





BEFORE EXAMINER NUTTLE

OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 6239

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

8 THIS AGREEMENT, entered into as of the \_\_\_\_\_ day of  
9 \_\_\_\_\_, 1978, by and between the parties subscribing, ratifying  
10 or consenting hereto, and herein referred to as the "parties hereto,"

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

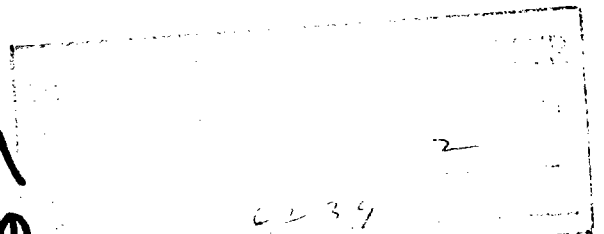
12 WHEREAS, the parties hereto are the owners of working, royalty,  
13 or other oil and gas interests in the unit area subject to this  
14 agreement; and

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

18 WHEREAS, the Mineral Leasing Act of February 25, 1920, 31 Stat.  
19 437, as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal  
20 lessees and their representatives to unite with each other, or  
21 jointly or separately with others, in collectively adopting and  
22 operating a cooperative or unit plan of development or operation  
23 of any oil or gas pool, field, or like area, or any part thereof  
24 for the purpose of more properly conserving the natural resources  
25 thereof whenever determined and certified by the Secretary of the  
26 Interior to be necessary or advisable in the public interest; and

27 WHEREAS, the Oil Conservation Commission of the State of  
28 New Mexico is authorized by an Act of the Legislature (Article 3,  
29 Chapter 65, Vol. 9, Part 2, 1953 Statutes) to approve this agree-  
30 ment and the conservation provisions hereof; and

31  
test  
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10,000 ft.  
WI 87.5% is  
committed or  
has verbally  
agreed to  
commit or  
form out



1       WHEREAS, the parties hereto hold sufficient interests in the  
2 North Lake McMillan Unit Area covering the land hereinafter described  
3 to give reasonably effective control of operations therein; and

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

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

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

25       2. UNIT AREA. The area specified on the map attached  
26 hereto marked Exhibit A is hereby designated and recognized as  
27 constituting the unit area, containing 3,194.46 acres, more or  
28 less.

29       Exhibit A shows, in addition to the boundary of the unit  
30 area, the boundaries and identity of tracts and leases in said  
31 area to the extent known to the Unit Operator. Exhibit B attached

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

14 The above-described unit area shall when practicable be  
15 expanded to include therein any additional lands or shall be  
16 contracted to exclude lands whenever such expansion or contraction  
17 is deemed to be necessary or advisable to conform with the purposes  
18 of this agreement. Such expansion or contraction shall be effected  
19 in the following manner:

20 (a) Unit Operator, on its own motion or on demand of the  
21 Director of the Geological Survey, hereinafter referred to as  
22 "Director," or on demand of the Commission after preliminary  
23 concurrence by the Director, shall prepare a notice of proposed  
24 expansion or contraction describing the contemplated changes in  
25 the boundaries of the unit area, the reasons therefor, and the  
26 proposed effective date thereof, preferably the first day of a  
27 month subsequent to the date of notice.

28 (b) Said notice shall be delivered to the Supervisor and  
29 the Commission, and copies thereof mailed to the last known  
30 address of each working interest owner, lessee, and lessor whose  
31 interests are affected, advising that 30 days will be allowed for  
32 submission to the Unit Operator of any objections.

1           (c) Upon expiration of the 30-day period provided in the  
2 preceding item (b) hereof, Unit Operator shall file with the  
3 Supervisor evidence of mailing of the notice of expansion or  
4 contraction and a copy of any objections thereto which have been  
5 filed with the Unit Operator, together with an application in  
6 sufficient number, for approval of such expansion or contraction  
7 and with appropriate joinders.

8           (d) After due consideration of all pertinent information,  
9 the expansion or contraction shall, upon approval by the Supervisor  
10 and the Commission, become effective as of the date prescribed in  
11 the notice thereof.

12           (e) All legal subdivisions of lands (i.e., 40 acres by  
13 Government survey or its nearest lot or tract equivalent; in  
14 instances of irregular surveys unusually large lots or tracts shall  
15 be considered in multiples of 40 acres or the nearest aliquot  
16 equivalent thereof), no parts of which are entitled to be in a  
17 participating area on or before the fifth anniversary of the  
18 effective date of the first initial participating area established  
19 under this unit agreement, shall be eliminated automatically from  
20 this agreement, effective as of said fifth anniversary, and such  
21 lands shall no longer be a part of the unit area and shall no longer  
22 be subject to this agreement, unless diligent drilling operations are  
23 in progress on unitized lands not entitled to participation on said  
24 fifth anniversary, in which event all such lands shall remain  
25 subject hereto for so long as such drilling operations are continued  
26 diligently, with not more than 90 days' time elapsing between the  
27 completion of one such well and the commencement of the next such  
28 well. All legal subdivisions of lands not entitled to be in a  
29 participating area within 10 years after the effective date of the  
30 first initial participating area approved under this agreement shall  
31 be automatically eliminated from this agreement as of said tenth

1 anniversary. All lands proved productive by diligent drilling  
2 operations after the aforesaid 5-year period shall become participating  
3 in the same manner as during said 5-year period. However, when such  
4 diligent drilling operations cease, all nonparticipating lands shall  
5 be automatically eliminated effective as of the 91st day thereafter.  
6 The unit operator shall within 90 days after the effective date of  
7 any elimination hereunder, describe the area so eliminated to the  
8 satisfaction of the Supervisor and the Commission and promptly  
9 notify all parties in interest.

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

19 Any expansion of the unit area pursuant to this section which  
20 embraces lands theretofore eliminated pursuant to this subsection  
21 2(e) shall not be considered automatic commitment or recommitment  
22 of such lands.

23 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed  
24 to this agreement shall constitute land referred to herein as  
25 "unitized land" or "land subject to this agreement." All oil and  
26 gas in any and all formations of, the unitized land are unitized under  
27 the terms of this agreement and herein are called "unitized substances."

28 4. UNIT OPERATOR. Robert N. Enfield is hereby designated as  
29 Unit Operator and by signature hereto as Unit Operator agrees and  
30 consents to accept the duties and obligations of Unit Operator for the  
31 discovery, development, and production of unitized substances as

1 herein provided. Whenever reference is made herein to the Unit  
2 Operator, such reference means the Unit Operator acting in that  
3 capacity and not as an owner of interest in unitized substances, and  
4 the term "working interest owner" when used herein shall include or  
5 refer to Unit Operator as the owner of a working interest when such  
6 an interest is owned by him.

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

21 Unit Operator shall have the right to resign in like manner and  
22 subject to like limitations as above provided at any time a  
23 participating area established hereunder is in existence, but, in  
24 all instances of resignation or removal, until a successor unit  
25 operator is selected and approved as hereinafter provided, the  
26 working interest owners shall be jointly responsible for performance  
27 of the duties of unit operator, and shall not later than 30 days  
28 before such resignation or removal becomes effective appoint a  
29 common agent to represent them in any action to be taken hereunder.

30 The resignation of Unit Operator shall not release Unit  
31 Operator from any liability for any default by it hereunder  
32 occurring prior to the effective date of its resignation.



1       The Unit Operator may, upon default or failure in the performance  
2 of its duties or obligations hereunder, be subject to removal by the  
3 same percentage vote of the owners of working interests as herein  
4 provided for the selection of a new Unit Operator. Such removal  
5 shall be effective upon notice thereof to the Supervisor and the  
6 Commission.

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

18       6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall  
19 tender his or its resignation as Unit Operator or shall be removed  
20 as hereinabove provided, or a change of Unit Operator is negotiated  
21 by working interest owners, the owners of the working interests  
22 in the participating area or areas according to their respective  
23 acreage interests in such participating area or areas, or, until  
24 a participating area shall have been established, the owners of  
25 the working interests according to their respective acreage  
26 interests in all unitized land, shall by majority vote select a  
27 successor Unit Operator: Provided, That, if a majority but less  
28 than 70 percent of the working interests qualified to vote are  
29 owned by one party to this agreement, a concurring vote of one or  
30 more additional working interest owners shall be required to  
31 select a new operator. Such selection shall not become effective  
32 until

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

3 (b) the selection shall have been approved by the Supervisor  
4 and the Commission.

5 If no successor Unit Operator is selected and qualified as  
6 herein provided, the Director at his election or the Commission  
7 at its election may declare this unit agreement terminated.

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

1     executed pursuant to this section should be filed with the  
2     Supervisor and one copy with the Commission, prior to approval of  
3     this unit agreement.

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

19            9.   DRILLING TO DISCOVERY.   Within 6 months after the effective  
20    date hereof, the Unit Operator shall begin to drill an adequate  
21    test well at a location approved by the Supervisor if on Federal  
22    lands or by the Commission if on privately owned lands, unless on  
23    such effective date a well is being drilled conformably with the  
24    terms hereof, and thereafter continue such drilling diligently  
25    until the Morrow formation has been tested or until at a lesser  
26    depth unitized substances shall be discovered which can be produced  
27    in paying quantities (to-wit: quantities sufficient to repay the  
28    costs of drilling, completing, and producing operations, with a  
29    reasonable profit) or the Unit Operator shall at any time establish  
30    to the satisfaction of the Supervisor that further drilling of  
31    said well would be unwarranted or impracticable, provided,

1 however, that Unit Operator shall not in any event be required to  
2 drill said well to a depth in excess of 10,000 feet. Until the  
3 discovery of a deposit of unitized substances capable of being  
4 produced in paying quantities, the Unit Operator shall continue  
5 drilling one well at a time, allowing not more than 6 months  
6 between the completion of one well and the beginning of the next  
7 well, until a well capable of producing unitized substances in  
8 paying quantities is completed to the satisfaction of said Supervisor  
9 if on Federal lands or the Commission if on privately owned lands  
10 or until it is reasonably proved that the unitized land is incapable  
11 of producing unitized substances in paying quantities in the  
12 formations drilled hereunder. Nothing in this section shall be  
13 deemed to limit the right of the Unit Operator to resign as  
14 provided in Section 5 hereof or as requiring Unit Operator to  
15 commence or continue any drilling during the period pending such  
16 resignation becoming effective in order to comply with the requirements  
17 of this section. The Supervisor and the Commission may modify  
18 the drilling requirements of this section by granting reasonable  
19 extensions of time when, in his or its opinion, such action is  
20 warranted.

