Unit Area as provided for in Article 29, Loss of Title, the schedule of participation as shown in Exhibit "B" shall be revised by the Working Interest Owners to show the new percentage participation of all the then effectively committed tracts and the revised Exhibit "B", upon approval by the Commissioner, shall govern the allocation of production from and after the effective date thereof until a new schedule is filed and approved by the Commissioner.

ARTICLE 14. Use or Loss of Unitized Substances: Working interest Owners may use as much of the Unitized Substances as they deem necessary for the operation and development of the Unit Area, including but not limited to the injection thereof into the Unitized Formation.

No royalty, overriding royalty, production or other payments shall be payable upon or with respect to Unitized Substances used or consumed in the operation or development of the Unit Area or which may be otherwise lost or consumed in the production, handling, treating, transportation or storing of Unitized Substances.

ARTICLE 15. Royalty Settlement: The State of New Mexico and all Royalty Owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the 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 royalties due under their leases, except that such royalties 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 any participating area hereunder, for use in repressuring, stimulation of production or increasing ultimate recovery, a like amount of gas, with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom.

All royalties due the State of New Mexico 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) 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 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.

ARTICLE 16. Reports: Unit Operator shall furnish the Commissioner monthly, injection and production reports for each well in the Unit, as well as periodical reports of the development and operation of the Unit Area.

ARTICLE 17. 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 or minimum royalty for lands of the State subject to this agreement shall be paid at the rate specified in the respective leases from the State.

ARTICLE 18. Conservation: Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

ARTICLE 19. 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.

ARTICLE 20. Leases and Contracts Conformed and Extended: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas on all lands committed to this agreement shall, upon approval hereof by the Commissioner, be and the same are hereby expressly modified and amended insofar as they apply to such lands within the Unit Area, to the extent necessary to make the same conform to the provisions hereof and so that the length of and the term of such leases, on and covering such lands within said Unit Area, will be extended insofar as necessary to coincide with the terms of this agreement and otherwise remain in full force and effect. The approval of this agreement by the Commissioner shall, without further action, be effective to conform the provisions and extend the term of each lease as to lands within the Unitized Area, to the provisions and term of this

agreement and without limiting the generality of the foregoing, all leases, subleases and contract 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 and producing operations performed hereunder upon any tract or unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Commissioner, or his 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) 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. Termination of this agreement shall not effect 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 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, if at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling, reworking or secondary recovery operations on some part of the lands embraced in such lease, 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.

ARTICLE 21. Mathematical Errors: It is hereby agreed by all parties to this agreement that Unit Operator shall be empowered to correct any mathematical errors which might exist in the pertinent exhibits to this agreement or the Unit Operating Agreement upon approval of the Commissioner.

ARTICLE 22. 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 photostatic or certified copy of the 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, photostatic or certified copy of the instrument of transfer.

ARTICLE 23. 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 month next following:

(a) The execution or ratification of this agreement and the Unit Operating Agreement by Working Interest Owners owning a combined Unit Participation of at least ninety-five (95%) percent, and the execution or ratification of this Agreement by Royalty Owners owning a combined interest of at least seventy-five (75%) percent of the royalty interest in said Unit Area;

(b) The approval of this agreement by the Commissioner;

(c) The filing of at least one counterpart of this agreement for record in the Records of Eddy County, New Mexico, by Unit Operator; and provided, further, that if (a) (b) and (c) above are not accomplished on or before January 1, 1965, 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 Unit Participation of at least ninety (90%) percent and Working Interest Owners owning a combined Unit Participation of at least ninety (90%) percent committed to this agreement have decided to extend said termination date for a period not to exceed six months. 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. For the purpose of this section, ownership shall be computed on the basis of Unit Participation as determined from Exhibit "B". Unit Operator shall, within thirty (30) days

after the effective date of this agreement, file for record in the office or offices 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 tracts subject to this agreement and as long thereafter as drilling, reworking or other 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. However, this agreement may be terminated by Working Interest Owners owning ninety (90) percent Unit Participation whenever such Working Interest Owners determine that Unit operations are no longer profitable, feasible or in the interest of conservation, with the approval of the Commissioner. Notice of any such approval to 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.

