

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF CLEARY PETROLEUM CORPORATION FOR APPROVAL OF THE QUARRY UNIT AGREEMENT EMBRACING 5,132.33 ACRES OF FEDERAL LANDS AND 44.75 ACRES OF FEE LANDS IN TOWNSHIP 22 SOUTH, RANGE 32 EAST N.M.P.M. LEA COUNTY, NEW MEXICO.

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes Cleary Petroleum Corporation with offices at Oklahoma City, Oklahoma, acting by and through the undersigned attorneys, and files 3 copies of the Unit Agreement for the Development and Operation of the Quarry Unit Area and hereby makes application for approval of said unit agreement, and in support thereof respectfully shows:

1. That the unit area contains 5,177.08 acres situated in Lea County, New Mexico, more particularly described as follows:

Township 22 South, Range 32 East, N.M.P.M.

Section 17 - All	Section 21 - All
Section 18 - All	Section 28 - All
Section 19 - All	Section 29 - All
Section 20 - All	Section 30 - All

2. All formations are being unitized.

3. The unit area has been designated by the Acting Area Oil and Gas Supervisor of the United States Geological Survey as an area logically subject to unitization pursuant to the provisions of the Mineral Leasing Act as amended.

4. R. J. Zonne was originally designated as operator under the terms of the unit agreement, but he has now resigned and the change of unit operator to Cleary Petroleum Corporation is now in the process of being approved.

5. Applicant believes that the approval of the unit agreement will be in the interest of conservation, prevention of waste and will protect correlative rights.

6. Applicant requests that this matter be included on the examiner's docket for August 21, 1974.

Respectfully submitted,

CLEARY PETROLEUM CORPORATION

By 

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September 30, 1974

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Re: Quarry Unit Agreement

Gentlemen:

On September 3, 1974 you issued Order R-4849 in Case No. 5301 approving the Quarry Unit Agreement embracing lands in Lea County. In conformity with this Order, there is enclosed herewith copy of the Unit Agreement with approval of the U.S.G.S. attached. At the time the original agreement was approved by the U.S.G.S. R. J. Zonne was the unit operator designated in the agreement. Since the hearing before the Commission there has been a change in unit operator from R. J. Zonne to Cleary Petroleum Corporation which has been approved by the U.S.G.S.

Yours sincerely,

HINKLE, BONDURANT, COX & EATON

By 

CEH:cs
Enc.

CERTIFICATION--DETERMINATION

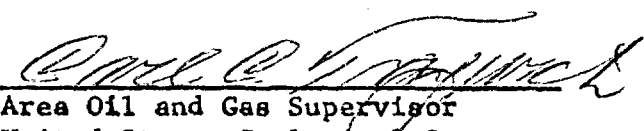
Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Area Oil and Gas Supervisors of the Geological Survey, I do hereby:

A. Approve the attached agreement for the development and operation of the Quarry Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated July 29, 1974.


Acting Area Oil and Gas Supervisor
United States Geological Survey

Contract Number 14-08-0001-14170

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
QUARRY UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO

TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
1	ENABLING ACT AND REGULATIONS	2
2	UNIT AREA	2
3	UNITIZED LAND AND UNITIZED SUBSTANCES	6
4	UNIT OPERATOR	6
5	RESIGNATION OR REMOVAL OF UNIT OPERATOR	6
6	SUCCESSOR UNIT OPERATOR	8
7	ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT	8
8	RIGHTS AND OBLIGATIONS OF UNIT OPERATOR	9
9	DRILLING TO DISCOVERY	10
10	PLAN OF FURTHER DEVELOPMENT AND OPERATION	12
11	PARTICIPATION AFTER DISCOVERY	13
12	ALLOCATION OF PRODUCTION	16
13	DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS	17
14	ROYALTY SETTLEMENT	18
15	RENTAL SETTLEMENT	19
16	CONSERVATION	20
17	DRAINAGE	20
18	LEASES AND CONTRACTS CONFORMED AND EXTENDED	20
19	COVENANTS RUN WITH LAND	23
20	EFFECTIVE DATE AND TERM	24
21	RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION	25
22	APPEARANCES	25
23	NOTICES	26

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
24	NO WAIVER OF CERTAIN RIGHTS	26
25	UNAVOIDABLE DELAY	26
26	NONDISCRIMINATION	27
27	LOSS OF TITLE	27
28	PROTECTION OF POTASH DEPOSITS	27
29	NON-JOINDER AND SUBSEQUENT JOINDER	28
30	COUNTERPARTS	29

1 UNIT AGREEMENT
2 FOR THE DEVELOPMENT AND OPERATION
3 OF THE
4 QUARRY UNIT AREA
5 COUNTY OF LEA
6 STATE OF NEW MEXICO

7 THIS AGREEMENT entered into as of the 1st day of June,
8 1974, by and between the parties subscribing, ratifying or
9 consenting hereto, and herein referred to as the "parties
10 hereto".

11 WITNESSETH:

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

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

25 WHEREAS, the Oil Conservation Commission of the State of
26 New Mexico is authorized by an Act of the Legislature (Chapter
27 72, Laws of 1935, as amended by Chapter 193, Laws of 1937,
28 Chapter 166, Laws of 1941, and Chapter 168, Laws of 1949) to
29 approve this agreement and the conservation provision hereof;
30 and

31 WHEREAS, the parties hereto hold sufficient interests in
32 the Quarry Unit Area covering the land hereinafter described to

1 give reasonably effective control of operations therein; and

2 WHEREAS, it is the purpose of the parties hereto to con-
3 serve natural resources, prevent waste and secure other benefits
4 obtainable through development and operation of the area subject
5 to this agreement under the terms, conditions and limitations
6 herein set forth;

7 NOW, THEREFORE, in consideration of the premises and the
8 promises herein contained, the parties hereto commit to this
9 agreement their respective interests in the below defined unit
10 area, and agree severally among themselves as follows:

11 1. ENABLING ACT AND REGULATIONS: The Mineral Leasing
12 Act of February 25, 1920, as amended, supra, and all valid
13 pertinent regulations, including operating and unit plan regula-
14 tions, heretofore issued thereunder or valid, pertinent and
15 reasonable regulations hereafter issued thereunder are accepted
16 and made a part of this agreement as to Federal lands, provided
17 such regulations are not inconsistent with the terms of this
18 agreement; and as to non-Federal lands, the oil and gas operating
19 regulations in effect as of the effective date hereof governing
20 drilling and producing operations, not inconsistent with the
21 terms hereof or the laws of the state in which the non-Federal
22 land is located, are hereby accepted and made a part of this
23 agreement.

24 2. UNIT AREA: The following described land is hereby
25 designated and recognized as constituting the unit area:

26 Township 22 South, Range 32 East, N.M.P.M.

27 Section 17 - All Section 21 - All
28 Section 18 - All Section 28 - All
29 Section 19 - All Section 29 - All
30 Section 20 - All Section 30 - All
containing 5,177.08 acres, more or less.

1 Exhibit "A" attached hereto is a map showing the unit area and
2 the boundaries and identity of tracts and leases in said area
3 to the extent known to the unit operator. Exhibit "B" attached
4 hereto is a schedule showing to the extent known to the unit
5 operator the acreage, percentage and kind of ownership of oil
6 and gas interests in all land in the unit area. However,
7 nothing herein or in said schedule or map shall be construed as
8 a representation by any party hereto as to the ownership of
9 any interest other than such interest or interests as are shown
10 in said map or schedule as owned by such party. Exhibits "A"
11 and "B" shall be revised by the unit operator whenever changes
12 in the unit area render such revision necessary when requested
13 by the Oil and Gas Supervisor, hereinafter referred to as "Super-
14 visor", and not less than five (5) copies of the revised exhibits
15 shall be filed with the Supervisor and one (1) copy with the
16 New Mexico Oil Conservation Commission, hereinafter referred to
17 as "Commission".

18 The above described unit area shall when practicable be
19 expanded to include therein any additional lands or shall be
20 contracted to exclude lands whenever such expansion or contraction
21 is deemed to be necessary or advisable to conform with the pur-
22 poses of this agreement. Such expansion or contraction shall be
23 effected in the following manner:

24 (a) Unit operator, on its own motion or on demand of
25 the Director of the Geological Survey, hereinafter referred to
26 as "Director", shall prepare a notice of proposed expansion or
27 contraction describing the contemplated changes in the boundaries
28 of the unit area, the reasons therefor, and the proposed effective
29 date thereof, preferably, the first day of a month subsequent
30 to the date of notice.

1 (b) Said notice shall be delivered to the Supervisor
2 and copies thereof mailed to the last known address of each
3 working interest owner, lessee and lessor whose interests are
4 affected, advising that thirty (30) days will be allowed for
5 submission to the unit operator of any objections.

6 (c) Upon expiration of the 30-day period provided in
7 the preceding item (b) hereof, unit operator shall file with
8 the Supervisor evidence of mailing of the notice of expansion
9 or contraction and a copy of any objections thereto which have
10 been filed with the unit operator, together with an application
11 in sufficient number for approval of such expansion or contrac-
12 tion and with appropriate joinders.

13 (d) After due consideration of all pertinent information,
14 the expansion or contraction shall, upon approval by the Super-
15 visor, become effective as of the date prescribed in the notice
16 thereof.

17 (e) All legal subdivision of lands (i.e., 40 acres by
18 Government survey or its nearest lot or tract equivalent; in
19 instances of irregular surveys unusually large lots or tracts
20 shall be considered in multiples of 40 acres or the nearest
21 aliquot equivalent thereof), no parts of which are entitled to
22 be in a participating area on or before the fifth anniversary of
23 the effective date of the first initial participating area
24 established under this unit agreement, shall be eliminated auto-
25 matically from this agreement, effective as of said fifth anni-
26 versary, and such lands shall no longer be a part of the unit
27 area and shall no longer be subject to this agreement, unless
28 diligent drilling operations are in progress on unitized lands
29 not entitled to participation on said fifth anniversary, in which
30 event all such lands shall remain subject hereto for so long as

1 such drilling operations are continued diligently, with not
2 more than 90 days' time elapsing between the completion of
3 one such well and the commencement of the next such well. All
4 legal subdivision of lands not entitled to be in a participating
5 area within 10 years after the effective date of the initial
6 participating area approved under this agreement shall be auto-
7 matically eliminated from this agreement as of said tenth
8 anniversary. All lands proved productive by diligent drilling
9 operations after the aforesaid 5-year period shall become parti-
10 cipating in the same manner as during said 5-year period. However,
11 when such diligent drilling operations cease, all nonparticipating
12 lands shall be automatically eliminated effective as of the 91st
13 day thereafter. The unit operator shall within 90 days after
14 the effective date of any elimination hereunder describe the
15 area so eliminated to the satisfaction of the Supervisor and
16 promptly notify all parties in interest.

17 If conditions warrant extension of the 10-year period
18 specified in this subsection 2(e), a single extension of not to
19 exceed 2 years may be accomplished by consent of the owners of
20 90% of the working interests in the current nonparticipating
21 unitized lands and the owners of 60% of the basic royalty
22 interests (exclusive of the basic royalty interests of the United
23 States) in nonparticipating unitized lands with approval of the
24 Director, provided such extension application is submitted to
25 the Director not later than 60 days prior to the expiration of
26 said 10-year period.

27 Any expansion of the unit area pursuant to this section
28 which embraces lands theretofore eliminated pursuant to this
29 subsection 2(e) shall not be considered automatic commitment
30 or recommitment of such lands.

1 3. UNITIZED LAND AND UNITIZED SUBSTANCES: All land
2 committed to this agreement shall constitute land referred to
3 herein as "unitized land" or "land subject to this agreement".
4 All oil and gas in any and all formations of the unitized land
5 are unitized under the terms of this agreement and herein are
6 called "unitized substances".

7 4. UNIT OPERATOR: R. J. Zonne of Midland, Texas is
8 hereby designated as unit operator and by signature hereto as
9 unit operator agrees and consents to accept the duties and
10 obligations of unit operator for the discovery, development and
11 production of unitized substances as herein provided. Whenever
12 reference is made herein to the unit operator, such reference
13 means the unit operator acting in that capacity and not as an
14 owner of interest in unitized substances, and the term "working
15 interest owner" when used shall include or refer to unit operator
16 as the owner of a working interest when such an interest is owned
17 by him.

18 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator
19 shall have the right to resign at any time prior to the establish-
20 ment of a participating area or areas hereunder, but such resig-
21 nation shall not become effective so as to release unit operator
22 from the duties and obligations of unit operator and terminate
23 unit operator's rights as such for a period of 6 months after
24 notice of intention to resign has been served by unit operator
25 on all working interest owners and the Supervisor and until all
26 wells then drilled hereunder are placed in a satisfactory condi-
27 tion for suspension or abandonment whichever is required by the
28 Supervisor as to Federal lands and the Commission as to fee lands,
29 unless a new unit operator shall have been selected and approved
30 and shall have taken over and assumed the duties and obligations

1 of unit operator prior to the expiration of said period.

2 Unit operator shall have the right to resign in like
3 manner and subject to like limitations as above provided at any
4 time a participating area established hereunder is in existence,
5 but, in all instances of resignation or removal, until a suc-
6 cessor unit operator is selected and approved as hereinafter
7 provided, the working interest owners shall be jointly responsible
8 for performance of the duties of unit operator, and shall not
9 later than 30 days before such resignation or removal becomes
10 effective appoint a common agent to represent them in any action
11 to be taken hereunder.

12 The resignation of unit operator shall not release unit
13 operator from any liability for any default by it hereunder
14 occurring prior to the effective date of his resignation.

15 The unit operator may, upon default or failure in the
16 performance of his duties or obligations hereunder, be subject
17 to removal by the same percentage vote of the owners of working
18 interests as herein provided for the selection of a new unit
19 operator. Such removal shall be effective upon notice thereof
20 to the Supervisor.

21 The resignation or removal of unit operator under this
22 agreement shall not terminate its right, title or interest as
23 the owner of a working interest or other interest in unitized
24 substances, but upon the resignation or removal of unit operator
25 becoming effective, such unit operator shall deliver possession
26 of all wells, equipment, materials and appurtenances used in
27 conducting the unit operations to the new duly qualified successor
28 unit operator or to the common agent, if no such new unit operator
29 is elected, to be used for the purpose of conducting unit opera-
30 tions hereunder. Nothing herein shall be construed as authorizing

1 removal of any material, equipment and appurtenances needed
2 for the preservation of any wells.

3 6. SUCCESSOR UNIT OPERATOR: Whenever the unit operator
4 shall tender his or its resignation as unit operator or shall
5 be removed as hereinabove provided, or a change of unit operator
6 is negotiated by working interest owners, the owners of the
7 working interests in the participating area or areas according
8 to their respective acreage interests in such participating
9 area or areas, or, until a participating area shall have been
10 established, the owners of the working interests according to
11 their respective acreage interests in all unitized land, shall
12 by majority vote select a successor unit operator: Provided,
13 That, if a majority but less than 75 per cent of the working
14 interests qualified to vote are owned by one party to this agree-
15 ment, a concurring vote of one or more additional working interest
16 owners shall be required to select a new operator. Such selection
17 shall not become effective until

18 (a) a unit operator so selected shall accept in writing
19 the duties and responsibilities of unit operator, and

20 (b) the selection shall have been approved by the Super-
21 visor.

22 If no successor unit operator is selected and qualified
23 as herein provided, the Director at his election may declare
24 this unit agreement erminated.

25 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT:
26 If the unit operator is not the sole owner of working interests,
27 costs and expenses incurred by unit operator in conducting unit
28 operations hereunder shall be paid and apportioned among and
29 borne by the owners of working interests, all in accordance with
30 the agreement or agreements entered into by and between the unit

1 operator and the owners of working interests, whether one or
2 more, separately or collectively. Any agreement or agreements
3 entered into between the working interest owners and the unit
4 operator as provided in this section, whether one or more, are
5 herein referred to as the "unit operating agreement". Such
6 unit operating agreement shall also provide the manner in which
7 the working interest owners shall be entitled to receive their
8 respective proportionate and allocated share of the benefits
9 accruing hereto in conformity with their underlying operating
10 agreements, leases, or other independent contracts, and such
11 other rights and obligations as between unit operator and the
12 working interest owners as may be agreed upon by unit operator
13 and the working interest owners; however, no such unit operating
14 agreement shall be deemed either to modify any of the terms and
15 conditions of this unit agreement or to relieve the unit operator
16 of any right or obligation established under this unit agreement,
17 and in case of any inconsistency or conflict between this unit
18 agreement and the unit operating agreement, this unit agreement
19 shall govern. Three true copies of any unit operating agreement
20 executed pursuant to this section shall be filed with the Super-
21 visor prior to approval of this unit agreement.

