

OIL CONSERVATION DIVISION  
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UNIT AGREEMENT  
SOUTH LANGLIE JAL UNIT  
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Appl</i>	EXHIBIT NO. <u>1</u>
CASE NO.	<u>4405</u>

UNIT AGREEMENT  
SOUTH LANGLIE JAL UNIT  
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UNIT AGREEMENT  
SOUTH LANGLIE JAL UNIT  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the first day of May, 1970, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

WITNESSETH:

WHEREAS, in the interest of the public welfare and to promote conservation and increase the ultimate recovery of oil, gas, and associated minerals from the Jalmat (Oil) Field in Lea County, State of New Mexico, and to protect the rights of the owners of interests therein, it is deemed necessary and desirable to enter into this agreement to unitize the Oil and Gas Rights in and to the Unitized Formation in order to conduct a secondary recovery, pressure maintenance, or other recovery program as herein provided;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, it is agreed as follows:

ARTICLE 1

DEFINITIONS

As used in this agreement the terms herein contained shall have the following meaning:

1.1 UNIT AREA means the lands described by Tracts in Exhibit A and shown on Exhibit B as to which this agreement becomes effective or to which it may be extended as herein provided.

1.2 UNITIZED FORMATION means all Formations or Zones extending from the top of the Seven Rivers Formation down to but not below 150 feet above the base of the Queen Formation underlying the Unitized Land; said interval having been heretofore found to occur in Reserve Oil and Gas Company's Woolworth "B" Well No. 4, originally drilled by Culbertson and Irwin, Inc. (located 1980 feet from the North line and 990 feet from the West line of Section 17, Township 25 South, Range 37 East, Lea County, New Mexico) at an indicated depth of from

3075 feet to 100 feet below the total depth of 3399 feet as recorded on the Lane Wells Company's Radioactivity Log taken on April 7, 1952, said log being measured from a rotary table elevation of 3105 feet above sea level.

1.3 UNITIZED SUBSTANCES means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.

1.4 WORKING INTEREST means an interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, 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, producing, and operating the Unitized Formation. Any interest in Unitized Substances which is a Working Interest as of the date the owner thereof executes or ratifies this agreement shall thereafter be treated as a Working Interest for all purposes of this agreement.

1.5 ROYALTY INTEREST means a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

1.6 ROYALTY OWNER means a party hereto who owns a Royalty Interest.

1.7 WORKING INTEREST OWNER means a party hereto who owns a Working Interest. The owner of oil and gas rights that are free of lease or other instrument conveying the Working Interest to another shall be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth (1/8) interest therein.

1.8 TRACT means each parcel of land described as such and given a Tract number in Exhibit A.

1.9 UNIT OPERATING AGREEMENT means the agreement entitled "Unit Operating Agreement, South Langlie Jal Unit, Lea County, New Mexico" of the same effective date as the effective date of this agreement, and which is entered

into by Working Interest Owners.

1.10 UNIT OPERATOR means the Working Interest Owner designated by Working Interest Owners under the Unit Operating Agreement to develop and operate the Unitized Formation, acting as operator and not as a Working Interest Owner.

1.11 TRACT PARTICIPATION means the percentage shown on Exhibit A for allocating Unitized Substances to a Tract under this agreement.

1.12 UNIT PARTICIPATION of each Working Interest Owner means the sum of the percentages obtained by multiplying the Working Interest of such Working Interest Owner in each Tract by the Tract Participation of such Tract.

1.13 OUTSIDE SUBSTANCES means all substances obtained from any source other than the Unitized Formation and which are injected into the Unitized Formation.

1.14 OIL AND GAS RIGHTS means to explore, develop, and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

1.15 UNIT OPERATIONS means all operations conducted by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of the development and operation of the Unitized Formation for the production of Unitized Substances.

1.16 UNIT EQUIPMENT means all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

1.17 UNIT EXPENSE means all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of Unit Operations.

1.18 Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural include the singular, and the neuter gender include the masculine and the feminine.

## ARTICLE 2

### EXHIBITS

2.1 EXHIBITS. Attached hereto are the following exhibits which are incorporated herein by reference:

2.1.1 EXHIBIT A, which is a schedule that describes each Tract in the Unit Area and shows its Tract Participation.

2.1.2 EXHIBIT B, which is a map that shows the boundary lines of the Unit Area and the Tracts therein.

2.2 REFERENCE TO EXHIBITS. When reference herein is made to an exhibit, the reference is to the Exhibit as originally attached or, if revised, to the latest revision.

2.3 EXHIBITS CONSIDERED CORRECT. An exhibit shall be considered to be correct until revised as herein provided.

2.4 CORRECTING ERRORS. The shapes and descriptions of the respective Tracts have been established by using the best information available. If it subsequently appears that any Tract, because of diverse royalty or working interest ownership on the effective date hereof, should be divided into more than one Tract, or that any mechanical miscalculation has been made, Unit Operator, with the approval of Working Interest Owners, may correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any reevaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit shall be effective at 7:00 a.m. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners and set forth in the revised exhibit.

2.5 FILING REVISED EXHIBITS. If an exhibit is revised pursuant to this agreement, Unit Operator shall certify and file the revised exhibit for record in Lea County, New Mexico.

### ARTICLE 3

#### CREATION AND EFFECT OF UNIT

3.1 OIL AND GAS RIGHTS UNITIZED. Subject to the provisions of this agreement, all Oil and Gas Rights of Royalty Owners in and to the lands



described in Exhibit A, and all Oil and Gas Rights of Working Interest Owners in and to said lands, are hereby unitized insofar as the respective Oil and Gas Rights pertain to the Unitized Formation, so that operations may be conducted as if the Unitized Formation had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as lessees, and as if the lease had been subject to all of the provisions of this agreement.

3.2 PERSONAL PROPERTY EXCEPTED. Working Interest Owners have each individually heretofore placed in or on their wells and in or on lands affected by this agreement, various items of personal property which are lease and well equipment, as to all of which Working Interest Owners have the right, as provided in their respective leases, to remove such property from the premises and all of which installations were made with the intention and understanding that all of the same would be and remain personal property and that no part thereof would be or become a part of the realty. Working Interest Owners except from the terms and provisions of this agreement, and hereby sever from said lands, for all purposes, all such lease and well equipment which may be or may hereafter become located in or on the lands or in the wells on the lands affected hereby. To conform their respective investments in such equipment, Working Interest Owners have made a separate agreement with each other with respect thereto.

3.3 AMENDMENT OF LEASES AND OTHER AGREEMENT. The provisions of the various leases, agreements, division and transfer orders, or other instruments covering the respective Tracts or the production therefrom are amended to the extent necessary to make them conform to the provisions of this agreement, but otherwise shall remain in effect. Notwithstanding anything to the contrary herein, it is expressly agreed that this Unit Agreement shall not limit, restrict, or modify or be construed to limit, restrict, or modify, the expressed or implied covenants in the oil and gas leases and assignments of oil and gas leases contributed to the unit created hereby, except insofar as the same may be applicable to the Unitized Formation.

