

STATE New Mexico PARISH OR COUNTY Lea DISTRICT 5-37 X-2578

OPERATOR: Carl B. King Drlg. Co. No. 1-A FARM Stuart

TWP. OR SURVEY 14-253-37E ELEV. 3129'

	DATE	CASING RECORD: <u>7-5/8" 961', 4 1/2" @</u>
COMM.	<u>2/2/38</u>	<u>3271', 2" 3395, pack @ 3300, perf below</u>
COMP.	<u>5/15/38</u>	<u>I.P. fl 70 BOPD thru tbg, just enough</u>
		MARKERS: <u>gas to flow.</u>
TOP	<u>A. 910'</u>	<u>P. 3305'</u>
BASE		
T.D.	<u>3395'</u>	<u>lime.</u>

LOCATION:	<u>330' fr N & 1650' fr W</u>	<u>3/10/38 shot 140 qts 3326-95.</u>
		<u>BS fl est 3 BOPH.</u>
		<u>AS fl 70 BOPD thru csg,</u>
		<u>5,240,000 gas.</u>
		<u>5/15/38 tr 1000 gals acid.</u>
		<u>BA fl 70 BOPD thru tbg.</u>
		<u>AA - IP. OVER</u>

3/15/38 TESTED 5.24 MM CF FR CSG Y FLO. 70 BOPD

*Pbr @ 3300'
- 3129
- 171*

4 3/4" @ 3271'

*3129
150*

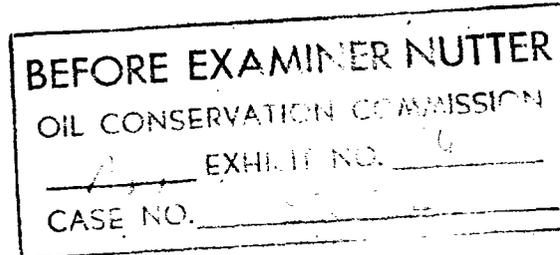
*DEPTH OF
- 150 DATUM*

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. _____

Mobil Oil Corporation

P.O. BOX 633
MIDLAND, TEXAS 79701

June 26, 1969



Atlantic Richfield Company
P. O. Box 1470
Midland, Texas 79701

Attention: Mr. L. M. Sellers

LINE AGREEMENT, STUART LEASES
LANGLIE MATTIX QUEEN POOL
LEA COUNTY, NEW MEXICO

Gentlemen:

Mobil Oil Corporation has recently purchased certain tracts in Lea County, New Mexico from George Buckles. The acreage purchased includes tracts which are a west offset to your 40-acre Stuart A lease (formerly Sinclair) in the NE/4 of NW/4 of Sec. 14, T-25-S, R-37-E, Lea County, New Mexico. We expect to have Mobil's acreage in this area under waterflood in the Queen formation within a few months and currently plan to drill water injection wells approximately 50' west of the NW and SW corners of your Stuart A lease. Injectors are required near the east line of Mobil's leases in this area to insure that all of the waterflood oil beneath the leases is trapped down-dip to the west and to form a water block to prevent migration of waterflood oil up-dip to the gas cap on the east. We are anxious to proceed with the waterflood plans as rapidly as possible and, for this reason, are interested in exploring cooperative injection along the common line dividing our properties. We would like for Atlantic to participate in the two injection wells cited to the extent of 25%, which would amount to approximately \$19,000. Advice concerning your position in this matter will be appreciated.

Because the Atlantic Stuart A Well #1, former Langlie Mattix Queen producer, is situated only about 330' east of your west lease line, it has occurred to us that an outright purchase by Mobil of the Queen rights beneath the 40 acres may be more attractive to Atlantic than participating in the two line injection wells. If Atlantic should sell Mobil the Langlie Mattix Queen rights beneath this tract, it would be our plan to convert the Stuart A Well #1 in lieu of drilling one of the line injectors. In this connection, Mobil would be willing to offer \$12,000 for a net 0.875 working interest in the Langlie Mattix Queen (as defined by the NMOCC: 100' above the base of the Seven Rivers to the base of the Queen) beneath the Stuart A 40-acre lease to include the Stuart A Well #1, together with its tubing, provided of course that your records do not indicate collapsed casing or other conditions in the well which would prevent its use for injection into the Queen. Please let us hear from you as soon as possible.

Yours very truly,


Don B. Cooper
Joint Interest Administrator

CALCULATION OF WATERFLOOD
RESERVES FOR LMQU #9 AND #18

Assumptions:

W/F Oil = 1/1/69 cumulative oil

LMQU #14 drilled and used for WIW @ requested location.

Floodable area in #9 pattern = 52 acres

Average 1/1/69 cumulative oil for #9 pattern = 3100 B/Ac

W/F Oil = 52 acres x 3100 B/Ac = 161,200 Bbls.

Floodable area in #18 pattern = 61.23 acres

Average 1/1/69 cumulative oil for #18 pattern = 2899 B/Ac

W/F Oil = 61.23 acres x 2899 B/Ac = 177,506 Bbls.

Assume LMQU #14 is not allowed:

Floodable area in #9 pattern = 30.10 acres

W/F Oil = 30.1 acres x 3100 B/Ac = 93,310 Bbls.

Oil lost from pattern = 161,200 - 93,310 = 67,890 Bbls.

Floodable area in #18 pattern = 30.97 acres

W/F recovery from the swept area of the open pattern will be half that of the closed pattern.

W/F Oil = 30.97 acres x 1/2 x 2899 B/Ac

= 44,891 Bbls.

Oil lost from pattern = 177,506 - 44,891

= 132,615

Total oil lost = 67,890 + 132,615 = 200,505 Bbls.

1/1/70

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>3</u>
CASE NO. <u> </u>

TABULATION OF PRODUCTION
 ARCO (SINCLAIR) STUART A WELL NO. 1
 LANGLIE-MATTIX FIELD
 LEA COUNTY, NEW MEXICO

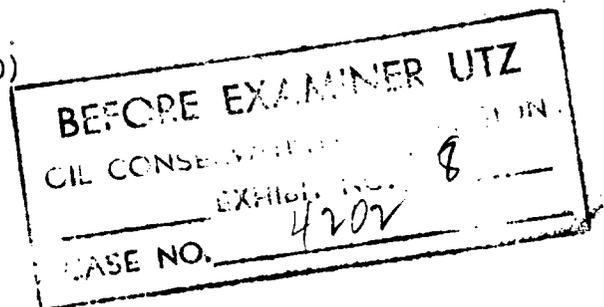
<u>Operator</u>	<u>Year</u>	<u>Bbls. Oil</u>	<u>MCF Gas</u>	<u>Bbls. Cum. Oil</u>
Carl B. King Drig. Co.	1938	15,257		15,257
	1939	17,102		32,359
	1940	3,314		35,673
	1941	2,641		38,314
	1942	3,954		42,268
Western Natural Gas	1943	2,708		44,976
	1944	2,483		47,459
	1945	2,088		49,547
	1946	2,038		51,585
	1947	845		52,430
	1948	1,836		54,266
	1949	1,530		55,796
	1950	962		56,758
	1951	2,040		58,798
	1952	1,457		60,255
	1953	792		61,047
	1954	-		61,047
	1955	-		61,047
	1956	-		61,047
1957	-		61,047	
Sinclair	1958	917		61,964
	1959	116	37,720	62,080
	1960	-	8,866	62,080
	1961	-	5,787	62,080
	1962	-	4,113	62,080
	1963	-	1,235	62,080
	1964	-		62,080
	1965	-		62,080
	1966	-		62,080
	1967	-		62,080
	1968	-		62,080

COMPLETION DATA:

Completed 2/15/38.
 7-5/8" surface pipe @ 961'.
 4-3/4" prod. str. @ 3271'.
 2' tbg. set through pkr @ 3395 (pkr @ 3300)

Shot w/140 qts @ 3326'-95'
 Acidized w/1000 gal

TD @ 3395
 Top pay 3305



Stuart 1A Unit C, Sec 14, T-255, R-37E

Hobbs OGC Records

1. Intention to Drill - King Drly Co. 1-10-38
2. Surf. Csg -
3. Surf. Csg set
4. Surf Csg tested
5. Cond. Pipe set
6. Oil string set
7. Oil string plus
8. Well record - 4-9-38

Formation Record - Partial

2380 - 2393	Gas 5d Light Showing
2393 - 2410	Lime-Brown
2410 - 2430	Brlm - Gas Smell Strong
2430 - 2446	Hard Gray Lime - No Gas Showing
2446 - 2550	Brown Lime
2550 - 2560	Showing Brown Lime - Light Gas show
2560 - 3117	Lime
3117 - 3121	Gas Sand
3121 - 3157	Sand
3157 - 3198	Lime
3198 - 3215	Sand
3215 - 3394-6	Lime

Treatment - 140 gts Nitro 3324-3395
Cleaned out to 3395

Production
→ Oil Sands 116 bbls oil, no water 3-15-38 start
3324-3394

9. OGC work sheet w/ notes

3-1-38	at TD	3305L	est 2 MM gas
3-8-38	at TD	3392L	testing 4.79 MM gas
3-15-38	TD	3395L	set pkr, flowed 70 BOPD, 5.24 MM gas thru casing
3-22-38	TD	3395L	testing to much gas
3-29-38	TD	3395L	sin storage
4-5-38	TD	3395L	testing preparing to put packer est 5.24 MM
4-19-38	TD	3395	testing C.D. on bottom
5-3-38			testing no gauge
5-9-38	TD	3395	116 BO 24 hrs
5-17-38	TD	3395	I.P. 70 BOPD

10. Transport Oil - Shell P/L Co. 7-3-47
Western Nat'l Gas Co.

11. S.I.P. Report 588#, 24 hr S.I. 4-20-50

12. Transporter - Shell P/L Co 6-30-50
Change to Western Nat'l Gas Co.

13. S.I.P. Report - 543.3#, 24 hr S.I. 10-3-50

14. O.F. Tests 972 MGFPD @ 15.025# 180°

-HOLD FAST- "NOILEAR" ®

15. S.I.P. Report 453 #, 24 hr S.I. 4-24-51

16. Allowable Request 12-9-53 C-104

Perfs 3171-91 w/ 20 shots Pay Top 3131
3131-46 w/ 23 shots

7.MMCFPD - Initial Test, AOF

Transporter - El Paso Natural Gas

17. Transporter - El Paso Natural Gas 12-7-53
still owned by Western Natural Gas Co.

18. Notice to Western Natural Gas Co. 12-31-53
Form C-104 approved but —

- 1) outside boundaries of designated pool
- 2) File Form C-123
- 3) Assigned 40 acre allowable till further notice

Interpreted as extension to Langmat and not Justis
as shown on C-104

19. Transporter - Shell p/h Oil or Condensate 10-19-56
El Paso Gas
Reclassified from Jalmat to Langlic Matrix

20. Transporter - Shell p/h 11-26-63
El Paso NG
Change owner to Sinclair
Called Stuart "A" WN Lease

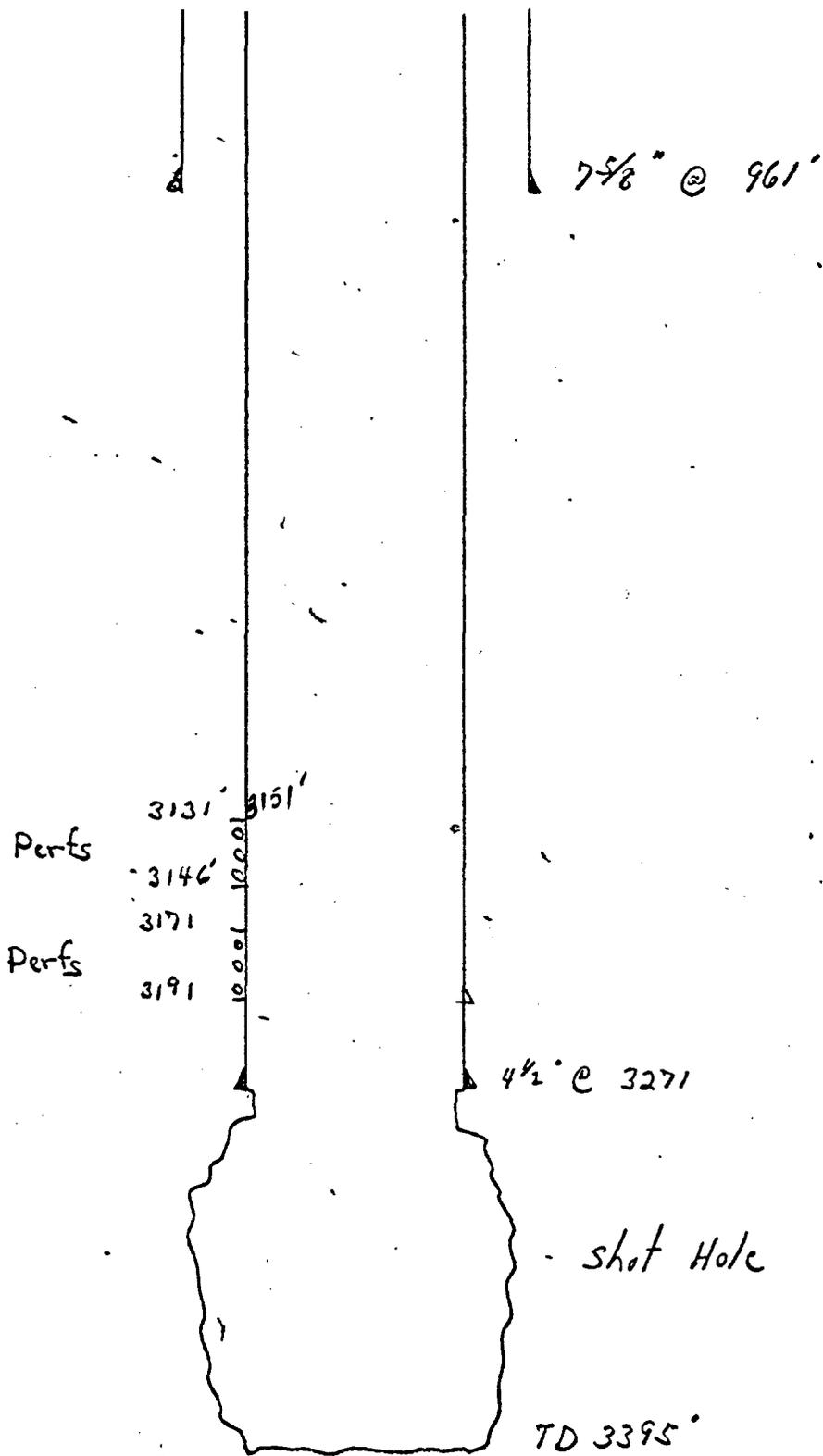
21. El Paso NG Letter 8-13-64
Disconnect notice to OCC

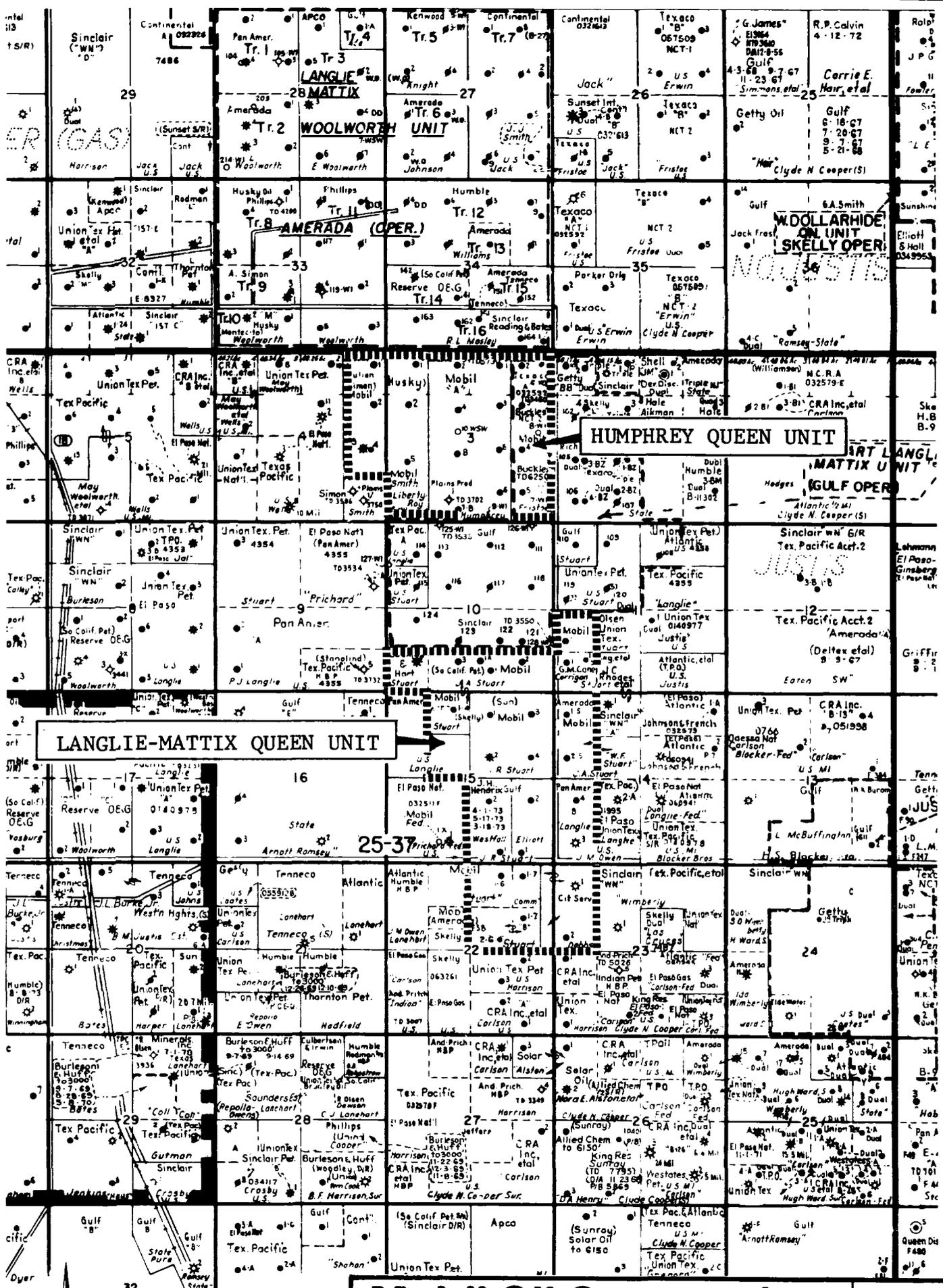
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Note: Stuart #2 "A" WN is located
330' FNH # 2310 FWL, Sect 14, 25S, 37E
Now a Blinbry - Drinkard dual

J.C. Gordon, Jr.
8-20-69

Stuart # 1-A





Mobil Oil Corporation

EXPLORATION AND PRODUCING DEPARTMENT
MIDLAND DIVISION

AREA MAP
PROPOSED LANGLIE-MATTIX
QUEEN UNIT &
HUMPHREY QUEEN UNIT
Lea County, New Mexico

SCALE 1" = 400'