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

28 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months  
29 after completion of a well capable of producing unitized substances  
30 in paying quantities, the Unit Operator shall submit for the approval  
31 of the Supervisor and the Commission an acceptable plan of develop-



1     ment and operation for the unitized land which, when approved by  
2     the Supervisor and the Commission, shall constitute the further  
3     drilling and operating obligations of the Unit Operator under  
4     this agreement for the period specified therein. Thereafter,  
5     from time to time before the expiration of any existing plan, the  
6     Unit Operator shall submit for the approval of the Supervisor and  
7     the Commission a plan for an additional specified period for the  
8     development and operation of the unitized land.

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

- 17            (a) specify the number and locations of any wells to be  
18            drilled and the proposed order and time for such drilling; and  
19            (b) to the extent practicable specify the operating practices  
20            regarded as necessary and advisable for proper conservation of  
21            natural resources.

22    Separate plans may be submitted for separate productive zones, subject  
23    to the approval of the Supervisor and the Commission.

24             Plans shall be modified or supplemented when necessary to meet  
25    changed conditions or to protect the interests of all parties to  
26    this agreement. Reasonable diligence shall be exercised in complying  
27    with the obligations of the approved plan of development. The  
28    Supervisor and the Commission are authorized to grant a reasonable  
29    extension of the 6-month period herein prescribed for submission of  
30    an initial plan of development where such action is justified because  
31    of unusual conditions or circumstances. After completion hereunder



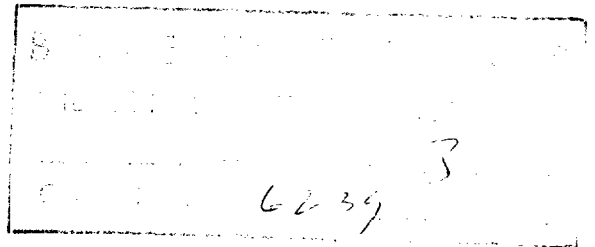
# United States Department of the Interior

GEOLOGICAL SURVEY  
Denver Federal Center  
Denver, Colorado 80225

IN REPLY REFER TO:

FEB 21 1978

Robert N. Enfield  
P. O. Box 2431  
Santa Fe, New Mexico 87501



Dear Mr. Enfield:

Your application of January 30, 1978, filed with the Assistant Area Oil and Gas Supervisor, Roswell, New Mexico, requests the designation of the North Lake McMillan unit area embracing 3,194.46 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 30 CFR 226, the land requested as outlined on your plat marked "Exhibit 'A' North Lake McMillan unit" is hereby designated as a logical unit area.

As proposed by your application, the Federal Form of Unit Agreement for Unproved Areas (1968 reprint) should be used with the appropriate language required for the inclusion of fee land and with the further addition of the words "as amended" inserted after (30 F.R. 12319) in Section 26, Nondiscrimination. Also, as a new section in the subject agreement, insert the words "Nothing in this agreement shall modify the special, Federal-lease stipulations applicable to lands under the jurisdiction of the Bureau of Reclamation." Such agreement should provide for the drilling of the initial exploratory well to test all formations of Pennsylvanian Age or to a depth of 10,000 feet.

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office through the Oil and Gas Supervisor for preliminary approval.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to Roswell, New Mexico, for the Supervisor's approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the 1968 reprint of the aforementioned form.

Sincerely yours,

A handwritten signature in cursive script, reading "George H. Horn". The signature is written in dark ink and is positioned above the typed name.

Regional Conservation Manager  
For the Director

1 of a well capable of producing any unitized substance in paying  
2 quantities, no further wells, except such as may be necessary to  
3 afford protection against operations not under this agreement and  
4 such as may be specifically approved by the Supervisor and the  
5 Commission, shall be drilled except in accordance with a plan of  
6 development approved as herein provided.

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



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

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

27 In the absence of agreement at any time between the Unit  
28 Operator and the Supervisor and the Commission as to the proper  
29 definition or redefinition of a participating area, or until a  
30 participating area has, or areas have, been established as provided  
31 herein, the portion of all payments affected thereby shall be

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

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

20 12. ALLOCATION OF PRODUCTION. All unitized substances produced  
21 from each participating area established under this agreement, except  
22 any part thereof used in conformity with good operating practices  
23 within the unitized area for drilling, operating, camp and other  
24 production or development purposes, for repressuring or recycling in  
25 accordance with a plan of development approved by the Supervisor and  
26 the Commission, or unavoidably lost, shall be deemed to be produced  
27 equally on an acreage basis from the several tracts of unitized land  
28 of the participating area established for such production and, for  
29 the purpose of determining any benefits accruing under this agreement,  
30 each such tract of unitized land shall have allocated to it such  
31 percentage of said production as the number of acres of such tract

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

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

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

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

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



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

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

27           Royalty due on account of privately owned land shall be  
28 computed and paid on the basis of all unitized substances allocated  
29 to such lands.

30           15. RENTAL SETTLEMENT. Rental or minimum royalties due on  
31 leases committed hereto shall be paid by working interest owners

1 responsible therefor under existing contracts, laws, and regulations,  
2 provided that nothing herein contained shall operate to relieve the  
3 lessees of any land from their respective lease obligations for the  
4 payment of any rental or minimum royalty due under their leases.  
5 Rental or minimum royalty for lands of the United States subject to  
6 this agreement shall be paid at the rate specified in the respective  
7 leases from the United States unless such rental or minimum royalty  
8 is waived, suspended, or reduced by law or by approval of the  
9 Secretary or his duly authorized representative.

10 With respect to any lease on non-Federal land containing  
11 provisions which would terminate such lease unless drilling  
12 operations are commenced upon the land covered thereby within the  
13 time therein specified or rentals are paid for the privilege of  
14 deferring such drilling operations, the rentals required thereby  
15 shall, notwithstanding any other provision of this agreement, be  
16 deemed to accrue and become payable during the term thereof as  
17 extended by this agreement and until the required drilling  
18 operations are commenced upon the land covered thereby or until  
19 some portion of such land is included within a participating area.

20 16. CONSERVATION. Operations hereunder and production of  
21 unitized substances shall be conducted to provide for the most  
22 economical and efficient recovery of said substances without waste,  
23 as defined by or pursuant to State or Federal law or regulation.

24 17. DRAINAGE. The Unit Operator shall take such measures as  
25 the Supervisor and the Commission deems appropriate and adequate  
26 to prevent drainage of unitized substances from unitized land by  
27 wells on land not subject to this agreement.

28 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The  
29 terms, conditions, and provisions of all leases, subleases, and  
30 other contracts relating to exploration, drilling, development,  
31 or operation for oil or gas on lands committed to this agreement

1 are hereby expressly modified and amended to the extent necessary  
2 to make the same conform to the provisions hereof, but otherwise  
3 to remain in full force and effect; and the parties hereto hereby  
4 consent that the Secretary as to Federal lands shall and by his  
5 approval thereof, or by the approval hereof by his duly authorized  
6 representative, does hereby establish, alter, change, or revoke  
7 the drilling, producing, rental, minimum royalty, and royalty  
8 requirements of Federal leases committed hereto and the regulations  
9 in respect thereto to conform said requirements to the provisions  
10 of this agreement, and without limiting the generality of the  
11 foregoing, all leases, subleases, and contracts are particularly  
12 modified in accordance with the following:

13 (a) The development and operation of lands subject to this  
14 agreement under the terms hereof shall be deemed full per-  
15 formance of all obligations for development and operation with  
16 respect to each and every separately owned tract subject to  
17 this agreement, regardless of whether there is any development  
18 of any particular tract of the unit area.

19 (b) Drilling and producing operations performed hereunder  
20 upon any tract of unitized lands will be accepted and deemed  
21 to be performed upon and for the benefit of each and every  
22 tract of unitized land, and no lease shall be deemed to  
23 expire by reason of failure to drill or produce wells  
24 situated on the land therein embraced.

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

1 (d) Each lease, sublease or contract relating to the exploration,  
2 drilling, development or operation for oil or gas of lands other  
3 than those of the United States committed to this agreement,  
4 which, by its terms might expire prior to the termination of  
5 this agreement, is hereby extended beyond any such terms so  
6 provided therein so that it shall be continued in full force  
7 and effect for and during the term of this agreement.

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

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



1 (g) The segregation of any Federal lease committed to this  
2 agreement is governed by the following provision in the fourth  
3 paragraph of Sec. 17(j) of the Mineral Leasing Act, as amended  
4 by the Act of September 2, 1960 (74 Stat. 781-784): "Any  
5 [Federal] lease heretofore or hereafter committed to any such  
6 [unit] plan embracing lands that are in part within and in  
7 part outside of the area covered by any such plan shall be  
8 segregated into separate leases as to the lands committed  
9 and the lands not committed as of the effective date of  
10 unitization: Provided, however, That any such lease as to the  
11 nonunitized portion shall continue in force and effect for the  
12 term thereof but for not less than two years from the date  
13 of such segregation and so long thereafter as oil or gas is  
14 produced in paying quantities."

15 (h) Any lease, other than a Federal lease, having only a  
16 portion of its lands committed hereto shall be segregated as  
17 to the portion committed and the portion not committed, and  
18 the provisions of such lease shall apply separately to such  
19 segregated portions commencing as of the effective date  
20 hereof. In the event any such lease provides for a lump-sum  
21 rental payment, such payment shall be prorated between the  
22 portions so segregated in proportion to the acreage of the  
23 respective tracts.

24 19. COVENANTS RUN WITH LAND. The covenants herein shall be  
25 construed to be covenants running with the land with respect to  
26 the interest of, the parties hereto and their successors in interest  
27 until this agreement terminates, and any grant, transfer, or convey-  
28 ance, of interest in land or leases subject hereto shall be and  
29 hereby is conditioned upon the assumption of all privileges and  
30 obligations hereunder by the grantee, transferee, or other successor  
31 in interest. No assignment or transfer of any working interest,

1 royalty, or other interest subject hereto shall be binding upon  
2 Unit Operator until the first day of the calendar month after Unit  
3 Operator is furnished with the original, photostatic, or certified  
4 copy of the instrument of transfer.

