

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

GREAT WESTERN'S
NORTH CENTRAL CABROCK QUEEN UNIT

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated September 2, 1958, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 22nd. day of December 19 58.



Commissioner of Public Lands
of the State of New Mexico



Unit Agreement filed in Book 143, Page 201, Lea County, New Mexico on December 24, 1958.

Unit Agreement filed in Book 67, Page 175, Chaves County, New Mexico on December 23, 1958.

FILED FOR RECORD

1-2-59

JAN 2 1959

RATIFICATION AND JOINDER OF

UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

at 10:15 o'clock A.M. Recorded in book 17 page 363 Juanita Terry County Clerk

Jesse Lopez Deputy

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

1460 Broadway

New York 36, New York

Kenneth W. Fraser

KENNETH W. FRASER

Date:

Virginia M. Fraser

VIRGINIA M. FRASER

STATE OF

New York

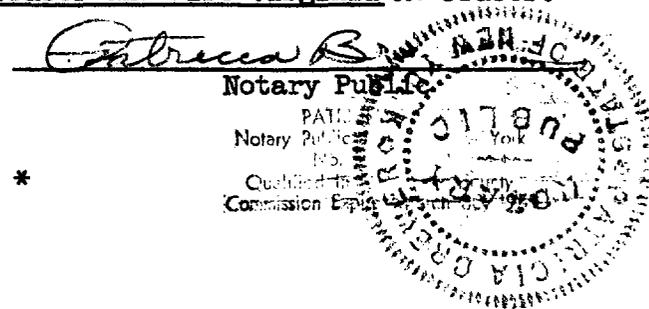
ss.

COUNTY OF

New York

The foregoing instrument was acknowledged before me this 29th day of December, 1958, by Kenneth W. Fraser and wife Virginia M. Fraser.

My Commission Expires:



STATE OF

COUNTY OF

ss.

The foregoing instrument was acknowledged before me this ___ day of ___, 1958, by ___ of ___ a ___ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

364 FILED FOR RECORD

1-2-59

JAN 2 1959

RATIFICATION AND JOINDER OF

UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

10:15 A M and recorded in book 143 page 364 Juanita Terry County Clerk

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

45 Franklin St.

Boston, Mass.

Signature of William B. Snow, WILLIAM B. SNOW, Date: December 23, 1958

STATE OF Mass.

COUNTY OF Suffolk

ss.

Signature of Anna W. Snow, ANNA W. SNOW, Date: December 23, 1958

The foregoing instrument was acknowledged before me this 23rd day of December, 1958, by William B. Snow and wife Anna W. Snow.

My Commission Expires: August 28, 1965

Signature of Notary Public, Notary Public (70 Bath)

STATE OF

COUNTY OF

ss.

The foregoing instrument was acknowledged before me this ___ day of ___, 1958, by ___, a ___ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

9 INTERLAKEN DR.
Tuckahoe, 7, N. Y.

INTERLAKEN CORPORATION
[Signature]
Date: December 2, 1958

STATE OF _____
COUNTY OF _____ ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____.

My Commission Expires: _____

Notary Public

STATE OF New York
COUNTY OF New York ss.

* * * * *

The foregoing instrument was acknowledged before me this 2 day of December, 1958, by IRVING H. ISAAC, President of INTERLAKEN CORPORATION, a Delaware corporation, on behalf of said corporation.



[Signature]

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

Helen Spear Gallon
HELEN SPEAR GALLON
Date: 12/20/58

STATE OF New York |
COUNTY OF Nassau | SS.



The foregoing instrument was acknowledged before me this 20th day of December, 1958, by Helen Spear Gallon.

Evelyn G. Feeney
Notary Public

STATE OF _____ |
COUNTY OF _____ | SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 259.

Recorded in Book 143, Page 245

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS
ADDRESS:

SIGNATURE
ESTATE OF WILLIAM J. GALLON, DEC.
By:
GUARANTEE TRUST COMPANY OF NEW YORK
By: Robert Benjamin
Robert T. Stevens
ROBERT T. STEVENS
Thomas W. Estes
THOMAS W. ESTES
John E. Drummond
JOHN E. DRUMMOND

COUNTY OF LEA

The foregoing instrument was acknowledged before me this 14 day of February, 1958, by Robert Benjamin, Assistant Trust Officer, Guaranty Trust Company of New York, a New York corporation, on behalf of said corporation.

WNGE R.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 263

Recorded in Book 143, Page 246

6A
6A

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

John P. Maguire & Co.
370 Fourth Ave.
New York, New York

E. Stanley Klein
E. STANLEY KLEIN

Date: 12/24/58

Elizabeth M. Klein
ELIZABETH M. KLEIN

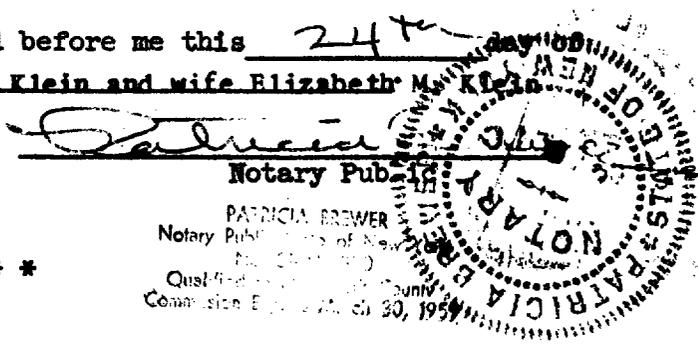
Date: _____

STATE OF New York
COUNTY OF New York

ss.

The foregoing instrument was acknowledged before me this 24th day of December, 1958, by E. Stanley Klein and wife Elizabeth M. Klein

My Commission Expires:



STATE OF _____
COUNTY OF _____

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 244.

Recorded in Book 143, Page 249

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

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ADDRESS

115 Broadway - Room 808

New York 6, New York

SIGNATURE

Oliver D. Appleton
OLIVER D. APPLETON
Date: _____

STATE OF _____
COUNTY OF _____ ss.

ELSA G. APPLETON
Date: *Elsa G. Appleton*

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____

My Commission Expires:

Notary Public
TROY
STATE OF NEW YORK
Notary Public
New York County
March 31, 1958

STATE OF _____
COUNTY OF _____ ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 332.

Recorded in Book 143, Page 248.

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

370 Fourth Avenue
New York, New York

SIGNATURE

John P. Maguire
JOHN P. MAGUIRE
Date: 12/24/58

STATE OF _____
COUNTY OF _____ SS.

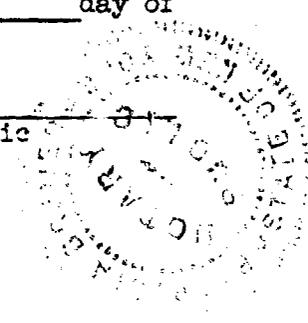
The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by John P. Maguire.

My Commission Expires: _____

Notary Public

STATE OF _____
COUNTY OF _____ SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, a _____ corporation, on behalf of ~~said corporation~~.



STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 306.

Recorded in Book 143, Page 250

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

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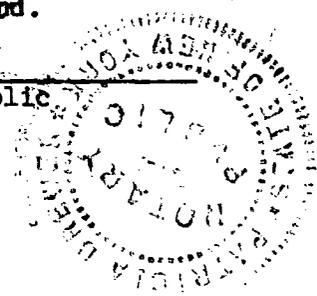
ADDRESS
261 Fifth Avenue
New York, New York
STATE OF _____
COUNTY OF _____

SIGNATURE
D. W. Vreeland
D. W. VREELAND
Date: 12/24/58
M. W. Vreeland
M. W. VREELAND
Date: 12/24/58

ss.

The foregoing instrument was acknowledged before me this 24th day of _____, 1958, by D. W. Vreeland and wife M.W. Vreeland.

My Commission Expires:

Notary Public


STATE OF _____
COUNTY OF _____

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

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ADDRESS

5738 N. Central Express
Sallis, Texas

SIGNATURE

Lynch, Lynch & Watson
By: William F. Lynch
Partner
Date: _____

ACKNOWLEDGEMENT

THE STATE OF Texas
COUNTY OF Sallis

ss.

The foregoing instrument was acknowledged before me this 1st day of December, 1958, by William F. Lynch, a partner for Lynch, Lynch & Watson, a partnership.

Jessie M. Patton
Notary Public



My Commission Expires:

STATE OF NEW MEXICO
COUNTY OF CHAVES

Recorded in Book 67, Page 285.

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 143, Page 274

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS
P.O. Box 14378
Dallas 34, Texas.

SIGNATURE
E.B. Johnson
Date: 12-1-58

STATE OF Texas |
 | ss.
COUNTY OF Dallas |

The foregoing instrument was acknowledged before me this 12-1 day of December, 1958, by E.B. Johnson.

My Commission Expires: June 59

Opie C. Spencer
Notary Public

STATE OF _____ |
 | ss.
COUNTY OF _____ |

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES
Recorded in Book 67, Page 281.

STATE OF NEW MEXICO
COUNTY OF LEA
Recorded in Book 146, Page 273.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

1301 6th Street
San Francisco, California

Paul Hartman, Jr.
Date: 11/10/58

STATE OF California §
 § ss.
COUNTY OF Marin §

Priscilla J. Hartman
Date: 11/10/58

The foregoing instrument was acknowledged before me this 10th day of November, 1958, by Robert W. Corlett

My Commission Expires: May 13, 1961

Robert W. Corlett
Notary Public

* * * * *

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 269.

Recorded in Book 143, Page 281

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

145 Hudson Street, New York 13, N.Y.

LITHOPRINT COMPANY OF NEW YORK, INC.

[Handwritten Signature]
Date: December 1, 1958 *Prep.*

STATE OF _____
COUNTY OF _____ ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____.

My Commission Expires:

Notary Public

STATE OF New York
COUNTY OF New York ss.

The foregoing instrument was acknowledged before me this 1st day of December, 1958, by H. F. Riesenkonig, President of Lithoprint Company of New York, Inc., a Delaware corporation on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 290.

Recorded in Book 143, Page 286

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

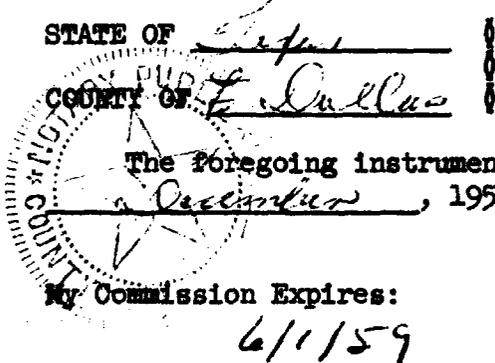
This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

6811 Inwood Road
Dallas 9, Texas

George T. ...
Date: December 2, 1958



STATE OF Texas |
COUNTY OF Tarrant | SS.

The foregoing instrument was acknowledged before me this 4th day of December, 1958, by Geo. T. ..., Jr.,

James M. ...
Notary Public

My Commission Expires:
6/1/59

STATE OF _____ |
COUNTY OF _____ | SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

00304215
New Orleans, 3, La

John T. Maxson
Date: 12/2/58

STATE OF LOUISIANA
PARISH
COUNTY OF ORLEANS | SS.



The foregoing instrument was acknowledged before me this 2 day of Dec., 1958, by John T. Maxson

My Commission Expires: at death John T. Maxson Notary Public

STATE OF _____
COUNTY OF _____ | SS.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 298.

Recorded in Book _____ Page 276

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

1260 Albany, Ferndale, Mich

SIGNATURE

Elizabeth Reid

Andrew Reid

Date: Dec 3rd 1958

STATE OF

MICHIGAN

ss.

COUNTY OF

OAKLAND

The foregoing instrument was acknowledged before me this 3 day of DECEMBER, 1958, by ELIZABETH AND ANDREW REID

My Commission Expires: 7-12-59

Notary Public

Thomas A. Vesey

STATE OF _____

ss.

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____, a _____ corporation on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

Recorded in Book 67, Page 313.

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 143, Page 290

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

P.O. Box 1113,
Roswell, N.M.

Earl G. Levick
Earl G. Levick
Date: 10/13-'58

STATE OF NEW MEXICO §
COUNTY OF CHAVES § ss.

Minnie S. Levick
Minnie S. Levick
Date: 10/13-'58

The foregoing instrument was acknowledged before me this 13th day of October, 1958, by Earl G. Levick and Minnie S. Levick, his wife

My Commission Expires: March 16, 1961

Ernest Lee Hodges
Notary Public

STATE OF _____ §
COUNTY OF _____ § ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 288.

Recorded in Book 123, Page 277

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS
Office;--
212 North Field St.
Dallas, 2, Texas

SIGNATURE
B. Felix Harris
Hattie Harris
Date: 12/4/58

STATE OF Texas |
 | ss.
COUNTY OF Dallas |

The foregoing instrument was acknowledged before me this 4th day of December, 1958, by B. Felix Harris and Hattie Harris.

Rachel Jordan (Rachel Jordan)
Notary Public

My Commission Expires: 6/1/59

* * * * *

STATE OF Texas |
 | ss.
COUNTY OF Dallas |

The foregoing instrument was acknowledged before me this 4th day of December, 1958, by Hattie Harris, _____ of _____, a _____ Corporation,
on _____

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 275.

Recorded in Book 143, Page 289

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ATTEST:

~~#####~~

[Signature]
Assistant Secretary

SIGNATURE

AMERADA PETROLEUM CORPORATION
By *[Signature]*
President
Date: December 1, 1958

STATE OF _____
COUNTY OF _____ ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____

LAND	REAS
DEED	gms. Ex
PLAT	<i>[Signature]</i>
PROD.	<i>[Signature]</i>
ACQIG.	
GAS	

My Commission Expires:

Notary Public

* * * * *

STATE OF OKLAHOMA
COUNTY OF TULSA ss.

The foregoing instrument was acknowledged before me this 1st day of December, 1958, by E. H. McCollough, President of AMERADA PETROLEUM CORPORATION, a Delaware corporation, on behalf of said corporation.

My Commission Expires:

[Signature]
Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 233.

Recorded in Book 143, Page 305

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

STRYKER & BROWN BY LOUIS A GREEN.
50 Broad St
New York 4, N. Y.

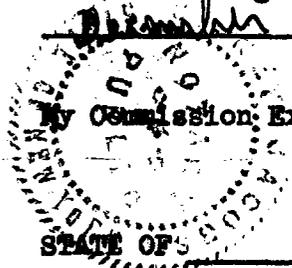
SIGNATURE

*Stryker & Brown
and L. A. Green*
Date: 12/1/58

STATE OF New York
COUNTY OF New York

ss.

The foregoing instrument was acknowledged before me this 1st day of December, 1958, by LOUIS A GREEN.



Louis A. Green
Notary Public

STATE OF _____
COUNTY OF _____

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____, a _____ on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 316.

Recorded in Book 143, Page 285

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

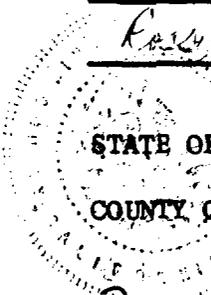
SIGNATURE

P.O. Box 663,
Rose, Calif.

Robert G. Hartman
Norbert G. Hartman
Date: Nov. 10, 1958

STATE OF California |
COUNTY OF Marin | ss.

Frances R. Hartman
(wife)
Date: Nov 10, 1958



The foregoing instrument was acknowledged before me this 10th day of November, 1958, by Norbert G. Hartman and Frances R. Hartman

My Commission Expires: 3-1-62

Vera Rivers
Notary Public

STATE OF _____ |
COUNTY OF _____ | ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 273.

Recorded in Book 143, Page 278

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

12 12 Broadway
Oakland, 12. California

John A. Grennan
John A. Grennan
Date: 10-28-58

STATE OF California §
COUNTY OF Alameda § ss.

(wife)
Date: _____



The foregoing instrument was acknowledged before me this 28th day of October, 1958, by John A. Grennan

Margaret Hand
Notary Public

My Commission Expires: 3/1/59

* * * * *

STATE OF _____ §
COUNTY OF _____ § ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 261.

Recorded in Book 143 Page 279

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

3319 Drapel
Dallas 5 Tex

Mary G. Mitchell Frank Mitchell
Frank Mitchell

SIGNATURE

Date: 12/3/58

STATE OF Texas
COUNTY OF Dallas ss.

The foregoing instrument was acknowledged before me this 8 day of Dec., 1958, by Frank & Mary G. Mitchell

Lillie Mae Maple
Notary Public
Dallas City Tex.



My Commission Expires: June 1-1959.

STATE OF _____
COUNTY OF _____ ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____ a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 304.

Recorded in Book 143, Page 287.

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

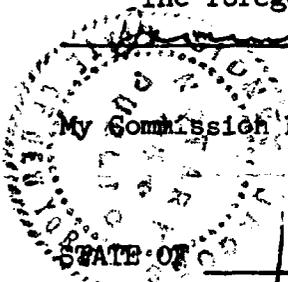
This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS
37 Wall Street
New York 5 N.Y.

SIGNATURE
HOWSPIN CORPORATION
J. Prigam Humala
Date: 12/19/58

STATE OF _____
COUNTY OF _____
ss.

The foregoing instrument was acknowledged before me this 19th day of December, 1958, by Mark Heiya



Sidney Jacobs
Notary Public
SIDNEY JACOBS
Notary Public, State of New York
No. 62-7081000
Qualified in Bronx County
Cert. filed with N. Y. Co. Clerk
Commission Expires March 30, 1960

My Commission Expires:
STATE OF _____
COUNTY OF _____
ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 277.

Recorded in Book 143, Page 265

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

Theresa Jansma
Lew A. Bates Jr.

SIGNATURE

Sidney J. Jansma
Date: _____

THE STATE OF Michigan |
COUNTY OF Kent | SS

5 The foregoing ^{november} instrument was acknowledged before me this 5 day of ~~October~~ November, 1958, by Sidney J. Jansma, being the sole and only person doing business under the name of Wolverine Oil Company, and as Trustee.

My commission expires:
LEW A. BATES, JR.
Notary Public, Kent County, Michigan
My Commission Expires Nov. 13, 1961

Lew A. Bates Jr.
Notary Public

THE STATE OF Michigan |
COUNTY OF Kent | SS

5 The foregoing instrument was acknowledged before me this 5 day of October, 1958, by Sidney J. Jansma and Theresa Jansma.

STATE OF NEW MEXICO
COUNTY OF CHAVES

Recorded in Book 67, Page 283.

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 143, Page 302.

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

<u>ADDRESS</u>	<u>SIGNATURE</u>
P.O. Box 749, Dallas 21, Texas	THE BRITISH-AMERICAN OIL PRODUCING COMPANY
By: _____	By: <u>W. E. Schoeneck</u> President
Accepted: <u>[Signature]</u> MAYO E. McKEOWN Secretary	Date: <u>11-14-58</u>

STATE OF _____
COUNTY OF _____ ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____.

My Commission Expires: _____ Notary Public

STATE OF TEXAS
COUNTY OF DALLAS ss.

The foregoing instrument was acknowledged before me this 26th day of November, 1958, by W. E. Schoeneck Wice-President of The British-American Oil Producing Company, a Delaware corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS
507 Meadows Building
Dallas 6, Texas

SIGNATURE
MOODY-DUNLAP COMPANY
Robert B. Moody, V.P.
Date: 12/11/58

STATE OF _____
COUNTY OF _____

ATTEST:
Secretary Gertrude Hutter

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____.

My Commission Expires _____ Notary Public

STATE OF TEXAS
COUNTY OF DALLAS

The foregoing instrument was acknowledged before me this 11th day of December, 1958, by Robert B. Moody, Vice-President of Moody-Dunlap Company, a Texas corporation, on behalf of said corporation.

Gertrude Hutter

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 302.

Recorded in Book 143, Page 269.

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

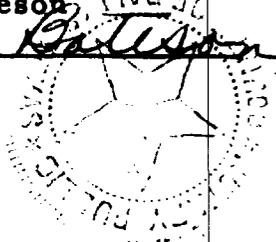
SIGNATURE

10220 Waller Drive
Dallas, Texas

J.W. Bateson

Date: *J.W. Bateson*
Marion E. Bateson

STATE OF Texas |
COUNTY OF Dallas | ss.



The foregoing instrument was acknowledged before me this 10th day of December, 1958, by J.W. Bateson and wife Marion E. Bateson

My Commission Expires: June, 1959

Patsy Sargent
Notary Public

STATE OF _____ |
COUNTY OF _____ | ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

224 W. Bufaula

Norman, Okla.

Mrs. C. M. Harris

Date: 12-8-58

STATE OF Oklahoma
COUNTY OF Cleveland

ss.

The foregoing instrument was acknowledged before me this 8 day of Dec, 1958, by Mrs. C.M. Harris

Ann Lee Williams
Notary Public

My Commission Expires: 1-17-61

STATE OF _____
COUNTY OF _____

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 271.

Recorded in Book 143, Page 288

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

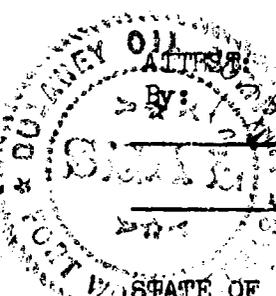
DULANEY OIL COMPANY

By: C.H. Dulaney Vice-Pres

C.H. Dulaney

Date: 12/19/58

Address 1403 Continental Natl. Bank Bldg.
Fort Worth 2, Texas



By: Christiane Dulaney
Secretary

STATE OF _____
COUNTY OF _____ ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____.

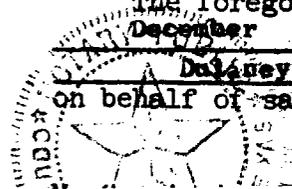
My Commission Expires: _____

Notary Public

STATE OF Texas
COUNTY OF Tarrant ss.

* * * * *

The foregoing instrument was acknowledged before me this 19th day of December, 1958, by C.H. Dulaney, Vice-Pres. of Dulaney Oil Company, a Texas corporation, on behalf of said corporation.



Adel...

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 254.

Recorded in Book 143, Page 264.

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

SIGNATURE

Richard O. Dulaney, Jr.
1401 Continental Nat'l. Bank Bldg.
Fort Worth 2, Texas

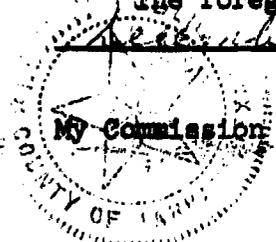
R. O. Dulaney, Jr.
R. O. DULANEY, JR.

Date: _____

STATE OF Texas |
COUNTY OF Tarrant | ss.

Ray Key Dulaney
RAY KEY DULANEY
Date: December 22, 1958

The foregoing instrument was acknowledged before me this 22nd day of December, 1958, by R. O. Dulaney, Jr. & Ray Key Dulaney



Lance Lee Dean
Notary Public

STATE OF _____ |
COUNTY OF _____ | ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 252

Recorded in Book 143, Page 263

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

1025 Foreman Building
707 South Hill Street
Los Angeles 14, California

Vada Spurck
Vada Spurck, as Surviving Joint
~~and~~ Tenant of William Spurck, Dec'd

STATE OF CALIFORNIA |
 | ss.
COUNTY OF LOS ANGELES |

Vada Spurck
Vada Spurck
Date: October 17, 1958

The foregoing instrument was acknowledged before me this 17th day of October, 1958, by VADA SPURCK

My Commission Expires: Feb. 13, 1959

Christine Zondler
Notary Public CHRISTINE ZONDLER

STATE OF _____ |
 | ss.
COUNTY OF _____ |

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires _____

Notary Public _____

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF MORA

Recorded in Book 67, Page 324.