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

ARTICLE 24. Rate of Production: All production from the Unit Area and the disposal thereof shall be in conformity with the allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

ARTICLE 25. Appearances: Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission and to appeal from order issued under the regulations of said Commissioner or Commission, or to apply for relief from any of said regulations or in any proceedings relative to operations before the Commissioner or Commission, or any other legally constituted authority, provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

ARTICLE 26. Notices: All notices, demands 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 registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

ARTICLE 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 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.

ARTICLE 28. Unavoidable Delay: All obligations under this agreement requiring the Unit Operator to commence or continue drilling 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, State or municipal law or agencies, 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.

ARTICLE 29. Loss of Title: In the event title to any tract of Unitized Land, or substantial interest therein, 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 interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that as to State Land or leases, no payments of funds due the State of New Mexico should be withheld, but such funds shall be deposited as directed by the Commissioner of Public Lands of the State of New Mexico, 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.

ARTICLE 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 Owners in that tract who have executed or ratified this agreement may withdraw said tract from this agreement, by written notice to the Commissioner and the Unit Operator prior to the effective date of this agreement, or such tract may be included in the Unit if the same can be and is qualified as provided in Article 12 hereof. Such withdrawal as above provided, shall, without further action, also operate to withdraw all royalty interest in such tract or tracts theretofore committed hereto. 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 the interest to be regarded as effectively committed to this Unit Agreement.

Any oil or gas interest is the Unitized Formation in lands within the Unit Area not committed hereto prior to submission of this agreement to the Commissioner for final approval may thereafter be committed hereto upon compliance with the applicable provisions of Article 12 hereof, at any time up to the effective date hereof and for a period of six (6) months thereafter, on the same basis of participation as provided for in Article 12 by the owner or owners thereof subscribing, ratifying, or consenting in writing to this agreement, and if the interest is a working interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that after six (6) months from the effective date hereof the right of subsequent joinder as provided in this Article shall be subject to such requirement or approvals and on such basis as may be agreed upon by ninety (90%) percent of the Working Interest Owners (based upon percentage participation in the Unit Area). Such joinder by a Working Interest Owner must be evidenced by his execution or ratification of this Unit Agreement and the Unit Operating Agreement. Such joinder by a Royalty Owner must be evidenced by his execution or ratification of this Unit Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such Royalty Owner. Except as may be otherwise herein provided, subsequent joinders to this agreement, as to tracts within the Unit Area, shall be effective at 7:00 A.M. as of the first day of the month following the approval thereof by the Commissioner.

ARTICLE 31. Counterparts: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have extended 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.

ARTICLE 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.

ARTICLE 33. No Partnership: It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this Agreement contained, expressed or implied, or any operations conducted hereunder, shall create or be deemed to create a partnership or association between the parties hereto or any of them.

ARTICLE 34. Oil in Lease Tankage on 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 in such tanks, above the pipe line connections as of 7:00 a.m. on the effective date hereof. All such oil as is a part of the prior allowable of the well or wells from which the same was produced shall be and remain the property of the Working Interest Owners entitled thereto the same as if the Unit had not been formed, and such Working Interest Owners shall promptly remove said oil from the Unit Area. Any such oil not so removed may be sold by the Unit Operator for the account of such Working Interest Owners, subject to the payment of all Royalty to Royalty Owners under the terms and provisions of the applicable lease or leases and other contracts. All such oil and gas as is in excess of the prior allowable of the well or wells from which the same was produced shall be regarded and treated the same as Unitized Substances produced after the effective date hereof. If, as of the effective date hereof, any tract is overproduced with respect to the allowable of the well or wells on that tract and the amount of such overproduction has been sold or otherwise disposed of, such overproduction shall be regarded and included as a part of the Unitized Substances produced after the effective date hereof and the amount thereof charged to such tract as having been delivered to the persons entitled to Unitized Substances allocated to such tract.

