

TEXAS OIL & GAS CORP.

900 WILCO BUILDING

MIDLAND, TEXAS 79701

June 22, 1978

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey
Director

No. 6229

Re: Order No. R-5739
South Wilson State Unit Agree-
ment Lea County, New Mexico

Gentlemen:

Pursuant to Oil Conservation Division Order No. R-5739, I am enclosing herewith for your files, a copy of the Unit Agreement for the Development and Operation of the South Wilson State Unit Area Lea County, New Mexico bearing the original signature of Texas Oil & Gas Corp., Operator, and Consent and Ratification forms bearing original signatures of the parties consenting to the Unit Agreement, a Certificate of Approval dated June 8, 1978 bearing the original signature of Phil R. Lucero, Commissioner of Public Lands for the State of New Mexico, a copy of the June 8, 1978 letter from the Commissioner of Public Lands to Texas Oil & Gas Corp. and a copy of the Consent and Ratification form bearing the original signature of Cities Service Company. Cities Service Company had not signed the Consent and Ratification form at the time the Unit Agreement was approved. The Cities Service Company Consent and Ratification has been forwarded to the Commissioner of Public Lands for acceptance and approval.

Sincerely,



Doyle John Snow

DJS:s1

Enclosures

cc: Parties to State Unit Agreement
(Address list attached)
w/encl.

Mr. Joe D. Ramey
June 21, 1978
Page 2

John S. Catron and Thomas B. Catron
P. O. Box 788
Santa Fe, New Mexico 87501

Atlantic Richfield Company
P. O. Box 1610
Midland, Texas 79702

Wilson Oil Company
P. O. Box 1297
Santa Fe, New Mexico 87501

The Estate of Frances P. Bolton, Deceased,
D/B/A Wyoming Oil Company C/O Losee & Carson, P. A.
P. O. Box 239
Artesia, New Mexico 88201

Union Oil Company of California
500 N. Marienfield
Midland, Texas 79701

Phillips Petroleum Company
P. O. Box 1967
Houston, Texas 77001

Sabine Production Company
901 Wall Towers East
Midland, Texas 79701

Gulf Oil Corporation
P. O. Box 1150
Midland, Texas 79702

Columbia Gas Development Corporation
P. O. Box 1350
Houston, Texas 77001

Cayman Corporation
P. O. Box 2099
Palos Verdes Penin Sula, California 90274

Cities Service Oil Company
P. O. Box 1919
Midland, Texas 79701

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Cities Service Company

DATE: JUN 15 1978

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

Address: P.O. Box 1919
Midland, Texas 79701

P.O. Box 300
Tulsa, Oklahoma 73102

THE STATE OF OKLAHOMA
COUNTY OF TULSA

The foregoing instrument was acknowledged before me this 15th day of

June, 1978 by Wiley C. Hill,

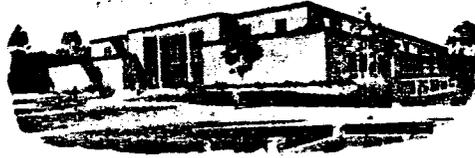
Attorney-in-Fact for Cities Service Company.

Evelyn M. Schultz
Notary Public
Evelyn M. Schultz

My Commission Expires:

JUL 25 1980

State of New Mexico



Commissioner of Public Lands

June 8, 1978

PHIL R. LUCERO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Texas Oil & Gas Corp.
900 Wilco Building
Midland, Texas 79701

Re: South Wilson State Unit Agreement
and Operating Agreement
Lea County, New Mexico

ATTENTION: Mr. Doyle John Snow

Gentlemen:

The Commissioner of Public Lands has this date approved the South Wilson State Unit, Lea County, New Mexico. The effective date to be as of the date of approval.

Our approval is with the understanding that tracts 2, 3, 4, 5, and 16 are not committed to the unit as of this date.

Enclosed are Five (5) Certificates of approval. Your Sixty (\$60.00) Dollar filing fee has been received.

We are enclosing two copies of the unit agreement surplus to our need.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY: *Ray D. Graham*
RAY D. GRAHAM, Director
Oil and Gas Division

PRE/RDG/s
encls.

cc: OCC-Santa Fe, New Mexico



NEW MEXICO STATE LAND OFFICE

CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

SOUTH WILSON STATE UNIT AREA

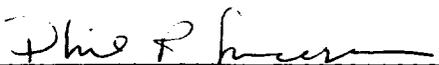
LEA COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated November 22, 1977, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

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

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 8th. day of June, 19 78.