5 20. EFFECTIVE DATE AND TERM. This agreement shall become  
6 effective upon approval by the Secretary of his duly authorized  
7 representative and the Commission and shall terminate five (5)  
8 years from said effective date unless

9 (a) such date of expiration is extended by the Director and  
10 the Commission, or

11 (b) it is reasonably determined prior to the expiration of  
12 the fixed term or any extension thereof that the unitized land  
13 is incapable of production of unitized substances in paying  
14 quantities in the formations tested hereunder and after notice  
15 of intention to terminate the agreement on such ground is given  
16 by the Unit Operator to all parties in interest at their  
17 last known addresses, the agreement is terminated with the  
18 approval of the Supervisor and the Commission, or

19 (c) a valuable discovery of unitized substances has been made  
20 or accepted on unitized land during said initial term or any  
21 extension thereof, in which event the agreement shall remain  
22 in effect for such term and so long as unitized substances can  
23 be produced in quantities sufficient to pay for the cost  
24 of producing same from wells on unitized land within any  
25 participating area established hereunder and, should production  
26 cease, so long thereafter as diligent operations are in  
27 progress for the restoration of production or discovery of  
28 new production and so long thereafter as the unitized  
29 substances so discovered can be produced as aforesaid, or  
30 (d) it is terminated as heretofore provided in this  
31 agreement.

1 This agreement may be terminated at any time by not less than 70 per  
2 centum, on an acreage basis, of the working interest owners signatory  
3 hereto, with the approval of the Supervisor and the Commission;  
4 notice of any such approval to be given by the Unit Operator to  
5 all parties hereto.

6 21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The  
7 Director is hereby vested with authority to alter or modify from  
8 time to time in his discretion the quantity and rate of production  
9 under this agreement when such quantity and rate is not fixed pursuant  
10 to Federal or State law or does not conform to any state-wide  
11 voluntary conservation or allocation program, which is established,  
12 recognized, and generally adhered to by the majority of operators  
13 in such State, such authority being hereby limited to alteration  
14 or modification in the public interest, the purpose thereof and  
15 the public interest to be served thereby to be stated in the order  
16 of alteration or modification. Without regard to the foregoing,  
17 the Director is also hereby vested with authority to alter or modify  
18 from time to time in his discretion the rate of prospecting and  
19 development and the quantity and rate of production under this  
20 agreement when such alteration or modification is in the interest  
21 of attaining the conservation objectives stated in this agreement  
22 and is not in violation of any applicable Federal or State law.  
23 Provided, further, that no such alteration or modification shall  
24 be effective as to any fee or privately owned land subject to this  
25 agreement as to the quantity and rate of production in the absence  
26 of specific written approval thereof by the Commission.

27 Powers in this section vested in the Director shall only be  
28 exercised after notice to Unit Operator and opportunity for hearing  
29 to be held not less than 15 days from notice.

30 22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor  
31 the working interest owners nor any of them shall be subject to

1 any forfeiture, termination or expiration of any rights hereunder  
2 or under any leases or contracts subject hereto, or to any penalty  
3 or liability on account of delay or failure in whole or in part  
4 to comply with any applicable provision thereof to the extent that  
5 the Unit Operator, working interest owners or any of them are hin-  
6 dered, delayed or prevented from complying therewith by reason of  
7 failure of the Unit Operator to obtain in the exercise of due  
8 diligence, the concurrence of proper representatives of the United  
9 States and the Commission in and about any matters or things  
10 concerning which it is required herein that such concurrence be  
11 obtained. The parties hereto, including the Commission, agree that  
12 all powers and authority vested in the Commission in and by any  
13 provisions of this agreement are vested in the Commission and shall  
14 be exercised by it pursuant to the provisions of the laws of the  
15 State of New Mexico and subject in any case to appeal or judicial  
16 review as may now or hereafter be provided by the laws of the  
17 State of New Mexico.

18 23. APPEARANCES. Unit Operator shall, after notice to other  
19 parties affected, have the right to appear for and on behalf of any  
20 and all interests affected hereby before the Department of the  
21 Interior and to appeal from orders issued under the regulations  
22 of said Department or to apply for relief from any of said regulations  
23 or in any proceedings relative to operations before the Department  
24 of the Interior or any other legally constituted authority; provided,  
25 however, that any other interested party shall also have the right  
26 at his own expense to be heard in any such proceeding.

27 23. NOTICES. All notices, demands or statements required  
28 hereunder to be given or rendered to the parties hereto shall be  
29 deemed fully given if given in writing and personally delivered to  
30 the party or sent by postpaid registered or certified mail, addressed  
31 to such party or parties at their respective addresses set forth

1 in connection with the signatures hereto or to the ratification  
2 or consent hereof or to such other address as any such party may  
3 have furnished in writing to party sending the notice, demand or  
4 statement.

5 25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement  
6 contained shall be construed as a waiver by any party hereto of the  
7 right to assert any legal or constitutional right or defense as to  
8 the validity or invalidity of any law of the State wherein said  
9 unitized lands are located, or of the United States, or regulations  
10 issued thereunder in any way affecting such party, or as a waiver  
11 by any such party of any right beyond his or its authority to waive.

12 26. UNAVOIDABLE DELAY. All obligations under this agreement  
13 requiring the Unit Operator to commence or continue drilling or  
14 to operate on or produce unitized substances from any of the lands  
15 covered by this agreement shall be suspended while the Unit  
16 Operator, despite the exercise of due care and diligence, is  
17 prevented from complying with such obligations, in whole or in part,  
18 by strikes, acts of God, Federal, State, or municipal law or  
19 agencies, unavoidable accidents, uncontrollable delays in trans-  
20 portation, inability to obtain necessary materials in open market,  
21 or other matters beyond the reasonable control of the Unit Operator  
22 whether similar to matters herein enumerated or not. No unit  
23 obligation which is suspended under this section shall become due  
24 less than thirty (30) days after it has been determined that the  
25 suspension is no longer applicable. Determination of creditable  
26 "Unavoidable Delay" time shall be made by the Unit Operator subject  
27 to approval of the Supervisor.

28 27. NONDISCRIMINATION. In connection with the performance of  
29 work under this agreement, the Operator agrees to comply with all  
30 the provisions of Section 202(1) to (7) inclusive of Executive  
31 Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated  
32 by reference in this agreement.

1           28. LOSS OF TITLE. In the event title to any tract of  
2 unitized land shall fail and the true owner cannot be induced to  
3 join in this unit agreement, such tract shall be automatically  
4 regarded as not committed hereto and there shall be such readjust-  
5 ment of future costs and benefits as may be required on account of  
6 the loss of such title. In the event of a dispute as to title as  
7 to any royalty, working interest, or other interests subject thereto,  
8 payment or delivery on account thereof may be withheld without  
9 liability for interest until the dispute is finally settled;  
10 provided, that, as to Federal land or leases, no payments of funds  
11 due the United States should be withheld, but such funds shall be  
12 deposited as directed by the Supervisor to be held as unearned  
13 money pending final settlement of the title dispute, and then  
14 applied as earned or returned in accordance with such final  
15 settlement.

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

18           29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any  
19 substantial interest in a tract within the unit area fails or  
20 refuses to subscribe or consent to this agreement, the owner of  
21 the working interest in that tract may withdraw said tract from  
22 this agreement by written notice delivered to the Supervisor and  
23 the Commission and the Unit Operator prior to the approval of this  
24 agreement by the Supervisor and the Commission. Any oil and gas  
25 interests in lands within the unit area not committed hereto prior  
26 to submission of this agreement for final approval may thereafter  
27 be committed hereto by the owner or owners thereof subscribing  
28 or consenting to this agreement, and, if the interest is a working  
29 interest, by the owner of such interest also subscribing to the  
30 unit operating agreement. After operations are commenced hereunder,  
31 the right of subsequent joinder, as provided in this section, by a

1 working interest owner is subject to such requirements or approvals,  
2 if any, pertaining to such joinder, as may be provided for in the  
3 unit operating agreement. After final approval hereof, joinder  
4 by a non-working interest owner must be consented to in writing  
5 by the working interest owner committed hereto and responsible  
6 for the payment of any benefits that may accrue hereunder in behalf  
7 of such non-working interest. A non-working interest may not be  
8 committed to this unit agreement unless the corresponding working  
9 interest is committed hereto. Joinder to the unit agreement by a  
10 working interest owner, at any time, must be accompanied by  
11 appropriate joinder to the unit operating agreement, if more than  
12 one committed working interest owner is involved, in order for the  
13 interest to be regarded as committed to this unit agreement. Except  
14 as may otherwise herein be provided, subsequent joinders to this  
15 agreement shall be effective as of the first day of the month  
16 following the filing with the Supervisor and the Commission of duly  
17 executed counterparts of all or any papers necessary to establish  
18 effective commitment of any tract to this agreement unless objection  
19 to such joinder is duly made within 60 days by the Supervisor or  
20 the Commission.

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

30 31. SPECIAL SURFACE STIPULATIONS. Nothing in this agreement  
31 shall modify the special, Federal lease stipulations applicable

1 to lands under the jurisdiction of the Bureau of Land Management,  
2 or the Bureau of Reclamation.

3 32. SURRENDER. Nothing in this agreement shall prohibit  
4 the exercise by any working interest owner of the right to surrender  
5 vested in such party by any lease, sublease, or operating agreement  
6 as to all or any part of the lands covered thereby, provided that  
7 each party who will or might acquire such working interest by such  
8 surrender or by forfeiture as hereafter set forth, is bound by the  
9 terms of this agreement.

10 If as a result of any such surrender the working interest  
11 rights as to such lands become vested in any party other than the  
12 fee owner of the unitized substances, said party may forfeit such  
13 rights and further benefits from operation hereunder as to said  
14 land to the party next in the chain of title who shall be and become  
15 the owner of such working interest.

16 If as the result of any such surrender or forfeiture working  
17 interest rights become vested in the fee owner of the unitized  
18 substances, such owner may:

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

21 (2) Lease the portion of such land as is included in a  
22 participating area established hereunder subject to this  
23 agreement and the unit operating agreement; or

24 (3) Provide for the independent operation of any part of  
25 such lands that are not then included within a participating  
26 area established hereunder.

