

1 UNIT AGREEMENT 1  
2 FOR THE DEVELOPMENT AND OPERATION 2  
3 OF THE 3  
4 ROUND MOUNTAIN UNIT AREA 4  
5 COUNTY OF EDDY 5  
6 STATE OF NEW MEXICO 6  
7 NO. \_\_\_\_\_ 7

8 THIS AGREEMENT, entered into as of the 15th day of May 8  
9 1972, by and between the parties subscribing, ratifying, or consent- 9  
10 ing hereto, and herein referred to as the "parties hereto", 10

11 W I T N E S S E T H: 11

12 WHEREAS, the parties hereto are the owners of working, royalty 12  
13 or other oil and gas interests in the unit area subject to this 13  
14 agreement; and 14

15 WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 15  
16 437, as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal 16  
17 lessees and their representatives to unite with each other, or joint- 17  
18 ly or separately with others, in collectively adopting and operating 18  
19 a cooperative or unit plan of development or operation of any oil or 19  
20 gas pool, field, or like area, or any part thereof for the purpose of 20  
21 more properly conserving the natural resources thereof whenever de- 21  
22 termined and certified by the Secretary of the Interior to be necess- 22  
23 ary or advisable in the public interest; and 23

24 WHEREAS, the Commissioner of Public Lands of the State of New 24  
25 Mexico is authorized by an Act of the Legislature (Sec. 7-11-29 N.M. 25  
26 Statutes 1953 Annotated) to consent to or approve this agreement on 26  
27 behalf of the State of New Mexico, insofar as it covers and includes 27  
28 lands and mineral interest of the State of New Mexico; and, 28

1           WHEREAS, the Oil Conservation Commission of the State of New 1  
2 Mexico is authorized by an Act of the Legislature (Chapter 72, Laws 2  
3 of 1935, as amended by Chapter 193, Laws of 1937, Chapter 166, Laws 3  
4 of 1941, and Chapter 168, Laws of 1949) to approve this agreement 4  
5 and the conservation provisions hereof; and, 5

6           WHEREAS, the parties hereto hold sufficient interests in the 6  
7 Round Mountain Unit Area covering the land hereinafter described (7  
8 to give reasonably effective control of operations therein; and 8

9           WHEREAS, it is the purpose of the parties hereto to conserve 9  
10 natural resources, prevent waste, and secure other benefits obtain- 10  
11 able through development and operation of the area subject to this 11  
12 agreement under the terms, conditions, and limitations herein set 12  
13 forth; 13

14           NOW, THEREFORE, in consideration of the premises and the 14  
15 promises herein contained, the parties hereto commit to this agree- 15  
16 ment their respective interests in the below-defined unit area, and 16  
17 agree severally among themselves as follows: 17

18           1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of 18  
19 February 25, 1920, as amended, supra, and all valid pertinent regu- 19  
20 lations, including operating and unit plan regulations, heretofore 20  
21 issued thereunder or valid, pertinent, and reasonable regulations 21  
22 hereafter issued thereunder are accepted and made a part of this 22  
23 agreement as to Federal lands, provided such regulations are not in- 23  
24 consistent with the terms of this agreement; and as to non-Federal 24  
25 lands, the oil and gas operating regulations in effect as of the 25  
26 effective date hereof governing drilling and producing operations, 26  
27 not inconsistent with the terms hereof or the laws of the State in 27  
28 which the non-Federal land is located, are hereby accepted and made 28  
29 a part of this agreement. 29

30           2. UNIT AREA. The following described land is hereby desig- 30  
31 nated and recognized as constituting the unit area: 31

Township 21 South, Range 25 East, NMPM

Section 19: All

Section 20: All

Section 21: All

Section 28: All

Section 29: All

Section 30: All

Section 31: All

Section 32: All

Section 33: All

Containing 5,757.25 acres, more or less.

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15 Exhibit "A" attached hereto is a map showing the unit area and the 15  
16 boundaries and indentities of tracts and leases in said area to the 16  
17 extent known to the Unit Operator. Exhibit "B" attached hereto is 17  
18 a schedule showing to the extent known to the Unit Operator the 18  
19 acreage, percentage, and kind of ownership of oil and gas interests 19  
20 in all land in the unit area. However, nothing herein or in said 20  
21 schedule or map shall be construed as a representation by any party 21  
22 hereto as to the ownership of any interest other than such interest 22  
23 or interests as are shown in said map or schedule as owned by such 23  
24 party. Exhibits "A" and "B" shall be revised by the Unit Operator 24  
25 whenever changes in the unit area render such revision necessary 25  
26 when requested by the Oil and Gas Supervisor, hereinafter referred 26  
27 to as "Supervisor", or when requested by the Commissioner of Public 27  
28 Lands of the State of New Mexico, hereinafter referred to as "Land 28  
29 Commissioner", and not less than five (5) copies of the revised 29  
30 Exhibits shall be filed with the Supervisor and one (1) copy there- 30  
31 of shall be filed with the Land Commissioner, and one (1) copy 31  
32 with the New Mexico Oil Conservation Commission, hereinafter re- 32  
33 ferred to as "State Commission". 33

1           The above-described unit area shall when practicable be ex- 1  
2 panded to include therein any additional lands or shall be con- 2  
3 tracted to exclude lands whenever such expansion or contraction is 3  
4 deemed to be necessary or advisable to conform with the purposes 4  
5 of this agreement. Such expansion or contraction shall be effected 5  
6 in the following manner: 6

7           (a) Unit Operator, on its own motion or on demand of the 7  
8 Director of the Geological Survey, hereinafter referred to as 8  
9 "Director", or on demand of the Land Commissioner, after preliminary 9  
10 concurrence by the Director, shall prepare a notice of proposed 10  
11 expansion or contraction describing the contemplated changes in the 11  
12 boundaries of the unit area, the reasons therefor, and the proposed 12  
13 effective date thereof, preferably, the first day of a month subse- 13  
14 quent to the date of notice. 14

15           (b) Said notice shall be delivered to the Supervisor, the 15  
16 Land Commissioner and the State Commission, and copies thereof mailed 16  
17 to the last known address of each working interest owner, lessee, 17  
18 and lessor whose interests are affected, advising that thirty (30) 18  
19 days will be allowed for submission to the Unit Operator of any ob- 19  
20 jections. 20

21           (c) Upon expiration of the 30-day period provided in the 21  
22 preceding item (b) hereof, Unit Operator shall file with the Super- 22  
23 visor, the Land Commissioner and the State Commission, evidence of 23  
24 mailing of the notice of expansion or contraction and a copy of any 24  
25 objections thereto which have been filed with the Unit Operator, to- 25  
26 gether with an application in sufficient number, for approval of 26  
27 such expansion or contraction and with appropriate joinders. 27

28           (d) After due consideration of all pertinent information, 28  
29 the expansion or contraction shall, upon approval by the Supervisor, 29  
30 the Land Commissioner, become effective as of the date prescribed in 30  
31 the notice thereof. 31

1 (e) All legal subdivisions of lands (i.e., 40 acres by 1  
2 Government survey or its nearest lot or tract equivalent; in instan- 2  
3 ces of irregular surveys unusually large lots or tracts shall be 3  
4 considered in multiples of 40 acres or the nearest aliquot equiva- 4  
5 lent thereof), no parts of which are entitled to be in a partici- 5  
6 pating area on or before the fifth anniversary of the effective date 6  
7 of the first initial participating area established under this unit 7  
8 agreement, shall be eliminated automatically from this agreement, 8  
9 effective as of said fifth anniversary, and such lands shall no 9  
10 longer be a part of the unit area and shall no longer be subject to 10  
11 this agreement, unless diligent drilling operations are in progress 11  
12 on unitized lands not entitled to participation on said fifth anni- 12  
13 versary, in which event all such lands shall remain subject hereto 13  
14 for so long as such drilling operations are continued diligently, 14  
15 with not more than 90 days' time elapsing between the completion of 15  
16 one such well and the commencement of the next such well. All legal 16  
17 subdivisions of lands not entitled to be in a participating area 17  
18 within 10 years after the effective date of the first initial par- 18  
19 ticipating area approved under this agreement shall be automatically 19  
20 eliminated from this agreement as of said tenth anniversary. All 20  
21 lands proved productive by diligent drilling operations after the 21  
22 aforesaid 5-year period shall become participating in the same 22  
23 manner as during said 5-year period. However, when such diligent 23  
24 drilling operations cease, all nonparticipating lands shall be auto- 24  
25 matically eliminated effective as of the 91st day thereafter. The 25  
26 unit operator shall within 90 days after the effective date of any 26  
27 elimination hereunder, describe the area so eliminated to the satis- 27  
28 faction of the Supervisor and the Land Commissioner and promptly 28  
29 notify all parties in interest. 29

30 If conditions warrant extension of the 10-year period speci- 30  
31 fied in this subsection 2(e), a single extension of not to exceed 2 31

1 years may be accomplished by consent of the owners of 90% of the 1  
2 working interests in the current nonparticipating unitized lands and 2  
3 the owners of 60% of the basic royalty interests (exclusive of the 3  
4 basic royalty interests of the United States) in nonparticipating 4  
5 unitized lands with approval of the Director and Land Commissioner, 5  
6 provided such extension application is submitted to the Director 6  
7 and the Land Commissioner not later than 60 days prior to the ex- 7  
8 piration of said 10-year period. 8