DATE 8-21-69
DRAWN BY *ARM*
CHECKED *PLK*
APPROVED
REVISED

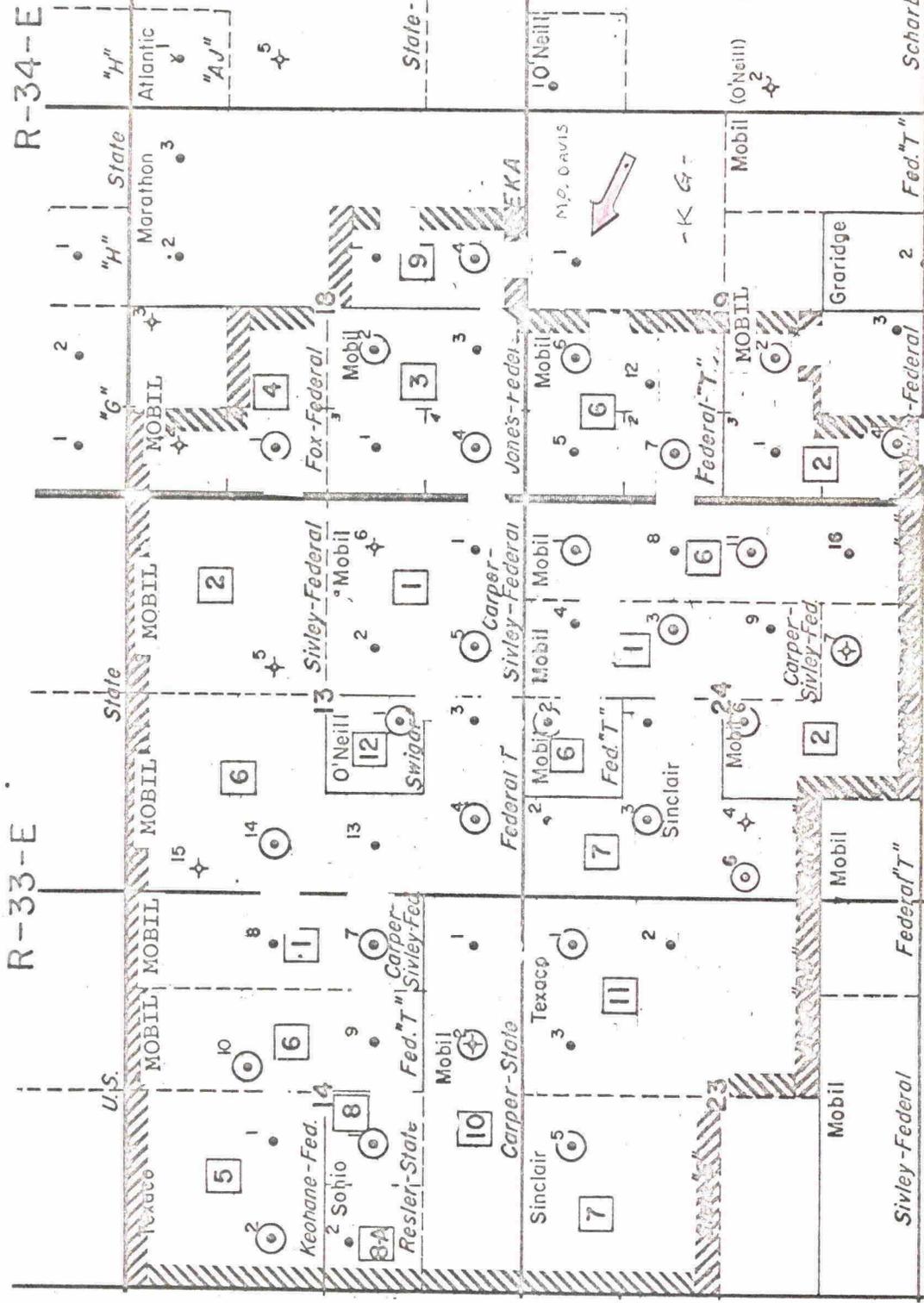
BEFORE EXAMINER UTZ

MINERAL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 4202

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SCALE



BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 6
 CASE NO. _____

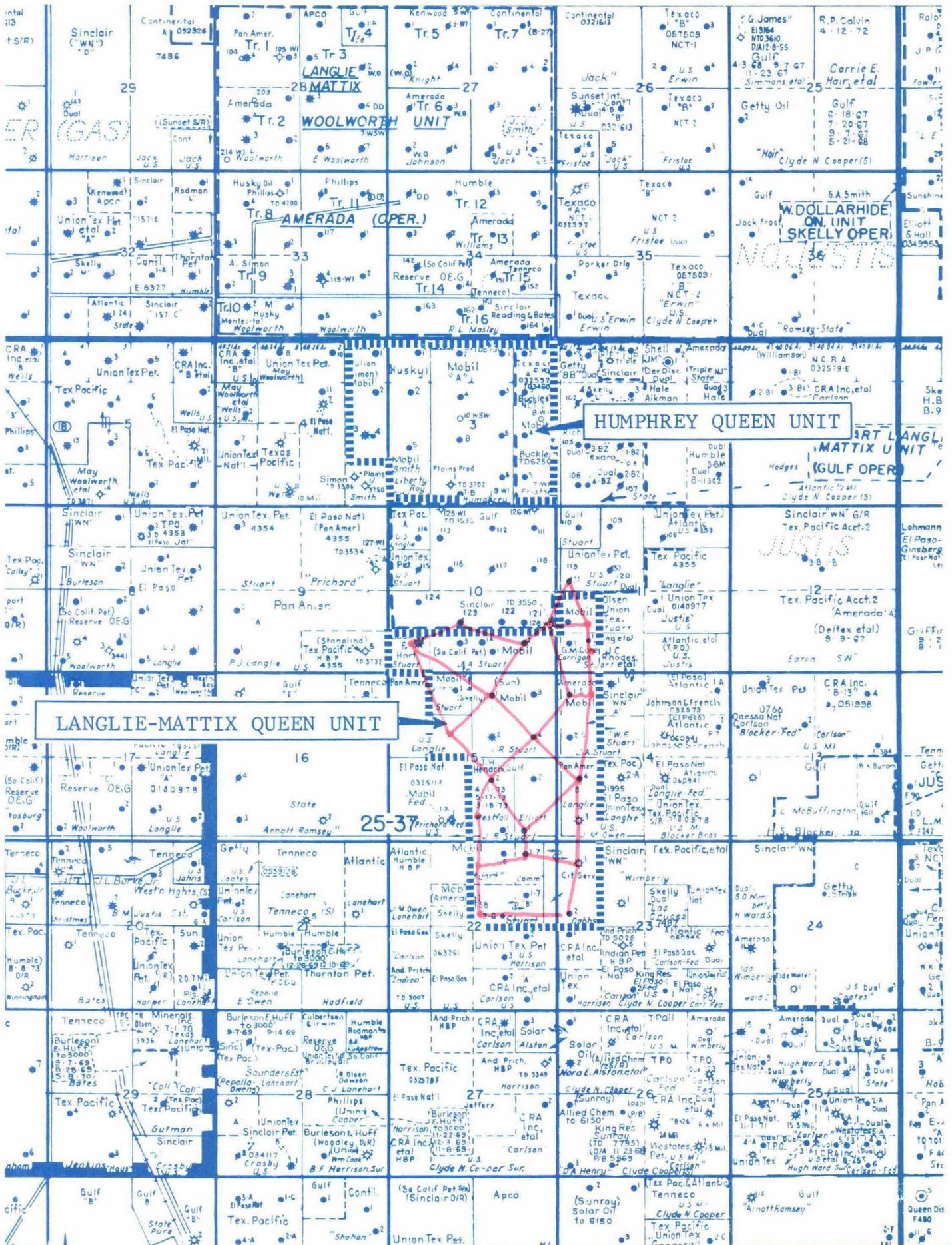
LEGEND

- PRODUCING WELL
- WATER INJECTION WELL
- ▨ UNIT BOUNDARY
- ⑥ TRACT NUMBER

MOBIL OIL CORPORATION
 EXPLORATION AND PRODUCING DEPARTMENT
 MIDLAND DIVISION

E-K QUEEN UNIT

SCALE
 DATE 8/2/54
 DRAWN BY J.W.
 CHECKED BY J.W.
 APPROVED BY J.W.
 REVISED



Mobil Oil Corporation

EXPLORATION AND PRODUCING DEPARTMENT
MIDLAND DIVISION

AREA MAP

SCALE 1" = 400'
DATE 8-21-69
DRAWN BY JRM
CHECKED PUM
APPROVED
REVISED



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

Case 4201
EJ #1

Mobil Oil Corporation

TABULATION OF OIL PRODUCTION
 PROPOSED LANGLIE-MATTIX QUEEN UNIT
 LEA COUNTY, NEW MEXICO

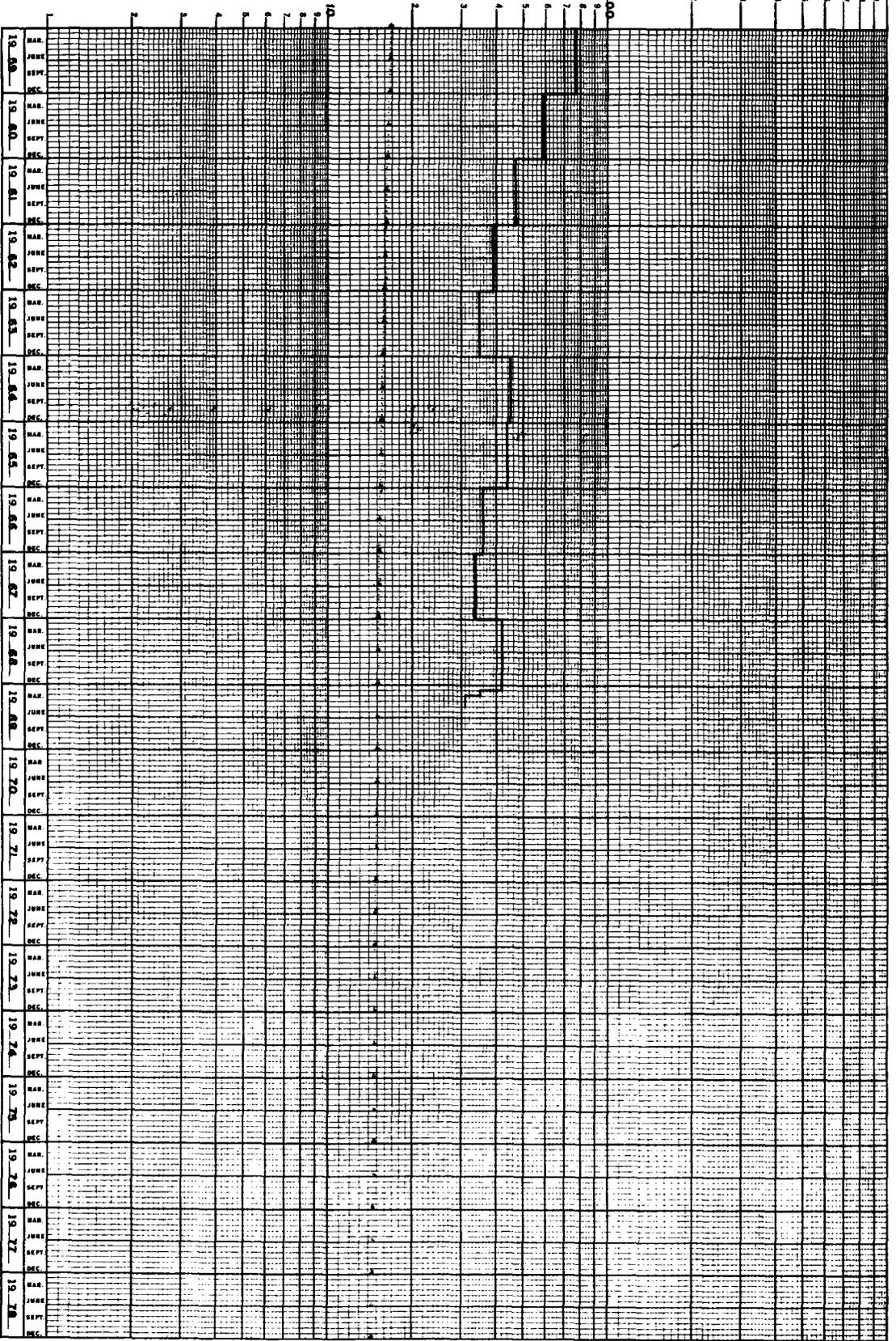
<u>YEAR</u>	<u>OIL PRODUCTION, BBLs.</u>	<u>CUMULATIVE OIL, BBLs.</u>	<u>NUMBER OF PRODUCING WELLS</u>	<u>BOPD</u>
1959	28077	3,099,214	18	77
1960	21537	3,120,751	19	59
1961	17259	3,138,010	17	47
1962	14297	3,152,307	17	39
1963	12918	3,165,225	18	35
1964	16308	3,181,533	18	45
1965	16047	3,197,580	16	44
1966	13146	3,210,726	16	36
1967	12378	3,223,104	17	34
1968	15383	3,238,487	19	42
1969				
Jan.	1307	3,329,794	20	42
Feb.	989	3,240,783	20	35
Mar.	973	3,241,756	20	31
Apr.	921	3,242,677	20	31

BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
 _____ EXHIBIT NO. 4
 CASE NO. 4207

PWKelly/kim
 8/25/69

BEST AVAILABLE COPY

BOPD



BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

EXHIBIT NO. 4

CASE NO. 4202

CASE NO. 5370

OIL CONSERVATION COMMISSION

EXHIBIT NO. 10

BEFORE EXAMINER UTZ

Mobil Oil Corporation

EXPLORATION AND PRODUCING DEPARTMENT
MILANO DIVISION

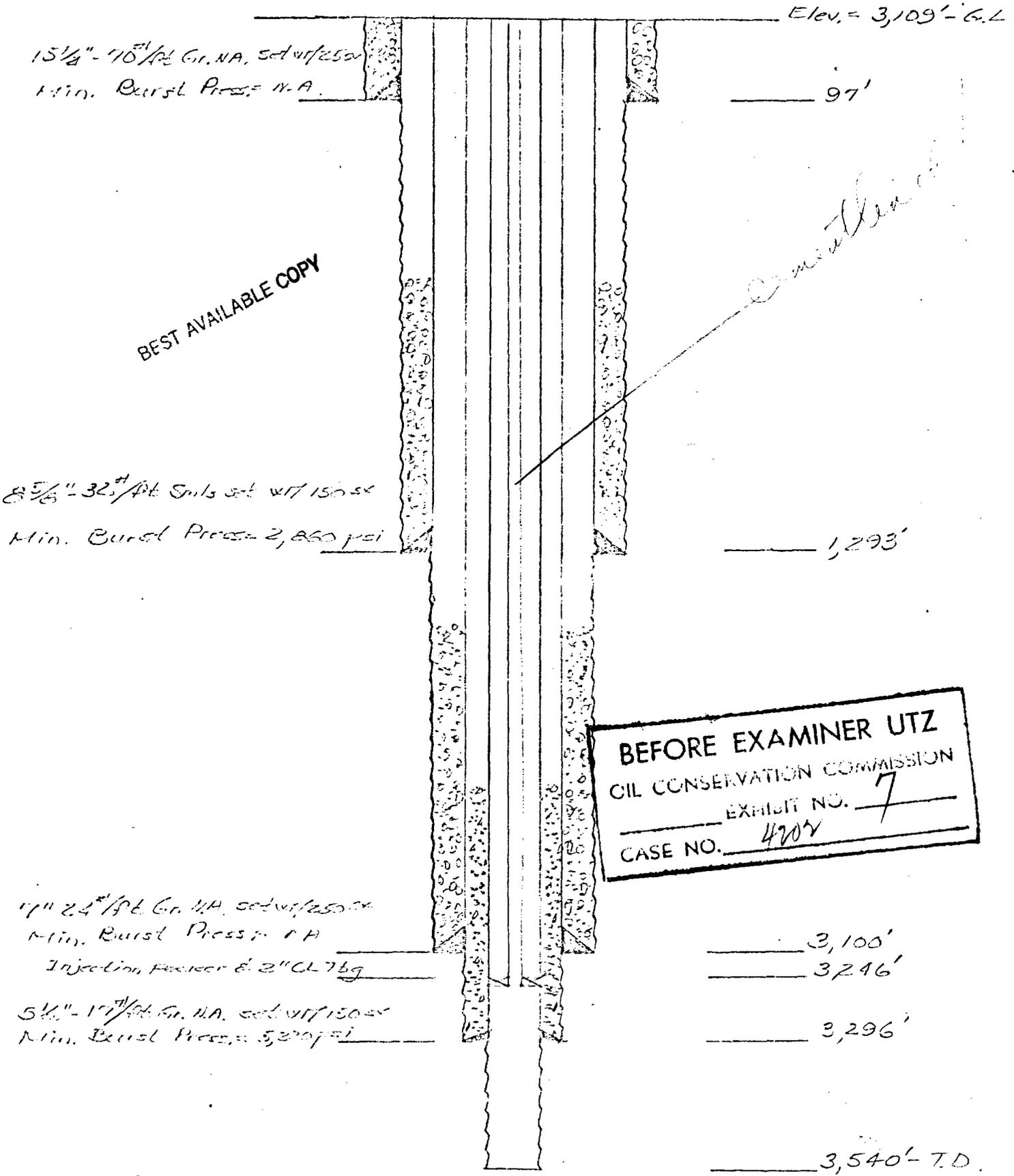
GRAPH OF DAILY OIL PRODUCTION
BEGINNING 1959

PROPOSED LANGLIE-MATTIX QUEEN UNIT
LANGLIE-MATTIX FIELD

Lea County, New Mexico

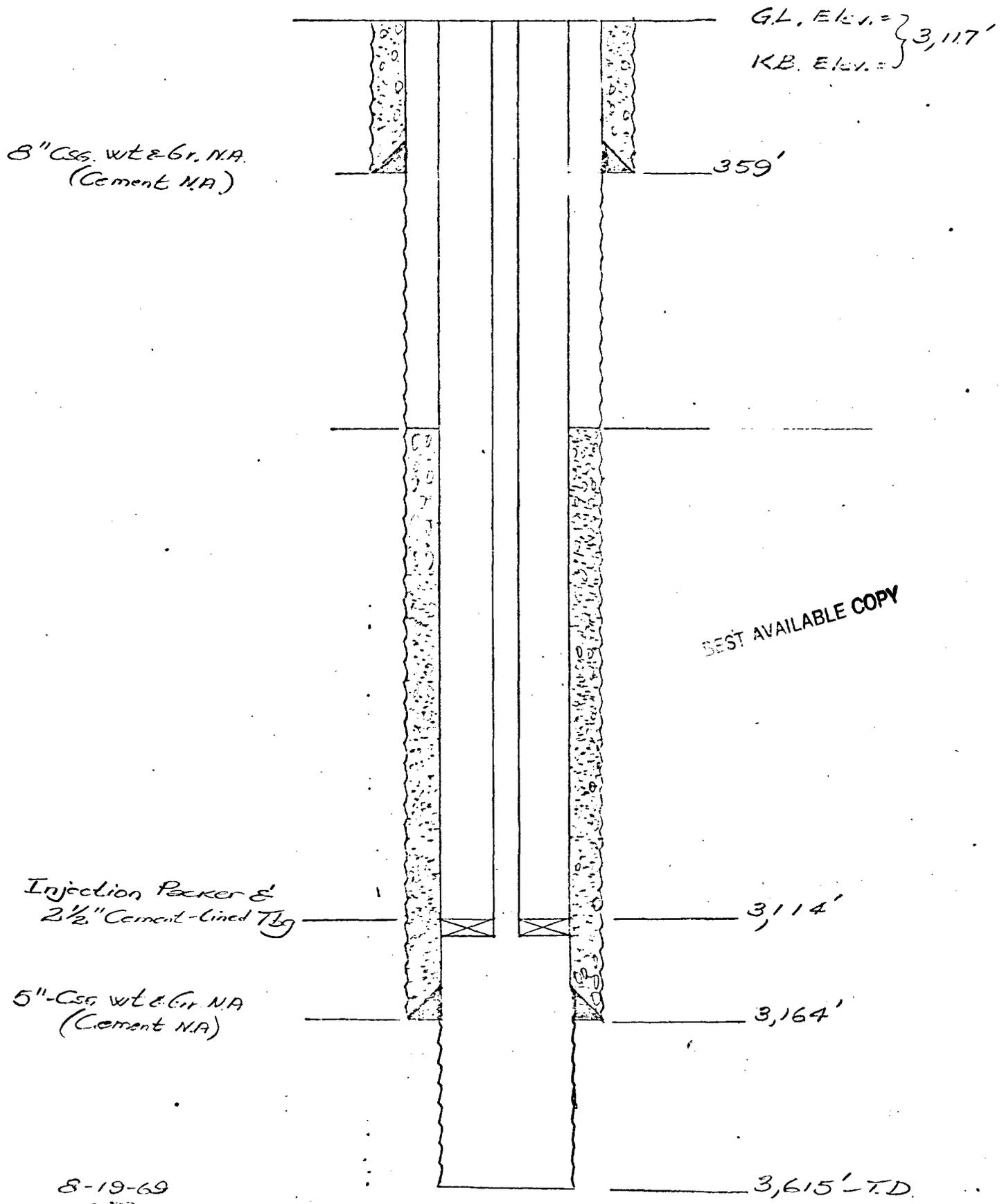
DATE 8-21-69
DRAWN BY MOK
CHECKED BY MOK
REVISED BY MOK

Diagrammatic Well Sketch
 Langlie-Mattix Queen Unit Well No. 7 W.W.
 Langlie-Mattix (Queen) Field
 Lea County, New Mexico



8-19-49
cut.