Recorded in Book 143, Page 283.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

1301 6th Street

San Francisco, California

STATE OF California §
 § ss.
COUNTY OF Marin §

DECEASED
Paul Hartman

Date: _____

Ottillie J. Hartman (widow)
Ottillie J. Hartman

Date: 11/10/58

The foregoing instrument was acknowledged before me this 10th day of November, 1958, by Robert W. Corlett

My Commission Expires: May 13, 1961

Robert W. Corlett
Notary Public

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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ADDRESS

SIGNATURE

6530 Robin Road Dallas 9, Texas
6530 Robin Road Dallas 9, Texas

Raymond L. Tate
Wife: Lillian Cullum Tate
Date: Oct. 2, 1958



STATE OF Texas |
COUNTY OF Dallas | ss.

The foregoing instrument was acknowledged before me this 2 day of _____, 1958, by Raymond L. Tate & Wife Lillian Cullum Tate

Pauline Johnson
Notary Public

My Commission Expires: June 1959

STATE OF _____ |
COUNTY OF _____ | ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires: _____ Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 330.

Recorded in Book 143, Page 254.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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ADDRESS

SIGNATURE

4807 Alta Vista Lane
Dallas 29, Texas

Mary Katherine Sarrafian
Date: October 3, 1958

STATE OF TEXAS |
 | ss.
COUNTY OF DALLAS |

The foregoing instrument was acknowledged before me this 3 day of October, 1958, by George Sarrafian & wife, Mary Katherine Sarrafian

My Commission Expires: 6-1-59

Mattie Ditzel
Notary Public



* * * * *

STATE OF _____ |
 | ss.
COUNTY OF _____ |

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 318.

Recorded in Book 143, Page 256

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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ADDRESS

SIGNATURE

19. Forestside Ave
San Francisco, California

W.A. Clauser (recuse)
Date: _____

STATE OF California |
 | ss.
COUNTY OF San Francisco |

May D. Clauser
May D. Clauser
Date: November 5, 1958.

The foregoing instrument was acknowledged before me this fifth day of November, 1958, by the undersigned

My Commission Expires: September 14, 1962

Patricia Barbaglate
Notary Public

STATE OF _____ |
 | ss.
COUNTY OF _____ |

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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ADDRESS

208 S. La Salle St., Chicago, Illinois,

Date: September 27, 1958

STATE OF Illinois |
 | ss.
COUNTY OF Cook |

Michael Raymond Shaw
Michael Raymond Shaw

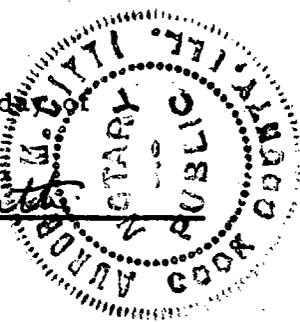
CITY NATIONAL BANK AND TRUST COMPANY
OF CHICAGO
By: *P. J. Hamel*
Trust Officer

Co-Trustees under the Will of F. RAYMOND SHAW, Deceased.

The foregoing instrument was acknowledged before me this 14th October, 1958, by MICHAEL RAYMOND SHAW.

My Commission Expires: June 19, 1961.

Aurora M. Coith
Notary Public



STATE OF Illinois |
 | ss.
COUNTY OF Cook |

The foregoing instrument was acknowledged before me this 14th day of October, 1958, by P. J. HAMEL, Trust Officer of City National Bank and Trust Company of, a national ~~corporation~~ association on behalf of said ~~corporation~~ association. Chicago.

My Commission Expires:
June 19, 1961.

Aurora M. Coith
Notary Public



STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

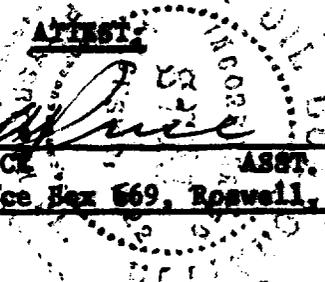
RATIFICATION AND JOINDER OF UNIT AGREEMENT

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Law	<i>WOK</i>
Com. In.	
Exp.	<i>W.A.</i>
Prod.	<i>M.S.</i>

SIGNATURE
 GULF OIL CORPORATION
 By *W.A. Shellshear*
 ATTORNEY IN FACT
 Date: October 17, 1958

ATTEST

G. A. Price
 G. A. PRICE ASST. SECRETARY
 Post Office Box 669, Roswell, New Mexico

STATE OF _____
 COUNTY OF _____
 ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____

My Commission Expires: _____ Notary Public

* * * * *

STATE OF NEW MEXICO
 COUNTY OF CHAVES
 ss.

The foregoing instrument was acknowledged before me this 17th day of October, 1958, by W. A. Shellshear, Attorney In Fact of Gulf Oil Corporation, a Pennsylvania corporation, on behalf of said corporation.

My Commission Expires: _____
Eric Marie Cooper
 Notary Public

STATE OF NEW MEXICO
 COUNTY OF CHAVES

STATE OF NEW MEXICO
 COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

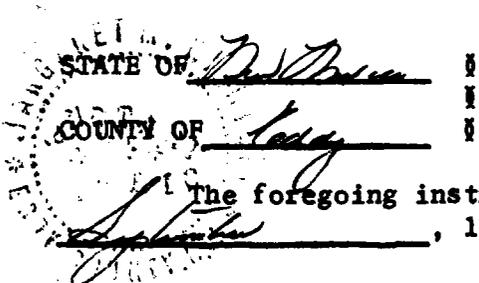
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ADDRESS

SIGNATURE

R. D. Collier

Date: _____



STATE OF New Mexico §
 § ss.
COUNTY OF Lea §

The foregoing instrument was acknowledged before me this 5th day of September, 1958, by R. D. Collier

My Commission Expires: 11/3/60

Wesley D. Harkness
Notary Public

* * * * *

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

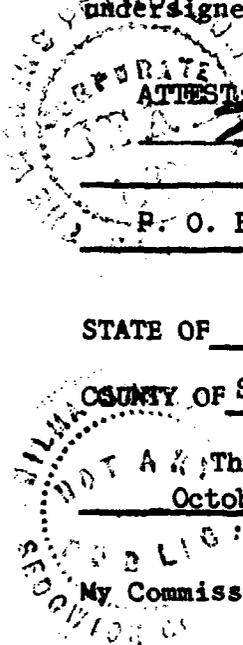
Recorded in Book 67, Page 244.

Recorded in Book 143, Page 312.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS
McPaul
 Secretary
 P. O. Box 2240, Wichita, Kansas

SIGNATURE
 THE VICKERS PETROLEUM CO., INC.
 By James W. Vickers
 Vice President
 Date: October 27, 1958

McP
JB

STATE OF KANSAS |
 | ss.
 COUNTY OF SEDGWICK |

The foregoing instrument was acknowledged before me this 27th day of October, 1958, by JAMES W. VICKERS

Hilma Sharpless
 Notary Public

My Commission Expires: July 10, 1958

STATE OF _____ |
 | ss.
 COUNTY OF _____ |

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
 COUNTY OF CHAVES

STATE OF NEW MEXICO
 COUNTY OF LEA

Recorded in Book 67, Page 332.

Recorded in Book 143, Page 308.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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ADDRESS

3109 Winthrop
Fort Worth, Texas

SIGNATURE

C. Harrison Cooper
C. HARRISON COOPER

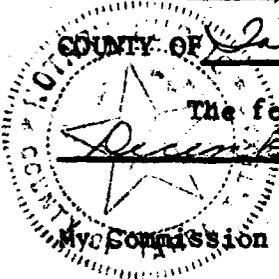
Date: _____

Estelle L. Cooper
ESTELLE L. COOPER

Date: December 17, 1958

STATE OF Texas |
COUNTY OF Tarrant |

ss.



The foregoing instrument was acknowledged before me this 17th day of December, 1958, by C. Harrison Cooper and Estelle L. Cooper.

James Lee Olson
Notary Public

* * * * *

STATE OF _____ |
COUNTY OF _____ |

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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ADDRESS

SIGNATURE

Box 537
Midland, Texas

Ralph Lee Anne Lee
Date: 10-10-58

STATE OF Texas ss.
COUNTY OF Midland

The foregoing instrument was acknowledged before me this 10 day of October, 1958, by Ralph Lee and wife Anne Lee

My Commission Expires:
6-1-59

Delma A. Thames
Notary Public

STATE OF _____ ss.
COUNTY OF _____

DELMA A. THAMES—NOTARY PUBLIC
IN AND FOR MIDLAND COUNTY, TEXAS
MY COMMISSION EXPIRES JUNE 1, 1959

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 207.

Recorded in Book 143, Page 317.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

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ADDRESS

SIGNATURE

1302 Fort Worth National Bank Building

Fort Worth 2, Texas

Charles H. Osmond
Date: Florence C. Osmond
Oct. 7, 1958

STATE OF Texas §
 § ss.
COUNTY OF Tarrant §

The foregoing instrument was acknowledged before me this 7th day of October, 1958, by Charles H. Osmond and Florence C. Osmond

My Commission Expires: June 1, 1959

Amelia Smith
Notary Public

* * * * *

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 310.

Recorded in Book 143, Page 315

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

CITIES SERVICE OIL COMPANY

Cities Service Building

By J. W. McColl
J. W. McColl, Attorney-in-Fact

Bartlesville, Oklahoma

Date: November 19, 1958

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____

My Commission Expires:

Notary Public

* * * * *

STATE OF OKLAHOMA §
 § ss.
COUNTY OF WASHINGTON §

The foregoing instrument was acknowledged before me this 19th day of November, 1958, by J. W. McColl, Attorney-in-Fact of Cities Service Oil Company, a Delaware corporation, on behalf of said corporation.

My Commission Expires: 4-4-61

B. D. Hoover
Notary Public
B. D. Hoover

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 247.

Recorded in Book 243, Page 318

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

3109 Winthrop
Fort Worth, Texas

Kenneth L. Smith

KENNETH L. SMITH

Date: Dec. 18, 1958

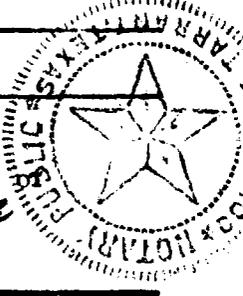
STATE OF Texas §
 § ss.
COUNTY OF Tarrant §

Margaret G. Smith

MARGARET G. SMITH

Date: Dec. 18, 1958

The foregoing instrument was acknowledged before me this 18 day of December, 1958, by Kenneth L. Smith & Margaret G. Smith



My Commission Expires: June 1, 1959

Mary D. Lamm
Notary Public

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 320.

Recorded in Book 143, Page 262

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

P. O. Box 1201

Santa Fe, New Mexico

WESTERN DEVELOPMENT COMPANY
of Delaware

Date: October 1, 1958

STATE OF _____ |
 | ss.
COUNTY OF _____ |

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____

My Commission Expires:

Notary Public

* * * * *

STATE OF NEW MEXICO |
 | ss.
COUNTY OF SANTA FE |

The foregoing instrument was acknowledged before me this 1st day of October, 1958, by W. E. Scolah, President of Western Development Company of Delaware, a Delaware corporation, on behalf of said corporation.

My Commission Expires:

Phillip R. Scott
Notary Public

September 21, 1960

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 336.

Recorded in Book 243, Page 314.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof, approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

3109 Winthrop

Fort Worth, Texas

W. V. Coffey
W. V. COFFEY

Date: _____

Elizabeth H. Coffey
ELIZABETH H. COFFEY

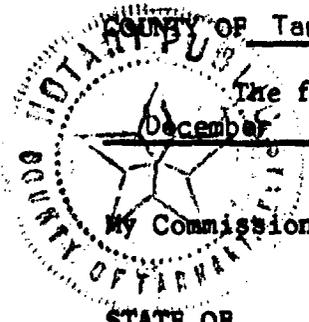
Date: December 17, 1958

STATE OF Texas

§
§
§

ss.

COUNTY OF Tarrant



The foregoing instrument was acknowledged before me this 17th day of December, 1958, by W. V. Coffey and Elizabeth H. Coffey.

My Commission Expires: June 1, 1959

Margaret D. Latun
Notary Public

STATE OF _____

§
§
§

ss.

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 240.

Recorded in Book 143, Page 260

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

3017 Lubbock
Fort Tarrant, Texas

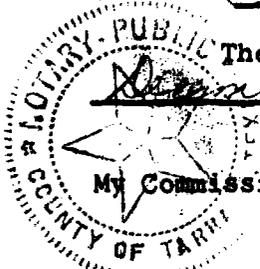
B. H. Murphy
B. H. MURPHY

Date: _____

STATE OF Texas |
COUNTY OF Tarrant | ss.

Martha R. Murphy
MARTHA R. MURPHY

Date: December 17, 1958



The foregoing instrument was acknowledged before me this 17th day of December, 1958, by B. H. Murphy and Martha R. Murphy.

Nancy Lea Dean
Notary Public

STATE OF _____ |
COUNTY OF _____ | ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

5222 Langston
Quilley Texas

Louis A. Watson
Wife: Mary Lou Watson
Date: _____

STATE OF Texas |
|
COUNTY OF Dallas | ss.

The foregoing instrument was acknowledged before me this 26th day of September, 1958, by Louis A. Watson and his wife Mary Lou Watson

My Commission Expires: 6-1-59

John B. Watson
Notary Public



* * * * *

STATE OF _____ |
|
COUNTY OF _____ | ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____ of _____ a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

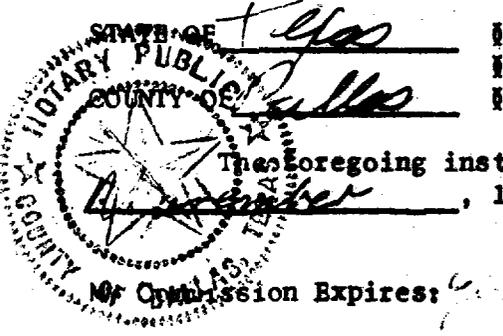
This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

6700 Snider Plaza
Dallas, 5, Texas

Rufus C. Porter, a bachelor
Date Nov. 24, 1958



ss.

The foregoing instrument was acknowledged before me this 24th day of November, 1958, by Rufus C. Porter, A bachelor

Rufus C. Porter
Notary Public

STATE OF _____
COUNTY OF _____

ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

1035 Mason Blandie Bldg, New Orleans, La

Russell Bond

Wife: *Mrs Russell Bond*
 Date: *Mrs Lillian Alice Bond*

STATE OF Texas §
 § ss.
 COUNTY OF Dallas §



The foregoing instrument was acknowledged before me this 12th day of December, 1958, by Dr. J. Russell Bond and his wife, Lillian Alice Bond

Jennie Matley
 Notary Public

STATE OF _____ §
 § ss.
 COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

 Notary Public

STATE OF NEW MEXICO
 COUNTY OF CHAVES

STATE OF NEW MEXICO
 COUNTY OF LEA

Recorded in Book 67, Page 234.

Recorded in Book 143, Page 256.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE

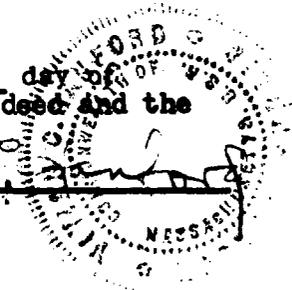
3 Wyoming Heights, Melrose,
Massachusetts

WILLIAM H. DANFORTH
by Donald R. Hanson
His Attorney
Date: November 28, 1958

COMMONWEALTH
STATE OF MASSACHUSETTS |
| ss.
COUNTY OF SUFFOLK |

The foregoing instrument was acknowledged before me this 28th day of November, 1958, by Donald R. Hanson as his free act and deed and the free act and deed of said William H. Danforth,

My Commission Expires: Nov. 6, 1959

Donald R. Hanson
Notary Public


* * * * *

STATE OF _____ |
| ss.
COUNTY OF _____ |

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 256.

Recorded in Book 143, Page 306.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

SIGNATURE
DELFEARN OIL COMPANY

ATTEST: _____
Secretary

By _____ President
Date: November 28, 1958

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____

My Commission Expires:

Notary Public

* * * * *

STATE OF TEXAS §
 § ss.
COUNTY OF LUBBOCK §

The foregoing instrument was acknowledged before me this 28th day of November, 1958, by C. R. Gallagher, Jr., President of Delfern Oil Company, a Nevada corporation, on behalf of said corporation.

My Commission Expires:
6-1-59

Cecile S. Tyson
Notary Public
Lubbock County, Texas

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 251.

Recorded in Book 143, Page 307.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

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ADDRESS

P.O. Box 5725, Tucson, Arizona

SIGNATURE

Roderic Crandall
Ruth Crandall

Date: October 6th, 1958

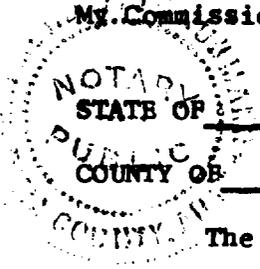
STATE OF Arizona |
 | ss.
COUNTY OF Pima |

The foregoing instrument was acknowledged before me this 6th day of October, 1958, by Roderic Crandall and Ruth Crandall, his wife.

My Commission Expires March 8, 1963
My Commission Expires:

[Signature]
Notary Public

STATE OF _____ |
 | ss.
COUNTY OF _____ |



The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

ME-TEX SUPPLY COMPANY

Dwight P. Lead-Lang

Date: Nov 20 1958

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____

My Commission Expires:

Notary Public

STATE OF New Mexico §
 § ss.
COUNTY OF Lea §

The foregoing instrument was acknowledged before me this 20th day of November, 1958, by J.M. Murray, Jr., President of Me-Tex Supply Company, a New Mexico corporation, on behalf of said corporation.

My Commission Expires: _____

Jesse Curtis

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 295

Recorded in Book 143, Page 309

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

SIGNATURE

M. W. Cole
Lillian Hinkle Cole

Date: 10-1-58

STATE OF New Mexico §
COUNTY OF Lohoney §

ss.

The foregoing instrument was acknowledged before me this 1st day of

October, 1958, by M. W. Cole & Lillian Hinkle Cole

My Commission Expires: 3/16/57

Ernest Lee Hodges
Notary Public

STATE OF _____ §
COUNTY OF _____ §

ss.

The foregoing instrument was acknowledged before me this _____ day of

_____, 1958, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LEA

Recorded in Book 67, Page 249.

Recorded in Book 143, Page 310.

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest

ADDRESS

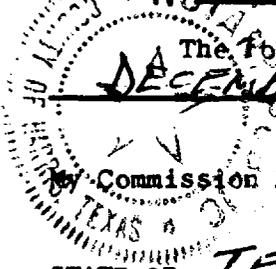
SIGNATURE

First City National Bank of Houston
Trust Department
P. O. Box 1000, Houston, Texas

Malcolm C. Damuth, Trustee

Date: First City National Bank of Houston, Trustee
By: H. B. Black
Vice President - Trust Officer

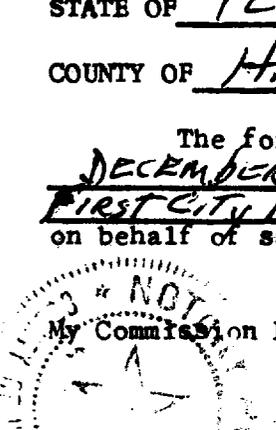
STATE OF TEXAS §
 § ss.
COUNTY OF HARRIS §



The foregoing instrument was acknowledged before me this 11 day of DECEMBER, 1958, by MALCOLM C. DAMUTH, TRUSTEE

Janice Wood
Notary Public
JANICE WOOD
Notary Public, in and for Harris County, Texas
My Commission Expires June 1, 1959

STATE OF TEXAS §
 § ss.
COUNTY OF HARRIS §



The foregoing instrument was acknowledged before me this 11 day of DECEMBER, 1958, by H. B. BLACK, VICE-PRES of FIRST CITY NATIONAL BANK OF HOUSTON a NATIONAL BANK corporation, on behalf of said corporation.

Janice Wood
Notary Public
JANICE WOOD
Notary Public, in and for Harris County, Texas
My Commission Expires June 1, 1959

STATE OF NEW MEXICO
COUNTY OF CHAVES

STATE OF NEW MEXICO
COUNTY OF LISA

Recorded in Book 67, Page 257.

Recorded in Book 143, Page 271.



File
Case # 1564

R. C. TUCKER, PRES.

August 13, 1959

PHONE MU 2-5241
ADDRESS REPLY TO:
BOX 1659
MIDLAND, TEXAS

Re: North Central Caprock Queen Unit
Lea & Chaves Counties, New Mexico

New Mexico Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Gentlemen:

In compliance with Mr. S. B. Christy's letter of August 11, 1959, we are enclosing two (2) copies of the Certification-Determination, dated July 29, 1959, covering the North Central Caprock Queen Unit in Lea and Chaves Counties, New Mexico.

Yours very truly,

GREAT WESTERN DRILLING COMPANY

S. H. Snoddy
Land Manager

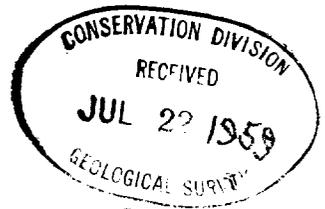
SHS:mc
Encl.

cc: Mr. S. B. Christy
Hervey, Dow & Hinkle
P.O. Box 547
Roswell, New Mexico



MAIN OFFICE CCC

1959 CERTIFICATION - DETERMINATION



Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, 43 C. F. R. sec. 4.611, 12 F. R. 6784, I do hereby:

A. Approve the attached agreement for the development and operation of the North Central Caprock Queen Unit Area, State of New Mexico.

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

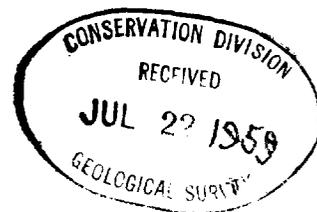
C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated JUL 29 1959.


Acting Director, United States Geological Survey

14-08-001-6362

CERTIFICATION--DETERMINATION



Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, 43 C. F. R. sec. 4.611, 12 F. R. 6784, I do hereby:

A. Approve the attached agreement for the development and operation of the North Central Caprock Queen Unit Area, State of New Mexico.

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

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

Dated JUL 29 1959 .



Acting Director, United States Geological Survey

14-08-001-6362

Case 1564

NORTH CENTRAL CAPROCK

QUEEN UNIT

UNIT AGREEMENT

UNIT OPERATING AGREEMENT

U N I T A G R E E M E N T
FOR THE DEVELOPMENT AND OPERATION OF THE
NORTH CENTRAL CAPROCK QUEEN UNIT
LEA AND CHAVES COUNTIES, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 2 day of September, 1958, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "parties hereto",

W I T N E S S E T H :

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943 as amended by Section 1 of Chapter 162, Laws of 1951) to consent to or approve this Agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chapter 162, Laws of 1951) to amend with the approval of the lessee, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such unitized development and operation of State lands; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by law (Chap. 72, Laws of 1935, as amended by Chap. 193, Laws of 1937, Chap. 166, Laws of 1951, and Chap. 168, Laws of 1949) to approve this Agreement, and the conservation provisions hereof; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sections 181 et seq., authorizes Federal lessees and their representatives to unite with each other or jointly or separately with others in collectively adopting and operating a cooperative or unit plan of development

or operation of any oil or gas pool, field or like area or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the parties hereto hold sufficient interests in the North Central Caprock Queen Unit covering the land hereinafter described to give reasonably effective control of operation therein; and

WHEREAS, it is the purpose of the parties hereto, to enable institution and consummation of secondary recovery operations, to conserve natural resources, prevent waste and secure the other benefits obtainable through development and operation of the area subject to this Agreement under the terms, conditions and limitations herein set forth.