9 Any expansion of the unit area pursuant to this section which 9  
10 embraces lands theretofore eliminated pursuant to this subsection 10  
11 2(e) shall not be considered automatic commitment or recommitment 11  
12 of such lands. 12

13 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land com- 13  
14 mitted to this agreement shall constitute land referred to herein 14  
15 as "unitized land" or "land subject to this agreement". All oil 15  
16 and gas in any and all formations of the unitized land are unitized 16  
17 under the terms of this agreement and herein are called "unitized 17  
18 substances". 18

19 4. UNIT OPERATOR. American Trading and Production Corporation is hereby 19  
20 designated as Unit Operator and by signature hereto as Unit Operator 20  
21 agrees and consents to accept the duties and obligations of Unit 21  
22 Operator for the discovery, development, and production of unitized 22  
23 substances as herein provided. Whenever reference is made herein 23  
24 to the Unit Operator, such reference means the Unit Operator acting 24  
25 in that capacity and not as an owner of interest in unitized sub- 25  
26 stances, and the term "working interest owner" when used shall 26  
27 include or 27

1 refer to Unit Operator as the owner of a working interest when such 1  
2 an interest is owned by it. 2

3 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator 3  
4 shall have the right to resign at any time prior to the establish- 4  
5 ment of a participating area or areas hereunder, but such resigna- 5  
6 tion shall not become effective so as to release Unit Operator from 6  
7 the duties and obligations of Unit Operator and terminate Unit 7  
8 Operator's rights as such for a period of 6 months after notice of 8  
9 intention to resign has been served by Unit Operator on all working 9  
10 interest owners and the Supervisor and the Land Commissioner, and 10  
11 until all wells then drilled hereunder are placed in a satisfactory 11  
12 condition for suspension or abandonment whichever is required by the 12  
13 Supervisor as to Federal lands and the State Commission as to State 13  
14 lands, unless a new Unit Operator shall have been selected and 14  
15 approved and shall have taken over and assumed the duties and obli- 15  
16 gations of Unit Operator prior to the expiration of said period. 16

17 Unit Operator shall have the right to resign in like manner 17  
18 and subject to like limitations as above provided at any time a par- 18  
19 ticipating area established hereunder is in existence, but, in all 19  
20 instances of resignation or removal, until a successor unit operator 20  
21 is selected and approved as hereinafter provided, the working inter- 21  
22 est owners shall be jointly responsible for performance of the duties 22  
23 of unit operator, and shall not later than 30 days before such resig- 23  
24 nation or removal becomes effective appoint a common agent to repre- 24  
25 sent them in any action to be taken hereunder. 25

26 The resignation of Unit Operator shall not release Unit Oper- 26  
27 ator from any liability for any default by it hereunder occurring 27  
28 prior to the effective date of its resignation. 28

29 The Unit Operator may, upon default or failure in the perfor- 29  
30 mance of its duties or obligations hereunder, be subject to removal 30  
31 by the same percentage vote of the owners of working interests as 31

1 herein provided for the selection of a new Unit Operator. Such re- 1  
2 moval shall be effective upon notice thereof to the Supervisor and 2  
3 the Land Commissioner. 3

4 The resignation or removal of Unit Operator under this agree- 4  
5 ment shall not terminate its right, title, or interest as the owner 5  
6 of a working interest or other interest in unitized substances, but 6  
7 upon the resignation or removal of Unit Operator becoming effective, 7  
8 such Unit Operator shall deliver possession of all wells, equipment, 8  
9 materials, and appurtenances used in conducting the unit operations 9  
10 to the new duly qualified successor Unit Operator or to the common 10  
11 agent, if no such new Unit Operator is elected, to be used for the 11  
12 purpose of conducting unit operations hereunder. Nothing herein 12  
13 shall be construed as authorizing removal of any material, equip- 13  
14 ment and appurtenances needed for the preservation of any wells. 14

15 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall 15  
16 tender his or its resignation as Unit Operator or shall be removed 16  
17 as hereinabove provided, or a change of Unit Operator is negotiated 17  
18 by working interest owners, the owners of the working interests in 18  
19 the participating area or areas according to their respective acre- 19  
20 age interests in such participating area or areas, or, until a par- 20  
21 ticipating area shall have been established, the owners of the 21  
22 working interests according to their respective acreage interests 22  
23 in all unitized land, shall by majority vote select a successor Unit 23  
24 Operator: Provided, That, if a majority but less than 75 per cent 24  
25 of the working interests qualified to vote are owned by one party 25  
26 to this agreement, a concurring vote of one or more additional work- 26  
27 ing interest owners shall be required to select a new operator. 27  
28 Such selection shall not become effective until 28

29 (a) a Unit Operator so selected shall accept in writing the 29  
30 duties and responsibilities of Unit Operator, and 30

31 (b) the selection shall have been approved by the Supervisor 31

1 and approved by the Land Commissioner. 1

2 If no successor Unit Operator is selected and qualified as 2  
3 herein provided, the Director and the Land Commissioner, at their 3  
4 election may declare this unit agreement terminated. 4

5 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If 5  
6 the Unit Operator is not the sole owner of working interests, costs 6  
7 and expenses incurred by Unit Operator in conducting unit operations 7  
8 hereunder shall be paid and apportioned among and borne by the 8  
9 owners of working interests, all in accordance with the agreement 9  
10 or agreements entered into by and between the Unit Operator and the 10  
11 owners of working interests, whether one or more, separately or 11  
12 collectively. Any agreement or agreements entered into between the 12  
13 working interest owners and the Unit Operator as provided in this 13  
14 section, whether one or more, are herein referred to as the "unit 14  
15 operating agreement." Such unit operating agreement shall also 15  
16 provide the manner in which the working interest owners shall be 16  
17 entitled to receive their respective proportionate and allocated 17  
18 share of the benefits accruing hereto in conformity with their 18  
19 underlying operating agreements, leases, or other independent con- 19  
20 tracts, and such other rights and obligations as between Unit 20  
21 Operator and the working interest owners as may be agreed upon by 21  
22 Unit Operator and the working interest owners; however, no such 22  
23 unit operating agreement shall be deemed either to modify any of 23  
24 the terms and conditions of this unit agreement or to relieve the 24  
25 Unit Operator of any right or obligation established under this 25  
26 unit agreement, and in case of any inconsistency or conflict be- 26  
27 tween this unit agreement and the unit operating agreement, this 27  
28 unit agreement shall govern. Three true copies of any unit opera- 28  
29 ting agreement executed pursuant to this section should be filed 29  
30 with the Supervisor and one true copy with the Land Commissioner, 30  
31 prior to approval of this unit agreement. 31

1 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as other- 1  
2 wise specifically provided herein, the exclusive right, privilege 2  
3 and duty of exercising any and all rights of the parties hereto 3  
4 which are necessary or convenient for prospecting for, producing, 4  
5 storing, allocating, and distributing the unitized substances are 5  
6 hereby delegated to and shall be exercised by the Unit Operator as 6  
7 herein provided. Acceptable evidence of title to said rights shall 7  
8 be deposited with said Unit Operator and, together with this agree- 8  
9 ment, shall constitute and define the rights, privileges, and obli- 9  
10 gations of Unit Operator. Nothing herein, however, shall be con- 10  
11 strued to transfer title to any land or to any lease or operating 11  
12 agreement, it being understood that under this agreement the Unit 12  
13 Operator, in its capacity as Unit Operator, shall exercise the rights 13  
14 of possession and use vested in the parties hereto only for the pur- 14  
15 poses herein specified. 15

16 9. DRILLING TO DISCOVERY. Within six (6) months after the 16  
17 effective date hereof, the Unit Operator shall begin to drill an 17  
18 adequate test well at a location approved by the Supervisor, if on 18  
19 Federal land, or by the Land Commissioner, if on State land, unless 19  
20 on such effective date a well is being drilled conformably with the 20  
21 terms hereof, and thereafter continue such drilling diligently until 21  
22 the base of the Morrow formation has been penetrated 22  
23 and all formations of the Pennsylvanian age have been tested, or un- 23  
24 til at a lesser depth unitized substances shall be discovered which 24  
25 can be produced in paying quantities (to-wit: quantities sufficient 25  
26 to repay the costs of drilling, completing and producing operations, 26  
27 with a reasonable profit) or the Unit Operator shall at any time es- 27  
28 tablish to the satisfaction of the Supervisor if on Federal land, or 28  
29 the Land Commissioner if on State land, that further drilling of said 29  
30 well would be unwarranted or impracticable; provided, however, that 30  
31 Unit Operator shall not in any event be required to drill said well 31  
32 to a depth in excess of 10,500 feet. Until the discovery 32  
33 of a deposit of unitized sub- 33

1 stances capable of being produced in paying quantities, the Unit 1  
2 Operator shall continue drilling diligently one well at a time, 2  
3 allowing not more than six (6) months between the completion of one 3  
4 well and the beginning of the next well, until a well capable of 4  
5 producing unitized substances in paying quantities is completed to 5  
6 the satisfaction of said Supervisor if it be on Federal land or of 6  
7 the Land Commissioner if on State land, or until it is reasonably 7  
8 proved that the unitized land is incapable of producing unitized 8  
9 substances in paying quantities in the formations drilled hereunder. 9  
10 Nothing in this section shall be deemed to limit the right of the 10  
11 Unit Operator to resign as provided in Section 5 hereof, or as re- 11  
12 quiring Unit Operator to commence or continue any drilling during 12  
13 the period pending such resignation becoming effective in order to 13  
14 comply with the requirements of this section. The Director and 14  
15 Land Commissioner may modify the drilling requirements of this sec- 15  
16 tion by granting reasonable extensions of time when, in their opin- 16  
17 ion, such action is warranted. 17