Diagrammatic Well Sketch
Langlie Mattix Queen Unit Well # 11 W.I.N.
Langlie-Mattix (Queen) Field
Lea County, New Mexico



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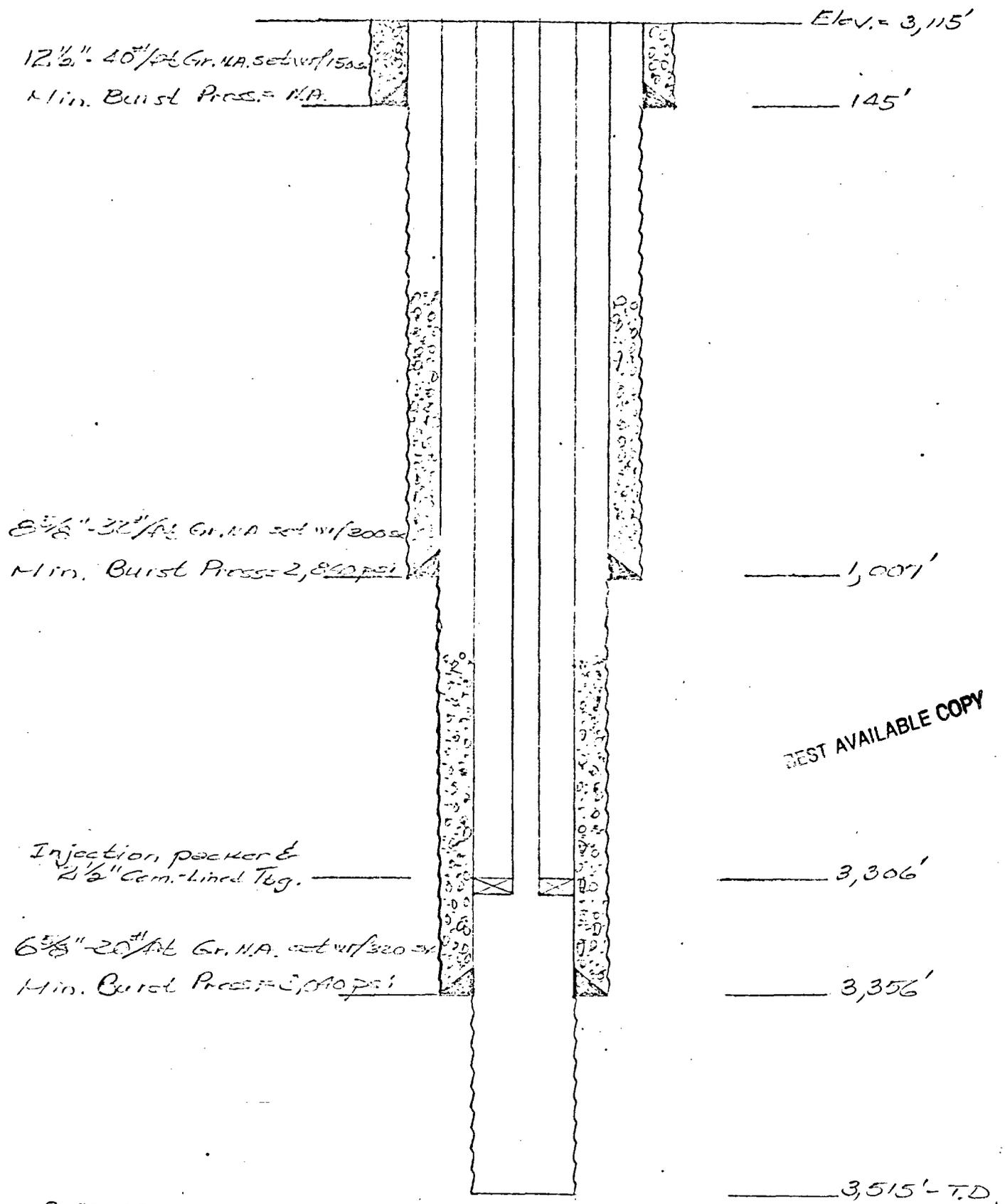
8-19-69
(2)

 Diagrammatic Well Sketch

 Langlie Mattiv (Queen) Unit Well No. 13 W.W.

 Langlie-Mattiv (Queen) Unit

 Lea County, New Mexico



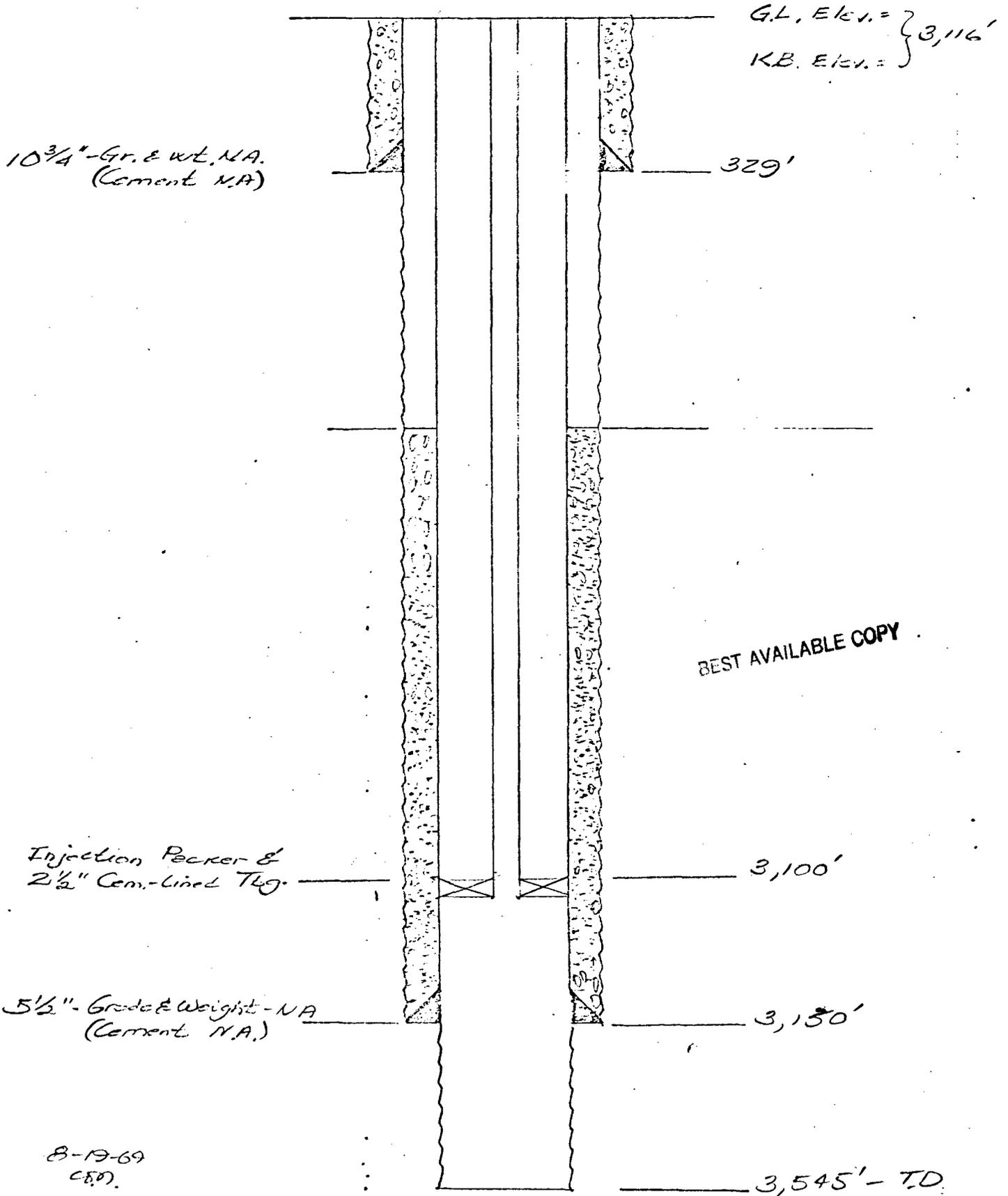
8-19-69
C.C.P.

Diagrammatic Well Sketch

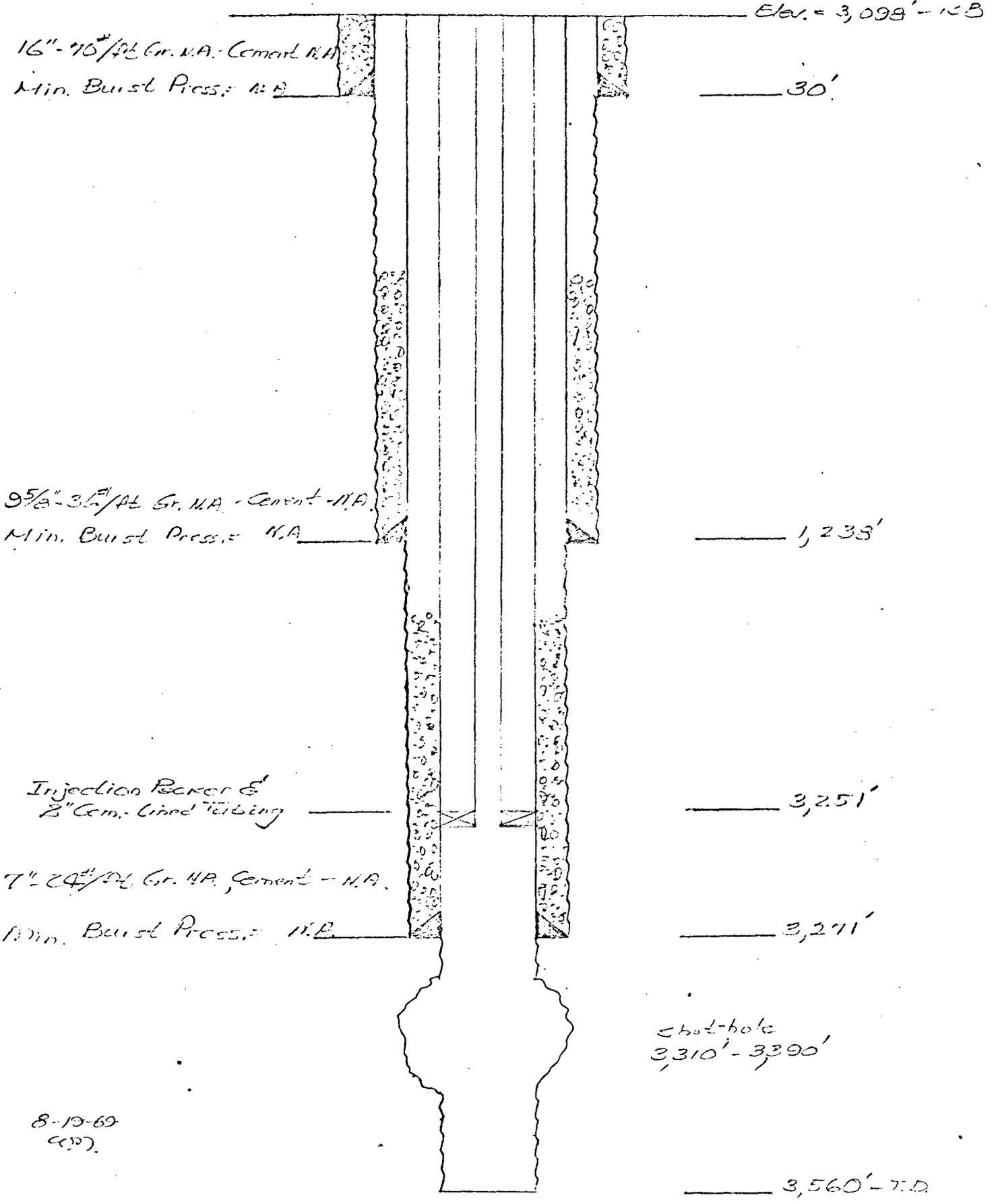
Langlie Mattix Queen Unit Well No. 17 W.I.W.

Langlie-Mattix (Queen) Field

Lea County, New Mexico



Diagrammatic Well Sketch
Langlie-Mattix Queen Unit Well No. 19 W.M.M.
Langlie-Mattix (Queen) Field
Lee County, New Mexico

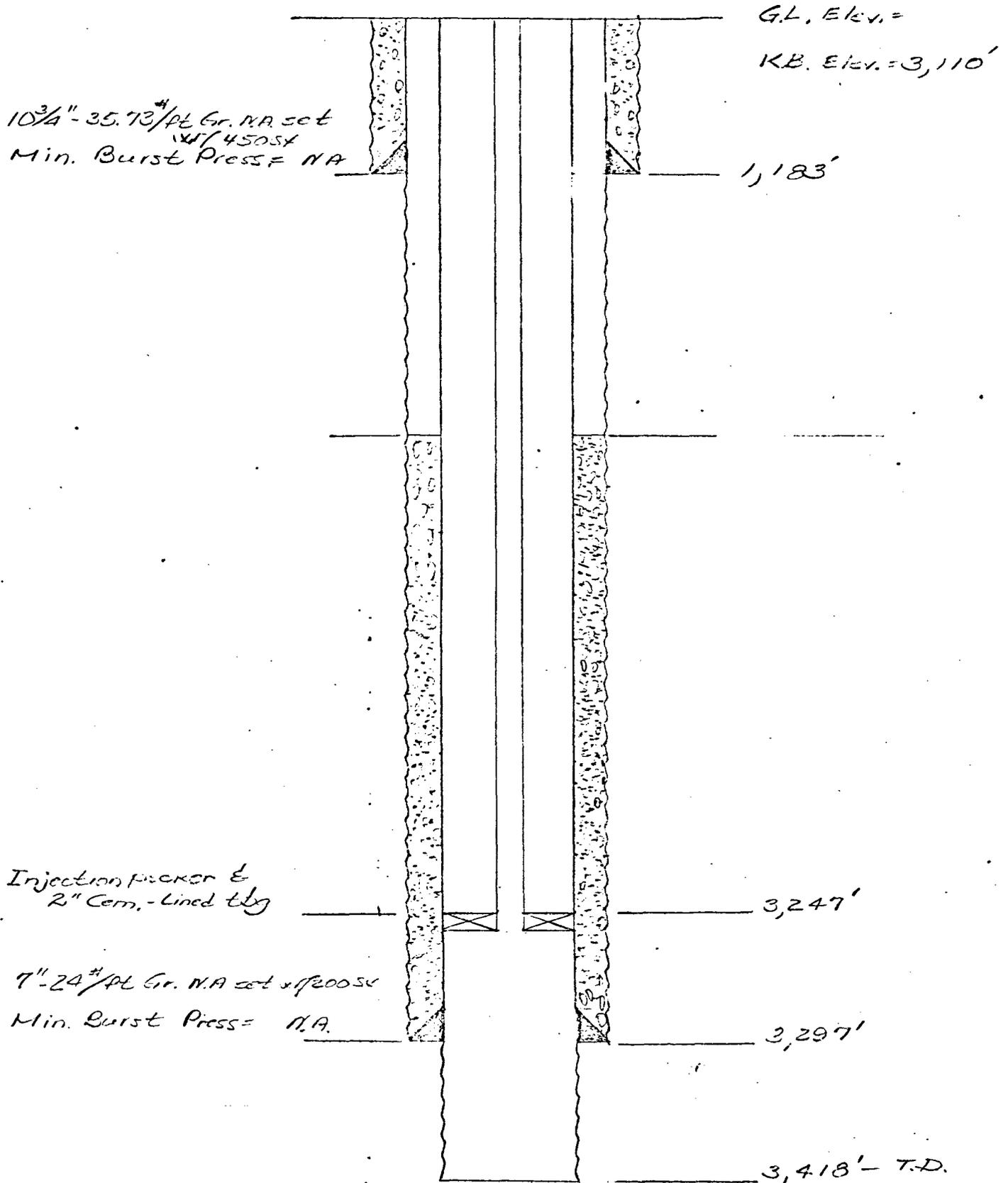


Diagrammatic Well Sketch

Langlie-Mattie Queen Unit Well # 21 W.W.

Langlie-Mattie (Queen) Field

Lea County, New Mexico



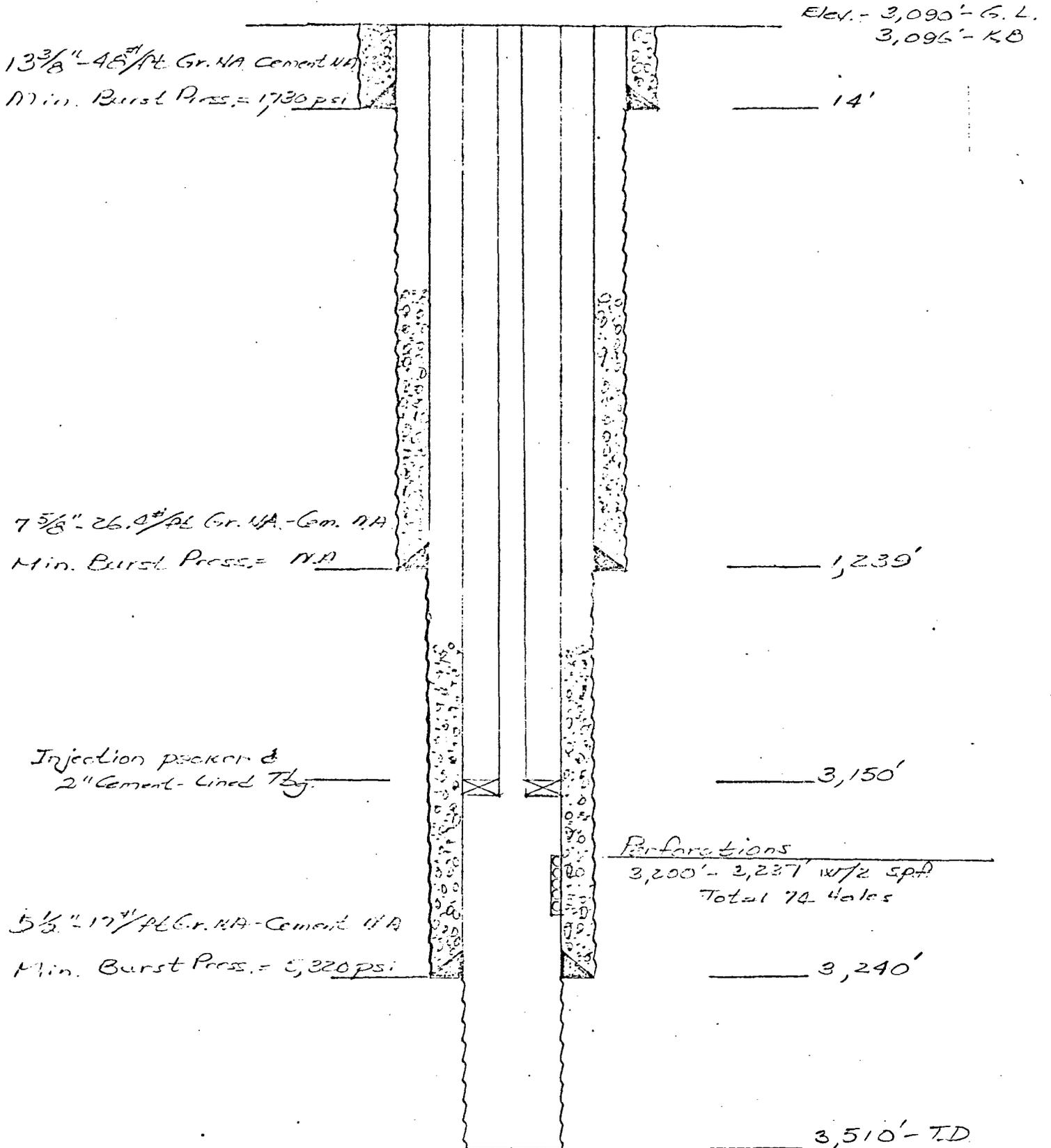
8-19-69
C.S.M.