22 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as
23 otherwise specifically provided herein, the exclusive right,
24 privilege and duty of exercising any and all rights of the parties
25 hereto which are necessary or convenient for prospecting for,
26 producing, storing, allocating and distributing the unitized
27 substances are hereby delegated to and shall be exercised by the
28 unit operator as herein provided. Acceptable evidence of title
29 to said rights shall be deposited with said unit operator and,
30 together with this agreement, shall constitute and define the

1 rights, privileges and obligations of unit operator. Nothing
2 herein, however, shall be construed to transfer title to any
3 land or to any lease or operating agreement, it being understood
4 that under this agreement the unit operator, in his capacity as
5 unit operator, shall exercise the rights of possession and use
6 vested in the parties hereto only for the purposes herein speci-
7 fied.

8 9. DRILLING TO DISCOVERY: Within six (6) months after
9 the effective date hereof, the unit operator shall begin to
10 drill an adequate test well at a location approved by the Super-
11 visor, if on Federal land or the Commission if on fee land,
12 unless on such effective date a well is being drilled conformably
13 with the terms hereof, and thereafter continue such drilling
14 diligently until the base of the Morrow formation has been pene-
15 trated and all formations of the Pennsylvanian age have been
16 tested, or until at a lesser depth unitized substances shall be
17 discovered which can be produced in paying quantities (to-wit:
18 quantities sufficient to repay the costs of drilling, completing
19 and producing operations, with a reasonable profit) or the unit
20 operator shall at any time establish to the satisfaction of the
21 Supervisor if on Federal land, or the Commission if on fee land,
22 that further drilling of said well would be unwarranted or imprac-
23 ticable; provided, however, that unit operator shall not in any
24 event be required to drill said well to a depth in excess of
25 14,700 feet. Until the discovery of a deposit of unitized sub-
26 stances capable of being produced in paying quantities, the unit
27 operator shall continue drilling diligently one well at a time,
28 allowing not more than six (6) months between the completion of
29 one well and the beginning of the next well, until a well capable
30 of producing unitized substances in paying quantities is completed

1 to the satisfaction of said Supervisor if it be on Federal land
2 or the Commission if on fee land, or until it is reasonably
3 proved that the unitized land is incapable of producing unitized
4 substances in paying quantities in the formations drilled here-
5 under. Nothing in this section shall be deemed to limit the
6 right of the unit operator to resign as provided in Section 5
7 hereof, or as requiring unit operator to commence or continue
8 any drilling during the period pending such resignation becoming
9 effective in order to comply with the requirements of this section.
10 The Director may modify the drilling requirements of this section
11 by granting reasonable extensions of time when, in his opinion,
12 such action is warranted.

13 Upon failure to commence any well provided for in this
14 section within the time allowed, including any extension of time
15 granted by the Supervisor, this agreement will automatically
16 terminate; upon failure to continue drilling diligently any
17 well commenced hereunder, the Supervisor may, after 15 days notice
18 to the unit operator, declare this unit agreement terminated.

19 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within
20 6 months after completion of a well capable of producing unitized
21 substances in paying quantities, the unit operator shall submit
22 for the approval of the Supervisor an acceptable plan of develop-
23 ment and operation for the unitized land which, when approved by
24 the Supervisor, shall constitute the further drilling and operating
25 obligations of the unit operator under this agreement for the
26 period specified therein. Thereafter, from time to time before
27 the expiration of any existing plan, the unit operator shall submit
28 for the approval of the Supervisor a plan for an additional speci-
29 fied period for the development and operation of the unitized area.

30 Any plan submitted pursuant to this section shall provide

1 for the exploration of the unitized area and for the diligent
2 drilling necessary for determination of the area or areas thereof
3 capable of producing unitized substances in paying quantities in
4 each and every productive formation and shall be as complete and
5 adequate as the Supervisor may determine to be necessary for
6 timely development and proper conservation of the oil and gas
7 resources of the unitized area and shall:

8 (a) specify the number and location of any wells to be
9 drilled and the proposed order and time for such drilling; and

10 (b) to the extent practicable specify the operating
11 practices regarded as necessary and advisable for proper conser-
12 vation of natural resources.

13 Separate plans may be submitted for separate productive zones,
14 subject to approval of the Supervisor.

15 Plans shall be modified or supplemented when necessary
16 to meet changed conditions or to protect the interests of all
17 parties to this agreement. Reasonable diligence shall be exer-
18 cised in complying with the obligations of the approved plan of
19 development. The Supervisor is authorized to grant a reasonable
20 extension of the 6-month period herein prescribed for submission
21 of an initial plan of development where such action is justified
22 because of unusual conditions or circumstances. After completion
23 hereunder of a well capable of producing any unitized substance
24 in paying quantities, no further wells, except such as may be
25 necessary to afford protection against operations not under this
26 agreement and such as may be specifically approved by the Super-
27 visor shall be drilled except in accordance with a plan of develop-
28 ment approved as herein provided.

29 11. PARTICIPATION AFTER DISCOVERY: Determination as to
30 whether a well completed within the unit area prior to the effective

1 date of this agreement is capable of producing unitized sub-
2 stances in paying quantities shall be deferred until an initial
3 participating area is established as the result of the completion
4 of a well for production in paying quantities in accordance with
5 Section 9 hereof.

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

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

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

26 In the absence of agreement at any time between the unit
27 operator and the Supervisor as to the proper definition or re-
28 definition of a participating area, or until a participating
29 area has, or areas have, been established as provided herein,
30 the portion of all payments affected thereby shall be impounded

1 in a manner mutually acceptable to the owners of working interests
2 and the Supervisor and Commission. Royalties due the United
3 States shall be determined by the Supervisor for Federal lands
4 and the Commission for fee lands and the amount thereof shall be
5 deposited, as directed by the Supervisor and Commission, to be
6 held as unearned money until a participating area is finally
7 approved and then applied as earned or returned in accordance
8 with a determination of the sum due as Federal and fee royalty
9 on the basis of such approved participating area.

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

21 12. ALLOCATION OF PRODUCTION: All unitized substances
22 produced from each participating area established under this
23 agreement, except any part thereof used in conformity with good
24 operating practices within the unitized area for drilling, operat-
25 ing, camp and other production or development purposes, for re-
26 pressuring or recycling in accordance with a plan of development
27 approved by the Supervisor, or unavoidably lost, shall be deemed
28 to be produced equally on an acreage basis from the several tracts
29 of unitized land of the participating area established for such
30 production and, for the purpose of determining any benefits

1 accruing under this agreement, each such tract of unitized land
2 shall have allocated to it such percentage of said production
3 as the number of acres of such tract included in said participating
4 area bears to the total acres of unitized land in said partici-
5 pating area, except that allocation of production hereunder for
6 purposes other than for settlement of the royalty, overriding
7 royalty, or payment out of production obligations of the respective
8 working interest owners, shall be on the basis prescribed in the
9 unit operating agreement whether in conformity with the basis of
10 aloocation haein set forth or otherwise. It is hereby agreed
11 that production of unitized substances from a participating area
12 shall be allocated as provided herein regardless of whether any
13 wells are drilled on any particular part or tract of said partici-
14 pating area. If any gas produced from one participating area is
15 used for repressuring or recycling purposes in another partici-
16 pating area, the first gas withdrawn from such last mentioned
17 participating area for sale during the life of this agreement
18 shall be considered to be the gas so transferred until an amount
19 equal to that transferred shall be so produced for sale and such
20 gas shall be allocated to the participating area from which
21 initially produced as such area was last defined at the time of
22 such final production.

23 13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND
24 OR FORMATIONS: Any party hereto owning or controlling the working
25 interest in any unitized land having thereon a regular well loca-
26 tion may with the approval of the Supervisor at such party's sole
27 risk, cost and expense, drill a well to test any formation for
28 which a participating area has not been established or to test
29 any formation for which a participating area has been established
30 if such location is not within said participating area, unless

1 within 90 days of receipt of notice from said party of his inten-
2 tion to drill the well the unit operator elects and commences to
3 drill such a well in like manner as other wells are drilled by
4 the unit operator under this agreement.

5 If any well drilled as aforesaid by a working interest
6 owner results in production such that the land upon which it is
7 situated may properly be included in a participating area, such
8 participating area shall be established or enlarged as provided
9 in this agreement and the well shall thereafter be operated by
10 the unit operator in accordance with the terms of this agreement
11 and the unit operating agreement.

12 If any well drilled as aforesaid by a working interest
13 owner obtains production in quantities insufficient to justify
14 the inclusion of the land upon which such well is situated in
15 a participating area, such well may be operated and produced by
16 the party drilling the same subject to the conservation require-
17 ments of this agreement. The royalties in amount or value of
18 production from any such well shall be paid as specified in the
19 underlying lease and agreements affected.

20 14. ROYALTY SETTLEMENT: The United States and any
21 royalty owner who is entitled to take in kind a share of the sub-
22 stances now unitized hereunder shall hereafter be entitled to the
23 right to take in kind its share of the unitized substances, and
24 unit operator, or the working interest owner in case of the opera-
25 tion of a well by a working interest owner as herein provided for
26 in special cases, shall make deliveries of such royalty share
27 taken in kind in conformity with the applicable contracts, laws
28 and regulations. Settlement for royalty interest not taken in
29 kind shall be made by working interest owners responsible therefor
30 under existing contracts, laws and regulations, or by the unit

1 operator, on or before the last day of each month for unitized
2 substances produced during the preceding calendar month; provided,
3 however, that nothing herein contained shall operate to relieve
4 the lessees of any land from their respective lease obligations
5 for the payment of any royalties due under their leases.

6 If gas obtained from lands not subject to this agreement
7 is introduced into any participating area hereunder for use in
8 repressuring, stimulation of production or increasing ultimate
9 recovery in conformity with a plan of operations approved by
10 the Supervisor, a like amount of gas, after settlement as herein
11 provided for any gas transferred from any other participating
12 area and with appropriate deduction for loss from any cause, may
13 be withdrawn from the formation into which the gas is introduced,
14 royalty free as to dry gas, but not as to any products which may
15 be extracted therefrom; provided that such withdrawal shall be
16 at such time as may be provided in the approved plan of operations
17 or as may otherwise be consented to by the Supervisor as con-
18 forming to good petroleum engineering practice; and provided,
19 further, that such right of withdrawal shall terminate on the
20 termination of this unit agreement.

21 Royalty due the United States shall be computed as pro-
22 vided in the operating regulations and paid in value or delivered
23 in kind as to all unitized substances on the basis of the amounts
24 thereof allocated to unitized Federal land as provided herein at
25 the rate specified in the respective Federal lease, or at such
26 lower rate or rates as may be authorized by law or regulation;
27 provided, that for leases on which the royalty rate depends on
28 the daily average production per well, said average production
29 shall be determined in accordance with the operating regulations
30 as though each participating area were a single consolidated lease.

1 Royalty due on account of fee lands shall be computed and
2 paid on the basis of all unitized substances allocated to such
3 lands.

4 15. RENTAL SETTLEMENT: Rental or minimum royalties
5 due on leases committed hereto shall be paid by working interest
6 owners responsible therefor under existing contracts, law and
7 regulations provided that nothing herein contained shall operate
8 to relieve the lessees of any land from their respective lease
9 obligations for the payment of any rental or minimum royalty due
10 under their leases. Rental or minimum royalty for lands of the
11 United States subject to this agreement shall be paid at the
12 rate specified in the respective leases from the United States
13 unless such rental or minimum royalty is waived, suspended or
14 reduced by law or by approval of the Secretary or his duly
15 authorized representative.

16 Rentals on fee lands subject to this agreement shall be
17 paid at the rates specified in the respective leases.

18 With respect to any lease on non-Federal land containing
19 provisions which would terminate such lease unless drilling
20 operations are commenced upon the land covered thereby within
21 the time therein specified or rentals are paid for the privilege
22 of deferring such drilling operations, the rentals required
23 thereby shall, notwithstanding any other provisions of this agree-
24 ment, be deemed to accrue and become payable during the term
25 thereof as extended by this agreement and until the required
26 drilling operations are commenced upon the land covered thereby
27 or until some portion of such land is included within a partici-
28 pating area.

29 16. CONSERVATION: Operations hereunder and production
30 of unitized substances shall be conducted to provide for the most

1 economical and efficient recovery of said substances without
2 waste, as defined by or pursuant to state or Federal law or
3 regulation.

4 17. DRAINAGE: The unit operator shall take such measures
5 as the Supervisor deems appropriate and adequate to prevent
6 drainage of unitized substances from unitized land by wells on
7 land not subject to this agreement.

8 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The
9 terms, conditions and provisions of all leases, subleases and
10 other contracts relating to exploration, drilling, development
11 or operation for oil or gas on lands committed to this agreement
12 are hereby expressly modified and amended to the extent necessary
13 to make the same conform to the provisions hereof, but otherwise
14 to remain in full force and effect; and the parties hereto hereby
15 consent that the Secretary, as to Federal leases, and the Com-
16 mission, as to fee leases, shall and each by his approval hereof,
17 or by the approval hereof by his duly authorized representative,
18 does hereby establish, alter, change or revoke the drilling,
19 producing, rental, minimum royalty and royalty requirements of
20 Federal and fee leases committed hereto and the regulations in
21 respect thereto to conform said requirements to the provisions
22 of this agreement, and, without limiting the generality of the
23 foregoing, all leases, subleases and contracts are particularly
24 modified in accordance with the following:

25 (a) The development and operation of lands subject to
26 this agreement under the terms hereof shall be deemed full per-
27 formance of all obligations for development and operation with
28 respect to each and every separately owned tract subject to this
29 agreement, regardless of whether there is any development of any
30 particular tract of the unit area.

1 (b) Drilling and producing operations performed here-
2 under upon any tract of unitized lands will be accepted and
3 deemed to be performed upon and for the benefit of each and every
4 tract of unitized land, and no lease shall be deemed to expire
5 by reason of failure to drill or produce wells situated on the
6 land therein embraced.

7 (c) Suspension of drilling or producing operations on
8 all unitized lands pursuant to direction or consent of the
9 Secretary, or his duly authorized representative, shall be
10 deemed to constitute such suspension pursuant to such direction
11 or consent as to each and every tract of unitized land. A sus-
12 pension of drilling or producing operations limited to specified
13 lands shall be applicable only to such lands.

14 (d) Each lease, sublease or contract relating to the
15 exploration, drilling, development or operation for oil or gas
16 of lands other than those of the United States committed to this
17 agreement, which, by its terms might expire prior to the termina-
18 tion of this agreement, is hereby extended beyond any such term
19 so provided therein so that it shall be continued in full force
20 and effect for and during the term of this agreement.

21 (e) Any Federal lease for a fixed term of twenty (20)
22 years or any renewal thereof or any part of such lease which is
23 made subject to this agreement shall continue in force beyond
24 the term provided therein until the termination hereof. Any
25 other Federal lease committed hereto shall continue in force
26 beyond the term so provided therein or by law as to the land
27 committed so long as such lease remains subject hereto, provided
28 that production is had in paying quantities under this unit
29 agreement prior to the expiration date of the term of such lease,
30 or in the event actual drilling operations are commenced on

1 unitized land, in accordance with the provisions of this agreement,
2 prior to the end of the primary term of such lease and are being
3 diligently prosecuted at that time, such lease shall be extended
4 for two years and so long thereafter as oil or gas is produced
5 in paying quantities in accordance with the provisions of the
6 Mineral Leasing Act, Revision of 1960.

7 (f) Each sublease or contract relating to the operation
8 and development of unitized substances from lands of the United
9 States committed to this agreement, which by its terms would
10 expire prior to the time at which the underlying leases, as
11 extended by the immediately preceding paragraph, will expire,
12 is hereby extended beyond any such term so provided therein so
13 that it shall be continued in full force and effect for and
14 during the term of the underlying lease as such term is herein
15 extended.

16 (g) The segregation of any Federal lease committed to
17 this agreement is governed by the following provision in the
18 fourth paragraph of Sec. 17(j) of the Mineral Leasing Act, as
19 amended by the Act of September 2, 1960 (74 Stat. 781-784):
20 "Any (Federal) lease heretofore or hereafter committed to any
21 such (unit) plan embracing lands that are in part within and
22 in part outside of the area covered by any such plan shall be
23 segregated into separate leases as to the lands committed and
24 the lands not committed as of the effective date of unitization:
25 Provided, however, That any such lease as to the nonunitized
26 portion shall continue in force and effect for the term thereof
27 but for not less than two years from the date of such segregation
28 and so long thereafter as oil or gas is produced in paying quanti-
29 ties".

