

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

August 29, 1984

Case 8751

(HAND DELIVERED)

RECEIVED

Mr. Joe D. Ramey
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

AUG 30 1984

OIL CONSERVATION DIVISION

Re: Cities Service Company
West Bravo Dome Unit

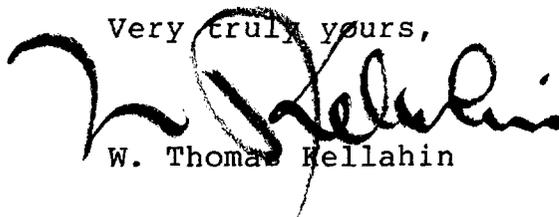
Dear Mr. Ramey:

The New Mexico Oil Conservation Commission has set the Cities Service Application for 640 acre spacing for the West Bravo Dome Area for hearing on September 26, 1984.

Please find enclosed another application also on behalf of Cities Service Company. This application is for approval of the voluntary unit being formed by Cities Service within a portion of the West Bravo Dome Area.

We would appreciate this case also being set on the September 26, 1984 docket for Commission hearings.

Very truly yours,



W. Thomas Kellahin

WTK:mh

Enclosure

cc: Mr. E. F. Motter
Cities Service
Post Office Box 1919
Midland, Texas 79702

Gerald Barnes, Esq.
Cities Service
Box 300
Cities Service Building
Tulsa, Oklahoma 74102

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

RECEIVED

AUG 30 1984

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL & GAS
CORPORATION FOR APPROVAL OF THE
WEST BRAVO DOME UNIT,
HARDING COUNTY, NEW MEXICO.

CASE NO. 8351

A P P L I C A T I O N

COMES NOW CITIES SERVICE OIL & GAS CORPORATION, by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Commission for approval of a Unit Agreement, Harding County, New Mexico and in support thereof would show:

1. Applicant proposes to form the West Bravo Dome Unit, Harding County, New Mexico to be operated by Cities Service Oil & Gas Corporation.

2. The Unit area consists of 43,154 acres, more or less, and includes 8.9% federal tracts, 38.05% state tracts and 52.97% fee tracts; all as shown on Exhibit A (plat) and Exhibit B (written description of acreage) attached hereto and made a part hereof.

3. The unitized interval is the Tubb Formation.

4. The Unit Agreement has been submitted to the Commissioner of Public Lands of New Mexico for preliminary approval.

5. The Unit Agreement has been submitted to the Director, Bureau of Land Management for preliminary approval.

6. The said Unit Agreement has been approved by sufficient owners of interest to assure its ultimate effectiveness.

7. The Unit is being formed for the development of carbon dioxide reserves underlying the acreage.

8. The granting of this application will result in the prevention of waste, the protection of correlative rights and the promotion of conservation.

WHEREFORE, Applicant requests that this matter be set for a Commission hearing and that after notice and hearing the application be granted as requested.

KELLAHIN & KELLAHIN

By: 

W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87501

(505) 982-4285

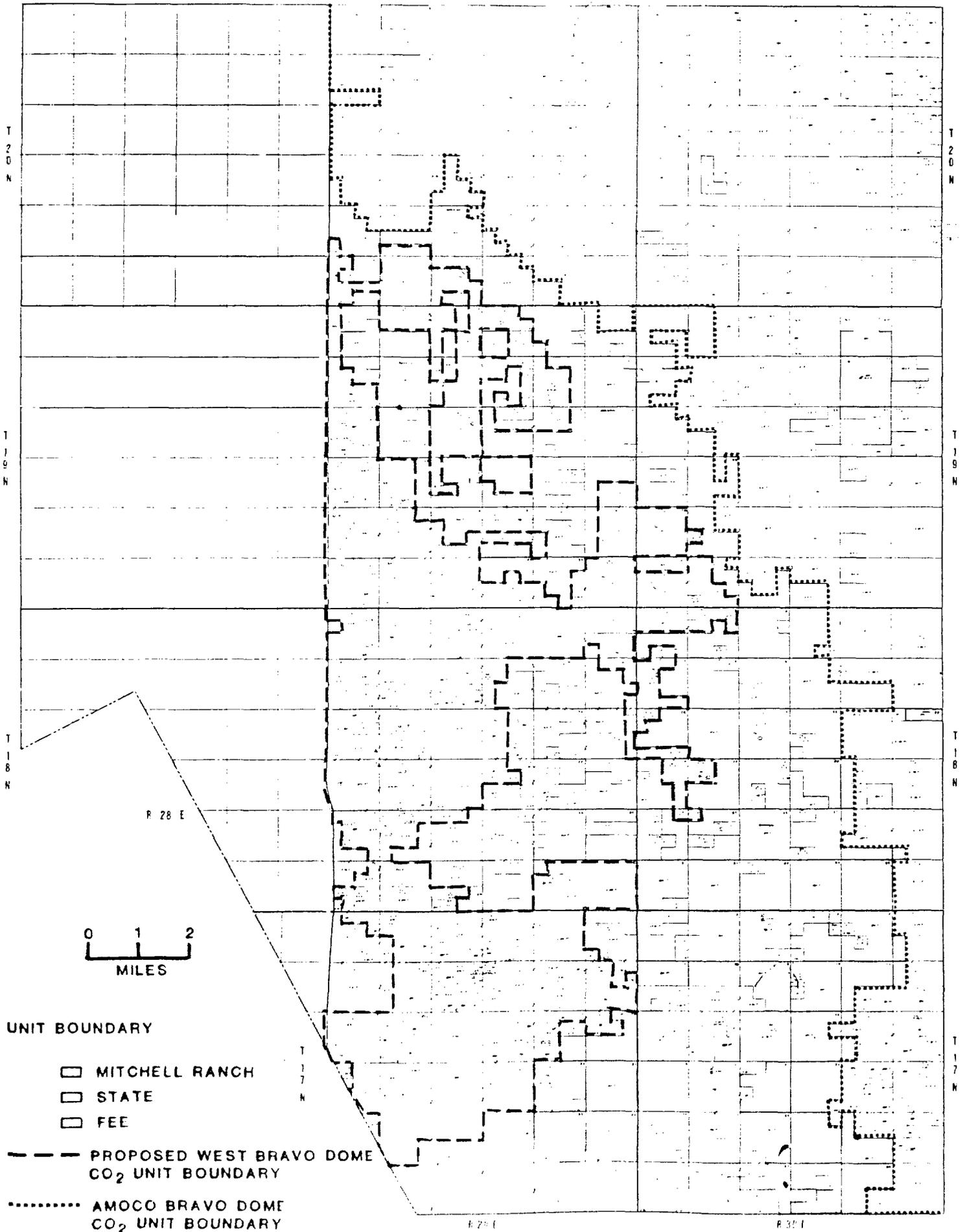
Attorney for Applicant

EXHIBIT A

R 28 E

R 29 E

R 30 E



UNIT BOUNDARY

- ▭ MITCHELL RANCH
- ▭ STATE
- ▭ FEE

- — — PROPOSED WEST BRAVO DOME CO₂ UNIT BOUNDARY
- AMOCO BRAVO DOME CO₂ UNIT BOUNDARY

EXHIBIT B

T20N R29E

Sec 29: S/2 S/2
Sec 30: SW/4 SW/4
Sec 31: N/2 NW/4; SW/4 NW/4; SW/4; N/2 SE/4
Sec 32: All
Sec 33: SW/4 NE/4; S/2 NW/4; N/2 SW/4;
SW/4 SW/4; N/2 SE/4; SE/4 SE/4

T19N R29E

Sec 2: SW/4 SW/4
Sec 3: S/2 NE/4; NW/4 NE/4; NW/4; SE/4
Sec 4: E/2 NE/4; NW/4; W/2 SW/4; SE/4
Sec 5: N/2
Sec 6: W/2 W/2
Sec 7: NW/4 NW/4; S/2 NW/4; S/2
Sec 9: NE/4; W/2 NW/4; E/2 SW/4; SE/4
Sec 10: N/2 NE/4; SE/4 NE/4; NW/4; SE/4 SW/4;
E/2 SE/4
Sec 11: SW/4 NE/4; NW/4 NW/4; S/2 NW/4 SW/4;
W/2 SE/4
Sec 14: W/2 NE/4; NW/4
Sec 15: NE/4; E/2 NW/4
Sec 16: All
Sec 18: All
Sec 19: All
Sec 20: W/2; W/2 E/2
Sec 21: W/2 NW/4; N/2 SW/4
Sec 22: NE/4; NW/4; NE/4 SW/4; N/2 SE/4
Sec 24: E/2 SW/4; SE/4
Sec 25: E/2; E/2 W/2
Sec 26: W/2 SW/4
Sec 27: N/2 S/2
Sec 28: SW/4 NW/4; W/2 SW/4; SE/4 SW/4;
S/2 SE/4 NE/4 SE/4
Sec 29: NW/4 NE/4; W/2; SE/4; S/2; NE/4
Sec 30: All
Sec 31: All
Sec 32: All
Sec 33: All
Sec 34: S/2; SW/4 NE/4
Sec 35: SE/4 NE/4; W/2 SW/4; SE/4 SW/4; E/2 SE/4
Sec 36: All

T19N R30E

Sec 29: NW/4 SW/4
Sec 30: All
Sec 31: S/2; S/2 N/2
Sec 32: W/2; W/2 SE/4; SE/4

T18N R29E

Sec 1: N/2; N/2 SW/4; SE/4 SW/4; SE/4
Sec 2: All
Sec 3: All
Sec 4: All
Sec 5: All
Sec 6: NE/2; N/2 NW/4; SE/4 NW/4; S/2
Sec 7: All
Sec 8: All
Sec 9: All
Sec 10: W/2 W/2; E/2 NW/4
Sec 12: N/2 NE/4; SE/4 NE/4; NE/4 NW/4 SE/4 SE/4
Sec 13: E/2 E/2
Sec 15: W/2
Sec 16: All
Sec 17: All
Sec 18: All
Sec 19: All
Sec 20: All
Sec 21: All
Sec 22: SW/4 NE/4; NW/4
Sec 28: NW/4 NE/4; N/2 NW/4
Sec 29: N/2 N/2; SW/4 NE/4; S/2 NW/4;
N/2 SW/4; NW/2 SE/4; SW/4 SW/4
Sec 30: NE/4; E/2 NW/4; NW/4 NW/4; NE/4 SW/4;
N/2 SE/4; SE/4 SE/4
Sec 31: NE/4 NE/4; S/2 NE/4; N/2 SW/4;
SE/4 SW/4; SE/4
Sec 32: All
Sec 33: SW/4; NW/4 SE/4
Sec 35: E/2; E/2 W/2; SW/4 NW/4; W/2 SW/4
Sec 36: All