18 Upon failure to commence any well provided for in this section 18  
19 within the time allowed, including any extension of time granted by 19  
20 the Supervisor and the Land Commissioner, this agreement will auto- 20  
21 matically terminate; upon failure to continue drilling diligently 21  
22 any well commenced hereunder, the Supervisor and the Land Commission- 22  
23 er may, after 15-days notice to the Unit Operator, declare this unit 23  
24 agreement terminated. 24

25 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 25  
26 months after completion of a well capable of producing unitized sub- 26  
27 stances in paying quantities, the Unit Operator shall submit for the 27  
28 approval of the Supervisor and the Land Commissioner an acceptable 28  
29 plan of development and operation for the unitized land which, when 29  
30 approved by the Supervisor and the Land Commissioner, shall con- 30  
31 stitute the further drilling and operating obligations of the Unit 31

1 Operator under this agreement for the period specified therein. 1  
2 Thereafter, from time to time before the expiration of any existing 2  
3 plan, the Unit Operator shall submit for the approval of the Super- 3  
4 visor and the Land Commissioner a plan for an additional specified 4  
5 period for the development and operation of the unitized land. 5

6 Any plan submitted pursuant to this section shall provide for 6  
7 the exploration of the unitized area and for the diligent drilling 7  
8 necessary for determination of the area or areas thereof capable of 8  
9 producing unitized substances in paying quantities in each and every 9  
10 productive formation and shall be as complete and adequate as the 10  
11 Supervisor and the Land Commissioner may determine to be necessary 11  
12 for timely development and proper conservation of the oil and gas 12  
13 resources of the unitized area and shall: 13

14 (a) specify the number and locations of any wells to be 14  
15 drilled and the proposed order and time for such drilling; and 15

16 (b) to the extent practicable specify the operating practices 16  
17 regarded as necessary and advisable for proper conservation of 17  
18 natural resources. 18

19 Separate plans may be submitted for separate productive zones, sub- 19  
20 ject to the approval of the Supervisor and the Land Commissioner. 20

21 Plans shall be modified or supplemented when necessary to meet 21  
22 changed conditions or to protect the interests of all parties to 22  
23 this agreement. Reasonable diligence shall be exercised in comply- 23  
24 ing with the obligations of the approved plan of development. The 24  
25 Supervisor and the Land Commissioner are authorized to grant a 25  
26 reasonable extension of the 6-month period herein prescribed for 26  
27 submission of an initial plan of development where such action is 27  
28 justified because of unusual conditions or circumstances. After com- 28  
29 pletion hereunder of a well capable of producing any unitized sub- 29  
30 stance in paying quantities, no further wells, except such as may 30  
31 be necessary to afford protection against operations not under this 31

1 agreement and such as may be specifically approved by the Supervisor 1  
2 and the Land Commissioner, shall be drilled except in accordance 2  
3 with a plan of development approved as herein provided. 3

4 11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well 4  
5 capable of producing unitized substances in paying quantities or as 5  
6 soon thereafter as required by the Supervisor or the Land Commission- 6  
7 er, the Unit Operator shall submit for approval by the Supervisor 7  
8 and the Land Commissioner a schedule, based on subdivisions of the 8  
9 public-land survey or aliquot parts thereof, of all land then re- 9  
10 garded as reasonably proved to be productive in paying quantities; 10  
11 all lands in said schedule on approval of the Supervisor and the Land 11  
12 Commissioner to constitute a participating area, effective as of the 12  
13 date of completion of such well or the effective date of this unit 13  
14 agreement, whichever is later. The acreages of both Federal and non- 14  
15 Federal lands shall be based upon appropriate computations from the 15  
16 courses and distances shown on the last approved public-land survey 16  
17 as of the effective date of each initial participating area. Said 17  
18 schedule shall also set forth the percentage of unitized substances 18  
19 to be allocated as herein provided to each tract in the participating 19  
20 area so established, and shall govern the allocation of production 20  
21 commencing with the effective date of the participating area. A 21  
22 separate participating area shall be established for each separate 22  
23 pool or deposit of unitized substances or for any group thereof which 23  
24 is produced as a single pool or zone, and any two or more partici- 24  
25 pating areas so established may be combined into one, on approval of 25  
26 the Supervisor and the Land Commissioner. When production from two 26  
27 or more participating areas, so established, is subsequently found 27  
28 to be from a common pool or deposit said participating areas shall 28  
29 be combined into one effective as of such appropriate date as may be 29  
30 approved or prescribed by the Supervisor and the Land Commissioner. 30  
31 The participating area or areas so established shall be revised from 31

1 time to time, subject to like approval, to include additional land 1  
2 then regarded as reasonably proved to be productive in paying quan- 2  
3 tities or necessary for unit operations, or to exclude land then 3  
4 regarded as reasonably proved not to be productive in paying quan- 4  
5 tities and the schedule of allocation percentages shall be revised 5  
6 accordingly. The effective date of any revision shall be the first 6  
7 of the month in which is obtained the knowledge or information on 7  
8 which such revision is predicated, provided, however, that a more 8  
9 appropriate effective date may be used if justified by the Unit 9  
10 Operator and approved by the Supervisor and the Land Commissioner. 10  
11 No land shall be excluded from a participating area on account of 11  
12 depletion of the unitized substances, except that any participating 12  
13 area established under the provisions of this unit agreement shall 13  
14 terminate automatically whenever all completions in the formation on 14  
15 which the participating area is based are abandoned. 15

16 It is the intent of this section that a participating area 16  
17 shall represent the area known or reasonably estimated to be produc- 17  
18 tive in paying quantities; but, regardless of any revision of the 18  
19 participating area, nothing herein contained shall be construed as 19  
20 requiring any retroactive adjustment for production obtained prior 20  
21 to the effective date of the revision of the participating area. 21

22 In the absence of agreement at any time between the Unit 22  
23 Operator and the Supervisor and the Land Commissioner as to the 23  
24 proper definition or redefinition of a participating area, or until 24  
25 a participating area has, or areas have, been established as pro- 25  
26 vided herein, the portion of all payments affected thereby shall be 26  
27 impounded in a manner mutually acceptable to the owners of working 27  
28 interests and the Supervisor and the Land Commissioner. Royalties 28  
29 due the United States shall be determined by the Supervisor for 29  
30 Federal lands and the Land Commissioner for State lands and the 30  
31 amount thereof shall be deposited, as directed by the Supervisor and 31

1 the Land Commissioner, to be held as unearned money until a partici- 1  
2 participating area is finally approved and then applied as earned or re- 2  
3 turned in accordance with a determination of the sum due as Federal 3  
4 and State royalty on the basis of such approved participating area. 4

5 Whenever it is determined, subject to the approval of the 5  
6 Supervisor and the Land Commissioner, that a well drilled under this 6  
7 agreement is not capable of production in paying quantities and in- 7  
8 clusion of the land on which it is situated in a participating area 8  
9 is unwarranted, production from such well shall, for the purposes of 9  
10 settlement among all parties other than working interest owners, be 10  
11 allocated to the land on which the well is located unless such land 11  
12 is already within the participating area established for the pool 12  
13 or deposit from which such production is obtained. Settlement for 13  
14 working interest benefits from such a well shall be made as provided 14  
15 in the unit operating agreement. 15

16 12. ALLOCATION OF PRODUCTION. All unitized substances pro- 16  
17 duced from each participating area established under this agreement, 17  
18 except any part thereof used in conformity with good operating prac- 18  
19 tices within the unitized area for drilling, operating, camp and 19  
20 other production or development purposes, for repressuring or re- 20  
21 cycling in accordance with a plan of development approved by the 21  
22 Supervisor and Land Commissioner, or unavoidably lost, shall be 22  
23 deemed to be produced equally on an acreage basis from the several 23  
24 tracts of unitized land of the participating area established for 24  
25 such production and, for the purpose of determining any benefits 25  
26 accruing under this agreement, each such tract of unitized land shall 26  
27 have allocated to it such percentage of said production as the num- 27  
28 ber of acres of such tract included in said participating area bears 28  
29 to the total acres of unitized land in said participating area, ex- 29  
30 cept that allocation of production hereunder for purposes other than 30  
31 for settlement of the royalty, overriding royalty, or payment out of 31

1 production obligations of the respective working interest owners, 1  
2 shall be on the basis prescribed in the unit operating agreement 2  
3 whether in conformity with the basis of allocation herein set forth 3  
4 or otherwise. It is hereby agreed that production of unitized sub- 4  
5 stances from a participating area shall be allocated as provided 5  
6 herein regardless of whether any wells are drilled on any particular 6  
7 part or tract of said participating area. If any gas produced from 7  
8 one participating area is used for repressuring or recycling pur- 8  
9 poses in another participating area, the first gas withdrawn from 9  
10 such last-mentioned participating area for sale during the life of 10  
11 this agreement shall be considered to be the gas so transferred un- 11  
12 til an amount equal to that transferred shall be so produced for 12  
13 sale and such gas shall be allocated to the participating area from 13  
14 which initially produced as such area was last defined at the time 14  
15 of such final production. 15