30 19. COVENANTS RUN WITH LAND: The covenants herein shall

1 be construed to be covenants running with the land with respect
2 to the interest of the parties hereto and their successors in
3 interest until this agreement terminates, and any grant, transfer
4 or conveyance of interest in land or leases subject hereto shall
5 be and hereby is conditioned upon the assumption of all privi-
6 leges and obligations hereunder by the grantee, transferee or
7 other successor in interest. No assignment or transfer of any
8 working interest, royalty or other interest subject hereto shall
9 be binding upon unit operator until the first day of the calendar
10 month after unit operator is furnished with the original, photo-
11 static or certified copy of the instrument of transfer.

12 20. EFFECTIVE DATE AND TERM: This agreement shall
13 become effective upon approval by the Secretary or his duly
14 authorized representative and shall terminate five (5) years
15 from said effective date unless

16 (a) such date of expiration is extended by the Director,
17 or

18 (b) it is reasonably determined prior to the expiration
19 of the fixed term or any extension thereof that the unitized land
20 is incapable of production of unitized substances in paying quanti-
21 ties in the formations tested hereunder and after notice of inten-
22 tion to terminate the agreement on such ground is given by the
23 unit operator to all parties in interest at their last known
24 addresses, the agreement is terminated with the approval of the
25 Supervisor, or

26 (c) a valuable discovery of unitized substances has been
27 made or accepted on unitized land during said initial term or any
28 extension thereof, in which event the agreement shall remain in
29 effect for such term and so long as unitized substances can be
30 produced in quantities sufficient to pay for the cost of producing

1 same from wells on unitized land within any participating area
2 established hereunder and, should production cease, so long
3 thereafter as unitized substances so discovered can be produced
4 as aforesaid, or

5 (d) it is terminated as heretofore provided in this
6 agreement. This agreement may be terminated at any time by not
7 less than 75 per centum, on an acreage basis, of the working
8 interest owners signatory hereto, with the approval of the
9 Supervisor; notice of any such approval to be given by the
10 unit operator to all parties hereto.

11 21. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION:

12 The Director is hereby vested with authority to alter or modify
13 from time to time in his discretion the quantity and rate of
14 production under this agreement when such quantity and rate of
15 production is not fixed pursuant to Federal or state law or
16 does not conform to any statewide voluntary conservation or
17 allocation program which is established, recognized and generally
18 adhered to by the majority of operators in such state, such
19 authority being hereby limited to alteration or modification in
20 the public interest, the purpose thereof and the public interest
21 to be served thereby to be stated in the order of alteration or
22 modification. Without regard to the foregoing, the Director
23 is also hereby vested with authority to alter or modify from
24 time to time in his discretion the rate of prospecting and
25 development and the quantity and rate of production under this
26 agreement when such alteration or modification is in the interest
27 of attaining the conservation objectives stated in this agreement
28 and is not in violation of any applicable Federal or state law.

29 Powers in this section vested in the Director shall only
30 be exercised after notice to unit operator and opportunity for

1 hearing to be held not less than 15 days from notice.

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

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

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

29 25. UNAVOIDABLE DELAY: All obligations under this agree-
30 ment requiring the unit operator to commence or continue drilling

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

14 26. NONDISCRIMINATION: In connection with the perform-
15 ance of work under this agreement, the operator agrees to comply
16 with all the provisions of Section 202 (1) to (7) inclusive of
17 Executive Order 11246 (30 F.R. 12319) as amended, which are
18 hereby incorporated by reference in this agreement.

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

1 money pending final settlement of the title dispute, and then
2 applied as earned or returned in accordance with such final
3 settlement.

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

6 28. PROTECTION OF POTASH DEPOSITS: No wells will be
7 drilled for oil or gas at a location on Federal lands which in
8 the opinion of the Supervisor would result in undue waste of
9 potash deposits or constitute a hazard to or unduly interfere
10 with mining operations being conducted for the extraction of
11 potash deposits.

12 The drilling or abandonment of any well on unitized land
13 shall be done in accordance with applicable oil and gas regula-
14 tions, including such requirements as to Federal lands as may
15 be prescribed by the Supervisor as necessary to prevent the
16 infiltration of oil, gas or water into formations containing
17 potash deposits or into mines or workings being utilized in the
18 extraction of such deposits.

19 Well records and survey plats that an oil and gas lessee
20 of Federal lands must file pursuant to applicable operating regu-
21 lations (30 CFR Part 221) shall be available for inspection at
22 the office of the Supervisor to any party holding a potash permit
23 or lease on the Federal land on which the well is situated
24 insofar as such records are pertinent to the mining and protection
25 of potash deposits.

26 29. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner
27 of any substantial interest in a tract within the unit area fails
28 or refuses to subscribe or consent to this agreement, the owner
29 of the working interest in that tract may withdraw said tract
30 from this agreement by written notice delivered to the Supervisor

1 and the unit operator prior to the approval of this agreement
2 by the Supervisor. Any oil or gas interests in lands within
3 the unit area not committed hereto prior to submission of this
4 agreement for final approval may thereafter be committed hereto
5 by the owner or owners thereof subscribing or consenting to this
6 agreement, and, if the interest is a working interest, by the
7 owner of such interest also subscribing to the unit operating
8 agreement. After operations are commenced hereunder, the right
9 of subsequent joinder, as provided in this section, by a working
10 interest owner is subject to such requirements or approvals, if
11 any, pertaining to such joinder as may be provided for in the
12 unit operating agreement. After final approval hereof, joinder
13 by a non-working interest owner must be consented to in writing
14 by the working interest owner committed hereto and responsible
15 for the payment of any benefits that may accrue hereunder in
16 behalf of such non-working interest. A non-working interest
17 may not be committed to this unit unless the corresponding
18 working interest is committed hereto. Joinder to the unit agree-
19 ment by a working interest owner, at any time, must be accompanied
20 by appropriate joinder to the unit operating agreement, if more
21 than one committed working interest owner is involved, in order
22 for the interest to be regarded as committed to this unit agree-
23 ment. Except as may otherwise herein be provided, subsequent
24 joinders to this agreement shall be effective as of the first
25 day of the month following the filing with the Supervisor of
26 duly executed counterparts of all or any papers necessary to
27 establish effective commitment of any tract to this agreement
28 unless objection to such joinder is duly made within 60 days by
29 the Supervisor.

30 30. COUNTERPARTS: This agreement may be executed in

1 any number of counterparts, no one of which needs to be exe-
2 cuted by all parties or may be ratified or consented to by
3 separate instrument in writing specifically referring hereto
4 and shall be binding upon all those parties who have executed
5 such a counterpart, ratification or consent hereto with the same
6 force and effect as if all such parties had signed the same docu-
7 ment and regardless of whether or not it is executed by all other
8 parties owning or claiming an interest in the lands within the
9 above described unit area.

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

UNIT OPERATOR AND WORKING INTEREST OWNER

Address: Box 964
Midland, Texas 79701
Date: 7-5-74

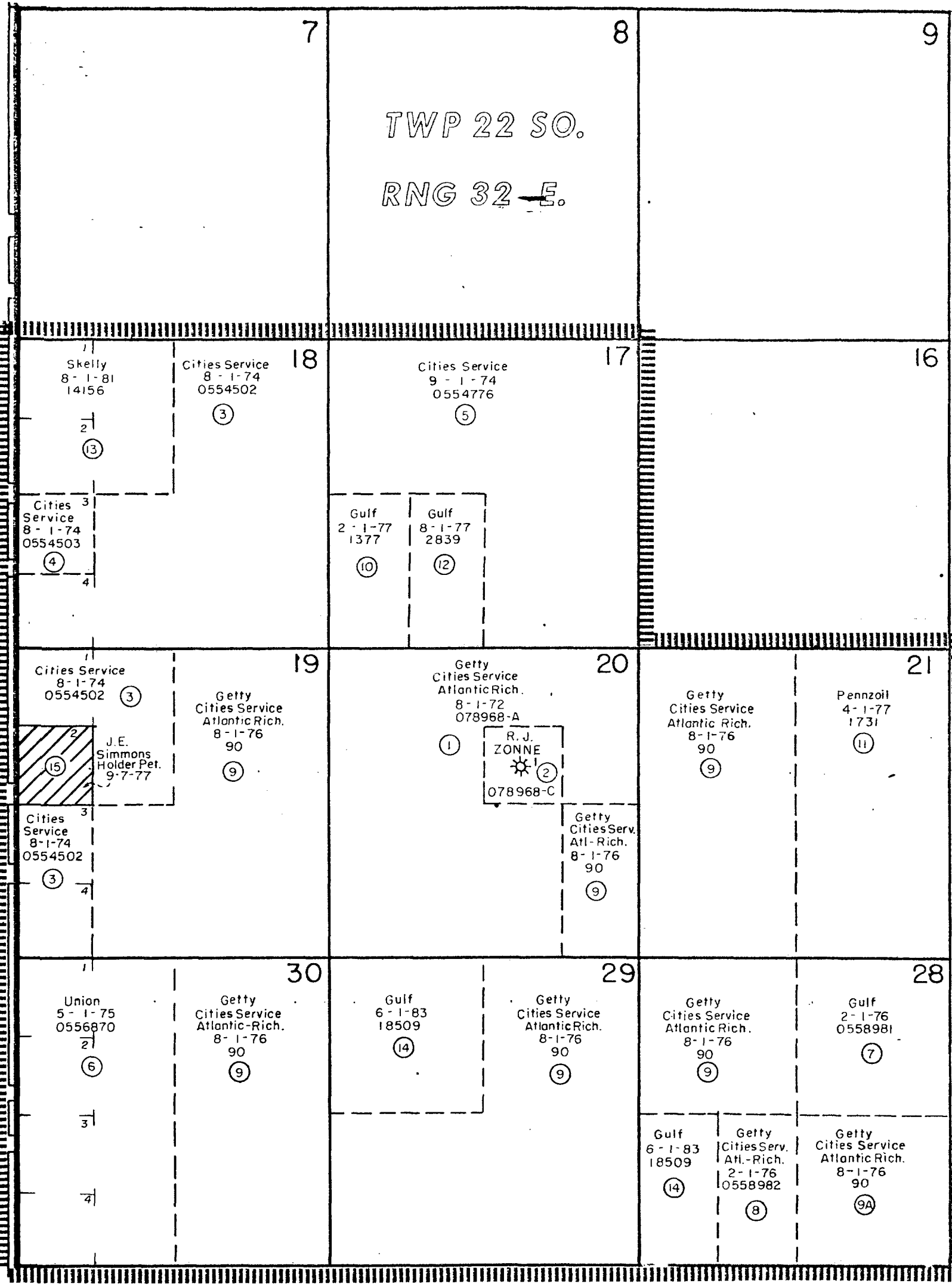
R. J. Zonne

STATE OF TEXAS)
 : ss
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 5th
day of July, 1974 by R. J. Zonne.

My Commission Expires:
6-1-74

K. L. Zeeck
Notary Public



FEDERAL LEASE SERIAL NUMBERS

- OUTLINE OF UNIT AREA
- TRACT NUMBER
- FEDERAL LAND, 5132.33 ACRES
99.136 % OF UNIT AREA
- FEE LAND 44.75 ACRES
00.864 % OF UNIT AREA

90
1377
1731
2839
14156
18509
078968-A
078968-C
0554502
0554503
0554776
0556870
0558981
0558982

EXHIBIT "A"
QUARRY UNIT
LEA COUNTY, NEW MEXICO

TOTAL 5,177.08 ACRES

EXHIBIT "B"
SCHEDULE OF LANDS AND LEASES
QUARRY UNIT AREA
LEA COUNTY, NEW MEXICO

Tract No.	Description	No. of Acres	Lease		Serial No. of Expiration Date	Basic		Lessee of Record	Overriding		Working Interest	
			No.	Date		Royalty and Ownership Percentage	Royalty Owner and Percentage		Royalty Owner and Percentage	Owner and Percentage		
Township 22 South, Range 32 East, N.M.P.M.												
Federal												
1	Sec. 20 - NW $\frac{1}{4}$, SW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$	520.00			NM 078968-A HBP	USA 12 $\frac{1}{2}$ %	Atlantic Richfield - 1/3 Cities Service - 1/3 Getty - 1/3	R. M. Young et ux Adele Young - 5%	*R.J. Zonne - 45.75079 *J.S. Abercrombie Mineral Co., Inc. - 25.00000 *Natural Gas Pipeline Company of America - 25.00000 *Gulf Oil Co. - 4.24921			
2	Sec. 20 - SW $\frac{1}{4}$ NE $\frac{1}{4}$	40.00			NM 078968-C HBP	USA 12.5%	R. J. Zonne - All	R.M. Young et ux Adele Young - 5%	*R.J. Zonne - 45.75079 *J.S. Abercrombie Mineral Co., Inc. - 25.00000 *Natural Gas Pipeline Company of America - 25.00000 *Gulf Oil Co. - 4.24921			
3	Sec. 18 - Lots 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ Sec. 19 - Lots 1, 3, 4, E $\frac{1}{2}$ NW $\frac{1}{4}$	658.97			NM 0554502 8/1/74	USA 12.5%	Cities Service -All	Thelma F. DeSmet now Thelma F. Davis - 5%	See Note 1			
4	Sec. 18 - Lot 3	44.58			NM 0554503 8/1/74	USA 12.5%	Cities Service -All	Katharine Walton et vir James A. Walton - 2 $\frac{1}{2}$ % C. E. Strange - 2 $\frac{1}{2}$ %	See Note 1			

EXHIBIT "B"

SCHEDULE OF LANDS AND LEASES

QUARRY UNIT AREA

LEA COUNTY, NEW MEXICO

Page 2

Tract No.	Description	No. of Acres	Lease Serial No. Expiration Date	Basic		Cities Service -All	Overriding		Working Interest Owner and Percentage
				Royalty and Ownership Percentage	Lessee of Record		Royalty Owner and Percentage		
5	Sec. 17 - N½, SE¼	480.00	NM 0554776 9/1/74	USA 12.5%			John B. Carter, Jr. Trustee for Catherine Brown Carter Trust and John Mason Carter Trust - 5%	See Note 1	
6	Sec. 30 - E½W½, Lots 1, 2, 3, 4	339.84	NM 0556870 5/1/75	USA 12.5%	Union Oil Co. of California - All		Frances C. Power - \$1000.00 per ac. PP out of 5%	See Note 1	
7	Sec. 28 - NE¼	160.00	NM 0558981 2/1/76	USA 12.5%	Gulf Oil Co. - All		R. R. Lowdon - 4% Thomas Allen - 1%	Gulf Oil Co. - 100%	
8	Sec. 28 - E½SW¼	80.00	NM 0558982 2/1/76	USA 12.5%	Atlantic Richfield - 1/3 Cities Service -1/3 Getty - 1/3		Lawrence C. Harris et ux Marion V. Harris - 5%	See Note 1	
9	Sec. 19 - E½, E½SW¼ Sec. 21 - W½ Sec. 28 - NW¼ Sec. 29 - E½, SW¼ Sec. 30 - E½	1760.00	NM 90 8/1/76	USA 12.5%	Atlantic Richfield - 1/3 Cities Service - 1/3 Getty - 1/3		William F. Brainerd et ux Constance Jean Brainerd - 2½% Russell D. Mann-1¼% A. D. Solsbery -1¼%	See Note 1	

*R.J. Zonne - 45.75079

*J.S. Abercrombie
Mineral Co., Inc. -
25.00000

*Natural Gas Pipeline
Company of America -
25.00000

*Gulf Oil Co. - 4.24921

EXHIBIT "B"
SCHEDULE OF LANDS AND LEASES
QUARRY UNIT AREA
LEA COUNTY, NEW MEXICO

Page 3

Tract No.	Description	No. of Acres	Lease		Basic Royalty and Ownership Percentage	Lessee of Record	Overriding Royalty Owner and Percentage		Working Interest Owner and Percentage	
			Serial No.	Expiration Date			Owner and Percentage	Owner and Percentage		
1A	Sec. 28 - SE $\frac{1}{4}$	160.00	NM 90	8/1/76	USA 12.5%	Atlantic Richfield - 1/3 Cities Service - 1/3 Getty - 1/3	William F. Brainerd et ux Constance Jean Brainerd - 2 $\frac{1}{2}$ % Russell D. Mann - 1 $\frac{1}{4}$ % A.D. Solsbery - 1 $\frac{1}{4}$ %	Atlantic Richfield - 1/3 Cities Service - 1/3 Getty - 1/3		
10	Sec. 17 - W $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	NM 1377	2/1/77	USA 12.5%	Gulf Oil Co. - All	Charles A. Pennington - 5%	See Note 1		
11	Sec. 21 - E $\frac{1}{2}$	320.00	NM 1731	4/1/77	USA 12.5%	Pennzoil - All	Joseph F. Jannesse - 2% R. E. Boyle et ux Sweetie Boyle - 3/4 of 1% Heirs of Henry Denton, dec. - 3/4 of 1% Central Southwest Oil Corp. - 1%	Pennzoil - 100%		
12	Sec. 17 - E $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	NM 2839	8/1/77	USA 12.5%	Gulf Oil Co. - All	A. Lansdale - 4%	See Note 1		
13	Sec. 18 - Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$	168.94	NM 14156-A	8/1/81	USA 12.5%	Skelly - All	Leo P. Morgan - 5%	Skelly - 100%		
14	Sec. 28 - W $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 29 - NW $\frac{1}{4}$	240.00	NM 18509	6/1/83	USA 12.5%	Gulf Oil Co. - All	Otis Rosacker - 5%	See Note 1		