T18N R30E

Sec 5: E/2 NE/4; NW/4 NE/4; NW/4
Sec 6: N/2; SE/4 SW/4; SW/4 SE/4
Sec 7: NW/4 NE/4; NW/4; SW/4; S/2 SE/4
Sec 18: N/2 NW/4; SW/4 NW/4; S/2 S/2
Sec 19: E/2 E/2; W/2 NE/4
Sec 20: NW/4
Sec 29: NW/4 NW/4
Sec 30: NE/4 NE/4

T17N R29E

Sec 1: SW/4 SW/4
Sec 2: All
Sec 3: All
Sec 4: All
Sec 5: E/2; E/2 W/2; W/2 NW/4
Sec 6: N/2 NE/4; SE/4 NE/4; NE/4 NW/4
Sec 8: E/2; E/2 W/2
Sec 9: All
Sec 10: All
Sec 11: All
Sec 12: SE/4 NE/4; W/2; SE/4
Sec 13: SW/4 NE/4; NW/4
Sec 14: N/2 NE/4; W/2
Sec 15: All
Sec 16: All
Sec 17: All
Sec 18: All
Sec 19: E/2; NE/4 SW/4
Sec 20: All
Sec 21: All
Sec 22: All
Sec 28: N/2
Sec 29: N/2; W/2 SE/4; SW/4

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
WEST BRAVO DOME CARBON DIOXIDE GAS UNIT
HARDING COUNTY, NEW MEXICO

UNIT AGREEMENT

FOR THE DEVELOPMENT AND OPERATION OF THE WEST BRAVO DOME CARBON DIOXIDE GAS UNIT HARDING COUNTY, NEW MEXICO

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UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
WEST BRAVO DOME CARBON DIOXIDE GAS UNIT
HARDING COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the first day of September, 1983, by and between the parties who have signed the original of this instrument, a counterpart hereof, or other instrument agreeing to become a party hereto;

W I T N E S S E T H, T H A T:

WHEREAS, it is necessary to establish the WEST BRAVO DOME CARBON DIOXIDE GAS UNIT in order to prevent waste, promote conservation, provide orderly development, and increase the ultimate recovery of Unitized Substances, and in order to protect the correlative rights of the parties hereto and afford to each of the parties hereto such party's fair and equitable share of Unitized Substances, and it is deemed in the public interest and for the mutual benefit of the parties hereto that the Unit Area be developed and operated as though it were a single lease; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chapter 19, Article 10, Section 45, New Mexico Statutes 1978 Annotated) to consent to and/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 (Chapter 19, Article 10, Section 4, New Mexico Statutes 1978 Annotated) 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 will coincide with the terms of this agreement; and

WHEREAS, the Oil and Gas Conservation Division of the State of New Mexico is authorized by an Act of the Legislature (Chapter 70, Article 2, Section 17, New Mexico Statutes 1978 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the Mineral Leasing Act of February 25, 1920 41 Stat. 437, as amended, 30 U.S.C. Section 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 unit plan of

1 development or operation of any oil or gas pool, field, or like area, or
2 any part thereof for the purpose of more properly conserving the natural
3 resources thereof whenever determined and certified by the Secretary
4 of the Interior to be necessary or advisable in the public interest; and
5

6 WHEREAS, the Mineral Leasing Act of February 25, 1920, as
7 amended, supra, and all valid pertinent regulations, including operating
8 and unit plan regulations, heretofore issued thereunder are accepted and
9 made a part of this Agreement as to Federal lands, provided such regula-
10 tions are not inconsistent with the terms of this Agreement, or the oil
11 and gas operating regulations of the State of New Mexico in effect as of
12 the date hereof; and as to non-Federal lands, the oil and gas operating
13 regulations in effect as of the Effective Date hereof governing drilling
14 and producing operations, not inconsistent with the terms hereof or the
15 laws of the State of New Mexico, are hereby accepted and made a part of
16 this Agreement;
17

18 NOW THEREFORE, in consideration of the premises, of the mutual
19 covenants and agreements herein contained, and of the benefits to be
20 derived herefrom, the parties hereto agree as follows:
21

22
23 ARTICLE 1
24 DEFINITIONS
25

26
27 As used in this agreement:
28

29 1.1 Unit Area is the land described by Tracts in Exhibit B
30 and shown on Exhibit A as to which this agreement becomes effective or
31 to which it may be extended as herein provided.
32

33 1.2 Unitized Formation is the subsurface portion of the Unit
34 Area which includes all of the Tubb formation and is described as follows:
35

36
37 That stratigraphic interval which extends from the base
38 of the "Cimarron Anhydrite Marker," said marker being
39 found at a depth of 1968 feet (Elev. 4521.4', Subsea
40 Datum +2563.4) on the Schlumberger Compensated Neutron-
41 Formation Density Log of the Cities Service Company State
42 "DC" Well No. 1, located 1980' from the North Line and
43 1980' from the West Line of Section 36, Township 19 North,
44 Range 29 East, NMPM, to the top of the Precambrian Base-
45 ment, said top being found at a depth of 2114 feet (Sub-
46 sea Datum +2417.4) on this same log.
47
48
49
50
51
52
53
54

1 1.13 Carbon Dioxide Gas Rights are the rights to explore, 1
2 develop and operate lands within the Unit Area for the production of 2
3 Unitized Substances, or to share in the production so obtained or the 3
4 proceeds thereof. 4
5

6 1.14 Unit Operations are all operations conducted pursuant 6
7 to this agreement and the Unit Operating Agreement. 7
8

9 1.15 Unit Equipment is all personal property, lease and well 9
10 equipment, plants, and other facilities and equipment taken over or 10
11 otherwise acquired for the joint account for use in Unit Operations. 11
12

13 1.16 Unit Expense is all cost, expense or indebtedness in- 13
14 curred by Working Interest Owners or Unit Operator pursuant to this 14
15 agreement and the Unit Operating Agreement for or on account of Unit 15
16 Operations. 16
17

18 1.17 Effective Date is the time and date this agreement 18
19 becomes effective as provided in Section 17.1. 19
20

21 1.18 Commissioner is the Commissioner of Public Lands of 21
22 the State of New Mexico. 22
23

24 1.19 Division is the Oil and Gas Division of the State of 24
25 New Mexico. 25
26

27 1.20 Authorized Officer (AO) is any employee of the Bureau 27
28 of Land Management who has been delegated the authority to perform 28
29 the duties described in this part. 29
30

31 1.21 Director is the Director of the Bureau of Land Manage- 31
32 ment or any person authorized to act on the Director's behalf. 32
33

34 1.22 Proper BLM Office is the Bureau of Land Management 34
35 office having jurisdiction over the lands subject to the regulation in 35
36 this part. 36
37

38 1.23 Secretary is the Secretary of the Interior of the United 38
39 States of America or any person duly authorized to exercise the powers 39
40 vested in that officer. 40
41

42
43 ARTICLE 2 42
44 EXHIBITS 43
45 44

46 2.1 The following exhibits, which are attached hereto, are 46
47 incorporated herein by reference and made a part hereof for all purposes. 47
48

49 2.1.1 Exhibit A is a map that shows the boundary 49
50 lines of the Unit Area and the Tracts therein. 50
51

1 2.1.2 Exhibit B is a schedule that describes each 1
2 Tract in the Unit Area. 2

3
4 2.1.3 Exhibit C is a schedule which shows Tract 3
5 Participation. 4
6 2.1.4 Exhibit D is the form of indemnity agreement 5
7 provided for in Article 9. 6
8 2.2 Reference to Exhibits. When reference is made to an 7
9 exhibit, it is to the exhibit as originally attached or, if revised, 8
10 to the last revision. 9

11 2.3 Exhibits Considered Correct. Exhibits A, B, and C 10
12 shall be considered to be correct until revised as herein provided. 11
13 2.4 Correcting Errors. The shapes and descriptions of the 12
14 respective Tracts have been established by using the best information 13
15 available. If it subsequently appears that any Tract, because of di- 14
16 verse royalty or working interest ownership on the Effective Date should 15
17 have been divided into more than one Tract, or that any mechanical 16
18 miscalculation or clerical error has been made, Unit Operator with 17
19 approval of the Working Interest Owners shall correct the mistake by 18
20 revising the exhibits to conform to the facts. The revision shall not 19
21 include any re-evaluation of data used in determining Tract Participa- 20
22 tion. Each such revision of an exhibit made prior to thirty (30) days 21
23 after the Effective Date shall be effective as of the Effective Date. 22
24 Each such revision thereafter made shall be effective at 7:00 A.M. on 23
25 the first day of the calendar month next following the filing for record 24
26 of the revised exhibit or on such other date as may be determined by the 25
27 Working Interest Owners and set forth in the revised exhibit. 26
28 2.5 Filing Revised Exhibits. If an exhibit is revised, Unit 27
29 Operator shall execute an appropriate instrument with the revised exhi- 28
30 bit attached and file the same for record in the county in which this 29
31 agreement is filed. Two copies of such revised exhibit shall be filed 30
32 with the Commissioner and five copies shall be filed with the AO. 31
33 2.5 Filing Revised Exhibits. If an exhibit is revised, Unit 32
34 Operator shall execute an appropriate instrument with the revised exhi- 33
35 bit attached and file the same for record in the county in which this 34
36 agreement is filed. Two copies of such revised exhibit shall be filed 35
37 with the Commissioner and five copies shall be filed with the AO. 36
38 2.5 Filing Revised Exhibits. If an exhibit is revised, Unit 37
39 Operator shall execute an appropriate instrument with the revised exhi- 38
40 bit attached and file the same for record in the county in which this 39
41 agreement is filed. Two copies of such revised exhibit shall be filed 40
42 with the Commissioner and five copies shall be filed with the AO. 41
43 2.5 Filing Revised Exhibits. If an exhibit is revised, Unit 42
44 Operator shall execute an appropriate instrument with the revised exhi- 43
45 bit attached and file the same for record in the county in which this 44
46 agreement is filed. Two copies of such revised exhibit shall be filed 45
47 with the Commissioner and five copies shall be filed with the AO. 46
48 2.5 Filing Revised Exhibits. If an exhibit is revised, Unit 47
49 Operator shall execute an appropriate instrument with the revised exhi- 48
50 bit attached and file the same for record in the county in which this 49
51 agreement is filed. Two copies of such revised exhibit shall be filed 50
52 with the Commissioner and five copies shall be filed with the AO. 51
53 2.5 Filing Revised Exhibits. If an exhibit is revised, Unit 52
54 Operator shall execute an appropriate instrument with the revised exhi- 53
bit attached and file the same for record in the county in which this 54
agreement is filed. Two copies of such revised exhibit shall be filed 55
with the Commissioner and five copies shall be filed with the AO. 56