16 13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR 16  
17 FORMATIONS. Any party hereto owning or controlling the working 17  
18 interest in any unitized land having thereon a regular well location 18  
19 may with the approval of the Supervisor and the Land Commissioner, 19  
20 at such party's sole risk, costs, and expense, drill a well to test 20  
21 any formation for which a participating area has not been established 21  
22 or to test any formation for which a participating area has been 22  
23 established if such location is not within said participating area, 23  
24 unless within 90 days of receipt of notice from said party of his 24  
25 intention to drill the well the Unit Operator elects and commences 25  
26 to drill such a well in like manner as other wells are drilled by 26  
27 the Unit Operator under this agreement. 27

28 If any well drilled as aforesaid by a working interest owner 28  
29 results in production such that the land upon which it is situated 29  
30 may properly be included in a participating area, such participating 30  
31 area shall be established or enlarged as provided in this agreement 31

1 and the well shall thereafter be operated by the Unit Operator in 1  
2 accordance with the terms of this agreement and the unit operating 2  
3 agreement. 3

4 If any well drilled as aforesaid by a working interest owner 4  
5 obtains production in quantities insufficient to justify the in- 5  
6 clusion of the land upon which such well is situated in a partici- 6  
7 pating area, such well may be operated and produced by the party 7  
8 drilling the same subject to the conservation requirements of this 8  
9 agreement. The royalties in amount or value of production from any 9  
10 such well shall be paid as specified in the underlying lease and 10  
11 agreements affected. 11

12 14. ROYALTY SETTLEMENT. The United States and any State 12  
13 and any royalty owner who, is entitled to take in kind a share of 13  
14 the substances now unitized hereunder shall hereafter be entitled 14  
15 to the right to take in kind its share of the unitized substances, 15  
16 and Unit Operator, or the working interest owner in case of the 16  
17 operation of a well by a working interest owner as herein provided 17  
18 for in special cases, shall make deliveries of such royalty share 18  
19 taken in kind in conformity with the applicable contracts, laws, 19  
20 and regulations. Settlement for royalty interest not taken in kind 20  
21 shall be made by working interest owners responsible therefor under 21  
22 existing contracts, laws and regulations, or by the Unit Operator, 22  
23 on or before the last day of each month for unitized substances 23  
24 produced during the preceding calendar month; provided, however, 24  
25 that nothing herein contained shall operate to relieve the lessees 25  
26 of any land from their respective lease obligations for the pay- 26  
27 ment of any royalties due under their leases. 27

28 If gas obtained from lands not subject to this agreement is 28  
29 introduced into any participating area hereunder, for use in re- 29  
30 pressuring, stimulation of production, or increasing ultimate re- 30  
31 covery, in conformity with a plan of operations approved by the 31

1 Supervisor and the Land Commissioner, a like amount of gas, after 1  
2 settlement as herein provided for any gas transferred from any other 2  
3 participating area and with appropriate deduction for loss from any 3  
4 cause, may be withdrawn from the formation into which the gas is 4  
5 introduced, royalty free as to dry gas, but not as to any products 5  
6 which may be extracted therefrom; provided that such withdrawal 6  
7 shall be at such time as may be provided in the approved plan of 7  
8 operations or as may otherwise be consented to by the Supervisor and 8  
9 the Land Commissioner as conforming to good petroleum engineering 9  
10 practice; and provided further, that such right of withdrawal shall 10  
11 terminate on the termination of this unit agreement. 11

12 Royalty due the United States shall be computed as provided 12  
13 in the operating regulations and paid in value or delivered in kind 13  
14 as to all unitized substances on the basis of the amounts thereof 14  
15 allocated to unitized Federal land as provided herein at the rates 15  
16 specified in the respective Federal leases, or at such lower rate 16  
17 or rates as may be authorized by law or regulation; provided, that 17  
18 for leases on which the royalty rate depends on the daily average 18  
19 production per well, said average production shall be determined in 19  
20 accordance with the operating regulations as though each partici- 20  
21 pating area were a single consolidated lease. 21

22 Royalty due on account of State lands shall be computed and 22  
23 paid on the basis of all unitized substances allocated to such lands. 23

24 15. RENTAL SETTLEMENT. Rental or minimum royalties due 24  
25 on leases committed hereto shall be paid by working interest owners 25  
26 responsible therefor under existing contracts, laws, and regulations, 26  
27 provided that nothing herein contained shall operate to relieve the 27  
28 lessees of any land from their respective lease obligations for the 28  
29 payment of any rental or minimum royalty due under their leases. 29  
30 Rental or minimum royalty for lands of the United States subject to 30  
31 this agreement shall be paid at the rate specified in the respective 31

1 leases from the United States unless such rental or minimum royalty 1  
2 is waived, suspended, or reduced by law or by approval of the Secre- 2  
3 tary or his duly authorized representative. 3

4 Rentals on State of New Mexico lands subject to this agree- 4  
5 ment shall be paid at the rates specified in the respective leases. 5

6 With respect to any lease on non-Federal land containing pro- 6  
7 visions which would terminate such lease unless drilling operations 7  
8 are commenced upon the land covered thereby within the time therein 8  
9 specified or rentals are paid for the privilege of deferring such 9  
10 drilling operations, the rentals required thereby shall, notwith- 10  
11 standing any other provision of this agreement, be deemed to accrue 11  
12 and become payable during the term thereof as extended by this agree- 12  
13 ment and until the required drilling operations are commenced upon 13  
14 the land covered thereby or until some portion of such land is in- 14  
15 cluded within a participating area. 15

16 16. CONSERVATION. Operations hereunder and production of 16  
17 unitized substances shall be conducted to provide for the most econ- 17  
18 omical and efficient recovery of said substances without waste, as 18  
19 defined by or pursuant to State or Federal law or regulation. 19

20 17. DRAINAGE. The Unit Operator shall take such measures 20  
21 as the Supervisor and Land Commissioner deem appropriate and ade- 21  
22 quate to prevent drainage of unitized substances from unitized land 22  
23 by wells on land not subject to this agreement. 23

24 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, 24  
25 conditions, and provisions of all leases, subleases, and other con- 25  
26 tracts relating to exploration, drilling, development, or operation 26  
27 for oil or gas on lands committed to this agreement are hereby ex- 27  
28 pressly modified and amended to the extent necessary to make the 28  
29 same conform to the provisions hereof, but otherwise to remain in 29  
30 full force and effect; and the parties hereto hereby consent that 30  
31 the Secretary, as to Federal leases and the Land Commissioner, as to 31

1 State leases, shall and each by his approval hereof, or by the 1  
2 approval hereof by his duly authorized representative, does hereby 2  
3 establish, alter, change, or revoke the drilling, producing, rental, 3  
4 minimum royalty, and royalty requirements of Federal and State 4  
5 leases committed hereto and the regulations in respect thereto to 5  
6 conform said requirements to the provisions of this agreement, and, 6  
7 without limiting the generality of the foregoing, all leases, sub- 7  
8 leases, and contracts are particularly modified in accordance with 8  
9 the following: 9

10 (a) The development and operation of lands subject to this 10  
11 agreement under the terms hereof shall be deemed full performance of 11  
12 all obligations for development and operation with respect to each 12  
13 and every separately owned tract subject to this agreement, regard- 13  
14 less of whether there is any development of any particular tract of 14  
15 the unit area. 15

16 (b) Drilling and producing operations performed hereunder 16  
17 upon any tract of unitized lands will be accepted and deemed to be 17  
18 performed upon and for the benefit of each and every tract of uni- 18  
19 tized land, and no lease shall be deemed to expire by reason of 19  
20 failure to drill or produce wells situated on the land therein em- 20  
21 braced. 21

22 (c) Suspension of drilling or producing operations on all 22  
23 unitized lands pursuant to direction or consent of the Secretary and 23  
24 the Land Commissioner, or his duly authorized representative, shall 24  
25 be deemed to constitute such suspension pursuant to such direction 25  
26 or consent as to each and every tract of unitized land. A suspension 26  
27 of drilling or producing operations limited to specified lands shall 27  
28 be applicable only to such lands. 28

29 (d) Each lease, sublease or contract relating to the ex- 29  
30 ploration, drilling, development or operation for oil or gas of 30  
31 lands other than those of the United States and State of New Mexico 31

1 committed to this agreement, which, by its terms might expire prior 1  
2 to the termination of this agreement, is hereby extended beyond any 2  
3 such terms so provided therein so that it shall be continued in full 3  
4 force and effect for and during the term of this agreement.

