

Fig. 1  
HYDROLOGIC WELL DATA  
PROPOSED LARGIE-JAL UNIT

COMPANY	LEASE AND WELL NO.	LOCATION	SURFACE & INTERMEDIATE CASING				PROTECTION CASING				TOTAL DEPTH	PROPOSED INJECTION		TUBING & PACKER SFT @ APPROX.	DMAT COMPLETION	CURRENT AVAILA	
			SIZE	DEPTH	CEMENT SACKS	CEMENT TOP	SIZE	DEPTH	CEMENT SACKS	CEMENT TOP		TOP	BOTTOM				
Atlantic Richfield	State 24 No. 1	32-24-37-A	7 5/8	2789	750	Surface(c)	5 1/2	3336	42	2750(c)	3516	3336	3516	3200	No	No	
	** State 157 "C" No. 2	32-24-37-B	9 5/8	1202	500	Surface(c)	7	3422	250	1760(c)	3553	3300	3550	3250	No	Yes	
	* State 157 "C" No. 3	32-24-37-P	8 5/8	300	300	Surface(c)	4 1/2	3660	600	Surface	3600	3320	3500	3270	No	Yes	
Pan American	* Paulsen No. 3	8-25-37-A	8 5/8	300	300	Surface(c)	4 1/2	3500	600	Surface	3500	3200	3475	3150	No	No	
	* Paulsen No. 4	8-25-37-D	8 5/8	300	300	Surface(c)	4 1/2	3500	600	Surface	3500	3240	3475	3190	No	No	
Phillips	** Kampala "A" No. 2	9-25-37-A	13	162	100	Surface(c)	5 1/2	3221	140	910(c)	3463	3221	3463	3170	Yes	Yes	
	* Woodworth 3-4	6-24-37-H	8 5/8	300	300	Surface(c)	4 1/2	3600	600	Surface(c)	3600	3290	3560	3210	No	No	
Rosover	** Martin No. 1	31-24-37-H	10 3/4	400	150	Surface(c)	7	3399	300	2210(c)	3510	3275	3510	3225	No	No	
	** Martin No. 4	31-24-37-B	8 5/8	170	150	Surface(c)	5 1/2	3554	300	1020(c)	3524	3250	3554	3250	No	No	
	* Martin "B" No. 3	31-24-37-F	8 5/8	300	300	Surface(c)	4 1/2	3600	600	Surface(c)	3600	3300	3550	3250	No	No	
Skelly	** Sherwill No. 1	31-24-37-E	9 5/8	1162	200	Surface	7	3470	200	2080(c)	3540	3270	3540	3220	No	No	
	** Sherwill No. 3	6-25-37-B	9 5/8	1192	250	Surface	7	3401	250	1740(c)	3470	3250	3490	3250	No	Yes	
	** Sherwill No. 7	31-24-37-C	8 5/8	1150	500	Surface	5 1/2	3554	200	2400(c)	4006	3280	3510	3250	No	Yes	
	* Sherwill No. 9	31-24-37-F	8 5/8	300	300	Surface(c)	4 1/2	3600	600	Surface(c)	3600	3270	3550	3220	No	No	
Texas	** State "B" No. 2	32-24-37-A	16	136	50	Surface	7	3408	150	1300(c)	3553	3200	3540	3250	No	No	
	** Hyattco NCR-4 "B" No. 1	31-24-37-A	13 3/8	136	150	Surface(c)	7	3595	1260	Surface	3525	3275	3525	3225	No	Yes	
Newco Pacific	** Wells No. 6	5-25-37-F	8 5/8	290	225	Surface	5 1/2	3100	300	2150(c)	3524	3100	3524	3150	No	No	
	** Wells No. 7	6-25-37-F	8 5/8	260	250	Surface	5 1/2	3260	300	1530(c)	3337	3260	3550	3210	No	No	
	** Wells No. 9	6-25-37-D	8 5/8	293	250	Surface	5 1/2	3375	600	Surface(c)	3470	3240	3470	3200	No	No	
	** Wells No. 10	6-25-37-J	8 5/8	275	250	Surface	5 1/2	3178	300	1750(c)	3508	3250	3508	3250	No	No	
	* Wells No. 12	5-25-37-F	8 5/8	300	300	Surface	4 1/2	3600	600	Surface(c)	3600	3350	3550	3300	No	No	
	Thomson Prod.	** Harbale State "B" No. 2	32-24-37-C	15	136	150	Surface	7	3303	250	Surface(c)	3551	3275	3550	3225	No	No
		** Harbale State "B" No. 2	32-24-37-C	8 5/8	1325	150	Surface	7	3303	250	Surface(c)	3551	3275	3550	3225	No	No
		** Harbale State "B" No. 2	32-24-37-C	9 5/8	1213	500	Surface(c)	7	3268	250	1600(c)	3479	3200	3479	3200	No	No
		** Harbale State "B" No. 2	32-24-37-C	8 1/4	1200	65	Surface(c)	5 1/2	3194	300	1450(c)	3485	3194	3485	3170	No	No
		** Harbale State "B" No. 2	32-24-37-C	9 5/8	1191	500	Surface(c)	6 5/8	3265	350	1300(c)	3479	3200	3479	3200	No	No
		** Harbale State "B" No. 2	32-24-37-C	10 3/4	311	250	Surface(c)	7	3258	200	1930(c)	3405	3258	3500	3100	No	No
		** Harbale State "B" No. 2	32-24-37-C	9 5/8	322	150	Surface(c)	7	2841	350	515(c)	3001	3250	3470	3200	No	No
** Harbale State "B" No. 2		32-24-37-C	8 5/8	300	300	Surface(c)	4 1/2	3150	600	Surface(c)	3150	3210	3400	3200	No	No	
** Harbale State "B" No. 2		32-24-37-C	10 3/4	304	250	Surface(c)	7	3190	200	1870(c)	3404	3210	3404	3150	No	No	
** Harbale State "B" No. 2		32-24-37-C	10 3/4	313	250	Surface(c)	7	3218	200	1920(c)	3404	3210	3404	3200	No	No	
** Harbale State "B" No. 2		32-24-37-C	10 3/4	311	300	Surface(c)	7	3398	300	1600(c)	3600	3230	3450	3100	No	No	
** Harbale State "B" No. 2		32-24-37-C	9 5/8	298	200	Surface(c)	7	3359	300	1600(c)	3600	3250	3470	3100	No	No	
** Harbale State "B" No. 2	32-24-37-C	9 5/8	304	200	Surface(c)	7	3397	300	1600(c)	3600	3260	3470	3100	No	No		
** Harbale State "B" No. 2	32-24-37-C	9 5/8	304	225	Surface(c)	7	3197	300	1050(c)	3511	3250	3511	3250	No	No		
** Harbale State "B" No. 2	32-24-37-C	9 5/8	535	225	Surface(c)	7	3197	300	1050(c)	3511	3250	3511	3250	No	No		
** Harbale State "B" No. 2	32-24-37-C	9 5/8	603	325	Surface(c)	7	3417	300	1090(c)	3575	3300	3575	3225	No	No		
** Harbale State "B" No. 2	32-24-37-C	9 5/8	2165	300	Surface(c)	5 1/2	3201	300	Surface(c)	3199	3201	3469	3225	No	No		
** Harbale State "B" No. 2	32-24-37-C	9 5/8	99	50	Surface	5 1/2	3271	300	1540(c)	3520	3270	3520	3220	No	No		
** Wells No. 4	5-25-37-D	5-25-37-D	8 5/8	1200	100	Surface(c)	5 1/2	3271	250	500(c)	3520	3270	3520	3220	No	No	
** Wells No. 5	5-25-37-A	5-25-37-A	9 5/8	1200	300	Surface(c)	5 1/2	3350	250	500(c)	3520	3270	3520	3220	No	No	
** Wells No. 7	4-25-37-A	4-25-37-A	9 5/8	1200	300	Surface(c)	7	3350	200	2020(c)	3520	3350	3520	3250	No	No	
** Wells No. 10	4-25-37-B	4-25-37-B	9 5/8	1200	500	Surface(c)	7	3397	300	1310(c)	3537	3397	3537	3250	No	No	
** Wells No. 15	5-25-37-B	5-25-37-B	9 5/8	1200	500	Surface(c)	7	3361	300	1390(c)	3529	3350	3529	3250	No	No	
** Wells No. 15	5-25-37-B	5-25-37-B	8 5/8	300	300	Surface(c)	4 1/2	3511	600	Surface(c)	3550	3270	3511	3225	No	No	
** Wells No. 16	5-25-37-A	5-25-37-A	8 5/8	300	300	Surface(c)	4 1/2	3500	600	Surface(c)	3550	3270	3500	3225	No	No	
Woodward	** Wells "B" No. 2	5-25-37-A	13	171	100	Surface(c)	7	3102	300	1100	3518	3350	3518	3200	No	No	
	** Wells "B" No. 3	4-25-37-B	9 5/8	3231	300	Surface(c)	5 1/2	3538	600	Surface	3518	3310	3518	3250	No	No	
** Wells No. 13	4-25-37-B	4-25-37-B	8 5/8	300	300	Surface(c)	4 1/2	3500	600	Surface	3600	3340	3500	3250	No	No	

\* Wells to be drilled by Unit  
\*\* Wells to be designed or worked over prior to Injection



Union Texas Petroleum Division

**ALLIED CHEMICAL CORPORATION**

P. O. Box 2120, Houston, Texas 77001

(713) 529-3271

February 23, 1971

FILED  
FEB 23 1971  
FBI - HOUSTON

44-1

File

Re: Langlie-Jal Unit  
Lea County, New Mexico

State of New Mexico  
Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Dan Nutter

Gentlemen:

On January 28, 1971, we mailed you a letter ballot concerning the approval of a Cooperative Waterflood Agreement between the Langlie-Jal and Humphrey Queen Unit. A copy of the agreement was supposed to be attached to the letter but we have found that in some cases we failed to attach the agreement. We are, therefore, attaching to this letter copies of our letter of January 28, 1971, and a copy of the agreement.

We have obtained the approval of the U.S.G.S. and the Commissioner of Public Lands, State of New Mexico and will appreciate receiving your approval.

Very truly yours,

James L. Mackey

JLM:pz

Attachments

Union Texas Petroleum Division

**ALLIED CHEMICAL CORPORATION**

P. O. Box 2120, Houston, Texas 77001

(713) 529-3271

January 28, 1971

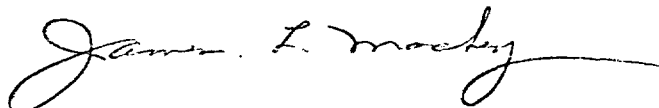
State of New Mexico  
Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Dan Nutter

Re: Langlie-Jal Unit  
Lea County, New Mexico

Enclosed herewith is a copy of a Cooperative Waterflood Agreement, with two letters of qualifications, between the Langlie-Jal Unit and the Humphrey Queen Unit, executed by Union Texas Petroleum and Mobil and subject to approval of 65% of the Working Interest Owners, the New Mexico Oil Conservation Commission, New Mexico Land Commissioner, and the Supervisor of the U.S.G.S. as set forth under Section 38 of the Unit Agreement.

If you have no objection to the Cooperative Waterflood Agreement, please indicate your approval by signing in the space provided below and return one copy of this letter to us.



James L. Mackey

JLM:pz

Enclosures

Approved  \_\_\_\_\_

Disapproved \_\_\_\_\_

Date 2/25/71

Company N. M. OIL CONSERVATION

By D. H. Butler  
COMMISSION

STATE OF NEW MEXICO X  
                                  X  
COUNTY OF LEA                  X

COOPERATIVE WATERFLOOD AGREEMENT

THIS AGREEMENT, entered into and effective as of October 15, 1970, between Union Texas Petroleum, a Division of Allied Chemical Corporation, hereinafter sometimes referred to as "Union Texas"; and Mobil Oil Corporation, hereinafter sometimes referred to as "Mobil";

W I T N E S S E T H:

Union Texas is the Operator of the Langlie Jal Unit which covers among other lands, a portion of Section 4, T-25-S, R-37-E, Lea County, New Mexico.

Mobil is the Operator of the Humphrey Queen Unit which covers among other lands, the E/2 NE/4 and the NE/4 SE/4 of Section 4, T-24-S, R-37-E, Lea County, New Mexico;

Union Texas and Mobil each in their indicated capacity as Operator wish to continue to operate their respective properties above described but desire to cooperate with one another in a waterflood operation to the extent and in the manner hereinafter provided, it being the opinion of the parties hereto that by so doing each of said properties will be benefited by an increase in the production of crude oil from the Langlie Mattix formation (as described by the New Mexico Oil Conservation Commission) underlying said properties, and the correlative rights of all of the owners of said properties will be protected.

NOW THEREFORE, it is agreed as follows:

1. Union Texas agrees to convert, equip, maintain and operate its Langlie Jal Unit Well No. 41 for water injection in the Langlie Mattix formation at an approximate total depth of 3,750' in the manner hereinafter provided. Said well is shown on the plat attached hereto as Exhibit "A". Said well will be completed with all oil bearing porous intervals in the lower 100' of the Seven Rivers, Queen and Penrose zones open to injection.

Cooperative Waterflood Agreement  
Mobil and Union Texas

2. Mobil agrees to convert, equip, maintain and operate its Humphrey Queen Unit Well No. 27 for water injection in the Langlie Mattix formation in the manner hereinafter provided. Said well is shown on the plat attached hereto as Exhibit "A". Said well will be completed with all oil bearing porous intervals in the lower 100' of the Seven Rivers, Queen and Penrose zones open to injection.

3. Each party hereto agrees, at its sole risk and expense, to convert, equip, maintain and operate its water input well so that water may be injected into the Langlie Mattix formation in the manner hereinafter provided and to perform any workover or remedial work on such wells necessary to take water at the rate and volume and under the pressure limitation herein prescribed.

4. Each party hereto agrees to commence the injection of water into its water input wells not later than sixty (60) days after the effective date of this agreement, or as soon thereafter as it is agreed it is practical, and thereafter to inject water through its water input wells into the Langlie Mattix formation at rates mutually agreed upon, it being agreed that the parties hereto will endeavor to control their respective operations in such manner that water will be injected into each water input well at a uniform rate, so that the volume injected into each well in any month will be equal to that injected into each other well covered hereby, as nearly as it is possible to do so. In the event that mutual agreement on injection rates is not reached, then each party agrees to inject a minimum daily volume of water into each lease line input well of 100 barrels of water per day. In order that the volumes of water injected into the input wells covered hereby shall be equal at all times, insofar as practicable, each party agrees to furnish monthly reports to the other party showing the volumes and pressures of water injected into its water input well. Also, it is understood that oil and water production information on the properties covered hereby will be exchanged between the parties, as may be mutually agreed upon from time to time. The parties hereto, at their sole risk, shall have access

to the premises subject to this agreement at all reasonable hours and the right to inspect pertinent records in connection therewith at all such times.