40 ARTICLE 3 40
41 CREATION AND EFFECT OF UNIT 41
42 CREATION AND EFFECT OF UNIT 42

43 3.1 Carbon Dioxide Gas Rights Unitized. All Carbon Dioxide 43
44 Gas Rights of Royalty Owners in and to the lands described in Exhibit 44
45 R, and all Carbon Dioxide Gas Rights of Working Interest Owners in and 45
46 to said lands, are hereby unitized insofar as such respective Carbon 46
47 3.1 Carbon Dioxide Gas Rights Unitized. All Carbon Dioxide 47
48 Gas Rights of Royalty Owners in and to the lands described in Exhibit 48
49 R, and all Carbon Dioxide Gas Rights of Working Interest Owners in and 49
50 to said lands, are hereby unitized insofar as such respective Carbon 50
51 3.1 Carbon Dioxide Gas Rights Unitized. All Carbon Dioxide 51
52 Gas Rights of Royalty Owners in and to the lands described in Exhibit 52
53 R, and all Carbon Dioxide Gas Rights of Working Interest Owners in and 53
54 to said lands, are hereby unitized insofar as such respective Carbon 54

1 Dioxide Gas Rights pertain to the Unitized Formation, so that Unit Opera- 1
2 tions may be conducted with respect to the Unitized Formation as if the 2
3 Unit Area had been included in a single lease executed by all Royalty 3
4 Owners, as lessors, in favor of Working Interest Owners, as Lessees, and 4
5 as if the leases contained all the provisions of this agreement. 5
6

7 3.2 Personal Property Excepted. All lease and well equip- 7
8 ment, materials, and other facilities heretofore or hereafter placed 8
9 by any of the Working Interest Owners on the lands covered hereby shall 9
10 be deemed to be and shall remain personal property belonging to and may 10
11 be removed by Working Interest Owners. The rights and interests there- 11
12 in as among Working Interest Owners are set forth in the Unit Operating 12
13 Agreement. 13
14

15 3.3 Leases and Contracts Conformed and Extended. The terms, 15
16 conditions, and provisions of all leases, subleases and other contracts 16
17 relating to exploration, drilling, development, or operation for oil or 17
18 gas, including but not limited to Carbon Dioxide Gas, on lands committed 18
19 to this agreement are hereby expressly modified and amended to the ex- 19
20 tent necessary to make the same conform to the provisions hereof but 20
21 otherwise shall remain in full force and effect. Further, the parties 21
22 hereto hereby expressly consent for the Secretary as to the Federal 22
23 leases, for the Commissioner as to the State leases, for the Lessors 23
24 as to other leases (as evidenced by their individual approval hereof or 24
25 by the approval hereof of their duly authorized representative) to 25
26 hereby establish, alter, change, or revoke the drilling, producing, 26
27 rental, minimum royalty, and royalty requirements of Federal, State and 27
28 other leases committed hereto and the regulations in respect thereto 28
29 to conform said requirements to the provisions of this agreement; and, 29
30 without limiting the generality of the foregoing, all leases, subleases, 30
31 and contracts are particularly modified in accordance with the following: 31
32

33 (a) The development and operation of lands subject 33
34 to this agreement under the terms hereof shall 34
35 be deemed full performance of all obligations 35
36 for development and operation with respect to 36
37 each and every separately owned Tract subject 37
38 to this agreement, regardless of whether there 38
39 is any development of any particular Tract of 39
40 the Unit Area. 40
41

42 (b) Drilling and producing operations performed 42
43 hereunder upon any Tract of unitized lands will 43
44 be accepted and deemed to be performed upon and 44
45 for the benefit of each and every Tract of 45
46 unitized land, and no lease shall be deemed to 46
47 expire by reason of failure to drill or produce 47
48 wells situated on the land therein embraced. 48
49
50
51
52
53
54

- 1 (c) Each lease, sublease or contract relating to the 1
2 exploration, drilling, development or operation 2
3 for oil or gas, including but not limited to Car- 3
4 bon Dioxide Gas, of lands other than those of the 4
5 United States committed to this agreement, which, 5
6 by its terms might expire prior to the termination 6
7 of this agreement, is hereby extended beyond any 7
8 such term provided therein so that it shall be 8
9 continued in full force and effect for and during 9
10 the term of this agreement. 10
11 11
12 (d) Any Federal lease for a fixed term of twenty (20) 12
13 years or any renewal thereof or any part of such 13
14 lease which is made subject to this agreement shall 14
15 continue in force beyond the term so provided 15
16 therein until the termination hereof. Any other 16
17 Federal lease committed hereto shall continue in 17
18 force beyond the term so provided therein or by law 18
19 as to the land committed so long as such lease re- 19
20 mains subject hereto, provided actual drilling 20
21 operations are commenced on unitized land, in accor- 21
22 dance with the provisions of this agreement, prior 22
23 to the end of the primary term of such lease. Such 23
24 lease shall be extended for two years and so long 24
25 thereafter as oil and gas, including but not limited 25
26 to Carbon Dioxide Gas, is produced in paying quan- 26
27 tities in accordance with the provisions of the 27
28 Mineral Leasing Act Revision of 1960. 28
29 29
30 (e) Each sublease or contract relating to the operation 30
31 and development of Unitized Substances from lands 31
32 of the United States committed to this agreement, 32
33 which by its terms would expire prior to the time at 33
34 which the underlying lease, as extended by the immedi- 34
35 ately preceding paragraph, will expire, is hereby 35
36 extended beyond any such term so provided herein so 36
37 that it shall be continued in full force and effect 37
38 for and during the term of the underlying lease as 38
39 such term is herein extended. 39
40 40
41 (f) The segregation of any Federal lease committed to 41
42 this agreement is governed by the following provi- 42
43 sions in the fourth paragraph of Section 17(j) of 43
44 the Mineral Leasing Act, as amended by the Act of 44
45 September 2, 1960 (74 Stat. 781-784): "Any (Federal) 45
46 lease heretofore or hereafter committed to any such 46
47 (unit) plan embracing lands that are in part within 47
48 and in part outside of the area covered by any such 48
49 plan shall be segregated into separate leases as to 49
50 50
51 51
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54 54

1 the lands committed and the lands not committed 1
2 as of the effective date of unitization: 2
3 Provided, however, that any such lease as to the 3
4 non-unitized portion shall continue in force and 4
5 effect for the term thereof but for not less than 5
6 two years from the date of such segregation and 6
7 so long thereafter as oil or gas is produced in 7
8 paying quantities." 8
9 9

10 (g) Any lease, other than a Federal lease, having only 10
11 a portion of the lands covered thereby committed 11
12 hereto shall be segregated as to the portion commit- 12
13 ted and the portion not committed. The provisions 13
14 of such lease shall apply separately to such segre- 14
15 gated portions commencing as of the effective date 15
16 hereof. In the event any such lease provides for a 16
17 lump-sum rental payment, such payment shall be pro- 17
18 rated between the portions so segregated in propor- 18
19 tion to the acreage of the respective portions. 19
20 20

21 3.4 Continuation of Leases and Term Interests. Production 21
22 from any part of the Unitized Formation, except for the purpose of 22
23 determining payments to Royalty Owners, or other Unit Operations shall 23
24 be considered as production from or operations upon each Tract; and such 24
25 production or operations shall continue in effect each lease or term 25
26 mineral or royalty interest as to all lands and formations covered 26
27 thereby just as if such operations were conducted on and as if a well 27
28 were producing from each Tract. 28
29 29

30 3.4.1 Any lease embracing lands of the State of New Mexico 30
31 which is made subject to this agreement shall continue in force beyond 31
32 the term provided therein as to the lands committed hereto until the 32
33 termination hereof. 33
34 34

35 3.4.2 Any lease embracing lands of the State of New Mexico 35
36 having only a portion of its land committed hereto shall be segregated 36
37 as to that portion committed and that not committed, and the terms 37
38 of such lease shall apply separately as to such segregated portions 38
39 commencing as of the Effective Date hereof, provided, however, that, 39
40 notwithstanding any of the provisions of this agreement to the contrary, 40
41 such lease shall continue in full force and effect beyond the term pro- 41
42 vided therein as to all lands embraced in such lease if oil or gas, 42
43 including but not limited to Carbon Dioxide Gas, is or has heretofore 43
44 been discovered in paying quantities on some part of the lands embraced 44
45 in such lease committed to this agreement or, at any time during the 45
46 term hereof, as to any lease that is valid and subsisting and upon which 46
47 the lessee or the Unit Operator is then engaged in bona fide drilling 47
48 or reworking operations on any part of the lands embraced in such lease, 48
49 then the same as to all lands embraced therein shall remain in full 49
50 force and effect so long as such operations are diligently prosecuted. 50
51 51
52 52

1 3.5 Titles Unaffected by Unitization. Nothing herein shall 1
2 be construed to result in the transfer of title to Carbon Dioxide Gas 2
3 Rights by any party hereto to any other party or to Unit Operator. 3
4

5 3.6 Injection Rights. Royalty Owners hereby grant Working 5
6 Interest Owners the right to inject into the Unitized Formations any 6
7 substances in whatever amounts Working Interest Owners deem expedient 7
8 for Unit Operations, together with the right to drill, use, and main- 8
9 tain injection wells on the Unit Area and to use for injection purposes 9
10 any nonproducing or abandoned wells or dry holes and any producing wells 10
11 completed in the Unitized Formation. 11
12

13
14 ARTICLE 4
15 DEVELOPMENT AND OPERATIONS 15
16

17 4.1 Unit Operator. Working Interest Owners are concurrent- 17
18 ly herewith entering into the Unit Operating Agreement, designating 18
19 CITIES SERVICE OIL AND GAS CORPORATION, a Delaware corporation, as the 19
20 Initial Unit Operator. Unit Operator shall have the exclusive right 20
21 to conduct Unit Operations which shall conform to the provisions of 21
22 this agreement and the Unit Operating Agreement. If there is any con- 22
23 flict between such agreements, this agreement shall govern. 23
24

25 4.2 Development. Working Interest Owners have heretofore 25
26 completed wells capable of producing Unitized Substances. During the 26
27 first two (2) years after the Effective Date, such additional wells 27
28 will be drilled as are necessary to gather pertinent information; 28
29 however, Working Interest Owners shall not be obligated to drill more 29
30 than four (4) wells per year during this period. Within two years 30
31 after the Effective Date, Unit Operator shall submit for approval of the 31
32 Commissioner and the Division an acceptable plan of development and 32
33 operation which, when approved by the Commissioner, shall constitute the 33
34 further drilling and operations obligations of the Working Interest 34
35 Owners for the period specified therein. Thereafter, from time to time 35
36 before the expiration of any existing plan, Unit Operator shall submit 36
37 for like approval a plan for an additional specified period. Five copies 37
38 of all such plans shall be furnished to the AO. 38
39

40 Any plan submitted pursuant to this Section shall: 40
41

- 42 (a) specify the number and locations of any wells to 42
43 be drilled and the proposed order and time for 43
44 such drilling, and 44
45
46 (b) to the extent practicable specify the operating 46
47 practices regarded as necessary and advisable 47
48 for proper conservation of natural resources. 48
49
50
51
52
53
54