COMMISSIONER OF PUBLIC LANDS
of the State of New Mexico

JUN 6 3 23 AM '78

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
SOUTH WILSON STATE UNIT AREA
LEA COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of November 22, 1977, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties," hereto

WITNESSETH:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Dec. 1 of Chapter 162, Laws of 1951 (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953 Annot.), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annot.) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annot.) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the South Wilson State Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

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

1. UNIT AREA: All depths 5,200 feet or more below the surface down to the base of the Morrow formation of the following described land are hereby designated and recognized as constituting the unit area:

Township 21 South, Range 34 East, N.M.P.M.

| | |
|-----------------|-----------------|
| Section 14: All | Section 23: All |
| Section 15: E/2 | Section 26: N/2 |
| Section 22: All | Section 27: All |

Containing 3,200.00 acres, more or less,
situated in Lea County, New Mexico.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibit "A" and "B" shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner."

All depths 5,200 feet or more below the surface down to the base of the Morrow formation of all land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline and associated fluid hydrocarbons in all formations lying 5,200 feet or more below the surface down to the base of the Morrow formation of the unitized land are unitized under the terms of this agreement and are herein called "unitized substances."

3. UNIT OPERATOR: Texas Oil & Gas Corp., whose address is 900 Wilco Building, Midland, Texas 79701, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances; and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator may resign its duties and obligations as operator at any time upon written notice of not less than ninety (90) days to all other parties, but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator shall be subject to removal by an affirmative vote for such removal of the majority according to interest of the owners of the working interest in the unit area; provided that, should one party to this agreement then own more than a majority of the working interest within

the unit area, a concurring vote of one additional party shall be necessary to remove unit operator. Such removal shall be effective upon giving ninety (90) days written notice thereof to unit operator, executed by such majority of parties hereto so voting for removal, and upon the acceptance in writing of the successor unit operator of the duties and responsibilities as unit operator.

The resignation, change or removal of unit operator under this agreement shall not terminate its right, title or interest as the owner of a working interest under this agreement, but upon the resignation, change or removal of unit operator becoming effective and the designation of a successor unit operator, such unit operator shall deliver possession of all equipment, material and appurtenances used in conducting the unit operations and owned by the working interest owners to the newly designated successor unit operator or to the owners thereof if no such new unit operator is selected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment or appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR: In the event of either sale of its interest, resignation or removal of unit operator, all parties to this contract shall select, by majority vote in interest a new unit operator who shall assume the responsibilities and duties and have the rights prescribed for unit operator by this agreement; provided that, should one party to this agreement then own more than a majority of the working interest within the unit area, a concurring vote of one additional party shall be necessary for selection of a new unit operator. The retiring unit operator shall deliver to its successor all records and information necessary to the discharge by the new unit operator of its duties and obligations. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner, at his election, may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS AND OPERATING AGREEMENT: If the unit operator is not the sole owner of working interests, costs and expenses incurred by unit operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the unit operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "operating agreement." Such operating agreement shall provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying sublease operating agreements, farmout agreements, leases, or other independent contracts, and such other rights and obligations as between unit operator and the working interest owners as may be agreed upon by unit operator and the working interest owners; however, no such operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within six (6) months after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Morrow series of the Pennsylvanian system or to such depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 12,800 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit), unit operator shall continue drilling diligently, one well at a time, allowing not more than six (6) months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proved to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six (6) months from the time of the completion of the initial discovery well and within thirty (30) days after the expiration of each twelve (12) month period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve (12) month period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N.M. Statutes 1953 Annotated of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and all other producing wells which may be drilled pursuant hereto as provided in the operating agreement.

For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area, except that allocation of production hereunder for purposes other than for settlement of royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its royalty share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such unitized substances.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual one-eighth (1/8th) royalty, the owner of each such lease shall alone bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the unit operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them, are being produced in paying quantities from any portion of said lands.

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

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any working, royalty or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and shall terminate in five (5) years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than 75% on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner of Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

21. UNAVOIDABLE DELAY: All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator as such is relieved from any responsibility for any defect of any title hereunder.

23. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

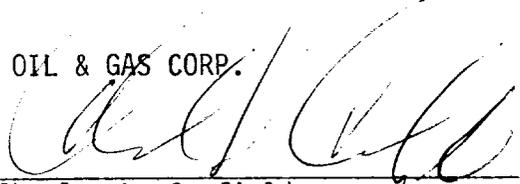
24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a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

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR

TEXAS OIL & GAS CORP.