EXHIBIT "B"
 SCHEDULE OF LANDS AND LEASES
 QUARRY UNIT AREA
 LEA COUNTY, NEW MEXICO

Tract No.	Description	No. of Acres	Lease Serial No. Expiration Date	Fee - James	James 18.75% Holder Petroleum Corporation - 1/2	J.E. Simmons - 1/2	None	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage

Fee

15 Sec. 19 - Lot 2 44.75 Fee - James 18.75% J.E. Simmons - 1/2 None See Note 1

Total Federal Acreage - 5,132.33 or 99.136%
 Total Fee acreage - 44.75 or .864%

Total acreage in unit 5,177.08

*These working interests, in addition to being subject to the overriding royalty interests shown, are subject to an overriding royalty of 1/16 of 8/8 until payout of the R. J. Zonne No. 1 Federal well located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 20, said 1/16 overriding royalty being payable as follows:

Atlantic Richfield Company	.92454
Cities Service Oil Company	3.40178
Getty Oil Company	1.29435
Gulf Oil Company	.18491
Union Oil Company of California	.39270
J. E. Simmons	.05172
	<u>6.25000</u>

After payout of the above mentioned well the respective owners of the overriding royalty have the option to convert their interests to working interests and if converted the interests shown on Exhibit "B" as to all formations down to the base of the Morrow formation will be as follows:

EXHIBIT "B"
SCHEDULE OF LANDS AND LEASES
QUARRY UNIT AREA
LEA COUNTY, NEW MEXICO

Tract No.	Description	No. of Acres	Lease Serial No. Expiration Date	Basic		Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	Page
				Royalty and Ownership Percentage	Lessee of Record			

R. J. Zonne				22.87539				
J. S. Abercrombie Mineral Company, Inc.				12.50000				
Natural Gas Pipeline Company of America				12.50000				
Atlantic Richfield Company				7.08203				
Cities Service Oil Company				26.05788				
Getty Oil Company				9.91484				
Gulf Oil Company				5.66562				
Union Oil Company of California				3.00809				
J. E. Simmons				0.39615				
				<u>100.00000</u>				

All interests in these tracts before and after payout of the above mentioned well below the base of the Morrow formation are owned by the lessees of record as shown on this Exhibit "B".

Note 1: The working interest ownership of all acreage where this note is referred to, as to all formations down to the base of the Morrow formation, is as follows:

R. J. Zonne	22.87539
J. S. Abercrombie Mineral Company, Inc.	12.50000
Natural Gas Pipeline Company of America	12.50000
Atlantic Richfield Company	7.08203
Cities Service Oil Company	26.05788
Getty Oil Company	9.91484
Gulf Oil Company	5.66562
Union Oil Company of California	3.00809
J. E. Simmons	0.39615
	<u>100.00000</u>

The working interests in all formations below the base of the Morrow formation are the same as shown under "Lessee of Record" on this Exhibit "B"

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

ATTEST:

F. Hopkins
ASSISTANT Secretary

NATURAL GAS PIPELINE COMPANY OF AMERICA

Walter D. Verner
VICE President *Tr #1, 2, 9*

ATTEST:

Secretary

President

STATE OF TEXAS)
COUNTY OF HARRIS) : ss

The foregoing instrument was acknowledged before me this ____ day of June, 1974 by WALTER D. VERNER VICE President of NATURAL GAS PIPELINE COMPANY OF AMERICA a Delaware corporation, on behalf of said corporation.

My Commission Expires:
6-1-75

Bette Chase
Notary Public BETTE CHASE

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of June, 1974 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

ATTEST:

J. S. ABERCROMBIE MINERAL COMPANY, INC.

 Richard Freide
Asst. Secretary

By: Anthony Bryan
President IT #1, 2, 9

ATTEST:

Secretary

President

STATE OF TEXAS)
 : ss
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 22nd day of JUNE, 1974 by Anthony Bryan President of J. S. ABERCROMBIE MINERAL COMPANY, INC., a Texas corporation, on behalf of said corporation.

My Commission Expires:
6-1-75

Gwen Lorentz
Notary Public
GWEN LORENTZ
Notary Public in and for Harris County, Texas

STATE OF _____)
 : ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF _____)
 : ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 9A.

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

~~ATTEST:~~

ATLANTIC RICHFIELD COMPANY

~~Secretary~~

D. L. Smith
Power of Attorney ~~President~~
Filed NM 0558400 Attorney-in-Fact
T. #1, S. 9

ATTEST:

Secretary

President

STATE OF TEXAS)
COUNTY OF MIDLAND) : ss

The foregoing instrument was acknowledged before me this 11th day of July 1974 by D. L. Smith Attorney-in-Fact of Atlantic Richfield Company a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires:
June 1, 1975

Yvonne Brooks
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 9A.

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

~~ATTEST:~~

CITIES SERVICE OIL COMPANY

~~Secretary~~

Wiley C. Hill
Wiley C. Hill ~~President~~ Attorney-in-Fact
TR #1, 3, 4, 5, 8, 9

ATTEST:

Secretary

President

STATE OF Oklahoma)
COUNTY OF TULSA) : ss

The foregoing instrument was acknowledged before me this 19th day of July 1974 by Wiley C. Hill of Cities Service Oil Company a Delaware corporation, on behalf of said corporation.

My Commission Expires:
MY COMMISSION EXPIRES OCTOBER 26, 1975

Nora Lippert
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 9A.

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

ATTEST:

C. B. Nathan
Asst. Secretary

GETTY OIL COMPANY

Clyde E. Willbern
Attorney-In-Fact President Tr. #1, 8, 9,

ATTEST:

Secretary

President

STATE OF Texas)
COUNTY OF Harris) : SS

The foregoing instrument was acknowledged before me this 22 day of July 1974 by CLYDE E. WILLBERN of Getty Oil Company a Delaware corporation, on behalf of said corporation.

My Commission Expires:
June 1, 1975

Deanna M. Lott
Notary Public

STATE OF _____)
COUNTY OF _____) : SS

DEANNA M. LOTT
Notary Public In and for Harris County, Texas,
My commission expires June 1, 1975.

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts 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

ATTEST:

~~Secretary~~

By: [Signature]
~~President~~ Attorney in Fact
TR #6

ATTEST:

Secretary

President

STATE OF Texas)
COUNTY OF Midland) : ss

The foregoing instrument was acknowledged before me this 8th day of July, 1974 by [Signature] Attorney in Fact ~~President~~ of Union Oil Company of California a California corporation, on behalf of said corporation.

My Commission Expires:
June 1, 1975

[Signature]
MAVIS JONES
Notary Public
Midland Co. Texas
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 7.

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

ATTEST:

Asst. Secretary

GULF OIL CORPORATION

J. A. Hord
Attorney-in-Fact
TE # 10, 12, 14

ATTEST:

Secretary

President

STATE OF TEXAS)
COUNTY OF MIDLAND) : ss

The foregoing instrument was acknowledged before me this 25th day of July 1974 by J. A. HORD of Gulf Oil Corporation a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires:
6-1-75

Gladys M. Evers
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

ATTEST:

Holder Petroleum Corporation

Elizabeth A. Kaiser
Secretary

A. C. Holder
President *TH. 15*

ATTEST:

Secretary

President

STATE OF New Mexico)
COUNTY OF Lea) : ss

The foregoing instrument was acknowledged before me this 24th day of June, 1974 by A. C. Holder President of Holder Petroleum Corp., a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

July 8, 1978

Betty A. Kaiser
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

J. E. Simmons TR #15

STATE OF New Mexico)
COUNTY OF Lea) : ss

The foregoing instrument was acknowledged before me this 27
day of June 1974 by J. E. Simmons

My Commission Expires:

July 8, 1978

Betty A. Kaiser

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____
day of _____ 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____
day of _____ 1974 by _____ President
of _____, a _____ corporation,
on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

Adele J. Young

R. M. Young, Jr.

TR # 1, 2

STATE OF NEW MEXICO)
: ss
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 1st day of July 1974 by R. M. Young, Jr., and Adele J. Young, his wife.

My Commission Expires:
February 15th, 1976.

Notary Public in and for
Santa Fe County, New Mexico.

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

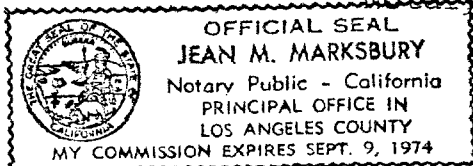
A. Lansdale, a Widow

STATE OF CALIFORNIA)
COUNTY OF ORANGE) : ss

The foregoing instrument was acknowledged before me this 27th
day of June 1974 by P. J. L. L. L.

My Commission Expires:

STATE OF _____)
COUNTY OF _____) ss



The foregoing instrument was acknowledged before me this _____
day of _____ 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

AKA Thelma F. Davis
Thelma F. Davis
TR # 3
STATE OF NEW MEXICO : ss
COUNTY OF CHANDLER

The foregoing instrument was acknowledged before me this 27th day of JUNE 1974 by Thelma F. Davis, formerly Thelma F. DeSmet.

My Commission Expires: FEB. 19, 1976
STATE OF WASHINGTON)
COUNTY OF CLALLAM) : ss
Carl N. Swickard
Notary Public
RESIDING IN BATTLEGROUND, THEREIN

The foregoing instrument was acknowledged before me this ____ day of _____ 1974 by _____

My Commission Expires: _____
Notary Public
STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

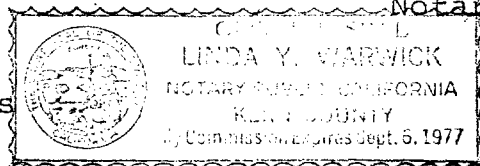
Katharine Walton
James A. Walton TR #4

STATE OF California)
COUNTY OF Lea) : ss

The foregoing instrument was acknowledged before me this 1 day of June 1974 by Katharine Walton
James A. Walton

My Commission Expires: _____

STATE OF _____)
COUNTY OF _____) : ss



Linda Y. Warwick
Notary Public

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

STATE OF CALIFORNIA)
COUNTY OF KERN) ss

The foregoing instrument was acknowledged before me this 10th day of July 1974 by C. E. Strange and Sherrie R. Strange, husband and wife

My Commission Expires: PUBLIC - CALIFORNIA

STATE OF : SS
COUNTY OF)

The foregoing instrument was acknowledged before me this _____
day of 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

John B. Carter, Jr.
Trustee for John Mason Carter and Catherine Browne Carter Trusts
STATE OF TEXAS)
COUNTY OF HARRIS) : ss

The foregoing instrument was acknowledged before me this 8 day of July 1974 by John B. Carter, Jr., Trustee for John Mason Carter and Catherine Browne Carter Trusts.

My Commission Expires: June 1, 1975

John B. Carter, Jr.
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

LAWRENCE C. HARRIS

Marion V. Harris
MARION V. HARRIS

STATE OF NEW MEXICO)
COUNTY OF Chaves) :ss

The foregoing instrument was acknowledged before me this 25th day of June 1974 by Lawrence C. Harris and Marion V. Harris,
his wife.

My Commission Expires:
July 15, 1974

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____
day of _____ 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

Case 5301

LAW OFFICES

HINKLE, BONDURANT, COX & EATON

TELEPHONE (505) 622-6510

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

600 HINKLE BUILDING

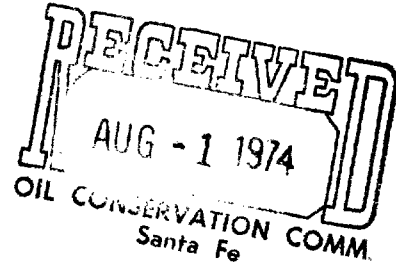
POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

July 31, 1974

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

ANDREW ALLEN



Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate application of Cleary Petroleum Corporation for approval of the Quarry Unit Agreement, Lea County, New Mexico, together with 3 copies of the unit agreement.

The writer has heretofore spoken with Dan Nutter with respect to placing this matter on the examiner's docket for August 21.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By

A handwritten signature in dark ink, appearing to read "Clarence E. Hinkle", written over a horizontal line.

CEH:cs
Enc.

DOCKET MAILED

Date 8-9-74

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO
CONTRACT NUMBER 14-08-0001-14170

WHEREAS, on July 29, 1974 the Acting Area Oil and Gas Supervisor of the United States Geological Survey approved the Unit Agreement for the Development and Operation of the Quarry Unit Area, Lea County, New Mexico bearing Contract Number 14-08-0001-14170, and

WHEREAS, said unit agreement designated R. J. Zonne of Midland, Texas as unit operator, and

WHEREAS, R. J. Zonne has sold and assigned certain of his interests which are subject to said unit agreement to Cleary Petroleum Corporation, a Delaware corporation with a Certificate of Authority to do Business in the State of New Mexico, and

WHEREAS, R. J. Zonne is desirous of resigning as unit operator with the request that Cleary Petroleum Corporation be appointed as unit operator, all subject to approval of the Supervisor of the United States Geological Survey and the working interest owners and the acceptance by Cleary Petroleum Corporation of the duties and responsibilities of unit operator in accordance with the terms of said unit agreement.

NOW, THEREFORE, the undersigned R. J. Zonne does hereby resign as operator of the Quarry Unit Agreement in favor of and requests that Cleary Petroleum Corporation be appointed and approved as unit operator of said unit agreement, all in accordance with the terms and provisions of said unit agreement.

DATED this 6th day of August, 1974.


R. J. Zonne

ACCEPTANCE AS UNIT OPERATOR
BY CLEARY PETROLEUM CORPORATION

The undersigned, Cleary Petroleum Corporation, does hereby accept the duties and responsibilities of the unit operator in accordance with the provisions of the Agreement for the Development and Operation of the Quarry Unit Area, subject to approval of the working interest owners and the Supervisor of the United States Geological Survey.

DATED this 15th day of August, 1974.

CLEARY PETROLEUM CORPORATION

By Donald R. Sterne

Vice President

ACCEPTANCE AS UNIT OPERATOR
BY CLEARY PETROLEUM CORPORATION

The undersigned, Cleary Petroleum Corporation, does hereby accept the duties and responsibilities of the unit operator in accordance with the provisions of the Agreement for the Development and Operation of the Quarry Unit Area, subject to approval of the working interest owners and the Supervisor of the United States Geological Survey.

DATED this 15th day of August, 1974.

CLEARY PETROLEUM CORPORATION

By Donald R. Sterne

Vice President

Approved SEP 16 1974

Effective SEP 16 1974

Dennis E. Alcock
ACTING Area Oil & Gas Supervisor
U. S. Geological Survey

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

WHEREAS, R. J. Zonne who was designated as unit operator in the Unit Agreement for the Development and Operation of the Quarry Unit Area which was approved by the Supervisor on July 29, 1974, bearing Contract Number 14-08-0001-14170, has resigned as unit operator in favor of Cleary Petroleum Corporation and Cleary Petroleum Corporation has agreed to accept the duties and responsibilities of unit operator in accordance with the terms of said unit agreement, subject to the approval of the Supervisor of the United States Geological Survey and the working interest owners.

NOW, THEREFORE, the undersigned (whether one or more), being the owners of leasehold or mineral interests committed to the Quarry Unit Agreement, do hereby respectively approve the change of unit operator from R. J. Zonne to Cleary Petroleum Corporation.

This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 9th day of August, 1974.

ATLANTIC RICHFIELD COMPANY

By

A. T. Smith
Attorney-in-Fact

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

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This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 9th day of August, 1974.

CITIES SERVICE OIL COMPANY

By Wiley C. Hill
Attorney-in-Fact
Wiley C. Hill

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

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DATED this 16 day of August, 1974.

ATTEST:

B. B. Southern
Asst. Secretary

GETTY OIL COMPANY

By Clyde E. Wallbom
Attorney-in-Fact

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

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This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 7th day of August, 1974.

UNION OIL COMPANY OF CALIFORNIA

By Samuel C. Terry
Attorney-in-Fact

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

WHEREAS, R. J. Zonne who was designated as unit operator in the Unit Agreement for the Development and Operation of the Quarry Unit Area which was approved by the Supervisor on July 29, 1974, bearing Contract Number 14-08-0001-14170, has resigned as unit operator in favor of Cleary Petroleum Corporation and Cleary Petroleum Corporation has agreed to accept the duties and responsibilities of unit operator in accordance with the terms of said unit agreement, subject to the approval of the Supervisor of the United States Geological Survey and the working interest owners.