5 (e) Any Federal lease for a fixed term of twenty (20) years 5  
6 or any renewal thereof or any part of such lease which is made sub- 6  
7 ject to this agreement shall continue in force beyond the term pro- 7  
8 vided therein until the termination hereof. Any other Federal lease 8  
9 committed hereto shall continue in force beyond the term so provided 9  
10 therein or by law as to the land committed so long as such lease re- 10  
11 mains subject hereto, provided that production is had in paying quan- 11  
12 tities under this unit agreement prior to the expiration date of 12  
13 the term of such lease, or in the event actual drilling operations 13  
14 are commenced on unitized land, in accordance with the provisions 14  
15 of this agreement, prior to the end of the primary term of such 15  
16 lease and are being diligently prosecuted at that time, such lease 16  
17 shall be extended for two years and so long thereafter as oil or gas 17  
18 is produced in paying quantities in accordance with the provisions 18  
19 of the Mineral Leasing Act Revision of 1960. 19

20 (f) Each sublease or contract relating to the operation 20  
21 and development of unitized substances from lands of the United 21  
22 States committed to this agreement, which by its terms would expire 22  
23 prior to the time at which the underlying lease, as extended by the 23  
24 immediately preceding paragraph, will expire, is hereby extended 24  
25 beyond any such term so provided therein so that it shall be con- 25  
26 tinued in full force and effect for and during the term of the under- 26  
27 lying lease as such term is herein extended. 27

28 (g) The segregation of any Federal lease committed to this 28  
29 agreement is governed by the following provision in the fourth para- 29  
30 graph of Sec. 17(j) of the Mineral Leasing Act, as amended by the 30  
31 Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease 31

1 heretofore or hereafter committed to any such (unit) plan embracing 1  
2 lands that are in part within and in part outside of the area 2  
3 covered by any such plan shall be segregated into separate leases 3  
4 as to the lands committed and the lands not committed as of the 4  
5 effective date of unitization: Provided, however, That any such 5  
6 lease as to the nonunitized portion shall continue in force and 6  
7 effect for the term thereof but for not less than two years from 7  
8 the date of such segregation and so long thereafter as oil or gas is 8  
9 produced in paying quantities." 9

10 (h) Any lease embracing lands of the State of New Mexico 10  
11 which is made subject to this agreement, shall continue in force 11  
12 beyond the term provided therein as to the lands committed hereto 12  
13 until the termination hereof. 13

14 (i) Any lease embracing lands of the State of New Mexico 14  
15 having only a portion of its lands committed hereto, shall be segre- 15  
16 gated as to the portion committed and the portion not committed, 16  
17 and the terms of such lease shall apply separately to such segre- 17  
18 gated portions commencing as of the effective date hereof; provided, 18  
19 however, notwithstanding any of the provisions of this agreement to 19  
20 the contrary any lease embracing lands of the State of New Mexico 20  
21 having only a portion of its lands committed hereto shall continue 21  
22 in full force and effect beyond the term provided therein as to all 22  
23 lands embraced in such lease, if oil or gas is discovered and is 23  
24 capable of being produced in paying quantities from some part of 24  
25 the lands embraced in such lease at the expiration of the secondary 25  
26 term of such lease; or if, at the expiration of the secondary term, 26  
27 the lessee or the Unit Operator is then engaged in bona fide drill- 27  
28 ing or reworking operations on some part of the lands embraced in 28  
29 such lease, the same, as to all lands embraced therein, shall re- 29  
30 main in full force and effect so long as such operations are being 30  
31 diligently prosecuted, and if they result in the production of oil 31

1 or gas; said lease shall continue in full force and effect as to all 1  
2 of the lands embraced therein, so long thereafter as oil or gas in 2  
3 paying quantities is being produced from any portion of said lands. 3

4 19. COVENANTS RUN WITH LAND. The covenants herein shall 4  
5 be construed to be covenants running with the land with respect to 5  
6 the interest of the parties hereto and their successors in interest 6  
7 until this agreement terminates, and any grant, transfer, or convey- 7  
8 ance, of interest in land or leases subject hereto shall be and here- 8  
9 by is conditioned upon the assumption of all privileges and obli- 9  
10 gations hereunder by the grantee, transferee, or other successor in 10  
11 interest. No assignment or transfer of any working interest, roy- 11  
12 alty, or other interest subject hereto shall be binding upon Unit 12  
13 Operator until the first day of the calendar month after Unit Opera- 13  
14 tor is furnished with the original, photostatic, or certified copy 14  
15 of the instrument of transfer. 15

16 20. EFFECTIVE DATE AND TERM. This agreement shall become 16  
17 effective upon approval by the Secretary and the Land Commissioner 17  
18 or his duly authorized representative, and shall terminate five (5) 18  
19 years from said effective date unless 19

20 (a) such date of expiration is extended by the Director 20  
21 and the Land Commissioner, or 21

22 (b) it is reasonably determined prior to the expiration of 22  
23 the fixed term or any extension thereof that the unitized land is 23  
24 incapable of production of unitized substances in paying quantities 24  
25 in the formations tested hereunder and after notice of intention to 25  
26 terminate the agreement on such ground is given by the Unit Operator 26  
27 to all parties in interest at their last known addresses, the agree- 27  
28 ment is terminated with the approval of the Supervisor and the Land 28  
29 Commissioner, or 29

30 (c) a valuable discovery of unitized substances has been 30  
31 made or accepted on unitized land during said initial term or any 31

1 Powers in this section vested in the Director and the Com- 1  
2 missioner shall only be exercised after notice to Unit Operator and 2  
3 opportunity for hearing to be held not less than 15 days from notice. 3

4 22. APPEARANCES. Unit Operator shall, after notice to other 4  
5 parties affected, have the right to appear for and on behalf of any 5  
6 and all interests affected hereby before the Department of the 6  
7 Interior and the Commissioner of Public Lands and to appeal from 7  
8 orders issued under the regulations of said Department or Land 8  
9 Commissioner or to apply for relief from any of said regulations or 9  
10 in any proceedings relative to operations before the Department of 10  
11 the Interior or the Land Commissioner or any other legally consti- 11  
12 tuted authority; provided, however, that any other interested party 12  
13 shall also have the right at his own expense to be heard in any such 13  
14 proceeding. 14

15 23. NOTICES. All notices, demands or statements required 15  
16 hereunder to be given or rendered to the parties hereto shall be 16  
17 deemed fully given if given in writing and personally delivered to 17  
18 the party or sent by postpaid registered or certified mail, addressed 18  
19 to such party or parties at their respective addresses set forth in 19  
20 connection with the signatures hereto or to the ratification or con- 20  
21 sent hereof or to such other address as any such party may have fur- 21  
22 nished in writing to party sending the notice, demand or statement. 22

23 24. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement 23  
24 contained shall be construed as a waiver by any party hereto of the 24  
25 right to assert any legal or constitutional right or defense as to 25  
26 the validity or invalidity of any law of the State wherein said uni- 26  
27 tized lands are located, or of the United States, or regulations 27  
28 issued thereunder in any way affecting such party, or as a waiver by 28  
29 any such party of any right beyond his or its authority to waive. 29

30 25. UNAVOIDABLE DELAY. All obligations under this agree- 30  
31 ment requiring the Unit Operator to commence or continue drilling or 31

1 to operate on or produce unitized substances from any of the lands 1  
2 covered by this agreement shall be suspended while the Unit Operator, 2  
3 despite the exercise of due care and diligence, is prevented from 3  
4 complying with such obligations, in whole or in part, by strikes, 4  
5 acts of God, Federal, State, or municipal law or agencies, unavoi- 5  
6 dable accidents, uncontrollable delays in transportation, inability 6  
7 to obtain necessary materials in open market, or other matters be- 7  
8 yond the reasonable control of the Unit Operator whether similar to 8  
9 matters herein enumerated or not. No unit obligation which is sus- 9  
10 pended under this section shall become due less than thirty (30) 10  
11 days after it has been determined that the suspension is no longer 11  
12 applicable. Determination of creditable "Unavoidable Delay" time 12  
13 shall be made by the unit operator subject to approval of the Super- 13  
14 visor and the Land Commissioner. 14

15 26. NONDISCRIMINATION. In connection with the performance 15  
16 of work under this agreement, the operator agrees to comply with 16  
17 all the provisions of section 202 (1) to (7) inclusive of Executive 17  
18 Order 11246 (30 F.R. 12319), which are hereby incorporated by refer- 18  
19 ence in this agreement. 19

20 27. LOSS OF TITLE. In the event title to any tract of 20  
21 unitized land shall fail and the true owner cannot be induced to 21  
22 join in this unit agreement, such tract shall be automatically re- 22  
23 garded as not committed hereto and there shall be such readjustment 23  
24 of future costs and benefits as may be required on account of the 24  
25 loss of such title. In the event of a dispute as to title as to any 25  
26 royalty, working interest, or other interests subject thereto, pay- 26  
27 ment or delivery on account thereof may be withheld without liability 27  
28 for interest until the dispute is finally settled; provided, that, 28  
29 as to Federal and State land or leases, no payments of funds due 29  
30 the United States or the State of New Mexico should be withheld, but 30  
31 such funds shall be deposited as directed by the Supervisor and such 31

1 funds of the State of New Mexico shall be deposited as directed by 1  
2 the Land Commissioner, to be held as unearned money pending final 2  
3 settlement of the title dispute, and then applied as earned or re- 3  
4 turned in accordance with such final settlement. 4

5 Unit Operator as such is relieved from any responsibility 5  
6 for any defect or failure of any title hereunder. 6

7 28. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of 7  
8 any substantial interest in a tract within the unit area fails or 8  
9 refuses to subscribe or consent to this agreement, the owner of the 9  
10 working interest in that tract may withdraw said tract from this 10  
11 agreement by written notice delivered to the Supervisor and the 11  
12 Land Commissioner and the Unit Operator prior to the approval of 12  
13 this agreement by the Supervisor. Any oil or gas interests in lands 13  
14 within the unit area not committed hereto prior to submission of 14  
15 this agreement for final approval may thereafter be committed hereto 15  
16 by the owner or owners thereof subscribing or consenting to this 16  
17 agreement, and, if the interest is a working interest, by the owner 17  
18 of such interest also subscribing to the unit operating agreement. 18  
19 After operations are commenced hereunder, the right of subsequent 19  
20 joinder, as provided in this section, by a working interest owner 20  
21 is subject to such requirements or approvals, if any, pertaining to 21  
22 such joinder, as may be provided for in the unit operating agree- 22  
23 ment. After final approval hereof, joinder by a non-working inter- 23  
24 est owner must be consented to in writing by the working interest 24  
25 owner committed hereto and responsible for the payment of any bene- 25  
26 fits that may accrue hereunder in behalf of such non-working inter- 26  
27 est. A non-working interest may not be committed to this unit 27  
28 unless the corresponding working interest is committed hereto. 28  
29 Joinder to the unit agreement by a working-interest owner, at any 29  
30 time, must be accompanied by appropriate joinder to the unit opera- 30  
31 ting agreement, if more than one committed working-interest owner 31