By:


Charles L. Canfield,
Vice-President

ACKNOWLEDGMENT

THE STATE OF TEXAS ()
COUNTY OF MIDLAND ()

The foregoing instrument was acknowledged before me this _____
18th day of April, 1978, by Charles L. Canfield,

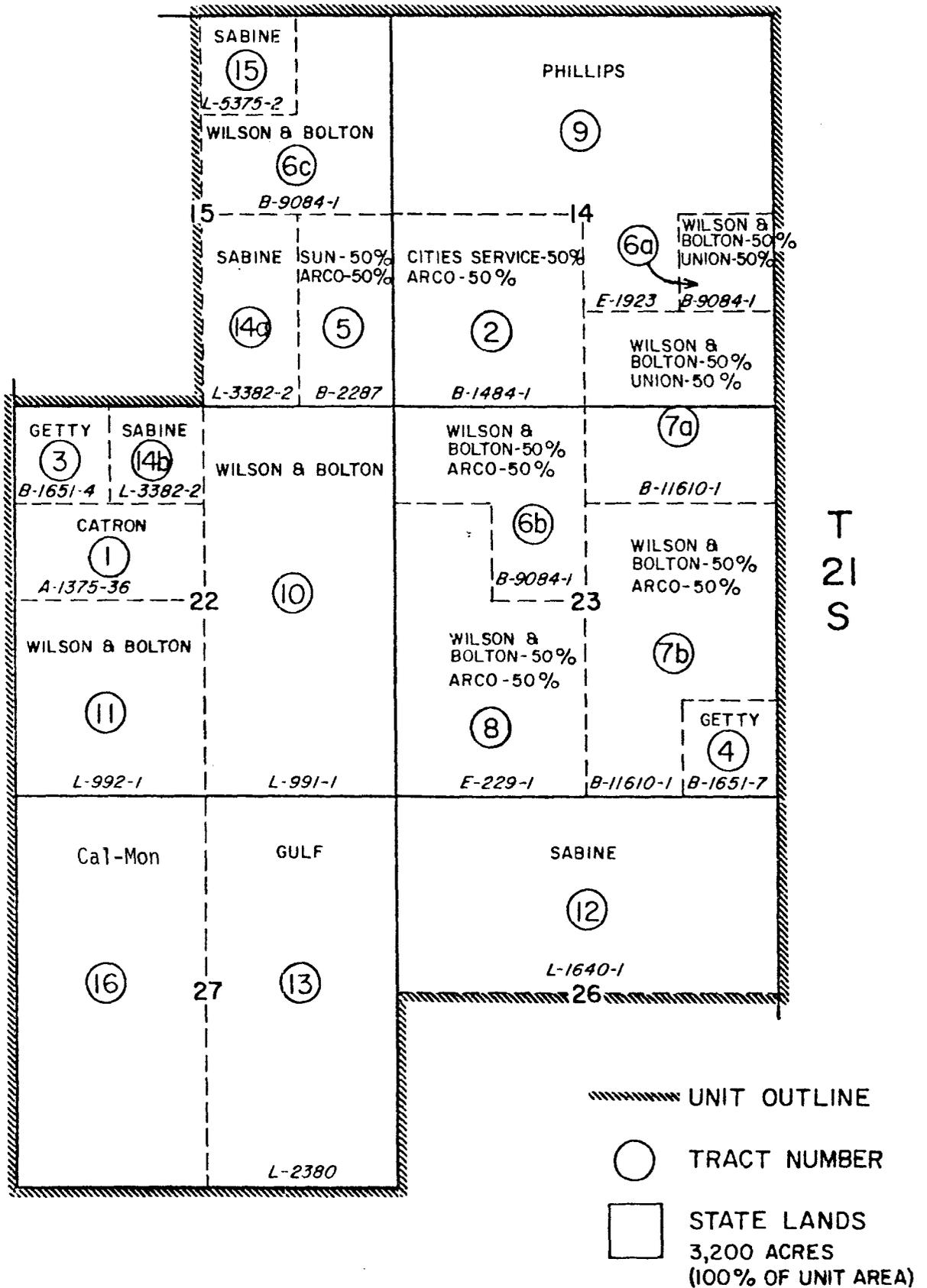
Vice President of TEXAS OIL & GAS CORP., a Delaware
Corporation, on behalf of said corporation.


Notary Public in and for the Midland
County of Texas.

Feb. 15, 1979
My Commission Expires

EXHIBIT "A"
LEA COUNTY, NEW MEXICO

R-34-E



SOUTH WILSON STATE UNIT AREA

EXHIBIT "B"