Diagrammatic Well Sketch

Langlie-Mattix Queen Unit Well No. 25 W.M.

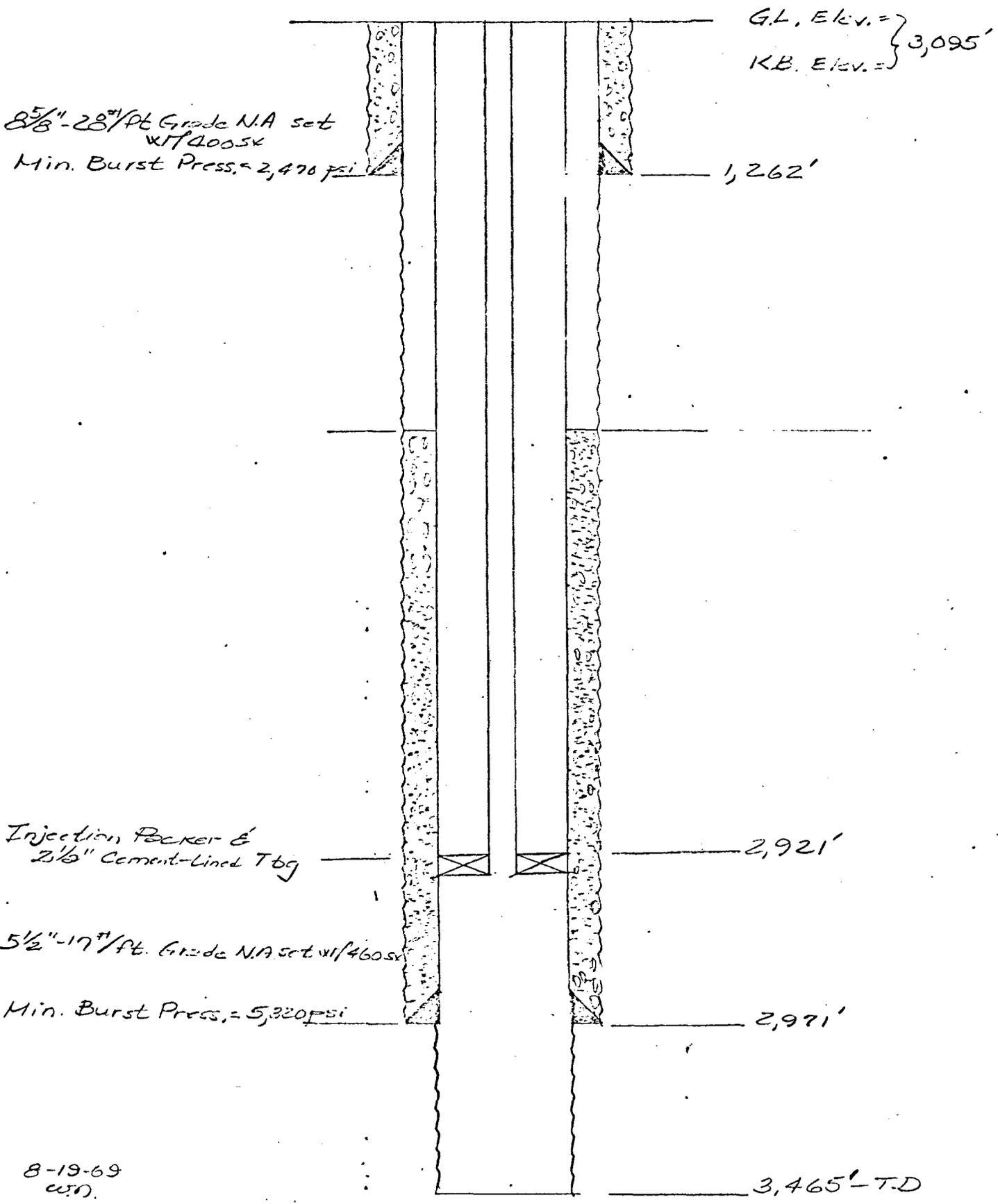
Langlie-Mattix (Queen) Field

Lea County, New Mexico



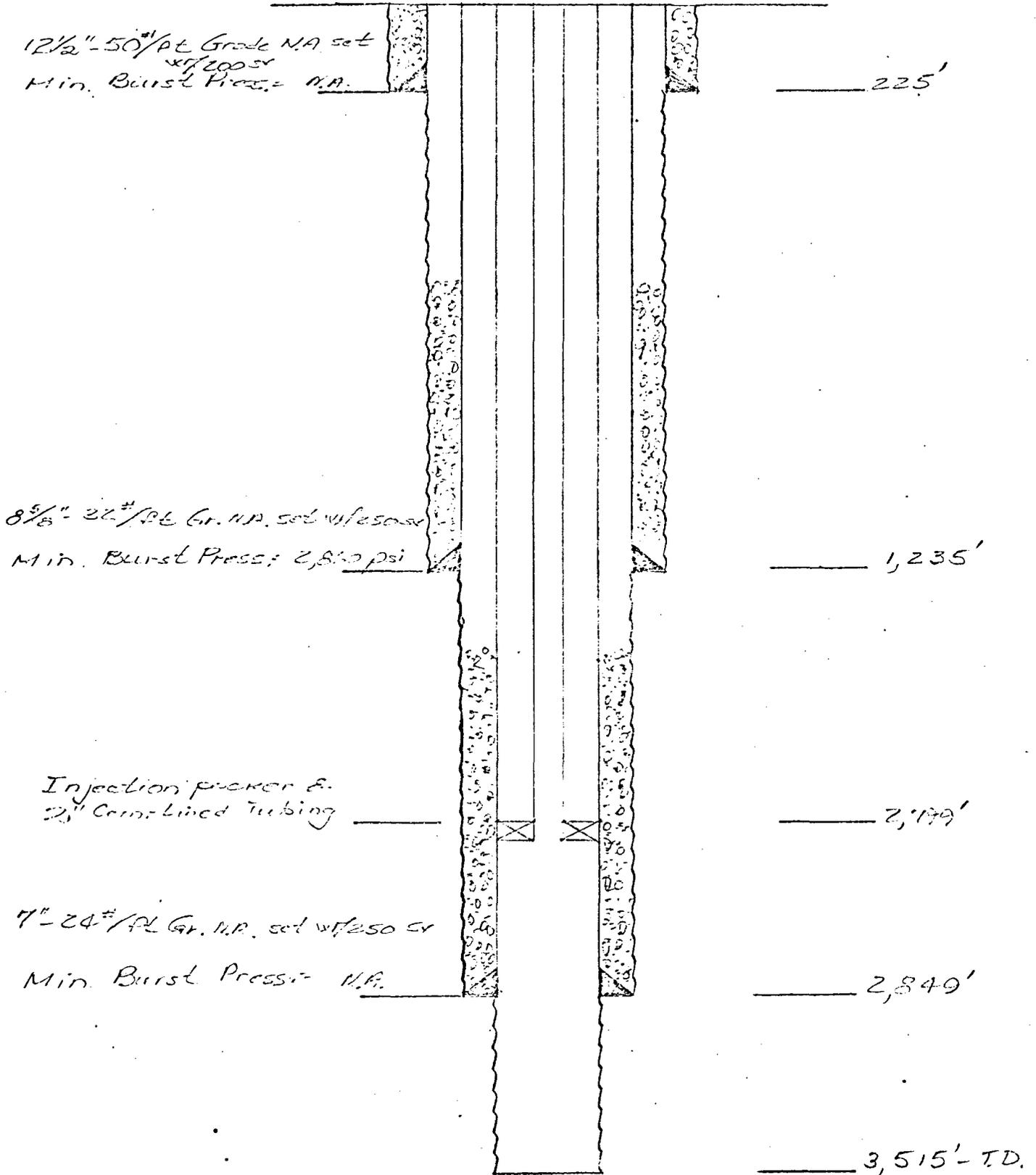
8-19-62
C.D.

Diagrammatic Well Sketch
 Langlie Mattix Queen Unit Well No. 27 W.I.W.
 Langlie-Mattix (Queen) Field
 Lea County, New Mexico



8-19-69
W.M.

Diagrammatic Well Sketch
Langlic Mattix Queen Unit Well No. 30 W.I.V.
Langlic-Mattix (Queen) Field
Lea County, New Mexico



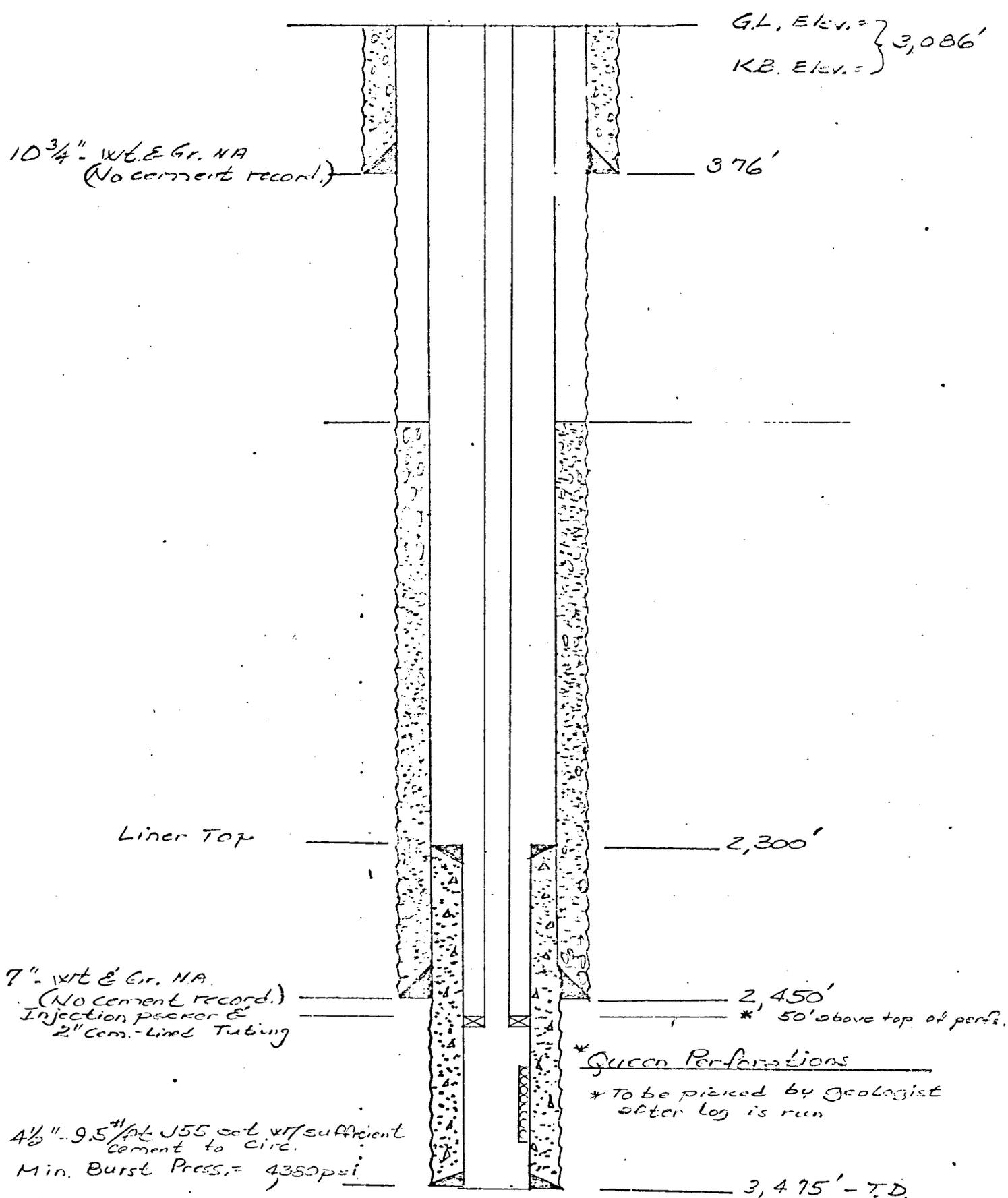
8-20-69
(47)

Diagrammatic Well Sketch

Langlie-Mattix Queen Unit Well #31 W.I.W.

Langlie-Mattix (Queen) Field

Lea County, New Mexico



10 3/4" WT & Gr. NA
(No cement record.)

G.L. Elev. = } 3,086'
K.B. Elev. = }

3,076'

Liner Top

2,300'

7" WT & Gr. NA.
(No cement record.)
Injection packer &
2" Cem.-lined Tubing

2,450'

* 50' above top of perf.

* Queen Perforations

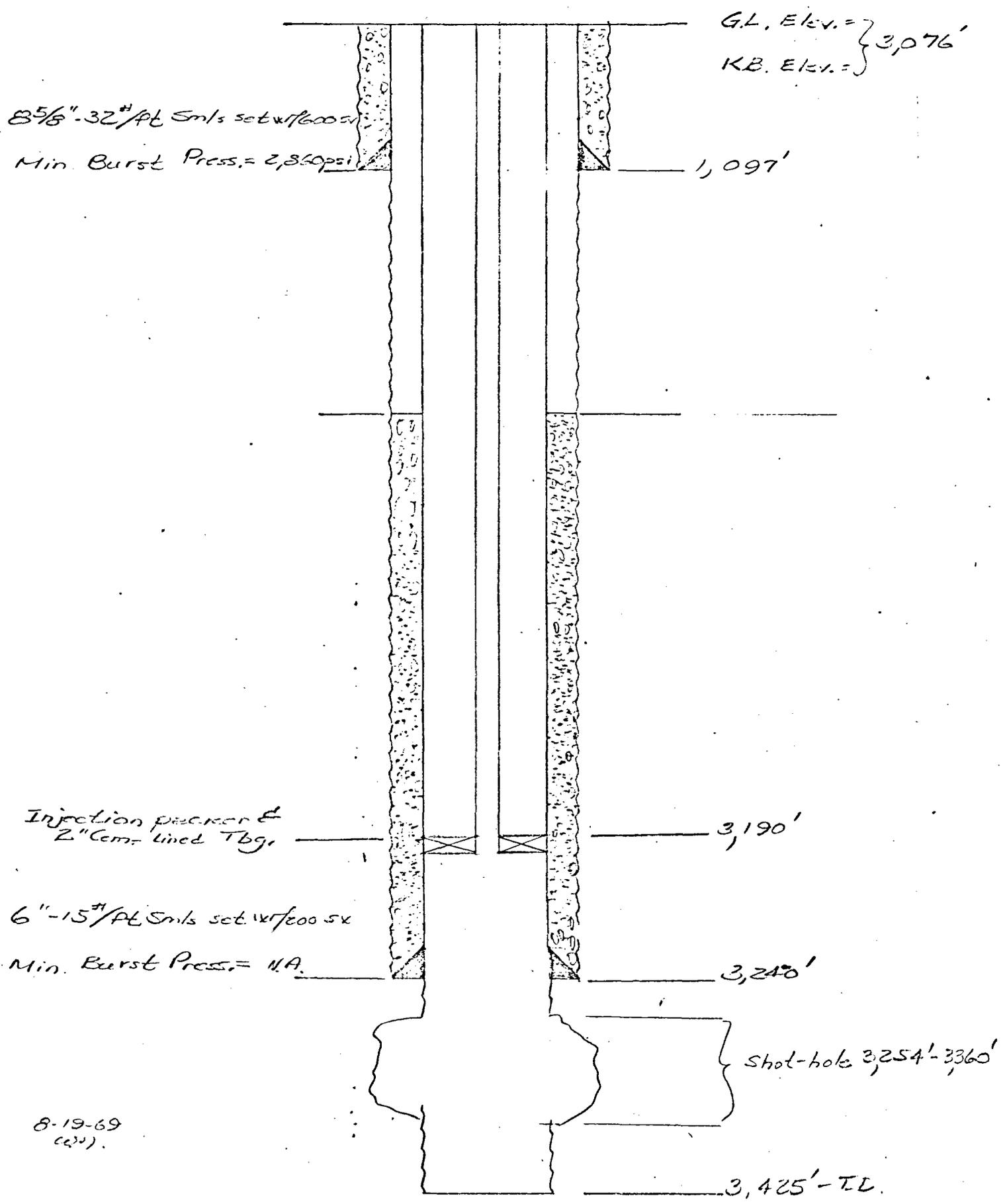
* To be picked by geologist
after log is run

4 1/2" - 9.5 #/ft J55 cct. wt sufficient
cement to circ.
Min. Burst Press. = 4380 psi

3,475' - T.D.

8-19-69
C.S.

Ulogrammatic Well Sketch
 Langlie Mattie Queen Unit Well No. 35 YVJW
 Langlie Mattie (Queen) Field
 Lea County, New Mexico



8-19-69
 (22)

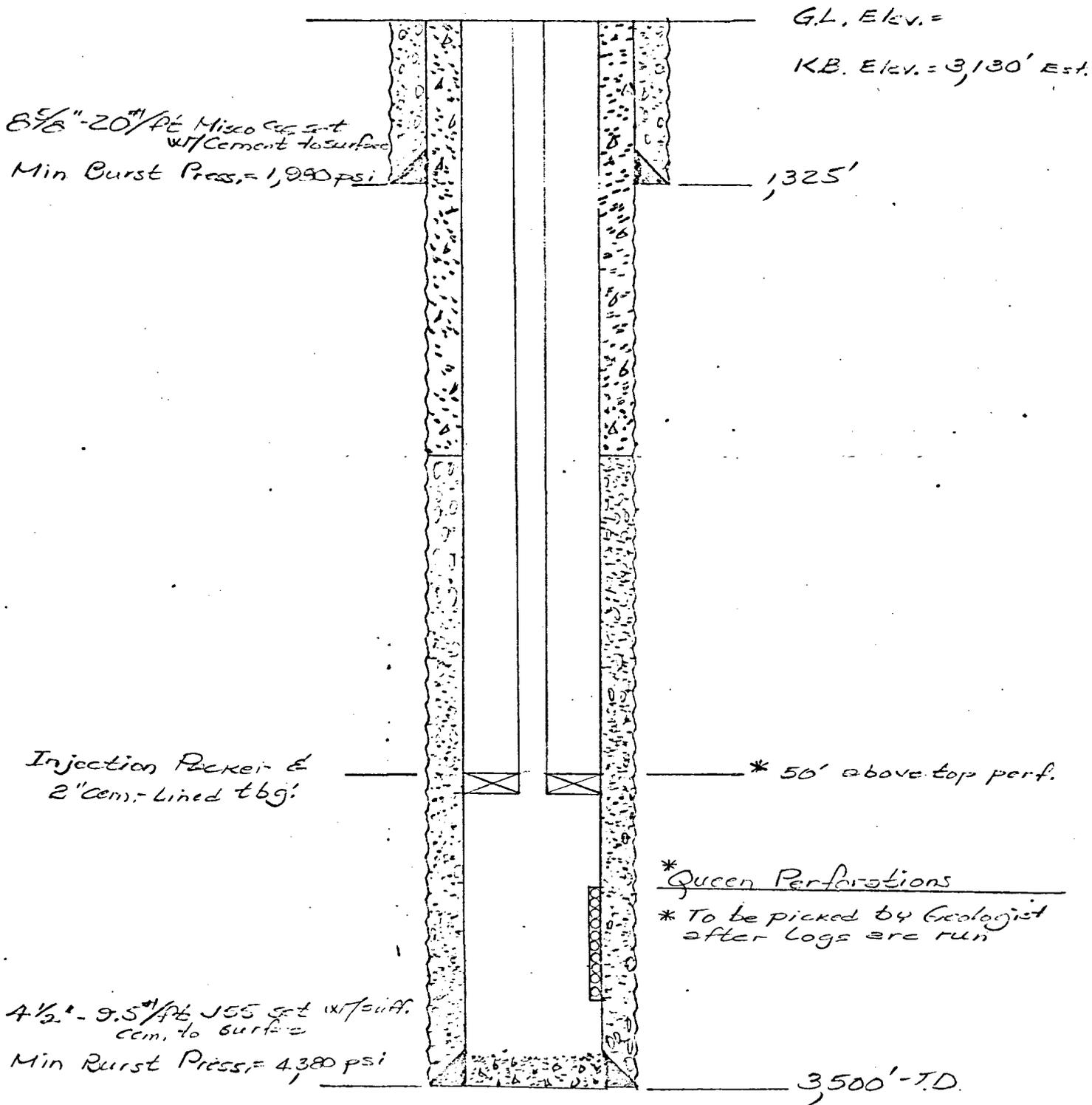
Diagrammatic Well Sketch

Langlie Matlix Queen Unit Well No. 2

W.I.W.