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This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 22nd day of August, 1974.

GULF OIL CORPORATION

By

W B Hapkins
Attorney-in-Fact

APPROVED AS
TO FORM ONLY
DATE 8-20-74
C. C. HAIRSTON 664
ATTORNEY

43
211

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

WHEREAS, R. J. Zonne who was designated as unit operator in the Unit Agreement for the Development and Operation of the Quarry Unit Area which was approved by the Supervisor on July 29, 1974, bearing Contract Number 14-08-0001-14170, has resigned as unit operator in favor of Cleary Petroleum Corporation and Cleary Petroleum Corporation has agreed to accept the duties and responsibilities of unit operator in accordance with the terms of said unit agreement, subject to the approval of the Supervisor of the United States Geological Survey and the working interest owners.

NOW, THEREFORE, the undersigned (whether one or more), being the owners of leasehold or mineral interests committed to the Quarry Unit Agreement, do hereby respectively approve the change of unit operator from R. J. Zonne to Cleary Petroleum Corporation.

This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 14th day of August, 1974.

ATTEST:

J. H. Hoptkins
ASSISTANT Secretary

NATURAL GAS PIPELINE COMPANY OF AMERICA

By J. S. Ramsay
ASSISTANT Vice President

RM

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

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NOW, THEREFORE, the undersigned (whether one or more), being the owners of leasehold or mineral interests committed to the Quarry Unit Agreement, do hereby respectively approve the change of unit operator from R. J. Zonne to Cleary Petroleum Corporation.

This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 16 day of August, 1974.

ATTEST:

Richard D. Frueh
Asst Secretary

J. S. ABERCROMBIE MINERAL COMPANY, INC.

By James W. Berry
President

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY


APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

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NOW, THEREFORE, the undersigned (whether one or more), being the owners of leasehold or mineral interests committed to the Quarry Unit Agreement, do hereby respectively approve the change of unit operator from R. J. Zonne to Cleary Petroleum Corporation.

This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 22 day of August, 1974.



J. E. Simmons

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPROVAL OF CHANGE OF UNIT OPERATOR
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

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NOW, THEREFORE, the undersigned (whether one or more), being the owners of leasehold or mineral interests committed to the Quarry Unit Agreement, do hereby respectively approve the change of unit operator from R. J. Zonne to Cleary Petroleum Corporation.

This acceptance may be executed in any number of counterparts, no one of which needs to be executed by all working interest owners and shall be binding upon all those who have executed such a counterpart, with the same force and effect as if all working interest owners had signed the same instrument.

DATED this 12th day of August, 1974.

ATTEST:

Elizabeth A. Kaiser
Secretary

HOLDER PETROLEUM CORPORATION

By

Al Holder
President

CERTIFICATION--DETERMINATION


Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Area Oil and Gas Supervisors of the Geological Survey, I do hereby:

A. Approve the attached agreement for the development and operation of the Quarry Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated July 29, 1974.


Acting Area Oil and Gas Supervisor
United States Geological Survey

Contract Number 14-08-0001-14170

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
UNITED STATES GEOLOGICAL SURVEY

APPLICATION FOR APPROVAL OF THE UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
QUARRY UNIT AREA, LEA COUNTY, NEW MEXICO

Area Supervisor
United States Geological Survey
Roswell, New Mexico 88201

Comes R. J. Zonne, acting by and through the undersigned attorneys, and files herewith an original and three copies of the proposed Unit Agreement for the Development and Operation of the Quarry Unit Area, Lea County, New Mexico, together with an original and one copy of the Unit Operating Agreement executed in connection therewith, and respectfully requests approval of said Unit Agreement, and in support thereof respectfully shows:

1. That acting pursuant to the application of applicant on June 20, 1974 the Conservation Manager of the Central Region acting for the Director of the United States Geological Survey designated the Quarry Unit Area as an area logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended. In connection with such designation, the letter of approval also designated the form of unit agreement to be used with certain modifications.

2. That the Unit Area contains 14 federal tracts containing 5,132.33 acres, or 99.136% of the Unit Area and 1 tract of fee lands embracing 44.75 acres, or .864% of the Unit Area.

3. R. J. Zonne has executed the original Unit Agreement and commitment of the other record title owners and working interest owners has been made by Consents and Ratifications. In the case of Gulf Oil Company, Getty Oil Company, Cities Service Oil Company and Atlantic Richfield Company the Consents and Ratifications specifically except

Tracts 7 and 9A due to the fact that these companies are committing acreage in other parts of the unit. The owners of the record title and working interests in Tracts 11 and 13 did not desire to commit their interests in these tracts at this time. If at a later date any of the above interests become involved in the drilling of wells in the sections in which these tracts are located, the owners have indicated they will then consider joining the unit or working out a communitization agreement so that there will be orderly development of the unit area. Furthermore, R. J. Zonne's Federal No. 1 well which is the discovery well located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 20 was drilled under a working interest unit agreement in which the above mentioned tracts were not involved and consequently do not participate in the production from said well. The commitment of said acreage at this time would necessitate a complete revision of the percentages of participation in said well as well as an adjustment of costs, etc.

The record title ownership as well as the working interest ownership in Tract 15, which is the fee tract, has been fully committed.

In view of the foregoing it appears that the record title to all leasehold interests and all working interests shown on Exhibit "B" attached to the unit agreement have been committed except the following tracts:

Tract No. 7 - 160 acres
Tract No. 9A - 160 acres
Tract No. 11 - 320 acres
Tract No. 13 - <u>168.94</u> acres
808.94 acres

The above constitutes 15.62541% of the unit area which has not been fully committed.

4. All of the overriding royalty interests and interests payable out of production as shown on Exhibit "B" have been committed by Consents and Ratifications which are appended to the unit agreement except as follows:

Tract No. 6 containing 339.84 acres, the interest of Frances C. Power, being a production payment of \$1,000.00 per acre payable out of 5% of production;

Tract No. 9 containing 1760 acres, the interests of William F. Brainerd et ux Constance of 2½%, Russell D. Mann of 1¼% and A. D. Solsbery of 1¼%;

Tract No. 10 containing 80 acres, the 5% overriding royalty interest of Charles A. Pennington;

Tract No. 14 containing 240 acres, the 5% overriding royalty interest of Otis Rosacker.

There is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A", an Affidavit of R. J. Zonne who is named as unit operator in the unit agreement showing the present status of the interests above referred to which have not been committed to the unit agreement and the effort which has been made by Mr. Zonne to obtain the commitment of these interests. Mr. Zonne will continue his efforts to have these interests committed and it is his opinion that all of these interests will eventually be committed to the unit.

5. The oil and gas lease covering Tract No. 3 on Exhibit "B" will expire as of July 31, 1974. All preparations have been made to commence actual drilling operations on the unit test well provided for in the unit agreement prior to July 31, said well to be located at a standard location in the SE¼ Section 17, Township 22 South, Range 32 East and it is anticipated that the drilling of said well will be in progress on the expiration date of the above mentioned lease. It is of course imperative that the unit agreement be approved and effective prior to July 31 for the purpose of extending said lease; therefore, it is respectfully requested that prompt consideration be given to the approval of the unit agreement.

Respectfully submitted,

R. J. ZONNE

By


HINKLE, BONDURANT, COX & EATON
Attorneys for applicant

EXHIBIT "A"

AFFIDAVIT

STATE OF NEW MEXICO)
 : ss
COUNTY OF CHAVES)

R. J. Zonne, being first duly sworn upon his oath, states:

That he is the person who is designated as Unit Operator in the Unit Agreement for the Development and Operation of the Quarry Unit Area, Lea County, New Mexico, and with respect to the commitment of leasehold, mineral and overriding royalty interests to the unit agreement states:

1. In connection with Tract No. 6 shown on Exhibit "B" attached to the unit agreement, a copy of the Unit Agreement and copies of the form of Consent and Ratification were mailed to Frances E. Power at her last known address which was 634 - 63rd Terrace, Kansas City, Missouri. The letter was returned unclaimed and so far affiant has been unable to learn of the present whereabouts or address of the said Frances E. Power. A continued effort will be made to have the production payment held by Frances E. Power which is payable out of 5% of the production committed to the unit agreement.

2. In connection with Tract No. 9 shown on Exhibit "B" copies of the Unit Agreement and forms of Consent and Ratification were mailed several weeks ago to William F. Brainerd and wife, Constance Brainerd, Russell D. Mann and A. D. Solsbery. In the letter transmitting these instruments, all of said parties were invited to commit their respective interests to the unit agreement. So far there has been no reply from William F. Brainerd and wife; Russell D. Mann personally contacted affiant within the last few days and has indicated he will commit his interest to the unit agreement, but the Consent and Ratification has not yet been received.

Affiant has just recently learned that there is a question as to the title of the interest held by A. D. Solsbery. Affiant understands that an effort is being made by Mr. Solsbery to straighten out

the title and affiant feels that all of the above mentioned interests in Tract No. 9 will be committed.

3. With reference to Tract No. 10, a copy of the Unit Agreement and copies of the Consent and Ratification were mailed to Charles A. Pennington who is the owner of a 5% overriding royalty interest several weeks ago. Affiant has had some correspondence with Mr. Pennington in regard to the commitment of his interest, but so far the Consent and Ratification has not been received. Affiant feels that this interest will eventually be committed to the unit agreement.

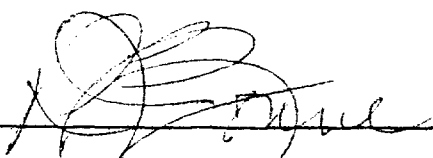
4. With reference to Tract No. 14, affiant has just recently learned that Otis Rosacker who is shown to be the owner of a 5% overriding royalty interest has assigned 1/2 of said interest, or 2½%, to G. R. Quintana but the assignment has not yet been filed with the Bureau of Land Management. A copy of the Unit Agreement and forms of Consent and Ratification will be sent to Mr. Quintana with the request that his interest be committed to the unit. Affiant feels reasonably certain that both the interests of Otis Rosacker and G. R. Quintana will be committed to the unit agreement.

5. Exhibit "B" shows R. J. Zonne to be the owner of certain working interests in Tracts 1, 2, 3, 4, 5, 6, 8, 9, 10, 12, and 14. Said exhibit also shows certain working interests in and to Tracts 1 and 2 to be owned by J. S. Abercrombie Mineral Company, Inc. and Natural Gas Pipeline Company of America and also by Gulf Oil Company. Assignments of operating rights covering all of the interests hereinabove referred to including those of R. J. Zonne have been filed in the office of the Bureau of Land Management at Santa Fe, but have not yet been approved, however showing has been made as to the qualifications of the respective parties to hold said interests and to the best of affiant's knowledge and belief said assignments will be approved in due course.

SUBSCRIBED AND SWORN TO before me this 25th day of July, 1974.

My Commission Expires:

7/3/77

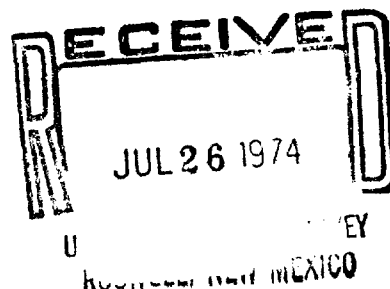


Charlotte Landrey
Notary Public

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
QUARRY UNIT AREA
COUNTY OF LEA
STATE OF NEW MEXICO

TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
1	ENABLING ACT AND REGULATIONS	2
2	UNIT AREA	2
3	UNITIZED LAND AND UNITIZED SUBSTANCES	6
4	UNIT OPERATOR	6
5	RESIGNATION OR REMOVAL OF UNIT OPERATOR	6
6	SUCCESSOR UNIT OPERATOR	8
7	ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT	8
8	RIGHTS AND OBLIGATIONS OF UNIT OPERATOR	9
9	DRILLING TO DISCOVERY	10
10	PLAN OF FURTHER DEVELOPMENT AND OPERATION	12
11	PARTICIPATION AFTER DISCOVERY	13
12	ALLOCATION OF PRODUCTION	16
13	DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS	17
14	ROYALTY SETTLEMENT	18
15	RENTAL SETTLEMENT	19
16	CONSERVATION	20
17	DRAINAGE	20
18	LEASES AND CONTRACTS CONFORMED AND EXTENDED	20
19	COVENANTS RUN WITH LAND	23
20	EFFECTIVE DATE AND TERM	24
21	RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION	25
22	APPEARANCES	25
23	NOTICES	26



<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
24	NO WAIVER OF CERTAIN RIGHTS	26
25	UNAVOIDABLE DELAY	26
26	NONDISCRIMINATION	27
27	LOSS OF TITLE	27
28	PROTECTION OF POTASH DEPOSITS	27
29	NON-JOINDER AND SUBSEQUENT JOINDER	28
30	COUNTERPARTS	29

1 UNIT AGREEMENT
2 FOR THE DEVELOPMENT AND OPERATION
3 OF THE
4 QUARRY UNIT AREA
5 COUNTY OF LEA
6 STATE OF NEW MEXICO

7 THIS AGREEMENT entered into as of the 1st day of June,
8 1974, by and between the parties subscribing, ratifying or
9 consenting hereto, and herein referred to as the "parties
10 hereto".

11 WITNESSETH:

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

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

25 WHEREAS, the Oil Conservation Commission of the State of
26 New Mexico is authorized by an Act of the Legislature (Chapter
27 72, Laws of 1935, as amended by Chapter 193, Laws of 1937,
28 Chapter 166, Laws of 1941, and Chapter 168, Laws of 1949) to
29 approve this agreement and the conservation provision hereof;
30 and

31 WHEREAS, the parties hereto hold sufficient interests in
32 the Quarry Unit Area covering the land hereinafter described to

1 give reasonably effective control of operations therein; and

2 WHEREAS, it is the purpose of the parties hereto to con-
3 serve natural resources, prevent waste and secure other benefits
4 obtainable through development and operation of the area subject
5 to this agreement under the terms, conditions and limitations
6 herein set forth;

7 NOW, THEREFORE, in consideration of the premises and the
8 promises herein contained, the parties hereto commit to this
9 agreement their respective interests in the below defined unit
10 area, and agree severally among themselves as follows:

11 1. ENABLING ACT AND REGULATIONS: The Mineral Leasing
12 Act of February 25, 1920, as amended, supra, and all valid
13 pertinent regulations, including operating and unit plan regula-
14 tions, heretofore issued thereunder or valid, pertinent and
15 reasonable regulations hereafter issued thereunder are accepted
16 and made a part of this agreement as to Federal lands, provided
17 such regulations are not inconsistent with the terms of this
18 agreement; and as to non-Federal lands, the oil and gas operating
19 regulations in effect as of the effective date hereof governing
20 drilling and producing operations, not inconsistent with the
21 terms hereof or the laws of the state in which the non-Federal
22 land is located, are hereby accepted and made a part of this
23 agreement.

24 2. UNIT AREA: The following described land is hereby
25 designated and recognized as constituting the unit area:

26 Township 22 South, Range 32 East, N.M.P.M.

27 Section 17 - All Section 21 - All
28 Section 18 - All Section 28 - All
29 Section 19 - All Section 29 - All
30 Section 20 - All Section 30 - All
containing 5,177.08 acres, more or less.

1 Exhibit "A" attached hereto is a map showing the unit area and
2 the boundaries and identity of tracts and leases in said area
3 to the extent known to the unit operator. Exhibit "B" attached
4 hereto is a schedule showing to the extent known to the unit
5 operator the acreage, percentage and kind of ownership of oil
6 and gas interests in all land in the unit area. However,
7 nothing herein or in said schedule or map shall be construed as
8 a representation by any party hereto as to the ownership of
9 any interest other than such interest or interests as are shown
10 in said map or schedule as owned by such party. Exhibits "A"
11 and "B" shall be revised by the unit operator whenever changes
12 in the unit area render such revision necessary when requested
13 by the Oil and Gas Supervisor, hereinafter referred to as "Super-
14 visor", and not less than five (5) copies of the revised exhibits
15 shall be filed with the Supervisor and one (1) copy with the
16 New Mexico Oil Conservation Commission, hereinafter referred to
17 as "Commission".

18 The above described unit area shall when practicable be
19 expanded to include therein any additional lands or shall be
20 contracted to exclude lands whenever such expansion or contraction
21 is deemed to be necessary or advisable to conform with the pur-
22 poses of this agreement. Such expansion or contraction shall be
23 effected in the following manner:

24 (a) Unit operator, on its own motion or on demand of
25 the Director of the Geological Survey, hereinafter referred to
26 as "Director", shall prepare a notice of proposed expansion or
27 contraction describing the contemplated changes in the boundaries
28 of the unit area, the reasons therefor, and the proposed effective
29 date thereof, preferably, the first day of a month subsequent
30 to the date of notice.