1 is involved, in order for the interest to be regarded as committed 1  
2 to this unit agreement. Except as may otherwise herein be provided, 2  
3 subsequent joinders to this agreement shall be effective as of the 3  
4 first day of the month following the filing with the Supervisor and 4  
5 the Land Commissioner of duly executed counterparts of all or any 5  
6 papers necessary to establish effective commitment of any tract to 6  
7 this agreement unless objection to such joinder is duly made within 7  
8 60 days by the Supervisor and the Land Commissioner. 8

9 29. COUNTERPARTS. This agreement may be executed in any 9  
10 number of counterparts no one of which needs to be executed by all 10  
11 parties or may be ratified or consented to by separate instrument in 11  
12 writing specifically referring hereto and shall be binding upon all 12  
13 those parties who have executed such a counterpart, ratification, 13  
14 or consent hereto with the same force and effect as if all such 14  
15 parties had signed the same document and regardless of whether or 15  
16 not it is executed by all other parties owning or claiming an inter- 16  
17 est in the lands within the above-described unit area. 17

18 30. SURRENDER. Nothing in this agreement shall prohibit 18  
19 the exercise by any working interest owner of the right to surrender 19  
20 vested in such party by any lease, sublease, or operating agreement 20  
21 as to all or any part of the lands covered thereby, provided that 21  
22 each party who will or might acquire such working interest by such 22  
23 surrender or by forfeiture as hereafter set forth, is bound by the 23  
24 terms of this agreement. 24

25 If as a result of any such surrender the working interest 25  
26 rights as to such lands become vested in any party other than the 26  
27 fee owner of the unitized substances, said party may forfeit such 27  
28 rights and further benefits from operation hereunder as to said 28  
29 land to the party next in the chain of title who shall be and become 29  
30 the owner of such working interest. 30

31 If as the result of any such surrender or forfeiture working 31

1 interest rights become vested in the fee owner of the unitized sub- 1  
2 stances, such owner may: 2

3 (1) Accept those working interest rights subject to this 3  
4 agreement and the unit operating agreement; or 4

5 (2) Lease the portion of such land as is included in a 5  
6 participating area established hereunder subject to this agreement 6  
7 and the unit operating agreement. 7

8 (3) Provide for the independent operation of any part of 8  
9 such land that are not then included within a participating area 9  
10 established hereunder. 10

11 If the fee owner of the unitized substances does not accept 11  
12 the working interest rights subject to this agreement and the unit 12  
13 operating agreement or lease such lands as above provided within 13  
14 six (6) months after the surrendered or forfeited working interest 14  
15 rights become vested in the fee owner, the benefits and obligations 15  
16 of operations accruing to such lands under this agreement and the 16  
17 unit operating agreement shall be shared by the remaining owners of 17  
18 unitized working interests in accordance with their respective 18  
19 working interest ownerships, and such owners of working interests 19  
20 shall compensate the fee owner of unitized substances in such lands 20  
21 by paying sums equal to the rentals, minimum royalties, and royal- 21  
22 ties applicable to such lands under the lease in effect when the 22  
23 lands were unitized. 23

24 An appropriate accounting and settlement shall be made, for 24  
25 all benefits accruing to or payments and expenditures made or in- 25  
26 curred on behalf of such surrendered or forfeited working interest 26  
27 subsequent to the date of surrender or forfeiture, and payment of 27  
28 any moneys found to be owing by such an accounting shall be made as 28  
29 between the parties within thirty (30) days. In the event no unit 29  
30 operating agreement is in existence and a mutually acceptable agree- 30  
31 ment between the proper parties thereto cannot be consummated, the 31

1 Supervisor may prescribe such reasonable and equitable agreement as 1  
2 he deems warranted under the circumstances. 2

3 The exercise of any right vested in a working interest owner 3  
4 to reassign such working interest to the party from whom obtained 4  
5 shall be subject to the same conditions as set forth in this section 5  
6 in regard to the exercise of a right to surrender. 6

7 31. TAXES. The working interest owners shall render and 7  
8 pay for their account and the account of the royalty owners all 8  
9 valid taxes on or measured by the unitized substances in and under 9  
10 or that may be produced, gathered and sold from the land subject to 10  
11 this contract after the effective date of this agreement, or upon 11  
12 the proceeds derived therefrom. The working interest owners on each 12  
13 tract shall and may charge the proper proportion of said taxes to 13  
14 the royalty owners having interests in said tract, and may currently 14  
15 retain and deduct sufficient of the unitized substances or deriva- 15  
16 tive products, or net proceeds thereof from the allocated share of 16  
17 each royalty owner to secure reimbursement for the taxes so paid. 17  
18 No such taxes shall be charged to the United States or the State of 18  
19 New Mexico or to any lessor who has a contract with his lessee which 19  
20 requires the lessee to pay such taxes. 20

21 32. NO PARTNERSHIP. It is expressly agreed that the re- 21  
22 lation of the parties hereto is that of independent contractors and 22  
23 nothing in this agreement contained, expressed or implied, nor any 23  
24 operations conducted hereunder, shall create or be deemed to have 24  
25 created a partnership or association between the parties hereto or 25  
26 any of them. 26

27 33. CONFLICT OF SUPERVISION. Neither the Unit Operator 27  
28 nor the working interest owners, nor any of them, shall be subject 28  
29 to any forfeiture, termination or expiration of any right hereunder 29  
30 or under any leases or contracts subject hereto, or to any penalty 30  
31 or liability on account of delay or failure in whole or in part to 31

1 comply with any applicable provisions thereof to the extent that 1  
2 the said Unit Operator or the working interest owners, or any of 2  
3 them, are hindered, delayed or prevented from complying therewith 3  
4 by reason of failure of the Unit Operator to obtain, in the exercise 4  
5 of due diligence, the concurrence of proper representatives of the 5  
6 United States and proper representatives of the State of New Mexico 6  
7 in and about any matters or things concerning which it is required 7  
8 herein that such concurrence be obtained. The parties hereto, in- 8  
9 cluding the State Commission, agree that all powers and authority 9  
10 vested in the State Commission in and by any provisions of this 10  
11 agreement are vested in the State Commission and shall be exercised 11  
12 by it pursuant to the provisions of the laws of the State of New 12  
13 Mexico and subject in any case to appeal or judicial review as may 13  
14 now or hereafter be provided by the laws of the State of New Mexico. 14

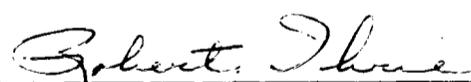
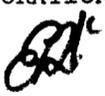
SURFACE MANAGEMENT STIPULATION. Nothing in this agreement shall modify or change the special Federal Lease Stipulations relating to surface management attached to, and made a part of, Oil and Gas Leases covering lands within the Unit Area.

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

ATTEST:

AMERICAN TRADING AND PRODUCTION CORPORATION

By:   
Asst. Secretary

By:    
Robert Ihrie Vice-President

Address: P. O. Drawer 992

Midland, Texas 79701

UNIT OPERATOR

STATE OF Maryland  
City of Baltimore

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 5th day of July, 1972  
by [Signature] Vice-President  
of AMERICAN TRADING AND PRODUCTION CORPORATION a Maryland corporation  
on behalf of said corporation.  
My Commission Expires: JUL 1 1974 [Signature] Notary Public

STATE OF NEW MEXICO  
County of \_\_\_\_\_

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_, \_\_\_\_\_ President  
of \_\_\_\_\_ a \_\_\_\_\_ corporation  
on behalf of said corporation.  
My Commission Expires: \_\_\_\_\_ Notary Public

STATE OF \_\_\_\_\_  
County of \_\_\_\_\_

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_, \_\_\_\_\_ President  
of \_\_\_\_\_ a \_\_\_\_\_ corporation  
on behalf of said corporation.  
My Commission Expires: \_\_\_\_\_ Notary Public

STATE OF NEW MEXICO  
County of \_\_\_\_\_

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_, \_\_\_\_\_ President  
of \_\_\_\_\_ a \_\_\_\_\_ corporation  
on behalf of said corporation.  
My Commission Expires: \_\_\_\_\_ Notary Public

STATE OF \_\_\_\_\_  
County of \_\_\_\_\_

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_, \_\_\_\_\_ President  
of \_\_\_\_\_ a \_\_\_\_\_ corporation  
on behalf of said corporation.  
My Commission Expires: \_\_\_\_\_ Notary Public

STATE OF NEW MEXICO,  
County of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_ by \_\_\_\_\_  
My Commission expires \_\_\_\_\_, 19\_\_\_\_. \_\_\_\_\_ Notary Public

STATE OF NEW MEXICO,  
County of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_ by \_\_\_\_\_  
My Commission expires \_\_\_\_\_, 19\_\_\_\_. \_\_\_\_\_ Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

AMOCO PRODUCTION COMPANY

By [Signature]  
Its Attorney-In-Fact

INDIVIDUAL

STATE OF TEXAS  
COUNTY OF HARRIS

§  
§  
§

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of June, 1972, by C. N. Manning as

Attorney-In-Fact for Amoco Production Company.