ARTICLE 35. Border Agreements: Subject to the approval of the Commissioner, the Unit Operator, with concurrence of 65% of the Working Interest Owners, may enter into a border-protection agreement or agreements with the Working Interest Owners of adjacent lands along the exterior boundary of the Unit Area with respect to the operations in the border area for the maximum ultimate recovery, conservation purposes and proper protection of the parties and interests.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth in their respective acknowledgements.

Lucy Darden
Lucy Darden

Blanche A. Addyman
Blanche A. Addyman

Dorthea M. Engleman
Dorthea M. Engleman

Betty E. Cummins
Betty E. Cummins

Ruth B. Van Zandt
Ruth B. Van Zandt

Frank Darden
Frank Darden

A. E. Addyman
A. E. Addyman

G. E. Engleman
G. E. Engleman

Clarke B. Cummins
Clarke B. Cummins

I. L. Van Zandt
I. L. Van Zandt

Myron A. Smith
Myron A. Smith

STATE OF TEXAS)
) ss.
County of Tarrant)

The foregoing instrument was acknowledged before me this 3rd day of May, 1964, by FRANK DARDEN and LUCY DARDEN, his wife.

Ted Long
Notary Public

My Commission expires:

June 1, 1965

STATE OF TEXAS)
) ss.
County of Tarrant)

The foregoing instrument was acknowledged before me this 4th day of May, 1964, by A. E. ADDYMAN and BLANCHE A. ADDYMAN, his wife.

Bronis Thompson
Notary Public

My Commission expires:

June 1965

STATE OF TEXAS)
) ss.
County of Tarrant)

The foregoing instrument was acknowledged before me this 8th day of May, 1964, by G. E. ENGLEMAN and DORTHEA M. ENGLEMAN, his wife.

Betty J. Thack
Notary Public

My Commission expires:

June 1965

STATE OF Oklahoma)
) ss.
County of Delaware)

The foregoing instrument was acknowledged before me this 19th day of May, 1964, by CLARKE B. CUMMINS and BETTY E. CUMMINS, his wife.

Pearl B. Hinson
Notary Public

My commission expires:

My Commission Expires June 22, 1967

STATE OF TEXAS)
) ss.
County of Tarrant

The foregoing instrument was acknowledged before me this 5th day of May, 1964, by I. L. VAN ZANDT and RUTH B. VAN ZANDT, his wife.

Ruby Hayes
Notary Public

My Commission expires:

June 1965

STATE OF TEXAS)
) ss.
County of Tarrant)

The foregoing instrument was acknowledged before me this 3rd day of May, 1964, by MYRON A. SMITH, a single man.