3.4 CONTINUATION OF LEASES AND TERM ROYALTIES. Operations, including drilling operations, conducted with respect to the Unitized Formation on any part of the Unit Area, or production from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, shall be considered as operations upon or production from each Tract, and such operations or production shall continue in effect each lease or term royalty interest as to all lands covered thereby just as if such operations had been conducted and a well had been drilled on and was producing from each Tract.

3.5 TITLES UNAFFECTED BY UNITIZATION. Nothing herein shall be construed to result in the transfer of title to the Oil and Gas Rights by any party hereto to any other party or to Unit Operator. The intention is to provide for the cooperative development and operation of the Tracts and for the sharing of Unitized Substances as herein provided.

3.6 INJECTION RIGHTS. Royalty Owners hereby grant unto Working Interest Owners the right to inject into the Unitized Formation any substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, including the right to drill and maintain injection wells on the Unit Area and to use producing or abandoned oil or gas wells for such purposes.

3.7 DEVELOPMENT OBLIGATION. Nothing herein shall relieve Working Interest Owners from the obligation to develop reasonably as a whole the lands and leases committed hereto.

#### ARTICLE 4

##### PLAN OF OPERATIONS

4.1 UNIT OPERATOR. Working Interest Owners are, as of the effective date of this agreement, entering into the Unit Operating Agreement, designating Reserve Oil and Gas Company as Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations. The operations shall conform to the provisions of this agreement, and the Unit Operating Agreement. If there is any conflict between such agreements, this agreement shall govern.

4.2 OPERATING METHODS. To the end that the quantity of Unitized

Substances ultimately recoverable may be increased and waste prevented, Working Interest Owners shall, with diligence and in accordance with good engineering and production practices, engage in the secondary recovery operation in the Unitized Formation.

4.3 CHANGE OF OPERATING METHODS. Nothing herein shall prevent Working Interest Owners from discontinuing or changing in whole or in part any method of operation which, in their opinion, is no longer in accord with good engineering or production practices. Other methods of operation may be conducted or changes may be made by Working Interest Owners from time to time if determined by them to be feasible, necessary, or desirable to increase the ultimate recovery of Unitized Substances.

## ARTICLE 5

### TRACT PARTICIPATION

5.1 TRACT PARTICIPATION. Beginning at 7:00 a. m. on the effective date hereof the Tract Participation of each Tract shall be as shown on Exhibit A and shall be determined from the following formula:

Tract Participation Percentage equals 100%

$$\frac{A}{B}$$

Where: A equals the estimated quantity of oil ultimately recoverable from the Unitized Formation underlying each such tract by primary recovery operations.

B equals the summation of the estimated quantity of oil ultimately recoverable from the Unitized Formation underlying all such Tracts by primary recovery operations.

5.2 RELATIVE TRACT PARTICIPATIONS. If the Unit Area is enlarged or reduced, the revised Tract Participations of the Tracts remaining in the Unit Area and which were within the Unit Area prior to the enlargement or reduction shall remain in the same ratio one to another.

## ARTICLE 6

### ALLOCATION OF UNITIZED SUBSTANCES

6.1 ALLOCATION TO TRACTS. All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether it is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such Tract.

6.2 DISTRIBUTION WITHIN TRACTS. The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to, the parties 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 Tract, or in the proceeds thereof, had this agreement not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract are now or hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract.

6.3 TAKING UNITIZED SUBSTANCES IN KIND. 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. Such parties shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided that they are so constructed, maintained, and operated as not to interfere with Unit Operations. 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 receiving party. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner

whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of the Unitized Substances.

6.4 FAILURE TO TAKE IN KIND. If any party fails to take in kind or separately dispose of its share of Unitized Substances, Unit Operator shall have the right, for the time being and subject to revocation at will by the party owning the share, to purchase for its own account or sell to others such at not less than the market price prevailing in the area and not less than the price Unit Operator receives for its share of Unitized Substances; provided that, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to a payee who shall distribute such proceeds to the parties entitled thereto, such payee being the Working Interest Owners of each affected Tract or a party designated by such Working Interest Owners under an agreement between such party and such Working Interest Owners. Notwithstanding the foregoing, Unit Operator shall not make a sale into Interstate Commerce of any other party's share of gas production without first giving such other party sixty (60) days' notice of such intended sale.

6.5 RESPONSIBILITY FOR ROYALTY SETTLEMENTS. Any party receiving in kind or separately disposing of all or part of the Unitized Substances allocated to any Tract or receiving the proceeds therefrom shall be responsible for the payment thereof to the persons entitled thereto, and shall indemnify all parties hereto, including Unit Operator, against any liability for all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.

6.6 ROYALTY ON OUTSIDE SUBSTANCES. If any Outside Substance consisting of natural gases is injected into the Unitized Formation, the Working Interest Owners shall be entitled to the royalty-free recovery of such substances out of seventy-five percent (75%) of the first of any such like substances contained

in Unitized Substances subsequently produced and sold or used for any purpose other than operations hereunder. If extraneous gas-liquid products (LPG) are injected for purposes of increasing ultimate oil recovery, the Working Interest Owners shall be entitled to the royalty-free recovery of these extraneous products out of seventy-five percent (75%) of the first of such like products recovered - in a gasoline plant or other facility wherein gas-liquid products may be recovered - and sold or used for any purpose other than operations hereunder. When gas from more than one unit is processed in a common gasoline plant or other common facility, the Working Interest Owners shall be entitled to the royalty-free recovery of extraneous gas-liquid products out of seventy-five percent (75%) of the first of such like products allocated to the Unit and sold or used for any purpose other than operations hereunder.

#### ARTICLE 7

##### PRODUCTION AS OF THE EFFECTIVE DATE

7.1 OIL IN LEASE TANKS. Unit Operator shall gauge all lease and other tanks within the Unit Area to ascertain the amount of merchantable oil produced from the Unitized Formation in such tanks, above the pipe line connections, as of 7:00 a.m. on the effective date hereof. The oil that is a part of the prior allowable of the wells from which it was produced shall remain the property of the parties entitled thereto the same as if the Unit had not been formed. Any such oil not promptly removed may be sold by the Unit Operator for the account of the parties entitled thereto, subject to the payment of all royalties, overriding royalties, production payments, and all other payments under the provisions of the applicable lease or other contracts. The oil that is in excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized Substances produced after effective date hereof.