27 If the fee owner of the unitized substances does not accept the  
28 working interest rights subject to this agreement and the unit  
29 operating agreement or lease such lands as above provided within  
30 six (6) months after the surrendered or forfeited working interest  
31 rights become vested in the fee owner, the benefits and obligations



1 of operations accruing to such lands under this agreement and the  
2 unit operating agreement shall be shared by the remaining owners  
3 of unitized working interests in accordance with their respective  
4 working interest ownerships, and such owners of working interests  
5 shall compensate the fee owner of unitized substances in such  
6 lands by paying sums equal to the rentals, minimum royalties, and  
7 royalties applicable to such lands under the lease in effect when  
8 the lands were unitized.

9 An appropriate accounting and settlement shall be made for  
10 all benefits accruing to or payments and expenditures made or  
11 incurred on behalf of such surrendered or forfeited working interest  
12 subsequent to the date of surrender or forfeiture, and payment of  
13 any moneys found to be owing by such an accounting shall be made  
14 as between the parties within thirty (30) days. In the event no  
15 unit operating agreement is in existence and a mutually acceptable  
16 agreement between the proper parties thereto cannot be consummated,  
17 the Supervisor may prescribe such reasonable and equitable agreement  
18 as he deems warranted under the circumstances.

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

23 33. TAXES. The working interest owners shall render and pay  
24 for their account and the account of the royalty owners all valid  
25 taxes on or measured by the unitized substances in and under or  
26 that may be produced, gathered and sold from the land subject to  
27 this contract after the effective date of this agreement, or upon  
28 the proceeds or net proceeds derived therefrom. The working  
29 interest owners on each tract shall and may charge the proper  
30 proportion of said taxes to the royalty owners having interests in  
31 said tract, and may currently retain and deduct sufficient of the

1 unitized substances or derivative products, or net proceeds thereof  
2 from the allocated share of each royalty owner to secure reimbursement  
3 for the taxes so paid. No such taxes shall be charged to the United  
4 States or the State of New Mexico or to any lessor who has a  
5 contract with his lessee which requires the lessee to pay such taxes.

6 34. NO PARTNERSHIP. It is expressly agreed that the relation  
7 of the parties hereto is that of independent contractors and nothing  
8 in this agreement contained, expressed or implied, nor any operations  
9 conducted hereunder, shall create or be deemed to have created a  
10 partnership or association between the parties hereto or any of  
11 them.

12 IN WITNESS WHEREOF, the parties hereto have caused this  
13 agreement to be executed and have set opposite their respective  
14 names the date of execution. Mona Enfield, wife of Robert N.  
15 Enfield, joins herein to commit her community property interest  
16 in the Unit Area to the provisions hereof.

17 UNIT OPERATOR

18  
19 \_\_\_\_\_  
20 Robert N. Enfield

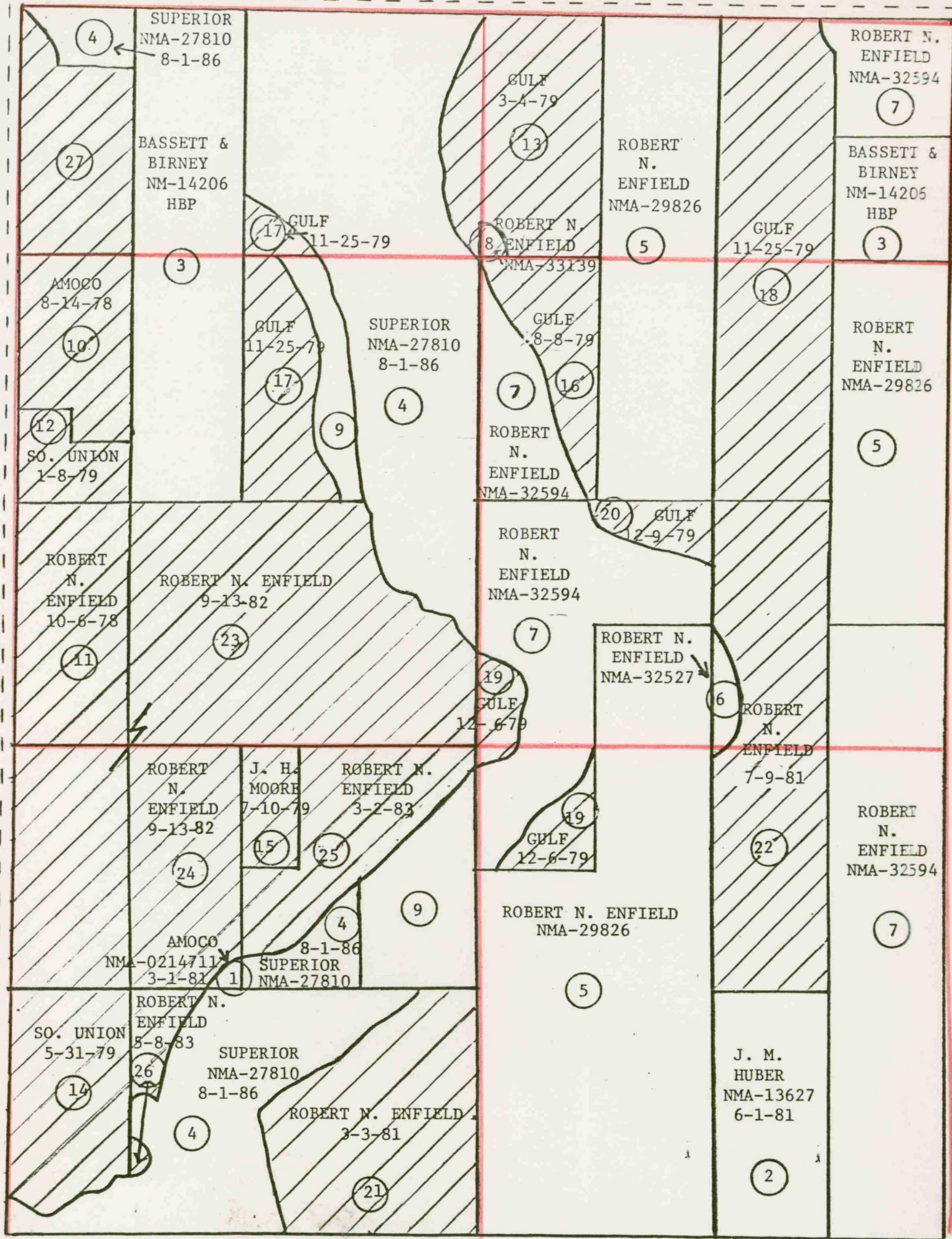
21 \_\_\_\_\_  
22 Mona Enfield

23 WORKING INTEREST OWNERS

24  
25 \_\_\_\_\_  
26 \_\_\_\_\_  
27 \_\_\_\_\_

R-26-E

R-27-E

T  
19  
S

R-26-E

R-27-E

--- UNIT OUTLINE

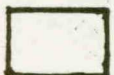
Federal Serial Numbers



TRACT NUMBER



PATENTED (FEE) LANDS



FEDERAL LANDS

NMA-0214711  
 NMA-13627  
 NM-14206  
 NMA-27810  
 NMA-29826  
 NMA-32527  
 NMA-32594  
 NMA-33139

EXHIBIT "A"

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment		Working Interest & %
					Lessee of Record	Royalty % Overriding	
1	<u>T-19-S, R-26-E</u>	.95	NMA-0214711 3-1-81	USA All-12.5	Amoco Production Company	George E. Conley et ux 3%	All

1 T-19-S, R-26-E

A tract of land in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of section 13, described as follows: Beginning at the center of section 13, T. 19S., R. 26 E., N.M.P.M., from which the corner of Secs. 13, 14, 23, and 24, T. 19S., R. 26E, bears by traverse S. 89°59'W. 335.1 feet; thence S. 27°12'W. 1127.7 feet; thence N. 86°16'W. 463.2 feet; thence S. 0°14'E. 1021.7 feet; thence S. 67°46'W. 758.2 feet; thence S. 36°26'W. 313.5 feet; thence N. 84°33'W. 430.4 feet; thence S. 0°14'E. 161.5 feet.

Thence beginning at the center of section 13, T. 19S., R. 26E., N.M.P.M; thence S. 89°59'W. 335.1 feet on subdivision line to pipe number 49; thence N. 54°41'E. 410.3 feet to pipe number 50; thence S. 0°14'E. 232.2 feet on subdivision line to the point of beginning as above described, containing .95 acres, more or less.



T-19-S, R-27-E  
Sec. 18: W<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Lessee of Record	Production Payment or		Working Interest %
						Overriding Royalty %		
2	T-19-S, R-27-E Sec. 18: W½SE¼	80.00	NMA-13627 6-1-81	USA All-12.5	J. M. Huber Corporation	Sherman Nelson and Jon Nelson	10% of 3%	J. M. Huber: All
						Lucinda Bartlett and Robert F. Bartlett	90% of 3%	
						G. D. Williamson and wife, Lanita C.	\$2,000.00 per acre out of 2%	
3	T-19-S, R-26-E Sec. 1: E½SW¼ Sec. 12: E½NW¼	200.00	NM-14206 HBP	USA All-12.5	Bassett & Birney	None		Bassett & Birney: All
	T-19-S, R-27-E Sec. 6: SE½SE¼							

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment			Working Interest & %
					Lessee of Record	Overriding Royalty %	or et ux	
4	<p><u>T-19-S, R-26-E</u></p> <p>A tract of land in the NW<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math> Sec. 1, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the west 1/4 corner of Sec. 1, T. 19 S., R. 26 E., NMPM: thence south 89 o and 48' E., 1331.8 ft. on subdivision line to the northeast corner of the NW<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math> of said section; thence south 15' E., 856.1 ft. on subdivision line to pipe number 91; thence south 64 o and 32' W., 65.3 ft. to pipe number 92; thence south 72 o and 22' W., 764.6 ft. to pipe number 93; thence north 12 o and 25' W., 932 ft. to pipe number 94; thence north 58 o and 16' W., 406.6 ft. to the point of beginning as above described. Containing 21.16 acres.</p>	450.04	NMA-27810 8-1-86	USA All-12.5	Superior Oil Company	William C. Welch et ux	5%	Superior: All

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment			Working Interest & %
				Basic Royalty Ownership Percentage	or Overriding Royalty %	Lessee of Record	

A tract of land in the northeast quarter (NE $\frac{1}{4}$ ) of the southeast quarter (SE $\frac{1}{4}$ ) of Section one (1), Township nineteen (19) south of Range twenty-six (26) east, New Mexico Principal Meridian described as follows: Beginning at the southwest corner of the northeast quarter (NE $\frac{1}{4}$ ) of the southeast quarter (SE $\frac{1}{4}$ ) of Section one (1), Township nineteen (19) south of Range Twenty-six (26) east, N.M.P.M.; thence south eighty-nine (89) degrees and forty-four (44) minutes east ten hundred seventy-eight and three-tenths (1078.3) feet on subdivision line to pipe number ninety-one (91); thence north fifteen (15) degrees and thirty-eight (38) minutes west six hundred sixty-six and seven-tenths (666.7) feet; thence north twenty-nine (29) degrees and forty-three (43) minutes east seven hundred eighty-six and eight-tenths (786.8) feet to pipe number ninety-three (93); thence north eighty-nine (89) degrees and forty-eight (48) minutes west twelve hundred ninety-six and five-tenths (1296.5) feet on subdivision line to the northwest corner of the northeast quarter (NE $\frac{1}{4}$ ) of the southeast quarter (SE") of said Section one (1); thence south twenty(20) minutes east thirteen hundred twenty-five and six-tenths (1325.6) feet on subdivision line to the point of beginning as above described. Containing twenty-nine and sixteen-hundredths (29.16) acres.