MY COMMISSION EXPIRES:

June 1, 1973

[Signature]  
Notary Public in and for Harris County, Texas

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ UNION OIL COMPANY OF CALIFORNIA  
By John Hansen *mu*  
Attorney-in-Fact

INDIVIDUAL

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ and \_\_\_\_\_, his wife.

MY COMMISSION EXPIRES: \_\_\_\_\_  
Notary Public

CORPORATE

STATE OF TEXAS  
COUNTY OF MIDLAND

§  
§  
§

The foregoing instrument was acknowledged before me this 16<sup>th</sup> day of June, 1972, by JOHN HANSEN who is Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA a California Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: June 1, 1973  
Edna H. Sloan *WYMA E. SLOAN*  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 19th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

MARATHON OIL COMPANY

By: D. W. Franklin

D. W. FRANKLIN

DIVISION EXPLORATION MANAGER

INDIVIDUAL

STATE OF \_\_\_\_\_

↓

COUNTY OF \_\_\_\_\_

↓

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_

and \_\_\_\_\_, his wife.

MY COMMISSION EXPIRES:

\_\_\_\_\_  
Notary Public

CORPORATE

STATE OF TEXAS

↓

COUNTY OF HARRIS

↓

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of \_\_\_\_\_, 1972, by D. W. FRANKLIN who is DIVISION EXPLORATION MANAGER

of Marathon Oil Company an Ohio corporation \_\_\_\_\_ Corporation, for

and on behalf of said corporation.

MY COMMISSION EXPIRES:

LUTHER L. HINTON

Luther L. Hinton  
Notary Public

Notary Public in and for Harris County, Texas

My Commission Expires June 1, 1973

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
DAVID FASKEN & WIFE,  
BARBARA FASKEN  
By: Richard S. Brooks  
Richard S. Brooks, Attorney-in-Fact

INDIVIDUAL

STATE OF TEXAS                    §  
  §  
COUNTY OF MIDLAND               §

The foregoing instrument was acknowledged before me this 23rd day of June, 1972, by Richard S. Brooks, Attorney-in-Fact for ~~and~~ David Fasken and Barbara Fasken, his wife, as the act of David Fasken and wife, Barbara Fasken.  
MY COMMISSION EXPIRES: June 1, 1973  
Martha D. Zorn                    MARTHA D. ZORN  
Notary Public, Midland County, Texas

CORPORATE

STATE OF \_\_\_\_\_                    §  
  §  
COUNTY OF \_\_\_\_\_                §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.  
MY COMMISSION EXPIRES: \_\_\_\_\_  
\_\_\_\_\_  
Notary Public

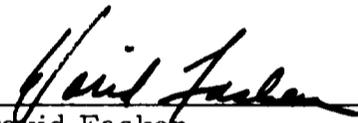
State of New Mexico )  
 ) Know all men by these presents that:  
County of Eddy )

We, David Fasken and wife, Barbara Fasken, of Marin County, California, have made, constituted, and appointed, and by these presents do make, constitute, and appoint Richard S. Brooks of Midland County, Texas, our true and lawful attorney in fact for us and in our name place and stead to do and perform all things reasonably necessary and convenient in organizing and securing Federal and State approval of a unit plan for exploration, development, and operation for oil and gas production called Round Mountain Unit Area affecting the following described land in Eddy County, New Mexico:

T-21S, R-25-E, NMPM, Secs. 19, 20, 21, 28, 29, 30, 31, 32, and 33.

Our said attorney in fact is hereby authorized, without limiting the generality of the foregoing, to execute on our behalf the Unit Agreement and Unit Operating Agreement for such proposed unit and any and all Aceage Contribution Agreements, assignments of oil and gas leases, assignments of operating rights, requests for approval of assignments, and generally all documents, agreements, conveyances, and instruments of every kind reasonably incident to the formation, organization, approval, and operation of such proposed unit. Our said attorney in fact is further authorized to represent us before the Department of the Interior, the New Mexico Oil Conservation Commission, the Commissioner of Public Lands of the State of New Mexico in all matters incident to such proposed unit, as well as before any other Federal and State agencies having jurisdiction in the premises.

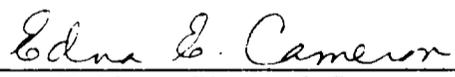
Witness our hands this 19th day of June, 1972.

  
\_\_\_\_\_  
David Fasken  
  
\_\_\_\_\_  
Barbara Fasken

State of California

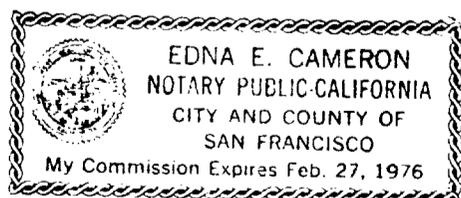
City and County of San Francisco

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of June, 1972, by David Fasken and Barbara Fasken, wife of David Fasken.

  
\_\_\_\_\_  
Notary Public, City and County of San Francisco, California.

My commission expires

2-27-76





CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST: \_\_\_\_\_

FRANKLIN, ASTON & FAIR, INC. \_\_\_\_\_

By: Mildred Ann Thomsen  
Secretary

By: Tom P. Stephens  
Vice-President

INDIVIDUAL

STATE OF \_\_\_\_\_

§

COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ and \_\_\_\_\_, his wife.

MY COMMISSION EXPIRES: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

CORPORATE

STATE OF NEW MEXICO

§

COUNTY OF CHAVES

§

The foregoing instrument was acknowledged before me this 14th day of June, 1972, by Tom P. Stephens who is Vice-President of Franklin, Aston & Fair, Inc. a New Mexico Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: \_\_\_\_\_

Lorena Sorensen  
Notary Public

Apr. 3, 1976

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

HANAGAN & HANAGAN, a Partnership  
composed of Robert G. Hanagan and  
Hugh E. Hanagan

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Robert G. Hanagan Partner  
Hugh E. Hanagan Partner  
\_\_\_\_\_

STATE OF NEW MEXICO )  
COUNTY OF CHAVES ) ss.

The foregoing instrument was acknowledged before me this 10th day of July, 1972 by Robert G. Hanagan and Hugh E. Hanagan, Partners on behalf of Hanagan & Hanagan, a Partnership.

My Commission Expires:  
July 3, 1973

\_\_\_\_\_  
Notary Public

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:  
\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Robert M. Enfield*  
\_\_\_\_\_

(Spouse)

INDIVIDUAL

STATE OF NEW MEXICO  
COUNTY OF CHAVES

§  
§  
§

The foregoing instrument was acknowledged before me this 20th day of July, 1972, by Robert M. Enfield and Mona G. Enfield

~~XXX~~ and \_\_\_\_\_, his wife.

MY COMMISSION EXPIRES:

12-8-72

*Robert M. Enfield*  
\_\_\_\_\_  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

ATTEST:  
  
BY: [Signature]  
Ass't Secretary

PRUDENTIAL FUNDS, INC.  
  
BY Joseph R. Harris  
Joseph R. Harris, Ass't Vice President

INDIVIDUAL

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ and \_\_\_\_\_, his wife.

MY COMMISSION EXPIRES: \_\_\_\_\_  
Notary Public

CORPORATE

STATE OF Texas  
COUNTY OF Harris

§  
§  
§

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of July, 1972, by Joseph R. Harris Ass't Vice President of Prudential Funds, Inc. a Delaware Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: June 1, 1973

Betty Messersmith  
Notary Public  
BETTY MESSERSMITH  
Notary Public, in and for Harris County, Texas



CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Joe Don Cook  
\_\_\_\_\_

INDIVIDUAL

STATE OF NEW MEXICO  
COUNTY OF CHAVES

§  
§  
§

The foregoing instrument was acknowledged before me this 15 day of JUNE, 1972, by JOE DON COOK, A SINGLE MAN

~~EDDY~~ \_\_\_\_\_ ~~CHAVES~~  
MY COMMISSION EXPIRES: 8-16-75  
Charlette J. McLean  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: \_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

*A. H. Cross*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Martha R. Cross*  
\_\_\_\_\_  
\_\_\_\_\_

INDIVIDUAL

STATE OF *New Mexico*      §  
   §  
COUNTY OF *Chaves*     §

The foregoing instrument was acknowledged before me this *20th* day of *July*, 1972, by *R. H. Cross* and *Martha R. Cross*, his wife.

MY COMMISSION EXPIRES: *8-16-75*

*Charlotta J. McLean*  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_ §  
   §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Jerome B. Guinand  
Dorothy K. Guinand  
\_\_\_\_\_

INDIVIDUAL

STATE OF Utah  
COUNTY OF Salt Lake

||  
||  
||

The foregoing instrument was acknowledged before me this 11th day of July, 1972, by Jerome B. Guinand and Dorothy K. Guinand, his wife.

MY COMMISSION EXPIRES:  
4/17/75

Elizabeth L. Allen  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

||  
||  
||

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

G. R. Quintana  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Spouse)

INDIVIDUAL

STATE OF New Mexico  
COUNTY OF Santa Fe

§  
§  
§

The foregoing instrument was acknowledged before me this 19th day of JULY, 1972, by G. R. Quintana, a single man

and \_\_\_\_\_, his wife.