7.2 OVERPRODUCTION. If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the wells on that Tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded as a part of the Unitized Substances produced after

the effective date hereof and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

## ARTICLE 8

### USE OR LOSS OF UNITIZED SUBSTANCES

8.1 USE OF UNITIZED SUBSTANCES. Working Interest Owners may use as much of the Unitized Substances as they deem necessary for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

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

## ARTICLE 9

### TRACTS TO BE INCLUDED IN UNIT

9.1 QUALIFICATION OF TRACTS. On and after the effective date hereof and until the enlargement or reduction thereof, the Unit Area shall be composed of the Tracts listed in Exhibit A that corner or have a common boundary (Tracts separated only by a public highway or a railroad right-of-way shall be considered to have a common boundary), and that otherwise qualify as follows:

9.1.1 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement and as to which Royalty Owners owning eighty-five percent (85%) or more of the Royalty Interest have become parties to this agreement.

9.1.2 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement, and as to which Royalty Owners owning less than eighty-five percent (85%) of the Royalty Interest have become parties to this agreement, and as to which (a) all Working Interest Owners in such Tract have joined in a request for the inclusion of such Tract in the Unit Area, and as to which (b) Working Interest Owners having sixty-five percent (65%) or more of the

combined voting interest in all Tracts that meet the requirements of Section 9.1.1 have voted in favor of the inclusion of such Tract. For the purpose of this Section 9.1.2, the voting interest of a Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Section 9.1.1 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts that qualify under Section 9.1.1.

9.1.3 Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties to this agreement, regardless of the percentage of Royalty Interest therein that is committed thereto, and as to which (a) the Working Interest Owner who operates the Tract and all of the other Working Interest Owners in such Tract who have become parties to this agreement have joined in a request for inclusion of such Tract in the Unit Area, and have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other Working Interest Owners in the Unit Area, their successors and assigns, against all claims and demands that may be made by the owners of Working Interest in such Tract who are not parties to the agreement and which arise out of the inclusion of the Tract in the Unit Area; and as to which (b) sixty-five percent (65%) of the combined voting interest of the Working Interest Owners in all Tracts that meet the requirements of Section 9.1.1 and 9.1.2 have voted in favor of the inclusion of such Tract and to accept the indemnity agreement. For the purposes of this Section 9.1.3, the voting interest of each Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Sections 9.1.1 and 9.1.2 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts that qualify under Sections 9.1.1 and 9.1.2. Upon the inclusion of such a Tract in the Unit Area, the Unit Participation that would have been attributed to the nonsubscribing owners of the Working Interest in such Tract, had they become parties



to this agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreements, in proportion to their respective Working Interests in the Tract.

9.2 SUBSEQUENT COMMITMENT OF INTEREST TO UNIT. After the effective date of this agreement, the commitment of any interest in any Tract within the Unit Area shall be upon such terms as may be negotiated by Working Interest Owners and the owner of such interest.

9.3 REVISION OF EXHIBITS. If any of the Tracts described in original Exhibit A fail to qualify for inclusion in the Unit Area, Unit Operator shall recompute, using the original basis of computation, the Tract Participation of each of the qualifying tracts, and shall revise Exhibits A and B accordingly. The revised exhibits shall be effective as of the effective date hereof.

## ARTICLE 10

### TITLES

10.1 REMOVAL OF TRACT FROM UNIT AREA. If a Tract ceases to have sufficient Working Interest Owners or Royalty Owners committed to this agreement to meet the conditions of Article 9 because of failure of title of any party hereto, such Tract shall be removed from the Unit Area effective as of the first day of the calendar month in which the failure of title is finally determined; however, the Tract shall not be removed from the Unit Area if, within ninety (90) days of the date of final determination of the failure of title, the Tract requalifies under a Section of Article 9.

10.2 REVISION OF EXHIBITS. If a Tract is removed from the Unit Area because of the failure of title, Unit Operator, subject to Section 5.2, shall recompute the Tract Participation of each of the Tracts remaining in the Unit Area and shall revise Exhibits A and B accordingly. The revised exhibits shall be effective as of the first day of the calendar month in which such failure of title is finally determined.

10.3 WORKING INTEREST TITLES. If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure

of title shall be governed by the Unit Operating Agreement.

10.4 ROYALTY OWNER TITLES. If title to a Royalty Interest fails, but the Tract to which it relates is not removed from the Unit Area, the party whose title failed shall not be entitled to share hereunder with respect to such interest.

10.5 PRODUCTION WHERE TITLE IS IN DISPUTE. If the title or right of any party claiming the right to receive in kind all of any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the discretion of Working Interest Owners shall either:

- (a) require that the party to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid, furnish security for the proper accounting therefor to the rightful owner if the title or right of such party fails in whole or in part, or
- (b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be paid without interest to the party rightfully entitled thereto.

10.6 PAYMENT OF TAXES TO PROTECT TITLE. The owners of (1) the surface rights to lands within the Unit Area, (2) the severed mineral or Royalty Interests in the lands, and (3) the improvements located on the lands not utilized for Unit Operations, shall individually be responsible for the rendition and assessment for ad valorem tax purposes of all such property, and for the payment of such taxes, except as otherwise provided in any contract or agreement between such owners and a Working Interest Owner. If any ad valorem taxes are not paid by such Owner responsible therefor when due, Unit Operator may, with approval of Working Interest Owners, at any time prior to tax sale, or expiration of period of redemption after tax sale, pay the same, redeem such property, and discharge such tax liens as may arise through nonpayment. Any such payment shall be

treated as an item of Unit Expense. Unit Operator, shall if possible, withhold from any proceeds derived from the sale of Unitized Substances otherwise due to any delinquent taxpayer or taxpayers an amount sufficient to defray the costs of such payment or redemption, such withholding to be credited to the joint account. Such withholding shall be without prejudice to any other remedy, either at law or in equity, which may be available for exercise by the Unit Operator or by the Working Interest Owners.

## ARTICLE 11

### EASEMENTS OF USE OF SURFACE

11.1 GRANT OF EASEMENTS. The parties hereto, to the extent of their rights and interests, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may reasonably be necessary for Unit Operations; provided that, nothing herein shall be construed as leasing or otherwise conveying to Working Interest Owners a site for a water, gas injection, processing or other plant, or camp site.

11.2 USE OF WATER. Working Interest Owners shall have free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner.

11.3 SURFACE DAMAGES. Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvement, and structures on the Unit Area that result from Unit Operations in accordance with and as specified in the leases subject to this agreement.

## ARTICLE 12

### ENLARGEMENTS OF UNIT AREA

12.1 ENLARGEMENTS OF UNIT AREA. The Unit Area may be enlarged to include acreage reasonably proved to be productive, upon such terms as may be determined by Working Interest Owners, including but not limited to, the following:

12.1.1 The acreage shall qualify under a Section of Article 9.

12.1.2 The participation to be allocated to the acreage shall be

reasonable, fair, and based on all available information.

12.1.3 There shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances, produced or proceeds thereof; however, this limitation shall not prevent an adjustment of investment by reason of the enlargement.

12.2 DETERMINATION OF TRACT PARTICIPATION. Unit Operator, subject to Section 5.2, shall determine the Tract Participation of each Tract within the Unit Area as enlarged, and shall revise Exhibits A and B accordingly.