SOUTH WILSON STATE UNIT
LEA COUNTY, NEW MEXICO

| Tract Number | Description of Land All Leases Located in T-21S, R-34E N.M.P.M. | Number of Acres | Serial No. and Expiration Date | Royalty Owner and Percentage (all royalty is owned by the State) | Lessee of Record | Overriding Royalty and Ownership Percentage | Working Interest and Ownership Percentage Below 5,200 Feet Down to the Base of the Morrow Formation |
|--------------|-----------------------------------------------------------------|-----------------|--------------------------------|------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 1 | Sec. 22: S/2 NW/4 | 80.00 | A-1375-36 HBP | 12.50% | Thomas B. Catron and John E. Catron | None | Thomas B. Catron and John E. Catron 100.00% |
| 2 | Sec. 14: SW/4 | 160.00 | B-1484-1 HBP | 12.50% | Cities Service Oil Company | None | Cities Service Oil Co. 50.00% Atlantic Richfield Co. 50.00% |
| 3 | Sec. 22: NW/4 NW/4 | 40.00 | B-1651-4 HBP | 12.50% | Getty Oil Company | None | Getty Oil Company 100.00% |
| 4 | Sec. 23: SE/4 SE/4 | 40.00 | B-1651-7 HBP | 12.50% | Getty Oil Company | None | Getty Oil Company 100.00% |
| 5 | Sec. 15: E/2 SE/4 | 80.00 | B-2287 HBP | 12.50% | Sun Oil Company | None | Sun Oil Company 50.00% Atlantic Richfield Co. 50.00% |
| 6.a | Sec. 14: NE/4 SE/4 | 40.00 | B-9084-1 HBP | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 50.00% |
| 6.b | Sec. 23: N/2 NW/4; SE/4 NW/4 | 120.00 | B-9084-1 HBP | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 50.00% |
| 6.c | Sec. 15: NE/4 NE/4, S/2 NE/4 | 120.00 | B-9084-1 HBP | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 100.00% |
| | | | | | | | Atlantic Richfield Co. 50.00% |

EXHIBIT "B"

SOUTH WILSON STATE UNIT
LEA COUNTY, NEW MEXICO

| Tract Number | Description of Land All Leases Located in T-21S, R-34E N.M.P.M. | Number of Acres | Serial No. and Expiration Date | Royalty Owner and Percentage (all royalty is owned by the State) | Lessee of Record | Overriding Royalty and Ownership Percentage | Working Interest and Ownership Percentage Below 5,200 Feet Down to the Base of the Morrow Formation |
|--------------|-----------------------------------------------------------------|-----------------|--------------------------------|------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 7.a | Sec. 14: S/2 SE/4; Sec. 23: N/2 NE/4 | 160.00 | B-11610-1 HBP | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 50.00% |
| 7.b | Sec. 23: S/2 NE/4 N/2 SE/4 SW/4 SE/4 | 200.00 | B-11610-1 HBP | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 50.00% |
| 8. | Sec. 23: SW/4; SW/4 NW/4 | 200.00 | E-229-1 HBP | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 50.00% |
| 9. | Sec. 14: N/2; NW/4 SE/4 | 360.00 | E-1923 HBP | 12.50% | Phillips Petroleum Company | None | Atlantic Richfield Co. 50.00% |
| 10. | Sec. 22: E/2 | 320.00 | L-991-1 6/18/78 | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 100.00% |
| 11. | Sec. 22: SW/4 | 160.00 | L-992-1 6/18/78 | 12.50% | Wilson Oil Company and Frances P. Bolton, deceased | None | Wilson Oil Company and Frances P. Bolton, deceased 100.00% |

EXHIBIT "B"

SOUTH WILSON STATE UNIT
LEA COUNTY, NEW MEXICO

| Tract Number | Description of Land All Leases Located in T-21S, R-34E N.M.P.M. | Number of Acres | Serial No. and Expiration Date | Royalty Owner and Percentage (all royalty is owned by the State) | Lessee of Record | Overriding Royalty and Ownership Percentage | Working Interest and Owner- ship Percentage Below 5,200 Feet Down to the Base of the Morrow Formation |
|--------------|-----------------------------------------------------------------------|--------------------|-----------------------------------|------------------------------------------------------------------------------|------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 12. | Sec. 26: N/2 | 320.00 | L-1640-1 11/19/78 | 12.50% | Sabine Production Company | Cayman Corp. 3.0% | Sabine Production Company 100.00% |
| 13. | Sec. 27: E/2 | 320.00 | L-2380 1/21/79 | 12.50% | Gulf Oil Corporation | None | Gulf Oil Corporation 100.00% |
| 14.a | Sec. 15: W/2 SE/4 | 80.00 | L-3382-2 8/19/79 | 12.50% | Sabine Production Company | M. P. Grace 4.0% | Sabine Production Co. 100.00% |
| 14.b | Sec. 22: NE/4 NW/4 | 40.00 | L-3382-2 8/19/79 | 12.50% | Sabine Production Company | M. P. Grace 4.0% | Sabine Production Co. 100.00% |
| 15. | Sec. 15: NW/4 NE/4 | 40.00 | L-5375-2 4/1/81 | 12.50% | Sabine Production Company | M. P. Grace 4.0% | Sabine Production Co. 100.00% |
| 16. | Sec. 27: W/2 | 320.00 | L.G.5425 5/17/78 | 12.50% | Cal-Mon Oil Company | None | Cal-Mon Oil Company 100.00% |