1 (b) Said notice shall be delivered to the Supervisor
2 and copies thereof mailed to the last known address of each
3 working interest owner, lessee and lessor whose interests are
4 affected, advising that thirty (30) days will be allowed for
5 submission to the unit operator of any objections.

6 (c) Upon expiration of the 30-day period provided in
7 the preceding item (b) hereof, unit operator shall file with
8 the Supervisor evidence of mailing of the notice of expansion
9 or contraction and a copy of any objections thereto which have
10 been filed with the unit operator, together with an application
11 in sufficient number for approval of such expansion or contrac-
12 tion and with appropriate joinders.

13 (d) After due consideration of all pertinent information,
14 the expansion or contraction shall, upon approval by the Super-
15 visor, become effective as of the date prescribed in the notice
16 thereof.

17 (e) All legal subdivision of lands (i.e., 40 acres by
18 Government survey or its nearest lot or tract equivalent; in
19 instances of irregular surveys unusually large lots or tracts
20 shall be considered in multiples of 40 acres or the nearest
21 aliquot equivalent thereof), no parts of which are entitled to
22 be in a participating area on or before the fifth anniversary of
23 the effective date of the first initial participating area
24 established under this unit agreement, shall be eliminated auto-
25 matically from this agreement, effective as of said fifth anni-
26 versary, and such lands shall no longer be a part of the unit
27 area and shall no longer be subject to this agreement, unless
28 diligent drilling operations are in progress on unitized lands
29 not entitled to participation on said fifth anniversary, in which
30 event all such lands shall remain subject hereto for so long as

1 such drilling operations are continued diligently, with not
2 more than 90 days' time elapsing between the completion of
3 one such well and the commencement of the next such well. All
4 legal subdivision of lands not entitled to be in a participating
5 area within 10 years after the effective date of the initial
6 participating area approved under this agreement shall be auto-
7 matically eliminated from this agreement as of said tenth
8 anniversary. All lands proved productive by diligent drilling
9 operations after the aforesaid 5-year period shall become parti-
10 cipating in the same manner as during said 5-year period. However,
11 when such diligent drilling operations cease, all nonparticipating
12 lands shall be automatically eliminated effective as of the 91st
13 day thereafter. The unit operator shall within 90 days after
14 the effective date of any elimination hereunder describe the
15 area so eliminated to the satisfaction of the Supervisor and
16 promptly notify all parties in interest.

17 If conditions warrant extension of the 10-year period
18 specified in this subsection 2(e), a single extension of not to
19 exceed 2 years may be accomplished by consent of the owners of
20 90% of the working interests in the current nonparticipating
21 unitized lands and the owners of 60% of the basic royalty
22 interests (exclusive of the basic royalty interests of the United
23 States) in nonparticipating unitized lands with approval of the
24 Director, provided such extension application is submitted to
25 the Director not later than 60 days prior to the expiration of
26 said 10-year period.

27 Any expansion of the unit area pursuant to this section
28 which embraces lands theretofore eliminated pursuant to this
29 subsection 2(e) shall not be considered automatic commitment
30 or recommitment of such lands.

1 3. UNITIZED LAND AND UNITIZED SUBSTANCES: All land
2 committed to this agreement shall constitute land referred to
3 herein as "unitized land" or "land subject to this agreement".
4 All oil and gas in any and all formations of the unitized land
5 are unitized under the terms of this agreement and herein are
6 called "unitized substances".

7 4. UNIT OPERATOR: R. J. Zonne of Midland, Texas is
8 hereby designated as unit operator and by signature hereto as
9 unit operator agrees and consents to accept the duties and
10 obligations of unit operator for the discovery, development and
11 production of unitized substances as herein provided. Whenever
12 reference is made herein to the unit operator, such reference
13 means the unit operator acting in that capacity and not as an
14 owner of interest in unitized substances, and the term "working
15 interest owner" when used shall include or refer to unit operator
16 as the owner of a working interest when such an interest is owned
17 by him.

18 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator
19 shall have the right to resign at any time prior to the establish-
20 ment of a participating area or areas hereunder, but such resig-
21 nation shall not become effective so as to release unit operator
22 from the duties and obligations of unit operator and terminate
23 unit operator's rights as such for a period of 6 months after
24 notice of intention to resign has been served by unit operator
25 on all working interest owners and the Supervisor and until all
26 wells then drilled hereunder are placed in a satisfactory condi-
27 tion for suspension or abandonment whichever is required by the
28 Supervisor as to Federal lands and the Commission as to fee lands,
29 unless a new unit operator shall have been selected and approved
30 and shall have taken over and assumed the duties and obligations

1 of unit operator prior to the expiration of said period.

2 Unit operator shall have the right to resign in like
3 manner and subject to like limitations as above provided at any
4 time a participating area established hereunder is in existence,
5 but, in all instances of resignation or removal, until a suc-
6 cessor unit operator is selected and approved as hereinafter
7 provided, the working interest owners shall be jointly responsible
8 for performance of the duties of unit operator, and shall not
9 later than 30 days before such resignation or removal becomes
10 effective appoint a common agent to represent them in any action
11 to be taken hereunder.

12 The resignation of unit operator shall not release unit
13 operator from any liability for any default by it hereunder
14 occurring prior to the effective date of his resignation.

15 The unit operator may, upon default or failure in the
16 performance of his duties or obligations hereunder, be subject
17 to removal by the same percentage vote of the owners of working
18 interests as herein provided for the selection of a new unit
19 operator. Such removal shall be effective upon notice thereof
20 to the Supervisor.

21 The resignation or removal of unit operator under this
22 agreement shall not terminate its right, title or interest as
23 the owner of a working interest or other interest in unitized
24 substances, but upon the resignation or removal of unit operator
25 becoming effective, such unit operator shall deliver possession
26 of all wells, equipment, materials and appurtenances used in
27 conducting the unit operations to the new duly qualified successor
28 unit operator or to the common agent, if no such new unit operator
29 is elected, to be used for the purpose of conducting unit opera-
30 tions hereunder. Nothing herein shall be construed as authorizing

1 removal of any material, equipment and appurtenances needed
2 for the preservation of any wells.

3 6. SUCCESSOR UNIT OPERATOR: Whenever the unit operator
4 shall tender his or its resignation as unit operator or shall
5 be removed as hereinabove provided, or a change of unit operator
6 is negotiated by working interest owners, the owners of the
7 working interests in the participating area or areas according
8 to their respective acreage interests in such participating
9 area or areas, or, until a participating area shall have been
10 established, the owners of the working interests according to
11 their respective acreage interests in all unitized land, shall
12 by majority vote select a successor unit operator: Provided,
13 That, if a majority but less than 75 per cent of the working
14 interests qualified to vote are owned by one party to this agree-
15 ment, a concurring vote of one or more additional working interest
16 owners shall be required to select a new operator. Such selection
17 shall not become effective until

18 (a) a unit operator so selected shall accept in writing
19 the duties and responsibilities of unit operator, and

20 (b) the selection shall have been approved by the Super-
21 visor.

22 If no successor unit operator is selected and qualified
23 as herein provided, the Director at his election may declare
24 this unit agreement erminated.

25 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT:
26 If the unit operator is not the sole owner of working interests,
27 costs and expenses incurred by unit operator in conducting unit
28 operations hereunder shall be paid and apportioned among and
29 borne by the owners of working interests, all in accordance with
30 the agreement or agreements entered into by and between the unit

1 operator and the owners of working interests, whether one or
2 more, separately or collectively. Any agreement or agreements
3 entered into between the working interest owners and the unit
4 operator as provided in this section, whether one or more, are
5 herein referred to as the "unit operating agreement". Such
6 unit operating agreement shall also provide the manner in which
7 the working interest owners shall be entitled to receive their
8 respective proportionate and allocated share of the benefits
9 accruing hereto in conformity with their underlying operating
10 agreements, leases, or other independent contracts, and such
11 other rights and obligations as between unit operator and the
12 working interest owners as may be agreed upon by unit operator
13 and the working interest owners; however, no such unit operating
14 agreement shall be deemed either to modify any of the terms and
15 conditions of this unit agreement or to relieve the unit operator
16 of any right or obligation established under this unit agreement,
17 and in case of any inconsistency or conflict between this unit
18 agreement and the unit operating agreement, this unit agreement
19 shall govern. Three true copies of any unit operating agreement
20 executed pursuant to this section shall be filed with the Super-
21 visor prior to approval of this unit agreement.

22 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as
23 otherwise specifically provided herein, the exclusive right,
24 privilege and duty of exercising any and all rights of the parties
25 hereto which are necessary or convenient for prospecting for,
26 producing, storing, allocating and distributing the unitized
27 substances are hereby delegated to and shall be exercised by the
28 unit operator as herein provided. Acceptable evidence of title
29 to said rights shall be deposited with said unit operator and,
30 together with this agreement, shall constitute and define the

1 rights, privileges and obligations of unit operator. Nothing
2 herein, however, shall be construed to transfer title to any
3 land or to any lease or operating agreement, it being understood
4 that under this agreement the unit operator, in his capacity as
5 unit operator, shall exercise the rights of possession and use
6 vested in the parties hereto only for the purposes herein speci-
7 fied.

8 9. DRILLING TO DISCOVERY: Within six (6) months after
9 the effective date hereof, the unit operator shall begin to
10 drill an adequate test well at a location approved by the Super-
11 visor, if on Federal land or the Commission if on fee land,
12 unless on such effective date a well is being drilled conformably
13 with the terms hereof, and thereafter continue such drilling
14 diligently until the base of the Morrow formation has been pene-
15 trated and all formations of the Pennsylvanian age have been
16 tested, or until at a lesser depth unitized substances shall be
17 discovered which can be produced in paying quantities (to-wit:
18 quantities sufficient to repay the costs of drilling, completing
19 and producing operations, with a reasonable profit) or the unit
20 operator shall at any time establish to the satisfaction of the
21 Supervisor if on Federal land, or the Commission if on fee land,
22 that further drilling of said well would be unwarranted or imprac-
23 ticable; provided, however, that unit operator shall not in any
24 event be required to drill said well to a depth in excess of
25 14,700 feet. Until the discovery of a deposit of unitized sub-
26 stances capable of being produced in paying quantities, the unit
27 operator shall continue drilling diligently one well at a time,
28 allowing not more than six (6) months between the completion of
29 one well and the beginning of the next well, until a well capable
30 of producing unitized substances in paying quantities is completed

1 to the satisfaction of said Supervisor if it be on Federal land
2 or the Commission if on fee land, or until it is reasonably
3 proved that the unitized land is incapable of producing unitized
4 substances in paying quantities in the formations drilled here-
5 under. Nothing in this section shall be deemed to limit the
6 right of the unit operator to resign as provided in Section 5
7 hereof, or as requiring unit operator to commence or continue
8 any drilling during the period pending such resignation becoming
9 effective in order to comply with the requirements of this section.
10 The Director may modify the drilling requirements of this section
11 by granting reasonable extensions of time when, in his opinion,
12 such action is warranted.

13 Upon failure to commence any well provided for in this
14 section within the time allowed, including any extension of time
15 granted by the Supervisor, this agreement will automatically
16 terminate; upon failure to continue drilling diligently any
17 well commenced hereunder, the Supervisor may, after 15 days notice
18 to the unit operator, declare this unit agreement terminated.

19 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within
20 6 months after completion of a well capable of producing unitized
21 substances in paying quantities, the unit operator shall submit
22 for the approval of the Supervisor an acceptable plan of develop-
23 ment and operation for the unitized land which, when approved by
24 the Supervisor, shall constitute the further drilling and operating
25 obligations of the unit operator under this agreement for the
26 period specified therein. Thereafter, from time to time before
27 the expiration of any existing plan, the unit operator shall submit
28 for the approval of the Supervisor a plan for an additional speci-
29 fied period for the development and operation of the unitized area.

30 Any plan submitted pursuant to this section shall provide

1 for the exploration of the unitized area and for the diligent
2 drilling necessary for determination of the area or areas thereof
3 capable of producing unitized substances in paying quantities in
4 each and every productive formation and shall be as complete and
5 adequate as the Supervisor may determine to be necessary for
6 timely development and proper conservation of the oil and gas
7 resources of the unitized area and shall:

8 (a) specify the number and location of any wells to be
9 drilled and the proposed order and time for such drilling; and

10 (b) to the extent practicable specify the operating
11 practices regarded as necessary and advisable for proper conser-
12 vation of natural resources.

13 Separate plans may be submitted for separate productive zones,
14 subject to approval of the Supervisor.

15 Plans shall be modified or supplemented when necessary
16 to meet changed conditions or to protect the interests of all
17 parties to this agreement. Reasonable diligence shall be exer-
18 cised in complying with the obligations of the approved plan of
19 development. The Supervisor is authorized to grant a reasonable
20 extension of the 6-month period herein prescribed for submission
21 of an initial plan of development where such action is justified
22 because of unusual conditions or circumstances. After completion
23 hereunder of a well capable of producing any unitized substance
24 in paying quantities, no further wells, except such as may be
25 necessary to afford protection against operations not under this
26 agreement and such as may be specifically approved by the Super-
27 visor shall be drilled except in accordance with a plan of develop-
28 ment approved as herein provided.

29 11. PARTICIPATION AFTER DISCOVERY: Determination as to
30 whether a well completed within the unit area prior to the effective

1 date of this agreement is capable of producing unitized sub-
2 stances in paying quantities shall be deferred until an initial
3 participating area is established as the result of the completion
4 of a well for production in paying quantities in accordance with
5 Section 9 hereof.

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

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

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

26 In the absence of agreement at any time between the unit
27 operator and the Supervisor as to the proper definition or re-
28 definition of a participating area, or until a participating
29 area has, or areas have, been established as provided herein,
30 the portion of all payments affected thereby shall be impounded

1 in a manner mutually acceptable to the owners of working interests
2 and the Supervisor and Commission. Royalties due the United
3 States shall be determined by the Supervisor for Federal lands
4 and the Commission for fee lands and the amount thereof shall be
5 deposited, as directed by the Supervisor and Commission, to be
6 held as unearned money until a participating area is finally
7 approved and then applied as earned or returned in accordance
8 with a determination of the sum due as Federal and fee royalty
9 on the basis of such approved participating area.

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

21 12. ALLOCATION OF PRODUCTION: All unitized substances
22 produced from each participating area established under this
23 agreement, except any part thereof used in conformity with good
24 operating practices within the unitized area for drilling, operat-
25 ing, camp and other production or development purposes, for re-
26 pressuring or recycling in accordance with a plan of development
27 approved by the Supervisor, or unavoidably lost, shall be deemed
28 to be produced equally on an acreage basis from the several tracts
29 of unitized land of the participating area established for such
30 production and, for the purpose of determining any benefits

1 accruing under this agreement, each such tract of unitized land
2 shall have allocated to it such percentage of said production
3 as the number of acres of such tract included in said participating
4 area bears to the total acres of unitized land in said partici-
5 pating area, except that allocation of production hereunder for
6 purposes other than for settlement of the royalty, overriding
7 royalty, or payment out of production obligations of the respective
8 working interest owners, shall be on the basis prescribed in the
9 unit operating agreement whether in conformity with the basis of
10 allocation herein set forth or otherwise. It is hereby agreed
11 that production of unitized substances from a participating area
12 shall be allocated as provided herein regardless of whether any
13 wells are drilled on any particular part or tract of said partici-
14 pating area. If any gas produced from one participating area is
15 used for repressuring or recycling purposes in another partici-
16 pating area, the first gas withdrawn from such last mentioned
17 participating area for sale during the life of this agreement
18 shall be considered to be the gas so transferred until an amount
19 equal to that transferred shall be so produced for sale and such
20 gas shall be allocated to the participating area from which
21 initially produced as such area was last defined at the time of
22 such final production.

23 13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND
24 OR FORMATIONS: Any party hereto owning or controlling the working
25 interest in any unitized land having thereon a regular well loca-
26 tion may with the approval of the Supervisor at such party's sole
27 risk, cost and expense, drill a well to test any formation for
28 which a participating area has not been established or to test
29 any formation for which a participating area has been established
30 if such location is not within said participating area, unless

1 within 90 days of receipt of notice from said party of his inten-
2 tion to drill the well the unit operator elects and commences to
3 drill such a well in like manner as other wells are drilled by
4 the unit operator under this agreement.

5 If any well drilled as aforesaid by a working interest
6 owner results in production such that the land upon which it is
7 situated may properly be included in a participating area, such
8 participating area shall be established or enlarged as provided
9 in this agreement and the well shall thereafter be operated by
10 the unit operator in accordance with the terms of this agreement
11 and the unit operating agreement.