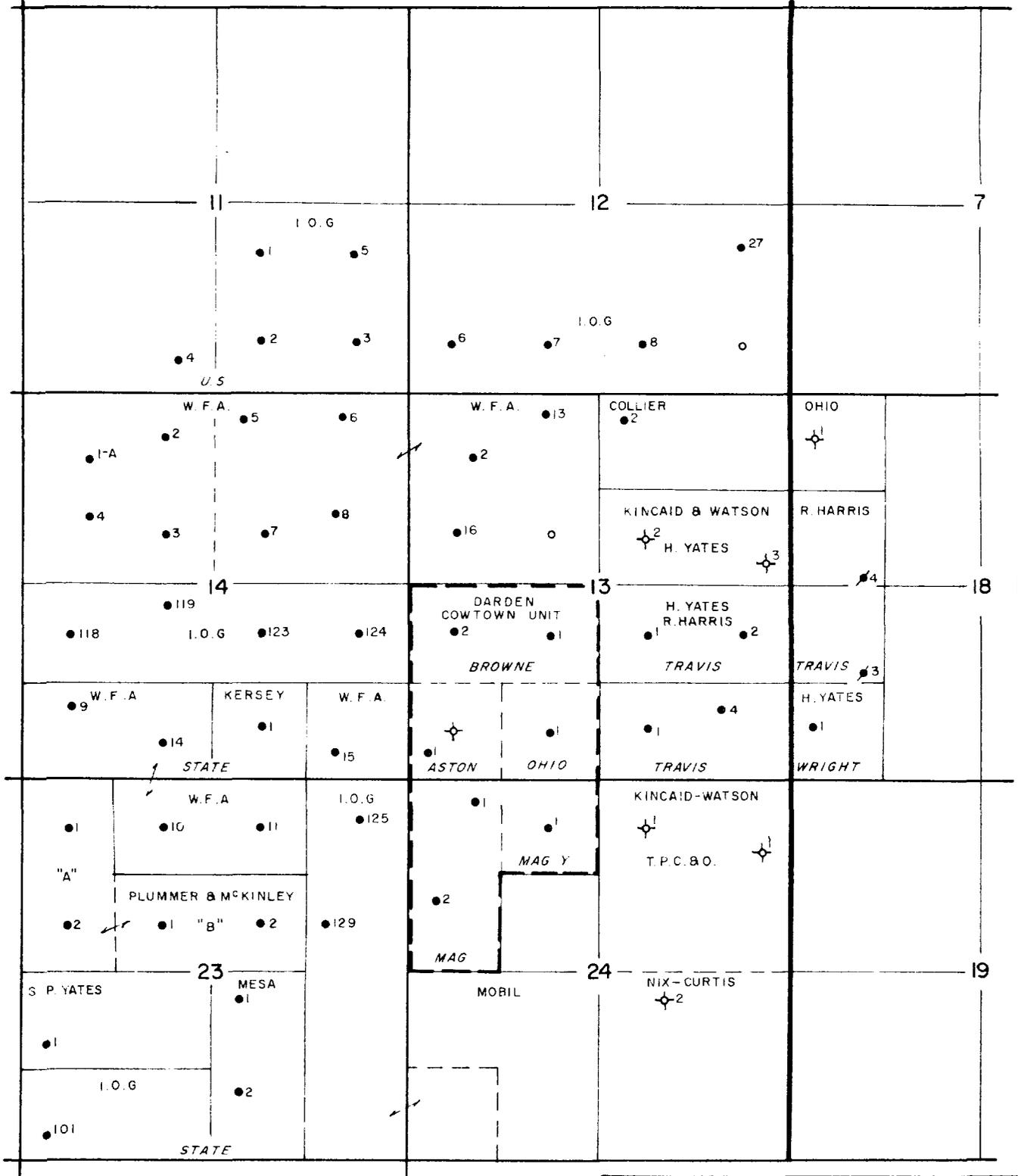
Ted Long
Notary Public

My Commission expires:

June 1, 1965

R 28 E

R 29 E



T 18 S

FRANK DARDEN ENGINEERING

EXHIBIT "A"

EDDY COUNTY, NEW MEXICO
"COWTOWN UNIT"

SCALE

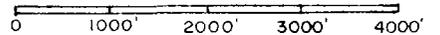


EXHIBIT "B"
COWTOWN UNIT
EDDY COUNTY, NEW MEXICO
SCHEDULE SHOWING OWNERSHIP AND UNIT
PARTICIPATION OF ALL TRACTS IN THE UNIT AREA

Tract No.	Description	Acres	State of New Mexico Lease and Assignment No., Date, Basic Royalty	Lessee of Record And Percent	Overriding Royalty And Percent	Working Interest Owners and Percent	Cum. Prod. To 1-1-64	Tract Percent Part. In Unit
1.	T-18-S, R-28-E Sec. 13: N/2 SW/4	80.00	E-1392-10 7-10-47 12.50%	Frank Darden All	Lillian V. Browne R. B. Rodke Jerry Curtis Kennedy Oil Co. 6.25000 1.04167 2.08333 10.00000(2)	Frank Darden A. E. Addyman G. E. Engleman Clarke B. Cummins I. L. Van Zandt Myron A. Smith 40.00 18.75 12.50 12.50 6.25 <u>10.00</u> 100.00	83,155	38.3420
2.	T-18-S, R-28-E Sec. 13: SW/4 SW/4	40.00	B-11594-2 11-10-44 12.50%	Bert Aston R. W. Fair 50.00 <u>50.00</u> 100.00	Bert Aston R. W. Fair Nix & Curtis (1) 5.46875 5.46875 7.50000	Frank Darden A. E. Addyman G. E. Engleman Clarke B. Cummins I. L. Van Zandt Myron A. Smith 40.00 18.75 12.50 12.50 6.25 <u>10.00</u> 100.00	22,500	10.3745
3.	T-18-S, R-28-E Sec. 13: SE/4 SW/4	40.00	B-8196-10 6-10-39 12.50%	Frank Darden All	The Ohio Oil Co. Kennedy Oil Co. 6.25000 10.00000(2)	Frank Darden A. E. Addyman G. E. Engleman Clarke B. Cummins I. L. Van Zandt Myron A. Smith 40.00 18.75 12.50 12.50 6.25 <u>10.00</u> 100.00	34,364	15.8449