12.3 EFFECTIVE DATE. The effective date of any enlargement of the Unit Area shall be 7:00 a.m. on the first day of the calendar month following compliance with conditions for enlargement as specified by Working Interest Owners, approval of the enlargement by the appropriate governmental authority, if required, and the filing for record of revised Exhibits A and B in the records of Lea County, New Mexico.

## ARTICLE 13

### CHANGE OF TITLE

13.1 COVENANT RUNNING WITH THE LAND. This agreement shall extend to, be binding upon, and inure to the benefit of, the respective heirs, devisees, legal representatives, successors, and assigns of the parties hereto, and shall constitute a covenant running with the lands, leases, and interests covered hereby.

13.2 NOTICE OF TRANSFER. Any conveyance of all or any part of any interest owned by any party hereto with respect to any Tract shall be made expressly subject to this agreement. No change of title shall be binding on the Unit Operator, or upon any party hereto other than the party so transferring, until the first day of the calendar month next succeeding the date of receipt by Unit Operator of a photocopy or a certified copy of the recorded instrument evidencing such change in ownership.

13.3 WAIVER OF RIGHTS TO PARTITION. Each party hereto covenants that, during the existence of this agreement, it will not resort to any action to

partition the Unit Area or the Unit Equipment, and to that extent waives the benefits of all laws authorizing such partition.

#### ARTICLE 14

##### RELATIONSHIP OF PARTIES

14.1 NO PARTNERSHIP. The duties, obligations, and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation, or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

14.2 NO SHARING OF MARKET. This agreement is not intended to provide, and shall not be construed to provide, directly or indirectly, for any cooperative refining, joint sale, or marketing of Unitized Substances.

14.3 ROYALTY OWNERS FREE OF COSTS. This agreement is not intended to impose, and shall not be construed to impose, upon any Royalty Owner any obligation to pay for Unit Expense unless such Royalty Owner is otherwise so obligated.

14.4 INFORMATION TO ROYALTY OWNERS. Each Royalty Owner, upon written request therefor, shall be entitled to all information in possession of Unit Operator to which such Royalty Owner is entitled by an existing agreement with any Working Interest Owner.

#### ARTICLE 15

##### LAWS AND REGULATIONS

15.1 LAWS AND REGULATIONS. This agreement shall be subject to the conservation laws of the State of New Mexico; to the valid rules, regulations, and orders of the New Mexico Oil Conservation Commission; and to all other applicable federal, state, and municipal laws, rules, regulations and orders.

#### ARTICLE 16

##### FORCE MAJEURE

16.1 FORCE MAJEURE. All obligations imposed by this agreement on

each party, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a strike, fire, war, civil disturbance, act of God; by federal, state, or municipal laws; by any rule, regulation or order of a governmental agency, by inability to secure materials; or by any other cause or causes beyond reasonable control of the party. No party shall be required against its will to adjust or settle any labor dispute. The party claiming force majeure shall give prompt notice thereof to all Working Interest Owners. Neither this agreement nor any lease or other instrument subject hereto shall be terminated by reason of suspension of Unit Operations due to any one or more of the causes set forth in this Article.

## ARTICLE 17

### EFFECTIVE DATE

17.1 EFFECTIVE DATE. This agreement shall become binding upon each party as of the date such party signs the instrument by which it becomes a party hereto, and, unless sooner terminated as provided in Section 17.2, shall become effective as to qualified Tracts at the time and date as determined by the Working Interest Owners in all the qualified Tracts, and set forth in a certificate filed for record by Unit Operator, in Lea County, New Mexico. The certificate shall also recite the percentage of the Unit Area represented by the Tracts qualified under Article 9, the book and page in which a counterpart of this agreement has been recorded. The certificate shall not be filed until after the following requirements have been met:

17.1.1 Tracts comprising eighty percent (80%) or more of the Unit Area as shown on the original Exhibit B have qualified under the provisions of Article 9.

17.1.2 At least one counterpart of this agreement has been filed for record by Unit Operator in Lea County, New Mexico.

17.1.3 This agreement has been approved by the New Mexico Oil Conservation Commission.

17.2 IPSO FACTO TERMINATION. If the requirements of Section 17.1

are not accomplished on or before January 1, 1971, this agreement shall ipso facto terminate on that date (hereinafter called "termination date") and thereafter be of no further effect, unless prior thereto Working Interest Owners owning a combined Unit Participation of at least seventy-five percent (75%) have become parties to this agreement, and at least seventy percent (70%) of the combined voting interest of such signatory parties have decided to extend the termination date for a period not to exceed six (6) months. If the termination date is so extended and the requirements of Section 17.1 are not accomplished on or before the extended termination date, this agreement shall ipso facto terminate on the extended termination date and thereafter be of no further effect. For the purpose of this section, Unit Participation shall be as shown on the original Exhibit C attached to the Unit Operating Agreement.

## ARTICLE 18

### TERM

18.1 TERM. The term of this agreement shall be for the time that Unitized Substances are produced in paying quantities and as long thereafter as Unit Operations are conducted without a cessation of more than ninety (90) consecutive days, unless sooner terminated by Working Interest Owners in the manner herein provided.

18.2 TERMINATION BY WORKING INTEREST OWNERS. This agreement may be terminated by Working Interest Owners having a combined Unit Participation of at least eighty percent (80%) whenever such Working Interest Owners determine that Unit Operations are no longer profitable or feasible and Unit Operator shall file an affidavit stating such fact and the date thereof in the records of Lea County, New Mexico.

18.3 EFFECT OF TERMINATION. Upon termination of this agreement, the further development and operation of the Unitized Formation as a unit shall be abandoned, Unit Operations shall cease, and thereafter the parties shall be governed by the provisions of the leases and other instruments affecting the separate Tracts.

18.4 SALVAGING EQUIPMENT UPON TERMINATION. If not otherwise granted by the leases or other instruments affecting each Tract unitized under this agreement, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after the date of termination of this agreement within which to salvage and remove Unit Equipment.

#### ARTICLE 19

##### BORDER AGREEMENTS

19.1 The Unit Operator upon the concurrence of at least three Working Interest Owners owning at least seventy percent (70%) of Unit Participation which is in effect at the time the vote is taken may enter into a border-protection agreement or agreements with the Working Interest Owners of lands adjacent to the committed Tracts with respect to the operations in the border area for the maximum ultimate recovery, conservation purposes and proper protection of the parties and interests.

#### ARTICLE 20

##### EXECUTION

20.1 ORIGINAL, COUNTERPART, OR OTHER INSTRUMENT. A person may become a party to this agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument.

20.2 JOINDER IN DUAL CAPACITY. Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests that may be owned or controlled by such party.

#### ARTICLE 21

##### GENERAL

21.1 AMENDMENTS AFFECTING WORKING INTEREST OWNERS. Amendments hereto relating wholly to Working Interest Owners may be made if signed by all Working Interest Owners.