State Lands 3,200.00

Other Lands -0-

| <u>Recapitulation</u> | |
|-----------------------|-----------------|
| Ownership | Acres |
| State of New Mexico | 3,200.00 |
| Other | -0- |
| TOTAL | <u>3,200.00</u> |

| <u>Percentage</u> | |
|---------------------|---------------|
| State of New Mexico | 100.00 |
| Other | -0- |
| TOTAL | <u>100.00</u> |

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

DATE: 9 May 1978

By: Thomas B. Catron III
Thomas B. Catron

Address: P.O. Box 788
Santa Fe, New Mexico 87501

THE STATE OF New Mexico
COUNTY OF Santa Fe

The foregoing instrument was acknowledged before me this 9th day of May, 1978 by THOMAS B. CATRON III

Thomas Gutierrez
Notary Public

My Commission Expires:
Aug. 8, 1980

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

DATE: 9 May 1978

By: Thomas B. Catron
Thomas B. Catron

Address: P.O. Box 788
Santa Fe, New Mexico 87501

THE STATE OF New Mexico
COUNTY OF Santa Fe

The foregoing instrument was acknowledged before me this 9th day of May, 19 78 by THOMAS B. CATRON III

Thomas B. Catron
Notary Public

My Commission Expires:

Aug. 8, 1980

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Atlantic Richfield Company

DATE: June 7, 1978

BY: C. E. Cardwell, Jr.
Attorney in Fact

Address: P.O. Box 1610
Midland, Texas 79702

THE STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 7th day of June, 19 78 by C. E. Cardwell, Jr.

Attorney in Fact for Atlantic Richfield Company.

Yvonne Brooks
Notary Public

My Commission Expires:

June 30, 1978

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

DATE: 5/16/78

Wilson Oil Company

By: *Parker Wilson*

Address: P.O. Box 1297
Santa Fe, New Mexico 87501

THE STATE OF NEW MEXICO
COUNTY OF Santa Fe

The foregoing instrument was acknowledged before me this 16th day of MAY, 19 78 by PARKER WILSON
President of WILSON OIL COMPANY

Cornelius Sargent
Notary Public

My Commission Expires:
July 12, 1980

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

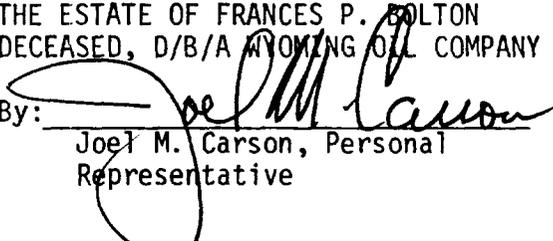
WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

THE ESTATE OF FRANCES P. BOLTON
DECEASED, D/B/A WYOMING OIL COMPANY

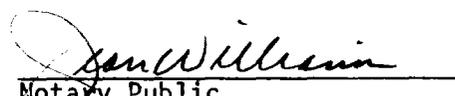
DATE: May 16, 1978

By: 
Joel M. Carson, Personal
Representative

Address: C/O Losee & Carson, P.A.
P.O. Box 239
Artesia, New Mexico 88201

THE STATE OF NEW MEXICO |
 |
COUNTY OF EDDY |

The foregoing instrument was acknowledged before me this 16th day of
May, 19 78 by JOEL M. CARSON, Personal
Representative of the Estate of Frances P. Bolton, deceased,
d/b/a Wyoming Oil Company


Notary Public

My Commission Expires:
27 January 1981

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Union Oil Company of California

DATE: June 7, 1978

By: *Samuel C. Terry* *CUH*
Attorney-in-Fact

Address: 500 N. Marienfield
Midland, Texas 79701

THE STATE OF **TEXAS**
COUNTY OF **MIDLAND**

The foregoing instrument was acknowledged before me this 7th day of June, 1978 by SAMUEL C. TERRY,

Attorney-in-Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation.

Alice M. Jones
Notary Public (**Alice M. Jones**)

My Commission Expires:
April 27, 1979

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

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IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Phillips Petroleum Company

DATE: 5/15/78

By: [Signature]
Cliff Ohr, Its Attorney-in-Fact

Address: P.O. Box 1967
Houston, Texas 77001

THE STATE OF TEXAS
COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 15th day of May, 19 78 by Cliff Ohr, Attorney-in-Fact of PHILLIPS PETROLEUM COMPANY, a Delaware corporation, on behalf of said corporation.