Tract No.	Description	Acres	State of	Lease and Assignment No., Date, Basic Royalty	Lessee of Record And Percent	Overriding Royalty And Percent	Working Interest Owners and Percent	Cum. Prod. To 1-1-64	Tract Percent In Unit
4.	<u>T-18-S, R-28-E</u> Sec. 24: W/2 NW/4	80.00	B-11276-2	Socony Mobil Oil Co.-A11	Socony Mobil Oil Co. 5.46875 Nix & Curtis (1) 7.50000 Kincaid & Watson 2.50000 Drig. Co.	Frank Darden A. E. Addyman G. E. Engleman Clarke B. Cummins I. L. Van Zandt Myron A. Smith	40.00 18.75 12.50 12.50 6.25 <u>10.00</u> 100.00	59,674	27.5151
5.	<u>T-18-S, R-28-E</u> Sec. 24: NE/4 NW/4	40.00	B-11276-2	Socony Mobil Oil Co.-A11	Socony Mobil Oil Co. 2.734375 Nix & Curtis (1) 5.000000 Kincaid & Watson 5.000000 Drig. Co.	Frank Darden A. E. Addyman G. E. Engleman Clarke B. Cummins I. L. Van Zandt Myron A. Smith	40.00 18.75 12.50 12.50 6.25 <u>10.00</u> 100.00	17,184	7.9235

(1) Partnership composed of Ralph Nix and Jerry Curtis.

(2) This interest consists of a production payment which will terminate when said interest shall have received 119,510 barrels of oil, or the cash value thereof from the N/2 SW/4 and SE/4 SW/4 of Section 13-18S-28E, and the S/2 SE/4 of Section 13-18S-28E.

CONSENT TO AND RATIFICATION OF
UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
COWTOWN UNIT
EDDY COUNTY, NEW MEXICO

The undersigned Royalty Owner in said Unit Agreement, which is dated May 1, 1964, and which embraces certain lands in Sections 13 and 24, Township 18 South, Range 28 East, N.M.P.M., for valuable consideration paid, hereby ratifies, confirms and joins in the execution of said Unit Agreement (which is incorporated herein by reference) to the same extent and effect as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof. The undersigned does further commit all of the undersigned's right, title and interest in and to the Unitized Substances to the terms, provisions and agreements in said Unit Agreement.

The undersigned acknowledges the receipt of a copy of said Unit Agreement, and further acknowledges that this instrument has been signed and unconditionally delivered at the date shown.

NIX & CURTIS

by Jerry Curtis

ATTEST:

ROYALTY OWNER

Ralph Nix
Frances Nix

Jerry Curtis *Loneta S. Curtis*

Address: P. O. Box 617

Date: May 25, 1964

Artesia, New Mexico

(Individual)

STATE OF New Mexico)

COUNTY OF Eddy)

ss.

The foregoing instrument was acknowledged before me this 25th day of May, 1964, by Ralph Nix and Frances Nix, his wife, and Jerry Curtis and Loneta S. Curtis, husband and wife.

Alfred L. Williams
Notary Public

My Commission Expires 1-12-68

(Corporate)

STATE OF _____)

COUNTY OF _____)

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1964, by _____ of _____, a _____ corporation on behalf of said corporation.