It is further agreed that each party hereto shall carry on waterflood operations in the manner herein provided, until the property it operates no longer derives any reasonable benefit from same. It is the intention of the parties hereto that nothing herein contained shall be construed to require either party hereto to continue to operate any water input well if such operation is no longer economically profitable to it.

5. At any time either of the parties hereto shall determine that water injection into any of its water input wells is no longer economically profitable to it, then said party shall have the right to cease injection into said well upon giving thirty (30) days' written notice to the other party of such intention. The other party hereto may, at its sole risk and expense, take over and operate said well. In such event, the party taking over said well is hereby granted, without warranty expressed or implied, the right of ingress and egress and all rights-of-way and easements necessary for continued operation of said well, insofar as it is possible for the party electing not to continue operation of said well to make such a grant. The parties further agree to execute and deliver such additional instruments as may be required to accomplish the foregoing. The party taking over said well shall pay for the equipment taken over on the basis of its current salvage value in place, and when said party wishes to discontinue its waterflood operation, said party shall plug and abandon said well at its sole risk and expense and salvage all equipment in and on said well for its sole account. The party taking over said well hereby agrees to indemnify and hold the other party hereto harmless from all damages and any liability to any third party, caused as a result of its subsequent operations.

6. Subject to the limitations of time expressed in Section 4 hereinabove, the term of this agreement shall commence as of the

date hereto and extend for ninety (90) days from said date and as long thereafter as the properties covered hereby derive any reasonable benefit from the waterflood operations provided for herein.

7. Under no circumstances shall this agreement be construed as creating a partnership, agency or any other type of association between the parties hereto. The liability of the parties hereto shall be several and not joint or collective.

8. Each party hereto hereby agrees that this agreement shall not constitute a partnership, as defined in the Internal Revenue Code, and specifically elects to be excluded from the application of all of Subchapter K of the Internal Revenue Code of 1954 pursuant to Section 761 thereof.

9. Any sale, assignment, unitization or transfer of any interest of any party hereto in the leases and lands covered hereby shall be made expressly subject to this agreement, and any party acquiring any such interest shall assume the obligations hereof and be entitled to the benefits accruing hereunder. In the event any party not a signatory party to this contract thereafter shall acquire any interest subject to this contract by assignment, operation of law, or otherwise, such party shall forthwith furnish to all other parties having an interest subject to this contract evidence of the acquisition of such interest. Failure to comply herewith shall constitute a waiver by such party as to any notice required or permitted hereunder, and said party shall be deemed to have received any such notice where such notice was given to such party's predecessor in title and any action taken or any notice received by such party's predecessor in title shall be binding upon any such party.

10. All terms and provisions herein shall be subject to all valid orders, rules and regulations of the New Mexico Oil Conservation Commission and all other applicable State and Federal laws, rules and regulations.

11. If any party to this agreement is rendered unable, in whole or in part, by force majeure to carry out its obligations

Cooperative Waterflood Agreement  
 Mobil and Union Texas

under this agreement, then such obligations, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure; provided, however, all reasonable efforts shall be made to remove the force majeure as quickly as possible. The term "force majeure", as employed herein, shall mean an act of God, strike, lockout or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, earthquake, storm, flood, explosions, governmental restraint, unavailability of equipment, failure of water supply and any other cause, whether or not of the character above enumerated, which is not reasonably within the control of the party claiming suspension. It is understood that the settlement of strikes or lockouts shall be entirely within the discretion of the party concerned, and the requirement that all reasonable efforts shall be made to remedy the force majeure promptly, shall not require the settlement of strikes or lockouts contrary to its wishes.

12. This agreement and all terms, covenants and conditions hereof shall extend to and be binding upon the parties hereto, their successors and assigns, respectively, and shall constitute covenants running with the lands and leasehold estates affected hereby.

THIS AGREEMENT, executed as of the day and year first above written.

MOBIL OIL CORPORATION

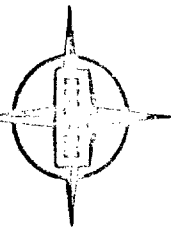
*J. S. W. [Signature]*  
 Attorney in Fact

APPROVED	
JT. INT.	<i>[Signature]</i>
CONTR.	<i>[Signature]</i>
N. GAS	
ENER.	<i>[Signature]</i>
LEGAL	
FIN.	
ADMIN.	

UNION TEXAS PETROLEUM, A DIVISION  
 OF ALLIED CHEMICAL CORPORATION

*J. M. [Signature]*  
 Attorney in Fact  
*[Handwritten initials]*





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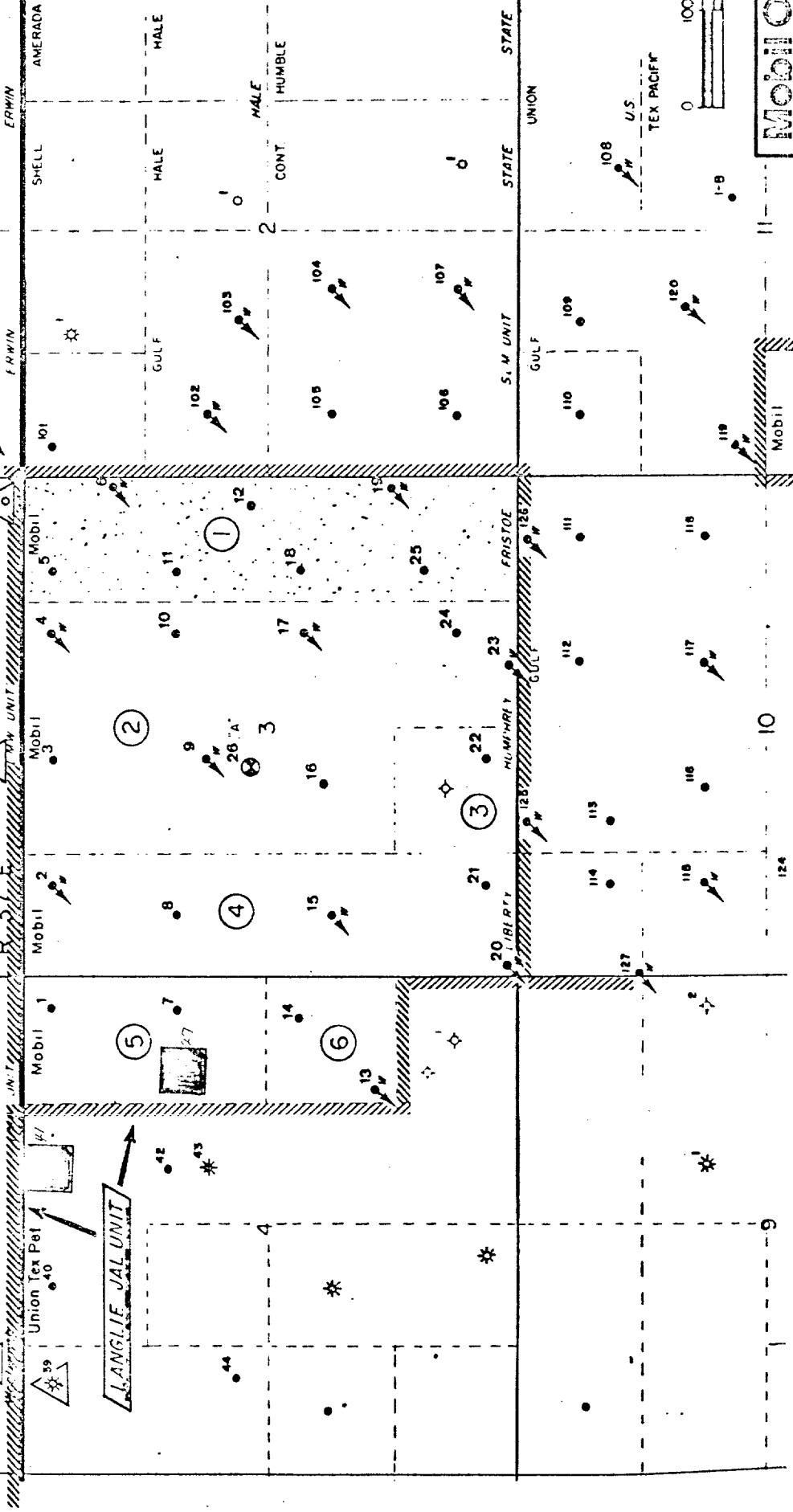
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HUSKY

Union Tex Pet

HUMPHREY QUEEN UNIT

LANGLIE JAL UNIT



LEGEND

- PRODUCTION WELL, QUEEN
- GAS WELL
- ABANDONED WELL
- DRY HOLE
- INJECTION WELL
- PROPOSED INJECTION WELL
- PROPOSED CO-OP INJECTION WELL
- UNIT BOUNDARY
- FEDERAL ACREAGE
- FEE ACREAGE
- TRACT NUMBER

SCALE



Mobil Oil Corporation

EXPLORATION AND PRODUCING DEPARTMENT  
MIDLAND DIVISION

EXHIBIT "A"  
COOPERATIVE WATERFLOOD AGREEMENT  
HUMPHREY QUEEN UNIT  
AND  
LANGLIE JAL UNIT

LEA COUNTY, N.M.

SCALE  
DATE 1/1/50  
DRAWN BY  
CHECKED  
APPROVED  
REVISED

# Mobil Oil Corporation

P.O. BOX 633  
MIDLAND, TEXAS 79701

December 16, 1970

Union Texas Petroleum  
P. O. Box 2120  
Houston, Texas 77001

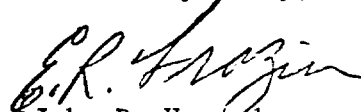
Attention: Mr. James L. Mackey

COOPERATIVE WATERFLOOD AGREEMENT  
BETWEEN UNION TEXAS' LANGLEIE-JAL  
UNIT AND MOBIL'S HUMPHREY QUEEN  
UNIT, LEA COUNTY, NEW MEXICO

Gentlemen:

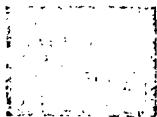
Attached is a copy of your November 30, 1970 letter setting out some qualifications on the subject Cooperative Agreement which has been executed by Mobil.

Yours very truly,



John D. Howard  
Joint Interest Administrator  
Midland Division

ERFrazier/bg  
Attachment



Union Texas Petroleum Division

**ALLIED CHEMICAL CORPORATION**

P. O. Box 2120, Houston, Texas 77001

(713) 529-3271

November 30, 1970

Mobil Oil Corporation  
Post Office Box 633  
Midland, Texas 79701

Attention Mr. E. R. Frazier

Re: Cooperative Waterflood Agreement  
Between Union Texas' Langlie-Jal  
Unit and Mobil's Humphrey Queen  
Unit, Lea County, New Mexico

Gentlemen:

Union Texas Petroleum has executed the enclosed Cooperative Waterflood Agreement between the subject units subject to the following:

1. The last paragraph on Page 1 provides that Union Texas will complete their Langlie-Jal Unit Well No. 41 for water injection in the lower 100' of the Seven Rivers, Queen, and Penrose zones. The Penrose zone is not unitized in Union Texas' Langlie-Jal Unit; therefore, it is to be understood that Union Texas will not be obligated to inject into the Penrose section.
2. Section 5, Page 3 provides for either party's taking over the other party's well and injecting water in the event that the party operating the well desires to discontinue injection. In the case of Union Texas' Langlie-Jal Unit Well No. 41, it will also be a cooperative injection well with Amerada's Woolworth Unit, and it is anticipated that a Cooperative Waterflood Agreement will be signed with Amerada. In this event it should be understood that either Mobil or Amerada will have the right to take over the Langlie-Jal Unit Well No. 41 and inject water in the event the Langlie-Jal Unit operators desire to cease injection.

Mobil Oil Corporation  
Page Two  
November 30, 1970

If you are in agreement with the above, please indicate by signing in the space provided below and return one copy of the letter to us.

Yours very truly,

*James L. Mackey*

James L. Mackey

JLM:cn

Enclosures

Date Dec. 16, 1970

Approved: Mobil Oil Corporation

By: *J. H. Alkire*  
Attorney-in-Fact

*Er 12.10*

STATE OF NEW MEXICO    §

COUNTY OF LEA           §

COOPERATIVE WATERFLOOD AGREEMENT

THIS AGREEMENT, entered into and effective as of \_\_\_\_\_, between Union Texas Petroleum, a Division of Allied Chemical Corporation, hereinafter sometimes referred to as "Union Texas"; and Reserve Oil and Gas Company, hereinafter sometimes referred to as "Reserve".

W I T N E S S E T H:

Union Texas is the Operator of the Langlie-Jal Unit which covers among other lands, the east half of Section 17, the east half and northwest quarter of Section 8, Township 25 South, Range 37 East, Lea County, New Mexico.

Reserve is the Operator of the South Langlie-Jal Unit which covers among other lands, the west half of Section 17 and the southwest quarter of Section 8, Township 25 South, Range 37 East, Lea County, New Mexico.

Union Texas and Reserve each in their indicated capacity as Operator wish to operate their respective properties above described but desire to cooperate with one another in a waterflood operation to the extent and in the manner hereinafter provided, it being the opinion of the parties hereto that by so doing each of said properties will be benefited by an increase in the production of crude oil from the Langlie Mattix oil pool and a portion of the Jalmat oil pool hereinafter referred to as the "Unitized Formation" (as described by the New Mexico Oil Conservation Commission) underlying said properties, and the correlative rights of all of the owners of said properties will be protected:

NOW, THEREFORE, it is agreed as follows:

1. Union Texas agrees to drill, equip, maintain, and operate a well for water injection in the Unitized Formation at an approximate total depth of 3,750' in the manner hereinafter provided, such well to be located as follows:

Langlie-Jal Unit Well No. 79 located in the southeast quarter of the northwest quarter (SE/4 NW/4) of Section 8, 1,980' FNL and 2,310' FWL of Section 8 Township 25 South, Range 37 East, Lea County, New Mexico.

Union Texas further agrees to convert, equip, maintain, and operate a well for water injection in the Unitized Formation in the manner hereinafter provided, the well to be located as follows:

Langlie-Jal Unit Well No. 81 located in the northwest quarter of the southeast quarter (NW/4 SE/4) of Section 8, Township 25 South, Range 37 East, Lea County, New Mexico.

and said wells being shown circled in red on the plat attached hereto as Exhibit "A". Said wells will be completed with all oil bearing porous intervals in the lower 100' of the Seven Rivers and Queen zones open to injection.