1 Plans shall be modified or supplemented when necessary to meet changed 1
2 conditions or to protect the interests of all parties to this agreement. 2
3 Reasonable diligence shall be exercised in approving submitted plans 3
4 of development and in complying with the obligations of any such approved 4
5 plan. 5
6

7 4.3 Operations. Nothing herein shall prevent Working Interest 7
8 Owners from discontinuing or changing in whole or in part any method of 8
9 operations which, in their opinion, is no longer in accord with good 9
10 engineering or production practices. Other methods of operation may be 10
11 conducted or changes may be made by Working Interest Owners from time to 11
12 time if determined to be feasible, necessary, or desirable to maintain 12
13 deliverability and increase ultimate recovery of Unitized Substances. 13
14 Unit Operator shall keep the Commissioner and the AO informed of any 14
15 changes in any method of operation by furnishing them notice or a copy 15
16 of any order of the Division authorizing such changes. 16
17

18
19 ARTICLE 5 19
20 TRACT PARTICIPATION 20
21

22 5.1 Initial Tract Participations. The Initial Tract Partici- 22
23 pation of each Tract is shown on Exhibit C and was computed as follows: 23
24

25 5.1.1 The Initial Tract Participation of each Tract is 25
26 equal to One Hundred (100) times the ratio of the Total Surface Acres 26
27 contained in the Tract divided by the sum of the Total Surface Acres con- 27
28 tained in all Tracts in the Unit Area. In the event fewer than all of 28
29 the Tracts described in Exhibit B are included in the Unit Area on the 29
30 Effective Date, the Tract Participation shall be calculated by Unit 30
31 Operator on the basis of all such included Tracts rather than all Tracts 31
32 described in Exhibit B and Unit Operator shall revise Exhibits A, B, and 32
33 C accordingly. 33
34

35 5.1.2 Total Surface Acres in a Tract are those surface 35
36 acres contained in the Tract as shown on Exhibit B. 36
37

38 5.2 Redetermination of Tract Participations. Within five 38
39 (5) years after the first sales of Unitized Substances delivered into 39
40 the pipeline described in Section 6.1, but in any event no later than 40
41 ten (10) years after the Effective Date hereof, the Tract Participa- 41
42 tion of each Tract shall be redetermined by Working Interest Owners 42
43 subject to approval of the Commissioner. Any such Tract which is then 43
44 shown to be outside the then known productive limits of the Unit Area 44
45 shall be automatically eliminated from the Unit Area, provided, however, 45
46 if drilling is then occurring on step-out locations from producing wells 46
47 with not more than 90 days elapsing between the completion of one well 47
48 and the beginning of the next well, such redetermination may be deferred 48
49 for a period not to exceed two (2) years. The method of redetermining 49
50 Tract Participation Percentages shall be as follows: 50
51

1 5.2.1 The Productive Acres of each Tract shall be deter- 1
2 mined by establishing a zero net pay isopachous line based on the extra- 2
3 polated net pay intervals in all wells in the Unit Area in accordance 3
4 with industry-wide acceptable practices for interpreting underground 4
5 geologic features on maps. Where the zero net pay isopachous line falls 5
6 outside the boundary line of the Unit Area, said Unit Area boundary line 6
7 shall be considered to be the zero net pay isopachous line. Those 7
8 tracts having no Productive Acres shall be automatically eliminated from 8
9 the Unit Area, and no payments made to any of the Royalty Owners of such 9
10 eliminated Tracts under the Initial Tract Participation shall be further 10
11 accounted for. 11

12
13 5.2.2 The redetermined Tract Participations shall be cal- 13
14 culated by dividing each Tract's Productive Acres by the Total Productive 14
15 Acres contained in all Tracts in the Unit Area remaining after exclusion 15
16 of Tracts under Section 5.2.1 and multiplying by one hundred (100). Unit 16
17 Operator shall prepare revised Exhibits A, B, and C and file such revised 17
18 Exhibits in Harding County, New Mexico. Two copies of such revised 18
19 Exhibits shall be provided the Commissioner and five copies provided the 19
20 AO. 20

21
22 5.3 No Retroactive Adjustments. There shall not be any retro- 22
23 active adjustments or accounting for the difference between the Initial 23
24 Tract Participation and the redetermined Tract Participation and no fur- 24
25 ther redetermination of Tract Participations shall ever be made. 25
26

27 5.4 Relative Tract Participation. Except for the redetermi- 27
28 nation under this Article, if the Unit Area is enlarged or reduced, the 28
29 revised Tract Participations of the Tracts remaining in the Unit Area 29
30 and which were within the Unit Area prior to the enlargement or reduction 30
31 shall remain in the same ratio one to another. 31
32

33
34 ARTICLE 6 34
35 RENTAL AND ROYALTY PAYMENTS 35
36

37
38 6.1 Rental Paid Between Effective Date and Delivery of Unitized 38
39 Substances. It is recognized that, although a market presently exists 39
40 for small volumes of Carbon Dioxide Gas, the primary market for Unitized 40
41 Substances cannot be met until a pipeline and field facilities can be 41
42 built, and delivery of Unitized Substances to such facilities will not 42
43 begin until some time after the Effective Date hereof. Therefore, as part 43
44 of the consideration for execution of this agreement, Working Interest 44
45 Owners will pay to Royalty Owners, and the Royalty Owners hereby will 45
46 accept, an additional rental payment of fifty percent of the annual rental 46
47 as prescribed in their respective leases due during the calendar year in 47
48 which the Unit becomes effective. On paid-up leases covering fee and 48
49 patented lands, the amount paid shall be fifty (50) cents per acre. The 49
50 additional annual payment shall increase the annual rental payment on 50
51

1 leases of the State of New Mexico and the annual minimum royalty payment on 1
2 leases of the United States to \$1.50 per acre. In each succeeding year in 2
3 which there is no delivery of Unitized Substances to the pipeline con- 3
4 structed for the primary market, rentals paid by Working Interest Owners 4
5 to Royalty Owners shall be increased an additional five percent (5%) over 5
6 those paid in the preceding year. 6
7 7

8 6.2 Payment of Royalties. Beginning with the first delivery of 8
9 Unitized Substances to the pipeline, no further rentals shall be due or 9
10 payable, except where minimum rental or royalty payments are required 10
11 under lease agreements committed hereto; and royalty payments for Carbon 11
12 Dioxide Gas produced, saved and delivered into the pipeline shall be made 12
13 to Royalty Owners by Working Interest Owners as set out below. The volume 13
14 of Carbon Dioxide Gas shall be measured at the standard conditions of 14
15 measurement for natural gases which are at 60° Fahrenheit and 15.025 15
16 pounds per square inch absolute pressure base. 16
17 17

18 6.3 Basis of Payment to Royalty Owners. It is recognized by 18
19 the parties hereto that there is now no preeminent market for Carbon 19
20 Dioxide Gas. Therefore, the parties hereto agree that, as further consid- 20
21 eration for entering into this agreement, royalties paid upon the Unitized 21
22 Substances allocated to each Tract shall be based on the greatest of the 22
23 following: 23
24 24

25 (a) The net proceeds derived from the sale of Carbon 25
26 Dioxide Gas at the well whether such sale is to one or more of the parties 26
27 to this agreement or to any other party or parties. 27
28 28

29 (b) In no case shall the royalties paid under this agree- 29
30 ment for any calendar year after first delivery of Unitized Substances to 30
31 the pipeline be less than the annual rentals or minimum royalties paid 31
32 for the year preceding first delivery of Carbon Dioxide Gas to the pipe- 32
33 line. In the event of any such occurrence, an appropriate retroactive 33
34 payment shall be made. 34
35 35

36 (c) Notwithstanding the foregoing provisions, the State, 36
37 acting by its Commissioner of Public lands may require the payment of 37
38 royalty for all or any part of the Unitized Substances allocated to the 38
39 state leases committed to this agreement and marketed or utilized at a 39
40 price per m.c.f. equal to the maximum price being paid for Unitized Sub- 40
41 stances of like kind and quality and under like conditions in the same 41
42 field or area or may reduce the royalty value of any such Unitized Sub- 42
43 stances (to any amount not less than the net proceeds of sale thereof in 43
44 the field) if the Commissioner of Public Lands shall determine such action 44
45 to be necessary to the successful operation of the lands for Unitized 45
46 Substances purposes or to encouragement of the greatest ultimate recovery 46
47 of Unitized Substances or to the promotion of conservation of Unitized 47
48 Substances. 48
49 49
50 50
51 51
52 52
53 53
54 54

ARTICLE 7
ALLOCATION OF UNITIZED SUBSTANCES

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

7.2 Distribution Within Tracts. The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to, the parties entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this agreement not been entered into, and with the same legal effect. If any Carbon Dioxide Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract. Any royalty or other payment which depends upon per well production or pipeline runs from a well or wells on a Tract shall, after the Effective Date, be determined by dividing the Unitized Substances allocated to the Tract by the number of wells on the Tract capable of producing Unitized Substances on the Effective Date; however, if any Tract has no well thereon capable of producing Unitized Substances on the Effective Date, the Tract shall, for the purpose of this determination, be deemed to have one such well thereon.

7.3 Taking Unitized Substances in Kind. The Unitized Substances allocated to each Tract shall be delivered in kind at the wellhead to the respective parties entitled thereto by virtue of the ownership of Carbon Dioxide Gas Rights therein or by purchase from such owners. Such parties shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided they are so constructed, maintained, and operated as not to interfere with Unit Operations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of Unitized Substances shall be borne by the owner of such portion. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of Unitized Substances.