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Production Payment		
				or		
		Number of Acres	Basic Royalty Ownership Percentage	Lessee of Record	Overriding Royalty %	Working Interest & Royalty %

A tract of land in the southeast quarter (SE $\frac{1}{4}$ ) of the southeast quarter (SE $\frac{1}{4}$ ) of Section one (1), Township nineteen (19) south of Range twenty-six (26) east, New Mexico Principal Meridian, described as follows: Beginning at the southeast corner of Section one (1), Township nineteen (19) south of Range twenty-six (26) east, N.M.P.M.; thence north twenty-four (24) minutes west four hundred twenty-nine (429) feet on section line between Section six (6), Township nineteen (19) south of Range twenty-seven (27) east, N.M.P.M., and Section one (1), Township nineteen (19) south of Range twenty-six (26) east, N.M.P.M., to pipe number eighty-nine (89); thence north eighteen (18) degrees and thirty (30) minutes west two hundred two (202) feet; thence north fifteen (15) degrees and thirty-eight (38) minutes west seven hundred thirty-three and three-tenths (733.3) feet to pipe number ninety-one (91); thence north eighty-nine (89) degrees and forty-four minutes (44) west ten hundred seventy-eight and three-tenths (1078.3) feet on subdivision line to the northwest corner of the southeast quarter (SE $\frac{1}{4}$ ) of the southeast quarter (SE $\frac{1}{4}$ ) of said Section one (1); thence south twenty (20) minutes east thirteen hundred twenty-five and six-tenths (1325.6) feet to the southwest



EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment		Working Interest & %
				Basic Royalty Ownership Percentage	or Overriding Royalty %	

corner of the southeast quarter (SE $\frac{1}{4}$ ) of the southeast quarter (SE $\frac{1}{4}$ ) of said Section one (1); thence south eighty-nine (89) degrees and forty (40) minutes east, thirteen hundred thirty-four and six-tenths (1334.6) feet on section line between Sections one (1) and twelve (12). Township nineteen (19) south, Range twenty-six (26) east, N.M.P.M., to the point of beginning as above described, containing thirty-six and sixteen-hundredths (36.16) acres.

A tract of land in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 1, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the southwest corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 1, T. 19 S., R. 26 E., NMPM; thence north 17' W., 512.7 ft. on subdivision line to pipe number 82; thence north 130° 40' E., 705.7 ft. to pipe number 83; thence north 32° and 33' W., 148.7 ft. to pipe number 84; thence south 89° and 48' E., 1242.2 ft. on subdivision line to the northeast corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said section; thence south 20' E., 1325.6 ft. on subdivision line to the southeast corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section; thence north 89° and 44' W., 1333.4 ft. on subdivision line to the point of beginning, as above described. Containing 38.29 acres.

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. &		Basic Royalty Ownership Percentage	Production Payment		Working Interest & %
		Number of Acres	Exp. Date of Leases (New Mexico Serials)		Lesseé of Record	Overriding Royalty %	

A tract of land in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Sec. 1, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the southeast corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Sec. 1, T. 19 S., R. 26 E., NMPM, thence north 890 and 40' W., 626.6 ft. on section line between Sections 12 and 1 in T. 19 S., R. 26 E., NMPM, to point marked by pipe number 73; thence north 660 and 5' W., 351.3 ft. to pipe number 74; thence north 170 and 54' W., 373.5 ft. to pipe number 75; thence south 710 and 59' W., 283 ft. to pipe number 76; thence north 17' W., 920.6 ft. on subdivision line to the northwest corner of the southwest quarter (SW $\frac{1}{4}$ ) of the southeast quarter (SE $\frac{1}{4}$ ) of said Sec. 1; thence south 890 and 44' E., 1333.4 ft. on subdivision line to the northeast corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Sec. 1; thence south 20' E., 1325.6 ft on subdivision line to the point of beginning as above described. Containing 35.81 acres.

Sec. 12: E $\frac{1}{4}$ NE $\frac{1}{4}$

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment		Working Interest & %
				or Overriding Royalty %	Lessee of Record	

A tract of land in the NW $\frac{1}{4}$ NE $\frac{1}{4}$  Sec. 12, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the southeast corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$  Section 1, T. 19 S., R. 26 E., NMPM: thence north 89° and 46' W., 595 ft. on subdivision line to pipe number 71; thence north 10° and 7' W., 1053 ft. to pipe number 72 thence north 25° and 23' E., 325.6 ft. to pipe number 73; thence south 89° and 40' E., 626.6 ft. on section line between Section 1 and 12, T. 19 S., R. 26 E., NMPM, to the northeast corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$  of said Sec. 12: thence south 34' E., 1329.2 ft. on subdivision line to the point of beginning as above described. Containing 20.99 acres.

A tract of land in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  Sec. 12, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the southeast corner of the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Sec. 12, T. 19 S., R. 26 E., NMPM, thence north 89° and 52' W., 370.3 ft. on subdivision line to pipe number 70; thence north 10° and 7' W., 1351.8 ft. to pipe number 71; thence south 89° and 46' E., 595 ft. to the northeast corner of the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of said section; thence south 34' E., 1329.2 ft. on subdivision line to the point of beginning as above described. Containing 14.76 acres.

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Basic Royalty Ownership Percentage		Production Payment or Overriding Royalty %		Working Interest & Lessee of Record Royalty %	
		Number of Acres							

A tract of land in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 12, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the northeast corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 12, T. 19 S., R. 26 E., NMPM; thence south 34' E., 835 ft. on subdivision line to pipe number 66; thence north 68° and 51' W., 278.2 ft. to pipe number 67; thence north 9° and 12' W., 743.2 ft to pipe number 70; thence south 89° and 52' E., 370.3 ft. on subdivision line to the point of beginning as above described; containing 5.60 acres

A tract of land in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 12, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the southeast corner of the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Sec. 12, T. 19 S., R. 26 E., NMPM; thence north 89° and 56' W., 949 ft. on subdivision line to pipe number 64; thence north 14° and 50' W., 515 ft. to pipe number 65; thence south 89° and 27' W., 246.1 ft. to pipe number 66; thence north 34' W., 835 ft. to the northwest corner of the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of said section; thence south 89° and 52' E., 1326.2 ft. on subdivision line to east 1/4 corner of said section; thence south 24' E., 1326.5 ft. on section line between Sec. 7, T. 19 S., R. 27 E., NMPM, Sec. 12, T. 19 S., R. 26 E., NMPM, to the point of beginning as above described. Containing 36.45 acres.

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Production Payment		Working Interest & %
				Basic Royalty Ownership Percentage	Lessee of Record Royalty % or Overriding Royalty %	
	<p>A tract of land in the SE<math>\frac{1}{4}</math>SE<math>\frac{1}{4}</math> Sec. 12, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the northeast corner of the SE<math>\frac{1}{4}</math>SE<math>\frac{1}{4}</math> Sec. 12, T. 19 S., R. 26 E., NMPM, thence south 24' E., 236.3 ft. on section line between Sec. 7, T. 19 S., R. 27 E., NMPM and Sec. 12, T. 19 S., R. 26 E., NMPM to point marked by pipe number 62; thence north 58° and 57' W., 458.4 ft. to pipe number 63; thence south 89° and 56' E., 391 Ft. on subdivision line to point of beginning as above described. Containing 1.06 acres.</p>					
	<p>A tract of land in the SW<math>\frac{1}{4}</math>SE<math>\frac{1}{4}</math> of Sec. 13, T. 19 S., R. 26 E., NMPM described as follows: Beginning at the south 1/4 corner of Sec. 13, T. 19 S., R. 26 E., NMPM; thence north 89° and 59' E., 416 ft. on section line between Sec. 13 and 24, T. 19 S., R. 26 E., NMPM to pipe number 60; thence north 5° and 21' W., 1223 ft.; thence north 55° 34' E., 192.9 ft. to pipe number 62; thence south 89° and 59' W., 470.2 ft. on subdivision line to the northwest corner of the SW<math>\frac{1}{4}</math>SE<math>\frac{1}{4}</math> of said Sec. 13; thence south 14' E., 1329.2 ft. on subdivision line to the point of beginning as above described. Containing 9.47 acres.</p>					

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. &		Basic Royalty	Production Payment		Working Interest &
		Number of Acres	Exp. Date of Leases (New Mexico Serials)	Ownership Percentage	Overriding Royalty %	or Lessee of Record	%

A tract of land in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  Sec. 13, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the southwest corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Sec. 13, T. 19 S., R. 26 E., NMPM; thence north 89° and 59' E., 470.2 ft. on subdivision line to pipe number 62; thence north 55° and 34' E., 507.1 ft.; thence north 23° and 7' E., 500 ft.; thence north 64° and 52' E., 254.6 ft. to pipe number 65; thence north 14' W., 474.9 ft. on subdivision line to the northeast corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said section; thence south 89° and 59' W., 1318.4 ft. subdivision line to the center of said section; thence south 14' E., 1329.2 ft on subdivision line to the point of beginning as above described. Containing 30.90 acres.