2. Reserve agrees to convert, equip, maintain and operate two (2) wells for water injection in the Unitized Formation in the manner hereinafter provided, such wells being located as follows:

(1) South Langlie-Jal Unit Well No. 15 located in the northeast quarter of the northwest quarter (NE/4 NW/4) of Section 17, Township 25 South, Range 37 East, Lea County, New Mexico.

(2) South Langlie-Jal Unit Well No. 23 in the northeast quarter of the southwest quarter (NE/4 SW/4) of Section 17, Township 25 South, Range 37 East, Lea County, New Mexico;

such wells being shown circled in green on the plat attached hereto as Exhibit "A". Said wells will be completed in all oil bearing porous formations at an approximate total depth of 3,380' as to Well No. 15 3,405' as to Well No. 23.

3. Each party hereto agrees, at its sole risk and expense, to convert, equip, maintain, and operate its water input wells so that water may be injected into the Unitized Formation in the manner hereinafter provided and to perform any workover or remedial work on such wells necessary to take water at the rate and volume and under the pressure limitation herein prescribed.

4. Each party hereto agrees to commence the injection of water into its water input wells not later than sixty (60) days after the effective date of this agreement, or as soon thereafter as it is agreed it is practical, and thereafter to inject water through its water input wells into the Unitized Formation at rates mutually agreed upon, it being agreed that the parties hereto will endeavor to control their respective operations in such manner that water will be injected into each water input well at a uniform rate, so that the volume injected into each well in any month will be equal to that injected into each other well covered hereby, as nearly as it is possible to do so; provided, however, in no event shall either party inject water into its respective water input wells at wellhead pressures in excess of the formation fracture pressure determined by rate-pressure tests without the mutual agreement of both parties. In the event that mutual agreement on injection rates is not reached, then each party agrees to inject a minimum daily volume of water into each lease line input well of 100 barrels of water per day provided that the formation fracture pressure is not exceeded at this rate. In order that the volumes of water injected into the input wells covered hereby shall be equal at all times, insofar as practicable, each party agrees to furnish monthly reports to the other party showing the volumes and pressures of water injected into its water input wells. Also, it is understood that oil and water production information on the properties covered hereby will be exchanged between the parties, as may be mutually agreed upon from time to time. The parties hereto, at their sole risk, shall have access to the premises subject to this agreement at all reasonable hours and the right to inspect pertinent records in connection therewith at all such times.

It is further agreed that each party hereto shall carry on waterflood operations in the manner herein provided, until the property it operates no longer derives any reasonable benefit from same. It is the intention of the parties hereto that nothing herein contained shall be construed to require either party hereto to continue to operate any

water input well if such operation is no longer economically profitable to it.

5. At any time either of the parties hereto shall determine that water injection into any of its water input wells is no longer economically profitable to it, then said party shall have the right to cease injection into said well or wells upon giving thirty (30) days written notice to the other party of such intention. The other party hereto may, at its sole risk and expense, take over and operate said well or wells. In such event, the party taking over the said well or wells is hereby granted, without warranty expressed or implied, the right of ingress and egress and all rights-of-way and easements necessary for continued operation of said well or wells, insofar as it is possible for the party electing not to continue operation of said well or wells to make such a grant. The parties further agree to execute and deliver such additional instruments as may be required to accomplish the foregoing. The party taking over said well or wells shall pay for the equipment taken over on the basis of its current salvage value in place, and when said party wishes to discontinue its waterflood operation, said party shall plug and abandon said well or wells at its sole risk and expense and salvage all equipment in and on said well or wells for its sole account. The party taking over said well or wells hereby agrees to indemnify and hold the other party hereto harmless from all damages and any liability to any third party, caused as a result of its subsequent operations.

6. Subject to the limitations of time expressed in Section 4 hereinabove, the term of this agreement shall commence as of the date hereto and extend for ninety (90) days from said date and as long thereafter as the properties covered hereby derive any reasonable benefit from the waterflood operations provided for herein.

7. Under no circumstances shall this agreement be construed as creating a partnership, agency, or any other type of association



between the parties hereto. The liability of the parties hereto shall be several and not joint or collective.

8. Each party hereto agrees that this agreement shall not constitute a partnership, as defined in the Internal Revenue Code, and specifically elects to be excluded from the application of all of Subchapter K of the Internal Revenue Code of 1954 pursuant to Section 761 thereof.

9. Any sale, assignment, unitization or transfer of any interest of any party hereto in the leases and lands covered hereby shall be made expressly subject to this agreement, and any party acquiring any such interest shall assume the obligations hereof and be entitled to the benefits accruing hereunder. In the event any party not a signatory party to this contract thereafter shall acquire any interest subject to this contract by assignment, operation of law, or otherwise, such party shall forthwith furnish to all other parties having an interest subject to this contract evidence of the acquisition of such interest. Failure to comply herewith shall constitute a waiver by such party as to any notice required or permitted hereunder, and said party shall be deemed to have received any such notice where such notice was given to such party's predecessor in title and any action taken or any notice received by such party's predecessor in title shall be binding upon any such party.

10. All terms and provisions herein shall be subject to all valid orders, rules and regulations of the New Mexico Oil Conservation Commission and all other applicable State and Federal laws, rules and regulations.

11. If any party to this agreement is rendered unable, in whole or in part, by force majeure to carry out its obligations under this agreement, then such obligations, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure; provided, however, all reasonable efforts shall be made to remove the force majeure as quickly as possible. The term "force majeure", as employed herein, shall mean an act of God, strike, lockout,

or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, earthquake, storm, flood, explosions, governmental restraint, unavailability of equipment, failure of water supply, and any other cause, whether or not of the character above enumerated, which is not reasonably within the control of the party claiming suspension. It is understood that the settlement of strikes or lockouts shall be entirely within the discretion of the party concerned, and the requirement that all reasonable efforts shall be made to remedy the force majeure promptly, shall not require the settlement of strikes or lockouts contrary to its wishes.

12. This agreement and all terms, covenants, and conditions hereof shall extend to and be binding upon the parties hereto, their successors and assigns, respectively, and shall constitute covenants running with the lands and leasehold estates affected hereby.

THIS AGREEMENT, executed as of the day and year first above written.

ATTEST:

\_\_\_\_\_

UNION TEXAS PETROLEUM, a DIVISION  
of ALLIED CHEMICAL CORPORATION

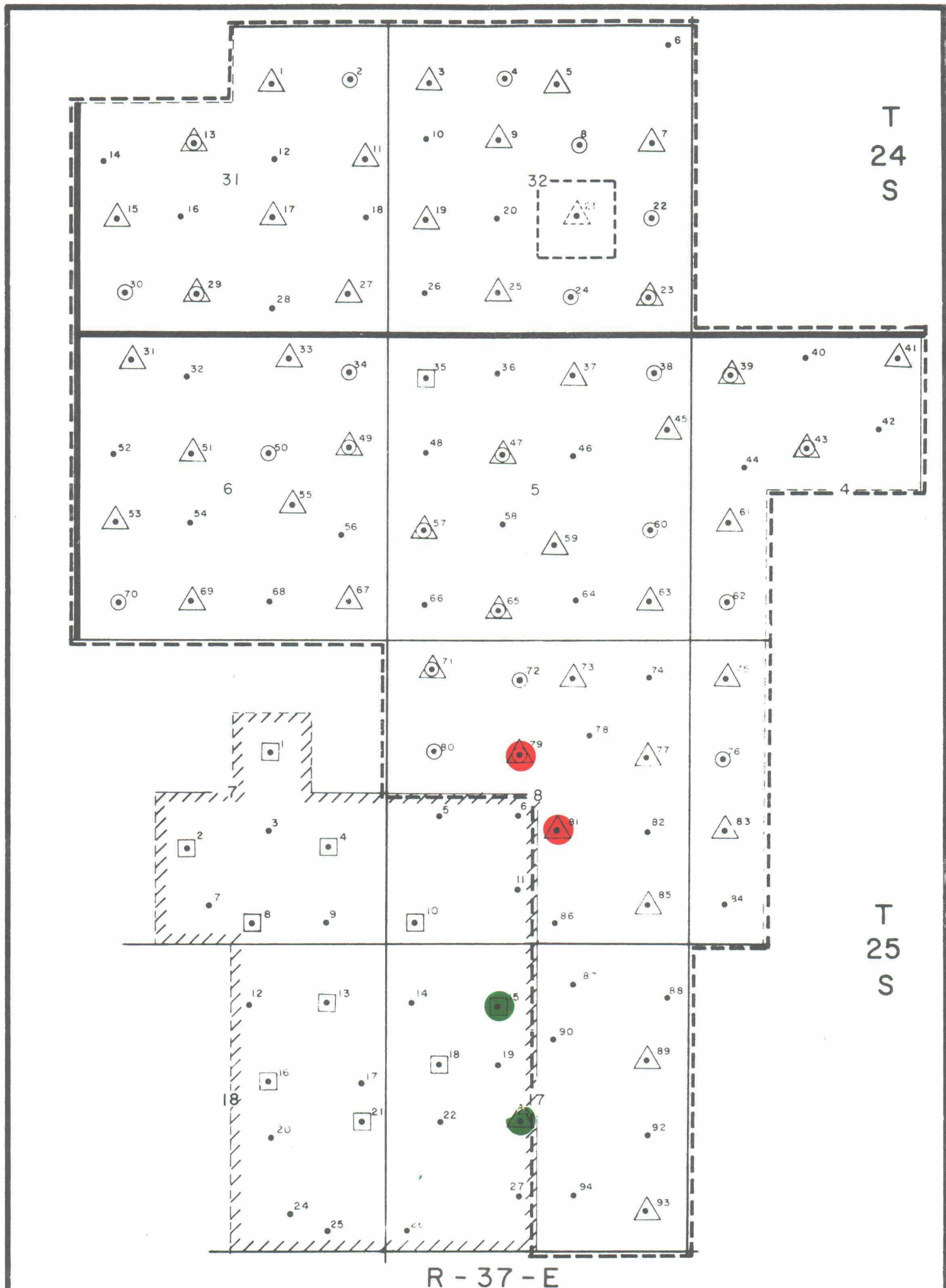
By: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

RESERVE OIL AND GAS COMPANY

\_\_\_\_\_



- LEGEND -

- Existing Well
- ⊙ Well To Be Drilled
- △ Proposed Injection Well
- Existing Injection Well
- - - - - Langlie-Jal Unit Outline
- ///////// South Langlie-Jal Unit Outline.



<b>UNION TEXAS PETROLEUM</b> <small>A DIVISION OF ALLIED CHEMICAL CORPORATION</small>
<b>LANGLIE-JAL AREA</b> <b>LEA COUNTY, NEW MEXICO</b>
<b>EXHIBIT "A"</b>
<small>SCALE IN FEET</small> 
<small>D W      MIDLAND DISTRICT      7 -      - 71</small>

Unit Name LANGITE-JAL UNIT (Waterflood)  
 Operator Union Texas Petroleum Corp  
 County Lea

DATE	OCC CASE NO.	4429	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	SECRETION FEE	SECRETION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-4036	3-1-71	3,748.06	640.00	2,075.23	<del>SECRETION</del> -FEE	Yes	so long as
Commissioner									
11-18-70									

UNIT AREA

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
 Section 31: Lots 2, 3, and 4 and SE/4NW/4, E/2SW/4, and E/2  
 Section 32: All

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
 Section 4: Lots 2, 3, and 4 and S/2NW/4, SW/4NE/4, and W/2SW/4  
 Section 5: All  
 Section 6: All  
 Section 8: E/2 and NW/4  
 Section 9: W/2W/2  
 Section 17: E/2

TRACT NO. 19 IS NOW FULLY COMMITTED TO THE UNIT.  
 The effective date of this commitment is March 1, 1972  
 This tract is covered by Lease E-8327-1 and is the NW/4SE/4, of Section 32, Township 24 South, Range 37 East, Lea County, New Mexico.

40-79  
 (1000)

Unit Name LANGFITE-JAL UNIT (Waterflood)  
 Operator UNION TEXAS PETROLEUM  
 County LEA

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
12	B-148-9	C.S.	32	24S	37E	NE/4NW/4	12-19-69	40.00		Apco Oil Corp.
13	B-148-8	C.S.	32	24S	37E	S/2NW/4, NW/4NW/4	12-10-69	120.00		Allied Chemical Corp.
14	B-934-31	C.S.	32	24S	37E	NE/4NE/4	1-22-70	40.00		Reading & Bates
14-A	B-934-31	C.S.	32	24S	37E	SE/4NE/4, NE/4SE/4	1-22-70	80.00		Reading & Bates
15	B-1327-0	C.S.	32	24S	37E	N/2SW/4, SW/4SW/4	4-6-70	120.00		Skelly Oil Company
16	B-1506-0	C.S.	32	24S	37E	W/2NE/4	4-13-70	80.00		Atlantic Richfield
17	B-1506-0	C.S.	32	24S	37E	S/2SE/4	4-13-70	80.00		Atlantic Richfield
18	B-1888-1	C.S.	32	24S	37E	SE/4SW/4	4-13-70	40.00		Atlantic Richfield
19	E-8327-1	C.S.	32	24S	37E	NW/4SE/4	<del>2-11-72</del> 2-11-72	40.00	<del>40.00</del>	Continental Oil Co.

Unit Name LANGLIE-JAL UNIT (Waterflood)  
 Operator Union Texas Petroleum Corp  
 County Lea

DATE	OCC CASE NO. 4429	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	SECREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. R-4036	3-1-71	3,748.06	640.00	2,075.23	Yes	so long as
Commissioner	11-18-70						

UNIT AREA

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM  
 Section 31: Lots 2, 3, and 4 and SE/4NW/4,  
 E/2SW/4, and E/2  
 Section 32: All

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
 Section 4: Lots 2, 3, and 4 and S/2NW/4,  
 SW/4NE/4, and W/2SW/4  
 Section 5: All  
 Section 6: All  
 Section 8: E/2 and NW/4  
 Section 9: W/2W/2  
 Section 17: E/2

*DEC*

Unit Name LANGHITE-JAL UNIT (Waterflood)  
 Operator UNION TEXAS PETROLEUM  
 County LEA

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACREAGE	LESSEE
							DATE	ACRES		
12	B-148-9	C.S.	32	24S	37E	NE/4NW/4	12-19-69	40.00		Apco Oil Corp.
13	B-148-8	C.S.	32	24S	37E	S/2NW/4, NW/4NW/4	12-10-69	120.00		Allied Chemical Corp
14	B-934-31	C.S.	32	24S	37E	NE/4NE/4	1-22-70	40.00		Reading & Bates
14-A	B-934-31	C.S.	32	24S	37E	SE/4NE/4, NE/4SE/4	1-22-70	80.00		Reading & Bates
15	B-1327-0	C.S.	32	24S	37E	N/2SW/4, SW/4SW/4	4-6-70	120.00		Skelly Oil Company
16	B-1506-0	C.S.	32	24S	37E	W/2NE/4	4-13-70	80.00		Atlantic Richfield
17	B-1506-0	C.S.	32	24S	37E	S/2SE/4	4-13-70	80.00		Atlantic Richfield
18	B-1888-1	C.S.	32	24S	37E	SE/4SW/4	4-13-70	40.00		Atlantic Richfield
19	E-8327-1	C.S.	32	24S	37E	NW/4SE/4	NOT COMMITTED	40.00		Continental Oil Co.