1 written notice by certified mail directed to the Unit Operator hereunder 1
2 of the date such Carbon Dioxide Gas will be needed and of the anticipated 2
3 volumes of such Carbon Dioxide Gas along with the details related to the 3
4 proposed use. Upon receipt of any and every such application, the Unit 4
5 Operator shall promptly so advise the Working Interest Owners by certified 5
6 mail setting forth the details of each application which has been made. 6
7 The one (1) year notice period mentioned above shall begin with the 7
8 receipt of such notice by the Unit Operator, and each applicant shall be 8
9 notified thereof by the Unit Operator. However, subject to the terms and 9
10 provisions hereof, Unit Operator, if allocated Carbon Dioxide Gas is 10
11 available at any time during the one (1) year period mentioned above, may 11
12 commence delivery of such gas to any applicant then ready and willing to 12
13 accept such delivery. 13
14

15 The price and terms of any such sale of Carbon Dioxide Gas shall be a 15
16 matter of bargaining and negotiations between the Working Interest Owners 16
17 of such gas and each purchaser thereof. There shall not be, in any event, 17
18 any obligation on the part of the Working Interest Owners thereof to sell 18
19 and deliver any such Carbon Dioxide Gas either for any use which is not 19
20 in conformity with the provisions hereof or at any point other than either 20
21 at the wellhead or wellheads in the field covered by this agreement or at 21
22 any central manifold measuring, or delivery point of such gas maintained 22
23 by the Working Interest Owners. Further, the Working Interest Owners 23
24 during the period of allocation of Carbon Dioxide Gas shall not be liable 24
25 for any failure to deliver upon demand such maximum ten percent (10%) or 25
26 any lesser portion thereof in the event other markets or uses may have 26
27 absorbed the then current capacity of Carbon Dioxide Gas produced under 27
28 this agreement. 28
29

30 The initial purchaser of Carbon Dioxide Gas under this allocation may 30
31 take to the extent then available all of said ten percent (10%) of 31
32 Carbon Dioxide Gas so allocated or any lesser portion thereof; provided 32
33 that the volume of gas so taken by said initial purchaser, as well as 33
34 subsequent purchasers, shall be subject to diminution and reduction by 34
35 the proportionate allocation thereof between purchasers and fields 35
36 located in New Mexico. Proportionate allocation shall be made by the 36
37 Unit Operator for the Working Interest Owners of the Carbon Dioxide Gas. 37
38 However, anything to the contrary notwithstanding, the owners of Carbon 38
39 Dioxide Gas under this agreement expressly reserve and retain a prior, 39
40 preferred, and continuing right, exercisable at any and all times without 40
41 notice, to use all or a part of this allocated gas in oil fields which 41
42 they operate in whole or part in the State of New Mexico. Any amount of 42
43 such Carbon Dioxide Gas so used by such Working Interest Owners shall be 43
44 counted against the ten percent (10%) volume of allocated gas hereunder. 44
45

46 ARTICLE 8 46
47 USE OR LOSS OF UNITIZED SUBSTANCES 47
48 48
49 49

50 8.1 Use of Unitized Substances. Working Interest Owners may 50
51 use or consume Unitized Substances for Unit Operations, including but 51
52 not limited to the injection thereof into the Unitized Formation. 52
53 53
54 54

1 percent (75%) or more of the combined voting interest in all Tracts that 1
2 meet the requirements of Sections 9.1.1 and 9.1.2 have voted in favor of 2
3 the inclusion of such Tract and to accept the indemnity agreement. Upon 3
4 the inclusion of such a tract in the Unit Area, the Unit Participation 4
5 that would have been attributed to the nonsubscribing owners of Working 5
6 Interest in such Tract, had they become parties to this agreement and the 6
7 Unit Operating Agreement, shall be attributed in proportion to their 7
8 respective Working Interests in such Tract to the Working Interest Owners 8
9 in the Tract who have executed indemnity agreements. 9

10
11 9.2 Commitment of Interests to Unit. The execution of this 11
12 agreement by a party shall commit all interests owned or controlled by 12
13 such a party as of the date of execution and additional interests acquired 13
14 before the Effective Date. After the Effective Date, the commitment of 14
15 any interest in any Tract within the Unit Area shall be upon such terms 15
16 as may be negotiated by Working Interest Owners and the owner of such 16
17 interest and upon approval of the Commissioner, provided, however, any 17
18 formerly committed interest as to which title has failed may be recommit- 18
19 ted by the rightful owners on its former basis of participation as pro- 19
20 vided in Section 10.1 hereof. 20
21

22 9.3 Acquisition of Uncommitted Interests. In the event any 22
23 party bound by this agreement acquires an uncommitted interest in any 23
24 Tract included within the Unit Area, such interest upon being so ac- 24
25 quired, shall, upon approval by the Working Interest Owners, be subject 25
26 to this agreement; shall receive its share of the Unit Participation 26
27 allocated to said Tract; and, where the interest acquired is a Working 27
28 Interest, shall also be subject to the Unit Operating Agreement. 28
29

30 9.4 Revision of Exhibits. If any of the Tracts described in 30
31 Exhibit B fail to qualify for inclusion in the Unit Area, Unit Operator 31
32 shall recompute the Tract Participation of each of the qualifying Tracts, 32
33 using the original basis of computation, and shall revise Exhibits A, B, 33
34 and C accordingly. Such revised exhibits shall be effective as of 7:00 34
35 A.M. on the Effective Date. 35
36
37

38 ARTICLE 10 38
39 TITLES 39
40
41

42 10.1 Removal of Tract from Unit Area. If a Tract ceases to 42
43 have sufficient Working Interest Owners or Royalty Owners committed to 43
44 this agreement to meet the conditions of Article 9 because of failure 44
45 of title of any party hereto, such Tract shall be removed from the Unit 45
46 Area effective as of 7:00 A.M. on the first day of the calendar month 46
47 in which the failure of title is finally determined unless within ninety 47
48 (90) days after the date of final determination of the failure of title, 48
49 the Tract qualifies under a Section of Article 9. 49
50
51
52
53
54

1 if possible, withhold from any proceeds derived from the sale of Unitized 1
2 Substances otherwise due any delinquent taxpayer an amount sufficient to 2
3 defray the costs of such payment or redemption, such withholding to be 3
4 credited to Working Interest Owners. Such withholding shall be without 4
5 prejudice to any other remedy available to Unit Operator. 5
6
7
8

9 ARTICLE 11
10 EASEMENTS OR USE OF SURFACE 10
11

12 11.1 Grant of Easements. The parties hereto, to the extent 12
13 of their rights and interests, hereby grant to Working Interest Owners 13
14 the right to use as much of the surface of the land within the Unit Area 14
15 as may be reasonably necessary for Unit Operations and the removal of 15
16 Unitized Substances from the Unit Area; however, nothing herein shall be 16
17 construed as leasing or otherwise conveying to Working Interest Owners a 17
18 camp site or a plant site for water injection, gas injection, or gas 18
19 processing. 19
20

21 11.2 Use of Water. Working Interest Owners shall have and are 21
22 hereby granted free use of water from the Unit Area for Unit Operations, 22
23 except water from any well, lake, pond, or irrigation ditch of a Royalty 23
24 Owner. 24
25

26 11.3 Surface Damages. Working Interest Owners shall pay the 26
27 owner for damages to growing crops, timber, fences, improvements, and 27
28 structures on the Unit Area that result from Unit Operations. 28
29
30

31 ARTICLE 12 31
32 ENLARGEMENTS OF UNIT AREA 32
33
34

35 12.1 Enlargements of Unit Area. The Unit Area may be enlarged 35
36 from time to time to include acreage reasonable proved to be productive 36
37 of Unitized Substances upon such terms as may be determined by Working 37
38 Interest Owners and the owners of such acreage and upon approval by the 38
39 Commissioner and the AO with regard to State and Federal lands respec- 39
40 tively, including, but not limited to, the following: 40
41

42 12.1.1 The participation to be allocated to the acreage 42
43 shall be fair and reasonable, considering all available information. 43
44

45 12.1.2 There shall be no retroactive allocation or ad- 45
46 justment of Unit Expense or of interests in the Unitized Substances 46
47 produced, or proceeds thereof; however, this limitation shall not prevent 47
48 an adjustment of investment by reason of the enlargement. 48
49
50
51
52
53
54

1 12.2 Determination of Tract Participation. Unit Operator, sub- 1
2 ject to Section 5.4 shall determine the Tract Participation of each Tract 2
3 within the Unit Area as enlarged, and shall revise Exhibits A, B, and 3
4 C accordingly. 4
5

6 12.3 Effective Date. The effective date of any enlargement of 6
7 the Unit Area shall be 7:00 A.M. on the first day of the calendar month 7
8 following compliance with conditions for enlargement as specified by 8
9 Working Interest Onwers and the filing for record of revised Exhibits A, 9
10 B, and C in the county in which this agreement is recorded. 10
11

12
13 ARTICLE 13
14 TRANSFER OF TITLE-PARTITION 14
15
16

17 13.1 Transfer of Title. Any asignment, conveyance, or transfer 17
18 of all or any part of any interest owned by any party hereto with respect 18
19 to any Tract shall be made expressly subject to this agreement. No 19
20 change of title shall be binding upon Unit Operator, or upon any party 20
21 hereto other than the party so transferring, until 7:00 A.M. on the 21
22 first day of the calendar month next succeeding the date of receipt by 22
23 Unit Operator of a photocopy, or a certified copy, of the recorded instru- 23
24 ment evidencing such change in ownership. 24
25

26 13.2 Waiver or Rights to Partition. Each party hereto agrees 26
27 that, during the existence of this agreement, it will not resort to any 27
28 action to partition the Unitized Formation or the Unit Equipment and to 28
29 that extent waives the benefits of all laws authorizing such partition. 29
30
31

32 ARTICLE 14
33 RELATIONSHIP OF PARTIES 33
34
35

36 14.1 No Partnership. The duties, obligations, and liabilities 36
37 of the parties hereto are intended to be several and not joint or collec- 37
38 tive. This agreement is not intended to create, and shall not be con- 38
39 strued to create, an association or trust or to impose a partnership duty, 39
40 obligation, or liability with regard to any one or more of the parties 40
41 hereto. Each party hereto shall be individually responsible for its own 41
42 obligations as herein provided. This provision does not exclude the 42
43 Working Interest Owners from entering into a partnership solely for 43
44 Federal income tax purposes whereby they would elect to be subject to 44
45 the application of all the provisions of Subchapter K, Chapter 1, Sub- 45
46 title A of the Internal Revenue Code of 1954 as permitted and authorized 46
47 by Section 761 of the Code and the regulation promulgated thereunder, 47
48 said election found under ARTICLE 15, LAWS AND REGULATIONS, of the 48
49 Unit Operating Agreement. 49
50
51

1 14.2 No Joint Refining or Marketing. This agreement is not in- 1
2 tended to provide, and shall not be construed to provide, directly or 2
3 indirectly, for any joint refining or marketing of Unitized Substances. 3
4 4

5 14.3 Royalty Owners Free of Costs. This agreement is not in- 5
6 tended to impose, and shall not be construed to impose, upon any Royalty 6
7 Owner any obligation to pay Unit Expense unless such Royalty Owner is 7
8 otherwise so obligated. 8
9 9

10 14.4 Information to Royalty Owners. Each Royalty Owner shall 10
11 be entitled to all information in possession of Unit Operator to which 11
12 such Royalty Owner is entitled by an existing agreement with any Working 12
13 Interest Owner. 13
14 14

15 ARTICLE 15 15
16 LAWS AND REGULATIONS 16
17 17
18 18
19 19

20 15.1 Laws and Regulations. This agreement shall be subject to 20
21 all applicable federal, state and municipal laws, rules, regulations, 21
22 and orders. 22
23 23
24 24