12 If any well drilled as aforesaid by a working interest
13 owner obtains production in quantities insufficient to justify
14 the inclusion of the land upon which such well is situated in
15 a participating area, such well may be operated and produced by
16 the party drilling the same subject to the conservation require-
17 ments of this agreement. The royalties in amount or value of
18 production from any such well shall be paid as specified in the
19 underlying lease and agreements affected.

20 14. ROYALTY SETTLEMENT: The United States and any
21 royalty owner who is entitled to take in kind a share of the sub-
22 stances now unitized hereunder shall hereafter be entitled to the
23 right to take in kind its share of the unitized substances, and
24 unit operator, or the working interest owner in case of the opera-
25 tion of a well by a working interest owner as herein provided for
26 in special cases, shall make deliveries of such royalty share
27 taken in kind in conformity with the applicable contracts, laws
28 and regulations. Settlement for royalty interest not taken in
29 kind shall be made by working interest owners responsible therefor
30 under existing contracts, laws and regulations, or by the unit

1 operator, on or before the last day of each month for unitized
2 substances produced during the preceding calendar month; provided,
3 however, that nothing herein contained shall operate to relieve
4 the lessees of any land from their respective lease obligations
5 for the payment of any royalties due under their leases.

6 If gas obtained from lands not subject to this agreement
7 is introduced into any participating area hereunder for use in
8 repressuring, stimulation of production or increasing ultimate
9 recovery in conformity with a plan of operations approved by
10 the Supervisor, a like amount of gas, after settlement as herein
11 provided for any gas transferred from any other participating
12 area and with appropriate deduction for loss from any cause, may
13 be withdrawn from the formation into which the gas is introduced,
14 royalty free as to dry gas, but not as to any products which may
15 be extracted therefrom; provided that such withdrawal shall be
16 at such time as may be provided in the approved plan of operations
17 or as may otherwise be consented to by the Supervisor as con-
18 forming to good petroleum engineering practice; and provided,
19 further, that such right of withdrawal shall terminate on the
20 termination of this unit agreement.

21 Royalty due the United States shall be computed as pro-
22 vided in the operating regulations and paid in value or delivered
23 in kind as to all unitized substances on the basis of the amounts
24 thereof allocated to unitized Federal land as provided herein at
25 the rate specified in the respective Federal lease, or at such
26 lower rate or rates as may be authorized by law or regulation;
27 provided, that for leases on which the royalty rate depends on
28 the daily average production per well, said average production
29 shall be determined in accordance with the operating regulations
30 as though each participating area were a single consolidated lease.

1 Royalty due on account of fee lands shall be computed and
2 paid on the basis of all unitized substances allocated to such
3 lands.

4 15. RENTAL SETTLEMENT: Rental or minimum royalties
5 due on leases committed hereto shall be paid by working interest
6 owners responsible therefor under existing contracts, law and
7 regulations provided that nothing herein contained shall operate
8 to relieve the lessees of any land from their respective lease
9 obligations for the payment of any rental or minimum royalty due
10 under their leases. Rental or minimum royalty for lands of the
11 United States subject to this agreement shall be paid at the
12 rate specified in the respective leases from the United States
13 unless such rental or minimum royalty is waived, suspended or
14 reduced by law or by approval of the Secretary or his duly
15 authorized representative.

16 Rentals on fee lands subject to this agreement shall be
17 paid at the rates specified in the respective leases.

18 With respect to any lease on non-Federal land containing
19 provisions which would terminate such lease unless drilling
20 operations are commenced upon the land covered thereby within
21 the time therein specified or rentals are paid for the privilege
22 of deferring such drilling operations, the rentals required
23 thereby shall, notwithstanding any other provisions of this agree-
24 ment, be deemed to accrue and become payable during the term
25 thereof as extended by this agreement and until the required
26 drilling operations are commenced upon the land covered thereby
27 or until some portion of such land is included within a partici-
28 pating area.

29 16. CONSERVATION: Operations hereunder and production
30 of unitized substances shall be conducted to provide for the most

1 economical and efficient recovery of said substances without
2 waste, as defined by or pursuant to state or Federal law or
3 regulation.

4 17. DRAINAGE: The unit operator shall take such measures
5 as the Supervisor deems appropriate and adequate to prevent
6 drainage of unitized substances from unitized land by wells on
7 land not subject to this agreement.

8 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The
9 terms, conditions and provisions of all leases, subleases and
10 other contracts relating to exploration, drilling, development
11 or operation for oil or gas on lands committed to this agreement
12 are hereby expressly modified and amended to the extent necessary
13 to make the same conform to the provisions hereof, but otherwise
14 to remain in full force and effect; and the parties hereto hereby
15 consent that the Secretary, as to Federal leases, and the Com-
16 mission, as to fee leases, shall and each by his approval hereof,
17 or by the approval hereof by his duly authorized representative,
18 does hereby establish, alter, change or revoke the drilling,
19 producing, rental, minimum royalty and royalty requirements of
20 Federal and fee leases committed hereto and the regulations in
21 respect thereto to conform said requirements to the provisions
22 of this agreement, and, without limiting the generality of the
23 foregoing, all leases, subleases and contracts are particularly
24 modified in accordance with the following:

25 (a) The development and operation of lands subject to
26 this agreement under the terms hereof shall be deemed full per-
27 formance of all obligations for development and operation with
28 respect to each and every separately owned tract subject to this
29 agreement, regardless of whether there is any development of any
30 particular tract of the unit area.

1 (b) Drilling and producing operations performed here-
2 under upon any tract of unitized lands will be accepted and
3 deemed to be performed upon and for the benefit of each and every
4 tract of unitized land, and no lease shall be deemed to expire
5 by reason of failure to drill or produce wells situated on the
6 land therein embraced.

7 (c) Suspension of drilling or producing operations on
8 all unitized lands pursuant to direction or consent of the
9 Secretary, or his duly authorized representative, shall be
10 deemed to constitute such suspension pursuant to such direction
11 or consent as to each and every tract of unitized land. A sus-
12 pension of drilling or producing operations limited to specified
13 lands shall be applicable only to such lands.

14 (d) Each lease, sublease or contract relating to the
15 exploration, drilling, development or operation for oil or gas
16 of lands other than those of the United States committed to this
17 agreement, which, by its terms might expire prior to the termina-
18 tion of this agreement, is hereby extended beyond any such term
19 so provided therein so that it shall be continued in full force
20 and effect for and during the term of this agreement.

21 (e) Any Federal lease for a fixed term of twenty (20)
22 years or any renewal thereof or any part of such lease which is
23 made subject to this agreement shall continue in force beyond
24 the term provided therein until the termination hereof. Any
25 other Federal lease committed hereto shall continue in force
26 beyond the term so provided therein or by law as to the land
27 committed so long as such lease remains subject hereto, provided
28 that production is had in paying quantities under this unit
29 agreement prior to the expiration date of the term of such lease,
30 or in the event actual drilling operations are commenced on

1 unitized land, in accordance with the provisions of this agreement,
2 prior to the end of the primary term of such lease and are being
3 diligently prosecuted at that time, such lease shall be extended
4 for two years and so long thereafter as oil or gas is produced
5 in paying quantities in accordance with the provisions of the
6 Mineral Leasing Act, Revision of 1960.

7 (f) Each sublease or contract relating to the operation
8 and development of unitized substances from lands of the United
9 States committed to this agreement, which by its terms would
10 expire prior to the time at which the underlying leases, as
11 extended by the immediately preceding paragraph, will expire,
12 is hereby extended beyond any such term so provided therein so
13 that it shall be continued in full force and effect for and
14 during the term of the underlying lease as such term is herein
15 extended.

16 (g) The segregation of any Federal lease committed to
17 this agreement is governed by the following provision in the
18 fourth paragraph of Sec. 17(j) of the Mineral Leasing Act, as
19 amended by the Act of September 2, 1960 (74 Stat. 781-784):
20 "Any (Federal) lease heretofore or hereafter committed to any
21 such (unit) plan embracing lands that are in part within and
22 in part outside of the area covered by any such plan shall be
23 segregated into separate leases as to the lands committed and
24 the lands not committed as of the effective date of unitization:
25 Provided, however, That any such lease as to the nonunitized
26 portion shall continue in force and effect for the term thereof
27 but for not less than two years from the date of such segregation
28 and so long thereafter as oil or gas is produced in paying quanti-
29 ties".

30 19. COVENANTS RUN WITH LAND: The covenants herein shall

1 be construed to be covenants running with the land with respect
2 to the interest of the parties hereto and their successors in
3 interest until this agreement terminates, and any grant, transfer
4 or conveyance of interest in land or leases subject hereto shall
5 be and hereby is conditioned upon the assumption of all privi-
6 leges and obligations hereunder by the grantee, transferee or
7 other successor in interest. No assignment or transfer of any
8 working interest, royalty or other interest subject hereto shall
9 be binding upon unit operator until the first day of the calendar
10 month after unit operator is furnished with the original, photo-
11 static or certified copy of the instrument of transfer.

12 20. EFFECTIVE DATE AND TERM: This agreement shall
13 become effective upon approval by the Secretary or his duly
14 authorized representative and shall terminate five (5) years
15 from said effective date unless

16 (a) such date of expiration is extended by the Director,
17 or

18 (b) it is reasonably determined prior to the expiration
19 of the fixed term or any extension thereof that the unitized land
20 is incapable of production of unitized substances in paying quanti-
21 ties in the formations tested hereunder and after notice of inten-
22 tion to terminate the agreement on such ground is given by the
23 unit operator to all parties in interest at their last known
24 addresses, the agreement is terminated with the approval of the
25 Supervisor, or

26 (c) a valuable discovery of unitized substances has been
27 made or accepted on unitized land during said initial term or any
28 extension thereof, in which event the agreement shall remain in
29 effect for such term and so long as unitized substances can be
30 produced in quantities sufficient to pay for the cost of producing

1 same from wells on unitized land within any participating area
2 established hereunder and, should production cease, so long
3 thereafter as unitized substances so discovered can be produced
4 as aforesaid, or

5 (d) it is terminated as heretofore provided in this
6 agreement. This agreement may be terminated at any time by not
7 less than 75 per centum, on an acreage basis, of the working
8 interest owners signatory hereto, with the approval of the
9 Supervisor; notice of any such approval to be given by the
10 unit operator to all parties hereto.

11 21. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION:

12 The Director is hereby vested with authority to alter or modify
13 from time to time in his discretion the quantity and rate of
14 production under this agreement when such quantity and rate of
15 production is not fixed pursuant to Federal or state law or
16 does not conform to any statewide voluntary conservation or
17 allocation program which is established, recognized and generally
18 adhered to by the majority of operators in such state, such
19 authority being hereby limited to alteration or modification in
20 the public interest, the purpose thereof and the public interest
21 to be served thereby to be stated in the order of alteration or
22 modification. Without regard to the foregoing, the Director
23 is also hereby vested with authority to alter or modify from
24 time to time in his discretion the rate of prospecting and
25 development and the quantity and rate of production under this
26 agreement when such alteration or modification is in the interest
27 of attaining the conservation objectives stated in this agreement
28 and is not in violation of any applicable Federal or state law.

29 Powers in this section vested in the Director shall only
30 be exercised after notice to unit operator and opportunity for

1 hearing to be held not less than 15 days from notice,

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

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

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

29 25. UNAVOIDABLE DELAY: All obligations under this agree-
30 ment requiring the unit operator to commence or continue drilling

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

14 26. NONDISCRIMINATION: In connection with the perform-
15 ance of work under this agreement, the operator agrees to comply
16 with all the provisions of Section 202 (1) to (7) inclusive of
17 Executive Order 11246 (30 F.R. 12319) as amended, which are
18 hereby incorproated by reference in this agreement.

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

1 money pending final settlement of the title dispute, and then
2 applied as earned or returned in accordance with such final
3 settlement.

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

6 28. PROTECTION OF POTASH DEPOSITS: No wells will be
7 drilled for oil or gas at a location on Federal lands which in
8 the opinion of the Supervisor would result in undue waste of
9 potash deposits or constitute a hazard to or unduly interfere
10 with mining operations being conducted for the extraction of
11 potash deposits.

12 The drilling or abandonment of any well on unitized land
13 shall be done in accordance with applicable oil and gas regula-
14 tions, including such requirements as to Federal lands as may
15 be prescribed by the Supervisor as necessary to prevent the
16 infiltration of oil, gas or water into formations containing
17 potash deposits or into mines or workings being utilized in the
18 extraction of such deposits.

19 Well records and survey plats that an oil and gas lessee
20 of Federal lands must file pursuant to applicable operating regu-
21 lations (30 CFR Part 221) shall be available for inspection at
22 the office of the Supervisor to any party holding a potash permit
23 or lease on the Federal land on which the well is situated
24 insofar as such records are pertinent to the mining and protection
25 of potash deposits.

26 29. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner
27 of any substantial interest in a tract within the unit area fails
28 or refuses to subscribe or consent to this agreement, the owner
29 of the working interest in that tract may withdraw said tract
30 from this agreement by written notice delivered to the Supervisor

1 and the unit operator prior to the approval of this agreement
2 by the Supervisor. Any oil or gas interests in lands within
3 the unit area not committed hereto prior to submission of this
4 agreement for final approval may thereafter be committed hereto
5 by the owner or owners thereof subscribing or consenting to this
6 agreement, and, if the interest is a working interest, by the
7 owner of such interest also subscribing to the unit operating
8 agreement. After operations are commenced hereunder, the right
9 of subsequent joinder, as provided in this section, by a working
10 interest owner is subject to such requirements or approvals, if
11 any, pertaining to such joinder as may be provided for in the
12 unit operating agreement. After final approval hereof, joinder
13 by a non-working interest owner must be consented to in writing
14 by the working interest owner committed hereto and responsible
15 for the payment of any benefits that may accrue hereunder in
16 behalf of such non-working interest. A non-working interest
17 may not be committed to this unit unless the corresponding
18 working interest is committed hereto. Joinder to the unit agree-
19 ment by a working interest owner, at any time, must be accompanied
20 by appropriate joinder to the unit operating agreement, if more
21 than one committed working interest owner is involved, in order
22 for the interest to be regarded as committed to this unit agree-
23 ment. Except as may otherwise herein be provided, subsequent
24 joinders to this agreement shall be effective as of the first
25 day of the month following the filing with the Supervisor of
26 duly executed counterparts of all or any papers necessary to
27 establish effective commitment of any tract to this agreement
28 unless objection to such joinder is duly made within 60 days by
29 the Supervisor.

30 30. COUNTERPARTS: This agreement may be executed in

1 any number of counterparts, no one of which needs to be exe-
2 cuted by all parties or may be ratified or consented to by
3 separate instrument in writing specifically referring hereto
4 and shall be binding upon all those parties who have executed
5 such a counterpart, ratification or consent hereto with the same
6 force and effect as if all such parties had signed the same docu-
7 ment and regardless of whether or not it is executed by all other
8 parties owning or claiming an interest in the lands within the
9 above described unit area.

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

UNIT OPERATOR AND WORKING INTEREST OWNER

Address: Brd 96d
Midland, Texas 79701
Date: 7-5-74

R. J. Zonne

STATE OF TEXAS)
 : ss
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 5th
day of July, 1974 by R. J. Zonne.