UNIT AGREEMENT

LANGLIE-JAL UNIT

LEA COUNTY, NEW MEXICO



UNIT AGREEMENT  
LANGLIE-JAL UNIT  
LEA COUNTY, NEW MEXICO

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UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
LANGLIE-JAL UNIT  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 10<sup>th</sup> day of December, 1969, 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 land subject to this Agreement; 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 Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 88, Laws 1943 as amended by Chap. 162, Laws of 1951, Chap. 176, Laws of 1961, being Chap. 7, Art. 11, Sec. 39 through 41, N.M.S. 1953 Anno.) 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. 3, Chap. 88, Laws of 1943, as amended by Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, N.M.S. of 1953 Anno.) 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 1941, and Chap. 168, Laws of 1949, and Chap. 65, Laws of 1953) to approve this Agreement, and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Langlie-Jal Unit Area 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, to 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 entire respective interests in the Unitized Formation underlying the Unit Area, (as those terms are hereinafter defined), and agree severally among themselves as follows:

SECTION 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, hereto-

fore issued thereunder and 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 State of New Mexico and fee 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 of New Mexico, are hereby accepted and made a part of this Agreement.

SECTION 2. UNIT AREA 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 area described by tracts in Exhibit B and depicted on Exhibit A hereof, and such land is hereby designated and recognized as constituting the Unit Area, and is described as follows:

LEA COUNTY, NEW MEXICO

T. 24 S., R. 37 E., N.M.P.M.

Section 31: Lots 2, 3, 4, SE/4 NW/4, E/2 SW/4, and E/2  
Section 32: All

T. 25 S., R. 37 E.,

Section 4: Lots 2, 3, 4, S/2 NW/4, SW/4 NE/4, and W/2 SW/4  
Section 5: Lots 1, 2, 3, 4, S/2 N/2, S/2 (all)  
Section 6: Lots 1, 2, 3, 4, 5, 6, 7, SE/4 NW/4, S/2 NE/4,  
E/2 SW/4, SE/4 (all)  
Section 8: E/2 and NW/4  
Section 9: W/2 W/2  
Section 17: E/2

containing 3,748.06 acres, more or less.

(b) "Land 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 for the region in which the Unit Area is situated.

(h) "Unitized Formation" is defined as the productive interval underlying the Unit Area between the top of the Seven Rivers Formation and the base of the Queen Formation, being more specifically the stratigraphic equivalent of the continuous interval occurring between the depths of 3,095' and 3,691' as shown on the Frontier Perforators, Incorporated, Gamma Ray-Neutron log run on September 1, 1957, in the Skelly Oil Company's Sherrel No. 7 well, located 1,980' from the south and east lines of Section 31, T-24-S, R-37-E, Lea County, New Mexico.

(i) "Unitized Substances" is defined as and shall mean 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 portion of the Unitized Formation. However, it shall not include the dry gas and associated hydrocarbons produced from the gas wells within the unit area which are completed in and produce from the vertical limits of the Jalmat gas pool, as defined by Commission order No. R-1670.

(j) "Tract" is defined as each parcel of land described as such and given a Tract number in Exhibit "B".

(k) "Tract Participation" is defined as the percentage of Unitized Substances produced from the Unitized Formation allocated to a Tract under this Agreement. The Tract Participation of each tract is shown on Exhibit C attached hereto.

(l) "Unit Participation" of each working interest owner is defined as the sum of the percentages obtained by multiplying each working interest owner's fractional working interest in each Tract by the Tract Participation of each such Tract.

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

(n) "Working Interest Owner" is defined as and shall mean any party hereto owning a Working Interest, including a carried working interest owner, 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.

(o) "Royalty Interest" or "Royalty" is defined as an interest other than a Working Interest in or right to receive a portion of the Unitized Substances 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, net profit contracts, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(p) "Royalty Owner" is defined as and shall mean the owner of a Royalty Interest.

(q) "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 Section 9, infra, and shall be styled "Unit Operating Agreement, Langlie-Jal Unit, Lea County, New Mexico".

(r) "Unit Manager" is defined as that person or corporation appointed by Working Interest Owners to perform the duties of Unit Operator until the selection and qualification of a successor Unit Operator as provided for in Section 8 hereof.

(s) "Paying Quantities" is defined as production of Unitized Substances in quantities sufficient to pay for the cost of producing same from wells on Unitized Land.

(t) "Tract Ultimate Primary Recovery" is defined as the cumulative number of barrels of oil produced from the Unitized Formation underlying a Tract as of January 1, 1967, plus the total remaining barrels of oil recoverable by primary methods as estimated on such date.

(u) "Unit Ultimate Primary Recovery" is defined as the total of the Tract Ultimate Primary Recovery of all Tracts within the Unit Area that are committed to this Agreement.

(v) "Tract Useable Wells" is defined as the total number of wells situated on a Tract that are to be used for unit purposes as a producer or injector, regardless of whether any particular well is now or has produced from the Unitized Formation.

(w) "Unit Useable Wells" is defined as the total of the Tract Useable Wells of all Tracts within the Unit Area which are committed to this Agreement.

(x) "Tract Acreage" is defined as the acreage contained within a given Tract as such Tracts are shown on Exhibits A and B.

(y) "Unit Acreage" is defined as the total of the Tract Acreage of all Tracts within the Unit Area which are committed to this Agreement.

SECTION 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, land description, and the percentage and kind of ownership of each Working Interest Owner and Royalty Interest Owner in each Tract. Exhibit C attached hereto is a schedule showing the percentage of participation each Tract has in the Unit Area. However, nothing herein or in said schedules 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 schedules as owned by such party. Exhibits A, B, and C shall be revised by the Unit Operator whenever changes in the Unit Area render such revision necessary, or when requested by the Land Commissioner, Commission, or the Supervisor, and two copies of such revision shall be filed with the Land Commissioner, one copy with the Commission, and five copies with the Supervisor.

It is hereby agreed by all parties to this Agreement that Unit Operator is empowered to correct any mathematical or clerical errors which may exist in the pertinent Exhibits to this Agreement; provided, however, that correction of any error other than mathematical or clerical shall be made by Unit Operator only after first having obtained approval of Working Interest Owners having a



combined Unit Participation of fifty percent (50%) or more, the Commission, Land Commissioner, and the Supervisor.

SECTION 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. Such expansion shall be effected in the following manner:

(a) The Working Interest Owner or Owners of a Tract or Tracts desiring to commit such Tract or Tracts to this Agreement shall file an application therefor with Unit Operator requesting such admission.

(b) Unit Operator shall circulate a notice of the proposed expansion to each Working Interest Owner in the Unitized Land and in the Tract or Tracts proposed to be included in the Unit Area, setting out the basis for admission, the Tract Participation proposed to be assigned to each such Tract or Tracts and other pertinent data. After negotiation (at Working Interest Owners' meeting or otherwise) if at least three Working Interest Owners owning a combined Unit Participation of eighty percent (80%) or more have agreed to the commitment of such Tract or Tracts, then Unit Operator shall:

(1) After preliminary concurrence by the Commission, Land Commissioner, and the Director 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 Tract Participation to be assigned to each such Tract, and the proposed effective date thereof; preferably 7 a.m. of the first day of a month subsequent to the date of notice; and

(2) Deliver copies of said notice to the Commission, Land Commissioner, the Supervisor, and to each Working Interest Owner, 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 objection to such proposed expansion; and

(3) File, upon the expiration of said thirty (30) day period as set out in (2) immediately above with the Commission, Land Commissioner, and Supervisor the following:

(a) Evidence of mailing or delivering copies of said notice of expansion; (b) An application in sufficient number for approval of such expansion; (c) An instrument containing the appropriate joinders in compliance with the participation requirements of Sections 14 and 31, *infra*; and (d) A copy of any objections received; provided, however, if a dissenting Working Interest Owner owns more than twenty percent (20%) Unit Participation, it must be joined in such dissent by at least one other Working Interest Owner.

The expansion shall, after due consideration of all pertinent information and upon approval by the Commission, Land Commissioner, and the Supervisor, become effective as of the date prescribed in the notice thereof, or on such other date as set by the Land Commissioner, the Commission, and the Supervisor in the order or instrument approving such expansion. The revised Tract Participations of those Tracts which were qualified to participate in Unitized Production prior to any such expansion shall remain in the same ratio one to the other.

SECTION 5. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this Agreement as to the Unitized Formation shall

constitute land referred to herein as "Unitized Land" or "Land Subject to this Agreement." All oil, gas, gaseous substances, sulfur contained in gas, condensate, distillate, or associated and constituent liquid or liquefiable hydrocarbons in the Unitized Formation underlying Unitized Land are unitized under the terms of this Agreement and herein are called "Unitized Substances." 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 Unitized Formation as above defined.

SECTION 6. UNIT OPERATOR. Union Texas Petroleum is hereby designated the Unit Operator, and by signing this instrument as Unit Operator, it agrees and consents to accept the duties and obligations of Unit Operator for the 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 the Unit Operator as the owner of a Working Interest when such an interest is owned by it.

SECTION 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 written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Commission, Land Commissioner, and the Supervisor, and until all

Unit wells are placed in a condition satisfactory to the Commission, Land Commissioner, and the Supervisor for suspension, abandonment, or operations, whichever is required by the Commission, Land Commissioner, and the Supervisor, 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 Unit Operator shall upon default or failure in the performance of its duties and obligations hereunder be subject to removal by the vote of Working Interest Owners owning a combined Unit Participation (based on the then current Exhibit C) of seventy-five percent (75%) or more, exclusive of the Unit Participation of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Commission, Land Commissioner, and the Supervisor.

In all 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 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 wells, equipment, books and records, materials, appurtenances and any other assets used in connection with 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 the removal of any material, equipment or appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator who resigns or is removed hereunder from any liability to or duties accruing or performable by it prior to the effective date of such resignation or removal.

SECTION 8. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator as herein provided. 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 Commission, Land Commissioner, and Supervisor. If no successor Unit Operator is selected and approved as herein provided, the Commission, Land Commissioner and the Director, at their election, may declare this Agreement terminated.

In selecting a successor Unit Operator the affirmative vote of three or more Working Interest Owners having a total of sixty-five percent (65%) or more of the Unit Participation shall prevail; provided, that if any one Working Interest Owner has a Unit Participation of more than thirty-five percent (35%), its negative vote or failure to vote shall not serve to disapprove the selection of a new Unit Operator unless such negative vote or abstention from voting is supported by the vote of one or more other Working Interest Owners having a total Unit Participi-

pation of at least five percent (5%). If the outgoing Unit Operator votes only to succeed itself or fails to vote, a successor Unit Operator may be selected by the affirmative vote of seventy-five percent (75%)(or more) of the interest voting exclusive of the interest of said outgoing Unit Operator.

SECTION 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 Unit Operating Agreement. 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 hereunder 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 Agreement, and in case of any inconsistency or conflict between this 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 Land Commissioner, one copy with the Commission, and three copies with the Supervisor prior to approval of this Agreement.

SECTION 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR.

Except as otherwise specifically provided herein the exclusive right, privilege and duty of exercising any and all rights of the

parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Upon request, acceptable evidence of title to said rights shall be deposited with said Unit Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. PLAN OF OPERATIONS. It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances in paying quantities and that the object and purpose of this Agreement is to formulate and to put into effect a secondary recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve natural resources. The parties hereto agree that the Unit Operator may, subject to the consent and approval of a plan of operation by the Working Interest Owners, the Supervisor, the Land Commissioner and the Commission, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil, liquefied petroleum gases and any one or more other substances or combination of any of said substances whether produced from the Unitized Formation or not, and that the location of input wells and the rates of injection therein and the rate of production shall be governed by standards of good geologic and petroleum engineering practices and conservation methods.

After commencement of secondary operations, Unit Operator shall furnish the Commission, Land Commissioner, and the Supervisor with monthly injection and production reports for each unit well. The Unit Operator shall also furnish the Working Interest Owners, Commission, Land Commissioner, and the Supervisor with periodic reports on the progress of the plan of operation and any revisions or changes thereto; provided, however, that any major revision of operations involving a basic deviation from the initial plan of operation shall be subject to the consent of the Working Interest Owners and the approval of the Commission, Land Commissioner, and the Supervisor.

The initial plan of operation shall be filed with the Supervisor, the Land Commissioner, and the Commission concurrently with the filing of this Unit Agreement for final approval. Said initial plan of operation and all revisions thereof shall be as complete and adequate as the Supervisor, the Land Commissioner and the Commission may determine to be necessary for timely operation consistent herewith. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for like approval a plan for an additional specified period of operation. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of operation.

Notwithstanding anything to the contrary herein contained, the Unit Operator shall commence operations for the secondary recovery of Unitized Substances from the Unit Area within six (6) months after the effective date of this Agreement, or any extension thereof approved by the Commission, Land Commissioner, and the Supervisor. After such operations are commenced, Unit Operator shall carry on such operations as would a reasonably prudent operator under the same or similar circumstances.



SECTION 12. EASEMENTS OR USE OF SURFACE. 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 the Working Interest Owners a site for water, gas injection, processing or other plants, or a camp site.

The parties hereto, to the extent they have the right to do so, hereby grant Unit Operator the right to use brine or water (or both) produced from any formation underlying the Unit Area for injection into the Unitized Formation; provided, however, that this grant of said right shall not preclude the use of brine or water (or both) produced from any formation other than the Unitized Formation for injection into formations other than the Unitized Formation.

Working Interest Owners shall have free use of water or brine or both from the Unit Area for Unit operations, except water from any well, lake, pond or irrigation ditch of a Royalty Owner.

Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements and structures on the Unit Area that result from Unit Operations.

SECTION 13. TRACT PARTICIPATION. In Exhibit C attached hereto, there are listed and numbered the various Tracts within the Unit Area, and set forth opposite each Tract are figures which represent the Tract Participation percentage allocated to that Tract, calculated on the basis of all Tracts within the Unit Area being committed to this Agreement as of the effective

date hereof. The Tract Participation of each Tract within the Unit Area as set forth in Exhibit C has been calculated and determined in accordance with the factors and formula set out below, and such Tract Participation shall govern the allocation of Unitized Substances produced from the Unit Area from and after the effective date hereof, subject to any revision or revisions of the Unit Area or the Exhibits to this Agreement in accordance with the provisions hereof.

The percentage of Tract Participation set forth in Exhibit C for each Tract within the Unit Area have been calculated and determined in accordance with the following formula:

$$\text{Sum of } 50\% \times \frac{\text{Tract Ultimate Primary}}{\text{Unit Ultimate Primary}}$$

$$35\% \times \frac{\text{Tract Usable Wells}}{\text{Unit Usable Wells}}$$

$$\text{and } 15\% \times \frac{\text{Tract Acreage}}{\text{Unit Acreage}}$$

In the event less than all of the Tracts within the Unit Area are committed to this Agreement as of the effective date hereof, Unit Operator shall promptly prepare a revised Exhibit C setting forth opposite each of the qualified Tracts (as determined from Section 14 hereof, Tracts Qualified for Unit Participation), the revised Tract Participations, which shall be calculated and determined by using the factors and formula set forth in this section, but applying the same only to the qualified Tracts. Unit Operator shall promptly file copies of such revised Exhibit C with the Commission, Land Commissioner, and the Supervisor, and unless such revised Exhibit C is disapproved by the Commission, Land Commissioner, or the Supervisor within sixty (60) days after such filing, the revised Exhibit C shall be effective

as of the effective date of this Agreement, and shall thereafter govern the allocation of all Unitized Substances subject to any further revision or revisions of Exhibit C in accordance with the provisions (Sections 3, 4, 30, and 31) hereof.

SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the effective date hereof the Tracts within the Unit Area which shall be entitled to participate in the production of Unitized Substances shall be those Tracts that are more particularly described in Exhibit B, 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:

(a) 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 seventy-five percent (75%) or more of the Royalty Interest have become parties to this Agreement.

(b) 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 seventy-five percent (75%) of the Royalty Interest have become parties to this Agreement, and as to which: (1) All Working Interest Owners in such Tract have joined in a request for the acceptance of such Tract, and as to which (2) Seventy-five percent (75%) of the combined voting interests of Working Interest Owners in all Tracts that meet the requirements of Section 14(a) above have voted in favor of the acceptance of such Tract. For the purpose of this Section 14(b), the "voting interest" of a Working Interest Owner shall be equal to the ratio

(expressed as a percentage) that its Unit Participation in all Tracts which qualify under Section 14(a) above bears to the total Unit Participation of all Working Interest Owners in all Tracts which qualify under Section 14(a).

(c) 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 hereto; and as to which: (1) 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 acceptance of such Tract, and have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other Working Interest Owners committed hereto, their successors and assigns, against all claims and demands that may be made by the owners of Working Interests in such Tract who are not parties to this Agreement, and which arise out of the acceptance of such Tract as qualified hereunder: and as to which (2) Seventy-five percent (75%) of the combined voting interest of Working Interest Owners in all Tracts that meet the requirements of Section 14(a) and 14(b) have voted in favor of the acceptance of such Tract and to accept the indemnity agreement. For the purpose of this Section 14(c), the "voting interest" of each Working Interest Owner shall be equal to the ratio (expressed as a percentage) which its Unit Participation in all Tracts that qualify under Section 14(a) and 14(b) bears to the total Unit Participation of all Working Interest Owners in all Tracts which qualify under Section 14(a) and 14(b). Upon the acceptance of such a Tract as qualified under this Agreement, the Unit Participations which 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.

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 Commission, Land Commissioner, and the Supervisor, file therewith a schedule of those Tracts which have been qualified under this Agreement and which are entitled to participate in the allocation of Unitized Substances. Said schedule shall set forth opposite each such qualified Tract the assigned tract number, lease number or assignment number, the owner of record of the lease, and the Tract Participation percentage of each such Tract which shall be computed according to the participation formula set out in Section 13 (Tract Participation) above.

SECTION 15. 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 on Unitized Land for drilling, operating, camp, other production or development purposes, and for pressure maintenance purposes or which is unavoidably lost) shall be apportioned among and allocated to the qualified Tracts within the Unit Area in accordance with the respective Tract Participation effective hereunder during the respective periods such Unitized Substances are produced, as set forth in the then effective

schedule of Unit Participation as shown in Exhibit C. 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 Tract, 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 except as provided in Section 36 hereof, shall be construed as requiring any retro-active 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 is, on or after the effective date hereof, divided with respect to separate parcels or portions of such Tract and owned severally by different persons, the Tract 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 Working Interest Owners and 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. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose on Unitized Land, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Subject to Section 16 (Royalty Settlement) hereof, any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party responsible for the payment of such expense. In the event any party hereto shall fail to take in kind or otherwise adequately dispose of its proportionate share of the Unitized Substances, as and when produced, then so long as such condition continues, Unit Operator, for the account and at the expense of such party, and in order to avoid curtailing the operation of the Unit Area, may sell or otherwise dispose of such production to itself or to others on a day-to-day basis, provided that all contracts of the 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, and 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 such production. The net proceeds, if any, of the Unitized Substances

so disposed of by Unit Operator shall be paid to the party entitled thereto. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any Working Interest Owner's share of gas production without first giving such Working Interest Owner sixty (60) days notice of such intended sale.

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 shall be responsible for making payment therefor to the parties entitled thereto, and each such party shall indemnify and hold each other party hereto harmless 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.

If, after the effective date of this Agreement, there is any Tract or Tracts that are subsequently committed hereto, as provided in Section 4 (Expansion) hereof, or any Tract or Tracts within the Unit Area not committed hereto as of the effective date hereof but which are subsequently committed hereto under the provisions of Section 31 (Nonjoinder and Subsequent Joinder), or if any Tract is excluded from the Unit Agreement as provided for in Section 30 (Loss of Title), the schedule of participation as shown in Exhibit C, subject to Section 13 (Tract Participation) or Section 31 (Nonjoinder and Subsequent Joinder), whichever is appropriate, shall be revised by the Unit Operator and distributed to the Working Interest Owners, the Commission, the Land Commissioner, and the Supervisor to show the new



Tract Participations of all the then effectively committed Tracts; and the revised Exhibit C, upon approval by the Commission, Land Commissioner, and the Supervisor, shall govern all the allocation of Unitized Substances from and after the effective date thereof until the effective date of a new schedule so approved.

The Tract Participations of all Tracts which were participating in the allocation of Unitized Substances prior to any such revision shall remain in the same ratio one to the other.

SECTION 16. ROYALTY SETTLEMENT. The United States of America, the State of New Mexico, and all Royalty Owners who, under existing contracts, are entitled to take in kind a share of the substances produced from any Tract unitized hereunder, shall continue to be entitled to such 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 Royalty due under their leases, except that such Royalty shall be computed in accordance with the terms of this Unit Agreement. Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all Unitized Substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rate specified in the respective Federal leases or at such lower

rate or rates as may be authorized by law or regulation; provided that for any Federal lease committed hereto on which the royalty rate depends upon the daily average production per well, such average production shall be determined in accordance with the operating regulations pertaining to Federal leases as though the Unitized Land were in a single consolidated lease.

If the amount of production or the proceeds thereof accruing to any Royalty Owner in a State of New Mexico or fee land Tract depends upon the average production per well or the average pipeline runs per well from such Tract during any period of time, then such production shall be determined from and after the effective date hereof by dividing the quantity of Unitized Substances allocated hereunder to such Tract during such period of time by the number of wells located thereon capable of producing Unitized Substances as of the effective date hereof, provided, however, any Tract not credited with a Useable Well on said effective date shall, for the purpose herein contained, be considered as having one such well thereon.

All Royalty due the State of New Mexico 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 or otherwise 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 interests of all parties in the affected tract or tracts shall be adjusted accordingly.

If gas obtained from lands or formations not subject to this Agreement is introduced into the Unitized Formation for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan of operation first approved by the Commission, Land Commissioner, and the Supervisor, a like amount of gas, less appropriate deduction for loss or depletion from any cause may be withdrawn from the Unitized Formation royalty free as to dry gas, but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time and pursuant to such conditions and formulas as may be prescribed in the approved plan of operation or as otherwise may be consented to by the Commission, Land Commissioner, and the Supervisor as conforming to good petroleum engineering practices and provided further that such right of withdrawal shall terminate on the termination date of this Unit Agreement.

SECTION 17. RENTAL SETTLEMENT. Rentals or minimum royalties due on leases committed hereto shall be paid by Unit Operator or 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 for 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 such rental or minimum royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 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 Federal and State laws and regulations.

SECTION 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.

SECTION 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 on 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 Land 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 Unitized Land, 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 Land shall be accepted and deemed to be performed upon and for the benefit of each Tract of Unitized Land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all Unitized Lands pursuant to direction or consent of the Commission, Land Commissioner, and the Secretary, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each Tract of Unitized Lands.

(d) Each lease, sublease, or contract relating to the exploration, drilling, development or operation for oil and gas other than those of the State of New Mexico 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 bonafide 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, and 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 Section 17(j) of the Mineral Leasing Act, as amended by the

Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or 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".

SECTION 21. 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, or acceptable photostatic or certified copy, of the recorded instrument or 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, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

SECTION 22. 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 A.M. on the first day of the second calendar 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 eighty-five percent (85%), and the execution or ratification of this Agreement by Royalty Owners owning a combined interest of at least sixty-five percent (65%), of the Royalty Interest, in said Unit Area; and

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

(c) Provided, further, that if (a) and (b) above are not accomplished on or before January 1, 1971, this Agreement shall ipso facto expire on said date (hereinafter called "expiration 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 eighty percent (80%), and such Working Interest Owners have decided to extend said expiration date for a period not to exceed six months (hereinafter called "extended expiration date"). If said expiration date is so extended and (a) and (b) are not accomplished on or before said extended expiration date, this Agreement shall ipso facto expire on said extended expiration date and thereafter be of no further force or effect.

(d) Unit Operator shall, within thirty (30) days after the effective date of this Agreement, file for record a certificate to the effect that this Agreement has become effective according to its terms and stating further the effective date and the location of the governmental offices where copies of this Agreement are filed. Copies of the Certificate of Effectiveness shall be



filed with the Commission, Land Commissioner, and the Supervisor.

The term of this Agreement shall be for and during the time that Unitized Substances are, or can be, produced in paying quantities from the Unitized Formation and so long thereafter as drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days and so long thereafter as Unitized Substances are produced as aforesaid.

This Agreement may be terminated at any other time for any other reason with the approval of the Land Commissioner and the Supervisor by Working Interest Owners owning eighty percent (80%) of the then current Unit Participation. Notice of any such approved termination shall be filed by Unit Operator in the office of the County Clerk of Lea County, New Mexico, and a copy thereof furnished to each party hereto within thirty (30) days of the effective date of termination.

Upon termination of this Agreement, the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts.

If not otherwise provided by the leases unitized under this Agreement, Royalty Owners hereby grant Working Interest Owners a period of six 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.

SECTION 23. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION.

The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this Agreement when such quantity and rate of production under this Agreement is not fixed pursuant to Federal or State law or does not conform to any statewide voluntary

conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production under this Agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law. It is agreed, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Land Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this Agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

Powers in this Section vested in the Director, the Commission, and Land Commissioner shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from notice.

SECTION 24. NONDISCRIMINATION. In connection with the performance of work under this Agreement, Unit Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this Agreement.

SECTION 25. APPEARANCES. Unit Operator shall have the right to appear for or on behalf of any interests affected hereby

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

SECTION 26. NOTICES. All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or sent by postpaid certified 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 or parties may have furnished in writing to the party sending the notice, demand or statement.

SECTION 27. 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 Federal or State law, or rules and 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; provided, however, that each party hereto, other than the United States, covenants that during the term of this agreement it will not resort to any action to partition the Unit Area or the facilities used in the development and operation hereof and to that extent waives the benefit of all laws authorizing such partition.

SECTION 28. PERSONAL PROPERTY EXCEPTED. Each Working Interest Owner has heretofore placed and used on its Tract or Tracts committed to this Agreement various well and lease equipment and other property, equipment and facilities. It is also recognized that additional equipment and facilities may hereafter be placed and used upon the Unitized Land as now or hereafter constituted. Therefore, for all purposes of this Agreement any and all such equipment shall be considered to be personal property and not fixtures attached to realty. Accordingly, said well and lease equipment and personal property is hereby severed from the mineral estates affected by this Agreement, and it is agreed that any such equipment and personal property shall be and remain personal property for all purposes.

SECTION 29. UNAVOIDABLE DELAY. All obligations under this Agreement requiring the Unit Operator to commence or continue secondary recovery operations 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, Federal, State or municipal law or agency, 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. No unit obligation which is suspended under this section shall become due less than thirty (30) days after it has been determined that the suspension is no longer applicable. Determination of creditable "Unavoidable Delay" time shall be made by the unit operator subject to approval of the Land Commissioner and Supervisor.

SECTION 30. LOSS OF TITLE. In the event title to any Tract of Unitized Land shall fail so as to render the Tract inoperable under this Agreement 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 interest subject hereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to State of New Mexico or Federal land or leases, no payments of funds due the State of New Mexico or the United States of America shall be withheld, but such funds shall be deposited as directed by the Land Commissioner and/or the Supervisor (as the case may be), 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.

SECTION 31. NONJOINDER AND SUBSEQUENT JOINDER. Joinder by any Royalty Owner, at any time, must be accompanied by appropriate joinder of the owner of the corresponding Working Interest in order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to this Unit Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for such interest to be regarded as effectively committed to this Unit Agreement.