25 ARTICLE 16 25
26 FORCE MAJEURE 26
27 27
28 28

29 16.1 Force Majeure. All obligations imposed by this agreement 29
30 on each party, except for the payment of money, shall be suspended while 30
31 compliance is prevented, in whole or in part, by a labor dispute, fire, 31
32 war, civil disturbance, act of God; by federal, state, or municipal laws; 32
33 by any rule, regulation, or order of a governmental agency; by inability 33
34 to secure materials; or by any other cause or causes, whether similar or 34
35 dissimilar, beyond reasonable control of the party. No party shall be 35
36 required against its will to adjust or settle any labor dispute. Neither 36
37 this agreement nor any lease or other instrument subject hereto shall be 37
38 terminated by reason of suspension of Unit Operations due to any one or 38
39 more of the causes set forth in this Article. 39
40 40
41 41

42 ARTICLE 17 42
43 EFFECTIVE DATE 43
44 44
45 45

46 17.1 Effective Date. This agreement shall become binding upon 46
47 each party as of the date such party signs the instrument by which it be- 47
48 comes a party hereto and, unless sooner terminated as provided in Section 48
49 17.2, shall become effective subject to the terms and provisions hereof no 49
50 later than 7:00 A.M. on the first day of the second calendar month next 50
51 following: 51
52 52
53 53
54 54

1 (a) The qualification in accordance with Article 9 of 1
2 Tracts representing not less than seventy-five percent (75%) of Tract 2
3 Participation in the Unit Area as shown on Exhibit C attached hereto. 3
4 4

5 (b) The approval of this agreement by the Division and 5
6 Commissioner; provided, however, if the Commissioner fails or refuses to 6
7 commit the described lands of the State of New Mexico to this agreement, 7
8 this paragraph (b) shall not be a condition precedent to the Effective 8
9 Date as between the parties hereto who have committed their interests; 9
10 and this agreement shall become effective as to all other lands so commit- 10
11 ted that have qualified as described in paragraph (a) above; and 11
12 12

13 (c) The filing of at least one counterpart of this agree- 13
14 ment for record in Harding County, New Mexico. 14
15 15

16 17.2 Ipsa Facto Termination. If the requirements of Section 16
17 17.1 are not accomplished on or before December 31, 1984, this agreement 17
18 shall ipso facto terminate on that date (hereinafter called "termination 18
19 date") and thereafter be of no further effect, unless prior thereto 19
20 Working Interest Owners of at least sixty-five percent (65%) of Unit 20
21 Participation have become parties to this agreement and Working Interest 21
22 Owners owning sixty-five percent (65%) or more of that percent have 22
23 decided to extend the termination date for a period not to exceed one 23
24 year. If the termination date is so extended and the requirements of 24
25 Section 17.1 are not accomplished on or before the extended termination 25
26 date, this agreement shall ipso facto terminate on the extended termina- 26
27 tion date and thereafter be of no further effect. 27
28 28

29 17.3 Certificate of Effectiveness. Unit Operator shall file 29
30 for record in Harding County, New Mexico, a certificate stating the 30
31 Effective Date. Two copies of such certificate shall be filed with the 31
32 Commissioner and five copies shall be filed with the A0. 32
33 33

34 34
35 ARTICLE 18 35
36 TERM AND TERMINATION 36
37 37

38 38
39 18.1 Term and Termination. This agreement shall become effec- 39
40 tive as of the Effective Date herein provided and, subject to the terms 40
41 and provisions hereof, shall continue in full force and effect from said 41
42 date as to the leases and/or interests subjected hereto, for so long as 42
43 payments are made hereunder, Unitized Substances are produced, or other 43
44 Unit Operations are conducted, or until Working Interest Owners owning 44
45 seventy-five percent (75%) or more of the Unit Participation determine 45
46 that Unit Operations are no longer profitable or feasible. 46
47 47

48 18.2 Effect of Termination. Upon termination of this agreement, 48
49 the further development and operation of the Unitized Formation as a unit 49
50 shall be abandoned; and Unit Operations shall cease. Each oil and gas 50
51 51
52 52
53 53
54 54

1 lease and other agreement covering lands within the Unit Area shall remain 1
2 in force for sixty (60) days after the date on which this agreement ter- 2
3 minates and for such further period as is provided by the lease or other 3
4 agreement. 4
5 5

6 18.3 Salvaging Equipment Upon Termination. If not otherwise 6
7 granted by the leases or other instruments affecting each Tract, Royalty 7
8 Owners hereby grant Working Interest Owners a period of six (6) months 8
9 after the date of termination of this agreement within which to salvage 9
10 and remove Unit Equipment. 10
11 11

12 18.4 Certificate of Termination. Upon termination of this agree- 12
13 ment, Unit Operator shall file for record in Harding County, New Mexico, a 13
14 certificate that this agreement has terminated, stating its termination 14
15 date. Two copies of such certificate shall be filed with the Commissioner 15
16 and five copies shall be filed with the AO. 16
17 17

18 18
19 ARTICLE 19 19
20 EXECUTION 20
21 21
22 22

23 19.1 Original, Counterpart, or Other Instrument. An owner of 23
24 Carbon Dioxide Gas Rights may become a party to this agreement by signing 24
25 the original of this instrument, a counterpart thereof, or other instru- 25
26 ment agreeing to become a party hereto. The signing of any such instru- 26
27 ment shall have the same effect as if all parties had signed the same 27
28 instrument. 28
29 29

30 19.2 Joinder in Dual Capacity. Execution as herein provided by 30
31 any party as either a Working Interest Owner or a Royalty Owner shall 31
32 commit all interests owned or controlled by such party. 32
33 33
34 34

35 ARTICLE 20 35
36 GENERAL 36
37 37
38 38

39 20.1 Amendments Affecting Working Interest Owners. Amendments 39
40 hereto relating wholly to Working Interest Owners may be made if signed by 40
41 all Working Interest Owners. 41
42 42

43 20.2 Action by Working Interest Owners. Except as otherwise 43
44 provided in this agreement, any action or approval required by Working 44
45 Interest Owners hereunder shall be in accordance with the provisions of 45
46 the Unit Operating Agreement. 46
47 47

48 20.3 Lien and Security Interest of Unit Operator. Unit Opera- 48
49 tor shall have a lien upon and a security interest in the interests of 49
50 Working Interest Owners in the Unit Area as provided in the Unit Operating 50
51 Agreement. 51
52 52
53 53
54 54

1 ARTICLE 21 1
2 NONDISCRIMINATION 2
3 3
4 4

5 21.1 Nondiscrimination. In connection with the performance of 5
6 work under this agreement, Unit Operator agrees to comply with all of the 6
7 provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 7
8 (30 FR 12319), as amended, which are hereby incorporated by reference in 8
9 this agreement. 9

10 10
11 ARTICLE 22 11
12 SUCCESSORS AND ASSIGNS 12
13 13
14 14

15 22.1 Successors and Assigns. This agreement shall extend to, 15
16 be binding upon, and inure to the benefit of the parties hereto and their 16
17 respective heirs, devisees, legal representatives, successors, and assigns, 17
18 and shall constitute a covenant running with the lands, leases, and in- 18
19 terests covered hereby. 19
20 20

21 IN WITNESS WHEREOF, the parties hereto have executed this 21
22 agreement on the dates opposite their respective signatures. 22
23 23
24 24

25 WORKING INTEREST OWNERS 25
26 26

CITIES SERVICE OIL AND GAS CORPORATION	Date Signed	Attest, if a Corporation or Witness, if an Individual
By _____ Attorney-in-Fact	_____	_____
_____	_____	_____
_____	_____	_____

37 37
38 38
39 39
40 ROYALTY OWNERS 40
41 41

Name	Date Signed	Attest, if a Corporation or Witness, if an Individual
_____	_____	_____
_____	_____	_____
_____	_____	_____

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDE ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
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ALL IN HARDING COUNTY

F-101	T-19N, R-29E NMSW SEC. 27 E/2SE & SWSE SEC. 28; SESW SEC. 30; E/2 SEC. 33; S/2 & SWNE SEC. 34; S/2SW & NMSW SEC. 35	1000.00	NM-19714 3-31-84	U.S.A. - ALL	AMERADA HESS CORPORATION	PUBLIC LANDS ROYALTY TRUST 10% GEORGE L. SCOTT 2.5%	AMERADA HESS CORPORATION 100%
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F-102	T-18N, R-29E LOTS 1 & 2 & S/2 NE & S/2 SEC. 3; E/2SE SEC. 4; SENE, E/2SE SEC. 13	676.86	NM-27898 8-31-86	U.S.A. - ALL	AMERADA HESS CORPORATION	PUBLIC LANDS ROYALTY TRUST 10% GEORGE L. SCOTT 2.5%	AMERADA HESS CORPORATION 100%
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F-103	T-18N, R-29E LOTS 1 & NESE SEC. 6; NEW & NWNE SESW SEC. 20; NWNE & W/2SW SEC. 29	319.44	NM-30227 8-31-87	U.S.A. - ALL	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%
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F-104	T-17N, R-29E NMSW SEC. 3; LOT 2 & SWNE SEC. 4; SWNW & E/2SE SEC. 9; E/2NW & E/2 SEC. 10; N/2NW & NWNE & S/2S/2 SEC. 11; SESW SEC. 17	960.66	NM-31706 12-31-87	U.S.A. - ALL	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%
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TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
F-105	T-17N, R-29E SWSE & SESW SEC. 3; N/2NW & NWSE & NE SEC. 20	360.00	NW-31848 1-31-88	U.S.A. - ALL	CO2-IN-ACTION		CO2-IN-ACTION 100%
F-106	T-18N, R-30E LOT 4, SESW SEC. 18	79.50	NW-19705 11-30-84	U.S.A. - ALL	AMERADA HESS CORPORATION	PUBLIC LANDS ROYALTY TRUST 10% GEORGE L. SCOTT 2.5%	AMERADA HESS CORPORATION 100%
F-107	T-18N, R-29E NEW SEC. 29; SESW & SE & S/2NE SEC. 35	320.00	NW-31154 10-30-87	U.S.A. - ALL	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
F-108	T-19N, R-29E SENE SEC. 3	40.00	NW-44598 6-30-86	U.S.A. - ALL	CO2-IN-ACTION		CO2-IN-ACTION 100%
F-109	T-19N, R-29E N/2NE & SESW SEC. 10	120.00	NW-44599 6-30-86	U.S.A. - ALL	CO2-IN-ACTION		CO2-IN-ACTION 100%