21.2 ACTION BY WORKING INTEREST OWNERS. Any action or



approval required by Working Interest Owners hereunder shall be in accordance with the provisions of the Unit Operating Agreement.

21.3 LIEN OF UNIT OPERATOR. Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the dates opposite their respective signatures.

WORKING INTEREST OWNERS

ATTEST:

John M. Piquie  
Assistant Secretary

RESERVE OIL AND GAS COMPANY

Paul D. Meadows  
Vice President

JUN 2 1970  
Date

ATTEST:

\_\_\_\_\_  
Secretary

CITIES SERVICE OIL COMPANY

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Secretary

DALPORT OIL CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

ATTEST

\_\_\_\_\_  
Secretary

FLUOR CORPORATION

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Secretary

TEXAS PACIFIC OIL COMPANY, INC.

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Secretary

MOBIL OIL CORPORATION

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Secretary

E. H. REEDER CONSTRUCTION COMPANY

\_\_\_\_\_  
President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Jack B. Shook

\_\_\_\_\_  
Date

\_\_\_\_\_  
Edward Wright, Jr.

\_\_\_\_\_  
Date

THE STATE OF TEXAS |  
|  
COUNTY OF DALLAS |

The foregoing instrument was acknowledged before me this 2nd day of June, 1970, by PAUL D. MEADOWS, Vice President for Reserve Oil and Gas Company, on behalf of said corporation.

*Constance R. Steed*  
\_\_\_\_\_  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:  
June 1, 1971

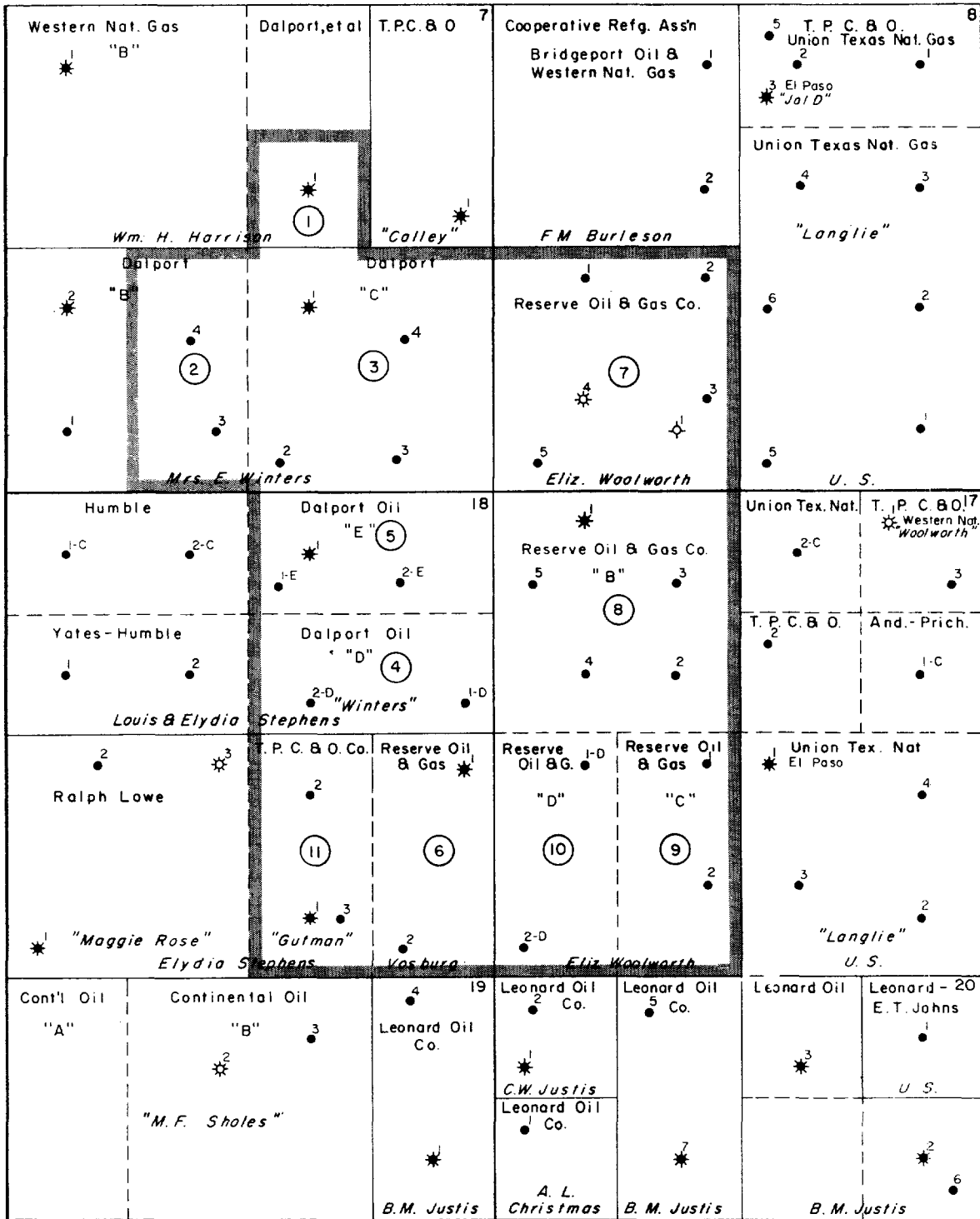
ROYALTY INTEREST OWNERS

EXHIBIT "A"  
 ATTACHED TO UNIT AGREEMENT  
 SOUTH LANGLEIE JAL UNIT  
 LEA COUNTY, NEW MEXICO

<u>TRACT NO.</u>	<u>TRACT NAME</u>	<u>LAND DESCRIPTION</u>	<u>ACRES</u>	<u>TRACT PARTICIPATION (PERCENT)</u>
	<u>Dalport Operated Leases</u>			
1	Wm. H. Harrison	SW/4 NE/4 Section 7, T25S, R37E	40.00	.7559
2	E. Winters "B"	E/2 SW/4 Section 7, T25S, R37E	80.00	8.7828
3	E. Winters "C"	SE/4 Section 7, T25S, R37E	160.00	12.3813
4	Winters "D"	S/2 NE/4 Section 18, T25S, R37E	80.00	6.9328
5	Winters "E"	N/2 NE/4 Section 18, T25S, R37E	80.00	7.6404
	<u>Reserve Operated Leases</u>			
6	Vosburg	E/2 SE/4 Section 18, T25S, R37E	80.00	12.0243
7	Woolworth "A"	SW/4 Section 8, T25S, R37E	160.00	7.5267
8	Woolworth "B"	NW/4 Section 17, T25S, R37E	160.00	18.5044
9	Woolworth "C"	E/2 SW/2 Section 17, T25S, R37E	80.00	4.5115
10	Woolworth "D"	W/2 SW/4 Section 17, T25S, R37E	80.00	11.5488
	<u>Texas Pacific Oil Company, Inc. Operated Leases</u>			
11	Gutman	W/2 SE/4 Section 18, T25S, R37E	80.00	9.3911
	TOTAL		<u>1080.00</u>	<u>100.0000</u>