Any oil or gas interest in the Unitized Substances not committed hereto prior to submission of this Agreement to the

Commission, Land Commissioner, and the Supervisor for final approval may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for Participation) hereof, at any time up to the effective date hereof on the same basis of participation as provided in Section 13, by the owner or owners thereof subscribing, ratifying, 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 from and after 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 Working Interest Owners having a combined Unit Participation of not less than eighty percent (80%) subject to the approval of the Commission, Land Commissioner, and Supervisor; and, provided that the Tract Participation of each previously qualified Tract shall remain in the same ratio one to the other. Such subsequent joinder by a Working Interest Owner must be evidenced by its execution or ratification of this Agreement and the Unit Operating Agreement and, where State of New Mexico land is involved, subsequent joinder must be approved by the Land Commissioner. Such joinder by a Royalty Owner must be evidenced by his execution, ratification or consent of this 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 joinder to this Agreement shall be effective at 7:00 A.M. on the first day of the month following the filing with the Commission, Land Commissioner, and the Supervisor of duly executed counterparts

of any and all documents necessary to establish effective commitment of any Tract or interest to this Agreement, unless objection to such joinder by the Land Commissioner, or the Supervisor is duly made within sixty (60) days after such filing.

SECTION 32. COUNTERPARTS. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing, specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all 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 land within the above described Unit Area.

SECTION 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 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. No such taxes shall be charged to the United States or to the State of New Mexico, nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 34. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the Working Interest Owners, nor any of them, shall

be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provisions hereof, to the extent that the said Unit Operator or the Working Interest Owners, or any of them, are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or things concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this Agreement shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

SECTION 35. 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.

SECTION 36. OIL IN LEASE TANKAGE ON EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease and other tanks on Unitized Land 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



then been produced as a part of the prior allowable of the well or wells from which produced shall be and remain the property of the Working Interest Owner entitled thereto, the same as if this Unit Agreement had not been formed; and such Working Interest Owner shall promptly remove said oil from the Unitized Land. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owner, subject to the payment of all royalty to Royalty Owners under the terms of the applicable leases and contracts affected. All such oil that is in excess of the prior allowable of the well or wells from which it was produced shall be treated the same as Unitized Substances produced after effective date hereof.

If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the well or wells on that Tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded and included as a part of the Unitized Substances produced after the effective date hereof and the amount thereof shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

SECTION 37. LIEN OF UNIT OPERATOR. Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unitized Land to the extent provided in the Unit Operating Agreement.

SECTION 38. BORDER AGREEMENTS. Unit Operator with the concurrence of Working Interest Owners, having a combined Unit Participation of sixty-five percent (65%), may, subject to approval by the Commission, Land Commissioner, and Supervisor, enter into a border protection agreement or agreements with working interest owners of adjoining lands along the exterior boundary of the Unit Area with

respect to operation in the border area for the maximum ultimate recovery, conservation purposes, and proper protection of the parties and interests.

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

UNION TEXAS PETROLEUM  
A DIVISION OF ALLIED CHEMICAL CORPORATION

ATTEST:

\_\_\_\_\_

By \_\_\_\_\_  
Attorney-in-Fact

\_\_\_\_\_ Date

P. O. Box 2120  
Houston, Texas 77001

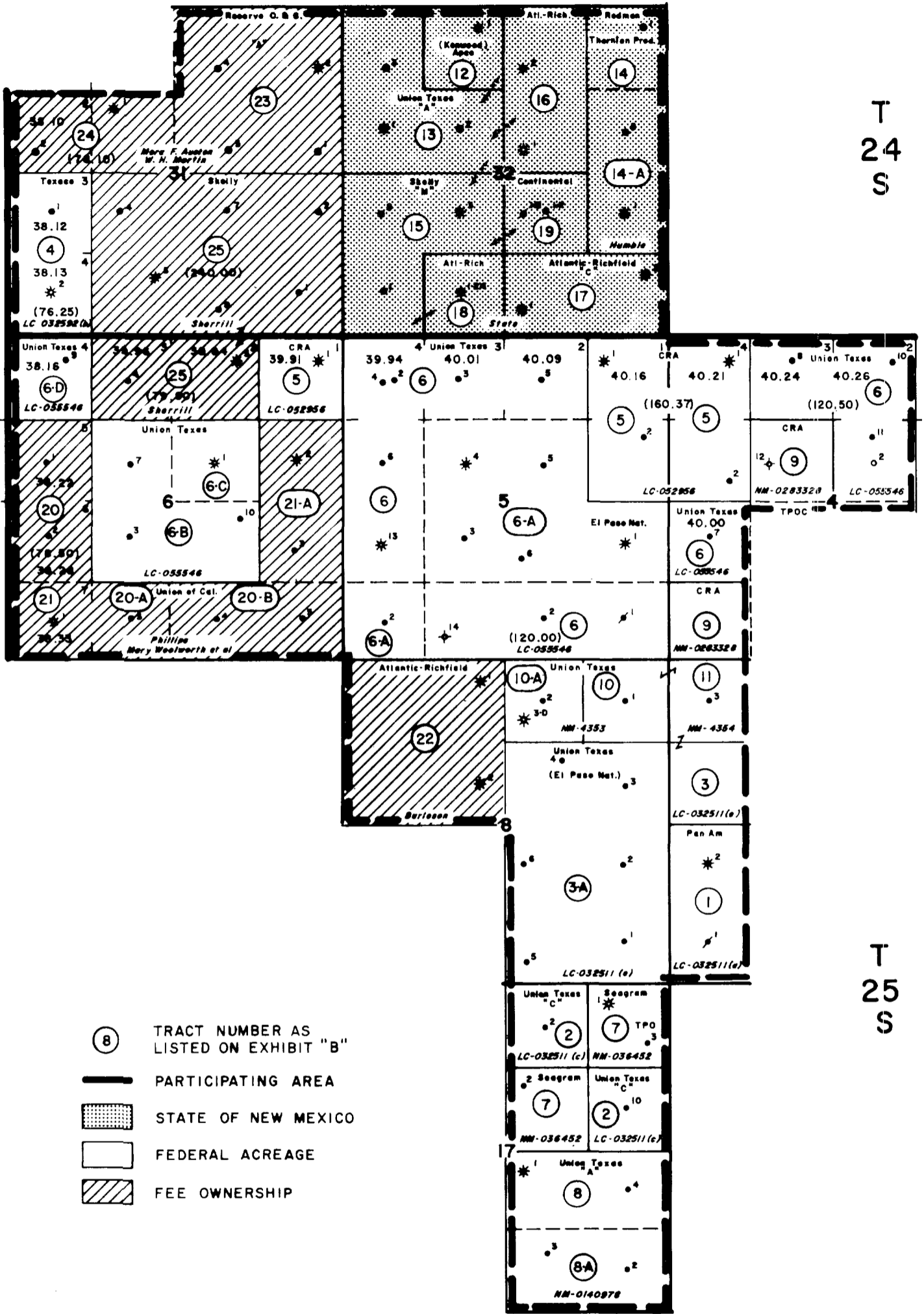
THE STATE OF TEXAS    §  
                                  §  
COUNTY OF HARRIS    §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1969, by \_\_\_\_\_, Attorney-in-Fact for UNION TEXAS PETROLEUM, A DIVISION OF ALLIED CHEMICAL CORPORATION, on behalf of said corporation.

\_\_\_\_\_  
Notary Public in and for  
Harris County, Texas

My Commission Expires:  
\_\_\_\_\_

R-37-E



- ⑧ TRACT NUMBER AS LISTED ON EXHIBIT "B"
- ▬ PARTICIPATING AREA
- ▨ STATE OF NEW MEXICO
- FEDERAL ACREAGE
- ▩ FEE OWNERSHIP



UNION TEXAS PETROLEUM  
A DIVISION OF ALLIED CHEMICAL CORPORATION

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LANGLIE - JAL UNIT  
LEA COUNTY, NEW MEXICO

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EXHIBIT "A"

SCALE IN FEET

2000 1000 0 2000 4000

EXHIBIT B - UNIT AGREEMENT  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE		WORKING INTEREST OWNER AND PERCENTAGE	
1	T-25-S, R-37-E Sec. 9: W/2 SW/4	80.00	LC 032511 (a) HBP	USA - A11(5%)	Pan American Petroleum Corp.	L.W. Gregory-.50000% Marshall & Winston, Inc.-.50000% Lottie Lewis Gregory-.16667%		Pan American Petroleum Corp. - 100.00000%	
						Albuquerque National Bank, Trustee of Frank A. Andrews, Deceased-2.23759% Selma E. Andrews, Agency No. 1335-2.59574% Lloyd Mills Langlie-.25000% Paul J. Langlie-.25000% John M. Loffland, Jr.-.50000% Viola M. Klages-.50000%			
2	Sec. 17: NW/4 NE/4, SE/4 NE/4	80.00	LC 032511 (c) HBP	USA - A11 (Schedule "C")	Allied Chemical Corporation-5/6 Jos. E. Seagram & Sons, Inc.-1/6	Selma Wilkinson-1.56250% P. J. Langlie-7.50000%		Oil Rights Allied Chemical Corp.-83.3333% Jos. E. Seagram & Sons, Inc.-16.6667%	

Gas Rights  
 Atlantic Richfield  
 Co.-100.00000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
3	T-25-S, R-37-E Sec. 9: SW/4 NW/4	40.00	LC 032511 (e) HBP	USA - All (Schedule "C")	Allied Chemical Corporation-5/6 Jos. E. Seagram & Sons, Inc. -1/6	Selma Wilkinson - 1.56250%	Allied Chemical Corp. -83.3333% Jos. E. Seagram & Sons, Inc. -16.6667% <u>Gas Rights</u> EPNG Co. -100.0000%
3-A	Sec. 8: S/2 NE/4, SE/4	240.00	LC 032511 (e) HBP	USA - All (Schedule "C")	Allied Chemical Corporation-5/6 Jos. E. Seagram & Sons, Inc. -1/6	Selma Wilkinson - 1.56250% P. J. Langlie - 7.50000%	<u>Oil Rights</u> Allied Chemical Corp. -83.3333% Jos. E. Seagram & Sons, Inc. - 16.6667% <u>Gas Rights</u> EPNG Co. -100.0000%
4	T-24-S, R-37-E Sec. 31: Lots 3,4	76.25	LC 032592 (b) 1-31-70	USA - All (Schedule "D")	Texaco Inc.	None	Texaco Inc. - 100.0000%
5	T-25-S, R-37-E Sec. 4: Lot 4, SW/4 NW/4 Sec. 5: Lot 1, SE/4 NE/4 Sec. 6: Lot 1	200.28	LC 052956 HBP	USA - All (Schedule "D")	CRA, Inc.	E. J. Wells - .33928% L. E. Armstrong, Jr. - .04396% Ann Young - .04396% J. W. Pauson - .04464% Robert Bivens, et al - .08929% Red Feather Oil Co. - .31250% J. Reuel Armstrong - .04396% Helen H. Benedict - .01961%	Westates Petroleum Company -100.0000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
5							
(cont)							
6	T-25-S, R-37-E Sec. 4: Lots 2, 3 SW/4 NE/4, NW/4 SW/4 Sec. 5: Lots 2, 3, 4 SW/4 NW/4, NW/4 SW/4, S/2 SE/4 SE/4 SW/4	480.54	LC 055546 HBP	USA - A11 (Schedule "D")	Rosley Corp. (formerly First Chicago Corp.) - 1/2 Allied Chemical Corp. - 5/12 Jos. E. Seagram & Sons, Inc. - 1/12	J. Reuel Armstrong - .04396% L. E. Armstrong - .04396% Mary E. Baker, (dn. - .01786% Robert Bivens .01786% Leland Stanford, Jr. Univ. - .04464% Ruby C. Bowen - .13189% Marth Oil Co. - 3.56039% CRA, Inc. - .11012% Helen H. Benedict - .01961%	<u>Oil Rights</u> Rosley Corp. (formerly First Chicago Corp.) - 50,0000% Allied Chemical Corp. - .41,6667% Jos. E. Seagram & Sons, Inc. - .8,3333% <u>Gas Rights</u> EPNG Co. - 100,0000%
					Board of Trustees of the Leland Stanford, Jr. University - .04464% The Marbet Co. - .04464%		
					Estate of Mary Alice Dawson, Clyde C, Dawson, Executor - .01962% S. Arthur Henry - .01961% Ruby C. Bowen - .13189% CRA, Inc. - .3,67051% Mrs. Fred E. Tucker, Jr. - .13189%		

EXHIBIT B - UNIT AGREEMENT (Continued)

LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
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6  
 (cont)

	T-25-S, R-37-E	240.00	LC 055546	USA - All (Schedule "D")	Rosley Corp. (formerly First Chicago Corp.) Allied Chemical Corp. Jos. E. Seagram & Sons, Inc.	J. Reuel Armstrong - .04395% L. F. Armstrong, Jr. - .04396% Helen H. Benedict - .01961% Robert Bivens - .01786% Ruby C. Bowen - .13189% Virginia B. Bryan - .01786%	Oil Rights - .4, 000' Jos. E. Seagram & Sons, Inc. - .100, 0000% Gas Rights - .4, 000' EPNG Co. - .100, 0000%
	Sec. 5: SE/4 NW/4, SW/4 NE/4, NE/4 SW/4, N/2 SE/4 SW/4		HBP			J. Reuel Armstrong - .04395% L. F. Armstrong, Jr. - .04396% Helen H. Benedict - .01961% Robert Bivens - .01786% Ruby C. Bowen - .13189% Virginia B. Bryan - .01786%	Oil Rights - .4, 000' Jos. E. Seagram & Sons, Inc. - .100, 0000% Gas Rights - .4, 000' EPNG Co. - .100, 0000%
						Mrs. Fred E. Tucker, Jr. - .13189% E. J. Wells - .33928% Ella B. Williams - .01785% Ann Young - .04397%	
						Marguerite B. Poynter - .01785% Red Feather Oil Co. - .31250% Estate of Mary Alice Dawson, Clyde C. Dawson, Executor - .01962% S. Arthur Henry - .01961% The Marbet Co. - .04464% J. W. Pauson - .04464% Mary Bivens Poegel - .01786%	

6-A T-25-S, R-37-E 240.00 LC 055546 USA - All (Schedule "D") Rosley Corp. (formerly First Chicago Corp.)  
 Allied Chemical Corp.  
 Jos. E. Seagram & Sons, Inc.