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

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

ARTICLE 2. TERMS AND DEFINITIONS: For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

(a) "Unit Area" is defined as the following described land and such land is hereby designated and recognized as constituting the Unit Area, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO.

CHAVES COUNTY, NEW MEXICO

T-13-S, R-31-E

Section 13: A11
Section 14: A11
Section 15: SE/4 NE/4; E/2 SE/4
Section 24: NW/4 NW/4

LEA COUNTY, NEW MEXICO

T-13-S, R-32-E

Section 17: N/2 NW/4
Section 18: W/2; NE/4
Section 19: NW/4 NW/4

and containing in all 2,040 acres of land, more or less

(b) "Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.

(c) "Commission" is defined as the Oil Conservation Commission of the State of New Mexico.

(d) "Director" is defined as the Director of the United States Geological Survey.

(e) "Secretary" is defined as the Secretary of the Interior of the United States of America.

(f) "Department" is defined as the Department of the Interior of the United States of America.

(g) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey.

(h) "Unitized Formation" or "Queen Sand" or "Formation" is defined as and shall mean that heretofore established underground reservoir, a member of the Queen Formation of the Guadalupe Series, a part of the Permian System, which is found at 3050 to 3066 feet, in the Gulf Oil Corporation, State of New Mexico "BMC" No. 1 Well, located in the SE/4 of the SE/4 of Section 23, Township 13 South, Range 31 East, insofar as same lies within the Unit Area.

(i) "Unitized Substances" is defined as and shall mean all of the oil and gas contained in or produced from the Queen Sand underlying the Unit Area and subsequently admitted land effectively committed to this Agreement or Unit.

(j) "Remaining Recoverable Oil" is defined as that amount of oil which may be produced from the Unit Area by natural means or with the assistance of forces created by the injection of outside fluids into the reservoir.

(k) "Usable Well" is defined as a well which has been drilled in the Unit Area to the depth of the Unitized Formation and has casing in the hole in condition for use as either a producing well or an injection well, and on which well there has been filed with the State of New Mexico, on or before the effective date of this Agreement, a well record and Completion Report (Form C-105) or Request for Oil Allowable (Form C-104) and which well has produced some oil from the Unitized Formation and has had an allowable granted for it by the Oil Conservation Commission of the State of New Mexico.

(l) "Working Interest" is defined as the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership of fee simple title or under an oil and gas lease or otherwise held.

(m) "Working Interest Owner" is defined as and shall mean any party hereto owning a working interest, including a carried working interest owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise, which interest is chargeable with and obligated to pay or bear, either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing and producing the Unitized Substance from the Unitized Formation and operating thereof hereunder.

(n) "Royalty Interest" or "Royalty" is defined as an interest other than a working interest in or right to receive a portion of the Unitized Substance or the proceeds thereof and includes the royalty interest reserved by the lessor by an oil and gas lease and any overriding royalty interest, oil payment interest or other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(o) "Royalty Owner" is defined as and shall mean the owner of a royalty interest.

(p) "Unit Operating Agreement" is defined as and shall mean any agreement or agreements (whether one or more) entered into (separately or collectively) by and between the Unit Operator and the Working Interest Owners as provided in Article 9, infra, and shall be styled "Unit Operating Agreement, North Central Caprock Queen Unit, Lea and Chaves Counties, New Mexico."

ARTICLE 3. EXHIBITS: Exhibit "A" attached hereto is a map showing the Unit Area and the boundaries and identity of tracts and leases in said Unit Area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage comprising each tract, percentage ownership of each working interest owner in each tract, and the percentage of participation each tract has in the Unit Area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator

whenever changes in the Unit Area render such revision necessary, and at least two copies of such revision shall be filed with the Commissioner, and not less than six copies thereof shall be filed with the Supervisor.

ARTICLE 4. EXPANSION: The above described Unit Area may when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this Agreement to conform with the purposes of this Agreement. Such expansion shall be effected in the following manner:

(a) The Working Interest Owner or owners of a tract or tracts desiring to bring such tract or tracts into this Unit, shall file an application therefor with Unit Operator requesting such admission.

(b) Unit Operator shall circulate a notice to each Working Interest Owner of the proposed expansion, setting out the basis for admission, the Unit Participation to be assigned to such tract or tracts, and other pertinent data. After negotiation (at Working Interest Owners' meeting or otherwise) if 90 percent of the Working Interest Owners have agreed to such tract or tracts being brought into the Unit, then Unit Operator shall:

(1) Prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefor, the basis for admission of the additional tract or tracts, the Unit Participation to be assigned thereto and the proposed effective date thereof; and

(2) Deliver copies of said notice to the Commissioner and Director, each Working Interest Owner (mailing copy of such notice to the last known address of each such Working Interest Owner) and to the lessee and lessor whose interests are affected, advising such parties that thirty (30) days will be allowed for submission to the Unit Operator of any objections to such proposed expansion; and

(3) File, upon the expiration of said thirty (30) day period as set out in Item 2 immediately above and provided no objections have been filed thereto, with the Commission and Director the following: (a) Evidence of mailing copies of said notice of expansion, (b) An application of such expansion; and (c) An instrument containing the appropriate joinders in compliance with the participation requirement of Article 13, infra.

The expansion shall, after due consideration of all pertinent information and upon approval by the Commissioner and the Director, become effective as of the date prescribed in the notice thereof or on such other date as set by the Commissioner and the Director in the order or instrument approving such expansion.

ARTICLE 5. UNITIZED LAND AND UNITIZED SUBSTANCES: All oil and gas in all

of the hereinabove described and subsequently admitted land effectively committed to this Agreement, insofar only as the same may be found in the formation known as the "Queen Sand," together with the surface rights of ingress and egress, are unitized under the terms of this Agreement and said land shall constitute land referred to herein as "Unitized Land" or "Land Subject to this Agreement."

Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any formation other than the Queen Sand or Formation as above described.

ARTICLE 6. UNIT OPERATOR: Great Western Drilling Company, Midland, Texas, is hereby designated as Unit Operator and by signing this instrument as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator for the discovery operation, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "Working Interest Owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

ARTICLE 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after notice of intention to resign has been served by Unit Operator on all Working Interest Owners, the Commissioner and the Director, unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

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

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal in the manner provided for in the Unit Operating Agreement executed coincident herewith by and between

the Working Interest Owners. Such removal shall be effective upon notice thereof to the Commissioner and the Director.

In all such instances of resignation or removal, until a successor to Unit Operator is selected and approved as hereinafter provided, the Working Interest Owners shall be jointly responsible for the performance of the duties of the Unit Operator and shall, not later than thirty (30) days before such resignation or removal becomes effective, appoint a Unit Manager to represent them in any action to be taken hereunder.

The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials, appurtenances and any other assets, used in conducting the Unit operations and owned by the Working Interest Owners to the new duly qualified successor Unit Operator or to the Unit Manager if no such new Unit Operator is elected, to be used for the purpose of conducting Unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

ARTICLE 8. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator in the manner provided for in the Unit Operating Agreement executed coincident herewith by and between the Working Interest Owners. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner and the Director. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the Commissioner and the Director, at their election may declare this Unit Agreement terminated.

ARTICLE 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: Costs

and expenses incurred by Unit Operator in conducting Unit operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the agreement or agreements entered into (separately or collectively) by and between the Unit Operator and the Working Interest Owners. Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other independent contracts and such other rights and obligations as between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Unit Agreement, and in case of any inconsistency or conflict between the Unit Agreement and the Unit Operating Agreement, this Unit Agreement shall prevail. Two true copies of any Unit Operating Agreement executed pursuant to this section shall be filed with the Commissioner and three true copies shall be filed with the Supervisor, prior to approval of this Agreement.

ARTICLE 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein or in the Unit Operating Agreement, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use

ARTICLE 13. TRACTS QUALIFIED FOR UNIT PARTICIPATION: On and after the effective date hereof the tracts within the Unit Area which shall be entitled to participation in the production of Unitized Substances therefrom shall be those tracts within the Unit Area and more particularly described in said Exhibit "B" that are qualified as follows:

(a) Each and all of those tracts as to which Working Interest Owners owning 100% of the working interest in said tract and Royalty Owners owning 100% of the royalty have executed this Agreement; and

(b) Each and all of those tracts as to which Working Interest Owners owning not less than 95% of the working interest therein and Royalty Owners owning not less than 75% of the royalty interest therein have executed this Agreement, and in which the Working Interest Owners in said tract who have executed this Agreement have agreed to indemnify and hold harmless all other parties hereto, in a manner satisfactory to the Working Interest Owners qualified under (a), against any and all claims and demands that may be made by the nonjoining Working Interest Owners and/or Royalty Owners on account of the inclusion of such tract in the Unit Area and the operation of the Unit Area on the basis herein provided, and as to which 85% of the Working Interest Owners qualified under (a), exclusive of the Working Interest Owner submitting such tract, have approved the inclusion of such tract in the Unit Area.

If, on the effective date of this Agreement, there is any tract or tracts which have not been effectively committed to or made subject to this Agreement by qualifying as above provided, then such tract or tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this Agreement for final approval by the Commissioner and the Director, file therewith a schedule of those tracts which have been committed and made subject to this Agreement and are entitled to participate in the production from the Unit Area hereunder. Said schedule shall set forth opposite each such committed tract the lease number, assignment number, the owner of record and percentage participation of such tract which shall be computed according to the participation formula set out above. This schedule shall be a part of Exhibit "B" and upon approval thereof by the Commissioner and the Director shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until a new schedule is filed and approved by the Commissioner and the Director.

ARTICLE 14. ALLOCATION OF UNITIZED SUBSTANCES: All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices within the Unit Area for drilling, operating, camp, and other production or development purposes and for pressure maintenance or unavoidable loss) shall be apportioned among and allocated to the several tracts within the Unit Area in accordance with the respective Tract Participation effective hereunder during the respective periods such Unitized Substances were produced, as set forth in Exhibit "B". The amount of Unitized Substances so allocated to each Tract, and only that amount, regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such Tract shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to the parties executing, consenting to or ratifying this Agreement entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tracts, or in the proceeds thereof, had this Agreement not been entered into, and with the same legal force and effect.

No tract committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances, and nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the joinder of any tract.

If the Working Interest and the Royalty Interest in any tract are divided with respect to separate parcels or portions of such tract and owned severally by different persons, the percentage participation assigned to such tract shall, in the absence of a recordable instrument executed by all owners and furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in proportion to the number of surface

acres in each.

The Unitized Substances allocated to each tract shall be delivered in kind to the respective parties entitled thereto by virtue of the ownership of oil and gas rights therein or by purchase from such owners. Each Working Interest Owner and the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Such party shall have the right to construct, maintain and operate within the Unit Area all necessary facilities for that purpose, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party receiving the same in kind. In the event any party hereto shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unit Area currently as and when produced, then so long as such conditions continue, Unit Operator, for the account and at the expense of such party in order to avoid curtailing the operation of the Unit Area, may sell or otherwise dispose of such production on a day-to-day basis at not less than the prevailing market price in the area for like production, and the account of such party shall be charged therewith as having received the same. The proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, shall be responsible for the payment of all royalties, overriding royalties, oil payments, net profit contracts, and all payments out of or burdens on the lease or leases and tracts contributed by it and received into the Unit and each such party shall hold each other party hereto harmless against all claims, demands and causes of action for such royalties, overriding royalties, oil pay-

ments, net profit contracts, and other payments out of or burdens on the lease or leases and tracts contributed by it to the Unit Area.

If, after the effective date of this Agreement, there is any tract or tracts that are subsequently committed hereto, as above described in Article 4 or any tract or tracts within the Unit Area not effectively committed hereto as of the effective date hereof but which are subsequently committed hereto under the provisions of Article 31, Nonjoinder and Subsequent Joinder, or if any tract is excluded from the Unit Area as provided for in Article 30, Loss of Title, the schedule of participation as shown in Exhibit "B" shall be revised by the Working Interest Owners to show the new percentage participation of all the then effectively committed tracts and the revised Exhibit "B", upon approval by the Commissioner and the Director, shall govern all the allocation of production from and after the effective date thereof until a new schedule is filed and approved by the Commissioner and the Director.

ARTICLE 14-A. USE OR LOSS OF UNITIZED SUBSTANCES: Working Interest Owners may use as much of the Unitized Substances as they deem necessary for the operation and development of the Unit Area, including but not limited to the injection thereof into the Unitized Formation.

No royalty, overriding royalty, production or other payments shall be payable upon or with respect to Unitized Substances used or consumed in the operation or development of the Unit Area or which may be otherwise lost or consumed in the production, handling, treating, transportation or storing of Unitized Substances.

ARTICLE 15. ROYALTY SETTLEMENT: The State of New Mexico and the United States of America and all Royalty Owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the Unitized Substances allocated to such tract, and Unit Operator shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for royalty interest not taken in kind shall be made by Working Interest

Owners responsible therefor under existing contracts, laws and regulations, on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases, except that such royalties shall be computed in accordance with the terms of this Unit Agreement.

If gas obtained from lands not subject to this Agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production or increasing ultimate recovery, a like amount of gas, with due allowance for loss or depletion from any cause, may be withdrawn from the formation into which the gas was introduced, royalty free as to dry gas, but not as to the products extracted therefrom.

All royalties due the State of New Mexico and the United States of America and the other Royalty Owners hereunder shall be computed and paid on the basis of all unitized substances allocated to the respective tract or tracts committed hereto, in lieu of actual production from such tract or tracts.

Each royalty owner (other than the State of New Mexico and the United States of America) that executes this Agreement represents and warrants that it is the owner of a royalty interest in a tract or tracts within the Unit Area as its interest appears in Exhibit "B" attached hereto. If any royalty interest in a tract or tracts should be lost by title failure in whole or in part, during the term of this Agreement, then the royalty interest of the party representing himself to be the owner thereof shall be reduced proportionately and the interest of all parties shall be adjusted accordingly.

ARTICLE 16. REPORTS: Unit Operator shall furnish the Commissioner and the Supervisor monthly, injection and production reports for each well in the Unit, as well as periodical reports of the development and operation of the Unit Area.

ARTICLE 17. RENTAL SETTLEMENT: Rentals or minimum royalties due on leases committed hereto shall be paid by Working Interest Owners responsible

therefor under existing contracts, laws and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental for lands of the State of New Mexico subject to this Agreement shall be paid at the rate specified in the respective leases from the State of New Mexico.

Rental or minimum royalty from lands of the United States of America subject to this Agreement shall be paid at the rate specified in the respective leases from the United States of America, unless rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

ARTICLE 18. CONSERVATION: Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

ARTICLE 19. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from Unitized Land by wells on land not subject to this Agreement.

ARTICLE 20. LEASES AND CONTRACTS CONFORMED AND EXTENDED: The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas of lands committed to this Agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Commissioner, respectively, shall and by their approval hereof, or by the approval hereof by their duly authorized representatives do hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this Agreement.

Without limiting the generality of the foregoing, all leases, subleases

and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this Agreement, regardless of whether there is any development of any particular part or tract of the Unit Area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

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

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Commissioner or the Supervisor, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized lands.

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil and gas which by its terms might expire prior to the termination of this Agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the term of this Agreement.

(e) Termination of this Agreement shall not affect any lease which, pursuant to the terms thereof or any applicable laws, shall continue in force and effect thereafter.

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

(g) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto, shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. Provided, however, that notwithstanding any of the provisions of this Agreement to the contrary, such lease shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease if oil or gas is, or has heretofore been, discovered in paying quantities on some part of the lands embraced in such lease committed to this Agreement or, so long as a portion of the Unitized Substances produced from the Unit Area is, under the terms of this Agreement, allocated to the portion of the lands covered by such lease committed to this Agreement, or, at any time during the term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the Unit Operator is then engaged in bona fide drilling, reworking, or secondary recovery operations on any part of the lands embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so

long as such operations are diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

(h) The segregation of any Federal lease committed to this Agreement is governed by the following provision in the fourth paragraph of Sec. 17(b) of the Act, as amended by the Act of July 29, 1954, (68 Stat. 583, 585): "Any (Federal) lease hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization; Provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

ARTICLE 21. MATHEMATICAL ERRORS: It is hereby agreed by all parties to this Agreement that Unit Operator shall be empowered to correct any mathematical errors which might exist in the pertinent exhibits to this Agreement or the Unit Operating Agreement upon approval of the Commissioner and the Director.

ARTICLE 22. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic or certified copy of the instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, photostatic or certified copy of the instrument of transfer.

ARTICLE 23. EFFECTIVE DATE AND TERM: This Agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of 7:00 o'clock

A.M. of the first day of the month next following:

(a) The execution or ratification of this Agreement and the Unit Operating Agreement by Working Interest Owners owning a combined Unit Participation of at least ninety-five (95%) percent, and the execution or ratification of this Agreement by Royalty Owners owning a combined interest of at least seventy-five (75%) percent of the royalty interest in said Unit Area;

(b) The approval of this Agreement by the Commissioner, the Secretary or his duly authorized representative, and the Commission;

(c) The filing of at least one counterpart of this Agreement for record in the Records of Lea and Chaves Counties, New Mexico, by Unit Operator; and provided, further, that if (a) (b) and (c) above are not accomplished on or before December 30, 1958, this Agreement shall ipso facto terminate on said date (hereinafter called "termination date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Unit Participation of at least ninety (90%) percent and Working Interest Owners owning a combined Unit Participation of at least ninety (90%) percent committed to this Agreement have decided to extend said termination date for a period not to exceed six (6) months. If said termination date is so extended and (a) (b) and (c) are not accomplished on or before said extended termination date, this Agreement shall ipso facto terminate on said extended termination date and thereafter be of no further force or effect. For the purpose of this section, ownership shall be computed on the basis of Unit Participation as determined from Exhibit "C" attached to the Unit Operating Agreement. Unit Operator shall, within thirty (30) days after the effective date of this Agreement, file for record in the office or offices where a counterpart of this Agreement is recorded, a certificate to the effect that this Agreement has become effective according to its terms and stating further the effective date.

The term of this Agreement shall be for and during the time that Unitized Substances are produced in paying quantities from the Unit Area and as long thereafter as drilling, reworking or other operations are prosecuted thereon without cessation or more than ninety (90) consecutive days, unless sooner terminated by Working Interest Owners in the manner hereinafter provided. This Agreement may be terminated by Working Interest Owners owning ninety (90%) percent Unit Participation as determined by Exhibit "C" attached to the Operating Agreement whenever such Working Interest Owners determine that Unit operation are no longer profitable, feasible or in the interest of conservation, with the approval of the Commissioner and the Director. Notice of any such approval to be given by Unit Operator to all parties hereto.

Upon termination of this Agreement, the further development and operation

of the Unit Area as a Unit shall be abandoned, Unit operations shall cease, and thereafter the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate tracts just as if this Agreement had never been entered into.

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

ARTICLE 24. RATE OF PRODUCTION: All production from the Unit Area and the disposal thereof shall be in conformity with the allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

ARTICLE 25. FAIR EMPLOYMENT: In connection with the performance of work under this Agreement, the Unit Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Unit Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.

The Unit Operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

ARTICLE 26. APPEARANCES: Unit Operator shall, after notice to the other parties affected, have the right to appear for or on behalf of any and all interests affected hereby before the Commissioner of Public Lands,

the Department of the Interior and the New Mexico Oil Conservation Commission and to appeal from order issued under the regulations of said Commissioner, Department or Commission, or to apply for relief from any of said regulations or in any proceedings relative to operations before the said Commissioner, Department or Commission, or any other legally constituted authority, provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

ARTICLE 27. NOTICES: All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given in writing and personally delivered to the party or sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

ARTICLE 28. NO WAIVER OF CERTAIN RIGHTS: Nothing in this Agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said Unitized Lands are located, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

ARTICLE 29. UNAVOIDABLE DELAY: All obligations under this Agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce Unitized Substances from any of the lands covered by this Agreement shall be suspended while, but only so long as the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, State or municipal law or agencies, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator, whether similar to matters herein enumerated or not.

ARTICLE 30. LOSS OF TITLE: In the event title to any tract of Unitized

Land shall fail in whole or in part and the true owner cannot be induced to join this Unit Agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that as to State or Federal Land or leases, no payments of funds due the State of New Mexico or the United States of American should be withheld, but such funds shall be deposited as directed by the Commissioner of Public Lands of the State of New Mexico and the Supervisor of the United States Geological Survey, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

ARTICLE 31. NONJOINDER AND SUBSEQUENT JOINDER: If the owner of any interest in a tract within the Unit Area fails or refuses to subscribe or consent in writing to this Agreement, the Working Interest Owner in that tract who has executed or ratified this Agreement may withdraw said tract from this Agreement, or such tract may be included in the Unit if the same can be and is qualified as provided in Article 13 hereof. Such withdrawal as above provided, shall, without further action, also operate to withdraw all royalty interest in such tract or tracts theretofore committed hereto. Joinder in the Unit Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for the interest to be regarded as effectively committed to this Unit Agreement.

Any oil or gas interest in the Unitized formation in lands within the Unit Area not committed hereto prior to submission of this Agreement to the Commissioner and the Director for final approval may thereafter be committed

hereto upon compliance with the applicable provisions of Article 13 hereof, at any time up to the effective date hereof and for a period of six (6) months thereafter, on the same basis of participation as provided for in Article 13 by the owner or owners thereof subscribing or consenting in writing to this Agreement and, if the interest is a working interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that after six (6) months from the effective date hereof the right of subsequent joinder as provided in this section shall be subject to such requirements or approvals and on such basis as may be agreed upon by ninety (90%) percent of the Working Interest Owners. Such joinder by a Working Interest Owner must be evidenced by his execution or ratification of this Unit Agreement and the Unit Operating Agreement. Such joinder by a Royalty Owner must be evidenced by his execution or ratification of this Unit Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such Royalty Owner. Except as may be otherwise herein provided, subsequent joinders to this Agreement, as to tracts within the Unit Area, shall be effective as of the first day of the month following the approval thereof by the Commissioner and the Director.

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

ARTICLE 33. TAXES; Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the Unitized Land;

provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including royalty owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances.

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

ATTEST.

R. W. Parman
ASST. SECRETARY

GREAT WESTERN DRILLING COMPANY SEP 2 1958

By: R. L. Zucker
PRESIDENT
UNIT OPERATOR & WORKING INTEREST
OWNER.

WORKING INTEREST OWNERS

ATTEST.

L. Fisher
SECRETARY

ADA OIL COMPANY

By: [Signature] OCT 14 1958
VICE PRESIDENT

ATTEST.