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UNIT BOUNDRY

EXHIBIT "B"

**ATTACHED TO UNIT AGREEMENT  
SOUTH LANGLEIE JAL UNIT**

LANGLIE - MATTIX FIELD  
LEA COUNTY, NEW MEXICO

GRAPHIC SCALE - FEET

1000	500	0	1000	2000
DRAWN BY		REVISED BY		
DATE		DATE		
APPROVED		APPROVED		
DATE		DATE		

RESERVE OIL & GAS COMPANY

SOUTH LAGLIE JAL UNIT  
LEA COUNTY, NEW MEXICO

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 1</u>		
<u>Working Interest</u>		
Dec'd. Dalport Oil Corporation	.3808594	
Dec'd. E. H. Reeder Construction Co., Inc.	.2031250	
Dec'd. Jack B. Shook	.2031250	
Dec'd. Edward Wright, Jr.	.0253906	
	<u>.8125000</u>	
<u>Overriding Royalty Interest</u>		
Dec'd. Getty Oil Company	.0625000	
<u>Royalty Interest</u>		
Dec'd. Fluor Corporation	.0078125	
Dec'd. W. H. Harrison	.0390625	
Dec'd. Marshall & Winston, Inc.	.0078125	
Dec'd. Southland Royalty Company	.0625000	
Dec'd. Donald Winston, Trustee u/w/o Francisca S. Winston, Dec'd.	.0078125	
	<u>.1250000</u>	<u>1.0000000</u>
<u>TRACT NO. 2</u>		
<u>Working Interest</u>		
Dec'd. Dalport Oil Corporation	.6371155	
Dec'd. Edward Wright, Jr.	.0254822	
	<u>.6625977</u>	100% SIGNED
<u>Overriding Royalty Interest</u>		
Dec'd. Cities Service Oil Company	.0625000	
Dec'd. Fluor Corporation	.0625000	
Dec'd. Estate of Ralph Lowe, Dec'd.	.0008545	
Dec'd. Mobil Oil Corporation	.0625000	
	<u>.1883545</u>	100% SIGNED
<u>Royalty Interest</u>		
Dec'd. Ashland Oil and Refining Company	.0014648	
Atlantic Richfield Company	.0472005	out 31.67%
Roy G. Barton	.0052083	
Charles F. Bedford	.0003125	
Edwin M. Bedford	.0003125	
Henry Deg Bedford	.0003125	
Rachel Bedford Bowen	.0003125	
Bradley Producing Corporation	.0004883	
R. S. Brennan	.0008545	
Joyce Ann Brown	.0001302	
Joyce C. Brown	.0003255	
James F. Bryant	.0086806	
Pearl Bryant	.0086805	
Burns Greis Oil Company	.0019531	
B. A. Christmas, Jr.	.0003255	

**BEFORE EXAMINER NUTTER**  
**OIL CONSERVATION COMMISSION**  
 EXHIBIT NO. 2  
 CASE NO. 4405

(Cont'd.)

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 2 (Cont'd.)</u>		
<u>Royalty Interest (Cont'd.)</u>		
B. A. Christmas, Jr.	.0005209	
Wayne Cowden	.0013021	
Jessie B. Crump	.0039062	
Joe & Jessie Crump Fund	.0039063	
Myra W. Cruttenden	.0004883	
T. J. Brown Ancillary Executor of the Estate of R. Dechicchis, Dec'd.	.0002441	
C. W. Flint, Jr.	.0002441	
Lizzie Garwood	.0002604	
General Crude Oil Company	.0156250	
Getty Oil Company	.0156250	
Irene H. Gibson	.0004883	
Gwen G. Hall	.0002604	
Investors Royalty Company, Inc.	.0004883	
Pauline Flint Kieve	.0002442	out 0.16%
J. M. R. Lyeth, Jr. and M. L. Lyeth	.0070313	out 4.72%
Jeptha J. Matthews	.0009765	
Robert R. Matthews	.0009766	
Lee Roberts	.0002604	
Onez Norman Rooney	.0070312	
Skelly Oil Company	.0026042	
Ruby Lee Slack	.0086805	
Robert Allen Venable, Indep. Exec. and Trustee u/w/o R. H. Venable, Dec'd.	.0004883	
Ellen Anne Williams	.0003125	
Johnie Windsor	.0002604	
Mary Beth Wood	.0002605	out 0.17%
	<u>.1490478</u>	<u>1.0000000</u>
<u>TRACT NO. 3</u>		
<u>Working Interest</u>		
Dalport Oil Corporation	.6605835	
Edward Wright, Jr.	.0137329	
	<u>.6743164</u>	100% SIGNED
<u>Overriding Royalty Interest</u>		
Cities Service Oil Company	.0625000	
Estate of Ralph Lowe, Dec'd.	.0008545	
Mobil Oil Corporation	.0625000	
	<u>.1258545</u>	100% SIGNED
<u>Royalty Interest</u>		
Asland Oil and Refining Company	.0014648	
Atlantic Richfield Company	.0315755	out 15.80%
Charles F. Bedford	.0003125	
Edwin M. Bedford	.0003125	
Henry Deg Bedford	.0003125	
Rachel Bedford Bowen	.0003125	
(Cont'd.)		

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 3 (Cont'd.)</u>		
<u>Royalty Interest (Cont'd.)</u>		
Bradley Producing Corp	.0004883	
R. S. Brennand, Jr.	.0008545	
Joyce Ann Brown	.0001302	
Joyce C. Brown	.0003255	
James F. Bryant	.0073784	
Pearl Bryant	.0073785	
Burke Greis Oil Company	.0019531	out 0.98%
B. A. Christmas, Jr.	.0003255	
B. A. Christmas, Jr.	.0005209	
Wayne Cowden	.0013021	
Jessie B. Crump	.0039062	
Joe & Jessie Crump Fund	.0039063	
Myra W. Cruttenden	.0004883	
George E. Davis	.0117187	
T. J. Brown, Ancillary Exec. of The		
Estate of R. Dechicchis, Dec'd.	.0002441	
C. W. Flint, Jr.	.0002441	
Fluor Corporation	.0625000	
Lizzie Garwood	.0002604	
General Crude Oil Company	.0156250	
Getty Oil Company	.0156250	
Irene H. Gibson	.0004883	
Gwen G. Hall	.0002605	
Investors Royalty Company, Inc.	.0004883	
Pauline Flint Kieve	.0002442	out 0.12%
J. M. R. Lyeth, Jr. and M. L. Lyeth	.0070313	out 3.52%
Jeptha J. Matthews	.0009765	
Robert R. Matthews	.0009766	
Lee Roberts	.0002604	
Onez Norman Rooney	.0070312	
Skelly Oil Company	.0026042	
Ruby Lee Slack	.0073785	
June D. Speight	.0013021	
Robert Allen Venable, Indep. Exec. and		
Trustee u/w/o R. H. Venable, Dec'd.	.0004883	
Ellen Anne Williams	.0003125	
Johnie Windsor	.0002604	
Mary Beth Wood	.0002604	out 0.13%
	<u>.1998291</u>	<u>1.0000000</u>
<u>TRACT NO. 4</u>		
<u>Working Interest</u>		
Dalport Oil Corporation	.7045288	
Edward Wright, Jr.	.0166626	
	<u>.7211914</u>	100% SIGNED
<u>Overriding Royalty Interest</u>		
Cities Service Oil Company	.0625000	
Estate of Ralph Lowe, Dec'd.	.0008545	
Mobil Oil Corporation	.0625000	
	<u>.1258545</u>	100% SIGNED



Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 4 (Cont'd.)</u>		
<u>Royalty Owners</u>		
Ashland Oil and Refining Company	.0014648	28.21% signed 31.70% executed
Atlantic Richfield Company	.0315755	out 20.64%
Charles F. Bedford	.0003125	
Edwin M. Bedford	.0003125	
Henry Deg Bedford	.0003125	
Rachel Bedford Bowen	.0003125	
Bradley Producing Corporation	.0004883	
R. S. Brennan, Jr.	.0008545	
James F. Bryant	.0026041	
Pearl Bryant	.0026042	
Burke Greis Oil Company	.0019531	out 1.27%
Mrs. Walter M. Burress	.0078125	
Jessie B. Crump	.0039062	
Joe & Jessie Crump Fund	.0039063	
Myra W. Cruttenden	.0004883	
T. J. Brown, Ancillary Exec. of The		
Estate of R. Dechicchis, Dec'd.	.0002441	
E. C. Edwards	.0078125	
C. W. Flint, Jr.	.0002441	
Fluor Corporation	.0156250	
General Crude Oil Company	.0156250	
Getty Oil Company	.0156250	
Irene H. Gibson	.0004883	
Investors Royalty Company, Inc.	.0004883	
Gay Blanks Keahey	.0078125	out 5.11%
Pauline Flint Kieve	.0002442	out .16%
Lena B. Kimberlin Estate	.0078125	
J. M. R. Lyeth, Jr. and M. L. Lyeth	.0070313	4.60%
Jeptha J. Matthews	.0009765	
Robert R. Matthews	.0009766	
Onez Norman Rooney	.0070312	
Skelly Oil Company	.0026042	
Ruby Lee Slack	.0026042	
Robert Allen Venable, Indep. Exec. and		
Trustee u/w/o R. H. Venable, Dec'd.	.0004883	
Ellen Anne Williams	.0003125	
	<u>.1529541</u>	<u>1.0000000</u>
<u>TRACT NO. 5</u>		
<u>Working Interest</u>		
Cities Service Oil Company	.0625000	
Dalport Oil Corporation	.2666020	
Fluor Corporation	.0625000	
Mobil Oil Corporation	.0625000	
W. L. Todd, Jr.	.3046880	
Edward Wright, Jr.	<u>.0380860</u>	
	<u>.7968760</u>	100% SIGNED

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 5 (Cont'd.)</u>		
<u>Overriding Royalty Interest</u>		
Atlantic Richfield Company	.0149990	
Gulf Oil Corporation	<u>.0846350</u>	
	<u>.0996340</u>	100% SIGNED
<u>Royalty Interest</u>		
Ashland Oil and Refining Company	.0009770	
Atlantic Richfield Company	.0007890	out 0.76%
Charles F. Bedford	.0003120	
Edwin M. Bedford	.0003130	
Henry de Graffenreid Bedford	.0003130	
Rachel Bedford Bowen	.0003130	
Bradley Producing Corporation	.0004880	
James F. Bryant	.0112840	
Pearl Bryant	.0112850	
Joyce Ann Brown	.0001300	
Joyce Christmas Brown	.0003250	
Burke Greis Oil Company	.0019530	out 1.89%
B. A. Christmas, Jr., Life Tenant	.0003260	
B. A. Christmas, Jr., Trustee u/w/o B. A. Christmas, Dec'd.	.0005210	
Wayne Cowden	.0013020	
Jessie B. Crump	.0039070	
Joe and Jessie Crump Fund	.0039060	
C. W. Flint, Jr.	.0001620	
General Crude Oil Company	.0156250	
Getty Oil Company	.0156250	
Irene H. Gibson	.0003250	
Gwen G. Hall	.0005210	
Investors Royalty Company, Inc.	.0003250	
Pauline Flint Kieve	.0001630	out 0.16%
J. M. R. Lyeth, Jr. and M. L. Lyeth	.0070310	out 6.79%
Jeptha J. Matthews	.0006510	
Robert R. Matthews	.0006510	
Lee Roberts	.0002600	
Onez Norman Rooney	.0070320	
Skelly Oil Company	.0026040	
Ruby Lee Slack	.0112850	
June D. Speight	.0013020	
Robert A. Venable, Test. Exec. of Estate of R. H. Venable, Dec'd.	.0003260	
Virginia B. Whiteside (Suspense)	.0003250	out 0.31%
Ellen Ann Williams	.0003120	
Johnie Windsor	.0002600	
Mary Beth Wood	<u>.0002610</u>	out 0.25%
	<u>.1034900</u>	<u>1.0000000</u>
<u>TRACT NO. 6</u>		
<u>Working Interest</u>		
Reserve Oil and Gas Company	.7000000	100% SIGNED