Langlie - Matlix (Queen) Field

Lee County, New Mexico

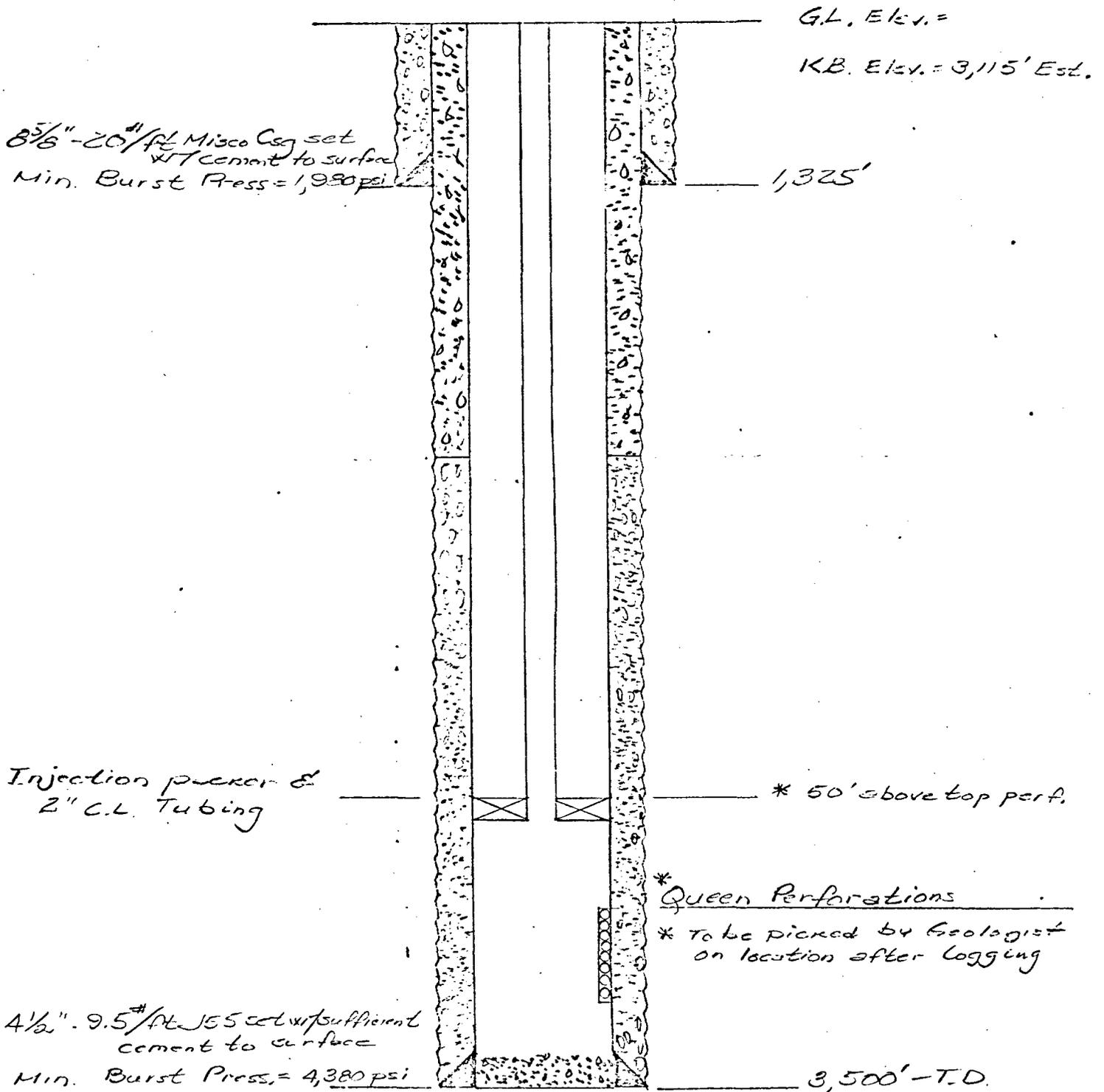


8-19-69
CST.

Langlie Matley Queen Unit Well No. 3 W.I.W.

Langlie-Matley (Queen) Field

Lea County, New Mexico



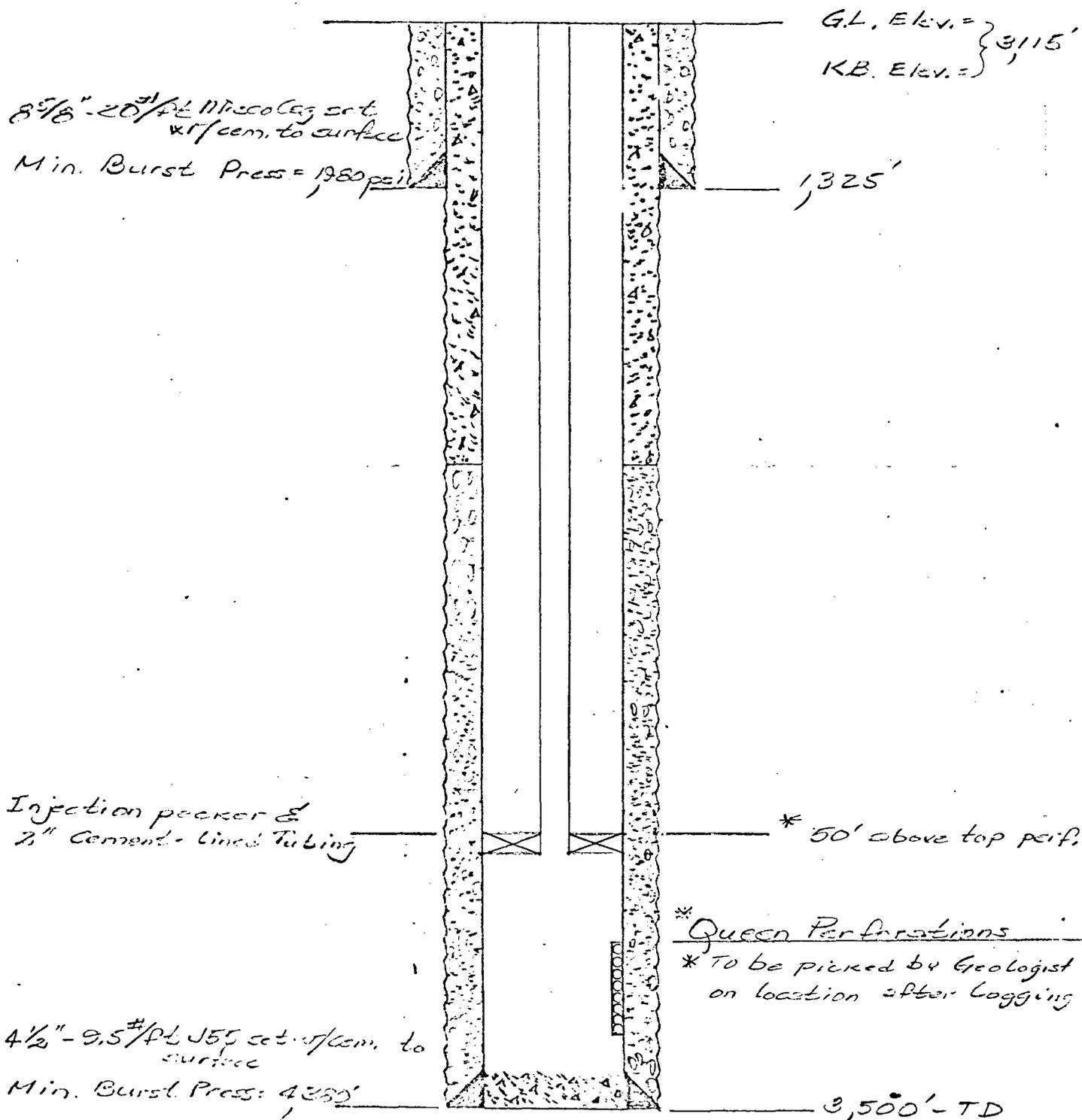
8-19-69
W.S.

Diagrammatic Well Sketch

Langlio-Methix Queen Unit Well No. 14 W.I.W.

Langlio-Methix (Queen) Field

Lea County, New Mexico



G.L. Elev. = } 3115'
K.B. Elev. = }

1325'

8 7/8" - 20 # PL Miscosag set
w/cem. to surface
Min. Burst Press = 1980 psi

Injection packer &
2" Cement-lined Tubing

* 50' above top perf.

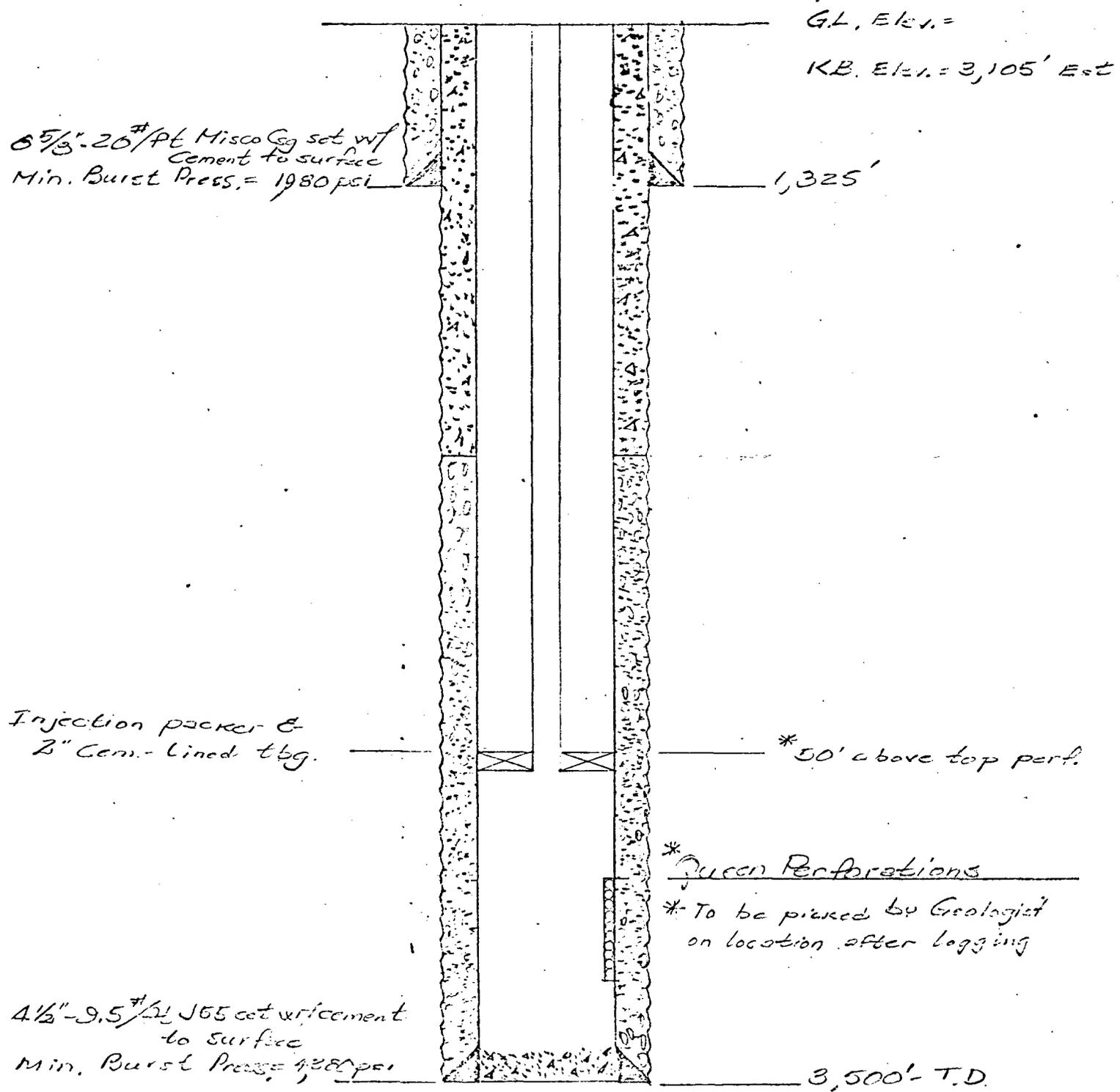
* Queen Perforations
* To be picked by Geologist
on location after logging

4 1/2" - 9.5 # PL J55 set w/cem. to
surface
Min. Burst Press: 4250 psi

3,500' - TD

8-20-69
(W.S.)

Diagrammatic Well Sketch
 Langlie Mattix Queen Unit Well No. 15 W.L.W.
 Langlie-Mattix (Queen) Field
 Lea County, New Mexico



8-21-69
 con.

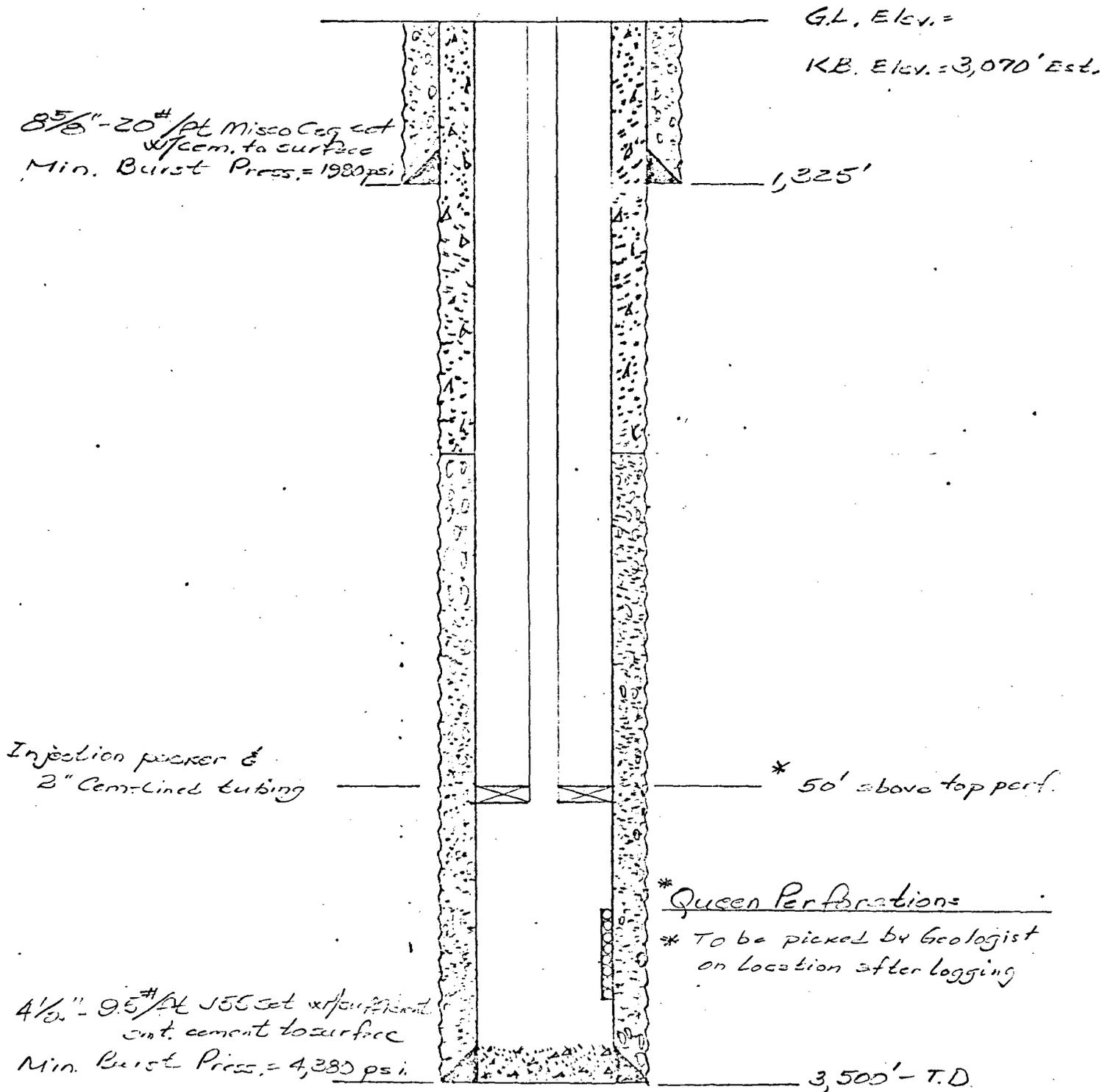
Diagrammatic Well Sketch

Langlie Mattie Queen Unit Well No. 28

W.W.

Langlie-Mattie (Queen) Field

Lee County, New Mexico



8-20-69
W.M.

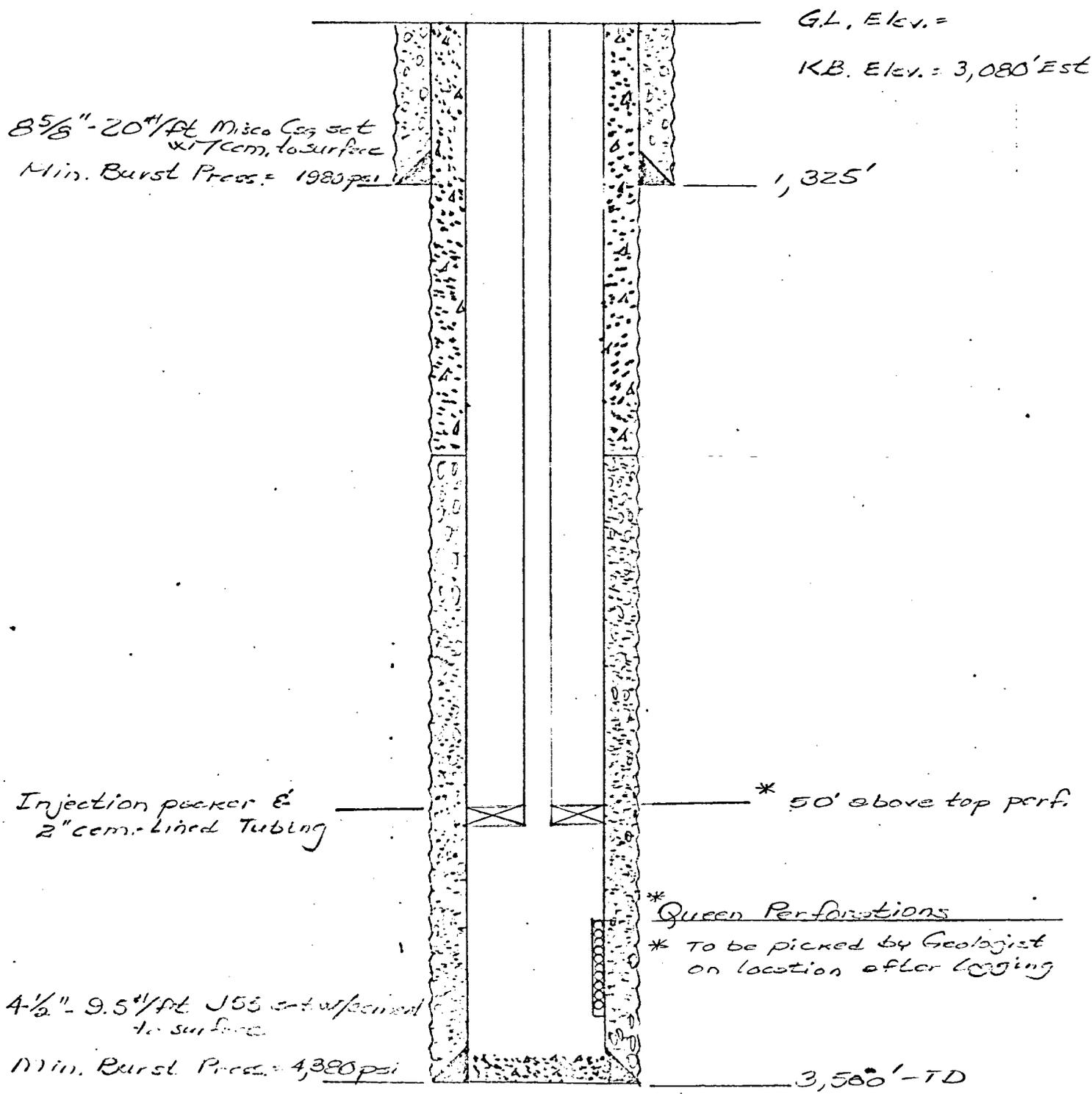
Diagrammatic Well Sketch

Langlie Matley Queen Unit Well No. 32

W.I.W.