[Signature]
Notary Public

My Commission Expires:

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

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IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Sabine Production Company

RB

DATE: May 19, 1978

By: B. L. House
B. L. HOUSE
Attorney - in - Fact

901 Wall Towers East
Address: ~~619 W. Texas, Suite 600~~
Midland, Texas 79701

THE STATE OF TEXAS ↓
 ↓
COUNTY OF MIDLAND ↓

The foregoing instrument was acknowledged before me this 19th day of May, 19 78 by B. L. House, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Sabine Production Company, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

Linda K. Fieseler
Notary Public

My Commission Expires:

(LINDA K. FIESELER)

September 30, 1978

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

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IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Gulf Oil Corporation

DATE: May 15, 1978

By: J. A. Hord
Attorney-in-Fact

Handwritten initials and notes:
1042
JAH
TIC
CB
RAH
ERP
CSA

Address: P.O. Box 1150
Midland, Texas 79702

THE STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 15th day of

May, 19 78 by J. A. HORD,

Attorney in Fact for GULF OIL CORPORATION

Sylvia W Zorn
Notary Public

My Commission Expires:

8-13-78

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Columbia Gas Development Corporation

DATE: _____

By: Paul L. Morris ^{CH} _{RA}

Address: P.O. Box 1350
Houston, Texas 77001

THE STATE OF TEXAS |
 |
COUNTY OF HARRIS |

The foregoing instrument was acknowledged before me this 2nd day of June, 19 78 by Paul L. Morris, as Vice President of Columbia Gas Development Corporation, and acknowledged that he executed the same in the capacity stated and as the act of the corporation.

Darlene R. Jackson
Notary Public

My Commission Expires:

11/30/78

CONSENT AND RATIFICATION - SOUTH WILSON STATE UNIT AREA

LEA COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE SOUTH WILSON STATE UNIT AREA, LEA COUNTY, NEW MEXICO, dated November 22, 1977, has been executed as of the 18th day of April, 1978, by Texas Oil & Gas Corp., designated as unit operator for the South Wilson State Unit Area, located in Lea County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A", shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under said agreement, does hereby agree to become a party to and be bound by the provisions of said Unit Agreement, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Cayman Corporation

DATE: May 9, 1978

By: *William P. Hoopes*

Address: P.O. Box 2099
Palos Verdes Penin Sula, California 90274

THE STATE OF CALIFORNIA |
 |
COUNTY OF LOS ANGELES |

The foregoing instrument was acknowledged before me this 9th day of May, 1978 by WILLIAM P. HOOPES, Vice President of CAYMAN CORPORATION, on behalf of said corporation.

Margaret Ericson
Notary Public

My Commission Expires:
August 10, 1981



State of New Mexico



Commissioner of Public Lands

June 9, 1981

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Texas Oil and Gas Corporation
Fidelity Union Tower
Dallas, Texas 75201

1229

Re: South Wilson State Unit
Lea County, New Mexico
TERMINATION

ATTENTION: Mr. Joseph R. Binford

Gentlemen:

Since you have submitted a communitization agreement for the S/2 of Section 14, Township 21 South, Range 34 East, which is all that remained within the South Wilson State Unit, Lea County, New Mexico, after contraction, the South Wilson State Unit has this date been terminated effective as of August 31, 1980. Your communitization agreement has also been approved as of today and effective August 31, 1980.

Please notify all interested parties of this action.

Enclosed is a copy of the letter of approval for the communitization agreement.

Very truly yours,

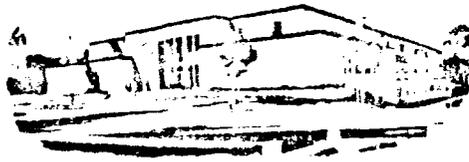
ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
encl.
cc:

OCD-Santa Fe, New Mexico ✓

State of New Mexico



Commissioner of Public Lands
September 4, 1980

ALEX J. ARMIJO
COMMISSIONER

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Texas Oil & Gas Corporation
Fidelity Union Tower
Dallas, Texas 75201

4229

Re: South Wilson State Unit
Lea County, New Mexico
CONTRACTION

ATTENTION: Mr. Joseph R. Binford

Gentlemen:

As per your letter of August 28, 1980, please be advised that this office has this date contracted the South Wilson State Unit Area, save and except the proration for the South Wilson State Com # 1 (S/2 Section 14, Township 21 South, Range 34 East). The effective date of contraction is August 31, 1980.

We shall be expecting the Communitization Agreement on the above described acreage as well as revised Exhibits "A" and "B".

Please notify all interested parties of this action.

Very truly yours,

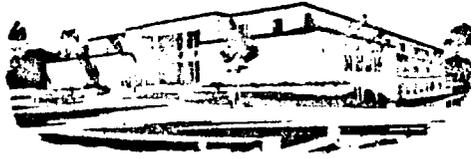
ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505-827-2748

AJA/RDG/s
cc:

OCD-Santa Fe, New Mexico ✓
And to the attached address list.