9 FEDERAL TRACTS CONTAINING 3,876.46 ACRES OR 8.98% OF THE UNIT AREA

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
S-501	T-20N, R-29E S/2S/2 SEC. 29; S/2NW & SWNE & N/2S/2 & SESE & SMSW SEC. 33	520.00	L-5776-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-502	T-20N, R-29E ALL SEC. 32	640.00	L-5777-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-503	T-19N, R-29E SMSW SEC. 2; SENE & E/2SE SEC. 10; N/2NE & NENW SEC. 15; ALL SEC. 16	920.00	L-5811-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-504	T-19N, R-29E SW & W/2SE & SWNE & S/2NW & NNW SEC. 11; W/2NE & NW SEC. 14; S/2NE & SENW SEC. 15	760.00	L-5812-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-505	T-19N, R-29E LOTS 2, 3 & 4 & S/2NW & SWNE SEC. 3	239.52	L-5813-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-506	T-19N, R-29E SE SEC. 3; LOTS 1, 3 & 4 & S/2NW & SENE & SE & W/2SW SEC. 4; LOTS 1, 2, 3 & 4 & S/2N/2 SEC. 5	958.35	L-5814-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
S-507	T-19N, R-29E E/2 & W/2NW & E/2SW SEC. 9; NW SEC. 10	640.00	L-5815-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-508	T-19N, R-29E N/2 & N/2SE & NESW SEC. 22; SWSW SEC. 26; SENE & E/2SE SEC. 35; ALL SEC. 36	1240.00	L-5816-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-509	T-19N, R-29E E/2SW & SE SEC. 24; E/2 & E/2W/2 SEC. 25	720.00	L-5817-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-510	T-19N, R-30E LOTS 1, 2, 3 & 4 & E/2W/2 & E/2 SEC. 30	630.96	L-5826-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-511	T-19N, R-30E LOTS 2, 3 & 4 & E/2SW & SENW & S/2NE & SE SEC. 31; NW & N/2SW & SESW & W/2SE & SESE SEC. 32	872.44	L-5827-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-512	T-19N, R-30E SWSW SEC. 32	40.00	L-5828-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

EXHIBIT "B"

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
S-513	T-18N, R-30E LOTS 3, 4 & SENW SEC. 5; SWSE & SESW SEC. 6; LOTS 1, 2, 3 & 4 & E/2W/2 & NWNE & S/2SE SEC. 7	635.46	L-5852-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-514	T-18N, R-30E LOTS 1, 2 & SWNW, SENE SEC. 5; LOTS 1, 2, 3, 4 & 5 & SENW & S/2NE SEC. 6	476.18	L-5853-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-515	T-18N, R-30E LOTS 1 & 2 & NENW & S/2SE SEC. 18; NE & E/2SE SEC. 19	438.34	L-5856-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-516	T-17N, R-29E LOTS 1, 2 & 3 & S/2NE & SENW & S/2 SEC. 2; ALL SEC. 16	1200.71	LG-4586 9-1-87	STATE OF NEW MEXICO - ALL	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
S-517	T-18N, R-29E LOTS 1, 2 3 & 4 & S/2N/2 SEC. 1	317.28	LG-4601 9-1-87	STATE OF NEW MEXICO - ALL	AMERADA HESS CORPORATION	CLARENCE BRICE AND ANNIE B. BRICE, HIS WIFE 6.25%	AMERADA HESS CORPORATION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
S-518	T-18N, R-29E N/2S/2, SESW S/2SE SEC. 1	911.94	LG-4602-3 9-1-87	STATE OF NEW MEXICO - ALL	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%
S-519	T-18N, R-29E NENW & N/2NE & SENE & SESE SEC. 12; NENE SEC. 13; ALL SEC. 16	880.00	LG-4603 9-1-87	STATE OF NEW MEXICO - ALL	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
S-520	T-18N, R-29E E/2NE & SWNW & S/2 SEC. 32; ALL SEC. 36	1080.00	LG-4604 9-1-87	STATE OF NEW MEXICO - ALL	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
S-521	T-17N, R-29E LOTS 4, 5 & 6 & NE & E/2SE SEC. 19; S/2S/2 & NESE SEC. 20; S/2 SEC. 21; S/2 SEC. 22	1156.90	LG-5052 1-1-88	STATE OF NEW MEXICO - ALL	GULF OIL CORPORATION		GULF OIL CORPORATION 100%
S-522	T-17N, R-29E N/2 SEC. 28	320.00	LG-5053 1-1-88	STATE OF NEW MEXICO - ALL	GULF OIL CORPORATION		GULF OIL CORPORATION 100%
S-523	T-17N, R-29E LOTS 4 & 6 & N/2 & W/2SE & E/2SW SEC. 29	538.45	LG-5054 1-1-88	STATE OF NEW MEXICO - ALL	GULF OIL CORPORATION		GULF OIL CORPORATION 100%
S-524	T-19N, R-30E NWSW SEC. 29	40.00	L-5823-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

EXHIBIT "B"

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
S-525	T-18N, R-30E NW SEC. 20	160.00	L-5857-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-526	T-18N, R-30E NNW SEC. 29	40.00	L-5859-2 HBP	STATE OF NEW MEXICO - ALL	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
S-527	T-18N, R-30E NENE SEC. 30	40.00	HBP	STATE OF NEW MEXICO - ALL	UNLEASSED		UNLEASSED 100%

27 STATE TRACTS CONTAINING 16,416.53 ACRES OR 38.04% OF THE UNIT AREA

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2004 CONT'D			2-22-89	MARY ANN ACKER WALTERSCHIED ET VIR 0.26041%			
			2-22-89	AURELIA ACKER SCHOENENBERGER ET VIR 0.26041%			
			2-22-89	LAWRENCE ACKER ET UX 0.26041%			
			2-22-89	JOSEFPA ACKER HEINRICH ET VIR 0.26042%			
			2-22-89	GERALD ACKER ET UX 0.26042%			
			2-22-89	LORENE ACKER DICK ET VIR 0.26042%			
			2-22-89	JAMES ACKER ET UX 0.26042%			
			2-22-89	ROBERT ACKER ET UX 0.26042%			
			2-22-89	IRENE ACKER GIDDEN ET VIR 0.26042%			
			2-22-89	BERNICE ACKER BREWER 0.26042%			
			2-22-89	CHARLES ACKER ET UX 0.26042%			
				<u>12.50000%</u>			

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2005	<u>T-19N, R-29E</u> W/2NW & N/2SW SEC. 21 <u>T-20N, R-29E</u> LOT 4 SEC. 31	197.54	5-21-85	SAM MARTINEZ 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2006	<u>T-18N, R-29E</u> NW & W/2NE SEC. 17; N/2N/2 SEC. 18	398.32	5-17-85	JANETTE J. ALFORD, ET VTR 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2007	<u>T-19N, R-29E</u> NE SEC. 19 E/2W/2 & W/2E/2 SEC. 20; SWNW SEC. 28; W/2 & W/2E/2 & SENE & NESE SEC. 29; E/2 SEC. 30; W/2 SEC. 32	1720.00	5-19-85	R. E. TRUJILLO SR., ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2008	<u>T-19N, R-29E</u> N/2NE & SENE & SE SEC. 31	280.00	5-19-85	R. E. TRUJILLO SR., ET UX 4.16667% GEORGE E. TRUJILLO 4.16667% ERNEST V. TRUJILLO 4.16666% 12.50000%	CITIES SERVICE OIL AND GAS CORPORATION 67% CO2-IN-ACTION 33%	RIO PETRO, LTD. .73333%	CITIES SERVICE OIL AND GAS CORPORATION 66.66667% CO2-IN-ACTION 33.33333% 100.00000%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OR BASIC ROYALTY	LESSEE OF RECORD	OVERRIDE ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2009	T-19N, R-29E W/2W/2 SEC. 20	160.00	2-24-88	ERNEST V. TRUJILLO	CO2-IN-ACTION	RIO PETRO, LTD. .36667%	CO2-IN-ACTION 16.66667%
				2.08334%	17%		
				R. E. TRUJILLO SR., ET UX	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION
				2.08333%	83%		83.33333%
				GEORGE E. TRUJILLO			100.00000%
2010	T-19N, R-29E LOT 3 & SE	627.52	5-20-85	GEORGE E. TRUJILLO	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 50%
				6.25%	50%		50%
				ERNEST V. TRUJILLO	CO2-IN-ACTION	RIO PETRO, LTD. 1.10000%	CO2-IN-ACTION 50%
				6.25%	50%		100%
2010	T-19N, R-29E LOTS 1, 2, 3 & 4 & E/2NW & N/2SW SEC. 19; LOTS 1, 2 & 3 & N/2NW SEC. 30	627.52	5-20-85	ERNEST V. TRUJILLO	CO2-IN-ACTION	RIO PETRO, LTD. 1.10000%	CO2-IN-ACTION 50%
				6.25%	50%		100%
				12.50%	50%		100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2011	T-19N, R-29E LOT 4 & E/2SW SEC. 18	118.33	5-20-85	GEORGE E. TRUJILLO 3.125%	CITIES SERVICE OIL AND GAS CORPORATION 50%	RIO PETRO, LTD. .55000%	CITIES SERVICE OIL AND GAS CORPORATION 50%
			5-21-89	ELLEN DRAKE KINGSBURY 2.34375%			
			5-21-89	BETTY DRAKE RIPPEL 2.34375%			
			2-24-88	ERNEST V. TRUJILLO 3.125%	CO2-IN-ACTION 25%		CO2-IN-ACTION 25%
			3-19-85	FEDERAL LAND BANK OF WICHITA 4.6875% 15.625%	AMERADA HESS CORPORATION 25%		AMERADA HESS CORPORATION 25% 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2012	T-18N, R-29E LOTS 2, 3, 4, 6 & 7 & SE1/4 & S/2NE & E/2SW & NW1/4 & S/2SE SEC. 6; NE SEC. 7; NW SEC. 8;	951.52	6-4-85	RAY C. MDANIEL ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2013	T-19N, R-29E LOTS 4, 5, 6 & 7 SEC. 6	150.96	6-10-85	CEISO MARTINEZ 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2014	T-17N, R-29E SWSW SEC. 1; LOT 4 & SW1/4 SEC. 2; LOT 1 & S/2NE & N/2SE & SESE SEC. 3; NENE SEC. 11; W/2 & SE & SENE SEC. 12; NW & SWNE SEC. 13; N/2NE & NENW SEC. 14;	1560.38	7-7-85	EUFRACTO BACA ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2015	T-18N, R-29E SWNE & NWSE & S/2SE SEC. 20; SWNW & NWSW & S/2SW SEC. 21	320.00	7-3-85	EDWARD ARBUCKLE ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2016	T-18N, R-29E SWNW SEC. 10	40.00	9-15-91	JAMES K. BYRD ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2017	T-18N, R-29E NE & NWSE & SESW SEC. 9; NWNW & E/2NW SEC. 10	360.00	9-15-91 8-31-84	JAMES K. BYRD ET UX 6.25% SUN OIL COMPANY 9.375% 15.625%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2018	T-17N, R-29E W/2 SEC. 15 NW SEC. 22	480.00	7-8-85	ELOY BACA ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2019	T-17N, R-29E SW SEC. 4; NESE & S/2SE SEC. 5; NENE SEC. 8; NWNW & W/2NWNW & W. 30 AC. OF SENW SEC. 9; S/2NE & N/2SE & SENW & NESW & E/2E/2E/2SWNW & E/2E/2E/2NWSW SEC. 11	660.00	7-9-85	MARGARITO GARCIA ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
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2020	T-19N, R-29E LOTS 3 & 4 & E/2 SW & SE SEC. 7; LOT 1 & NE1/4 & N/2NE SEC. 18	474.29	7-2-85 2-2-90 2-2-90	ROY G. HARNEY* ET UX 8.33333% BETTY DRAKE RIPPEL, 2.08333% ELLEN DRAKE KINGSBURY 2.08333% <u>12.50000%</u>	CITIES SERVICE OIL AND GAS CORPORATION 66.66667% AMERADA HESS CORPORATION 33.33333%	CITIES SERVICE OIL AND GAS CORPORATION 66.66667% AMERADA HESS CORPORATION 33.33333% <u>100.00000%</u>	CITIES SERVICE OIL AND GAS CORPORATION 66.66667% AMERADA HESS CORPORATION 33.33333% <u>100.00000%</u>
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*RAFFIFIED BY
ALFRED D. KOEHN,
ET UX