[Signature]
SECRETARY

AMBASSADOR OIL CORPORATION

By: [Signature] NOV 25 1958
VICE PRESIDENT

R. D. COLLIER

[Signature] SEP 5 1958

ATTEST.

[Signature]
SECRETARY

DELPERN OIL COMPANY

By: [Signature] SEP 26 1958
PRESIDENT

ATTEST:

J.A. Ford
ASST. SECRETARY

GRARIDGE CORPORATION

By: O.H. Reaugh
VICE PRESIDENT

SEP 16 1958

ATTEST:

G. Price
SECRETARY

GULF OIL CORPORATION

By: W.A. Shellaker

LAND OIL COMPANY

By: Lillian E. Lynch
PRESIDENT

SEP 17 1958

ATTEST:

Shusler
ASST. SECRETARY

PHILLIPS PETROLEUM COMPANY

By: John M. Hurd
VICE PRESIDENT

APPROVED
Prod. Dept.

OCT 20 1958

NEIL E. SALSICH

Neil E. Salsich

SEP 15 1958

ROSS SEARS ESTATE

Virginia Sears
IND. AND AS
EXECUTRICES

Mary J. Vandner
IND. AND AS
EXECUTRICES

SEP 5 1958

V. M. SHORTES

V.M. Shortes

SEP 9 1958

~~W. WARDEN DRILLING COMPANY~~

By: _____

ATTEST:

Gene Cren
SECRETARY

WESTERN DRILLING COMPANY

By: W.A. Shellaker
PRESIDENT

OCT 8 1958

WHALEY COMPANY

By: _____

GEORGE H. WILLIAMS

George H. Williams

SEP 5 1958

WOLVERINE OIL COMPANY

By: [Signature]

NOV 5 1958

~~SIGNET OIL & GAS COMPANY~~

By: _____

H. N. SMITH

H. N. Smith

SEP 5 1958

D. M. BASSETT

D M Bassett

SEP 5 1958

R. BEECHER MARTIN

R. Beecher Martin

SEP 9 1958

DUANE SWAFFORD

Duane Swafford

SEP 9 1958

POMEROY SMITH

SEP 12 1958

Pomeroiy Smith

R. SEARLE McGRATH

SEP 12 1958

R. Searle McGrath

K. S. ADAMS, JR.

OCT 14 1958

K. S. Adams Jr.

ATTEST.

Paul C. Hackett

ASST. SECRETARY

MINERAL PROJECTS, INC.

NOV 7 1958

By: Raymond E. Katz
VICE PRESIDENT

JOHN J. EISNER

SEP 16 1958

John J. Eisner

SAM D. YOUNG

OCT 3 1958

Sam D. Young

MAGGIE SUETTA COCKBURN

SEP 30 1958

Maggie Suetta Cockburn
Executrix of the Estate of Barney
Cockburn, Deceased

ATTEST.

Virginia L. Leggett
SECRETARY

LEE OIL COMPANY

By: Stanley T. Kesper
PRESIDENT

OCT 23 1958

STATE OF NEW MEXICO §
 § ss.
COUNTY OF EDDY §

The foregoing instrument was acknowledged before me this 5 day of September, 1958, by MARY JO VANDIVER and VIRGINIA SEARS, Individually and as Executrices of the Estate of Ross Sears, Deceased.

Tragant D. Hightower
Notary Public

My Commission Expires:

4/3/60 -

* * * * *

STATE OF Texas §
 § ss.
COUNTY OF El Paso §

The foregoing instrument was acknowledged before me this 3rd day of October, 1958, by SAM D. YOUNG.

Iris B. Line
Notary Public

My Commission Expires:

IRIS B. LINE, Notary Public
In and for El Paso County, Texas
My commission expires June 1, 1958

* * * * *

STATE OF NEW MEXICO §
 § ss.
COUNTY OF Edwy §

The foregoing instrument was acknowledged before me this 30 day of SEPT., 1958, by MAGGIE SUETTA COCKBURN, Executrix of the Estate of Barney Cockburn, Deceased.

Betty Hill
Notary Public

My Commission Expires:

SEPT. 2, 1959

* * * * *

STATE OF Colorado §
City of § ss.
COUNTY OF Denver §

The foregoing instrument was acknowledged before me this 23 day of October, 1958, by Stanley T. Keipert, President of LEE OIL COMPANY of Denver, a Colorado corporation, on behalf of said corporation.

Mae Reed
Notary Public

My Commission Expires:

My Commission expires October 31, 1964.

STATE OF TEXAS §
 § ss.
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 2 day of September, 1958, by R. C. TUCKER, President of GREAT WESTERN DRILLING COMPANY of Midland, Texas, a Texas Corporation, on behalf of said corporation.

Sam H. Snoddy
Notary Public

My Commission Expires:
6-1-59

* * * * *

STATE OF Texas §
 § ss.
COUNTY OF Harris §

The foregoing instrument was acknowledged before me this 14 day of October, 1958, by C.D. White, Vice President of ADA OIL COMPANY of Amesbury, a Delaware corporation, on behalf of said corporation.

Mr. Frank L. Raccoe
Notary Public

My Commission Expires:
6-1-59

* * * * *

STATE OF Texas §
 § ss.
COUNTY OF Tarrant §

The foregoing instrument was acknowledged before me this 25 day of November, 1958, by Lenith Smith, Vice President of AMBASSADOR OIL CORPORATION of Ft Worth, a Delaware corporation, on behalf of said corporation.

Mary S. Semmler
Notary Public

My Commission Expires:
6-1-59

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 5 day of Sept, 1958, by R. D. COLLIER.

Raymond B. Hightower
Notary Public

My Commission Expires:
4/3/60

STATE OF Texas §
 § ss.
COUNTY OF Lubbock §

The foregoing instrument was acknowledged before me this 26 day of September, 1958, by C. B. Halkema, President of DELFERN OIL COMPANY, of Lubbock, Texas, a Texas corporation, on behalf of said corporation.

Cecile S. Tison
Notary Public

My Commission Expires: 6/1/59

STATE OF TEXAS §
 § ss.
COUNTY OF Stephens §

The foregoing instrument was acknowledged before me this 16 day of September, 1958, by L. N. Granger, VICE PRESIDENT of GRARIDGE CORPORATION of Breckenridge, Texas, a Delaware corporation, on behalf of said corporation.

Dorothy Walker
Notary Public

My Commission Expires: JUN 1 1959

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this 15 day of October, 1958, by _____, _____ of GULF OIL CORPORATION of _____, a Delaware corporation, on behalf of said corporation.

Elo Marie Cooper
Notary Public

My Commission Expires: _____

STATE OF TEXAS §
 § ss.
COUNTY OF Dallas §

The foregoing instrument was acknowledged before me this 17 day of September, 1958, by William J. Lynch, PRESIDENT of LANDA OIL COMPANY of Dallas, Texas, a Delaware corporation, on behalf of said corporation.

James M. McCoy
Notary Public

My Commission Expires: JUN 1 1959

STATE OF Texas §
 § ss.
COUNTY OF Subbott §

The foregoing instrument was acknowledged before me this 7 day of October, 1958, by E. P. Campbell, President of WESTERN DRILLING COMPANY of Subbott, a _____ corporation, on behalf of said corporation.

Seddie W. Moore
SEDDIE W. MOORE
Notary Public

My Commission Expires:
6/1/59

* * * * *

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of WHALEY COMPANY of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____ Notary Public

* * * * *

STATE OF New Mex. §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 8 day of Sept., 1958, by GEORGE H. WILLIAMS.

Tracy W. Williams
Notary Public

My Commission Expires:
4/3/60

* * * * *

STATE OF Michigan §
 § ss.
COUNTY OF Kent §

The foregoing instrument was acknowledged before me this 5 day of November, 1958, by S. W. Hanson, Owner of WOLVERINE OIL COMPANY of Grand Rapids, a _____ corporation, on behalf of said corporation.

Lew A. Bates, Jr.
Notary Public

My Commission Expires:
LEW A. BATES, JR.
Notary Public, Kent County, Michigan
My Commission Expires Nov. 13, 1961

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of SIGNET OIL & GAS COMPANY of _____, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 5 day of Sept., 1958, by R. N. SMITH.

Burgess B. Hightower
Notary Public

My Commission Expires:

4/3/60

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 5 day of Sept., 1958, by D. M. BASSETT.

Burgess B. Hightower
Notary Public

My Commission Expires:

4/3/60

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Lea §

The foregoing instrument was acknowledged before me this 9th day of Sept, 1958, by R. BEECHER MARTIN.

Mary Stenebaugh
Notary Public

My Commission Expires: April 23, 1962

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

**GREAT WESTERN'S
NORTH CENTRAL CAPROCK QUEEN UNIT**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated September 2, 1958, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

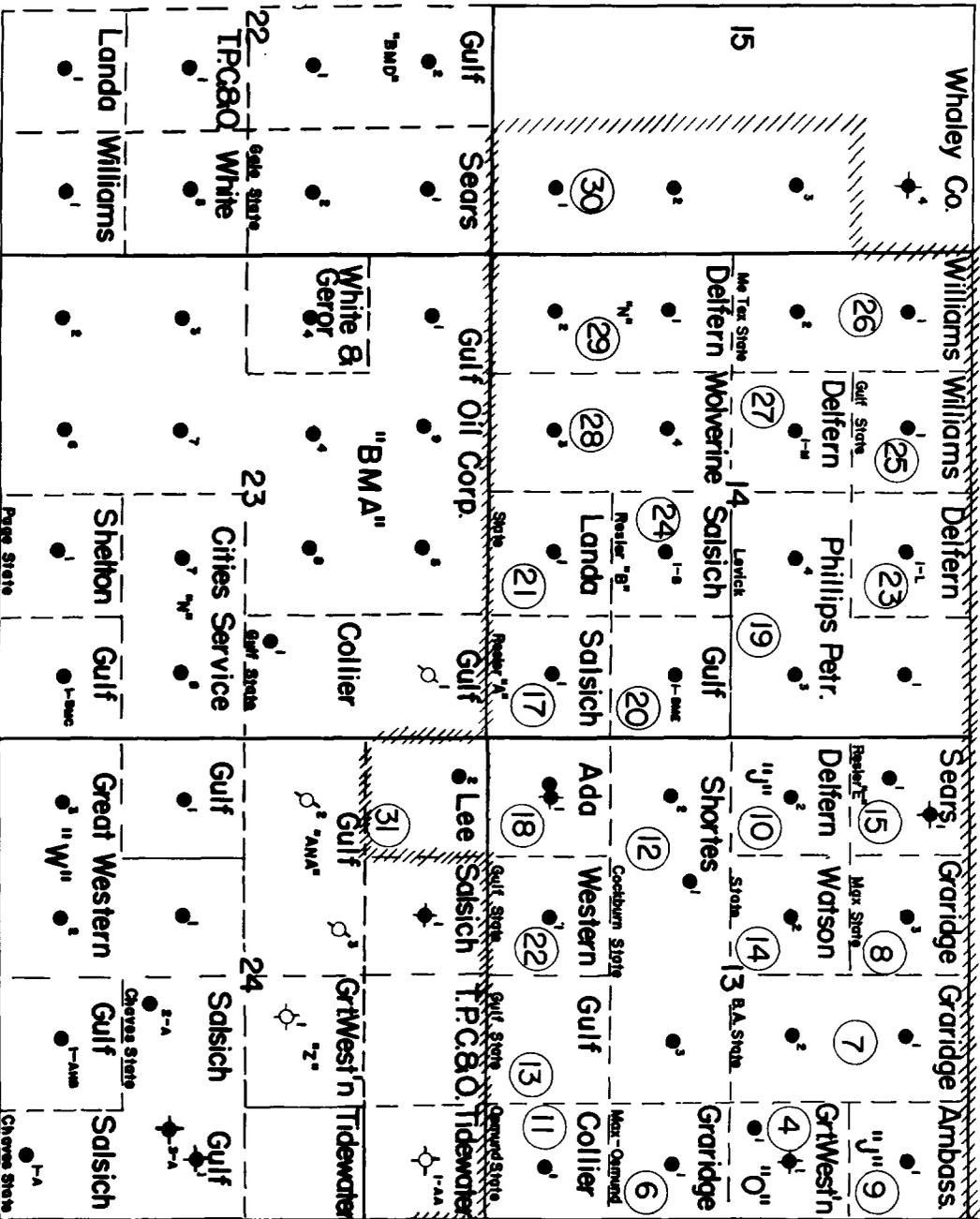
NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 22nd. day of December 19 58.

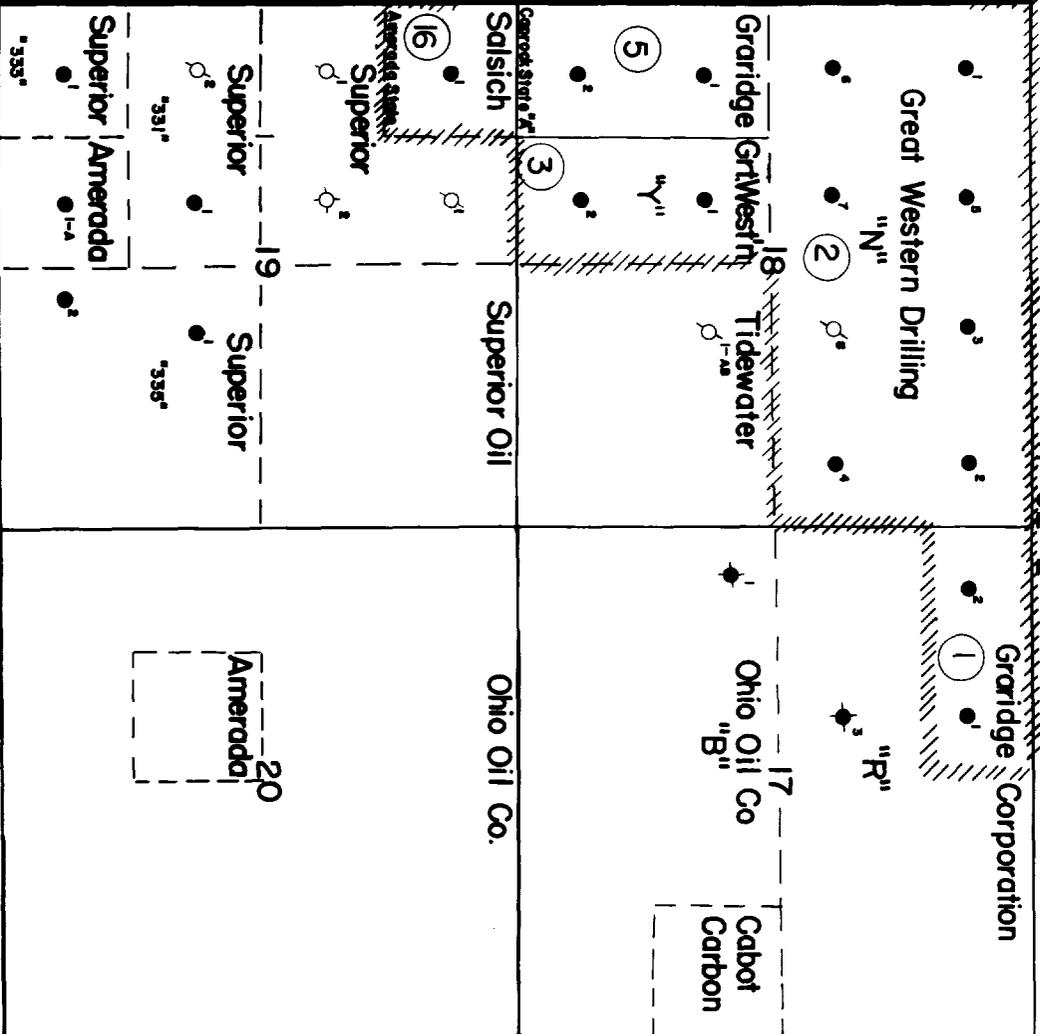


Commissioner of Public Lands
of the State of New Mexico

R-31-E



R-32-E



TRACT NO.	DESCRIPTION	NUMBER OF ACRES	LEASE AND/OR ASSIGNMENT NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT	PER CENT PARTICIPATION OF TRACT IN UNIT
7	W/2 NE/4 Sec. 13, T-13-S, R-31-E	80	E-417-1	12.5%	Graridge	British-American - 1/16 of 7/8 subject to agreement recorded in Chaves Co., N.M.	Graridge - 100%	3.9992946
8	NE/4 NW/4 Sec. 13, T-13-S, R-31-E	40	B-10416-29	12.5%	Graridge	Vickers Pet. Corp. 1/32 of 3/4 of all Chas. H. Osmond - 1/32 of 8/8 Roderic Crandell - 1/32 of 8/8 Maxwell Oil Co. - 1/16 of 8/8	Graridge - 100%	2.7072474
9	NE/4 NE/4 Sec. 13, T-13-S, R-31-E	40	B-10419-56	12.5%	Ambassador	*Delfern Oil Co. - 12.5% #Curtis McBroom - 6/512 #C.H. Cooper - 1/512 #W.V. Coffey - 1/512 #K.L. Smith - 1/512 #M.W. Coll et ux ** #B.H. Murphy - 1/512	Ambassador - 140/840 Dulane Oil - 50/840*** R.O. Dulane, Jr. - 50/840*** E. Stanley Klein - 100/840*** John P. Maguire - 100/840*** Oliver D. Appleton - 50/840*** Elsa G. Appleton - 100/840*** Barry T. Leithed - 50/840*** Kenneth W. Frasher - 25/840*** D.W. Vreeland - 25/840*** Wm. N. Snow - 50/840*** Estate of William J. Gallon, Deceased - 100/840***	2.0800081

* Until Delfern receives 134,000 bbls of oil from this and certain other leases.
 ** Subject to a sliding scale overriding royalty of 1/16 of 8/8 on flowing wells and 1/32 of 8/8 on pumping wells in favor of M.W. Coll and wife Lillian Hinkle Coll. The reduction is applicable to each well individually.
 *** NOTE This interest is subject to a carried interest owned by Ambassador and the participation of Ambassador will increase as between itself and the owner of this interest when Ambassador becomes entitled to its carried interest as provided by the agreement by and between the owner of such interest and Ambassador of record in the named county.
 # Fraction of net working interest.

TRACT NO.	DESCRIPTION	NUMBER OF ACRES	LEASE AND/OR ASSIGNMENT NO.	BASIC ROYALTY	LESSEE OF RECORD	ROYALTY AND AMOUNT	ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT	PER CENT PARTICIPATION OF TRACT IN UNIT
10	SW/4 NW/4 Sec. 13, T-13-S, R-31-E	40	B-10419-24	12.5%	Delfern Oil	M.W. & Lillian Coll - pumping well 3.125%	Delfern - 100%		1.9851450
11	SE/4 SE/4 Sec. 13, T-13-S, R-31-E	40	B-10416-27	12.5%	D.M. Bassett	Charles H. Osmond 1/16 of 8/8	H.N.Smith - 33.3333% D.M.Bassett- 33.3333% R.D.Collier- 33.3333%		1.7636604
12	N/2 SW/4, NW/4 SE/4 Sec. 13, T-13-S, R-31-E	120	B-8459, and E-7713	12.5%	Gulf Oil	Gulf Oil - 5.4688%	Great Western - 50% V.M. Shortes - 16.6666% R. Beecher Martin - 16.6666% Duane Swafford - 16.6666%		3.8507143
13	SW/4 SE/4 Sec. 13, T-13-S, R-31-E	40	B-8459	12.5%	Gulf Oil	None	Gulf Oil - 100%		.2450981
14	SE/4 NW/4 Sec. 13, T-13-S, R-31-E	40	B-10424-2	12.5%	J.C. Watson Drilg. Co.	None	Barney Cockburn Estate 50% Great Western - 50%		1.4520740
15	NW/4 NW/4 Sec. 13, T-13-S, R-31-E	40	B-7690-25	12.5%	Western Development Co of Del.	Western Development Co. - 7-1/2%	Ross Sears Est-33.3333% Sam D. Young -33.3333% R.D. Collifer -33.3333%		2.9356806
16	NW/4 NW/4 Sec. 19, T-13-S, R-32-E	42.58	E-4192-2	12.5%	Neil E. Salstich Pomeroy Smith	Amerada Pet. Corp. - 12.5%	Neil E. Salstich - 50% Pomeroy Smith - 25% R. Searle McGrath-25%		1.8492843
17	SE/4 SE/4 Sec. 14, T-13-S, R-31-E	40	B-10418-68	12.5%	Neil E. Salstich Pomeroy Smith	Vada Spurck, as surviving joint tenant of William Spurck, deceased - 7.5%	Neil E. Salstich - 50% Pomeroy Smith - 25% R. Searle McGrath-25%		2.9023010

Western Development Co.
5%

TRACT NO.	DESCRIPTION	NUMBER OF ACRES	LEASE AND/OR ASSIGNMENT NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT	PER CENT PARTICIPATION OF TRACT IN UNIT
18	SW/4 SW/4 Sec. 13, T-13-S, R-31-E	40	E-5758	12.5%	Gulf Oil	Gulf Oil Corp. - 1/8 of 8/8 then upon certain recoups, 8/40 of 8/8	K.S. Adams, Jr. -25%	1.6090640 75%
							* Mineral Projects, Inc.	
							* 1/3 reversionary interest in favor of Ada Oil Co.	
19	SW/4 NE/4, E/2 NE/4 Sec. 14, T-13-S, R-31-E	120	B-8822-3	12.5%	Phillips Pet.	Norbert G. Hartman - 3/40 of 1/12 of 8/8 John A. Grenman 1/12 of 1/12 of 8/8 Paul Hartman & Otilie J. Hartman - 3/20 of 1/12 of 8/8 W.A. Clauser & May D. Clauser - 3/10 of 1/12 of 8/8 Paul Hartman, Jr. & Priscilla J. Hartman - 3/40 of 1/12 of 8/8 Earl G. Levick & Minnie S. Levick - 19/60 of 1/12 of 8/8	Phillips Pet. Co. -100%	5.6820408
20	NE/4 SE/4 Sec. 14, T-13-S, R-31-E	40	E-7659	12.5%	Gulf Oil	None	Gulf Oil Corp. - 100%	.9853397

TRACT NO.	DESCRIPTION	NUMBER OF ACRES	LEASE AND/OR ASSIGNMENT NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY AND AMOUNT	PER CENT PARTICIPATION	
							WORKING INTEREST OWNER AND AMOUNT	OF TRACT IN UNIT
21	SW/4 SE/4 Sec. 14, F-13-S, R-31-E	40	E-4191	12.5%	Atlantic Rfg. Atlantic Rfg.	Atlantic Rfg 27-1/2%	J. Weldon Bateson - .033334	
							J. Russell Bond - .015625	2.7136042
							B. Felix Harris - .031250	
							Mrs. C.M. Harris - .015625	
							Howspin Corp. - .013334	
							Interlaken Corp. - .013334	
							Lithoprint Co. of New York, Inc. - .008004	
							Lynch, Lynch & Watson - .035625	
							John Manson - .031250	
							George T. Marchmont, Trustee - .031250	
							Frank Mitchell - .031250	
							Moody-Dunlap Co. - .031250	
							E.B. Johnson - .031250	
							Rufus C. Porter - .062500	
							Andrew & Elizabeth Reid - .033334	
							George Sarrafian - .031250	
							City National Bank & Trust Co. Trustee for Est of F. Raymond Shaw, Deceased - .158334	