State of New Mexico



Commissioner of Public Lands

ALEX J. ARMIJO
COMMISSIONER

February 7, 1979

P. O. Box 1148
SANTA FE, NEW MEXICO

Texas Oil & Gas Corporation
900 Wilco Building
Midland, Texas 79701

No. 6229

Re: Plan of Development for the
South Wilson State Unit Area,
T21S, R34E, N.M.P.M.,
Lea County, New Mexico

ATTENTION: W. A. Siruta

Gentlemen:

The Commissioner of Public Lands has this date approved your Plan of Development for the Year 1979, for the South Wilson State Unit, Lea County, New Mexico. Your plans are to evaluate the South Wilson State # 1 Well and possibly workover to correct the mechanical problem. Also, if favorable results are obtained from the Getty Oil Company Well in Section 35, T21S, R34E and the Pogo Well in Section 28, T21S, R34E, you plan to drill a Morrow test in the N/2 of Section 26 of the Unit Area.

Enclosed is one approved copy for your files. In the future please submit Three (3) copies of the plan to this office.

Your Three (\$3.00) Dollar filing fee has been received.

Please submit your communitization agreement to this office which covers the S/2 of Section 14, Township 21 South, Range 34 East. this agreement communitizes committed acreage with non-committed acreage in the South Wilson State Unit.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division

AJA/RDG/s
encl.
cc:

OCD-Santa Fe, New Mexico ✓



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

JERRY APODACA
 GOVERNOR

NICK FRANKLIN
 SECRETARY

June 13, 1978

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-2434

Mr. Jerry Losee
 Losee & Carson
 Attorneys at Law
 Post Office Box 239
 Artesia, New Mexico 88210

Re: CASE NO. 6229
 ORDER NO. R-5739

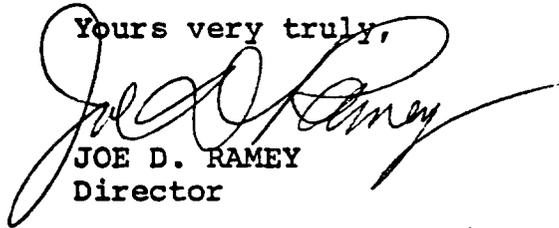
Applicant:

Texas Oil & Gas Corporation

Dear Sir:

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

Yours very truly,



JOE D. RAMEY
 Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
 Artesia OCC x
 Aztec OCC

Other Al Klaar

Case 6227

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE

JAMES T. JENNINGS
SIM B. CHRISTY IV
BRIAN W. COPPLE

1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

April 21, 1978

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Lynn Teschendorf

Re: In the Matter of the Application of
Texas Oil & Gas Corp. for Approval
of the South Wilson State Unit Agree-
ment, Lea County, New Mexico

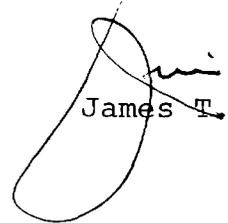
Dear Ms. Teschendorf:

Enclosed herewith you will find an Application in duplicate which we are filing on behalf of Texas Oil & Gas Corp. for Approval of the South Wilson State Unit Agreement. You will note that all of the land is state land and our client has been in contact with Ray D. Graham, Director of the Oil & Gas Division in connection with obtaining the approval of the Commissioner of Public Lands.

Please set this matter down for hearing before the Commissioner to be scheduled for May 17th as Texas Oil & Gas will present another matter on the same date.

Yours very truly,

JENNINGS, CHRISTY & COPPLE



James T. Jennings

JTJ:ws
Encls.

cc: Texas Oil & Gas Corp.
Attention: Mr. Darrell F. Smith

Unit Name SOUTH WILSON STATE UNIT-EXPLORATORY
 Operator TEXAS OIL AND GAS CORPORATION
 County LEA

| DATE | OCC CASE NO. | EFFECTIVE DATE | TOTAL ACREAGE | STATE | FEDERAL | INDIAN-FEE | SEGREGATION CLAUSE | TERM |
|------------------------------------|-----------------------|----------------|---------------|----------|---------|------------|--------------------|--------|
| APPROVED Commissioner 6-8-78 | 6229 <u>K-5737</u> | 6-8-78 | 3,520-09 | 3,520-09 | -0- | -0- | Yes | 5 yrs. |
| | | | 3,200.00 | 3,200.00 | | | | |

UNIT AREA

TOWNSHIP 21 SOUTH, RANGE 34 EAST N.M.P.M.
 Section 14: A11
 Section 15: E/2
 Section 22: A11
 Section 23: A11
 Section 26: N/2
 Section 27: A11

TERMINATED
 8/31/80
 Ehb

*Tract 2 has been
 fully committed
 to the unit
 effective 7-1-78*

Eliminated

*See 14--25-34 E
 3/31/80
 ELIMINATED
 3-31-80
 EXT. BY D.F.M.
 All acreage
 5/2
 extent*