Commerce Trust Company  
 For Account of Marth  
 Oil Co. - .3, 56039%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
6-A (cont)	T-25-S, R-37-E Sec. 6: SE/4 NW/4, NE/4 SW/4, NW/4 SE/4	120.00	LC 055546 HBP	USA - All (Schedule "D")	Rosley Corp. (Formerly First Chicago Corp.) Allied Chemical Corp.-5/12 Jos. E. Seagram & Sons, Inc.-1/12	J. Reuel Armstrong- .04395% L. E. Armstrong, Jr.- .04396% Helen H. Benedict- .01961% Robert Bivens- .01786%	Oil Rights-4,000' Jos. E. Seagram & Sons, Inc.-100.0000% Gas Rights-4,000' Atlantic Richfield Co.-100.0000%
					CRA, Inc.-.11012% Estate of Mary Alice Dawson, Clyde C. Dawson, Executor - .01962% Mrs. C. H. Duplex- .01786% S. Arthur Henry- .01961% The Marbet Co.-.04464% J. W. Pauson-.04464% Marguerite Bivens Poynter-.01786% Red Feather Oil Co.- .31250% Bd. of Trustees of the Leland Stanford Jr, Univ.-.04464% Mary Elizabeth Tucker- .13189% E. J. Wells-.33928% Douglas O. Williams- .01786% Ann Young-.04396%		



EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
6-B (cont)							
						Ruby C. Bowen-.13189%	
						Virginia B. Bryan-.01786%	
						Commerce Trust Company for Account of Marth Oil Co.-.3.56039%	
						CRA, Inc.-.11012%	
						Estate of Mary Alice Dawson, Clyde C. Dawson, Executor - .01962%	
						Mrs. C. H. Dupliex-.01786%	
						S. Arthur Henry-.01961%	
						The Marbet Co.-.04464%	
						J. W. Pauson-.04464%	
						Marguerite Bivens Poynter-.01786%	
						Red Feather Oil Co.-.31250%	
						Bd. of Trustees of the Leland Stanford Jr. Univ., .04464	
						Mary Elizabeth Tucker-.13189%	
						E. J. Wells-.33928%	
						Douglas O. Williams-.01786%	
						Ann Young-.04396%	

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
6-C	Sec. 6: SW/4 NE/4	40.00	LC 055546 HBP	USA - A11 (Schedule "D")	Rosley Corp. (Formerly First Chicago Corp.) - 1/2 Allied Chemical Corp. - 5/12 Jos. E. Seagram & Sons, Inc. - 1/12	J. Reuel Armstrong - .04396% L. E. Armstrong - .04396% Mary E. Baker, Gdn. - .01786% Robert Bivens - .01786% Leland Stanford, Jr. Univ. - .04464% Ruby C. Bowen - .13189% Marth Oil Co. - 3.56039% CRA, Inc. - .11012% Helen H. Benedict - .01961% Estate of Mary Alice Dawson, Clyde C. Dawson, Executor - .01962% S. Arthur Henry - .01961% The Marbet Co. - .04464% J. W. Pauson - .04464% Mary Bivens Poeegel - .01786% Marguerite B. Poynter - .01785% Red Feather Oil Co. - .31250% Mrs. Fred E. Tucker, Jr. - .13189% E. J. Wells - .33928%	Oil Rights Rosley Corp. (Formerly First Chicago Corp.) - 50.0000% Jos. E. Seagram & Sons, Inc. - 8.3333% Allied Chemical Corp. - 41.6667% Gas Rights Atlantic Richfield Co. - 100.0000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
6-C (cont)						Ella B. Williams - .01785% Ann Young - .04397%	
6-D	T-25-S, R-37-E Sec. 6: Lot 4	38.16	LC 055546 HBP	USA - All (Schedule "D")	Rosley Corp. (Formerly First Chicago Corp.) - 1/2 Allied Chemical Corp. - 5/12 Jos. E. Seagram & Sons, Inc. - 1/12	J. Reuel Armstrong - .04395% L. E. Armstrong, Jr. - .04396% Helen H. Benedict - .01961% Robert Bivens - .01786% Ruby C. Bowen - .13189% Virginia B. Bryan - .01786% Commerce Trust Co. for Account of Marth Oil Co. - 3.56039% CRA, Inc. - .11012% Estate of Mary Alice Dawson, Clyde C. Dawson, Executor - .01962% Mrs. C. H. Dupliex - .01786% S. Arthur Henry - .01961% The Marbet Co. - .04464% J. W. Pauson - .04464% Marguerite Bivens Poynter - .01786% Red Feather Oil Co. - 31250%	Oil Rights - 4,000' Jos. E. Seagram & Sons, Inc. - 100.0000% Gas Rights - 4,000' EPNG Co. - 100.0000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
6-D (cont)							
						Bd. of Trustees of the Leland Stanford Jr. Univ. - .04464%	
						Mary Elizabeth Tucker - .13189%	
						E. J. Wells - .33928%	
						Douglas O. Williams - .01786%	
						Ann Young - .04396%	
7	T-25-S, R-37-E Sec. 17: NE/4 NE/4, SW/4 NE/4	80.00	New Mexico 036452 HBP	USA - All (Schedule "C")	Jos. E. Seagram & Sons, Inc.	Selma L. Wilkinson - 1.56250%	<u>Oil Rights</u> Jos. E. Seagram & Sons, Inc. - 100.0000%
						Marshall & Winston, Inc. - .50000%	<u>Gas Rights</u> Atlantic Richfield Co. - 100.0000%
						John M. Loffland, Jr. - .50000%	
						Paul Jones Langlie - .25000%	
						Lloyd Mills Langlie - .25000%	
						Mrs. Viola M. Klages - .50000%	
						Lottie L. Gregory - .16670%	
						Lawrence W. Gregory - .50000%	
						Selma E. Andrews, Oil Account - 2.59570%	
						Albuquerque National Bank Testamentary Trustee of Frank A. Andrews, Dec'd. - 2.23760%	

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 I,FA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE		WORKING INTEREST OWNER AND PERCENTAGE	
8	T-25-S, R-37-E Sec. 17: N/2 SE/4	80.00	New Mexico 0140978 HBP	USA - All (Schedule "D")	Allied Chemical Corporation-5/6 Jos.E.Seagram & Sons, Inc.-1/6	*J. Steve Anderson, Jr.-2.73438%	Oil Rights Allied Chemical Corp.-83.3333%	*Betty Lou Linehan- 1.36719%	Gas Rights EPNG Co.-100.0000%
						Margaret Aurand- .39062%	Jos.E.Seagram & Sons, Inc.-16.6667%		
						Miriam B. Lamphere- .39062%	Gas Rights		
						*Betty Lou Linehan- 1.36719%	EPNG Co.-100.0000%		
						Alice N. Robertson- .39063%			
						Alfred R. Thomas- .19531%			
						William E. Thomas- .19532%			

\*Effective as to oil when average production per well per day, averaged on monthly basis, is more than 15 barrels of oil.

\*J. Steve Anderson,  
Jr.-2.73438%  
Allied Chemical Corp.-83.3333%

Margaret Aurand-  
.39062%  
Jos.E.Seagram &  
Sons, Inc.-16.6667%

Miriam B. Lamphere-  
.39062%  
Gas Rights  
EPNG Co.-100.0000%

\*Betty Lou Linehan-  
1.36719%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
8-A (cont)						*Barbara Jean Ratliff- 1.36718% Alice N. Robertson- .39063% Alfred R. Thomas- .19531% William E. Thomas- .19532%	
9	<u>T-25-S, R-37-E</u> Sec. 4: <u>SE/4 NW/4,</u> <u>SW/4 SW/4</u>	80.00	New Mexico 0283328 HBP	USA - All (Schedule "D")	CRA, Inc.	J. W. Pausen et al- 1.32949%	<u>Oil Rights</u> CRA, Inc. -100.0000% <u>Gas Rights</u> EPNG Co. -100.0000%
10	Sec. 8: <u>NE/4 NE/4</u>	40.00	NM 4353 HBP	USA - All (Schedule "D")	Allied Chemical Corporation-5/12 Jos.E.Seagram & Sons, Inc.-7/12	Selma Wilkinson- 1.56250%	<u>Oil Rights</u> Allied Chemical Corp.-41.6667% Jos.E.Seagram & Sons, Inc.-58.3333% <u>Gas Rights</u> EPNG Co.-100.0000%
10-A	Sec. 8: <u>NW/4 NE/4</u>	40.00	NM 4353 HBP	USA - All (Schedule "D")	Allied Chemical Corporation-5/12 Jos.E.Seagram & Sons, Inc.-7/12	Selma Wilkinson- 1.56250%	<u>Oil Rights-3,175'</u> Jos.E.Seagram & Sons, Inc.-100.0000%

\*Effective as to oil when average production per well per day, averaged on monthly basis, is more than 15 barrels of oil.

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
10-A (cont)							Oil Rights Below 3,175' Allied Chemical Corp.-41.6667% Jos. E. Seagram & Sons, Inc.-58.3333% Gas Rights EPNG Co.-100.0000%
11	T-25-S, R-37-E Sec. 9: NW/4 NW/4	40.00	NM 4354 HBP	USA - All (Schedule "D")	Allied Chemical Corp.-5/6 Jos. E. Seagram & Sons, Inc.-1/6	Selma Wilkinson- 1.56250%	Oil Rights Allied Chemical Corp.-83.3333% Jos. E. Seagram & Sons, Inc.-16.6667% Gas Rights EPNG Co.-100.0000%

18 Federal Tracts - 2,075.230 Acres - Consisting of 55.368111% of Unit Area

12	T-24-S, R-37-E Sec. 32: NE/4 NW/4	40.00	B-148-9 HBP	State - All	Apco Oil Corp.	Texaco Inc.-6.25% of 8/8 to 12.5% of 8/8 based on weighted average price.	Apco Oil Corp.- 100.0000%
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EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
13	T-24-S, R-37-E Sec. 32: S/2 NW/4, NW/4 NW/4	120.00	B-148-18 HBP	State - All	Allied Chemical Corporation	Texaco Inc.-6.25% on daily average of less than 40 barrels, 9.375% on daily average of 40 barrels but less than 70 barrels, 12.5% on daily average of 70 barrels or more. 12.5% on all gas production.	Allied Chemical Corp.-83.3333% Jos.E.Seagram & Sons, Inc.-16.6667%
14	Sec. 32: NE/4 NE/4	40.00	B-934-9 HBP	State - All	E. G. Rodman	Humble Oil and Refining Co.-6.25000%	Thornton Petroleum Corp.-100.0000%
14-A	Sec. 32: SE/4 NE/4, NE/4 SE/4	80.00	B-934-18 HBP	State - All	E. G. Rodman	Humble Oil and Refining Co.-6.25000% as to gas rights	Thornton Petroleum Corp.-100.0000%
15	Sec. 32: N/2 SW/4, SW/4 SW/4	120.00	B-1327 HBP	State - All	Skelly Oil Co.	None	Skelly Oil Co.-100.0000%
16	Sec. 32: W/2 NE/4	80.00	B-1506 HBP	State - All	Atlantic Richfield (formerly Sinclair Oil Corp.)	None	Atlantic Richfield (formerly Sinclair Oil Corp.)-100.0000%



EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
17	T-24-S, R-37-E Sec. 32: S/2 SE/4	80.00	B-1506 HBP	State - All	Atlantic Richfield (formerly Sinclair Oil Corp.)	None	Atlantic Richfield (formerly Sinclair Oil Corp.) - 100.0000%
18	Sec. 32: SE/4 SW/4	40.00	B-1888-1 HBP	State - All	Atlantic Richfield Company	None	Atlantic Richfield Co.-100.0000%
19	Sec. 32: NW/4 SE/4	40.00	E-8327-1 HBP	State - All	Continental Oil Company	None	Continental Oil Co.-100.0000%

9 State Tracts - 640 Acres - Consisting of 17.075500% of Unit Area

EXHIBIT B - UNIT AGREEMENT (Continued)

LANGLIE-JAL UNIT  
LEA COUNTY, NEW MEXICO  
T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
20	T-25-S, R-37-E Sec. 6: Lots 5 and 6	76.50	Fee HBP	Atlantic Richfield- .62500% Estate of R.L.Wheel- lock-3.33336% Argo Production Pay- ment-11.87500% Estate of J.L.Collins- 6.66672% Gordon M. Cone-6.25000% Martha Watkins Harris- 2.95136% T.J. Horsley-3.12496% Estate of S.E.Cone- 3.12496% (Mrs.) Clyde W. Miller-2.95144% A.S. Pearson-6.66672% H. Dillard Schenck- 3.12496% H.R. Strube-6.66672% W.C. Strube-6.66672% Myrtis Dean Watkins- 2.95136% R.L. Wheelock, Jr. & B.W. Kennaugh-3.33336% S. Morse Willis-3.12496% May Woolworth-14.75688% Elizabeth Woolworth- 11.80552%	Union Oil Com- pany of Calif.	Phillips Petro- leum Company- 6.25000% Union Oil Com- pany of Calif.- 6.25000%	Allied Chemical Corp.-100.0000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
20-A	T-25-S, R-37-E Sec. 6: SE/4 SW/4	40.00	Fee HBP	Atlantic Richfield-.62500% Argo Production Payment-11.87500% Gordon M. Cone-6.25000% Estate of Veronica K. Felt-1.56248% Martha W. Harris-1.56248% Frank Haynes-9.37496% T.J. Horsley-3.12504% Estate of S.E. Cone-3.12504% Estate of Wm. J. Kendall-1.56248% Mrs. Clyde W. Miller-1.56248% H. Dillard Schenck-3.12504% Myrtis Dean Watkins-1.56248% S. Morse Willis-3.12504% Howard M. Wilson-37.50000% May Woolworth-7.81248% Elizabeth Woolworth-6.25000%	Union Oil Company of Calif.	Phillips Petroleum Co.-6.25000% Union Oil Co. of Calif.-6.25000%	Allied Chemical Corp.-75.00000% Ray Fiore-25.00000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
20-B	T-25-S, R-37-E Sec. 6: S/2 SE/4	80.00	Fee HBP	T.J. Horsley-3.12496% S. Morse Willis-3.12504% Elizabeth Woolworth, May Woolworth-93.75000%	Union Oil Company of Calif.	Phillips Petroleum Company-6.25000% Union Oil Co. of California-6.25000%	Allied Chemical Corp.-100.00000%
21	Sec. 6: Lot 7	38.33	Fee HBP	Atlantic Refining Co.-.62496% Chase Manhattan Bank Assignee-11.87510% J.L. Collins Estate-6.66691% Gordon M. Cone-6.25027% Majorie Cone Kastman, Perm. Gdn. of the Estate of S.E. Cone-3.12514% Mrs. Martha Watkins Harris-2.95169% T.J. Horsley-3.12514% Mrs. Clyde Watkins Miller-2.95169% A.S. Pearson-6.66627% H. Dillard Schenck-3.12514% H.R. Stroube-6.66691% W.C. Stroube-6.66691%	Union Oil Company of Calif.	None	Phillips Petroleum Company-50.00000% Union Oil of California-50.00000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
21 (cont)				Myrtis D. Watkins - 2.95169%			
				The First National Bank, Corsicana, Texas, and Jane Case Blackford, Indep. Exec. of the Estate of R.L. Wheelock - 6.66627%			
				Morse S. Willis - 3.12514%			
				Elizabeth Woolworth - 11.80614%			
				May Woolworth - 14.75463%			
21-A	T-25-S, R-37-E Sec. 6: SE/4 NE/4; NE/4 SE/4	80.00	Fee HBP	T.J. Horsley - 3.12500% Morse S. Willis - 3.12500% Elizabeth Woolworth - 46.87500% May Woolworth - 46.87500%	Union Oil Co. of California	None	Phillips Petroleum Company - 50.0000% Union Oil of California - 50.0000%
22	Sec. 8: NW/4	160.00	Fee HBP	Atlantic Richfield - 2.18720% William Evert Andrau - .08696% Bank of SW Natl Assoc. Houston, Indep. Exec. & Test. Trs. U/W of E.W.K. Andrau, Decd, for William Evert Andrau - .04344%	Atlantic Richfield (formerly Sinclair Oil Corporation)	Amerada Petroleum Corporation - 3.12500%	CRA, Inc. - 50.0000% Atlantic Richfield (formerly Sinclair Oil Corp.) - 50.0000%