(continued)

TRACT NO.	DESCRIPTION	NUMBER OF ACRES	LEASE AND/OR ASSIGNMENT NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT	PER CENT PARTICIPATION OF TRACT IN UNIT
22	SE/4 SW/4 Sec.13, T-13-S, R-31-E	40	B-8459	12.5%	Gulf Oil	Gulf Oil - 1/8 of 8/8 After payout - 13/40 of 8/8	John J. Eisner - 75% Western Drilg. Co. - 25%	.7317989
23	NW/4 NE/4 Sec.14, T-13-S, R-31-E	40	B-10418-27	12.5%	Delfern Oil	None	Delfern Oil - 100%	1.4135214
24	NW/4 SE/4 Sec.14, T-13-S, R-31-E	40	B-8318-103	12.5%	Neil E. Salsich Pomeroy Smith	Vada Spurck, as surviving joint tenant of William Spurck, deceased - 7.5%	Neil E. Salsich - 50% Pomeroy Smith - 25% R. Searle McGrath - 25%	2.9252317
25	NE/4 NW/4 Sec.14, T-13-S, R-31-E	40	E-7659	12.5%	Gulf Oil	Western Development Co. - 5%	George Williams - 100%	3.0155654
26	W/2 NW/4 Sec.14, T-13-S, R-31-E	80	B-10419-8	12.5%	Me-Tex Supply	Me-Tex - 1/16 of 8/8 less than 20 bbls per day - 1/8 of 8/8 more than 20 bbls per day	George Williams - 50% D.M. Bassett - 25% H.N. Smith - 25%	6.8149739
27	SE/4 NW/4 Sec.14, T-13-S, R-31-E	40	B-9495-6	12.5%	Delfern Oil	None	Delfern Oil - 100%	5.4336741
28	E/2 SW/4 Sec.14, T-13-S, R-31-E	80	B-399-35	12.5%	Manforth Prod. Co., Inc.	Wm. H. Danforth - 4.55730% M.C. Damuth & Citzizens Nat'l Bank of Houston, Trustees for Ethel Janet Boyle - 1.82290%	Wolverine Oil Co. - 100%	7.7898816

Exhibit "B"
 North Central Caprock Queen Unit
 Well Information
 Page #7

TRACT NO.	DESCRIPTION	NUMBER OF ACRES	LEASE AND/OR ASSIGNMENT NO.	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND AMOUNT	WORKING INTEREST OWNER AND AMOUNT	PER CENT PARTICIPATION OF TRACT IN UNIT
29	W/2 SW/4 Sec. 14, T-13-S, R-31-E	80	B-10418-28	12.5%	Delfern Oil	None	Delfern Oil - 100%	4.9123070
30	E/2 SE/4, SE/4 NE/4 Sec. 15, T-13-S, R-31-E	120	LC-069184	12.5%	Whaley Co., Inc.	None	Whaley Co., Inc. - 100%	4.1613743
31	NW/4 NW/4 Sec. 24, T-13-S, R-31-E	40	E-5663	12.5%	Gulf Oil	Gulf Oil - 6.25% R.D. Collier - 6.25%	Lee Oil Co. - 100%	1.2722819

UNIT OPERATING AGREEMENT
NORTH CENTRAL CAPROCK QUEEN UNIT
LEA AND CHAVES COUNTIES,
NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 1958, by and between the parties who execute or ratify this agreement,

W I T N E S S E T H :

WHEREAS, the parties hereto as Working Interest Owners have executed as of the date hereof, that certain Unit Agreement, NORTH CENTRAL CAPROCK QUEEN UNIT, Lea and Chaves Counties, New Mexico, hereinafter referred to as "Unit Agreement," and which, among other things, provides for a separate agreement to be made and entered into by and between Working Interest Owners pertaining to the development and operation of the Unit Area therein defined:

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

ARTICLE 1

CONFIRMATION OF UNIT AGREEMENT

1.1 Confirmation of Unit Agreement. The Unit Agreement is hereby confirmed and incorporated herein by reference and made a part of this agreement. The definitions in the Unit Agreement are adopted for all purposes of this agreement. In the event of any conflict between the Unit Agreement and this agreement, the Unit Agreement shall prevail.

ARTICLE 2

EXHIBITS

2.1 Exhibits. The following exhibits are incorporated herein by reference:

2.1.1 Exhibits A and B of the Unit Agreement.

2.1.2 Exhibit C, attached hereto, is a schedule showing the total Unit Participation of each Working Interest Owner.

2.1.3 Exhibit D, attached hereto, is the Accounting Procedure applicable to development and operation of the Unit Area. In the event of conflict between this Agreement and Exhibit D, this Agreement shall prevail.

2.1.4 Exhibit E, attached hereto, contains insurance provisions applicable to the development and operation of the Unit Area.

2.2 Revision of Exhibits. Whenever Exhibits "A" and "B" are revised, Exhibit "C" shall be revised according to such revision to be effective as of the effective date of revised Exhibits "A" and "B".

ARTICLE 3

SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

3.1 Overall Supervision. Working Interest Owners shall exercise overall supervision and control of all matters pertaining to the development and operation of the Unit Area pursuant to this Agreement and the Unit Agreement. In the exercise of such power each Working Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

3.2 Particular Powers and Duties. The matters to be passed upon and decided by Working Interest Owners shall include, but not be limited to, the following:

3.2.1 Method of Operation. The kind, character and method of operation, including any type of pressure maintenance or secondary recovery program to be employed.

3.2.2 Drilling of Wells. The drilling of any well within the Unit Area either for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.3 Well Workovers and Change of Status. The workover, recompletion, repair, abandonment, or change of status of any well in the Unit Area or use of any such well for injection or other purposes. In

this connection, they shall determine whether or not a well to be used, as either an injection well or a producing well, is in shape for such use. If they should determine that a well shall require the use of a liner to contain caving formations, the owner of such well may have the option of doing such work itself, or requesting the Unit Operator to do such work and be billed for such expense entailed in the re-work or repair. If Unit Operator is requested to do such work, the owner of the well shall indemnify Unit Operator for any damages which might result from such workover. If it should be determined that any such well be logged, such logging will be at Unit expense.

3.2.4 Expenditures. Making of any single expenditure in excess of Five Thousand and No/100 (\$5,000.00) Dollars; provided that approval by Working Interest Owners of the drilling, reworking, drilling deeper, or plugging back of any well shall include approval of all necessary expenditures required therefor and for completing, testing and equipping the same, including necessary flow lines, separators and lease tankage.

3.2.5 Disposition of Surplus Facilities. Selling or otherwise disposing of any major item of surplus material or equipment, the current list price of new equipment similar thereto being One Thousand Five Hundred and No/100 (\$1,500.00) Dollars or more.

3.2.6 Appearance Before a Court or Regulatory Body. The designation of a representative to appear before any court or regulatory body in matters pertaining to Unit Operations; provided, however, that the authorization by Working Interest Owners of the designation of any such representatives shall not prevent any Working Interest Owner from appearing in person or from designating another representative in its own behalf.

3.2.7 Audits. The making of proper audits of the accounts of Unit Operator pertaining to operations hereunder; provided that such audits shall

- (a) not be conducted more than once each year or upon the resignation or removal of Unit Operator; and shall
- (b) be made at the expense of all Working Interest Owners other than the Working Interest Owner designated as Unit Operator; and
- (c) be upon not less than thirty (30) days' written notice to Unit Operator.

3.2.8 Inventories. The taking of periodic inventories under the terms of Exhibit "D".

3.2.9 Technical Services. Any direct charges to the joint account for services by consultants or Unit Operator's technical personnel not covered by the overhead charges provided by Exhibit "D".

3.2.10 Assignments to Committees. The appointment or designation of the purposes of committees or subcommittees necessary for the study of any problem in connection with Unit operation.

3.2.11 The removal of Unit Operator and the selection of a successor.

3.2.12 The enlargement of the Unit Area.

3.2.13 The adjustment and readjustment of investments.

3.2.14 The termination of the Unit Agreement.

ARTICLE 4

MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall advise Unit Operator in writing the names and addresses of its representative and alternate authorized to represent and bind it in respect to any matter pertaining to the development and operation of the Unit Area. Such representative or alternate may be changed from time to time by written notice to Unit Operator.

4.2 Meetings. All meetings of Working Interest Owners for the purpose of considering and acting upon any matter pertaining to the development and

operation of the Unit Area shall be called by Unit Operator upon its own motion or at the request of two or more Working Interest Owners. No meeting shall be called on less than fourteen (14) days' advance written notice, with agenda for the meeting attached. The Working Interest Owners attending such meeting shall not be prevented from amending items included in the agenda or from deciding such amended item or from deciding other items presented at such meeting, in the absence of protest by any qualified member of the meeting. The representative of Unit Operator shall be chairman of each meeting.

4.3 Voting Procedure. Working Interest Owners shall act upon and determine all matters coming before them as follows:

4.3.1 Voting Interest. In voting on any matter each Working Interest Owner shall have a voting interest equal to its then percentage in Unit Participation as set out in Exhibit "C" and such revisions thereof as may hereafter be made in accordance with the terms of this Agreement.

4.3.2 Vote Required - Generally. Except as may otherwise be provided herein or in the Unit Agreement, Working Interest Owners shall act upon and determine all matters coming before them by the affirmative vote of a majority of the voting interest legally present at said meeting, provided, that should any one Working Interest Owner own more than fifty (50%) percent voting interest, its vote must be supported by the vote of two or more Working Interest Owners having a combined voting interest of at least ten (10%) percent.

4.3.3 Vote Required - Large Expenditures and Special Matters.
Matters involving:

- (a) an expenditure of more than Five Thousand and No/100 (\$5,000.00) Dollars; or
- (b) drilling of any wells and method of reconditioning for injection and/or producing wells

shall be decided by the affirmative vote of a majority of the voting interest

legally present at said meeting, provided, that should any one Working Interest Owner own more than fifty (50%) percent voting interest, its vote must be supported by two or more Working Interest Owners having a combined voting interest of at least ten (10%) percent.

4.3.4 Vote at Meeting by Nonattending Working Interest Owners.

Any Working Interest Owner not represented at a meeting may vote on any item included in the agenda of the meeting by letter or telegram addressed to the chairman of the meeting, provided such vote is received prior to the submission of such item to vote. Such vote shall not be counted with respect to any item on the agenda which is amended at the meeting.

4.3.5 Poll Votes. Working Interest Owners may decide any matter by vote taken by letter or telegram, provided the matter is first submitted in writing to each Working Interest Owner and no meeting on the matter is called as provided in Paragraph 4.2, within seven (7) days after such proposal is dispatched to Working Interest Owners. Unit Operator will give prompt notice of the results of such voting to all Working Interest Owners.

ARTICLE 5

**INDIVIDUAL RIGHTS AND PRIVILEGES
OF WORKING INTEREST OWNERS**

5.1 Reservation of Rights. Working Interest Owners severally reserve to themselves all their rights, power, authority and privileges, except as expressly provided in this Agreement and the Unit Agreement.

5.2 Specific Rights. Each Working Interest Owner shall have, among others, the following specific rights and privileges:

5.2.1 Access to Unit Area. Access to the Unit Area at all reasonable times to inspect the operation hereunder and all wells and records and data pertaining thereto.

5.2.2 Reports by Request. The right to receive from Unit Operator, upon written request, copies of all reports to any govern-

mental agency, reports of crude oil runs and stocks, inventory reports and all other data not ordinarily furnished by Unit Operator to all Working Interest Owners; said reports shall be charged solely to the Working Interest Owners requesting the same.

5.3 Undrilled Locations. The individual Working Interest Owners who have undrilled locations on tracts committed to the Unit Area shall have the option of drilling and completing a well in the Unitized Formation on such undrilled location at any time prior to final approval of the Unit Agreement and receive credit for the percentage allocation for a well on such tract from the effective date of such Unit Agreement. The actual commencement of operations for drilling of such well prior to the final approval of the Unit Agreement shall be deemed compliance with this requirement, provided the same is thereafter drilled and completed in the Unitized Formation with due diligence. In the alternative, the owner of undrilled locations may leave such location undrilled and forego participation in the percentage allocation for a well on such location. If the Working Interest Owners under their powers derived from Article 3 should subsequently determine that an undrilled location be drilled, then such drilling shall be at Unit expense, but the owner of such location shall not receive additional participation for such well under the participation formula when so drilled at Unit expense.

ARTICLE 6

UNIT OPERATOR

6.1 Initial Unit Operator. Great Western Drilling Company of Midland, Texas, is hereby designated as Unit Operator.

6.2 Resignation or Removal. Unit Operator may resign at any time. Working Interest Owners may remove Unit Operator by the affirmative vote of at least seventy-five (75%) percent of the voting interest remaining after excluding the voting interest of Unit Operator. A Unit Operator who resigns or is removed shall not be released from its obligations hereunder for a period of six (6) months after its resignation or discharge unless a successor

Unit Operator shall have taken over the operations hereunder prior to the expiration of said period.

6.3 Selection of Successor. In the event of the resignation or removal of a Unit Operator, a successor Unit Operator shall be selected by the Working Interest Owners, provided no Unit Operator who is so removed may vote to succeed itself.

ARTICLE 7

POWERS AND DUTIES OF UNIT OPERATOR

7.1 Exclusive Right to Operate Unit. Subject to the provisions of this agreement and to the orders, directions and limitations rightfully given or imposed by Working Interest Owners, Unit Operator shall have the exclusive right and be obligated to develop and operate the Unit Area for the production of Unitized Substances.

7.2 Workmanlike Conduct. Unit Operator shall conduct all operations hereunder in a good and workmanlike manner, and, in the absence of specific instructions from Working Interest Owners, shall have the right and duty to conduct such operations in the same manner as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them advised of all matters arising in connection with such operations which Unit Operator, in the exercise of its best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages unless such damages result from the gross negligence or willful misconduct of Unit Operator.

7.3 Liens and Encumbrances. Unit Operator shall keep the lands and leases in the Unit Area free from all liens and encumbrances occasioned by its operations hereunder, except the lien of Unit Operator granted hereunder.

7.4 Employees. The number of employees used by Unit Operator in conducting operations hereunder, the selection of such employees, the hours of labor, and the compensation for services to be paid any and all such employees shall be determined by Unit Operator. Such employees shall be the employees of Unit Operator.

7.5 Records. Unit Operator shall keep true and correct books, accounts and records of its operations hereunder.

7.6 Reports to Working Interest Owners. Unit Operator shall furnish to each Working Interest Owner monthly, injection and production reports for each well in the Unit, as well as periodic reports of the development and operation of the Unit Area.

7.7 Reports to Governmental Authorities. Unit Operator shall make all necessary reports to governmental authorities.

7.8 Engineering and Geological Information. Unit Operator shall furnish to each Working Interest Owner, upon written request, a copy of the log of, and copies of engineering and geological data pertaining to, wells drilled by Unit Operator.

7.9 Expenditures. Unit Operator is authorized to make single expenditures not in excess of Five Thousand and No/100 (\$5,000.00) Dollars without prior approval of Working Interest Owners.

7.10 Settlements. Unit Operator may settle any single damage claim not involving an expenditure in excess of One Thousand and No/100 (\$1,000.00) Dollars, provided such payment is a complete settlement of such claim. All claims in excess of \$1,000.00 must be approved by the Working Interest Owners.

7.11 Fair Employment. In connection with the performance of work under this Agreement, the Unit Operator shall not discriminate against any employee or applicant for employment because of race, religion, color or national origin. The aforesaid provisions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising, layoff, or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Unit Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause. The Unit Operator agrees to insert the foregoing provisions in all subcontracts hereunder, except subcontracts for standard commercial supplies

or raw materials.

ARTICLE 8

TAXES

8.1 Ad Valorem Taxes. Unit Operator, after consulting with Working Interest Owners, shall make and file for ad valorem tax purposes all necessary renditions and returns with the proper taxing authorities or governmental subdivisions covering all real and personal property of each Working Interest Owner within the Unit Area and used in connection with the development and operation of the Unit Area. Any Working Interest Owner dissatisfied with any proposed rendition or assessment of its interest in real or personal property shall have the right, at its own expense, to protest and resist the same. All such ad valorem taxes due and payable on account of real and personal property of each Working Interest Owner located within the Unit Area and used in connection with Unit operations shall be paid by Unit Operator for the joint account in the same manner as other costs and expenses of Unit operations.

8.2 Direct Taxes and Assessments. Each Working Interest Owner shall pay or cause to be paid all production, severance, gathering and other direct taxes and assessments imposed upon or on account of the production or handling of its share of Unitized Substances.

ARTICLE 9

INSURANCE

9.1 Insurance. Unit Operator shall carry, with respect to Unit Operation subject to this agreement:

9.1.1 Workmen's Compensation and Employer's Liability Insurance as required by the laws of the State in which operations hereunder are conducted.

9.1.2 Such other insurance as set forth in Exhibit "E".

ARTICLE 10

ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon the effective date hereof, Working Interest Owners shall deliver to Unit Operator possession of:

10.1.1 Wells and Casing. All wells completed in the Unitized Formation together with the casing therein;

10.1.2 Well and Lease Equipment. The tubing and rods in each such well, together with the wellhead connections thereon, and all other lease and operating equipment used in the operation of such wells which Working Interest Owners determine is necessary or desirable for conducting Unit operations; and

10.1.3 Records. A copy of all production and well records pertaining to such wells.

10.2 Inventory and Evaluation of Personal Property. Working Interest Owners shall at Unit expense inventory and evaluate all controllable material in accordance with provisions of Exhibit "D" all personal property so taken over under Paragraph 10.1.2 above. In this connection, Working Interest Owners agree to furnish such committee a list of their underground equipment prior to the effective date of this Agreement. The inventory as taken by the Committee shall be as of the effective date of the Unit Agreement.

10.3 Investment Adjustment. Upon approval by Working Interest Owners of such inventory and evaluation, each Working Interest Owner shall be credited with the value of its interest in all personal property so taken over by Unit Operator under Section 10.1.2, and charged with an amount equal to that obtained by multiplying the total value of all such personal property so taken over by Unit Operator under Section 10.1.2 by such Working Interest Owner's Unit Participation, as shown on Exhibit "C". If the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be paid and in all other respects be treated as any other item of Unit expense chargeable against such Working Interest Owner. If the credit to any Working Interest Owner is

greater than the amount charged against such Working Interest Owner, the resulting net credit shall be paid to such Working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above. Pricing of inventory will be in accordance with Article V of Exhibit "D".

10.4 General Facilities. The acquisition of warehouses, warehouse stocks, lease houses, camps, facility systems, and office buildings necessary for operations hereunder shall be by negotiation by and between the owners thereof and Unit Operator, subject to the approval of Working Interest Owners.

10.5 Ownership of Personal Property and Facilities. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this Agreement equal to its Unit Participation, shown on Exhibit "C".

ARTICLE 11

DEVELOPMENT AND OPERATING COSTS

11.1 Basis of Charge to Working Interest Owners. Unit Operator initially shall pay and discharge all costs and expenses incurred in the development and operation of the Unit Area. Working Interest Owners shall reimburse Unit Operator for all such costs and expenses, in proportion to their respective Unit Participation shown on Exhibit "C". All charges, credits and accounting for costs and expenses shall be in accordance with Exhibit "D".

11.2 Budgets. Before or as soon as practical after the effective date hereof, Unit Operator shall prepare a budget of estimated costs and expenses for the remainder of the calendar year and on or before the first day of each October thereafter shall prepare a budget of estimated costs and expenses for the ensuing calendar year. Such budgets shall set forth the estimated costs and expenses by quarterly periods. Unless otherwise specified in the budget, it shall be presumed for the purpose of advance billings that the estimated

costs and expenses for each month of a quarterly period shall be one-third (1/3) of the estimate for the quarterly period. Budgets so prepared shall be estimates only and shall be subject to adjustment and correction by Working Interest Owners and Unit Operator from time to time whenever it shall appear that an adjustment or correction is proper. A copy of each such budget and adjusted budget shall be promptly furnished each Working Interest Owner.

11.3 Advance Billing. Unit Operator shall have the right at its option to require Working Interest Owners to advance their respective proportions of such costs and expenses by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized estimate of such costs and expenses for the succeeding month with a request for payment in advance. Within fifteen (15) days thereafter, each Working Interest Owner shall pay to Unit Operator its proportionate part of such estimate. Adjustment between estimates and the actual costs shall be made by Unit Operator at the close of each calendar month, and the accounts of the Working Interest Owners shall be adjusted accordingly. Where such estimates include materials to be acquired, Working Interest Owners may have the option of furnishing such material in kind, subject to acceptance of such material by Unit Operator.

11.4 Commingling of Funds. No funds received by Unit Operator under this Agreement need be segregated by Unit Operator or maintained by it as a joint fund, but may be commingled with its own funds.

11.5 Lien of Unit Operator. Each Working Interest Owner grants to Unit Operator a lien upon such Working Interest Owner's leasehold and other mineral interests in each tract, its interest in all jointly-owned materials, equipment and other property and its interest in all Unitized Substances, as security for payment of the costs and expenses chargeable to it, together with interest thereon at the rate of six (6%) percent per annum. Unit Operator shall have the right to bring any action at law or in equity to enforce collection of such indebtedness with or without foreclosure of such lien. In addition,

upon default by any Working Interest Owner in the payment of costs and expenses chargeable to it, Unit Operator shall have the right to collect and receive from the purchaser or purchasers the proceeds of such Working Interest Owner's share of Unitized Substances up to the amount owing by such Working Interest Owner plus interest, as aforesaid, until paid. Each such purchaser shall be entitled to rely upon Unit Operator's statement concerning the existence and amount of any such default.

11.6 Wells Drilled by Unit Operator. All wells drilled by Unit Operator shall be drilled on a competitive basis at the usual rates prevailing in the area. Unit Operator may employ its own tools and equipment in the drilling of wells, but in such event, the charge therefor shall not exceed the prevailing rate in the area, and such work shall be performed by Unit Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors doing work of a similar nature.

11.7 Burden of Unsigned One-eighth (1/8) Royalty Interest. Should the owner of a Royalty Interest fail or refuse to execute or become bound by the Unit Agreement and as a result thereof the royalty payments with respect to such Tract are more or less than a basic one-eighth (1/8) royalty computed on the basis of the Unitized Substances allocated to such Tract under the Unit Agreement said differences shall be borne by or inure to the benefit of Working Interest Owners in proportion to their respective Unit Participations.

11.8 Burden of Excess Royalty and Other Interests. If any interest contributed by a Working Interest Owner is burdened with a royalty in excess of the customary one-eighth (1/8) or by an overriding royalty, production payment or similar obligation such excess burden shall be borne solely by the Working Interest Owner contributing such interest.

ARTICLE 12

OIL IN LEASE TANKAGE ON EFFECTIVE DATE

12.1 Gauge of Merchantable Oil. Unit Operator shall make a proper and

timely gauge of all lease and other tanks within the Unit Area in order to ascertain the amount of merchantable oil above the pipe line connection in such tanks as of 7:00 A.M. on the effective date hereof. All such oil which has been produced legally shall be and remain the property of the Working Interest Owners entitled thereto the same as if the Unit had not been formed; and such Working Interest Owners shall promptly remove said oil from the Unit Area. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owners, subject to the payment of all royalty to Royalty Owners under the terms and provisions of the applicable lease or leases and other contracts.