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 6 (Cont'd.)</u>		
<u>Overriding Royalty Interest</u>		
eod. Scope Industries	.0560547	100% SIGNED
<u>Royalty Interest</u>		
eod. Alan Joel Antweil	.0007813	
eod. Wm. Fisher Arledge, Jr.	.0000434	
eod. J. W. Barnes and Mrs. C. E. Hufhines, Individually & as Executors of the Estate of Florence Barnes, Dec'd.	.0003906	
eod. Joyce Ann Brown	.0003906	
eod. Joyce C. Brown	.0009766	
eod. Otis Cargile and Tulsa Cargile	.0019531	
eod. L. Oscar Carroll	.0117188	
eod. B. A. Christmas, Jr.	.0009766	
eod. B. A. Christmas, Jr., Trustee u/w/o B. A. Christmas, Sr., Dec'd.	.0015625	
eod. Jo Beth Arledge Clifton	.0000434	
eod. Wayne Cowden	.0039063	
eod. Jessie B. Crump	.0104166	
eod. Joe and Jessie Crump Fund	.0104167	
eod. Mildred Sandlin Daum	.0003906	
eod. T. J. Brown, Ancillary Exec. of the Estate of R. Dechicchis, Dec'd.	.0135661	
eod. B. W. DeShields	.0039063	
eod. E. W. Morton	.0003906	out 0.16%
eod. V. A. Effenbeck	.0078125	
eod. Billy Joe Fisher	.0022321	
eod. Jack Fisher	.0014881	
eod. Jimmy Fisher	.0022321	out 0.91%
eod. John Fisher, Dec'd.	.0007441	
eod. Kenneth Fisher	.0022321	out 0.92%
eod. Melford Fisher	.0022321	
eod. Thomas Fisher	.0022321	out 0.91%
eod. Lizzie Garwood	.0039063	
eod. Eunice Gray	.0048828	
eod. Gwen G. Hall	.0039063	
eod. Mrs. Martha W. Harris	.0003256	
eod. Creed T. Huddleston, Jr.	.0006592	out 0.35%
eod. Roberta Huddleston, Dec'd.	.0003906	
eod. Pauline Huddleston Ilgenfritz	.0006592	
eod. Mattie H. James	.0097656	
eod. Nelson H. James	.0048828	
eod. J. P. Jenkins	.0019531	
eod. Benjamin Largent	.0001953	
eod. Estate of Mrs. Vivian Largent, Dec'd.	.0003906	out 0.08%
eod. Estate of Ralph Lowe, Dec'd.	.0949625	
eod. Rose Wood Arledge Metler	.0000434	
eod. Mrs. C. W. Miller	.0003255	
eod. Essie Neeley	.0022322	out 0.92%
eod. Maggie Osborne	.0002442	
eod. Ruth A. Stephens Prescott	.0013021	out 0.53%
eod. Lillian A. Stephens, Trustee for Ruth Ann Prescott	.0013021	out 0.54%
(Cont'd.)		

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 6 (Cont'd.)</u>		
<u>Royalty Interest (Cont'd.)</u>		
Ola Raybourn and D. W. Raybourn	.0019531	
Lee Roberts	.0039062	
Mildred Sandlin Daum, Gdn. of Estate of Robert Sandlin, a Minor	.0005859	
Isador Scrinopskie	.0015625	
Gwendolyne Smith	.0019531	
Lillian Alice Stephens	.0026042	
Dewie B. Leach, Gdn., Estate of Frances S. B. Stuart	.0019531	
Norma J. Sandlin Taylor	.0005859	
Catherine L. Verschoyle	.0001953	out 0.08%
Myrtis Dean Watkins	.0003255	
Sara Harris Weaks	.0001302	
Florence Lea Weaver	.0001302	
Mildred Cargile	.0019532	
Johnie Windsor	.0039063	
Mary Beth Wood	.0039062	out 1.60%
Elizabeth Woolworth	.0013021	
May Woolworth	.0016276	
	<u>.2439453</u>	<u>1.0000000</u>
<u>TRACT NO. 7</u>		
<u>Working Interest</u>		
Reserve Oil and Gas Company	.7382810 .7382810	
<u>Overriding Royalty Interest</u>		
Scope Industries	.1054690	
<u>Royalty Interest</u>		
Cities Service Oil Company	.0625000	
Fluor Corporation	.0312500	
Elizabeth Woolworth	<u>.0625000</u>	<u>1.0000000</u>
<u>TRACT NO. 8</u>		
<u>Working Interest</u>		
Cities Service Oil Company	.3333333	
Reserve Oil and Gas Company	.4785160	
	<u>.8118493</u>	
<u>Overriding Royalty Interest</u>		
Scope Industries	.0683590	

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 8 (Cont'd.)</u>		
<u>Royalty Interest</u>		
ecd. Mrs. R. M. Emenhiser	.0039062	
ecd. Fluor Corporation	.0625000	
ecd. Foster Petroleum Corporation	.0104167	
ecd. Mrs. S. S. Stinson	.0039063	
ecd. Elizabeth Woolworth	<u>.0390625</u>	
	.1197917	<u>1.0000000</u>
<u>TRACT NO. 9</u>		
<u>Working Interest</u>		
ecd. Fluor Corporation	.2187500	
ecd. Reserve Oil and Gas Company	<u>.5332030</u>	
	.7519530	
<u>Overriding Royalty Interest</u>		
ecd. Scope Industries	.0761720	
<u>Royalty Interest</u>		
ecd. Cities Service Oil Company	.0833333	
ecd. Mrs. R. M. Emenhiser	.0039063	
ecd. Fluor Corporation	.0312500	
ecd. Foster Petroleum Corporation	.0104166	
ecd. Mrs. S. S. Stinson	.0039063	
ecd. Elizabeth Woolworth	<u>.0390625</u>	
	.1718750	<u>1.0000000</u>
<u>TRACT NO. 10</u>		
<u>Working Interest</u>		
ecd. Cities Service Oil Company	.2916670	
ecd. Fluor Corporation	.2187500	
ecd. Reserve Oil and Gas Company	<u>.3144530</u>	
	.8248700	
<u>Overriding Royalty Interest</u>		
ecd. Scope Industries	.0449220	
<u>Royalty Interest</u>		
ecd. Cities Service Oil Company	.0416670	
ecd. Mrs. R. M. Emenhiser	.0039060	
ecd. Fluor Corporation	.0312500	
ecd. Foster Petroleum Corporation	.0104170	
ecd. Mrs. S. S. Stinson	.0039060	
ecd. Elizabeth Woolworth	<u>.0390620</u>	
	.1302080	<u>1.0000000</u>

Interest/Royalty Owners	Tract Ownership Interest	Total Interest
<u>TRACT NO. 11</u>		
<u>Working Interest</u>		
ced. Texas Pacific Oil Company, Inc.	.7734375	100% SIGNED
<u>Overriding Royalty Interest</u>		
ced. Estate of Ralph Lowe, Dec'd.	.0341797	100% SIGNED
<u>Royalty Interest</u>		
ced. Atlantic Richfield Company	.0104167	out 5.42%
ced. Mrs. Jule Levine Daniels	.0039063	
ced. T. J. Brown, Ancillary Exec. of the		
ced. Estate of R. Dechicchis, Dec'd.	.0048828	
ced. Alva N. Etz, II and Jean W. Etz	.0058594	
ced. Olivia W. Etz	.0117188	
ced. Robert W. Etz	.0058593	
ced. Alfred E. Gutman	.0120804	
ced. Daniel L. Gutman	.0120804	
ced. Mrs. Dorothy Gutman, Trustee	.0181206	
ced. Daniel Gutman, Trustee of Estate of		
ced. Max Gutman	.0362413	
ced. Betty Gutman Guttag	.0181207	
ced. Helen Magruder Kolliker	.0009765	
ced. The Fort Worth National Bank, Trustee		
ced. for Roy S. Magruder Tr. 1059	.0009766	
ced. Marshall & Winston, Inc.	.0156250	
ced. Mrs. W. L. Setchell	.0234375	out 12.18%
ced. Edith G. Socolow	.0120805	
	<u>.1923828</u>	<u>1.0000000</u>