My Commission Expires:
6-1-74

H. L. Zeck
Notary Public

EXHIBIT "E"

SCHEDULE OF LANDS AND LEASES

QUARRY UNIT AREA

LEA COUNTY, NEW MEXICO

Tract No.	Description	No. of Acres	Lease Serial No. and Expiration Date	Basic		Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Royalty and Ownership Percentage	Lessee of Record		
Township 22 South, Range 32 East, N.M.P.M.							
Federal							
1	Sec. 20 - NW $\frac{1}{4}$, SW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$	520.00	NM 078968-A HBP	USA 12 $\frac{1}{2}$ %	Atlantic Richfield - 1/3 Cities Service -1/3 Getty - 1/3	R. M. Young et ux Adele Young - 5%	*R.J.Zonne - 45.75079 *J.S. Abercrombie Mineral Co., Inc. - 25.00000 *Natural Gas Pipeline Company of America - 25.00000 *Gulf Oil Co. - 4.24921
2	Sec. 20 - SW $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	NM 078968-C HBP	USA 12.5%	R. J. Zonne - All	R.M. Young et ux Adele Young - 5%	*R.J. Zonne - 45.75079 *J.S. Abercrombie Mineral Co., Inc. - 25.00000 *Natural Gas Pipeline Company of America - 25.00000 *Gulf Oil Co. - 4.24921
3	Sec. 18 - Lots 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ Sec. 19 - Lots 1, 3, 4, E $\frac{1}{2}$ NW $\frac{1}{4}$	658.97	NM 0554502 8/1/74	USA 12.5%	Cities Service -All	Thelma F. DeSmet now Thelma F. Davis - 5%	See Note 1
4	Sec. 18 - Lot 3	44.58	NM 0554503 8/1/74	USA 12.5%	Cities Service -All	Katharine Walton et vir James A. Walton - 2 $\frac{1}{2}$ % C. E. Strange - 2 $\frac{1}{2}$ %	See Note 1

EXHIBIT "B"

SCHEDULE OF LANDS AND LEASES
 QUARRY UNIT AREA
 LEA COUNTY, NEW MEXICO

Page 2

Tract No.	Description	No. of Acres	Lease Serial No. Expiration Date	Basic		Cities Service -All	Overriding		Working Interest Owner and Percentage
				Royalty and Ownership Percentage	Lessee of Record		Royalty Owner and Percentage		
5	Sec. 17 - N½, SE¼	480.00	NM 0554776 9/1/74	USA 12.5%			John B. Carter, Jr. Trustee for Catherine Brown Carter Trust and John Mason Carter Trust - 5%	See Note 1	
6	Sec. 30 - E½W½, Lots 1, 2, 3, 4	339.84	NM 0556870 5/1/75	USA 12.5%	Union Oil Co. of California - All		Frances C. Power - \$1000.00 per ac. PP out of 5%	See Note 1	
7	Sec. 28 - NE¼	160.00	NM 0558981 2/1/76	USA 12.5%	Gulf Oil Co. - All		R. R. Lowdon - 4% Thomas Allen - 1%	Gulf Oil Co. - 100	
8	Sec. 28 - E½SW¼	80.00	NM 0558982 2/1/76	USA 12.5%	Atlantic Richfield - 1/3 Cities Service -1/3 Getty - 1/3		Lawrence C. Harris et ux Marion V. Harris - 5%	See Note 1	
9	Sec. 19 - E½, E½SW¼ Sec. 21 - W½ Sec. 28 - NW¼ Sec. 29 - E½, SW¼ Sec. 30 - E½	1760.00	NM 90 8/1/76	USA 12.5%	Atlantic Richfield - 1/3 Cities Service - 1/3 Getty - 1/3		William F. Brainerd et ux Constance Jean Brainerd - 2½% Russell D. Mann-1½% A. D. Solsbery -1½%	See Note 1	

Sec. 20 - E $\frac{1}{2}$ SE $\frac{1}{4}$

*R.J. Zonne - 45.75079
 *J.S. Abercrombie
 Mineral Co., Inc. -
 25.00000
 *Natural Gas Pipeline
 Company of America -
 25.00000
 *Gulf Oil Co. - 4.2492

EXHIBIT "B"
SCHEDULE OF LANDS AND LEASES
QUARRY UNIT AREA
LEA COUNTY, NEW MEXICO

Page 3

act o.	Description	No. of Acres	Lease		Basic Royalty and Ownership Percentage	Lessee of Record	Overriding		Working Interest Owner and Percentage
			Serial No. Expiration Date				Royalty Owner and Percentage		
A	Sec. 28 - SE $\frac{1}{4}$	160.00	NM 90 8/1/76		USA 12.5%	Atlantic Richfield - 1/3 Cities Service - 1/3 Getty - 1/3	William F. Brainerd et ux Constance Jean Brainerd - 2 $\frac{1}{2}$ % Russell D. Mann - 1 $\frac{1}{4}$ % A.D. Solsbery - 1 $\frac{1}{4}$ %	Atlantic Richfield - 1/ Cities Service - 1/ Getty - 1/	
0	Sec. 17 - W $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	NM 1377 2/1/77		USA 12.5%	Gulf Oil Co. - All	Charles A. Pennington - 5%	See Note 1	
1	Sec. 21 - E $\frac{1}{4}$	320.00	NM 1731 4/1/77		USA 12.5%	Pennzoil - All	Joseph F. Jannesse - 2% R. E. Boyle et ux Sweetie Boyle - 3/4 of 1% Heirs of Henry Denton, dec. - 3/4 of 1% Central Southwest Oil Corp. - 1%	Pennzoil - 100%	
2	Sec. 17 - E $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	NM 2839 8/1/77		USA 12.5%	Gulf Oil Co. - All	A. Lansdale - 4%	See Note 1	
3	Sec. 18 - Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$	168.94	NM 14156-A 8/1/81		USA 12.5%	Skelly - All	Leo P. Morgan - 5%	Skelly - 100%	
4	Sec. 28 - W $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 29 - NW $\frac{1}{4}$	240.00	NM 18509 6/1/83		USA 12.5%	Gulf Oil Co. - All	Otis Rosacker - 5%	See Note 1	

EXHIBIT "B"
 SCHEDULE OF LANDS AND LEASES
 QUARRY UNIT AREA
 LEA COUNTY, NEW MEXICO

Tract No.	Description	No. of Acres	Lease Serial No. Expiration Date	Basic		Lessee of Record	Overriding		Working Interest Owner and Percentage
				Royalty and Ownership Percentage	Royalty Owner and Percentage		Royalty Owner and Percentage		

Fee 15	Sec. 19 - Lot 2	44.75	Fee - James	James 18.75%	J.E. Simmons - 1/2 Holder Petroleum Corporation - 1/2	None			See Note 1
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Total Federal Acreage - 5,132.33 or 99.136%
 Total Fee acreage - 44.75 or .864%

Total acreage in unit 5,177.08

*These working interests, in addition to being subject to the overriding royalty interests shown, are subject to an overriding royalty of 1/16 of 8/8 until payout of the R. J. Zonne No. 1 Federal well located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 20, said 1/16 overriding royalty being payable as follows:

Atlantic Richfield Company	.92454
Cities Service Oil Company	3.40178
Getty Oil Company	1.29435
Gulf Oil Company	.18491
Union Oil Company of California	.39270
J. E. Simmons	.05172
	<u>6.25000</u>

After payout of the above mentioned well the respective owners of the overriding royalty have the option to convert their interests to working interests and if converted the interests shown on Exhibit "B" as to all formations down to the base of the Morrow formation will be as follows:

EXHIBIT "B"
SCHEDULE OF LANDS AND LEASES
QUARRY UNIT AREA
LEA COUNTY, NEW MEXICO

Tract No.	Description	No. of Acres	Lease Serial No. Expiration Date	Basic		Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	Page
				Royalty and Ownership Percentage	Lessee of Record			
	R. J. Zonne			22.87539				
	J. S. Abercrombie Mineral Company, Inc.			12.50000				
	Natural Gas Pipeline Company of America			12.50000				
	Atlantic Richfield Company			7.08203				
	Cities Service Oil Company			26.05788				
	Getty Oil Company			9.91484				
	Gulf Oil Company			5.66562				
	Union Oil Company of California			3.00809				
	J. E. Simmons			0.39615				
				100.00000				

All interests in these tracts before and after payout of the above mentioned well below the base of the Morrow formation are owned by the lessees of record as shown on this Exhibit "B".

Note 1: The working interest ownership of all acreage where this note is referred to, as to all formations down to the base of the Morrow formation, is as follows:

R. J. Zonne	22.87539
J. S. Abercrombie Mineral Company, Inc.	12.50000
Natural Gas Pipeline Company of America	12.50000
Atlantic Richfield Company	7.08203
Cities Service Oil Company	26.05788
Getty Oil Company	9.91484
Gulf Oil Company	5.66562
Union Oil Company of California	3.00809
J. E. Simmons	0.39615
	100.00000

The working interests in all formations below the base of the Morrow formation are the same as shown under "Lessee of Record on this Exhibit "B"

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

ATTEST:

J. F. Hopkins
ASSISTANT Secretary

NATURAL GAS PIPELINE COMPANY OF AMERICA
Walter B. Verner
VICE President Tr. #1, 2, 9

ATTEST:

Secretary

President

STATE OF TEXAS)
COUNTY OF HARRIS) : ss

The foregoing instrument was acknowledged before me this ____ day of June, 1974 by WALTER B. VERNER VICE President of NATURAL GAS PIPELINE COMPANY OF AMERICA a Delaware corporation, on behalf of said corporation.

My Commission Expires: 6-1-75

Bette Chase BETTE CHASE
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of June, 1974 by _____

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

J.S. ABERCROMBIE MINERAL COMPANY, INC.

ATTEST:

Richard D. Fichte
Asst. Secretary

By: Anthony Bryan
President J.F. 1, 2, 9

ATTEST:

Secretary

President

STATE OF TEXAS)
: ss
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 22nd day of June, 1974 by Anthony Bryan President of J.S. ABERCROMBIE MINERAL COMPANY, INC., a Texas corporation, on behalf of said corporation.

My Commission Expires:
6-1-75

Gwen Lorentz
Notary Public
GWEN LORENTZ
Notary Public in and for Harris County, Texas

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 9A.

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

~~ATTEST~~

ATLANTIC RICHFIELD COMPANY

~~XXXXXXXXXX~~

A. L. Smith
Power of Attorney ~~President~~
Filed NM 0558400 Attorney-in-Fact
TR # 1, S. 7

ATTEST:

Secretary

President

STATE OF TEXAS)
COUNTY OF MIDLAND) : ss

The foregoing instrument was acknowledged before me this 11th day of July 1974 by A. L. Smith Attorney-in-Fact of Atlantic Richfield Company a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires: June 1, 1975

Yvonne Brooks
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 9A.

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

~~ATTEST:~~

CITIES SERVICE OIL COMPANY

~~Secretary~~

Wiley C. Hill
Wiley C. Hill ~~President~~ Attorney-in-Fact
TR #1, 3, 4, 5, 8, 9

ATTEST:

Secretary

President

STATE OF Oklahoma)
COUNTY OF TULSA) : ss

The foregoing instrument was acknowledged before me this 19th day of July 1974 by Wiley C. Hill ~~Attorney-in-Fact~~ of Cities Service Oil Company a Delaware corporation, on behalf of said corporation.

My Commission Expires:
MY COMMISSION EXPIRES OCTOBER 26, 1975

Dana L. Lippert
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 9A.

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

ATTEST:

B. D. Nathan
Asst. Secretary

GETTY OIL COMPANY

Clyde E. Willbern
President T. #1, 8, 9

ATTEST:

Secretary

President

STATE OF Texas)
COUNTY OF Harris) : SS

The foregoing instrument was acknowledged before me this 22 day of July 1974 by CLYDE E. WILLBERN, of Getty Oil Company a Delaware corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1975

STATE OF _____)
COUNTY OF _____) : SS

Deanna M. Lott
Notary Public
DEANNA M. LOTT
Notary Public In and for Harris County, Texas,
My commission expires June 1, 19 75

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

ATTEST:

UNION OIL COMPANY OF CALIFORNIA

By: Samuel C. Terry

~~President~~ Attorney in Fact

T#6

~~Secretary~~

ATTEST:

Secretary

President

STATE OF Texas)
COUNTY OF Midland) : ss

The foregoing instrument was acknowledged before me this 8th day of June, 1974 by SAMUEL C. TERRY ~~Attorney in Fact~~ President of Union Oil Company of California, a California corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1975

Mavis Jones
Notary Public

MAVIS JONES
Notary Public
Midland Co. Texas

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ ~~Attorney in Fact~~ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof, provided, however, the undersigned withhold from commitment to said unit agreement at this time their interests in Tract 7.

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

ATTEST:

Asst. Secretary

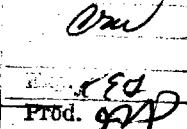
ATTEST:

GULF OIL CORPORATION

J. G. Ford

Attorney-in-Fact

TR # 10, 12, 14



CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

ATTEST:

Elizabeth A. Kaiser
Secretary

Holder Petroleum Corporation

A. C. Holder
President Tr. 15

ATTEST:

Secretary

President

STATE OF New Mexico)
COUNTY OF Lea) : ss

The foregoing instrument was acknowledged before me this 24th day of June, 1974 by A. C. Holder President of Holder Petroleum Corporation a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

July 8, 1978

Betty A. Kaiser
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

STATE OF _____)
COUNTY OF _____) : ss

Notary Public

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 1st day of June, 1974, together with a copy of the Unit Operating Agreement in connection therewith, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of leasehold, royalty or 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 Quarry Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof and of the unit operating agreement exactly the same as if the undersigned had executed the original of said unit agreement and unit operating agreement or counterparts thereof.

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

ATTEST:

Secretary

J. E. Simmons
~~President~~ TH #13

ATTEST:

Secretary

President

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of June, 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF New Mexico)
: ss
COUNTY OF Lea)

The foregoing instrument was acknowledged before me this 12th day of June, 1974 by J. E. SIMMONS

My Commission Expires: _____

Betty A. Kaiser
Notary Public

July 8, 1978

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

Adele J. Young

R. M. Young, Jr.

TR # 1, 2

STATE OF NEW MEXICO)
: ss
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 1st day of July 1974 by R. M. Young, Jr., and Adele J. Young, his wife.

My Commission Expires:
February 15th, 1976.

Mabel Gonzalez
Notary Public in and for
Santa Fe County, New Mexico.

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____

My Commission Expires: _____

Notary Public

STATE OF _____)
: ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

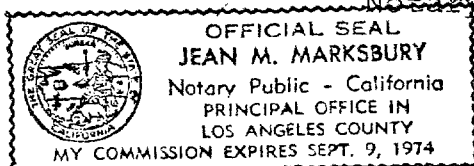
A. Lansdale, a Widow

STATE OF CALIFORNIA)
) ss
COUNTY OF ORANGE)

The foregoing instrument was acknowledged before me this 27th
day of June 1974 by P. Laredo

My Commission Expires:

STATE OF _____)
 : ss
COUNTY OF _____)



The foregoing instrument was acknowledged before me this _____
day of _____ 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

Thelma F. Davis
AKA Thelma F. Davis
TR # 3

STATE OF WASH
COUNTY OF BLAIR : ss

The foregoing instrument was acknowledged before me this 27th day of JUNE 1974 by Thelma F. Davis, formerly Thelma F. DeSmet.

My Commission Expires:
FEB. 19, 1976

Carl A. Lindgren
Notary Public
RESIDING IN BUTTE COUNTY, TEXAS

STATE OF WASHINGTON)
COUNTY OF CLALLAM) : ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this ____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

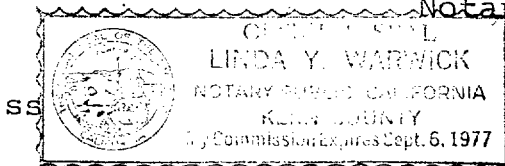
Ruthanne Walton
James A. Walton
STATE OF California)
COUNTY OF Lea)

TR #4

The foregoing instrument was acknowledged before me this 1
day of June 1974 by Ruthanne Walton
James A. Walton

My Commission Expires: _____

STATE OF _____)
COUNTY OF _____)



Linda Y. Warwick
Notary Public

The foregoing instrument was acknowledged before me this _____
day of _____ 1974 by _____

My Commission Expires: _____

STATE OF _____)
COUNTY OF _____)

Notary Public

The foregoing instrument was acknowledged before me this _____
day of _____ 1974 by _____ President
of _____, a _____ corporation,
on behalf of said corporation.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

STATE OF CALIFORNIA)
COUNTY OF KERN) ss

C. E. Strange
C. E. Strange
Sherrie R. Strange
Sherrie R. Strange
TR # 4

The foregoing instrument was acknowledged before me this 10th day of July 1974 by C. E. Strange and Sherrie R. Strange, husband and wife

My Commission Expires _____
 BOND FILED IN
 KERN COUNTY
 STATE OF _____
 MY COMMISSION EXPIRES DECEMBER 3, 1977

Laura Bean
Notary Public

STATE OF : SS
COUNTY OF)

The foregoing instrument was acknowledged before me this _____
day of _____ 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

STATE OF TEXAS)
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 5
day of June, 1974 by John B. Carter, Jr., Trustee for John Mason
Carter and Catherine Browne Carter Trusts.

My Commission Expires:

Jason Ross Lederman
Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____
day of 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
QUARRY UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and operation of the Quarry Unit Area embracing lands situated in Lea County, New Mexico, said agreement being dated June 1, 1974, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, being the owners of 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 Quarry 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 counterparts thereof.

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

LAWRENCE C. HARRIS

Marion V. Harris
MARION V. HARRIS

STATE OF NEW MEXICO)
COUNTY OF Chaves) ss

TR 48

The foregoing instrument was acknowledged before me this 25th day of June 1974 by Lawrence C. Harris and Marion V. Harris,
his wife.

My Commission Expires:
July 15, 1974

Notary Public

STATE OF _____)
COUNTY OF _____) : SS

The foregoing instrument was acknowledged before me this _____
day of 1974 by _____

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) : ss

The foregoing instrument was acknowledged before me this _____ day of _____ 1974 by _____ President of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

September 3, 1974

Mr. Paul Eaton
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 5301
ORDER NO. R-4949
Applicant:
Cleary Petroleum Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

R. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u> x </u>
Artesia OCC	<u> </u>
Aztec OCC	<u> </u>

Other _____ Unit Division - State Land Office