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
22				Bank of the Southwest National Association, Houston Trustee for Barbara Joan Andrau-			
(cont)				Helen Antoinette Siegler- .08696%	Bank of the Southwest Natl Assn., Houston, Indep. Exec. & Test. Trustee U/W of F.W.K. Andrau, Decd, for Helen An- toinette Andrau(now Siegler)- .04344%		
				Emily Bissell Cady and Harris Trust and Savings Bank as Co- Ex. of Estate of Paget K. Cady-.78160%	The Chase Manhattan Bank, Argo Production Payment-41.56320% Peter Conner-.78160%		
				The First National Bank and Trust Company of Tulsa, as Trs. for Jacqueline Shidler-5.15600%	The First National Bank and Trust Company of Tulsa, as Trs. for Mary Jo Shidler- 5.15600%		
				The First Natl Bank and Trust Co. of Tulsa, as Trs. for Mary Jo Shidler- 5.15600%	Don E. McInturff-.62480%		

EXHIBIT B - UNIT AGREEMENT (Continued)

LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE	
22 (cont)				Midland National Bank, Trustee A/C 0339-01-6- .62480%				
				Myrl Pepper-4.68720%				
				Phillips Investment Corp.-26.87440%				
				The Red Bank Lions Club Welfare Assoc., Inc.-.15600%				
				Aletta S. Root-.78160%				
				Scope Industries- 4.68720%				
				Mary Alice Shidler- 5.15680%				
				Helene Bernadine Wolfe- .39040%				
23	<u>T-24-S, R-37-E</u> Sec. 31: <u>NE/4</u>	160.00	Fee	HBP	Leonard C. Alston- 2.00617%	Reserve Oil and Gas Company	None	Reserve Oil and Gas Company- 100.0000%
					Wanda Archer- 1.38889%			
					William Fisher Arledge, Jr.- .02057%			
					J.W. Barnes-.09259%			
					Cities Service Oil Co.-22.22223%			
					Jo Beth Arledge Clifton- .02057%			
					Ruth B. Cure-.92592%			
					Boyce Rush Davis-1.85186%			

EXHIBIT B - UNIT AGREEMENT (Continued)

LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

<u>TRACT NO.</u>	<u>DESCRIPTION OF LAND</u>	<u>NO. OF ACRES</u>	<u>SERIAL NO. AND EXPIRATION DATE OF LEASE</u>	<u>BASIC ROYALTY AND OWNERSHIP PERCENTAGE</u>	<u>LESSEE OF RECORD</u>	<u>OVERRIDING ROYALTY OWNER AND PERCENTAGE</u>	<u>WORKING INTEREST OWNER AND PERCENTAGE</u>
23 (cont)				Genevieve Elmendorf- .92592%			
	First National Bank of Fort Worth, Executor and Trustee U/W/O Eusebia S. Stonestreet, Deceased-.92592%			George Hamilton Folk- 1.23458%			
	Bessie R. Galaz-2.00618%			Rosabelle B. Gernsbacher- .09259%			
	Martha Watkins Harris- .77161%			Estate of G.E. Hubbard- 7.40741%			
	Ray E. Hubbard-7.40741%			Myrtle E. Lamons-2.00618%			
	Benjamin Largent-.09259%			Estate of Raymond Largent, Deceased-.09259%			
	W. W. Lechner-7.40741%			(Mrs.) Frankie K. Martin- 2.96296%			
	Granville Martin-2.96296%			Rose Wood Arledge Metler- .02057%			
	Ira H. Martin-2.96296%			Otto Martin-2.96296%			
	Raymond R. Martin-2.96296%			E. W. Morton-.18519%			



EXHIBIT B - UNIT AGREEMENT (Continued)

LANGLIE-JAL UNIT  
LEA COUNTY, NEW MEXICO  
T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
23				(Mrs.) Clyde W. Miller- .77161%			
(cont)				The North Central Oil Corp.-3.70371%			
				Rober B. Owings-3.70371%			
				Lulu Snively Rush- 3.70371%			
				Arnold P. Scharbauer- 1.23457%			
				Janet Sherley-.09259%			
				Walter C. Snyder-1.23457%			
				Scope Industries-.92592%			
				Catherine L. Verschoyle- .09259%			
				Myrtis Dean Watkins- .77161%			
				(Mrs.) Florence Lea Weaver- .06172%			
				(Mrs.) Sara Harris Weaks- .06172%			
				Ruth R. Weaver-1.85185%			
				Elizabeth Woolworth- 3.08642%			
				May Woolworth-3.85803%			
				Hazel Hoffman Wyatt- .92592%			

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLEIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
24	T-24-S, R-37-E Sec. 31: Lot 2 and SE/4 NW/4	78.10	Fee HBP	Leonard C. Alston-1.54761% Wanda Archer-1.07142% William Fisher Arledge, Jr.-.01587% J. W. Barnes-.07144% Cities Service Oil Company-17.14282% Jo Beth Arledge Clifton-.01587% Ruth B. Cure-.71429% Boyce Rush Davis-2.85714% Genevieve Elmendorf-.71429%	Reserve Oil and Gas Company	None	Reserve Oil and Gas Company-100.0000%
				First National Bank of Fort Worth, Executor and Trustee U/W/O Eusebia S. Stonestreet, Deceased-.71429% George Hamilton Folk-.95239% Bessie R. Galaz-1.54762% Rosabelle B. Gernsbacher-.07144% Martha Watkins Harris-.59525% Estate of G.F. Hubbard-11.42855% Ray E. Hubbard-11.42856% Myrtle E. Lamons-1.54762% Benjamin Largent-.07144%			

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
24	(cont)			Estate of Raymond			
				Largent, Deceased-			
				.07144%			
				W. W. Lechner-11.42855%			
				(Mrs.) Frankie K. Martin-			
				2.28572%			
				Granville Martin-2.28572%			
				Ira H. Martin-2.28572%			
				Ott Martin-2.28572%			
				Raymond R. Martin-2.28572%			
				Rose Wood Arledge Metler-			
				.01588%			
				E. W. Morton-.14287%			
				(Mrs.) Clyde W. Miller-			
				.59525%			
				The North Central Oil			
				Corp.-2.85713%			
				Roger B. Owings-2.85713%			
				Lulu Snively Rush-5.71428%			
				Arnold P. Scharbauer-			
				.95238%			
				Janet Sherley-.07143%			
				Walter C. Snyder-.95238%			
				Scope Industries-.71428%			
				Catherine L. Verschoyle-			
				.07143%			
				Myrtis Dean Watkins-			
				.59524%			
				(Mrs.) Florence Lea			
				Weaver-.04762%			

EXHIBIT B - UNIT AGREEMENT (Continued)

LANGLIE-JAL UNIT  
LEA COUNTY, NEW MEXICO  
T-24-S, T-25-S, R-37-E

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TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
24 (cont)				(Mrs.) Sara Harris Weaks-.04762%			
				Ruth R. Weaver-2.85714%			
				Elizabeth Woolworth- 2.38096%			
				Hazel Hoffman Wyatt- .71429%			
				May Woolworth-2.97619%			
25	<u>T-24-S, R-37-E</u> Sec. 31: <u>SE/4, E/2</u> SW/4, <u>T-25-S, R-37-E</u> Sec. 6: Lots 2 and 3	319.90	Fee HBP	James Henry Bearly- .19096%	Skelly Oil Co.	None	Skelly Oil Co. - 100.0000%
				Charles F. Bedford- .25000%			
				Edwin M. Bedford- .25000%			
				Henry D. Bedford- .25000%			
				Rachel Bedford Bowen- .25000%			
				The First National Bank and Trust Company of Oklahoma City, Executor of the Estate of George Key, Deceased-9.37496%			
				Dena Ida Koenig, Individually and as Executrix of the Estate of E.J. Koenig- .11216%			
				J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth- 5.62504%			

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

<u>TRACT NO.</u>	<u>DESCRIPTION OF LAND</u>	<u>NO. OF ACRES</u>	<u>SERIAL NO. AND EXPIRATION DATE OF LEASE</u>	<u>BASIC ROYALTY AND OWNERSHIP PERCENTAGE</u>	<u>LESSEE OF RECORD</u>	<u>OVERRIDING ROYALTY OWNER AND PERCENTAGE</u>	<u>WORKING INTEREST OWNER AND PERCENTAGE</u>
25 (cont)				Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of the Estate of Marion Taylor Underwood-.86800% Judd Moore-.19096% Nancy Elizabeth Penson- 9.16896% The First National Bank and Trust Company of Oklahoma City, Trustee Under the Will of Ione Bearly Atkins-.19104% Ordella N. Clark-.97216% Elizabeth Bearly Dudley- .19096% Marion McNair Heard- .28936% Elinor Campbell Shaughnessy- .28936% First National Bank in Dallas and Vera H. Long, Independent Executors of the Estate of Frank O. Long, Deceased- .00896% Wachovia Bank and Trust Co.- 1.73608% Jessie B. Crump-3.90624% Joe and Jessie Crump Fund- 3.90624%			

EXHIBIT B - UNIT AGREEMENT (Continued)  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S, T-25-S, R-37-E

TRACT NO.	DESCRIPTION OF LAND	NO. OF ACRES	SERIAL NO. AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND OWNERSHIP PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY OWNER AND PERCENTAGE	WORKING INTEREST OWNER AND PERCENTAGE
25 (cont)				Getty Oil Co.-6.25000% Skelly Oil Co.- 12.50000% Divisees of George Pfaits- .00448%			

9 Fee Tracts - 1,032.83 Acres - Consisting of 27.556389% of Unit Area

RECAPITULATION OF NUMBER OF ACRES:

Federal Lands	2,075.23 Acres	55.368111% of Unit Area
State Lands	640.00 Acres	17.075500% of Unit Area
Fee Lands	1,032.83 Acres	27.556389% of Unit Area
	<u>3,748.06 Acres</u>	<u>100.000000% of Unit Area</u>

EXHIBIT C - UNIT AGREEMENT  
 LANGLIE-JAL UNIT  
 LEA COUNTY, NEW MEXICO  
 T-24-S; T-25-S; R-37-E

<u>TRACT NO.</u>	<u>DESCRIPTION OF LAND</u>	<u>TRACT PARTICIPATION</u>
	<u>T-25-S, R-37-E</u>	
1	Sec. 9: W/2 SW/4	2.915061
2	Sec. 17: NW/4 NE/4 SE/4 NE/4	2.328840
3	Sec. 9: SW/4 NW/4	0.160083
3-A	Sec. 8: S/2 NE/4, SE/4	9.974474
	<u>T-24-S, R-37-E</u>	
4	Sec. 31: Lots 3 and 4	1.839708
	<u>T-25-S, R-37-E</u>	
5	Sec. 4: Lot 4, SW/4 NW/4 Sec. 5: Lot 1, SE/4 NE/4 Sec. 6: Lot 1	4.794379
6	Sec. 4: Lot 2, 3 SW/4 NE/4, NW/4 SW/4 Sec. 5: Lots 2, 3, 4 SW/4 NW/4, NW/4 SW/4, S/2 SE/4, SE/4 SW/4	16.642138
6-A	Sec. 5: SE/4 NW/4, SW/4 NE/4, NE/4 SW/4, N/2 SE/4, SW/4 SW/4	4.886555
6-B	Sec. 6: SE/4 NW/4, NE/4 SW/4, NW/4 SE/4	2.648351
6-C	Sec. 6: SW/4 NE/4	0.196845
6-D	Sec. 6: Lot 4	1.166039
7	Sec. 17: NE/4 NE/4, SW/4 NE/4	1.670667
8	Sec. 17: N/2 SE/4	1.172666
8-A	Sec. 17: S/2 SE/4	1.892927
9	Sec. 4: SE/4 NW/4, SW/4 SW/4	0.320166
10	Sec. 8: NE/4 NE/4	1.352073
10-A	Sec. 8: NW/4 NE/4	2.205778
11	Sec. 9: NW/4 NW/4	1.250747

<u>TRACT NO.</u>	<u>DESCRIPTION OF LAND</u>	<u>TRACT PARTICIPATION</u>
	<u>T-24-S, R-37-E</u>	
12	Sec. 32: NE/4 NW/4	0.212801
13	Sec. 32: S/2 NW/4, NW/4 NW/4	3.635710
14	Sec. 32: NE/4 NE/4	1.165992
14-A	Sec. 32: SE/4 NE/4, NE/4 SE/4	0.993662
15	Sec. 32: N/2 SW/4, SW/4 SW/4	4.732992
16	Sec. 32: W/2 NE/4	2.097752
17	Sec. 32: S/2 SE/4	1.239017
18	Sec. 32: SE/4 SW/4	1.330340
19	Sec. 32: NW/4 SE/4	2.496713
	<u>T-25-S, R-37-E</u>	
20	Sec. 6: Lots 5 and 6	2.412891
20-A	Sec. 6: SE/4 SW/4	0.704828
20-B	Sec. 6: S/2 SE/4	1.440444
21	Sec. 6: Lot 7	0.419999
21-A	Sec. 6: SE/4 NE/4, NE/4 SE/4	2.382879
22	Sec. 8: NW/4	3.427777
	<u>T-24-S, R-37-E</u>	
23	Sec. 31: NE/4	3.876041
24	Sec. 31: Lot 2, SE/4 NW/4	1.895688
25	Sec. 31: SE/4, E/2 SW/4	
	<u>T-25-S, R-37-E</u>	
	Sec. 6: Lots 2 and 3	8.116977
	TOTAL	100.000000