A tract of land in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 13, T. 19S., R. 26E., NMPM, described as follows: Beginning at the southwest corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 13, T. 19S., R. 26E., NMPM, being marked by pipe number 46, thence north 14' W., 354.7 ft. on subdivision line to pipe number 47; thence south 86° and 16' E., 463.2 ft. to pipe number 48; thence north 27° and 12' E., 1127.7 ft. to pipe number 49; thence north 89° and 59'E., 335.1 ft. on subdivision line to the north-east corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  being the

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment		
					Lessee of Record	Overriding Royalty %	Working Interest %

center of said section; thence south 14' E., 1329.2 ft. on subdivision line to the southeast corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of said section; thence south 89° and 59' W., 1318.1 ft. to the point of beginning as above described. Containing 23.44 acres.

A tract of land in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 13, T. 19S., R. 26E., NMPM, described as follows: Beginning at the southwest corner of Sec. 13, T. 19S., R. 26E., NMPM, thence north 14' W., 162.4' on section line between Sec. 13 and 14, T. 19 S., R. 26 E., NMPM, to pipe number 40; thence south 84° and 33' E., 430.4 ft. to pipe number 41; thence north 36° and 26' E., 313.5 feet to pipe number 42; thence north 67° and 46' E., 758.2 ft. to pipe number 43; thence south 14' E., 662.2 ft. on subdivision line to the southeast corner of the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 13; thence south 89° and 59' W., 1318.6 ft. on section line between Sec. 13 and 24 in T. 19 S., R. 26 E., NMPM, to the point of beginning above described. Containing 10.80 acres.

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Production Payment				
		Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	or		Working Interest & %
				Overriding Royalty %	Lessee of Record	
	<p>A tract of land in the SE<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math> of Sec. 13, T. 19S., R. 26 E., NMPM described as follows: Beginning at the south one quarter corner of Sec. 13, T 19S., R. 26 E., NMPM; thence south 89° and 59' W., 1318.6 ft. on Section line between Sections 13 and 24 to the SW corner of the SE<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math> of Sec. 13 all in T. 19 S., R. 26E., thence north 14' W., 662.2 ft on subdivision line to pipe number 43; thence north 66° and 4' E., 248.3 ft. to pipe number 44; thence north 8° and 53' W., 421.4 ft to pipe number 45; thence north 47° and 30' W., 221.3 ft. to the northwest corner of the SE<math>\frac{1}{4}</math> of the SW<math>\frac{1}{4}</math> of Sec. 13; also marked by pipe number 46; thence north 89° and 59' E., 1318.1 ft. on subdivision line to the northeast corner of the SE<math>\frac{1}{4}</math>SW<math>\frac{1}{4}</math> of said section; thence south 14' E., 1329.2 ft on subdivision line to the point of beginning as above described. Contain- ing 37.54 acres</p>					



EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Basic Royalty Ownership Percentage		Production Payment or Overriding Royalty %		Working Interest & Royalty %	
		Number of Acres			Lessee of Record				
5	A tract of land in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 13, T. 19 S., R. 26 E., NMPM, described as follows: Beginning at the center of Sec. 13, T. 19 S., R. 26 E., NMPM, thence north 14' W., 232.2 ft. on subdivision line to pipe number 50; thence north 63° and 33' E., 629.2 ft. to pipe number 51; thence north 22° and 39' E., 300 ft. to pipe number 52; thence south 88° and 2' E., 537 ft. to pipe number 53; thence north 12° and 52' E., 440 ft. to pipe number 54; thence south 14' E., 1205 ft. on subdivision line to the southeast corner of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said section; thence south 89° and 59' W., 1318.4 ft. on subdivision line to the point of beginning as above described. Containing 18.45 acres.	598.97	NMA-29826	USA	All-12.5	Benson J. Lamp	Benson J. Lamp \$3000/acre 1/16 of 8/8's	Robert N. Enfield:	All
T-19-S, R-27-E	Sec. 6: E $\frac{1}{2}$ SW $\frac{1}{4}$								
	Sec. 7: E $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$								
	Sec. 18: Lots 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$								

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment			
					Lessee of Record	Overriding Royalty % or	Working Interest %	
6	<u>T-19-S, R-27-E</u>  Sec. 7: A 10.71 acre tract of land located in the said NW¼SE¼ of Section 7, more particularly described as follows: Beginning at the NW corner of the SW¼SE¼ of Sec. 7: Thence South 27' East along the subdivision line a distance of 891.1' to pipe marker No. 75; Thence North 54° 50' East a distance of 857.7'; Thence North 28° 25' West a distance of 1000'; Thence North 75° 59' West a distance of 244.9' to pipe marker No. 80, & being in the W. line of the NW¼SE¼ of said Sec. 7; Thence S. 27' East along the subdivision line to the SW corner of the NW¼SE¼ of said Sec. 7, & also being the NW corner of the SW¼SE¼ of said Sec. 7, the point of beginning.	10.71	NMA-32527	USA	All-12.5	Robert N. Enfield	None	Robert N. Enfield: All
7	<u>T-19-S, R-27-E</u>  Sec. 6: NE¼SE¼  A 1.76 acre tract in the NW¼SE¼ described as follows: Beginning at a point from which the center of said Section 6 bears W 503 ft. distant, and marked by pipe No. 102; thence S 57° 17' E 889.5 ft.; thence N 13° 20' W 494.1 ft. to pipe No. 104; thence W 634.5 ft. on subdivision line to the point and place of beginning.	375.10	NMA-32594	USA	All-12.5	Thomas H. Connelly	Thomas H. Connelly 5%	Robert N. Enfield: All

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment			Working Interest & %
				Basic Royalty Ownership Percentage	or Overriding Royalty %	Lessee of Record	

Sec. 7: SE $\frac{1}{4}$ SE $\frac{1}{4}$

A 24.84 acre tract in Lots 1 & 2 described as follows: Beginning at the Northwest corner of Section 7-19S-27E; thence S 24' E 2653.0 ft. on section line between Section 12-19S-26E and Section 7-19S-27E to the W quarter corner of Section 7-19S-27E; thence E 982.5 ft. on subdivision line to pipe No. 83; thence N 260 50' W. 1000.0 ft.; thence N 70 50' W 1200.00 ft.; thence N 180 30' W 544.0 ft. to pipe No. 88; thence W 140.0 ft. on section line between Sections 6 & 7 to the point and place of beginning.

A 58.41 acre tract situated within Lot 3 and NE $\frac{1}{4}$ SW $\frac{1}{4}$  described as follows: Beginning at the W quarter corner of Section 7-19S-27E; thence S 240 E 1326.5 ft. on section line between Section 12-19S-26E and Section 7-19S-27E; thence E 2623.2 ft. on subdivision line to the Southeast corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of said Section 7; thence N 27' W 541.7 ft. on subdivision line to pipe No. 80; thence N 750 59' W 955.1 ft.; thence N 520 25' W 907.4 ft. to pipe No. 83; thence W 982.5 ft. on subdivision line to the point and place of beginning.

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment			Working Interest & %
				Basic Royalty Ownership Percentage	or Overriding Royalty %	Lessee of Record	

A 23.59 acre tract in Lot 4 described as follows: Beginning at the Southeast corner of Lot 4 of said Section 7; thence W 1197.8 ft. along section line between Sections 7 and 18-19S-27E to pipe No. 58; thence N 74° 18' E 346.6 ft. to pipe No. 59; thence N 36° 36' E 643.2 ft. to pipe No. 60; thence N 13° 28' W 450.3 ft. to pipe No. 61; thence N 86° 41' W 725.6 ft. to pipe No. 62; thence N 24' W 236.3 ft. along section line between Sections 12-19S-26E and 7-19S-27E to the Northwest Corner of said Lot 4; thence E 1303.2 ft. along the subdivision line to the North-east corner of said Lot 4; thence S 27' E 1326.5 ft. along subdivision line to the point and place of beginning.

Sec. 18: E&E

A 26.50 acre tract in Lot 1 described as follows: Beginning at the Southwest corner of said Lot 1 Section 18; thence E 413.6 ft. on subdivision line to pipe No. 69; thence N 29° 59' E 548.1 ft.; thence N 46° 18' E 600.0 ft.; thence N 61° 25' E 209.5 ft. to pipe No. 72; thence

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment				Working Interest & %
				Basic Royalty Ownership Percentage	Lessee of Record	Overriding Royalty %		

N 27' W 341.3 ft. to the Northeast corner of said Lot 1; thence W 1197.8 ft. along section line between Sections 18 and 7-19S-27E to point marked by pipe No. 58; thence S 35° 35' W 182.2 ft. to pipe No. 57; thence S 14' E 1180.7 ft. along section line between Sections 13-19S-26E and 18-19S-27E to the point and place of beginning.

8	T-19-S, R-27-E	0.25	NMA-33139	USA	All-12.5	Robert N. Enfield	None	Robert N. Enfield - All
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Sec. 6: A tract in Lot 7 described as follows: Beginning at the Southwest corner of said Section 6; thence E 140 ft. on section line between Sections 6 and 7 to pipe No. 88; Thence N 18° 30' W 454 ft. to pipe No. 89; thence S 24' E 429.0 ft. on section line between Sections 1-19S-26E and 6-19S-27E to the point and place of beginning. Containing 0.25 acres.

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment			Working Interest %
				Basic Royalty Ownership Percentage	Lessee of Record	Overriding Royalty % or	

9	T-19-S, R-26-E	67.56		USA	All-12.5		
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Sec. 12: All of the following named sections or parts of sections bounded on the east and south by the proposed Government flow or contour line and on the west and north by a contour line representing an elevation of four (4) feet above such Government flow or contour line as appears from Exhibit six (6) of the Referee's report in cause numbered 361 on the Law Docket of the United States District Court for the District of New Mexico entitled United States District Court for the District of New Mexico entitled United States of America, plaintiff vs. Charles A. Biglow, et al., defendants, West half (W $\frac{1}{2}$ ) Northeast quarter (NE $\frac{1}{4}$ ) Section Twelve (12) Township Nineteen (19) West of Range Twenty six (26) East, containing twelve and 73/100 (12.73) acres, more or less.