Langlie-Matley (Queen) Field

Lea County, New Mexico



G.L. Elev. =

K.B. Elev. = 3,080' Est

8 5/8" - 20 1/2 ft Misc. Cas. set
w/ 7cm. to surface
Min. Burst Press. = 1980 psi

1,325'

Injection packer &
2" cem. lined Tubing

* 50' above top perf.

* Queen Perforations
* To be picked by Geologist
on location after logging

4 1/2" - 9.5 1/2 ft J55 set w/ cement
to surface
Min. Burst Press. = 4380 psi

3,500' - TD

8-19-69
cc:??

TABULATION OF PROPOSED
WATER INJECTION WELLS
MOBIL OIL CORPORATION'S
LANGLIE-MATTIX QUEEN UNIT
LANGLIE-MATTIX POOL
LEA COUNTY, NEW MEXICO

Am 11202
3

CONVERSIONS		LOCATION			
UNIT WELL NO.	PREVIOUS WELL NAME & NO.	UNIT	SEC.	TOWNSHIP	RANGE
7	Mobil's Stuart Tr. 1 #2	P	10	25-S	37-E
11	Mobil's Stuart Tr. 9 #1	B	15	25-S	37-E
13	Mobil's Stuart Tr. 5 #1	D	14	25-S	37-E
17	Mobil's Stuart Tr. 9 #4	H	15	25-S	37-E
19	Gulf's Westfall #2	J	15	25-S	37-E
21	Pan Am's Langlie "B" #4	L	14	25-S	37-E
25	Gulf's Elliott #1	P	15	25-S	37-E
27	Pan Am's Langlie "B" #3	M	14	25-S	37-E
30	Mobil's Stuart Comm. #1	A	22	25-S	37-E
31	Cities Service Dabbs #1	D	23	25-S	37-E
35	Cities Service Dabbs #2	E	23	25-S	37-E

INJECTION WELLS TO BE DRILLED

UNIT WELL NO.	SEC. LINE TIES	LOCATION			
		UNIT	SEC.	TOWNSHIP	RANGE
2	1440' FSL & 1220' FWL	L	11	25-S	37-E
3	990' FSL & 890' FWL	M	10	25-S	37-E
14	660' FNL & 1220' FWL	D	14	25-S	37-E
15	1980' FNL & 1730' FWL	F	15	25-S	37-E
28	500' FNL & 2540' FEL	B	22	25-S	37-E
32	2530' FNL & 2600' FEL	G	22	25-S	37-E

Revised

TABULATION OF PRODUCTION
 ARCO (SINCLAIR) STUART A WELL NO. 1
 LANGLIE-MATTIX FIELD
 LEA COUNTY, NEW MEXICO

<u>Operator</u>	<u>Year</u>	<u>Bbls. Oil</u>	<u>MCF Gas</u>	<u>Bbls. Cum. Oil</u>
Carl B. King Drlg. Co.	1938	15,257		15,257
	1939	17,102		32,359
	1940	3,314		35,673
	1941	2,641		38,314
	1942	3,954		42,268
Western Natural Gas	1943	2,708		44,976
	1944	2,483		47,459
	1945	2,088		49,547
	1946	2,038		51,585
	1947	845		52,430
	1948	1,836		54,266
	1949	1,530		55,796
	1950	962		56,758
	1951	2,040		58,798
	1952	1,457		60,255
	1953	792		61,047
	1954	-		61,047
	1955	-		61,047
	1956	-		61,047
1957	-		61,047	
Sinclair	1958	917		61,964
	1959	116	37,720	62,080
	1960	-	8,866	62,080
	1961	-	5,787	62,080
	1962	-	4,113	62,080
	1963	-	1,235	62,080
	1964	-		62,080
	1965	-		62,080
	1966	-		62,080
	1967	-		62,080
	1968	-		62,080

COMPLETION DATA:

Completed 2/15/38.
 7-5/8" surface pipe @ 961'.
 4-3/4" prod. str. @ 3271'.
 2' tbg. set through pkr @ 3395 (pkr @ 3300)

Shot w/140 qts @ 3326'-95'
 Acidized w/1000 gal

TD @ 3395
 Top pay 3305

Completed
2/15/38

UNIT AGREEMENT

LANGLIE-MATTIX QUEEN UNIT

LEA COUNTY, NEW MEXICO

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UNIT AGREEMENT

LANGLIE-MATTIX QUEEN UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of August, 1969, 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 land subject to this Agreement; 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 cooperative or unit plan of development or operation of any oil or gas pool, field or like area or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the parties hereto hold sufficient interests in the Langlie-Mattix Queen Unit Area, comprised of 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, 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 Unitized Formation underlying the Unit Area (as those terms are defined hereinafter), and agree severally among themselves as follows:

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

SECTION 2. UNIT AREA AND DEFINITIONS: The area described by tracts in Exhibit B and depicted on Exhibit A attached hereto is hereby designated and recognized as constituting the Unit Area, containing 1,040 acres, more or less, in Lea County, New Mexico. Said land is described as follows:

Township 25 South, Range 37 East, New Mexico Principal Meridian

- Section 10: S/2 S/2
- Section 11: W/2 SW/4
- Section 14: W/2 W/2
- Section 15: E/2 NW/4 and E/2
- Section 22: NE/4
- Section 23: W/2 NW/4

For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

- (a) "Commission" is defined as the Oil Conservation Commission of the State of New Mexico.
- (b) "Director" is defined as the Director of the United States Geological Survey.
- (c) "Secretary" is defined as the Secretary of the Interior of the United States of America or any other person duly authorized to exercise the powers vested in that office.
- (d) "Department" is defined as the Department of the Interior of the United States of America.
- (e) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey for the region in which the Unit Area is situated.

(f) "Unitized Formation" is defined as that stratigraphic interval underlying the Unit Area extending from a point 100' above the base of the Seven Rivers formation to the base of the Queen formation, said interval being more specifically the equivalent of the continuous interval occurring between the depths of 3,104 feet and 3,518 feet as shown on the Gamma-Ray Sonic log ran on January 1, 1964, in Gulf Oil Corporation's J. A. Stuart No. 9 well located 330 feet from the north and east lines of Sec. 10, T- 25 S., R. 37 E., Lea County, New Mexico. Said log was measured from a Kelly bushing elevation of 3,137 feet above sea level.

(g) "Unitized Substances" is defined as all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within the Unitized Formation underlying Unitized Land.

(h) "Working Interest" is defined as an interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of 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, producing and operating the Unitized Formation; however, any carved-out interest created from a Working Interest subsequent to the effective date of this agreement shall continue to be subject to such Working Interest burdens and obligations as are stated in this agreement and the Unit Operating Agreement.

(i) "Working Interest Owner" is defined as a party hereto who owns a Working Interest.

(j) "Royalty Interest" is defined as a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

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

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

(m) "Tract Participation" is defined as the percentages of Unitized Substances allocated hereunder to a Tract during Phase I and Phase II, as hereinafter defined.

(n) "Unit Participation" of each Working Interest Owner is defined as the sum of the percentages obtained by multiplying each Working Interest Owner's fractional Working Interest in each Tract by the applicable Tract Participation of each Tract. However, for the purpose of Working Interest Owner voting rights under this Unit Agreement, Unit Participation shall mean Unit Participation during Phase II.

(o) "Phase I" is defined as that period of time beginning at 7:00 A.M. on the effective date hereof and continuing until 7:00 A.M. on the first day of the calendar month next following the recovery of a total of 23,000 barrels of oil produced on and after July 1, 1969, from the Unitized Formation underlying the Unit Area (as such area is depicted in the original Exhibit A).

(p) "Phase II" is defined as the remainder of the term of this Agreement after the end of Phase I.

(q) "Tract Current Revenue" is defined as the value (based on \$2.98/bbl. of oil and \$0.1175/MCF of gas), as determined by the Working Interest Owner, of the total oil and gas volumes produced from the Unitized Formation under such Tract during the period from January 1, 1968 to December 31, 1968, inclusively.

(r) "Unit Area Current Revenue" is defined as the total Tract Current Revenue of all Tracts that are qualified under this Agreement in accordance with the provisions hereof.

(s) "Tract Cumulative Primary Recovery" is defined as the cumulative total number of barrels of oil produced from the Unitized Formation under such Tract prior to January 1, 1969, as officially reported to the Commission.

(t) "Unit Area Cumulative Primary Recovery" is defined as the total Tract Cumulative Primary Recovery of all Tracts that are qualified under this Agreement in accordance with the provisions hereof.

(u) "Tract Surface Acres" is defined as the total number of acres within a Tract.

(v) "Unit Area Surface Acres" is defined as the total Tract Surface Acres of all Tracts that are qualified under this Agreement in accordance with the provisions hereof.

(w) "Unit Operating Agreement" is defined as 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, Langlie-Mattix Queen Unit, Lea County, New Mexico".

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

(y) "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.

(z) "Unit Operations" is defined as all operations conducted pursuant to this Agreement and the Unit Operating Agreement.

(aa) "Unit Equipment" is defined as all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

(bb) "Unit Expense" is defined as all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Agreement and the Unit Operating Agreement for or on account of Unit Operations.

SECTION 3. EXHIBITS. Exhibit A, attached hereto, is a map showing the Unit Area and, to the extent known to Unit Operator, the boundaries and identity of Tracts and leases in said Unit Area. Exhibit B, attached hereto, is a schedule showing, to the extent known to Unit Operator, the acreage comprising each Tract, Land description, and the percentage and kind of ownership of oil and gas interests in each Tract in the Unit Area. Exhibit C, attached hereto, is a schedule showing the Tract Participation assigned to each Tract during both Phase I and Phase II. However, nothing herein or in said schedules 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 schedules as owned by such party. Exhibits A, B and C shall be revised by the Unit Operator whenever changes render such revision necessary or when requested by the Supervisor, and not less than four copies thereof shall be filed with the Supervisor.

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

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

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

(1) After preliminary concurrence by the Director, 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 Phase I and Phase II Tract Participations to be assigned to each such Tract and the proposed effective date thereof; preferably 7:00 a.m. on the first day if a month subsequent to the date of notice; and

(2) Deliver copies of said notice to the Supervisor, and to each Working Interest Owner, 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 Supervisor the following:

(a) Evidence of mailing or delivering copies of said notice of expansion; (b) An application in sufficient number for approval of such expansion; (c) An instrument containing the appropriate joinders in compliance with the requirements of Sections 14 and 31 infra; and (d) A copy of any objections received.

The expansion shall, after due consideration of all pertinent information and approval by the Commission and the Supervisor, become effective as of the date prescribed in the notice thereof, or on such other date as may be set by the Commission and the Supervisor in the order or instrument approving such expansion. The revised Tract Participations (both Phase I and II) of those Tracts which were qualified for participation under this Agreement prior to any such expansion shall remain in the same ratio one to the other.

SECTION 5. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this Agreement as to the Unitized Formation shall constitute land referred to herein as "Unitized Land" or "Land Subject to this Agreement". All oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within the Unitized Formation underlying Unitized Land are 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 Unitized Formation as above defined.

SECTION 6. UNIT OPERATOR. Mobil Oil Corporation is hereby 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 interest in Unitized Substances and the term "Working Interest Owner" when used herein shall include 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 and the Supervisor, and until all Unit wells are placed in a condition satisfactory to the Supervisor for suspension,

abandonment, or operations, whichever is required by the Supervisor, unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

The Unit Operator shall, upon default or failure in the performance of its duties or obligations hereunder be subject to removal by vote of Working Interest Owners having a combined Unit Participation of eighty-five percent (85%) or more, exclusive of the Unit Participation of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Supervisor.

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 rights, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, books and records, materials, appurtenances and any other assets used in 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 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 from any liability or duties accruing to or performable by it prior to the effective date of such resignation or removal.

SECTION 8. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator as herein provided. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Supervisor.

If no successor Unit Operator is selected and approved as herein provided, the Director, at his election, may declare this Agreement terminated.

In selecting a successor Unit Operator the affirmative vote of the Working Interest Owners having a combined Unit Participation of eighty percent (80%) or more shall prevail; provided, that if any one Working Interest Owner has a Unit Participation of more than twenty percent (20%), its negative vote or failure to vote shall not serve to disapprove the selection of a new Unit Operator approved by eighty-five percent (85%) or more of the voting interest of the remaining Working Interest Owners, and provided further that the Unit Operator shall not vote to succeed itself.

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. Three true copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Supervisor prior to approval of this Unit Agreement.

SECTION 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Upon request, acceptable evidence of title to said rights shall be deposited with said Unit Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to

transfer title to any land or to any lease or operating agreement it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. 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 Commission, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil and any one or more other substances or combination of substances, whether produced from the Unitized Formation or not, and that the location of input wells and the rates of injection therein and the rate of production shall be governed by standards of good geologic and petroleum engineering practices and conservation methods. After commencement of secondary operations, Unit Operator shall furnish the Supervisor with monthly injection and production reports for each Unit well. The Working Interest Owners and the Supervisor shall be furnished periodic reports on the progress of the plan of operation and any revisions or changes thereto necessary to meet changed conditions or to protect the interests of all parties to this Agreement, which revisions and changes shall be subject to approval by the Commission and the Supervisor. Subject to like approval the Plan of Operations may be revised as conditions may warrant.

The initial plan of operation shall be filed for approval with the Supervisor and the Commission 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 Commission 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. Thereafter, from time to time before the expiration of any

existing plan, the Unit Operator shall submit for like approval a plan for an additional specified period of operation.

Notwithstanding anything to the contrary, herein contained, if Unit Operator fails to commence Unit Operations for the secondary recovery of Unitized Substances from the Unit Area within six (6) months after the effective date of this Agreement or any extension thereof approved by the Supervisor, this Agreement shall terminate automatically upon the expiration of said six (6) month period.

SECTION 12. EASEMENTS OR USE OF SURFACE. The parties hereto, to the extent of their rights and interest, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may reasonably be necessary for Unit Operations and for the removal of Unitized Substances from the Unit Area; provided, that nothing shall be construed as leasing or otherwise conveying to the Working Interest Owners a site for water, gas injection, processing or other plants, or a camp site. The parties hereto, to the extent they have the right to do so, hereby grant Unit Operator the right to use brine or water (or both) produced from any formation underlying the Unitized Land for injection into the Unitized Formation. The grant of this right shall not preclude the use of brine or water (or both) produced from any formation other than the Unitized Formation for injection into such other formations. Unit Operator shall not be entitled to take water from any well, lake, pond, or irrigation ditch belonging to a Royalty Owner without negotiating with such party for the use of such water.

SECTION 13. TRACT PARTICIPATION. In Exhibit C 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 Tract Participation percentages allocated to that Tract, under both Phase I and Phase II, calculated on the basis of all Tracts within the Unit Area being committed to this Agreement as of the effective date hereof. The Tract Participation of each Tract within the Unit Area as set forth in Exhibit C have been calculated and determined in accordance with the factors and formula set out below, and such Tract Participations shall govern the allocation of Unitized Substances produced from the Unit Area from and after the effective date hereof, subject to any revision or revisions of the Unit Area or the Exhibits to this Agreement in accordance with the provisions hereof.

The percentage of Tract Participations set forth in Exhibit C for each Tract within the Unit Area have been calculated and determined in accordance with the following formula:

$$\begin{aligned} \text{Phase I} &= 100\% \frac{\text{Tract Current Revenue}}{\text{Unit Area Current Revenue}} \\ \text{Phase II} &= 93\% \frac{\text{Tract Cumulative Primary Recovery}}{\text{Unit Area Cumulative Primary Recovery}} \\ &+ 7\% \frac{\text{Tract Surface Acres}}{\text{Unit Area Surface Acres}} \end{aligned}$$

In the event less than all of the Tracts within the Unit Area are committed to this Agreement as of the effective date hereof, Unit Operator shall promptly prepare a revised Exhibit C setting forth opposite each of the qualified Tracts (as determined from Section 14 hereof, Tracts Qualified for Participation), the revised Tract Participations (both Phase I and Phase II), which shall be calculated and determined by using the factors and formula set forth in this section, but applying the same only to the qualified Tracts. Unit Operator shall promptly file copies of such revised Exhibit C with the Supervisor, and unless such revised Exhibit C is disapproved by the Supervisor within sixty (60) days after such filing, the revised Exhibit C shall be effective as of the effective date of this Agreement, and shall thereafter govern the allocation of all Unitized Substances subject to any further revision or revisions of Exhibit C in accordance with the provisions (Sections 3, 4, 30, and 31) hereof.

SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the effective date hereof the Tracts within the Unit Area that shall be entitled to participate in the production of Unitized Substances therefrom shall be those Tracts more particularly described in Exhibit B that corner or have a common boundary (Tracts separated only by a public highway or a railroad right-of-way shall be considered to have a common boundary), and that otherwise qualify as follows:

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

(b) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest therein have become parties hereto and as to which Royalty Owners owning less than seventy-five percent (75%) of the Royalty Interest therein have become parties hereto and, further, as to which: (1) All Working Interest Owners in any such Tract have joined in a request for the acceptance of such Tract as qualified for participation under this Agreement, and (2) Seventy-five percent (75%) of the combined "voting interests" of Working Interest Owners in all Tracts that meet the requirements of Section 14 (a) above have voted in favor of the acceptance of such Tract. For the purpose of this Section 14 (b) the "voting interest" of a Working Interest Owner shall be equal to the ratio expressed as a percentage that its Unit Participation in all Tracts which qualify under Section 14 (a) bears to the total Unit Participation of all Working Interest Owners in all Tracts which qualify under Section 14 (a).

(c) Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest therein have become parties hereto, regardless of the percentage of Royalty Interest therein that is committed hereto and, further, as to which: (1) The Working Interest Owner who operates the Tract and all other Working Interest Owners in such Tract who have become parties hereto have joined in a request for acceptance of such Tract and have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other Working Interest Owners that are parties hereto, their successors and assigns, against all claims and demands that may be made by the owners of Working Interests in such Tract who are not parties hereto and which arise out of the acceptance of the Tract as qualified for participation under this Agreement, and (2) Seventy-five percent (75%) or more of the combined "voting interest" of the Working Interest Owners in all Tracts that meet the requirements of Section 14 (a) and 14 (b) have voted in favor of the acceptance of such Tract. For the purpose of this Section 14 (c), the "voting interest" of each Working Interest Owner shall be equal to the ratio expressed as a percentage that its Unit Participation in all Tracts which qualify under Sections 14 (a) and 14 (b) bears to the total Unit Participation of all Working Interest Owners in all Tracts which qualify under Sections 14 (a) and 14 (b). Upon the acceptance of such a Tract as qualified for

participation under this Agreement, the Unit Participations (both Phase I and Phase II) which would have been attributed to the non-subscribing owners of the Working Interest in such Tract, had they become parties to this Agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such Agreements in proportion to their respective Working Interests in the Tract.