MY COMMISSION EXPIRES:  
6-13-76

Lena Mueser  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

H. L. Landua  
H. L. Landua  
Charles L. Morgan, Jr.  
Charles L. Morgan, Jr.

James L. Morris  
James L. Morris  
V. H. Van Horn, Jr.  
V. H. Van Horn, Jr.

A majority of the duly appointed, qualified and acting Independent Executors of the Estate of Ralph Lowe, Deceased

Erma Lowe  
Erma Lowe, Individually and as Independent Executrix of the Estate of Ralph Lowe, Deceased

THE STATE OF TEXAS |  
|  
COUNTY OF MIDLAND |

The foregoing instrument was acknowledged before me this 12 day of July, 1972, by H. L. Landua, Charles L. Morgan, Jr., James L. Morris, and V. H. Van Horn, Jr., a majority of the duly appointed, qualified and acting Independent Executors of the Estate of Ralph Lowe, Deceased, and Erma Lowe, Individually and as Independent Executrix of the Estate of Ralph Lowe, Deceased.

My commission expires:  
June 1, 1973

Dorothy Oswald  
Notary Public in and for  
Midland County, Texas

CONSISTENT AND REINFORCEMENT  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Effective for each overriding royalty interest as owner.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
*Julie Ann Conley*  
\_\_\_\_\_

INDIVIDUAL

STATE OF COLORADO  
COURTY OF DOUGLAS

1  
2  
3

The foregoing instrument was acknowledged before me this 13th day of JUNE, 1972, by GEORGE E. COMLEY and JULIE ANN COMLEY, his wife.

MY COMMISSION EXPIRES:

JUNE 30, 1974

*Ned A. Martin*  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COURTY OF \_\_\_\_\_

1  
2  
3

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

Tract No. 5

Paul T. Walton

Helen E. Walton

INDIVIDUAL

STATE OF Utah

§

COUNTY OF Salt Lake

§

The foregoing instrument was acknowledged before me this 21st day of

June, 1972, by Paul T. Walton

and Helen E. Walton, his wife, his wife.

MY COMMISSION EXPIRES:

April 17, 1975

Elizabeth L. Allen  
Notary Public

Residing at Salt Lake City, Utah

CORPORATE

STATE OF \_\_\_\_\_

§

COUNTY OF \_\_\_\_\_

§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for

and on behalf of said corporation.

MY COMMISSION EXPIRES:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.  
(Tract No. 5)

WALKER BANK & TRUST COMPANY, Executor under the Will of Thomas F. Kearns, deceased

By: Robert M. Nelson  
Robert M. Nelson  
Vice President-Trust Officer

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

INDIVIDUAL

STATE OF Utah  
COUNTY OF Salt Lake

§  
§  
§

The foregoing instrument was acknowledged before me this 13th day of June, 1972, by Robert M. Nelson

~~\_\_\_\_\_~~, his wife.

MY COMMISSION EXPIRES:

August 17, 1975

Elizabeth H. L. L...  
Notary Public  
Residing at Salt Lake City, Utah

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:

\_\_\_\_\_  
Notary Public

\_\_\_\_\_

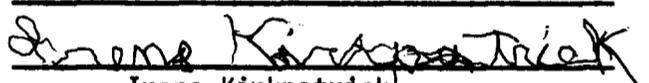
CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Hugh Kirkpatrick

  
\_\_\_\_\_  
Irene Kirkpatrick

INDIVIDUAL

STATE OF TEXAS  
COUNTY OF HIDALGO

§  
§  
§

The foregoing instrument was acknowledged before me this 20th day of June, 1972, by HUGH KIRKPATRICK and IRENE KIRKPATRICK, his wife.

MY COMMISSION EXPIRES:  
June 1, 1973

  
\_\_\_\_\_  
Notary Public, Hidalgo County, Texas

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
THOMAS ALLEN

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
JERONE ALLEN

INDIVIDUAL

STATE OF New Mexico  
COUNTY OF Eddy

§  
§  
§

The foregoing instrument was acknowledged before me this 15 day of June, 1972, by THOMAS ALLEN and JERONE ALLEN, his wife.

MY COMMISSION EXPIRES: April 1, 1974  
  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: \_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

M.L. Robinson  
M.L. Robinson Trustee for  
Members Robinson Royalty Club

INDIVIDUAL

STATE OF New Mexico  
COUNTY OF Chaves

§  
§  
§

The foregoing instrument was acknowledged before me this 22nd day of June, 1972, by M.L. Robinson, Trustee for Members

~~Robinson Royalty Club~~, ~~Robinson Royalty Club~~

MY COMMISSION EXPIRES:  
May 18, 1974

Paul S. Hamden  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public



CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

John B. Vreeland  
John B. Vreeland  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

INDIVIDUAL

STATE OF TEXAS                    |  
  |  
COUNTY OF NUECES               |

The foregoing instrument was acknowledged before me this 6th day of July, 1972, by John B. Vreeland, a single man.

~~and \_\_\_\_\_ his wife.~~

MY COMMISSION EXPIRES:  
June 1, 1973

Narcille Gouger  
Notary Public in and for Nueces County, Texas.  
Narcille Gouger

CORPORATE

STATE OF \_\_\_\_\_                |  
  |  
COUNTY OF \_\_\_\_\_             |

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES:  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ T. T. Sanders  
\_\_\_\_\_ Idamaye Sanders  
\_\_\_\_\_

INDIVIDUAL

STATE OF NEW MEXICO      ↓  
   ↓  
COUNTY OF CHAVES        ↓

The foregoing instrument was acknowledged before me this 28th day of June, 1972, by T. T. Sanders, Jr. and Idamaye Sanders, his wife.

MY COMMISSION EXPIRES: 9-10-73  
Maria E. Smith  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_      ↓  
   ↓  
COUNTY OF \_\_\_\_\_    ↓

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: \_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
ROUND MOUNTAIN UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Round Mountain Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 15th day of May, 1972, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty, or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Round Mountain Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Robert B. Gates  
Nada S. Gates  
\_\_\_\_\_

INDIVIDUAL

STATE OF New Mexico  
COUNTY OF Eddy

§  
§  
§

The foregoing instrument was acknowledged before me this 19th day of June, 1972, by Robert B. Gates and Nada S. Gates, his wife.

MY COMMISSION EXPIRES: 9-5-75  
Margaret Bean  
Notary Public

CORPORATE

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

§  
§  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1972, by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

MY COMMISSION EXPIRES: \_\_\_\_\_  
Notary Public





# NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

STATE OF NEW MEXICO  
LAND OFFICE, SANTA FE, N.M.

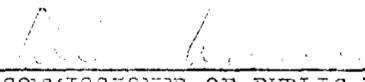
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There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated \_\_\_\_\_, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, and 7-11-48, New Mexico Statutes Annotated, 1953 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the afore-said statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

  
\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

Unit Name Round Mountain Unit (Exploratory)  
 Operator American Trading & Production Corporation  
 County Eddy

4/1/79  
 acc

DATE	OCC CASE NO.	4729	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-4323						
7/19/72	June 15, 1972		7-25-72	5,757.25	840.00	4,758.72	Yes	5Yrs.

UNIT AREA  
TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM  
 Section 19: A11  
 Section 20: A11  
 Section 21: A11  
 Section 28: A11  
 Section 29: A11  
 Section 30: A11  
 Section 31: A11  
 Section 32: A11  
 Section 33: A11

TERMINATED  
 2-23-73  
 SPB

Unit Name ROUND MOUNTAIN UNIT (EXPLORATORY)  
 Operator American Trading & Production Corporation  
 County Eddy

STATE TRACT NO.	LEASE NO.	INST-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
9	K-6459	C.S.	32	21S	25E	N/2N/2, SW/4NE/4, N/2SW/4, SW/4SW/4	7/11/72	320.00		Marathon Oil Company
10	L-426-2	C.S.	19	21S	25E	NE/4NE/4 N/2N/2	6/14/72	200.00		Franklin, Aston, & F Inc.
11	L-5131	C.S.	32	21S	25E	S/2NW/4, SE/4NE/4, SE/4, SE/4SW/4	6/13/72	320.00		Pennzoil Company

**TERMINATED**  
 2-23-73  
 ell

Unit Name Round Mountain Unit (Exploratory)  
 Operator American Trading & Production Corporation  
 County Eddy

*oec*  
*4729*

DATE	OCC CASE NO.	4729	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	MINIMUM-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-4323							
7/19/72	June 15, 1972		7-25-72	5,757.25	840.00	4,758.72	158.53	Yes	5Yrs.

UNIT AREA

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM  
 Section 19: A11  
 Section 20: A11  
 Section 21: A11  
 Section 28: A11  
 Section 29: A11  
 Section 30: A11  
 Section 31: A11  
 Section 32: A11  
 Section 33: A11

Unit Name ROUND MOUNTAIN UNIT (EXPLORATORY)  
 Operator American Trading & Production Corporation  
 County Eddy

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGF.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
9	K-6459	C.S.	32	21S	25E	N/2N/2, SW/4NE/4, N/2SW/4, SW/4SW/4	7/11/72	320.00		Marathon Oil Company
10	L-426-2	C.S.	19	21S	25E	NE/4NE/4	6/14/72	200.00		Franklin, Aston, & Fc Inc.
11	L-5131	C.S.	32	21S	25E	S/2NW/4, SE/4NE/4, SE/4, SE/4SW/4	6/13/72	320.00		Pennzoil Company