Sec. 13: A tract in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  containing 4.44 acres described by metes and bounds as follows: Beginning at the northwest corner of the northeast quarter (NE) of the southeast quarter (SE $\frac{1}{4}$ ) of Sec. thirteen(13) Township nineteen (19) south of Range twenty-six (26) east, NMPM, thence south fourteen (14) m/nutes east on subdivision line four hundred seventy-four and nine-tenths (474.9) feet on subdivision line to pipe number sixty-five; thence north sixty-four (64) degrees and fifty-two (52)

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Basic Royalty Ownership Percentage	Production Payment or Overriding Royalty %		Working Interest %
		Number of Acres			Lessee of Record		

minutes east nine hundred forty-five and four-tenths (945.4) feet; thence north thirty-three (33) degrees and forty-eight (48) minutes east eighty-six and nine-tenths (86.9) feet to pipe number sixty-seven (67); thence south eighty-nine (89) degrees and fifty-nine (59) minutes west nine hundred two and four-tenths (902.4) feet on subdivision line to the point of beginning as above described. Containing four and forty-four hundredths (4.44) acres.

Sec. 13: A tract of land in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  containing 14.37 acres described by metes and bounds as follows: Beginning at the southeast corner of the northeast quarter (NE $\frac{1}{4}$ ) of Section thirteen (13), Township nineteen (19) South of Range twenty-six (26) east, NNPM; thence south eighty-nine (89) degrees and fifty-nine (59) minutes west eleven hundred eighty and seven-tenths (1180.7) feet to pipe number fifty-five (55); thence north fifty (50) degrees and fifty-two (52) minutes east eight hundred six and three-tenths (806.3) feet to pipe number fifty-six (56); thence north thirty-nine (39) degrees and twenty-two (22) minutes east eight hundred sixty-seven and two-tenths (867.2) feet to pipe number fifty-seven (57); thence south fourteen (14) minutes

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Basic Royalty Ownership Percentage	Lessee of Record	Production Payment		Working Interest & %
						Overriding Royalty %	or Royalty %	

east eleven hundred eighty and seven-tenths (1180.7) feet on section line between Section thirteen (13), Township nineteen (19) south of Range twenty-six (26) east, NMPM, and Section eighteen (18), Township nineteen (19), south of Range twenty-seven (27) east, NMPM, to the point of beginning as above described. Containing fourteen and thirty-seven hundredths (14.37) acres.

Sec. 13: A tract of land in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  containing 36.02 acres described by metes and bounds as follows: Beginning at the southwest corner of the southeast quarter (SE $\frac{1}{4}$ ) of the northeast quarter (NE $\frac{1}{4}$ ) of Section Thirteen (13), Township nineteen (19) South, Range twenty-six (26) East, N.M.P.M., thence North fourteen (14) minutes West twelve hundred five (1205) feet on subdivision line to pipe number fifty-four (54); thence north forty-seven (47) degrees and fifty-four (54) minutes east one hundred eighty-five (185) feet to pipe number fifty-five (55); thence north eighty-nine (89) degrees and fifty-nine (59) minutes east eleven hundred eighty and seven-tenths (1180.7) feet on subdivision line to the northeast corner of southeast quarter (se $\frac{1}{4}$ ) of the north-east quarter (NE $\frac{1}{4}$ ) of said section; thence south fourteen (14) minutes east seven



T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment		
					or Overriding Royalty %	Lessee of Record	Working Interest %
	hundred eleven and nine-tenths (711.9) feet on section line between Sections thirteen (13), Township nineteen (19) South of Range Twenty-six (26) East, N.M.P.M., and Section Eighteen (18), Township nineteen (19) South, Range Twenty-seven (27) East, N.M.P.M. to point marked by pipe number sixty-eight (68); thence South Thirty-three (33) degrees and forty-eight (48) minutes West seven hundred forty-three and one-tenth (743.1) feet to pipe number sixty-seven (67); thence South eighty-nine (89) degrees and fifty-nine (59) minutes west nine hundred two and four-tenths (902.4) feet on subdivision line to the point of beginning as above described. Containing thirty-six and two-hundredths (36.02) acres.						

9 Federal Tracts 1783.58 acres or 55.83% of Unit Area

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment		
					Lessee of Record	Overriding Royalty %	Working Interest %
10	T-19-S, R-26-E	55.00	8-14-78	M. Yates et al All-18.75	Amoco Production Company	None	Amoco: All
	Sec. 12: NW $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$						
11	T-19-S, R-26-E						
	Sec. 12: W $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	10-6-78	A. Ray Banks All-18.75	Robert N. Enfield	None	Robert N. Enfield - All
12	T-19-S, R-26-E	25.00	1-8-79		Southern Union Gas Company		So. Union: All
	Sec. 12: S $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$						
13	T-19-S, R-26-E	92.53	3-4-79	Corinne Smith Lanning Velma Smith Jones All-12.5%	Gulf Oil Corporation	None	Gulf: All
	Sec. 1: E $\frac{1}{2}$ SE $\frac{1}{4}$ , save and except a tract of land containing 65.32 acres condemned in Cause No. 361, <u>United States v. Charles Bigelow, et al</u> , and more particularly described as: Beginning at the Southeast corner of said Section 1: Thence North 24 minutes West 429 feet on section line to pipe #89; Thence North 18 degrees 30 minutes west 202 feet; Thence North 15 degrees 38 minutes West 1,400.00 feet; Thence North 29 degrees 43 minutes East 786.8 feet to pipe #93: Thence North 89 degrees 48 minutes west on subdivision line 1296.5 feet to the Northwest corner of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ said Section 1: Thence South 20 minutes East 2,651.2 feet to the Southwest corner of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ said Section 1; Thence South 89 degrees 40 minutes East 1334.6 feet on section						

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Basic Royalty Ownership Percentage	Production Payment		Working Interest %
					Lessee of Record	or Overriding Royalty %	

T-19-S, R-27-E  
Sec. 6: Lots 6 and 7 save and except  
a tract in Lot 7 described as follows:  
Beginning at the Southwest corner of  
said Section 6; thence E 140 ft. on  
section line between Sections 6 and 7  
to pipe No. 88; Thence N 18° 30' W  
454 ft. to pipe No. 89; thence S 24'  
E 429.0 ft. on section line between  
Sections 1-19S-26E and 6-19S-27E to  
the point and place of beginning.  
Containing 0.25 acres.

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment			Working Interest & %
				Basic Royalty Ownership Percentage	Lessee of Record	Overriding Royalty % or	
14	<u>T-19-S, R-26-E</u>  Sec. 13: W $\frac{1}{4}$ SW $\frac{1}{4}$ except a tract of land in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 13, T. 19S., R. 26E., NMPM, described as follows: Beginning at the SW corner of Sec. 13, T. 19S., R. 26E., NMPM, thence north 14' W., 162.4' on section line between Sec. 13 and 14, T. 19 S., R. 26 E., NMPM, to pipe number 40; thence south 84° and 33' E., 430.4 ft. to pipe number 41; thence north 36° and 26' E., 313.5 feet to pipe number 42; thence north 67° and 46' E., 758.2 ft. to pipe number 43; thence south 14' E., 662.2 ft. on subdivision line to the southeast corner of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 13; thence south 89° and 59' W., 1318.6 ft. on section line between S.c. 13 and 24 in T. 19 S., R. 26 E., NMPM, to the point of beginning above described. Containing 10.80 acres.	69.20	5-31-79	Lloyd Rankin et al All-18.75	Southern Union Gas Company	None	So. Union: All
15	<u>T-19-S, R-26-E</u>  Sec. 13: W $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$	20.00	7-10-79	Bernice L. House All-18.75	J. H. Moore et al		J. H. Moore et al: All

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment		
				Basic Royalty Ownership Percentage	Overriding Royalty %	Working Interest %

16	<u>T-19-S, R-27-E</u> Sec. 7: Lot 1 and 2 excluding a 24.84 acre tract acquired by the United States of America in Condemnation Suit No. 361 Containing 54.02 acres.	54.02	8-8-79	Lela Alexander et al 18.75	None	Gulf Oil - All
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17	<u>T-19-S, R-26-E</u> Sec. 1: All of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 1, Township 19 South, Range 26 East, NMPM., except 35.81 acres appropriated by the United States of America in Cause No. 361, on the Law Docket of the United States District Court for the District of New Mexico, entitled United States of America, plaintiff, vs. Charles A. Bigelow, et al, defendants.	37.42	11-25-79	Georgia Hawkins Cochran All-6.25 Margaret Cochran Shumate All-3.125 Tommie Lee Cochran McCall All-3.125	None	Gulf: All
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EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment				Working Interest & %
				Basic Royalty Ownership Percentage	or Overriding Royalty %	Lessee of Record		

Sec. 12: All of the W $\frac{1}{2}$  of the NE $\frac{1}{4}$  of Section 12, Township 19 South, Range 26 East, NMPM., except: (a) 35.75 acres appropriated by the United States of America in Cause No. 361 on the Law Docket of the United States District Court for the District of New Mexico entitled United States of America, plaintiff, vs. Charles A. Bigelow, et al, defendants; and (b) 12.73 acres, more or less conveyed by G. W. Cochran, et al to the United States of America by Quitclaim Deed dated May 17, 1923, recorded in Volume 58, page 282 of the Deed Records of Eddy County, New Mexico.

18	T-19-S, R-27-E	158.24	11-25-79	Lewis Walters et al - 18.75	None	Gulf Oil Corporation	Gulf Oil - All
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Sec. 6: W $\frac{1}{2}$ SE $\frac{1}{4}$  excluding a 1.76 acre tract in NW $\frac{1}{4}$ SE $\frac{1}{4}$  acquired by the United States of America in Condemnation Suite No. 361. Containing 78.24 acres

Sec. 7: W $\frac{1}{2}$ NE $\frac{1}{4}$

[illegible]

19 T-19-S, R-27-E

Sec. 18: A 3.73 acre tract situated within Lot 1 described as follows: Beginning at the Northwest corner of Lot 1 of said Section 18; thence E 106.4 ft. on the section line between Sections 7 and 18-19S-27E to pipe No. 58; thence S 35° 35' W 182.2 ft. to pipe No. 57; thence N 14° W 139.3 ft. on section line between Sections 18-19S-27E and 13-19S-26E to the point and place of beginning.