As the objective of this Unit Agreement is to have lands in the Unit Area operated and entitled to participation under the terms hereof, it is agreed that, notwithstanding anything else herein, no joinder shall be considered a commitment to this Unit Agreement unless the Tract involved is qualified pursuant to this Section. The lessee of record shall supplant the Royalty Interest Owner with respect to Federal lands for qualification purposes under this Section.

If, on the effective date of this Agreement, there is any Tract or Tracts which have not been qualified 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 Supervisor, file a schedule of those Tracts which are entitled to participate in the production of Unitized Substances. Said schedule shall set forth opposite each such qualified Tract the assigned Tract number, the lease number, the owner of record of the lease and the Tract Participation percentage which shall be computed according to the participation formula set out in Section 13 (Tract Participation) above.

SECTION 15. 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, other production or development purposes and for pressure maintenance or unavoidably lost) shall be apportioned among and allocated to the qualified Tracts within the Unit Area in accordance with the respective Tract Participation effective hereunder during the respective periods, either Phase I or Phase II, in which such Unitized Substances are produced, as set forth in the schedule of participation in Exhibit C or any revision thereof. 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 Tract, 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 except as provided in Section 39 hereof, 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 or Royalty Interest in any Tract, on or after the effective date hereof, is divided with respect to separate parcels or portions of such Tract and owned severally by different persons, the percentage Tract Participation (both Phase I and II) 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 16, (Royalty Settlement), hereof, any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party responsible for the payment of such expense.

If any party fails to take in kind or separately dispose of its share of Unitized Substances, Unit Operator shall have the right but not the obligation,

for the time being and subject to revocation at will by the party owning the share, to purchase for its own account or sell to others such share; provided that, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year and at not less than the prevailing market price in the area for like production. The proceeds 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 shall be responsible for making payment therefor to the parties entitled thereto, and shall indemnify all parties hereto, including Unit Operator, against any liability for all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.

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 qualified hereunder as of the effective date hereof but which are subsequently qualified for participation under the provisions of Section 14 (Tracts Qualified for Participation) and Section 31 (Nonjoinder and Subsequent Joinder), or if any Tract is excluded from this Agreement as provided for in Section 30 (Loss of Title), the schedule of participation (both Phase I and II) as shown in Exhibit C, subject to Section 13 (Tract Participation) of Section 31 (Nonjoinder and Subsequent Joinder), whichever is appropriate, shall be revised by the Unit Operator and distributed to the Working Interest Owners and the Supervisor to show the new Tract Participation of all the then qualified Tracts; and the revised Exhibit C, upon approval by the Supervisor, shall govern all the allocation of Unitized Substances produced on and after the effective date thereof until the effective date of a new schedule so approved by the Supervisor. In any such revised Exhibit C pursuant to this paragraph, the Phase I and Phase II Tract Participations of the previously qualified Tracts shall remain in the same ratio one to the other.

SECTION 16. ROYALTY SETTLEMENT. 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.

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

If the amount of production or the proceeds thereof accruing to any Royalty Owner (except the United States of America) in a Tract depends upon the average production per well or the average pipeline run per well from such Tract during any period of time, then such production shall be determined from and after the effective date hereof by dividing the quantity of Unitized Substances allocated hereunder to such Tract during such period of time by the number of wells located thereon capable of producing as of the effective date hereof.

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

Each Royalty Owner (other than the United States of America) that ratifies this Agreement represents and warrants that he is the owner of a Royalty Interest in a Tract or Tracts within the Unit Area as his interest appears in Exhibit B attached hereto. If 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 in the affected Tract or Tracts shall be adjusted accordingly.

If gas obtained from lands or formation 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 of operation first approved by the Supervisor, a like amount of gas, less appropriate deduction for loss of depletion 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 withdrawal shall be at such time and pursuant to such conditions and formulas as may be prescribed in the approved plan of operation or as may otherwise be consented to by the Supervisor as conforming to good petroleum engineering practices and provided further, that such right of withdrawal shall terminate on the termination date of this Unit Agreement.

SECTION 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 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 such rental or minimum royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 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 Federal and State laws and regulations.

SECTION 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.

SECTION 20. 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, by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal 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 Unitized Land, 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 Land 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 Land pursuant to direction or consent of the Supervisor or his duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every Tract of Unitized Land.

(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 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) 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 nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities." In the application of this provision the terms "Area" and "Lands" shall be the Unit Area as defined in the first paragraph of Section 2 hereof.

SECTION 21. MATHEMATICAL ERRORS. It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical or clerical errors which might exist in the pertinent exhibits to this Agreement upon approval by the Supervisor.

SECTION 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, 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 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 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 Phase II Unit Participation of eighty percent (80%) or more, and the execution or ratification of this Agreement by Royalty Owners owning a combined interest of sixty-five percent (65%) or more of the Phase II Royalty Interest in said Unit Area; and

(b) The approval of this Agreement by the Commissioner and the Secretary or his duly authorized representative; 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 December 1, 1969, this Agreement shall ipso facto expire on said date (hereinafter called "expiration date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Unit Participation of seventy percent (70%) or more, and such Working Interest Owners

have voted to extend said expiration date for a period not to exceed twelve (12) months (hereinafter called "extended expiration date"). If said expiration date is so extended and (a), (b) and (c) are not accomplished on or before said extended expiration date, this Agreement shall ipso facto expire on said extended expiration date and thereafter be of no further force and effect.

Unit Operator shall, 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 or can be 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, and so long thereafter as such Unitized Substances can be produced as aforesaid, unless sooner terminated by Working Interest Owners in the manner hereinafter provided.

This Agreement may be terminated at any other time and for any other reason with the approval of the Supervisor by Working Interest Owners owning eighty-five percent (85%) or more of the Unit Participation. Notice of any such approved termination shall be filed with the County Clerk of Lea County, New Mexico, and given to all parties hereto by the Unit Operator within thirty (30) days after the effective date of termination.

Upon termination of this Agreement, Unit Operations shall cease and the parties hereto thereafter shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts.

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

SECTION 24. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this Agreement when such quantity and rate of production under this Agreement is not fixed pursuant to Federal or State law or does not conform to any statewide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, 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. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production under this Agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this Agreement and is not in violation of any applicable Federal or State law. No such alteration or modification shall be effective as to any privately-owned lands subject to this Agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

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

SECTION 25. NONDISCRIMINATION. In connection with the performance of work under this Agreement, Unit Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246, (30 F.R. 12319), which are hereby incorporated by reference in this Agreement.

SECTION 26. APPEARANCES. Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Department and the Commission, and to appeal from any order issued under the rules and regulations of 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 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 27. 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 28. NO WAIVER OF CERTAIN RIGHTS. Nothing in this Agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any Federal or State law, or rules and 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; provided, however, that each party hereto covenants that during the term of this Agreement such party will not resort to any action at law or in equity to partition the Unit Area or the facilities used in the development or operation hereof and to that extent waives the benefits of all laws authorizing such partition.

SECTION 29. 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.

No Unit obligation which is suspended pursuant to this Section shall become due less than thirty (30) days after it has been determined that the suspension is no longer applicable. Determination of creditable "unavoidable delay" time shall be made by Unit Operator subject to the approval of the Supervisor.

SECTION 30. 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 such event, Unit Operator shall recompute the Phase I and II Tract Participations of each of the Tracts remaining subject to this Agreement and shall revise Exhibit C accordingly. The revised Exhibit C shall be effective as of the first day of the calendar month in which such failure of title is finally determined. The Phase I and II participation percentages so recomputed for qualified Tracts shall remain the same ratio one to the other as before the loss of title was determined.

If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure of title shall be governed by the Unit Operating Agreement. If title to a Royalty Interest fails, but the Tract to which it relates remains qualified, the parties whose title failed shall not be entitled to share hereunder with respect to such interest. In the event of a dispute as to title as to any Royalty, Working Interest or other interest subject hereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to Federal land or leases, no payments of funds due the United States of America shall be withheld, but such funds shall be deposited as directed by the Supervisor 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 31. NONJOINER AND SUBSEQUENT JOINER. If the owner of any substantial interest in a Tract within the Unit Area fails or refuses to subscribe or consent to this Agreement, the owner of the Working Interest in that Tract may withdraw said Tract from this Agreement by written notice to the Supervisor and the Unit Operator prior to the approval of this Agreement by the Supervisor.

Any Oil and Gas Interest in the Unitized Formation not committed hereto prior to the effective date of this Agreement may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for Participation) hereof, at any time during a period of one (1) month after the effective date of the Unit Agreement on the same basis of participation as provided in 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 also subscribing to the Unit Operating Agreement.

It is understood and agreed, however, that after such one month period the right of subsequent joinder by a Working Interest Owner as provided in this Section shall be subject to such requirements or approval, as provided by the Unit Operating Agreement, if any, and on such equitable basis as may be agreed upon by Working Interest Owners having a combined Unit Participation of eighty percent (80%) or more with the approval of the Supervisor. To be effective such joinder must be accompanied by a joinder to the Unit Operating Agreement. After the aforementioned one-month period joinder by the owner of a Royalty Interest must be evidenced by his execution or ratification of this Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective at 7:00 A. M. of the first day of the month following the filing with 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 Supervisor is duly made within sixty (60) days after such filing.

SECTION 32. COUNTERPARTS. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the land within the above described Unit Area.

SECTION 33. JOINER IN DUAL CAPACITY. Execution as herein provided by any party either as a Working Interest Owner or as a Royalty Owner shall commit all interests that may be owned or controlled by such party; provided, that if the party is the owner of a Working Interest he must also execute the Unit Operating Agreement.

SECTION 34. 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 nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 35. 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 hereof 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/or proper representatives of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority which by any provisions of this Agreement are vested in the Commission shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

SECTION 36. BORDER AGREEMENTS. Unit Operator, with concurrence of Working Interest Owners having a combined Phase II Unit Participation of seventy-five percent (75%) or more, may, subject to approval of the Supervisor, 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.

SECTION 37. PERSONAL PROPERTY EXCEPTED. All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands subject to this Agreement shall be deemed to be and shall remain personal property belonging to such parties and may be removed by the Working Interest Owners. The rights and interests therein as among Working Interest Owners are covered by the Unit Operating Agreement.

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

SECTION 39. OIL IN LEASE TANKAGE ON EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease and other tanks on the Unitized Land 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 as a part of prior allowables of the well or wells from which produced shall be and remain the property of the Interest Owners entitled thereto the same as if this Unit had not been formed; and the Working Interest Owner responsible therefor shall promptly remove said oil from the Unitized Land. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owner under the terms and provisions of this Agreement and shall be, subject to the payment of all royalty to Royalty Owners under the terms and provisions of the applicable lease or leases and other contracts affected. All such oil 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.

SECTION 40. LIEN OF UNIT OPERATOR. Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

SECTION 41. LIMITATION OF APPROVALS. Notwithstanding anything herein contained to the contrary, if no Federal lands are committed to this Agreement, then no consents or approvals provided herein shall be required of the Department, the Secretary, the Director, or the Supervisor; and it shall not be necessary to file any instrument hereunder with said offices or agencies unless and until Federal lands are committed to this Agreement."

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

MOBIL OIL CORPORATION

Date

By _____
Attorney-in-Fact

Date

Date

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1969, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

* * * * *

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1969, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

* * * * *

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1969, by _____.

My Commission Expires:

Notary Public

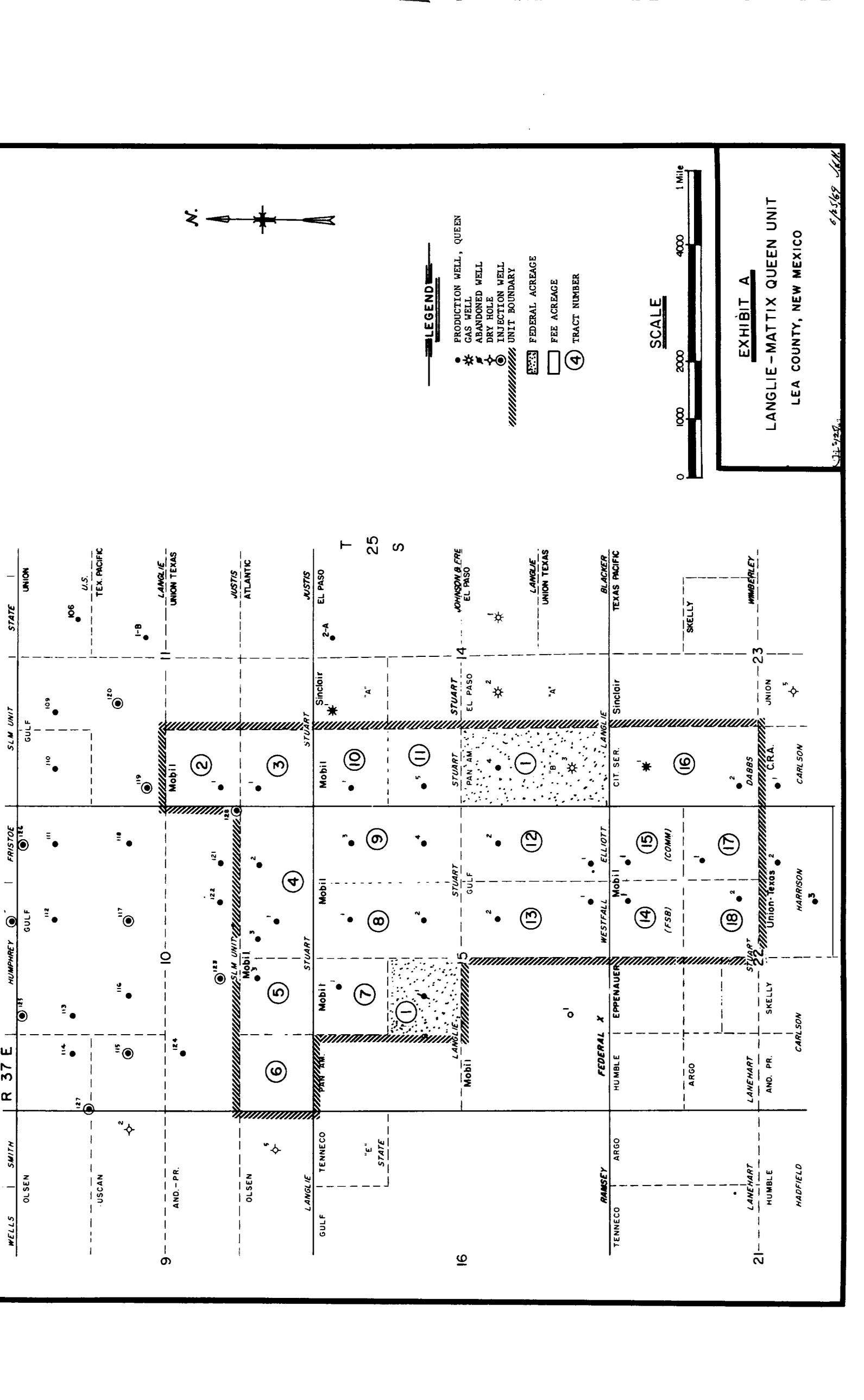
* * * * *

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 1969, by _____.

My Commission Expires:

Notary Public



LEGEND

- PRODUCTION WELL, QUEEN
- * GAS WELL
- ✱ ABANDONED WELL
- ⊙ DRY HOLE
- ⊕ INJECTION WELL
- ⊖ UNIT BOUNDARY
- ▨ FEDERAL ACREAGE
- FEE ACREAGE
- ④ TRACT NUMBER

SCALE



EXHIBIT A
LANGLIE-MATTIX QUEEN UNIT
 LEA COUNTY, NEW MEXICO

6/25/69 JGM

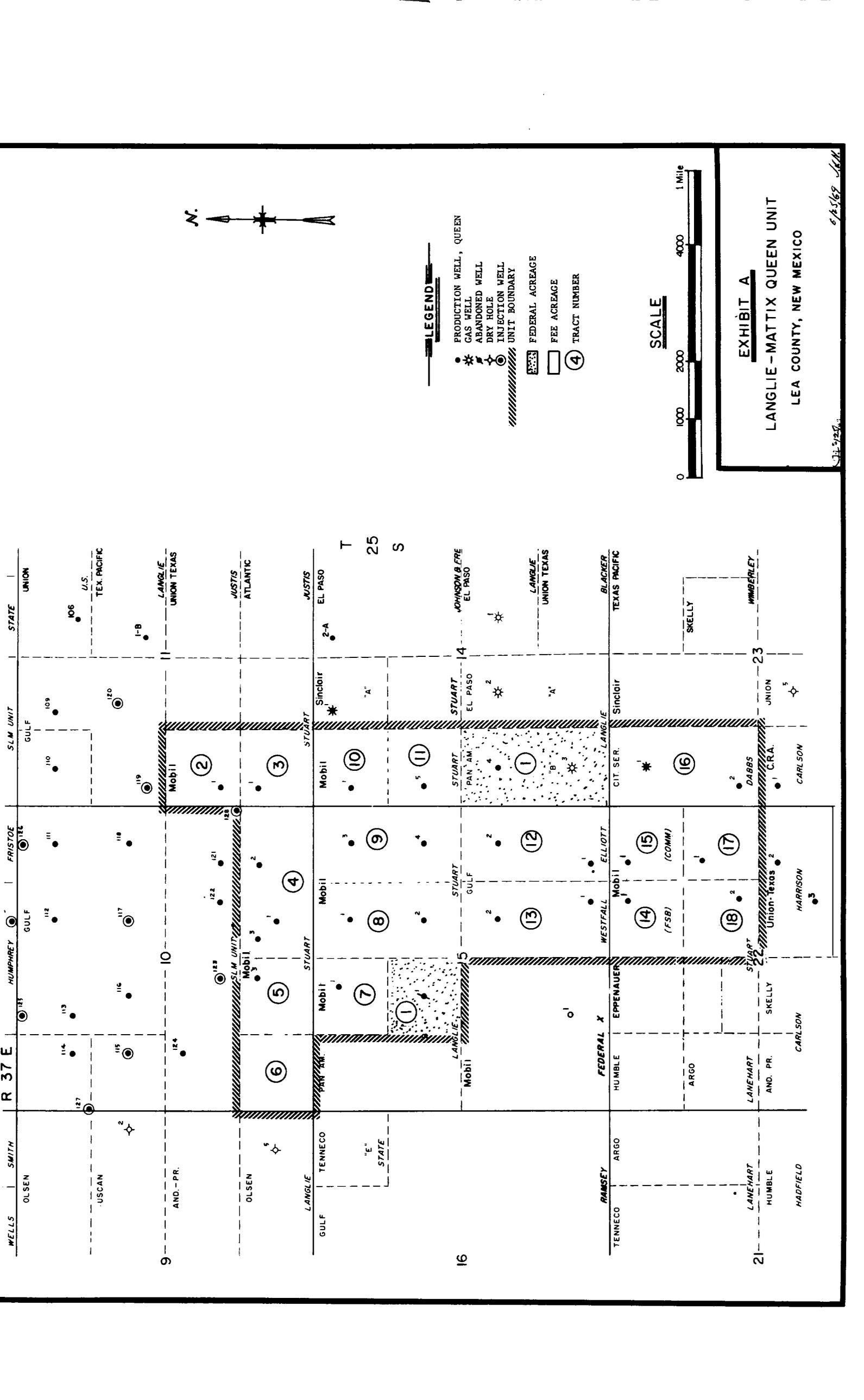


EXHIBIT B
TO
UNIT AGREEMENT
LANGLIE-MATTIX QUEEN UNIT
LEA COUNTY, NEW MEXICO

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEDERAL LANDS							
1	Township 25 South, Range 37 East Section 14: W/2 SW/4 Section 15: SE/4 NW/4	120	LC-032511-(b) 6-30-76	U.S.A. A11 (Schedule D)	Pan American Petroleum Corp.		Pan American Petroleum Corp. 100%
Total: One Federal Tract - 120 Acres or 11.5% of Unit Area							