My Commission Expires _____

Notary Public

CONSENT TO AND RATIFICATION OF
UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
COWTOWN UNIT
EDDY COUNTY, NEW MEXICO

The undersigned Royalty Owner in said Unit Agreement, which is dated May 1, 1964, and which embraces certain lands in Sections 13 and 24, Township 18 South, Range 28 East, N.M.P.M., for valuable consideration paid, hereby ratifies, confirms and joins in the execution of said Unit Agreement (which is incorporated herein by reference) to the same extent and effect as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof. The undersigned does further commit all of the undersigned's right, title and interest in and to the Unitized Substances to the terms, provisions and agreements in said Unit Agreement.

The undersigned acknowledges the receipt of a copy of said Unit Agreement, and further acknowledges that this instrument has been signed and unconditionally delivered at the date shown.

ROYALTY OWNER

ATTEST:

KINGAID & WATSON DRILLING COMPANY

G. Rex Holmes
G. Rex Holmes - Assistant Secretary

J. C. Watson
J. C. Watson - President
Address: P.O. Box 498

Date: May 25, 1964

Artesia, New Mexico

(Individual)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1964, by _____, husband and wife.

Notary Public

My Commission Expires _____

(Corporate)

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this 25 day of May, 1964, by J. C. Watson of Kincaid & Watson Drilling Company, a New Mexico corporation on behalf of said corporation.

Nancy King
Notary Public

My Commission Expires 6-9-65

CONSENT TO AND RATIFICATION OF
UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
COWTOWN UNIT
EDDY COUNTY, NEW MEXICO

and Lessee of Record

The undersigned Royalty Owner/ in said Unit Agreement, which is dated May 1, 1964, and which embraces certain lands in Sections 13 and 24, Township 18 South, Range 28 East, N.M.P.M., for valuable consideration paid, hereby ratifies, confirms and joins in the execution of said Unit Agreement (which is incorporated herein by reference) to the same extent and effect as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof. The undersigned does further commit all of the undersigned's right, title and interest in and to the Unitized Substances to the terms, provisions and agreements in said Unit Agreement.

The undersigned acknowledges the receipt of a copy of said Unit Agreement, and further acknowledges that this instrument has been signed and unconditionally delivered at the date shown.

ROYALTY OWNER

ATTEST:

R W Fair

Address: _____

Date: _____

(Individual)

STATE OF Texas)
COUNTY OF Smith) ss.

The foregoing instrument was acknowledged before me this 21st day of May, 1964, by R. W. Fair, ~~President and V.P.~~

Mary J. Nelson
Notary Public

My Commission Expires June 1, 1965

(Corporate)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1964, by _____ of _____, a _____ corporation on behalf of said corporation.

My Commission Expires _____

Notary Public

CONSENT TO AND RATIFICATION OF
UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
COWTOWN UNIT
EDDY COUNTY, NEW MEXICO

and Lessee of Record

The undersigned Royalty Owner/ in said Unit Agreement, which is dated May 1, 1964, and which embraces certain lands in Sections 13 and 24, Township 18 South, Range 28 East, N.M.P.M., for valuable consideration paid, hereby ratifies, confirms and joins in the execution of said Unit Agreement (which is incorporated herein by reference) to the same extent and effect as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof. The undersigned does further commit all of the undersigned's right, title and interest in and to the Unitized Substances to the terms, provisions and agreements in said Unit Agreement.

The undersigned acknowledges the receipt of a copy of said Unit Agreement, and further acknowledges that this instrument has been signed and unconditionally delivered at the date shown.

ROYALTY OWNER

ATTEST:

Bert Aston

Ether H. Aston

Address: _____

Date: _____

(Individual)

STATE OF New Mexico)
COUNTY OF Chaves) ss.

The foregoing instrument was acknowledged before me this 18 day of May, 1964, by Bert Aston and Ether H. Aston, husband and wife.

Mary Ann Morrison
Notary Public

My Commission Expires March 12, 1965

(Corporate)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1964, by _____ of _____, a _____ corporation on behalf of said corporation.

My Commission Expires _____

Notary Public