Unit Name SOUTH WILSON STATE UNIT-EXPLORATORY
 Operator TEXAS OIL AND GAS CORPORATION
 County LEA

| STATE TRACT NO. | LEASE NO. | INSTI-TUTION | SEC. | TWP. | RGE. | SUBSECTION | RATIFIED DATE | ACRES | ACREAGE | | LESSEE |
|-----------------|----------------|--------------|------|------|------|----------------------------|---------------|--------|----------|--------------|---------------------------------------------------|
| | | | | | | | | | RATIFIED | NOT RATIFIED | |
| 1 | A-1375-36 | C.S. | 22 | 21S | 34E | S/2NW/4 | 5-9-78 | 80.00 | | | Thomas B. Catron and John S. Catron |
| 2 | B-1484-1 roots | C.S. | 14 | 21S | 34E | SW/4 | 7-1-78 | 160.00 | | | Cities Service Oil Co. |
| 3. | B-1651-4 | C.S. | 22 | 21S | 34E | NW/4NW/4 | | | | | NOT COMMITTED Getty Oil Company |
| 4. | B-1651-7 | C.S. | 23 | 21S | 34E | SE/4SE/4 | | | | | NOT COMMITTED Getty Oil Company |
| 5. | B-2287 | C.S. | 15 | 21S | 34E | E/2SE/4 | | | | | NOT COMMITTED Sun Oil Company |
| 6.a | B-9084-1 | C.S. oil | 14 | 21S | 34E | NE/4SE/4 remaining | 5-16-78 | 40.00 | | | Wilson Oil Company and Frances P. Bolton-deceased |
| 6.b | B-9084-1 | C.S. roots | 23 | 21S | 34E | N/2NW/4, SE/4NW/4 | 5-16-78 | 120.00 | | | Wilson Oil Company and Frances P. Bolton-deceased |
| 6.c | B-9084-1 | C.S. roots | 15 | 21S | 34E | NE/4NE/4, S/2NE/4 | 5-16-78 | 120.00 | | | Wilson Oil Company and Frances P. Bolton-deceased |
| 7.a | B-11610-1 | C.S. roots | 14 | 21S | 34E | S/2SE/4 remaining | 5-16-78 | 160.00 | | | Wilson Oil Company and Frances P. Bolton-deceased |
| 7.b | B-11610-1 | C.S. | 23 | 21S | 34E | S/2NE/4, N/2SE/4, SW/4SE/4 | 5-16-78 | 200.00 | | | Wilson Oil Company and Frances P. Bolton-deceased |
| 8 | E-229-1 | C.S. | 23 | 21S | 34E | SW/4, SW/4NW/4 | 5-16-78 | 200.00 | | | Wilson Oil Company and Frances P. Bolton-deceased |
| 9 | E-1923 | C.S. | 14 | 21S | 34E | N/2, NW/4SE/4 | 5-15-78 | 360.00 | | | Phillips Petroleum Co. |

TERMINATED
 9-41
 4/31/80

Handwritten signature

Unit Name SOUTH WILSON STATE UNIT-EXPLORATORY
 Operator TEXAS OIL AND GAS CORPORATION
 County LEA

| STATE TRACT NO. | LEASE NO. | INSTI-TUTION | SEC. | TWP. | RGE. | SUBSECTION | DATE | ACREAGE | | LESSEE |
|-----------------|------------|--------------|------|------|------|------------|---------|----------|--------------|---------------------------------------------------|
| | | | | | | | | RATIFIED | NOT RATIFIED | |
| 10 | L-991-1 ✓ | C.S. | 22 | 21S | 34E | E/2 | 5-16-78 | 320.00 | | Wilson Oil Company & Frances P. Bolton-deceased |
| 11 | L-992-1 ✓ | C.S. | 22 | 21S | 34E | SW/4 | 5-16-78 | 160.00 | | Wilson Oil Company and Frances P. Bolton-deceased |
| 12. | L-1640-1 ✓ | C.S. | 26 | 21S | 34E | N/2 | 5-19-78 | 320.00 | | Sabine Production Co. |
| 13. | L-2380 ✓ | C.S. | 27 | 21S | 34E | E/2 | 5-15-78 | 320.00 | | Gulf Oil Corporation |
| 14.a | L-3382-2 ✓ | C.S. | 15 | 21S | 34E | W/2SE/4 | 5-19-78 | 80.00 | | Sabine Production Co. |
| 14.b | L-3382-2 ✓ | C.S. | 22 | 21S | 34E | NE/4NW/4 | 5-19-78 | 40.00 | | Sabine Production Co. |
| 15 | L-5375-2 ✓ | C.S. | 15 | 21S | 34E | NW/4NE/4 | 5-19-78 | 40.00 | | Sabine Production Co. |
| 16 | LG-5425 ✓ | C.S. | 27 | 21S | 34E | W/2 | | | 320.00 | Cal-Mon Oil Company |

NOT COMMITTED

TERMINATED
 9/31/80
 9/8

*all acreage of Sabine 14-21S-34E
 given to Cal-Mon Oil Company
 9/2*