Sec. 18: A 9.32 acre tract situated within Lot 1 described as follows: Beginning at the Southeast corner of Lot 1 of said Section 18; thence N 27° W 978.7 ft. along the subdivision line to pipe No. 72; thence S 61° 25' W 209.5 ft.; thence S 46° 18' W 600.0 ft.; thence S 29° 59' W 548.1 ft. to pipe No. 69; thence easterly along the subdivision line to the point and

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment or		
					Overriding Royalty %	Lessee of Record	Working Interest & %
20	<u>T-19-S, R-27-E</u>  Sec. 7: 21.07 acres in Lot 3 and NE $\frac{1}{4}$ SW $\frac{1}{4}$ described as follows: Beginning at the center of said Section 7; thence W along the subdivision line 1639.68 ft. to pipe No. 83; thence S 52° 25' E 907.4 ft.; thence S 75° 59' E 955.1 ft. to pipe No. 80 on the subdivision line; thence N 27° W 778.3 ft. to the point and place of beginning.	21.07	12-9-79	Russel J. Vaughan et al - 18.75	None	Gulf Oil Corporation	Gulf Oil - All
21	<u>T-19-S, R-26-E</u>  Sec. 13: All of the SE $\frac{1}{4}$ except 44.81 acres, more or less, described by metes and bounds in that certain Mineral Deed dated December 27, 1941, from Henry A. Bock et ux to Henry F. Bock, et al, recorded in Book 144, Page 108, Deed Records of Eddy County, N. M., to which reference is here made for all purposes.	115.19	3-3-81	H. Robert Bock et al 16.667	2.083%	Robert N. Enfield D. Blackmar	Robert N. Enfield - All



EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)		Production Payment			
				Basic Royalty Ownership Percentage		or Overriding Royalty %	
		Number of Acres		Lessee of Record		Working Interest & %	
22	T-19-S, R-27-E	149.29	7-9-81	E. W. Douglas et ux All-18.75	Robert N. Enfield	None	Robert N. Enfield - All

Sec. 7: NW $\frac{1}{4}$ SE $\frac{1}{4}$ , save and except a 10.71 acre tract of land located in the said NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7, more particularly described as follows: Beginning at the Northwest corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7; Thence South 27 minutes East along the subdivision line a distance of 891.1 feet to pipe marker No. 75; Thence North 54 degrees 50 minutes East a distance of 857.7 feet; Thence North 28 degrees 25 minutes West a distance of 1000 feet; Thence North 75 degrees 59 minutes West a distance of 244.9 feet to pipe marker No. 80, and being in the West line of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 7; Thence South 27 minutes East along the subdivision line to the Southwest corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 7, and also being the Northwest corner of the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of said Section 7, the point of Beginning.

Sec. 18: NW $\frac{1}{4}$ NE $\frac{1}{4}$

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Production Payment			
				Basic Royalty Ownership Percentage	or Overriding Royalty %	Lessee of Record	Working Interest & Royalty %
23	T-19-S, R-26-E  Sec. 12: E $\frac{1}{2}$ SW $\frac{1}{4}$  SE $\frac{1}{4}$ save and except that part that has been condemned and taken by the United States Reclamation Service, being 1.6 acres out of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ and 36.45 acres out of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ and 5.6 acres out of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ All rights	276.89	9-13-82	Forrest M. Lee et ux All-18.75		Robert N. Enfield	Robert N. Enfield - All
	Sec. 13: W $\frac{1}{2}$ NW $\frac{1}{4}$ All rights below 3000' (139/168) All rights (29/168)			Forrest M. Lee et ux 139/168 of 18.75 Heirs of J.Z. Zajaic and H. Rott 29/168 of 12.5			D. Blackmar 29/168 of 1/16 of 8/8's
24	T-19-S, R-26-E Sec. 13: E $\frac{1}{2}$ NW $\frac{1}{4}$ except the following described tract of land therein: A tract of land in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of said Section 13, described as follows: Beginning at the center of said Section 13, thence South 89° 59' West 335.1 feet on subdivision line to pipe number 49; thence North 54° 41' East 410.3 feet to pipe number 50; thence South 14' East 232.2 feet on subdivision line to the point of beginning as above described, containing 0.95 acres. All rights below 3000' (139/168)	79.05	9-13-82	Robert Glenn House et ux 139/168 of 18.75 Heirs of J.Z. Zajaic and H. Rott 29/168 of 12.5		Robert N. Enfield	D. Blackmar 29/168 of 1/16 of 8/8's Robert N. Enfield - All

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment		Working Interest %
					Overriding Royalty %	or Lessee of Record	
25	<u>T-19-S, R-26-E</u>  Sec. 13: E $\frac{1}{2}$ N $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ less 14.37 acre tract, SE $\frac{1}{4}$ NE $\frac{1}{4}$ less 36.02 acre tract, and SW $\frac{1}{4}$ NE $\frac{1}{4}$ less 18.45 acre tract, being part of the land transferred by John E. Eliason and wife to Joan W. Sanner on May 7, 1910, by deed recorded in Book 30, of the Deed Records of Eddy County, New Mexico, at Page 274, except that previously transferred to the United States Reclamation Service for the Carlsbad project. Containing a total of 71.16 acres, more or less.	71.16	3-2-83	Boys Club of El Paso, Texas et al 18.75	None	Robert N. Enfield	- All

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage		Production Payment or Overriding Royalty %		Working Interest & Lessee of Record	
				Basic Royalty Ownership Percentage		Production Payment or Overriding Royalty %		Working Interest & Lessee of Record	

26	T-19-S, R-26-E	19.02	5/8/83	Lloyd Rankin et al	Robert N. Enfield	None	Robert N. Enfield	- All
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Sec. 13: A tract of land in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 13, T. 19S., R. 26E., NMPM except a tract of land described as follows: Beginning at the SW corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  Sec. 13, T. 19S., R. 26E., NMPM, being marked by pipe number 46, thence north 14' W., 354.7 ft. on subdivision line to pipe number 47; thence south 86° and 16' E., 463.2 ft. to pipe number 48; thence north 27° and 12' E., 1127.7 ft. to pipe number 49; thence north 89° and 59'E., 335.1 ft. on subdivision line to the north-east corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  being the center of said section; thence south 14' E., 1329.2 ft. on subdivision line to the southeast corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of said section; thence south 89° and 59' W., 1318.1 ft. to the point of beginning as above described. Containing 23.44 acres.

A tract of land in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 13, T. 19S., R. 26E., NMPM except a tract of land as follows: Beginning at the south one-quarter corner of Sec. 13, T. 19S., R. 26 E., NMPM; thence south 89° and 59' W., 1318.6 ft. on Section line between Sections 13 and 24 to the SW corner of

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Serial No. & Exp. Date of Leases (New Mexico Serials)	Number of Acres	Basic Royalty Ownership Percentage	Production Payment		Working Interest & %
					or Overriding Royalty %	Lessee of Record	

the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Sec. 13 all in T. 19 S., R. 26E., thence north 14' W.; 662.2 ft on subdivision line to pipe number 43; thence north 66° and 4' E., 248.3 ft. to pipe number 44; thence north 8° and 53' W., 421.4 ft to pipe number 45; thence north 47° and 30' W., 221.3 ft. to the northwest corner of the SE $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Sec. 13; also marked by pipe number 46; thence north 89° and 59' E., 1318.1 ft. on subdivision line to the northeast corner of the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of said section; thence south 14' E., 1329.2 ft on subdivision line to the point of beginning as above described. Contain- ing 37.54 acres

All rights below 3000'

EXHIBIT "B"

T-19-S, R-26-E & R-27-E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. & Exp. Date of Leases (New Mexico Serials)	Basic Royalty Ownership Percentage	Production Payment or		
					Lessee of Record	Overriding Royalty %	Working Interest %
27	T-19-S, R-26-E  Sec. 1: W $\frac{1}{2}$ SW $\frac{1}{4}$ except a tract of land in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 1, T. 19 S., R. 26 E., N.M.P.M., described as follows: Beginning at the west 1/4 corner of Section 1, T. 19 S., R. 26 E., N.M.P.M.; thence south 89 o and 48' E., 1331.8 ft. on subdivision line to the northeast corner of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said section; thence south 15' E., 856.1 ft. on subdivision line to pipe number 91; thence south 64 o and 32' W., 65.3 ft. to pipe number 92; thence south 72 o and 22' W., 764.6 ft. to pipe number 93; thence north 12 o and 25' W., 932 ft. to pipe number 94; thence north 58 o and 16' W., 406.6 ft. to the point of beginning as above described.. Containing 21.16 acres.	58.84			M. Yates III Ralph Nix		

18 Patented Tracts 1410.88 acres or 44.17% of Unit Area

Total 27 Tracts, 3194.46 Acres in Entire Unit Area



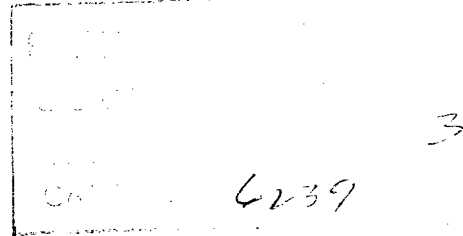
# United States Department of the Interior

GEOLOGICAL SURVEY  
Denver Federal Center  
Denver, Colorado 80225

IN REPLY REFER TO:

FEB 21 1976

Robert N. Enfield  
P. O. Box 2431  
Santa Fe, New Mexico 87501



Dear Mr. Enfield:

Your application of January 30, 1978, filed with the Assistant Area Oil and Gas Supervisor, Roswell, New Mexico, requests the designation of the North Lake McMillan unit area embracing 3,194.46 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 30 CFR 226, the land requested as outlined on your plat marked "Exhibit 'A' North Lake McMillan unit" is hereby designated as a logical unit area.

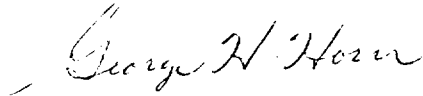
As proposed by your application, the Federal Form of Unit Agreement for Unproved Areas (1968 reprint) should be used with the appropriate language required for the inclusion of fee land and with the further addition of the words "as amended" inserted after (30 F.R. 12319) in Section 26, Nondiscrimination. Also, as a new section in the subject agreement, insert the words "Nothing in this agreement shall modify the special, Federal-lease stipulations applicable to lands under the jurisdiction of the Bureau of Reclamation." Such agreement should provide for the drilling of the initial exploratory well to test all formations of Pennsylvanian Age or to a depth of 10,000 feet.

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office through the Oil and Gas Supervisor for preliminary approval.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to Roswell, New Mexico, for the Supervisor's approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the 1968 reprint of the aforementioned form.

Sincerely yours,

A handwritten signature in cursive script, reading "George H. Horn". The signature is written in dark ink and is positioned to the right of a short horizontal line.

Regional Conservation Manager  
For the Director