ARTICLE 13

OPERATION OF NON-UNITIZED FORMATIONS

13.1 Right to Operate in Non-Unitized Formations. Any Working Interest Owner now having, or hereafter acquiring, the right to drill for and produce oil, gas or other minerals, other than Unitized Substances, within the Unit Area shall have the full right to do so notwithstanding this Agreement. In exercising said right, however, such Working Interest Owner shall exercise every reasonable precaution to prevent unreasonable interference with operations hereunder. No Working Interest Owner shall produce Unitized Substances through any well drilled or operated by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be cased or otherwise protected in such a manner that the Unitized Formation and the production of Unitized Substances will not be adversely affected. No dual completions in the Unitized Formation and some other formation shall be permitted.

13.2 Appropriated Water Rights. Any Working Interest Owner who has appropriated water rights in the Lea County Underground Water Basin within the Unit Area, shall agree to the allocation of such amount of water as is required for the operation of the Unit up to limit appropriated by Lea County Underground Water Basin to such owner. This is not deemed as an assignment of the appropriated water rights to the Unit, but is a covenant to allow the

Unit so much of the appropriated water as is required for efficient operation of waterflood program, subject to the limitations and requirements of the State Engineer's Office.

ARTICLE 14

TITLES

14.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective working interests set forth opposite its name in Exhibit "B" of the Unit Agreement and hereby indemnifies and agrees to hold the other Working Interest Owners harmless from any loss and liability for damage due to failure, in whole or in part, of its title to any such interest, except failure of title arising out of operations hereunder; provided, however, that such indemnity shall be limited to an amount equal to the net value that had been received from the sale of Unitized Substances attributed hereunder to the interest as to which title failed. Each failure of title will be effective, insofar as this Agreement is concerned, as of the first day of the calendar month in which such failure is finally determined and there shall be no retroactive adjustment of development and operating expenses, Unitized Substances or the proceeds therefrom as a result of title failure.

14.2 Failure Because of Unit Operations. The failure of title to any working interest in any tract by reason of Unit operations, including non-production from such tract, shall not operate to reduce or otherwise affect the percentage of Unit Participation of the Working Interest Owner whose title failed.

ARTICLE 15

LIABILITY, CLAIMS AND SUITS

15.1 Individual Liability. The duties, obligations and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing contained herein shall ever be construed as creating a partnership of any kind, joint venture, or an association or trust between or among Working Interest Owners.

15.2 Settlements. In the event claim is made against an Working Interest Owner or any Working Interest Owner is sued on account of any matter or thing arising from the development and operation of the Unit Area and over which such Working Interest Owner individually has no control because of the rights, powers and duties granted by this Agreement and the Unit Agreement, said Working Interest Owner shall immediately notify the Unit Operator of such claim or suit. Working Interest Owners shall assume and take over the further handling of such claim or suit and all costs and expenses of handling, settling or otherwise discharging such claim or suit shall be borne by Working Interest Owners as any other cost or expense of operating the Unit Area.

ARTICLE 16

INTERNAL REVENUE PROVISION

16.1 Internal Revenue Provision. Each party hereto hereby elects that it and the operations covered by this Agreement be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954 as permitted and authorized by Section 761 of said Code and the regulations promulgated thereunder. Unit Operator is hereby authorized and directed to execute on behalf of each party hereto such additional or further evidence of said election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service and regulations issued under said Subchapter K, including all of the returns, statements and data required, and it shall furnish each party hereto with a copy thereof. Should said regulations require each party to execute such further evidence, each party hereto agrees to execute or join in the execution thereof. Each party hereto agrees not to give any notices or take any action inconsistent with the elections hereby made and each hereby states that the income derived by it from the operations under this Agreement can be adequately determined without the

computation of partnership taxable income.

ARTICLE 17

NOTICES

17.1 Notices. All notices required hereunder shall be in writing and shall be deemed to have been properly served when sent by mail or telegram to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Article 4 hereof.

ARTICLE 18

WITHDRAWAL OF WORKING INTEREST OWNER

18.1 Withdrawal. If any Working Interest Owner so desires, it may withdraw from this Agreement by conveying, assigning and transferring without warranty of title, either express or implied, to the other Working Interest Owners who do not desire to withdraw herefrom, all of the former's rights, title and interest in and to its lease or leases, or other operating rights in the Unit Area, insofar as said lease, leases or rights pertain to the Unitized Formation, together with the withdrawing Working Interest Owner's interest in all wells, pipe lines, casing, injection equipment facilities and other personal property used in conjunction with the development and operation of the Unit Area; provided, that such transfer, assignment or conveyance shall not relieve said Working Interest Owner from any obligation or liability incurred prior to the date of the execution and delivery thereof. The interest so transferred, assigned and conveyed shall be taken and owned by the other Working Interest Owners in proportion to their respective Unit Participations, and the Unit Operator shall recompute the percentage of participation to include this change and furnish the remaining Working Interest Owners with a corrected interest sheet. After the execution and delivery of such transfer, assignment or conveyance, the withdrawing Working Interest Owner shall be relieved from all further obligations and liability hereunder and under said Unit Agreement; and the right of such

Working Interest Owner to any benefits subsequently accruing hereunder and under said Unit Agreement shall cease; provided, that upon delivery of said transfer, assignment or conveyance, the assignees, in the ratio of the respective interests so acquired, shall pay to the assignor for its interest in all jointly-owned equipment, casing and other personal property the fair salvage value thereof, as estimated and fixed by Working Interest Owners.

ARTICLE 19

ABANDONMENT OF WELLS

19.1 Rights of Former Owners. If Working Interest Owners decide to permanently abandon any well within the Unit Area prior to termination of the Unit Agreement, Unit Operator shall give written notice of such fact to the Former Working Interest Owners of the Tract on which such well is located, together with the amount as estimated and fixed by the Working Interest Owners to be the net salvage value of the casing and equipment in and on said well, and said Working Interest Owners shall have the right and option for a period of ninety (90) days after receipt of such notice to notify Unit Operator of their election to take over and own said well and to deepen or plug back said well to a formation other than the Unitized Formation. Within ten (10) days after said Working Interest Owners of the Tract have so notified Unit Operator of their desire to take over such well, they shall pay to Unit Operator, for credit to the joint account of the Working Interest Owners, the amount of the net salvage value above described. At the same time the Working Interest Owners taking over the well shall agree by letter addressed to Unit Operator to effectively seal off and protect the Unitized Formation, and at such time as the well is ready for abandonment, to plug and abandon the well in a workmanlike manner in accordance with applicable laws.

19.2 Plugging. In the event the Working Interest Owners of a Tract do not elect to take over a well located thereon which is proposed for abandonment, Unit Operator shall plug and abandon the well in accordance with applicable laws.

ARTICLE 20

TAKING IN KIND

20.1 Taking of Unitized Substances. Each Working Interest Owner shall own and shall take and receive in kind, or separately dispose of, its proportionate part of all Unitized Substances produced and saved from the Unit Area, the proportionate part of each Working Interest Owner being set up opposite its name in Exhibit "B" of the Unitization Agreement; provided, however, that the right of the Working Interest Owner to take in kind shall be subject to the applicable provisions set out in Article 14 of the Unitization Agreement.

20.2 Failure to Take Unitized Substances. If any Working Interest Owner should fail to take or adequately provide for the disposition of any part of its share of the Unitized Substances from the Unit Area the operation of which is provided for herein, the Unit Operator shall have the right, revocable at will, subject to the provisions of Paragraph 20.1 above, to dispose of such Unitized Substances on a day to day basis as set forth in the Unit Agreement and such Working Interest Owner, upon such disposition, shall be considered as having received the same; provided, however, that any proceeds received by the Unit Operator from such disposal shall, subject to payment of royalty, overriding royalties and other payments out of production, be credited and paid to such Working Interest Owner and the Unit Operator shall bill such Working Interest Owner for the reasonable cost and expenses incurred in making such disposition.

ARTICLE 21

PAYMENT OF ROYALTIES

21.1 Payment of Royalties. Each Working Interest Owner in each separate tract within the respective Unit Area shall bear and pay, or cause to be paid, all royalty, overriding royalties, and other payments out of production due and payable to the Royalty Owners in such tract, on account of the Unitized Substances produced from or allocated to such tract in accordance with the lease or leases and other contracts covering such tract, as

modified by the Unitization Agreement. Should there be unsigned royalty interests in tracts approved for participation by the Working Interest Owners as per Article 13 of the Unitization Agreement and the royalty payment due such unsigned royalty interest owners on actual production are more or less than the royalty payments on production of Unitized Substances allocated to such unsigned royalty interests in such tract or tracts, the difference shall be borne by or inure to the benefit of the Working Interest Owners in accordance with their participating percentage within respective Units as shown by the applicable Exhibit "B" of the Unitization Agreement.

ARTICLE 22

EFFECTIVE DATE AND TERM

22.1 Effective Date. This Agreement shall become effective on the date and at the time the Unit Agreement becomes effective.

22.2 Term. This Agreement shall continue in full force and effect so long as the Unit Agreement remains in force and effect and thereafter until all Unit Wells have been abandoned and plugged or turned over to Working Interest Owners in accordance with Article 23 hereof, and all personal and real property acquired for the joint account of Working Interest Owners has been disposed of by Unit Operator in accordance with instructions of Working Interest Owners.

ARTICLE 23

TERMINATION OF UNIT AGREEMENT

23.1 Termination. Upon termination of the Unit Agreement, the following will occur:

23.1.1 Oil and Gas Rights. Possession of all Oil and Gas rights in and to the several separate tracts shall revert to the Working Interest Owners thereof.

23.1.2 Right to Operate. Working Interest Owners of any such tract desiring to take over and continue to operate a well

or wells located thereon may do so by paying Unit Operator, for the credit of the joint account, the net salvage value of the casing and equipment in and on the well and by agreeing to properly plug the well at such time as it is abandoned.

23.1.3 Salvaging Wells. With respect to all wells not taken over by Working Interest Owners, Unit Operator shall at the joint expense of Working Interest Owners salvage as much of the casing and equipment in or on such wells as can economically and reasonably be salvaged and shall cause the same to be properly plugged and abandoned.

23.1.4 Cost of Salvaging. Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in the development and operation of the Unit Area in proportion to their respective Unit Participations.

ARTICLE 24

COUNTERPART EXECUTION

24.1 Execution by Separate Counterparts or Ratifications. This agreement may be executed in any number of counterparts and each counterpart so executed shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument; or may be ratified by a separate instrument in writing referring to this Agreement. Each such ratification shall have the force and effect of an executed counterpart and of adopting by reference all of the provisions hereof.

ARTICLE 25

SUCCESSORS AND ASSIGNS

25.1 Successors and Assigns. The terms and provisions hereof shall be covenants running with the lands and unitized leases covered hereby and shall be binding upon and inure to the benefit of the respective heirs, suc-

cessors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated opposite their respective signatures.

ATTEST.

R. W. Dearman
ASST. SECRETARY

GREAT WESTERN DRILLING COMPANY

By: R. C. Eubank SEP 2 1958
PRESIDENT
UNIT OPERATOR & WORKING INTEREST
OWNER.

WORKING INTEREST OWNERS

ATTEST.

L. A. Fisher
SECRETARY

ADA OIL COMPANY

By: E. D. White OCT 14 1958
VICE PRESIDENT

ATTEST.

John Fallwell
SECRETARY

AMBASSADOR OIL CORPORATION

By: Kent W. ... NOV 25 1958
VICE PRESIDENT

R. D. COLLIER

R. D. Collier SEP 5 1958

ATTEST.

J. H. ...
SECRETARY

DELVERN OIL COMPANY

By: W. A. ... SEP 26 1958
PRESIDENT

ATTEST.

L. A. Ford
ASST. SECRETARY

GRARIDGE CORPORATION

By: O. T. ... SEP 16 1958
VICE PRESIDENT

ATTEST.

G. R. Price
Assistant Secretary

GULF OIL CORPORATION

By: W. A. Shellhear OCT 1 1958
Attorney In Fact

WOLVERINE OIL COMPANY

By: *[Signature]*

NOV 5 1958

~~SIGNATURE COMPANY~~

By: _____

H. N. SMITH

[Signature]

SEP 5 1958

D. M. BASSETT

[Signature]

SEP 5 1958

R. BEECHER MARTIN

[Signature]

SEP 9 1958

SEP 9 1958

DUANE SWAFFORD

[Signature]

SEP 9 1958

POMEROY SMITH

[Signature]

SEP 12 1958

R. SEARLE McGRATH

[Signature]

SEP 12 1958

K. S. ADAMS, JR.

[Signature]

OCT 14 1958

ATTEST.

Paul C. Hackett

ASST. SECRETARY

MINERAL PROJECTS, INC.

By: Raymond E. Ellery NOV 7 1958
VICE PRESIDENT

JOHN J. EISNER

John J. Eisner SEP 16 1958

SAM D. YOUNG

Sam D. Young OCT 3 1958

MAGGIE SUETTA COCKBURN

Maggie Suetta Cockburn
Executrix of the Estate of Barney
Cockburn, Deceased SEP 30 1958

ATTEST.

Virginia L. Cusper
SECRETARY

LEE OIL COMPANY

By: Stanley T. Cusper OCT 23 1958
PRESIDENT

STATE OF NEW MEXICO §
 § ss.
COUNTY OF EDDY §

The foregoing instrument was acknowledged before me this 5 day of September, 1958, by MARY JO VANDIVER and VIRGINIA SEARS, Individually and as Executrices of the Estate of Ross Sears, Deceased.

Cragent B. Highwater
Notary Public

My Commission Expires:

4/3/60

STATE OF Texas §
 § ss.
COUNTY OF El Paso §

The foregoing instrument was acknowledged before me this 3rd day of October, 1958, by SAM D. YOUNG.

Iris B. Line
Notary Public

My Commission Expires:

IRIS B. LINE, Notary Public
In and for El Paso County, Texas
My commission expires June 4, 1960

STATE OF NEW MEXICO §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 30 day of SEPT., 1958, by MAGGIE SUETTA COCKBURN, Executrix of the Estate of Barney Cockburn, Deceased.

Julia Reed
Notary Public

My Commission Expires:

SEPT. 2, 1959

STATE OF Colorado §
City of § ss.
COUNTY OF Denver §

The foregoing instrument was acknowledged before me this 23 day of October, 1958, by Stanley J. Kiepert, PRESIDENT of LEE OIL COMPANY of Denver, a Colorado corporation, on behalf of said corporation.

Mae Reed
Notary Public

My Commission Expires:

My Commission expires October 31, 1961

STATE OF TEXAS §
 § ss.
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 2 day of September, 1958, by R. C. TUCKER, President of GREAT WESTERN DRILLING COMPANY of Midland, Texas, a Texas Corporation, on behalf of said corporation.

Sam H. Snoddy
Notary Public

My Commission Expires:
6-1-59

* * * * *

STATE OF Texas §
 § ss.
COUNTY OF Harris §

The foregoing instrument was acknowledged before me this 14 day of October, 1958, by C. D. W. Leticia, VICE PRESIDENT of ADA OIL COMPANY of Houston, a Delaware corporation, on behalf of said corporation.

Mr. Frank C. Rawe
Notary Public

My Commission Expires:
6-1-59

* * * * *

STATE OF TEXAS §
 § ss.
COUNTY OF Sarrant §

The foregoing instrument was acknowledged before me this 25 day of November, 1958, by Kenneth L. Smith, VICE PRESIDENT of AMBASSADOR OIL CORPORATION of Fort Worth, a Delaware corporation, on behalf of said corporation.

Margaret R. Semmler
Notary Public

My Commission Expires:
JUN 1 1959

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 5 day of Sept, 1958, by R. D. COLLIER.

Margaret R. Semmler
Notary Public

My Commission Expires:
4/3/60

STATE OF Texas §
 § ss.
COUNTY OF Lubbock §

The foregoing instrument was acknowledged before me this 26 day of September, 1958, by C. R. Hallagan, President of BELFERN OIL COMPANY, of Lubbock, Texas, a Nebraska corporation, on behalf of said corporation.

Cecil S. Tyson
Notary Public

My Commission Expires: 4/1/59

STATE OF TEXAS §
 § ss.
COUNTY OF Stephens §

The foregoing instrument was acknowledged before me this 16 day of September, 1958, by O. H. Beough, VICE PRESIDENT of GRARIDGE CORPORATION of Beckwith, TEXAS, a Delaware corporation, on behalf of said corporation.

Sarah Walker
Notary Public

My Commission Expires: JUN 1 1959

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this 15 day of October, 1958, by [Signature] Attorney in Fact of GULF OIL CORPORATION of _____, a Penn corporation, on behalf of said corporation.

Eva Marie Cooper
Notary Public

My Commission Expires:

STATE OF TEXAS §
 § ss.
COUNTY OF Dallas §

The foregoing instrument was acknowledged before me this 17 day of September, 1958, by William F. Lumb, PRESIDENT of LANDA OIL COMPANY of Dallas, TEXAS, a Delaware corporation, on behalf of said corporation.

Jennie M. [Signature]
Notary Public

My Commission Expires: JUN 1 1959

STATE OF Texas §
 § ss.
COUNTY OF Lubbock §

The foregoing instrument was acknowledged before me this 7 day of October, 1958, by E. F. Campbell, President of WESTERN DRILLING COMPANY of Lubbock, a corporation, on behalf of said corporation.

SEDDIE W. MOORE
Seddie W. Moore
Notary Public

My Commission Expires:
JUN 1 1959

* * * * *

STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of WHALEY COMPANY of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____ Notary Public

* * * * *

STATE OF Louisiana §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 5 day of Sept., 1958, by GEORGE H. WILLIAMS.

Raymond P. Hightower
Notary Public

My Commission Expires:
4/3/60

* * * * *

STATE OF Michigan §
 § ss.
COUNTY OF Kent §

The foregoing instrument was acknowledged before me this 5 day of November, 1958, by W. D. Howard, Owner of WOLVERINE OIL COMPANY of Lewistown, Mich., a corporation, on behalf of said corporation.

Lew A. Bates, Jr.
Notary Public

My Commission Expires:

LEW A. BATES, JR.
Notary Public, Kent County, Michigan
My Commission Expires Nov. 13, 1961



STATE OF _____ §
 § ss.
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 1958, by _____, _____ of SIGNET OIL & GAS COMPANY of _____, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 5 day of Sept., 1958, by R. N. SMITH.

Margaret D. Hightower
Notary Public

My Commission Expires:

4/3/60

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Eddy §

The foregoing instrument was acknowledged before me this 5 day of Sept., 1958, by D. M. BASSETT.

Margaret D. Hightower
Notary Public

My Commission Expires:

7/3/60

* * * * *

STATE OF New Mex §
 § ss.
COUNTY OF Lea §

The foregoing instrument was acknowledged before me this 9th day of Sept., 1958, by R. BEECHER MARTIN.

Mary Stuebel
Notary Public

My Commission Expires: April 23, 1962

EXHIBIT "C"

<u>WORKING INTEREST OWNER</u>	<u>TOTAL UNIT PARTICIPATION</u>
K. S. Adams, Jr.	.4022660
Ambassador Oil Corporation	.3466681
Elsa G. Appleton	.2476200
Oliver D. Appleton	.1238100
D. M. Bassett	2.2916303
J. Weldon Bateson	.0904553
J. Russell Bond	.0424001
Barney Cockburn Estate	.7260370
R. D. Collier	1.5664471
Delfern Oil Company	13.7446475
Dulaney Oil Company	.1238100
R. O. Dulaney, Jr.	.1238100
John J. Eisner	.5488491
Kenneth W. Frasher	.0619050
The Estate of Wm. J. Gallon, Deceased	.2476200
Graridge Oil Corporation	16.2230893
Great Western Drilling Company	17.9031802
Gulf Oil Corporation	1.2309378
B. Felix Harris	.0848001
Mrs. C. M. Harris	.0424001
Howspin Corporation	.0361832
Interlaken Corporation	.0361832
E. B. Johnson	.0848001
E. Stanley Klein	.2476200
Landa Oil Company	.8042228
Lee Oil Company	1.2722819
Barry T. Leithead	.1238100
Lithoprint Company of New York, Inc.	.0217197
Lynch, Lynch & Watson	.0966721

<u>WORKING INTEREST OWNER</u>	<u>TOTAL UNIT PARTICIPATION</u>
John P. Maguire	.2476200
John Manson	.0848001
George T. Marchmont, Trustee	.0848001
R. Beecher Martin	.6417857
R. Searle McGrath	1.9192043
Mineral Projects, Inc.	1.2067980
Frank Mitchell	.0848001
Moody-Dunlap Company	.0848001
Phillips Petroleum Company	5.6820408
Rufus C. Porter	.1696003
Andrew and Elizabeth Reid	.0904553
Neil E. Salsich	3.8384084
George Sarrafian	.0848001
Ross Sears Estate	.9785602
City National Bank & Trust Company, Trustee for Estate of F. Raymond Shaw, Deceased	.4296559
V. M. Shortes	.6417857
H. N. Smith	2.2916303
Pomeroy Smith	1.9192043
Wm. N. Snow	.1238100
Stryker & Brown	.0904553
Duane Swafford	.6417857
Raymond Tate	.0848001
D. W. Vreeland	.0619050
Louis A. Watson	.0848001
Western Drilling Company	.1829497
Whaley Company, Inc.	4.1613743
George H. Williams	6.4230523
Wolverine Oil Company	7.7898816
Sam D. Young	.9785602

EXHIBIT "D"

PASO-T-1955-2

Attached to and made a part of Unit Operating Agreement,
North Central Caprock Queen Unit,
Lea and Chaves Counties, New Mexico

ACCOUNTING PROCEDURE
(UNIT AND JOINT LEASE OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

"Joint property" as herein used shall be construed to mean the subject area covered by the agreement to which this "Accounting Procedure" is attached.

"Operator" as herein used shall be construed to mean the party designated to conduct the development and operation of the subject area for the joint account of the parties hereto.

"Non-Operator" as herein used shall be construed to mean any one or more of the non-operating parties.

2. Statements and Billings

Operator shall bill Non-Operator on or before the last day of each month for its proportionate share of costs and expenditures during the preceding month. Such bills will be accompanied by statements, reflecting the total costs and charges as set forth under Subparagraph ^C below:

A. Statement in detail of all charges and credits to the joint account.

B. Statement of all charges and credits to the joint account, summarized by appropriate classifications indicative of the nature thereof.

C. Statements as follows:

- (1) Detailed statement of material ordinarily considered controllable by operators of oil and gas properties;
- (2) Statement of ordinary charges and credits to the joint account summarized by appropriate classifications indicative of the nature thereof; and
- (3) Detailed statement of any other charges and credits.

(See Sec. 10.2 Operating Agreement)

3. Payments by Non-Operator

Each party shall pay its proportion of all such bills within ~~thirty (30)~~ ^{Thirty (30)} days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at the rate of six per cent (6%) per annum until paid.

4. Adjustments

Payment of any such bills shall not prejudice the right of Non-Operator to protest or question the correctness thereof. Subject to the exception noted in Paragraph 5 of this section I, all statements rendered to Non-Operator by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period Non-Operator takes written exception thereto and makes claim on Operator for adjustment. Failure on the part of Non-Operator to make claim on Operator for adjustment within such period shall establish the correctness thereof and preclude the filing of exceptions thereto or making of claims for adjustment thereon. The provisions of this paragraph shall not prevent adjustments resulting from physical inventory of property as provided for in Section VI, Inventories, hereof.

5. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year, provided, however, that Non-Operator must take written exception to and make claim upon the Operator for all discrepancies disclosed by said audit within said twenty-four (24) month period. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

II. DEVELOPMENT AND OPERATING CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the joint account with the following items:

1. Rentals and Royalties

Delay or other rentals, when such rentals are paid by Operator for the joint account; royalties, when not paid directly to royalty owners by the purchaser of the oil, gas, casinghead gas, or other products.

2. Labor

- A. Salaries and wages of Operator's employees directly engaged on the joint property in the development, maintenance, and operation thereof, including salaries or wages paid to geologists and other employees who are temporarily assigned to and directly employed on a drilling well.
- B. Operator's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under Subparagraph 2 A and Paragraph 11 of this Section II. Costs under this Subparagraph 2 B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable under Subparagraph 2 A and Paragraph 11 of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Costs of expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages as provided under Subparagraphs 2 A, 2 B, and Paragraph 11 of this Section II.

3. Employee Benefits

Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost, provided that the total of such charges shall not exceed ten per cent (10%) of Operator's labor costs as provided in Subparagraphs A and B of Paragraph 2 of this Section II and in Paragraph 11 of this Section II.

4. Material

Material, equipment, and supplies purchased or furnished by Operator for use of the joint property. So far as it is reasonably practical and consistent with efficient and economical operation, only such material shall be purchased for or transferred to the joint property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees, equipment, material, and supplies necessary for the development, maintenance, and operation of the joint property subject to the following limitations:

- A. If material is moved to the joint property from vendor's or from the Operator's warehouse or other properties, no charge shall be made to the joint account for a distance greater than the distance from the nearest reliable supply store or railway receiving point where such material is available, except by special agreement with Non-Operator.

B. If surplus material is moved to Operator's warehouse or other storage point, no charge shall be made to the joint account for a distance greater than the distance from the nearest reliable supply store or railway receiving point, except by special agreement with Non-Operator. No charge shall be made to the joint account for moving material to other properties belonging to Operator, except by special agreement with Non-Operator.

6. Service

A. Outside Services:

The cost of contract services and utilities procured from outside sources.

B. Use of Operator's Equipment and Facilities:

Use of and service by Operator's exclusively owned equipment and facilities as provided in Paragraph 5 of Section III entitled "Operator's Exclusively Owned Facilities."

7. Damages and Losses to Joint Property and Equipment

All costs or expenses necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident, or any other cause not controllable by Operator through the exercise of reasonable diligence. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after report of the same has been received by Operator.

8. Litigation Expense

All costs and expenses of litigation, or legal services otherwise necessary or expedient for the protection of the joint interests, including attorneys' fees and expenses as hereinafter provided, together with all judgments obtained against the parties or any of them on account of the joint operations under this agreement, and actual expenses incurred by any party or parties hereto in securing evidence for the purpose of defending against any action or claim prosecuted or urged against the joint account or the subject matter of this agreement.

A. If a majority of the interests hereunder shall so agree, actions or claims affecting the joint interests hereunder may be handled by the legal staff of one or more of the parties hereto; and a charge commensurate with cost of providing and furnishing such services rendered may be made against the joint account; but no such charge shall be made until approved by the legal departments of or attorneys for the respective parties hereto.

B. Fees and expenses of outside attorneys shall not be charged to the joint account unless authorized by the majority of the interests hereunder.

9. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the properties which are the subject of this agreement, the production therefrom or the operation thereof, and which taxes have been paid by the Operator for the benefit of the parties hereto.

10. Insurance and Claims

A. Premiums paid for insurance required to be carried for the benefit of the joint account, together with all expenditures incurred and paid in settlement of any and all losses, claims, damages, judgments, and other expenses, including legal services, not recovered from insurance carrier.

B. If no insurance is required to be carried, all actual expenditures incurred and paid by Operator in settlement of any and all losses, claims, damages, judgments, and any other expenses, including legal services, shall be charged to the joint account.

11. District and Camp Expense (Field Supervision and Camp Expense)

A pro rata portion of the salaries and expenses of Operator's production superintendent and other employees serving the joint property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's Caprock District office located at or near Caprock, New Mexico (or a comparable office if location changed), and necessary suboffices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in the conduct of the operations on the joint property and other properties operated in the same locality. The expense of, less any revenue from, these facilities should be inclusive of depreciation or a fair monthly rental in lieu of depreciation on the investment. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.

Distribution of charges to be made on a per well basis. Drilling well to be considered as equivalent of five producing wells.

12. Administrative Overhead

Operator shall have the right to assess against the joint property covered hereby the following management and administrative overhead charges, which shall be in lieu of all expenses of all offices of the Operator not covered by Section II, Paragraph 11, above, including salaries and expenses of personnel assigned to such offices, except that salaries of geologists and other employees of Operator who are temporarily assigned to and directly serving on the joint property will be charged as provided in Section II, Paragraph 2, above. Salaries and expenses of other technical employees assigned to such offices will be considered as covered by overhead charges in this paragraph unless charges for such salaries and expenses are agreed upon between Operator and Non-Operator as a direct charge to the joint property.

WELL BASIS (Rate Per Well Per Month)

Well Depth	DRILLING WELL RATE	PRODUCING WELL RATE (Use Completion Depth)		
	Each Well	First Five	Next Five	All Wells Over Ten
	\$175.00		\$35.00	

A. Overhead charges for drilling wells shall begin on the date each well is spudded and terminate when it is on production or is plugged, as the case may be, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.

B. In connection with overhead charges, the status of wells shall be as follows:

- (1) Injection wells for recovery operations, such as for repressure or water flood, shall be included in the overhead schedule the same as producing oil wells.
- (2) Water supply wells utilized for water flooding operations shall be included in the overhead schedule the same as producing oil wells.
- (3) Producing gas wells shall be included in the overhead schedule the same as producing oil wells.

- (4) Wells permanently shut down but on which plugging operations are deferred shall be dropped from the overhead schedule at the time the shutdown is effected. When such wells are plugged, overhead shall be charged at the producing well rate during the time required for the plugging operation.
- (5) Wells being plugged back, drilled deeper, or converted to a source or input well shall be included in the overhead schedule the same as drilling wells.
- (6) Temporarily shut-down wells (other than by governmental regulatory body) which are not produced or worked upon for a period of a full calendar month shall not be included in the overhead schedule; however, wells shut in by governmental regulatory body shall be included in the overhead schedule only in the event the allowable production is transferred to other wells on the same property. In the event of a unit allowable, all wells capable of producing will be counted in determining the overhead charge.
- (7) Wells completed in dual or multiple horizons shall be considered as two wells in the producing overhead schedule.
- (8) Lease salt water disposal wells shall not be included in the overhead schedule unless such wells are used in a secondary recovery program on the joint property.

(9) Each water injection plant shall be included in the overhead schedule the same as two (2) producing wells.

- C. The above schedule for producing wells shall be applied to the total number of wells operated under the Operating Agreement to which this accounting procedure is attached, irrespective of individual leases.
- D. It is specifically understood that the above overhead rates apply only to drilling and producing operations and are not intended to cover the construction or operation of additional facilities such as, but not limited to, gasoline plants, compressor plants, repressuring projects, salt water disposal facilities, and similar installations. If at any time any or all of these become necessary to the operation, a separate agreement will be reached relative to an overhead charge and allocation of district expense.
- E. The above specific overhead rates may be amended from time to time by agreement between Operator and Non-Operator if, in practice, they are found to be insufficient or excessive.

III. BASIS OF CHARGES TO JOINT ACCOUNT

1. Purchases

Material and equipment purchased and service procured shall be charged at price paid by Operator after deduction of all discounts actually received.

2. Material Furnished by Operator

Material required for operations shall be purchased for direct charge to joint account whenever practicable, except that Operator may furnish such material from Operator's stocks under the following conditions:

A. New Material (Condition "A")

- (1) New material transferred from Operator's warehouse or other properties shall be priced f.o.b. the nearest reputable supply store or railway receiving point, where such material is available, at current replacement cost of the same kind of material. This will include material such as tanks, pumping units, sucker rods, engines, and other major equipment. Tubular goods, two-inch (2") and over, shall be priced on car-load basis effective at date of transfer and f.o.b. railway receiving point nearest the joint account operation, regardless of quantity transferred.
- (2) Other material shall be priced on basis of a reputable supply company's preferential price list effective at date of transfer and f.o.b. the store or railway receiving point nearest the joint account operation where such material is available.
- (3) Cash discount shall not be allowed.

B. Used Material (Condition "B" and "C")

- (1) Material which is in sound and serviceable condition and is suitable for reuse without reconditioning shall be classed as Condition "B" and priced at seventy-five per cent (75%) of new price.
- (2) Material which cannot be classified as Condition "B" but which,
 - (a) After reconditioning will be further serviceable for original function as good secondhand material (Condition "B"), or
 - (b) Is serviceable for original function but substantially not suitable for reconditioning,
 shall be classed as Condition "C" and priced at fifty per cent (50%) of new price.
- (3) Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use.
- (4) Tanks, buildings, and other equipment involving erection costs shall be charged at applicable percentage of knocked-down new price.

3. Premium Prices

Whenever materials and equipment are not readily obtainable at the customary supply point and at prices specified in Paragraphs 1 and 2 of this Section III because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the joint account for the required materials on the basis of the Operator's direct cost and expense incurred in procuring such materials, in making it suitable for use, and in moving it to the location, provided, however, that notice in writing is furnished to Non-Operator of the proposed charge prior to billing the Non-Operator for the material and/or equipment acquired pursuant to this provision, whereupon Non-Operator shall have the right, by so electing and notifying Operator within 10 days after receiving notice from the Operator, to furnish in kind, or in tonnage as the parties may agree, at the location, nearest railway receiving point, or Operator's storage point within a comparable distance, all or part of his share of material and/or equipment suitable for use and acceptable to the Operator. Transportation costs on any such material furnished by Non-Operator, at any point other than at the location, shall be borne by such Non-Operator. If, pursuant to the provisions of this paragraph, any Non-Operator furnishes material and/or equipment in kind, the Operator shall make appropriate credits therefor to the account of said Non-Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the material furnished beyond or back of the dealer's or manufacturer's guaranty; and in case of defective material, credit shall not be passed until adjustment has been received by Operator from the manufacturers or their agents.

5. Operator's Exclusively Owned Facilities

The following rates shall apply to service rendered to the joint account by facilities owned exclusively by Operator:

- A. Water, fuel, power, compressor and other auxiliary services at rates commensurate with cost of providing and furnishing such service to the joint account but not exceeding rates currently prevailing in the field where the joint property is located.

- B. Automotive equipment at rates commensurate with cost of ownership and operation. Such rates should generally be in line with the schedule of rates adopted by the Petroleum Motor Transport Association, or some other recognized organization, as recommended uniform charges against joint account operations and revised from time to time. Automotive rates shall include cost of oil, gas, repairs, insurance, and other operating expense and depreciation; and charges shall be based on use in actual service on, or in connection with, the joint account operations. Truck and tractor rates may include wages and expenses of driver.
- C. A fair rate shall be charged for the use of drilling and cleaning-out tools and any other items of Operator's fully owned machinery or equipment which shall be ample to cover maintenance, repairs, depreciation, and the service furnished the joint property; provided that such charges shall not exceed those currently prevailing in the field where the joint property is located. Pulling units shall be charged at hourly rates commensurate with the cost of ownership and operation, which shall include repairs and maintenance, operating supplies, insurance, depreciation, and taxes. Pulling unit rates may include wages and expenses of the operator.
- D. A fair rate shall be charged for laboratory services performed by Operator for the benefit of the joint account, such as gas, water, core, and any other analyses and tests; provided such charges shall not exceed those currently prevailing if performed by outside service laboratories.
- E. Whenever requested, Operator shall inform Non-Operator in advance of the rates it proposes to charge.
- F. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

IV. DISPOSAL OF LEASE EQUIPMENT AND MATERIAL

The Operator shall be under no obligation to purchase interest of Non-Operator in surplus new or secondhand material. The disposition of major items of surplus material, such as derricks, tanks, engines, pumping units, and tubular goods, shall be subject to mutual determination by the parties hereto; provided Operator shall have the right to dispose of normal accumulations of junk and scrap material either by transfer or sale from the joint property.

1. Material Purchased by the Operator or Non-Operator

Material purchased by either the Operator or Non-Operator shall be credited by the Operator to the joint account for the month in which the material is removed by the purchaser.

2. Division in Kind

Division of material in kind, if made between Operator and Non-Operator, shall be in proportion to their respective interests in such material. Each party will thereupon be charged individually with the value of the material received or receivable by each party, and corresponding credits will be made by the Operator to the joint account. Such credits shall appear in the monthly statement of operations.

3. Sales to Outsiders

Sales to outsiders of material from the joint property shall be credited by Operator to the joint account at the net amount collected by Operator from vendee. Any claims by vendee for defective material or otherwise shall be charged back to the joint account if and when paid by Operator.

V. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operator or divided in kind, unless otherwise agreed, shall be valued on the following basis:

1. New Price Defined

New price as used in the following paragraphs shall have the same meaning and application as that used above in Section III, "Basis of Charges to Joint Account."

2. New Material

New material (Condition "A"), being new material procured for the joint account but never used thereon, at one hundred per cent (100%) of current new price (plus sales tax if any).

3. Good Used Material

Good used material (Condition "B"), being used material in sound and serviceable condition, suitable for reuse without reconditioning:

- A. At seventy-five per cent (75%) of current new price if material was charged to joint account as new, or
- B. At sixty-five per cent (65%) of current new price if material was originally charged to the joint property as secondhand at seventy-five per cent (75%) of new price.

4. Other Used Material

Used material (Condition "C"), at fifty per cent (50%) of current new price, being used material which:

- A. After reconditioning will be further serviceable for original function as good secondhand material (Condition "B"), or
- B. Is serviceable for original function but substantially not suitable for reconditioning.

5. Bad-Order Material

Material and equipment (Condition "D"), which is no longer usable for its original purpose without excessive repair cost but is further usable for some other purpose, shall be priced on a basis comparable with that of items normally used for that purpose.

6. Junk

Junk (Condition "E"), being obsolete and scrap material, at prevailing prices.

7. TEMPORARILY USED MATERIAL (In service 60 days or less)

When the use of material is temporary and its service to the joint account does not justify the reduction in price as provided in Paragraph 3 above, such material shall be priced on a basis that will leave a net charge to the joint account of 10% of price charged if material charged out as new and 5% if material charged out as second-hand.

VI. INVENTORIES

1. PERIODIC INVENTORIES, NOTICE AND REPRESENTATION

At reasonable intervals, inventories shall be taken by Operator of the joint account material, which shall include all such material as is ordinarily considered controllable by operators of oil and gas properties. (See Sec. 10.2, Operating Agreement).

EXHIBIT "E"

INSURANCE PROCEDURE

(A) Unit Operator agrees that it will require its contractors or sub-contractors to carry insurance as follows to cover drilling operations for the production of Unitized Substances on all lands subject to this Agreement:

- (1) Workmen's Compensation and Employer's Liability Insurance as required by the laws of the State of New Mexico;
- (2) Contractor's Public Liability Insurance in amounts of \$100,000.00 for injuries to one person, and \$200,000.00 for injuries in one accident and property damage covering premise operations with \$50,000.00 aggregate limit;
- (3) Automobile Public Liability and Property Damage Insurance in amounts of \$100,000.00 for injuries to one person; \$200,000.00 for injuries in one accident; and \$10,000.00 for property damage.

(B) With respect to Unit Operations (other than drilling operations) on all lands subject to this Agreement, Unit Operator shall carry Workmen's Compensation Insurance as required by the laws of the State of New Mexico, and Employer's Liability Insurance with minimum limits of \$50,000.00; Public Liability and Property Damage Insurance in amounts of \$100,000.00 for injury or death to one person, \$300,000.00 for one accident, and \$100,000.00 Property Damage; Automobile Public Liability and Property Damage Insurance in amounts of \$100,000.00 for injury or death to one person, \$250,000.00 for one accident, and \$50,000.00 for property damage.

(C) All insurance coverage required hereby shall be carried at the joint expense and for the benefit of the parties hereto. However, premiums for Automobile, Public Liability and Property Damage Insurance on Unit Operator's fully owned equipment shall not be charged directly to the joint account, but will be covered by the flat rate charges assessed for use of such equipment. Unit Operator will not carry fire, windstorm and explosion insurance covering operations hereunder. Unit Operator agrees

to promptly furnish Working Interest Owners with written reports of damage to Unit property resulting from hazards not covered by insurance carried for the joint account.

(D) The insurance program provided for in this paragraph shall be made effective by Unit Operator upon the effective date hereof. Changes in such insurance program may, however, thereafter be made by Working Interest Owners.

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

FORM APPROVED
Hervey, Dow & Hinkle
JWH

ADDRESS
ATTEST:
Joe F. Bailey
Joe F. Bailey, Secretary
Continental Life Bldg., Fort Worth, Texas

SIGNATURE
WHALEY COMPANY, INCORPORATED
By: William D. Morris
William D. Morris, President
Date: July 6th, 1959

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1959, by _____.

My Commission Expires: _____ Notary Public

* * * * *

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this 6th day of July, 1959, by William D. Morris, President of WHALEY COMPANY, INCORPORATED, a _____ corporation, on behalf of said corporation.

My Commission Expires:
6-1-61

Betty S. Allen
Betty S. Allen, Notary Public in and for
Tarrant County, Texas

RATIFICATION AND JOINDER
OF
UNIT AGREEMENT AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement and Unit Operating Agreement for the Development and Operation of the North Central Caprock Queen Unit Area, located within the Counties of Lea and Chaves, State of New Mexico, in form approved on behalf of the Commissioner of Public Lands and the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement and Unit Operating Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and Unit Operating Agreement and any modifications thereof approved by the Commissioner of Public Lands and the Secretary of the Interior or their duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement and Unit Operating Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement and Unit Operating Agreement, and agree that payment for or delivery of (whichever may be required under prior agreement) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement and Unit Operating Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement and Unit Operating Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS
ATTEST:
Joe F. Bailey
Joe F. Bailey, Secretary
Continental Life Bldg., Fort Worth, Texas

FORM APPROVED
Hervey, Dow & Hinkle
7-1-59

SIGNATURE
WHALEY COMPANY, INCORPORATED
By: William D. Morris
William D. Morris, President
Date: July 6th, 1959

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1959, by _____.

My Commission Expires: _____ Notary Public

* * * * *

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this 6th day of July, 1959, by William D. Morris, President of WHALEY COMPANY, INCORPORATED, a _____ corporation, on behalf of said corporation.

My Commission Expires:
6-1-61

Betty S. Allen
Betty S. Allen, Notary Public in and for
Tarrant County, Texas

CONSENT TO SUBSEQUENT JOINDER TO
UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
NORTH CENTRAL CAPROCK QUEEN UNIT
LEA AND CHAVES COUNTIES, NEW MEXICO

NO. _____

KNOW ALL MEN BY THESE PRESENTS: That,

WHEREAS, a Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit in Lea and Chaves Counties, New Mexico, was made and entered into by and between certain parties subscribing, ratifying or consenting thereto by an Agreement dated the 2nd day of September, 1958, which, pursuant to Article 23 thereof, was effective January 1, 1959; and,

WHEREAS, Tract No. 30 of the Unit Area described in said Agreement, and embracing the following described lands situated in Chaves County, New Mexico, to-wit:

Township 13 South, Range 31 East, N.M.P.M.
Section 15: $E\frac{1}{2}SE\frac{1}{4}$, $SE\frac{1}{4}NE\frac{1}{4}$;

containing 120 acres, more or less, and embraced in that certain Oil and Gas Lease issued by the United States of America, as lessor, and bearing Las Cruces Serial Number 069184, whose lessee of record and entire working interest owner is Whaley Co., Inc., herein sometimes called "Whaley", has not at the date hereof been committed to said Agreement; and,

WHEREAS, Article 31 of said Agreement provides in part:

"Any oil or gas interest in the unitized formation in lands within the Unit Area not committed hereto prior to submission of this Agreement to the Commissioner and the Director for final approval may thereafter be committed hereto upon compliance with the applicable provisions of Article 13 hereof and for a period of six (6) months thereafter, on the same basis of participation as provided for in Article 13 by the owner or owners thereof subscribing or consenting in writing to this Agreement, if the interest is a working interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

"It is understood and agreed, however, that after six (6) months from the effective date hereof, the right of subsequent joinder as provided in this section shall be subject to such requirements or approvals and on such basis as may be agreed upon by ninety (90%) percent of the Working Interest Owners. Such joinder by a Working Interest Owner must be evidenced by his execution or ratification of this Unit Agreement and the Unit Operating Agreement subsequent joinders to this Agreement, as to tracts within the Unit Area, shall be effective as of the first day of the month following the approval thereof by the Commissioner and the Director."

and,

WHEREAS, Whaley is desirous of committing said tract, lease and lands to said Unit Agreement, and the Unit Operating Agreement therein mentioned, subsequent to June 30, 1959, and the undersigned, (constituting 90% or more of the Working Interest Owners to said Unit Agreement) desire to consent to such joinder by Whaley if the same is accomplished on or before August 1, 1959;

NOW THEREFORE, for and in consideration of the premises, the undersigned Working Interest Owners in said Unit Agreement do hereby agree:

1. That Whaley Co., Inc. may join the Unit Agreement for the Development and Operation of the North Central Caprock Queen Unit situated in Lea and Chaves Counties, New Mexico, and effectively commit Tract No. 30 thereof to said Unit Agreement at any time up to and including July 31, 1959, without any further requirements or approvals of the undersigned; such joinder and commitment to be evidenced by Whaley Co., Inc.'s execution or ratification of said Unit Agreement and the attending Unit Operating Agreement thereto and by the approval of said Unit Agreement by the Director, said commitment and joinder to be effective the first day of the month following the approval thereof by said Director.

2. That said Unit Agreement, and said Unit Operating Agreement, are both incorporated herein by reference for all purposes. This instrument may be executed in any number of counterparts with the same force and effect as if all parties had signed the same instrument, and shall be binding upon the parties who execute a counterpart hereof, whether or not it is executed by all proposed parties.

DATED this 31st day of March, 1959.