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
2	Township 25 South, Range 37 East Section 11: NW/4 SW/4	40	HBP		Mobil Oil Corp.	Gordon M. Cone .0078125 June D. Speight .0234375	Mobil Oil Corp. 100%
				Jessie B. Crump 7.1428 Joe & Jessie Crump Fund 7.1428 Eunice Gray 1.7857 Hendrick Memorial Hospital 14.2858 Mattie H. James 3.5714 Nelson H. James 1.7857 J. Hiram Moore 17.8570 John J. Moran 14.2858 Richard J. Moran, Exec of Estate of W. J. Moran 14.2858 Charles Pfile 14.2858 J. Don Wiet 3.5714			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
3	Township 25 South, Range 37 East Section 11: SW/4 SW/4	40	HBP	Gordon M. Cone 8.3334	Mobil Oil Corp. 1/2		Mobil Oil Corp. 50%
				Marjorie C. Kastman, Gdn of Est. of S. E. Cone 16.6666	Gordon M. Cone 1/4		Gordon M. Cone 25%
				First Natl. Bank of Artesia, N. M. 2.0834	Hugh Corrigan 1/4		Hugh Corrigan 25%
				Wm. Flynn Ind. & as Adm. of Est. of Alice H. Flynn 2.6042			
				William D. Flynn 2.6042			
				B. B. Ginsberg 1.5000			
				J. H. Herd 3.7500			
				William B. Johnston 0.5000			
				Donald L. Jones 4.1666			
				Estelle Andrews Mehltrop 10.4167			
				Rosalind Redfern 3.7500			
				J. Cecil Rhodes 10.4166			
				Roy K. Stovall 7.5000			
				Mary Ella Stuart 12.1666			
				V. S. Welch 2.6042			
				Harvey E. Yates 2.0833			
				John A. Yates 2.0834			
				Martin Yates, Jr. 2.6042			
				Martin Yates, III 2.0833			
				S. P. Yates 2.0833			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
4	FEE LANDS Township 25 South, Range 37 East Section 10: S/2 SE/4	80	HBP	Amerada Petroleum Corp 31.2499 Bank of the Southwest National Association Houston Trustee U/W of Hubert E. Clift 11.7932 Bank of the Southwest National Association Houston Trustee for Jeannette C. Clift 11.7932 San Angelo Natl. Bank Indep. Exec. U/W of the Est. of Lorraine Liftwich 11.7932 San Angelo Natl. Bank Successor Tr of the Ralph W. Leftwich Trust 11.7932 Sabine Royalty Corp. 21.5773	Mobil Oil Corp.	Scope Industries .109375	Mobil Oil Corp. 100%
5	Township 25 South, Range 37 East Section 10: SE/4 SW/4	40	HBP	Amerada Petroleum Corp 25.0000 Charles T. Bates, Jr. 0.5555 Docia Bates 1.9445 James Ray Bates 0.5555 K. C. Bates 0.5555 Lucille Chism Bates 0.3907 Warren J. Bates 0.5555 Glenn O. Briscoe 6.2500	Mobil Oil Corp.	Scope Industries .109375	Mobil Oil Corp. 100%

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
5	(Contd)						
				Ether Chism 2.6042			
				Hugh Corrigan, III 9.3750			
				J. Patrick Corrigan 9.3750			
				Catherine L. Dumraese 4.1667			
				T. J. Galbraith 6.2500			
				Wilma Chism Lain 0.3907			
				Norma Chism McCarthy 0.3907			
				Midwest Oil Corp. 18.7500			
				Mary Louise Nommensen 0.3906			
				Barbara Jean Robertson 2.0833			
				Mary Helen Seeton 6.2500			
				F. Walter Voss 2.0833			
				Thomas G. Voss 2.0833			
6	Township 25 South, Range 37 East Section 10: SW/4 SW/4	40	HBP	Amerada Petroleum Corp 25.0000	Mobil Oil Corp.		Mobil Oil Corp. 100%
				Mary Helen Seeton 6.2500			
				Thomas G. Galbraith 6.2500			
				Hugh Corrigan, III 9.3750			
				J. Patrick Corrigan 9.3750			
				Docia Bates 1.9445			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
				Kenneth C. Bates 0.5555			
				Warren J. Bates 0.5555			
				Chas. T. Bates, Jr. 0.5555			
				James Ray Bates 0.5555			
				Catherine L. Dumraese 16.6667			
				Robert T. Morgan, Trustee 5.4687			
				Bill S. Morgan, Trustee 5.4687			
				J. I. Ginnings 1.5625			
				F. Walter Voss 2.0833			
				Thomas G. Voss 2.0833			
				Barbara Jean Robertson 2.0834			
				Lucille Chism Bates 0.3907			
				Ether Chism 2.6042			
				Wilma Chism Lain 0.3907			
				Norma Chism McCarthy 0.3907			
				Mary Louise Nommensen 0.3906			

FEE LANDS
6 (Contd)

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
7	FEE LANDS Township 25 South, Range 37 East Section 15: NE/4 NW/4	40	HBP	Amerada Petroleum Corp 75.0000 Glenn O. Briscoe 6.2500 Midwest Oil Corp. 18.7500	Mobil Oil Corp.		Mobil Oil Corp. 100%
8	Township 25 South, Range 37 East Section 15: W/2 NE/4	80	HBP	Chase Manhattan Bank 11.8752 Atlantic Richfield Co. 0.6248 Louise Benischek 2.0832 Edwin G. Bradley 9.3752 Junia W. Brown Estate 23.4592 Lydia J. Dennett 3.1248 Bess Yearwood, Trustee for the Rose Eaves Trust 12.5000 Edward Galt 1.5416 Judith A. Kalk 3.1248 Lucky Wright Royalty 3.1248 Midwest Oil Corp. 12.5000 Sabine Royalty Corp. 3.1248 Arnold P. Scharbauer 6.2496 A. E. Smith 2.0832 Mary Ellen Todd 2.0840 Maybelle E. Westfall 3.1248	Mobil Oil Corp. Sun Oil Company .1250000		

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
9	<u>Township 25 South, Range 37 East</u> <u>Section 15: E/2 NE/4</u>	80	HBP	Boys Clubs of America 5.0000 Elk's Natl. Foundation 5.0000 Robert J. Leonard 8.3333 Patrick J. Leonard 8.3334 Timothy T. Leonard 8.3333 New Mexico Boy's Ranch, Inc. 5.0000 Shattuck School 5.0000 Sunshine Royalty Co. 50.0000 Regents of The Univ. of New Mexico 5.0000	Mobil Oil Corp.	Sun Oil Company .1250000	Mobil Oil Corp. 100%
10	<u>Township 25 South, Range 37 East</u> <u>Section 14: NW/4 NW/4</u>	40	HBP	Katherine Drake Trust 6.2500 F. W. & Y Oil Co. 12.5000 B. B. Ginsberg 1.5000 J. H. Herd 3.7500 Higgins Trust, Inc. 25.0000 William B. Johnston 0.5000 Lovelace Foundation, Inc. 3.7500 Rosaling Redfern 3.7500 Lela H. Stovall 3.7500	Mobil Oil Corp.		Mobil Oil Corp. 100%

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
10	(Contd)			Mary Ella Stuart 8.0000			
				Harvey E. Yates 4.6875			
				John A. Yates 4.6875			
				Martin Yates, Jr. 12.5000			
				Martin Yates, III 4.6875			
				S. P. Yates 4.6875			
11	Township 25 South, Range 37 East Section 14: SW/4 NW/4	40	HBP	B. B. Ginsberg 1.5000	Mobil Oil Corp.		Mobil Oil Corp. 100%
				J. H. Herd 3.7500			
				Higgins Trust, Inc. 25.0000			
				William B. Johnston 0.5000			
				Lovelace Foundation, Inc. 3.7500			
				Rosalind Redfern 3.7500			
				Lela H. Stovall 3.7500			
				Mary Ella Stuart 33.0000			
				Harvey E. Yates 3.1250			
				John A. Yates 3.1250			
				Martin Yates, Jr. 12.5000			
				Martin Yates, III 3.1250			
				S. P. Yates 3.1250			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
12	Township 25 South, Range 37 East Section 15: E/2 SE/4	80	HBP	Patrick J. Leonard 8.3336 Robert J. Leonard 8.3336 Timothy T. Leonard 8.3328 Elks National Foundation 5.0000 Boys Club of America 5.0000 Shattuck School 5.0000 New Mexico Boys Ranch, Inc. 5.0000 Regents of the University of New Mexico 5.0000 Sunshine Royalty Co. 50.0000	Gulf Oil Corp.		Gulf Oil Corp. 100%
13	Township 25 South, Range 37 East Section 15: W/2 SE/4	80	HBP	Sabine Royalty Corp. 3.1248 Atlantic Richfield Co. 0.6248 John H. Hendrix 2.5000 Edwin G. Bradley 9.3752 Judith Ann Kalk 3.1248 M. H. McGraill 3.1248 Louise Benischek 2.0832 Mary Ellen Todd 2.0832	Gulf Oil Corp.		Gulf Oil Corp. 100%

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
13	(Contd)						
				Maybelle E. Westfall 3.1256			
				Junia W. Brown Estate 23.4584			
				The Alamo Nat]. Bank of San Antonio, Texas, Trustee 1.5416			
				Midwest Oil Corporation 12.5000			
				Arnold P. Scharbauer, Trustee 6.2504			
				Lucky Wright Royalty Syndicate 3.1248			
				Roy G. Barton, Jr. 6.2504			
				A. E. Smith 2.0832			
				Rebel Oil Company 3.7496			
				The Chase Manhattan Bank, Assignee 11.8752			
14	Township 25 South, Range 37 East Sec. 22: NW/4 NE/4	40	HBP		Mobil Oil Corp.	Amerada Petroleum Corp. .0625000	Mobil Oil Corp. 100%
				The Wachovia Bank & Trust Co., Trustee of the Richard C. Allen & Lillian Allen Trust 2.0834		A. R. Eppenauer .0625000	
				Amerada Petroleum Corp. 18.1818			
				Ione Bearly Atkins 0.2291			
				Atlantic Richfield Co. 7.2222			
				James Henry Bearly 0.2292			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
14 (Contd)							
				Odella N. Clark 1.1667			
				Bank of the Southwest Natl. Assn. Houston Trustee U/W of Hubert E. Clift 1.1364			
				Bank of the Southwest Natl. Assn. Houston Trustee for Jeannette C. Clift 1.1364			
				Elizabeth Bearly Dudley 0.2292			
				Julie Ann Erickson 0.1736			
				Marion McNair Heard 0.1736			
				San Angelo Natl. Bank Indep. Exec. U/W of the Est. of Lorraine Leftwich 1.1363			
				San Angelo Natl. Bank Successor Tr of the Ralph W. Leftwich Tr. 1.1364			
				Josephine W. Lundy 10.0000			
				Margaret Bearly Marlow 0.2291			
				Midwest Oil Corp. 33.3334			
				Ritts Royalty Company 7.2222			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
14	(Contd)						
				Sabine Royalty Corp. 3.9394			
				Robert C. Sharp 7.2222			
				Elinor Shaughnessy 0.1736			
				O. W. Skirvin 2.0833			
				Marion Taylor Underwood Estate 1.5625			
15	Township 25 South, Range 37 East Section 22: NE/4 NE/4	40	HBP	The Wachovia Bank & Trust Co. Trustee of the Richard C. Allen & Lillian Allen Trust 1.5625	Mobil Oil Corp. Cities Serv. Oil Co.	Amerada Petroleum Corp. .0468750	Mobil Oil Corp. 75% Cities Service Oil Co. 25%
				Amerada Petroleum Corp. 16.1364			
				Ione Bearly Atkins 0.1719			
				Atlantic Richfield Co. 13.6666			
				James Henry Bearly 0.1719			
				Junia W. Brown Estate 5.8647			
				Odella N. Clark 0.8750			
				Bank of the Southwest Natl. Assn. Houston Trustee U/W of Hubert E. Clift 0.8523			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
15 (Contd)							
	Bank of the Southwest						
	Natl. Assn. Houston						
	Trustee for Jeannette						
	C. Clift						
	0.8523						
	Elizabeth Bearly Dudley						
	0.1718						
	Julie Ann Erickson						
	0.1302						
	Edward Galt						
	0.3853						
	Marion McNair Heard						
	0.1302						
	Harvey A. Heller, Jr.						
	3.8750						
	San Angelo Natl. Bank						
	Indep. Exec. U/W of the						
	Est. of Lorraine Leftwich						
	0.8523						
	San Angelo Natl. Bk.						
	Successor Tr. of the						
	Ralph W. Leftwich Tr.						
	0.8523						
	C. S. Longcope						
	4.1250						
	Josephine W. Lundy						
	7.5000						
	Margaret Bearly Marlow						
	0.1719						
	Midwest Oil Corp.						
	25.0000						
	Ritts Royalty Co.						
	5.4166						
	Sabine Royalty Corp.						
	2.9546						

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
15	(Contd)			Robert C. Sharp 5.4166 Elinor Shaughnessy 0.1302 O. W. Skirvin 1.5625 Marion Taylor Underwood Estate 1.1719			
16	Township 25 South, Range 37 East Section 23: W/2 NW/4	80	HBP	Junia W. Brown Estate 23.4588 The Alamo Natl. Bank of San Antonio, Trustee of Edward Galt Trust 1.5412 Atlantic Richfield Co. 1.6500 Chase Manhattan Bank Assignee 31.3500 Constance E. Byers, Executrix of Est. of Everett M. Byers, Dec'd. 15.5000 Harvey A. Heller & Harvey A. Heller, Jr. 15.5000 C. S. Longcope 1.0000 Amerada Petroleum Corp. 10.0000	Cities Service Oil Co.	Cities Service Oil Co. 100%	

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
17	FEE LANDS Township 25 South, Range 37 East Section 22: SE/4 NE/4	40	HBP				
				The Wachovia Bank & Trust Co., Tr. of the Richard C. Allen & Lillian Allen Trust 1.5626	Mobil Oil Corp. Cities Serv. Oil Co.		Mobil Oil Corp. 75%
				Amerada Petroleum Corp. 16.1364			Cities Service Oil Co. 25%
				Ione Bearly Atkins 0.1718			
				Atlantic Richfield Co. 0.6834			
				James Henry Bearly 0.1718			
				Junia W. Brown Estate 5.8647			
				The Chase Manhattan Bank, Assignee 12.9833			
				Odella N. Clark 0.8750			
				Bank of the Southwest Natl. Assn. Houston Trustee U/W of Hubert E. Clift 0.8523			
				Bank of the Southwest NA Trustee for Jeanette C. Clift 0.8523			
				Elizabeth Bearly Dudley 0.1718			
				Julie Ann Erickson 0.1302			
				Edward Galt 0.3853			
				Marion McNair Heard 0.1302			
				Harvey A. Heller, Jr. 3.8750			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
17	(Contd)						
	San Angelo Natl. Bank						
	Indep. Exec. U/W of the						
	Est. of Lorraine Leftwich			0.8523			
	San Angelo Natl. Bk.						
	Successor Tr. of the						
	Ralph W. Leftwich Trust			0.8523			
	C. S. Longcope			4.1250			
	Josephine W. Lundy			7.5000			
	Margaret Bearly Marlow			0.1719			
	Midwest Oil Corp.			25.0000			
	L. C. Ritts			5.4166			
	Sabine Royalty Corp.			2.9546			
	Robert C. Sharp			5.4166			
	Elinor Shaughnessy			0.1302			
	O. W. Skirvin			1.5625			
	Marion Taylor Underwood						
	Estate,						
							1.1719

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
18	FEE LANDS Township 25 South, Range 37 East Section 22: SW/4 NE/4	40	HBP		Mobil Oil Corp.		Mobil Oil Corp. 100%
				The Wachovia Bank & Trust Co. Trustee of the Richard C. Allen & Lillian Allen Trust 2.0833			
				Amerada Petroleum Corp. 18.1824			
				Ione Bearly Atkins 0.2296			
				Atlantic Richfield Co. 0.3608			
				James Henry Bearly 0.2296			
				The Chase Manhattan Bank 6.8608			
				Odella N. Clark 1.1664			
				Bank of the S. W. NA Ind. Exec. of the Estate of Hubert E. Clift, Dec'd. 1.1360			
				Bank of the S.W. NA Trustee for Jeannette C. Clift 1.1360			
				Elizabeth Bearly Dudley 0.2296			
				Julie Ann Erickson 0.1736			
				Marion McNair Heard 0.1736			
				San Angelo Natl. Bank Indep. Exec. U/W of the Est. of Lorraine Leftwich 1.1360			

TRACT NUMBER	DESCRIPTION	NUMBER OF ACRES	LEASE NO. & EXPIRATION DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT
FEE LANDS							
18 (Contd)							
				San Angelo Natl. Bk. Successor Tr of the Ralph W. Leftwich Trust			
				1.1360			
				Josephine W. Lundy			
				10.0000			
				Margaret Bearly Marlow			
				0.2296			
				Midwest Oil Corp.			
				33.3334			
				Ritts Royalty Co.			
				7.2224			
				Sabine Royalty Corp.			
				3.9392			
				Robert C. Sharp			
				7.2224			
				Elinor Shaughnessy			
				0.1736			
				O. W. Skirvin			
				2.0832			
				Marion Taylor Underwood Estate			
				1.5625			

Total 17 Fee Tracts - 920 Acres or 88.5% of Unit Area
Grand Total 18 Tracts - 1,040 Acres - 100% of Unit Area

EXHIBIT C
TO
UNIT AGREEMENT
LANGLIE-MATTIX QUEEN UNIT
LEA COUNTY, NEW MEXICO

Tract Number	Description of Tract	Tract Participation, Percentage	
		Phase I	Phase II
1.	W/2 SW/4 Section 14 and SE/4 NW/4 Section 15, T-25-S, R-37-E	6.4292	4.1166
2.	NW/4 SW/4 Section 11, T-25-S, R-37-E	12.8019	3.4412
3.	SW/4 SW/4 Section 11, T-25-S, R-37-E	0.8407	3.9553
4.	S/2 SE/4 Section 10, T-25-S, R-37-E	11.3810	11.2957
5.	SE/4 SW/4 Section 10, T-25-S, R-37-E	1.2619	5.3144
6.	SW/4 SW/4 Section 10, T-25-S, R-37-E	0.0000	1.7797
7.	NE/4 NW/4 Section 15, T-25-S, R-37-E	1.0816	3.3961
8.	W/2 NE/4 Section 15, T-25-S, R-37-E	13.7862	10.2706
9.	E/2 NE/4 Section 15, T-25-S, R-37-E	15.6033	7.6201
10.	NW/4 NW/4 Section 14, T-25-S, R-37-E	3.1518	3.5067
11.	SW/4 NW/4 Section 14, T-25-S, R-37-E	4.5395	3.8328
12.	E/2 SE/4 Section 15, T-25-S, R-37-E	0.2800	5.3377
13.	W/2 SE/4 Section 15, T-25-S, R-37-E	0.0727	9.5800
14.	NW/4 NE/4 Section 22, T-25-S, R-37-E	10.5888	9.0236
15.	NE/4 NE/4 Section 22, T-25-S, R-37-E	4.1334	4.3897
16.	W/2 NW/4 Section 23, T-25-S, R-37-E	6.0446	3.2096
17.	SE/4 NE/4 Section 22, T-25-S, R-37-E	0.9087	4.7733
18.	SW/4 NE/4 Section 22, T-25-S, R-37-E	7.0947	5.1569
	TOTAL	<u>100.0000</u>	<u>100.0000</u>