ATTEST:

GREAT WESTERN DRILLING COMPANY

Assistant Secretary

By: _____
President

UNIT OPERATOR & WORKING INTEREST OWNER

WORKING INTEREST OWNERS

ATTEST:

ADA OIL COMPANY

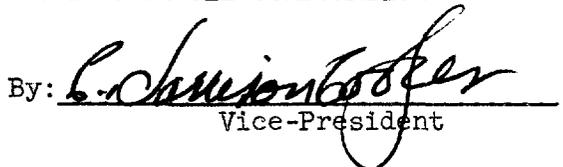
Secretary

By: _____
Vice-President

ATTEST:

AMBASSADOR OIL CORPORATION


Secretary

By: 
Vice-President

JIMMY E. COLLIER

ATTEST:

Secretary

ATTEST:

Assistant Secretary

ATTEST:

Assistant Secretary

ATTEST:

Secretary

ATTEST:

Assistant Secretary

DONNA B. SALSICH

Individually & as Executrices

MARY SUE SHORTES

R. D. COLLIER

DELFFERN OIL COMPANY

By: _____
President

GRARIDGE CORPORATION

By: _____
Vice-President

GULF OIL CORPORATION

By: _____
Attorney In Fact

LANDA OIL COMPANY

By: _____
President

PHILLIPS PETROLEUM COMPANY

By: _____
Vice-President

NEIL E. SALSICH

ROSS SEARS ESTATE

Individually & as Executrices

V. M. SHORTES

ATTEST:

WESTERN DRILLING COMPANY

Secretary

By: _____
President

LOIS M. WILLIAMS

GEORGE H. WILLIAMS

WOLVERINE OIL COMPANY

By: _____

ETHEL SMITH

H. N. SMITH

FRANCES M. BASSETT

D. M. BASSETT

B. MAXINE MARTIN

R. BEECHER MARTIN

MARIDEL SWAFFORD

DUANE SWAFFORD

BETTY PERRY SMITH

POMEROY SMITH

BEATRICE B. Mc GRATH

R. SEARLE Mc GRATH

K. S. ADAMS, JR.

ELSA G. APPLETON

Elsa G. Appleton

OLIVER D. APPLETON

Oliver D. Appleton

MARION E. BATESON

J. WELDON BATESON

LILLIAN ALICE BOND

J. RUSSELL BOND

ATTEST:

Chris Laine Dulaney
Secretary

DULANEY OIL COMPANY

By: C.H. Dulaney
Vice-President

RAE KEY DULANEY

Rae Key Dulaney

R. O. DULANEY, JR.

R. O. Dulaney, Jr.

VIRGINIA M. FRASER

Virginia M. Fraser

KENNETH W. FRASER

Kenneth W. Fraser

HELEN SPEAR GALLON, surviving wife of
William J. Gallon

Helen Spear Gallon

ESTATE OF WILLIAM J. GALLON, DECEASED

By: GUARANTY TRUST COMPANY OF NEW YORK

By: Robert Benjamin
ROBERT BENJAMIN
Robert T. Stevens
ROBERT T. STEVENS
Thomas W. Estes
THOMAS W. ESTES
John E. Drummond
JOHN E. DRUMMOND

HALLIE HARRIS

B. FELIX HARRIS

MRS. C. M. HARRIS

ATTEST:

Secretary

HOWSPIN CORPORATION

By: _____
President

ATTEST:

Secretary

INTERLAKEN CORPORATION

By: _____
Vice-President

ELIZABETH F. JOHNSON

E. B. JOHNSON

ELIZABETH M. KLEIN

Elizabeth M. Klein

E. STANLEY KLEIN

Stanley Klein

ALBERTA H. LEITHEAD

Alberta H. Leithead

BARRY T. LEITHEAD

Barry T. Leithead

ATTEST:

Secretary

LITHOPRINT COMPANY OF NEW YORK, INC.

By: _____
President

A Partner

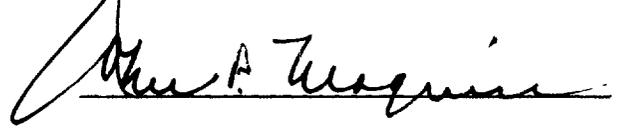
LYNCH, LYNCH & WATSON

A Partner

A Partner

~~SECRET~~

JOHN P. MAGUIRE



MANSON

JOHN MANSON

GEORGE T. MARCHMONT, TRUSTEE

MARY G. MITCHELL

FRANK MITCHELL

ATTEST:

MOODY-DUNLAP COMPANY

Secretary

By: _____

Vice-President

RUFUS C. PORTER

ELIZABETH REID

ANDREW REID

MARY KATHARINE SARRAFIAN

GEORGE SARRAFIAN

ESTATE OF F. RAYMOND SHAW

CITY NATIONAL BANK AND TRUST COMPANY
OF CHICAGO, Co-Trustee

Michael Raymond Shaw, Co-Trustee

ANNA W. SNOW

Anna W. Snow

WILLIAM B. SNOW

William B. Snow

STRYKER & BROWN

By: _____
Partner

LILLIAN CULLUM TATE

RAYMOND L. TATE

M. W. VREELAND

M. W. Vreeland

D. W. VREELAND

D. W. Vreeland

MARY LOU WATSON

LOUIS A. WATSON

YOUNG

SAM D. YOUNG

ATTEST:

Assistant Secretary

MINERAL PROJECTS, INC.

By: _____
Vice-President

MILDRED G. EISNER

JOHN J. EISNER

MAGGIE SUEITA COCKBURN

Executrix of the Estate of Barney
Cockburn, Deceased

ATTEST:

LEE OIL COMPANY

Secretary

By: _____
President

STATE OF Texas }
COUNTY OF Tarrant } ss.

The foregoing instrument was acknowledged before me this 8th day of June, 1959, by Ed Dudley, Jr. and wife, Pat Dudley

My Commission Expires: 6-1-61

Ann M. Dederichs
Notary Public Ann M. Dederichs

STATE OF Texas }
COUNTY OF Tarrant } ss.

The foregoing instrument was acknowledged before me this 31st day of March, 1959, by C. Harrison Cooper, Vice President of Ambassador Corporation, a Delaware corporation, on behalf of said corporation.

My Commission Expires: 6-1-59

Wanda Lee Chan
Notary Public

STATE OF New York }
COUNTY OF New York } SS.

~~March~~ ^{April} The foregoing instrument was acknowledged before me this 22nd day of March, 1959, by Fenneth W. Frear and wife, Virginia M. Frear.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-0281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1960

STATE OF New York }
COUNTY OF New York } SS.

~~March~~ ^{April} The foregoing instrument was acknowledged before me this 3rd day of March, 1959, by E. Stanley Klein and wife, Elizabeth M. Klein.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-0281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1961

STATE OF New York }
COUNTY OF New York } SS.

~~March~~ ^{April} The foregoing instrument was acknowledged before me this 3rd day of March, 1959, by John P. Maguire and wife, _____.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-0281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1961

STATE OF New York }
COUNTY OF New York } SS.

~~March~~ ^{April} The foregoing instrument was acknowledged before me this 11th day of March, 1959, by Helen Spear Gallon, _____ of _____ corporation, on behalf of said corporation.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-0281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1960

STATE OF New York }
COUNTY OF New York } SS.

~~March~~ ^{April} The foregoing instrument was acknowledged before me this 10th day of March, 1959, by Robert Benjamin Guaranty Trust Co. of N.Y. of _____ corporation, on behalf of said corporation.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-0281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1960

STATE OF New York }
COUNTY OF New York } SS.

The foregoing instrument was acknowledged before me this 6th day of April ~~March~~, 1959, by Darryl T. Feithead and wife, Alberta H. Feithead.

My Commission Expires:

Shirley J. Zeller
Notary Public

SHIRLEY J. ZELLER
Notary Public, State of New York
No. 31-4384550
Qualified in New York County
Commission Expires March 30, 1961

STATE OF New York }
COUNTY OF New York } SS.

April The foregoing instrument was acknowledged before me this 10th day of ~~March~~, 1959, by John C. Drummond and wife, _____.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-6281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1960

STATE OF New York }
COUNTY OF New York } SS.

April The foregoing instrument was acknowledged before me this 10th day of ~~March~~, 1959, by Thomas W. Estes and wife, _____.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-6281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1960

STATE OF New York }
COUNTY OF New York } SS.

April The foregoing instrument was acknowledged before me this 20th day of ~~March~~, 1959, by Robert P. Stevas, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Evelyn G. Feeney
Notary Public

EVELYN G. FEENEY
Notary Public, State of New York
No. 41-6281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1960

STATE OF New York }
COUNTY OF New York } SS.

April The foregoing instrument was acknowledged before me this 23 day of ~~March~~, 1959, by David D. Appleton, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Winifred Troy
Notary Public

WINIFRED TROY
NOTARY PUBLIC, State of New York
No. 41-6281400
Qualified in Queens County
Cert. filed with New York County Clerk
Commission Expires March 30, 1961

STATE OF New York }
COUNTY OF New York } ss.

April The foregoing instrument was acknowledged before me this 13 day of March, 1959, by Alan R. Appleton and wife, _____.

My Commission Expires:

[Signature]
Notary Public, NY
NOTARY PUBLIC, State of New York
Qualified in Nassau County
Certificate Filed
New York County Clerk's Office
Term Expires March 30, 1961

STATE OF New York }
COUNTY OF Suffolk } ss.

April The foregoing instrument was acknowledged before me this 27th day of March, 1959, by D. W. Ireland and wife, M. W. Ireland.

My Commission Expires:

[Signature]
Notary Public
HAROLD SACKS
Notary Public, State of New York
No. 30-8735200
Qualified in Nassau County
Certificate Filed
New York County Clerk's Office
Term Expires March 30, 1960

STATE OF Mass. }
COUNTY OF Suffolk } ss.

June The foregoing instrument was acknowledged before me this 1st day of March, 1959, by William B. Snow and wife, Anna W. Snow.

My Commission Expires:

6-27-64

[Signature]
Notary Public

STATE OF Texas }
COUNTY OF Tarrant } ss.

June The foregoing instrument was acknowledged before me this 5th day of March, 1959, by C. H. Mulaney, Vice-Pres of Mulaney Oil Co, a Texas corporation, on behalf of said corporation.

My Commission Expires:

June 2, 1961

[Signature]
Notary Public

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me this _____ day of March, 1959, by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

CLERK'S OFFICE 000

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

THE APPLICATION OF GREAT WESTERN DRILL-
ING COMPANY FOR APPROVAL OF THE NORTH
CENTRAL CAPROCK QUEEN UNIT AGREEMENT
FOR PURPOSES OF SECONDARY RECOVERY,
AND FOR AUTHORITY TO INSTITUTE A PILOT
WATER FLOOD PROJECT IN THE CAPROCK-
QUEEN POOL.

Case No. 1564

TO: The New Mexico Oil Conservation Commission
Santa Fe, New Mexico

I.

Comes now the applicant, Great Western Drilling Company, whose address is P. O. Box 1659, Midland, Texas, and files herewith three copies of the proposed North Central Caprock Queen Unit Agreement for the development and operation of the Caprock-Queen Unit Area in Chaves and Lea Counties, New Mexico, and hereby makes application for the approval of said unit agreement as provided by law and regulation; and in support thereof states:

1. That the proposed unit area covered by said agreement embraces 2,040 acres of land, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO.

Chaves County, New Mexico

T. 13 S., R. 31 E.

Section 13: All

Section 14: All

Section 15: $SE\frac{1}{4}NE\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$

Section 24: $NW\frac{1}{4}NW\frac{1}{4}$

Lea County, New Mexico

T. 13 S., R. 32 E.

Section 17: $N\frac{1}{2}NW\frac{1}{4}$
Section 18: $W\frac{1}{2}, NE\frac{1}{4}$
Section 19: $NW\frac{1}{4}NW\frac{1}{4}$

2. That the lands embraced within the proposed unit area are all state lands except the $SE\frac{1}{4}NE\frac{1}{4}$, $E\frac{1}{2}SE\frac{1}{4}$ of said Section 15, which are federal lands.

3. Applicant is informed and believes, and upon such information and belief states: That the lands to be embraced in the proposed unit area cover all or substantially all of the available lands necessary for the effective and efficient institution of a secondary recovery operation by the institution of a water flood project, and said unit agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of the unitized substances.

4. That Great Western Drilling Company is designated as unit operator in said agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area, subject to all applicable laws and regulations. That said unit agreement provides for secondary recovery operations and the institution of a water flood project in the Caprock-Queen Pool as more fully stated hereinbelow.

5. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that the field or area involved can be developed more economically and efficiently under the terms of said agreement to the end that the maximum recovery will be obtained and that said unit agreement is in the interest of

conservation of oil and gas and the prevention of waste, and protection of correlative rights, all as contemplated by the New Mexico Oil Conservation Commission statutes.

6. That application has been made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and that prior to the hearing on this application, informal approval of the form of said unit agreement will be obtained from said Commissioner. That upon an order being entered by this Commission approving said unit agreement, and after approval thereof by the Commissioner of Public Lands of the State of New Mexico, a fully executed and approved copy thereof will be filed with the New Mexico Oil Conservation Commission.

II.

Coming on further, the applicant makes application for authority to institute a pilot water flood project in the Caprock-Queen Pool, and in support thereof states:

1. A plat showing the location of the intake wells and the location of all oil and gas wells including drilling wells and dry holes, and the names of the lessees within one-half mile of the intake wells and each offset operator is attached hereto.

2. The formations from which the wells involved in this application are producing is stated in Article 2(h) of the unit agreement filed herewith.

3. The name, description and depth of the formation to be affected by the proposed injection is likewise stated in said Article 2(h).

4. With respect to a log of the intake wells, applicant states that there are few or none of such logs available, but a

diligent effort will be made to locate any existing logs of such wells, and if any are found the same will be presented to the Commission at the hearing upon this application.

5. The intake wells' casing is $5\frac{1}{2}$ " or 7" casing set in the top of the Queen Formation pay zone, or set above such point, and a liner set therein to the top of such pay zone. Further, reference is made to Article 2(k) of said unit agreement with respect to the description of the intake wells' casing and the proposed method for testing casing and use of the input wells.

6. Water is to be used for injection; its source is in the $SW\frac{1}{4}SW\frac{1}{4}$ of Section 9 and the $SW\frac{1}{4}SW\frac{1}{4}$ of Section 16, Township 13 South, Range 32 East, N.M.P.M. This fluid is fresh water from the Ogallala Formation at a depth of approximately 275 feet. It is estimated that approximately 600 barrels of water must be injected daily to "fill up" and thereafter a decreasing amount of water sufficient to maintain effective and efficient secondary recovery.

7. The name and address of the operator of the proposed project is Great Western Drilling Company, P. O. Box 1659, Midland, Texas.

8. Simultaneously with the filing of this application, applicant has filed with the Office of the State Engineer, P. O. Box 1079, Santa Fe, New Mexico: (i) copy of the application; (ii) geographical location of water source; (iii) name and depth of formation from which water is to be obtained; and (iv) analysis of water.

9. A description of the proposed initial intake wells is as follows:

Graridge Well No. 2, $NW\frac{2}{4}NW\frac{1}{4}$ of Section 17

Great Western Well No. 1, $NW\frac{1}{4}NW\frac{1}{4}$ of Section 18

Great Western Well No. 3, $NW\frac{1}{4}NE\frac{1}{4}$ of Section 18

Great Western Well No. 4, ~~SE $\frac{1}{4}$ NW $\frac{1}{4}$~~ ^{ENE} of Section 18

Graridge Well No. 1, NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 18

Great Western Well No. 2, SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 18

Graridge Well No. 1, NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13

Great Western Well No. 1, SW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13

Great Western 7 SE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 18

Applicant further requests that it be authorized to convert any other well located within the unit area to water injection, without notice and hearing, subject to administrative approval by the Commission, when it is established to the satisfaction of the Secretary-Director that the proposed water injection well has experienced a substantial response to the water flood project or is directly offset by a producing well which has experienced such response. Applicant hereby stipulates that said State Engineer is an interested party and is to be notified of any request for the expansion of this pilot project. Applicant suggests that such administrative procedure provide that it obtain administrative approval for the conversion of any well in the unitized area to water injection by: there shall be submitted to the Commission triplicate copies of an application for such administrative approval setting forth all pertinent facts to the need for expansion of the water flood and attaching thereto Commission Form C-116 showing production tests of the affected well or wells both before and after stimulization by water flood; and attaching thereto plats of the water flood project area, and the immediate surrounding area, indicating thereon the owner of each lease and the location of all water injection wells and producing wells; and submitting with such application evidence that a copy thereof has been sent to each operator offsetting the proposed expansion and to the State Engineer. That such administrative procedure should further provide that if the Secretary-Director

of the Commission finds that in his opinion there is need for the expansion of the water flood project area, he may authorize said expansion without notice and hearing provided that no offset operator nor the State Engineer objects thereto within fifteen days, and the Secretary-Director may grant immediate approval of such expansion upon receipt of waivers of objection from all operators offsetting the proposed expansion and the State Engineer.

WHEREFORE, applicant respectfully requests that a public hearing be held on this application, and that upon such hearing that the Commission enter its order:

(a) Approving the North Central Caprock Queen Unit Agreement as being in the interest of conservation and the prevention of waste; and,

(b) Authorizing the institution of a pilot water flood project in the Caprock-Queen Pool within the exterior boundaries of said unit agreement, and providing for administrative approval of the expansion thereof.

DATED this 11th day of November, 1958.

Respectfully submitted,
GREAT WESTERN DRILLING COMPANY

BY: 
S. B. Christy IV for
Hervey, Dow & Hinkle,
Box 547, Roswell, New Mexico
Attorneys for the Applicant

*Docket
Mailed
11/26/58/RS*

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

THE APPLICATION OF GREAT WESTERN DRILL-
ING COMPANY FOR APPROVAL OF THE NORTH
CENTRAL CAPROCK QUEEN UNIT AGREEMENT
FOR PURPOSES OF SECONDARY RECOVERY,
AND FOR AUTHORITY TO INSTITUTE A PILOT
WATER FLOOD PROJECT IN THE CAPROCK-
QUEEN POOL.

Case No. 1564

TO: The New Mexico Oil Conservation Commission
Santa Fe, New Mexico

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1. That the proposed unit area covered by said agreement embraces 2,040 acres of land, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO.

Chaves County, New Mexico

T. 13 S., R. 31 E.

Section 13: All
Section 14: All
Section 15: SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 24: NW $\frac{1}{4}$ NW $\frac{1}{4}$

Lea County, New Mexico

T. 13 S., R. 32 E.

Section 17: N $\frac{1}{2}$ NW $\frac{1}{4}$
Section 18: W $\frac{1}{2}$, NE $\frac{1}{4}$
Section 19: NW $\frac{1}{2}$ NW $\frac{1}{4}$

2. That the lands embraced within the proposed unit area are all state lands except the SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 15, which are federal lands.

3. Applicant is informed and believes, and upon such information and belief states: That the lands to be embraced in the proposed unit area cover all or substantially all of the available lands necessary for the effective and efficient institution of a secondary recovery operation by the institution of a water flood project, and said unit agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of the unitized substances.

4. That Great Western Drilling Company is designated as unit operator in said agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area, subject to all applicable laws and regulations. That said unit agreement provides for secondary recovery operations and the institution of a water flood project in the Caprock-Queen Pool as more fully stated hereinbelow.

5. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that the field or area[^] involved can be developed more economically and efficiently under the terms of said agreement to the end that the maximum recovery will be obtained and that said unit agreement is in the interest of

conservation of oil and gas and the prevention of waste, and protection of correlative rights, all as contemplated by the New Mexico Oil Conservation Commission statutes.

6. That application has been made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and that prior to the hearing on this application, informal approval of the form of said unit agreement will be obtained from said Commissioner. That upon an order being entered by this Commission approving said unit agreement, and after approval thereof by the Commissioner of Public Lands of the State of New Mexico, a fully executed and approved copy thereof will be filed with the New Mexico Oil Conservation Commission.

II.

Coming on further, the applicant makes application for authority to institute a pilot water flood project in the Caprock-Queen Pool, and in support thereof states:

1. A plat showing the location of the intake wells and the location of all oil and gas wells including drilling wells and dry holes, and the names of the lessees within one-half mile of the intake wells and each offset operator is attached hereto.

2. The formations from which the wells involved in this application are producing is stated in Article 2(h) of the unit agreement filed herewith.

3. The name, description and depth of the formation to be affected by the proposed injection is likewise stated in said Article 2(h).

4. With respect to a log of the intake wells, applicant states that there are few or none of such logs available, but a

diligent effort will be made to locate any existing logs of such wells, and if any are found the same will be presented to the Commission at the hearing upon this application.

5. The intake wells' casing is 5½" or 7" casing set in the top of the Queen Formation pay zone, or set above such point, and a liner set therein to the top of such pay zone. Further, reference is made to Article 2(k) of said unit agreement with respect to the description of the intake wells' casing and the proposed method for testing casing and use of the input wells.

6. Water is to be used for injection; its source is in the SW¼SW¼ of Section 9 and the SW¼SW¼ of Section 16, Township 13 South, Range 32 East, N.M.P.M. This fluid is fresh water from the Ogallala Formation at a depth of approximately 275 feet. It is estimated that approximately 600 barrels of water must be injected daily to "fill up" and thereafter a decreasing amount of water sufficient to maintain effective and efficient secondary recovery.

7. The name and address of the operator of the proposed project is Great Western Drilling Company, P. O. Box 1689, Midland, Texas.

8. Simultaneously with the filing of this application, applicant has filed with the Office of the State Engineer, P. O. Box 1079, Santa Fe, New Mexico: (i) copy of the application; (ii) geographical location of water source; (iii) name and depth of formation from which water is to be obtained; and (iv) analysis of water.

9. A description of the proposed initial intake wells is as follows:

Graridge Well No. 2, NW¼NW¼ of Section 17

Great Western Well No. 1, NW¼NW¼ of Section 18

Great Western Well No. 3, NW¼NE¼ of Section 18

Great Western Well No. 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 18

Graridge Well No. 1, NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 18

Great Western Well No. 2, SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 18

Graridge Well No. 1, NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13

Great Western Well No. 1, SW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 13

Applicant further requests that it be authorized to convert any other well located within the unit area to water injection, without notice and hearing, subject to administrative approval by the Commission, when it is established to the satisfaction of the Secretary-Director that the proposed water injection well has experienced a substantial response to the water flood project or is directly offset by a producing well which has experienced such response. Applicant hereby stipulates that said State Engineer is an interested party and is to be notified of any request for the expansion of this pilot project. Applicant suggests that such administrative procedure provide that it obtain administrative approval for the conversion of any well in the unitized area to water injection, by: there shall be submitted to the Commission triplicate copies of an application for such administrative approval setting forth all pertinent facts to the need for expansion of the water flood and attaching thereto Commission Form C-116 showing production tests of the affected well or wells both before and after stimulation by water flood; and attaching thereto plats of the water flood project area, and the immediate surrounding area, indicating thereon the owner of each lease and the location of all water injection wells and producing wells; and submitting with such application evidence that a copy thereof has been sent to each operator offsetting the proposed expansion and to the State Engineer. That such administrative procedure should further provide that if the Secretary-Director

of the Commission finds that in his opinion there is need for the expansion of the water flood project area, he may authorize said expansion without notice and hearing provided that no offset operator nor the State Engineer objects thereto within fifteen days, and the Secretary-Director may grant immediate approval of such expansion upon receipt of waivers of objection from all operators offsetting the proposed expansion and the State Engineer.

WHEREFORE, applicant respectfully requests that a public hearing be held on this application, and that upon such hearing that the Commission enter its order:

(a) Approving the North Central Caprock Queen Unit Agreement as being in the interest of conservation and the prevention of waste; and,

(b) Authorizing the institution of a pilot water flood project in the Caprock-Queen Pool within the exterior boundaries of said unit agreement, and providing for administrative approval of the expansion thereof.

DATED this 11th day of November, 1958.

Respectfully submitted,
GREAT WESTERN DRILLING COMPANY

BY: _____
S. B. Christy IV for
Hervey, Dow & Hinkle,
Box 547, Roswell, New Mexico
Attorneys for the Applicant