2021	T-19N, R-29E LOT 2 & SE1/4 & S/2NE SEC. 18	158.21	7-2-85 3-19-85	ROY G. HARNEY* ET UX 6.25% FEDERAL LAND BANK OF WICHITA 4.6875% BETTY DRAKE RIPPEL, 1.5625% ELLEN DRAKE KINGSBURY 1.5625% <u>14.0625%</u>	CITIES SERVICE OIL AND GAS CORPORATION 50% AMERADA HESS CORPORATION 50%	CITIES SERVICE OIL AND GAS CORPORATION 50% AMERADA HESS CORPORATION 50% <u>100%</u>	CITIES SERVICE OIL AND GAS CORPORATION 50% AMERADA HESS CORPORATION 50% <u>100%</u>
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*RAFFIFIED BY
ALFRED D. KOEHN,
ET UX

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2022	T-17N, R-29E SWSW SEC. 3; SESE & W/2SE SEC. 4; SENE & E/2SW & NWSE SEC. 5; LOT 3 SEC. 6; E/2W/2 & W/2E/2 & SENE & E/2SE SEC. 8; W/2SW SEC. 9; N/2 SEC. 21;	1319.38	7-23-85	JOE N. CORDOVA ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2023	T-18N, R-29E LOT 3 & E/2SW SEC. 31	200.00	8-1-85	ALECIO TRUJILLO ET AL 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2024	T-17N, R-29E E/2SW SEC. 9	80.00	8-2-85	ALECIO TRUJILLO ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2025	T-17N, R-29E W/2SE SEC. 9	80.00	8-2-85	JUAN J. TRUJILLO 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2026	T-17N, R-29E LOTS 2, 3 & 4 & S/2NW & NESW SEC. 3; LOT 1 & SENE & NESE SEC. 4; LOTS 3 & 4 SEC. 5; W/2NE & E/2NE & E. 10 AC. OF SEW SEC. 9	652.77	8-5-85	ALECIO TRUJILLO & JUAN J. TRUJILLO 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2027	T-18N, R-29E W/2SE & 20 AC. OF W/2E/2SE SEC. 31	156.90	6-5-85	DOROTHY J. LAUNDER 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2028	T-18N, R-29E W/2SE & SW SEC. 17; SE & E/2SW & LOT 3 SEC. 18, EXCEPT 5.85 ACRES DESCRIBED IN TRACT 2062; LOT 4 & E/2W/2 & E/2 SEC. 19; W/2W/2 & SENW & NESW & E/2NE & NESE SEC. 20; NNW & E/2NW & NESW & E/2 SEC. 21; SWNE SEC. 22; NWNE & N/2NW SEC. 28; NENE & SWNE & NWSE & NESW & SEW SEC. 29; E/2E/2 & NWNE & NESW & LOT 1 SEC. 30; NENE & S/2NE & E. 51 AC. OF SE SEC. 31; N/2NW & W/2NE & SENW SEC. 32	2882.46	7-30-85	ARMAND LEE SMITH ET AL 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2029	T-18N, R-29E N/2SW & SESW & NWSE SEC. 33	160.00	7-30-85	ARMAND LEE SMITH ET AL 6.25% BENJAMIN F. BROWN 3.125% ALFRED KRESS 3.125% 12.50%	CITIES SERVICE OIL AND GAS CORPORATION 50% BENJAMIN F. BROWN UNLEASSED 25% ALFRED KRESS UNLEASSED 25%		CITIES SERVICE OIL AND GAS CORPORATION 50% BENJAMIN F. BROWN 25% ALFRED KRESS 25% 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDE ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2030	T-17N, R-29E N/2NE NE SEC. 17; LOTS 1 & 2 & E/2NW & NE SEC. 18	338.64	7-31-85	CELDONIA VIGIL ET UX 12.5%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2031	T-18N, R-29E E/2SE SEC. 9; W/2SW SEC. 10	160.00	9-15-91	JAMES K. BYRD ET UX 6.25%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 50%
				RUFUS P. RANDOLPH ET AL 6.25%	CO2-IN-ACTION 50%	G. D. BOWIE, JR., ET AL 6.625% OF 85% OF 50% TOTAL PRODUCTION	CO2-IN-ACTION 50%
2032	T-18N, R-29E W/2 SEC. 15; NW SEC. 22	480.00	9-15-91	JAMES K. BYRD ET UX 6.25%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 50%
			11-3-88	H. W. ALLEN ET UX 6.25%	CO2-IN-ACTION 50%		CO2-IN-ACTION 30%
				12.50%			AMERADA HESS CORPORATION 20%
							100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2033	T-17N, R-29E LOTS 3, 4 & S/2NW SEC. 4; LOTS 1 & 2 & S/2NE SEC. 5	322.92	1-10-90	ANNIE ARAGON 1.38889% ABENECIO ARCHULETA, AKA JOE A. ARCHULETA 1.38889% ADELINA ACOSTA 1.38889% NICK ARCHULETA 1.38888% PAULA PACHECO 1.38889% PROOPIO ARCHULETA 1.38889% TOMASTA ARCHULETA MARTINEZ 1.38889% RAFAELTVA ARGUELLO 1.38889% MARY GARCIA 1.38889% 12.50000%	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
2034	T-18N, R-29E S/2NE SEC. 18	80.00	5-9-85	ANCELEFIO ARCHULETA AKA NICK ARCHULETA, ET UX 14.58333%	CO2-IN-ACTION 78%		CO2-IN-ACTION 77.78%

EXHIBIT "B"

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDE ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2034 CONT'D							
			1-10-90	ADELINA ACOSTA 1.38889%	AMERADA HESS CORPORATION 22%		AMERADA HESS CORPORATION 22.22%
			1-10-90	ARCHULETA 1.38889% 17.36111%			
2035	T-17N, R-29E SW SEC. 14	160.00	11-13-88	FRANK L. C. DEBACA 12.5%	CO2-IN-ACTION		CO2-IN-ACTION 100%
2036	T-17N, R-29E E/2NW & W/2NE & S/2NENE & E/2SE & SENE SEC. 17	300.00	7-5-88	ANTONIA V. DESANTIAGO 12.5%	CONOCO		CONOCO 100%
2037	T-17N, R-29E W/2SE & N/2SW SEC. 17	120.00	7-5-88	LUCAROTTO DESANTIAGO 12.5%	CONOCO		CONOCO 100%
2038	T-19N, R-29E SE SEC. 32; SW SEC. 33	320.00	4-16-89	DOROTHY D. HIGH ET AL 12.5%	CO2-IN-ACTION	G. D. BOWIE, JR., ET AL 6.625% ON 85% OF TOTAL PRODUCTION	CO2-IN-ACTION 100%
2039	T-18N, R-29E SESE SEC. 17	40.00		FLOERSHEIM MERCANTILE 12.5%	UNLEASED		UNLEASED 100%

EXHIBIT "B"

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE						
2040	<u>T-17N, R-29E</u> NEENE SEC. 9	40.00	9-10-84	E. J. GANNON IV	CITIES SERVICE OIL AND GAS CORPORATION	12.5%	CITIES SERVICE OIL AND GAS CORPORATION						
								1.17188%	12.5%	12.5%			
								W. D. GANNON					
								1.17188%					
								IGNACIO VIGIL			CO2-IN-ACTION	50.0%	CO2-IN-ACTION
								6.25%			50%	50.0%	
								PATSY GANNON			UNLEASSED	37.5%	UNLEASSED
								CAMPBELL					100.00%
								.58594%					
								PATSY GANNON					
CAMPBELL													
CHILDREN'S TRUST													
.97656%													
JEANNE GANNON HUNT													
.58594%													
JEANNE GANNON HUNT													
CHILDREN'S TRUST													
.97656%													
LUCILLE GANNON													
MURCHISON													
.58594%													
LUCILLE GANNON													
MURCHISON CHILDREN'S TRUST													
<u>.97656%</u>													
<u>13.28126%</u>													
2041	<u>T-17N, R-29E</u> SENE SEC. 9	40.00	9-10-84	E. J. GANNON IV	CITIES SERVICE OIL AND GAS CORPORATION	12.5%	CITIES SERVICE OIL AND GAS CORPORATION						
			9-10-84	W. D. GANNON		12.5%							
				1.17188%			12.5%						
				1.17188%									

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC OWNERSHIP	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2041 CONT'D			11-21-88	IGNACIO VIGIL 6.25%	CO2-IN-ACTION 50%		CO2-IN-ACTION 50.0%
				PATSY GANNON CAMPBELL .58594%	UNLEASSED 37.5%		UNLEASSED 37.5%
				PATSY GANNON CAMPBELL CHILDREN'S TRUST .97656%			<u>100.0%</u>
				JEANNE GANNON HUNT .58594%			
				JEANNE GANNON HUNT CHILDREN'S TRUST .97656%			
				LUCLILE GANNON MURCHISON .58594%			
				LUCLILE GANNON MURCHISON CHILDREN'S TRUST .97656%			
				<u>13.18125%</u>			
2042	<u>T-17N, R-29E</u> W/2W SEC. 14; NE SEC. 15	240.00	6-19-88	MACDALENA PACHECO 6.94444%	CONOCO 100%		CONOCO 100%
				FRANK GARCIA AKA FRANCISCO GARCIA 5.55556%			
				<u>12.50000%</u>			
2043	<u>T-19N, R-29E</u> SESW SEC. 19	40.00	12-10-89	LYELL G. HAZEN ET UX 12.5%	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%

EXHIBIT "B"

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDE ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2044	T-17N, R-29E LOTS 3 & 4 & W/2NESW & SESEW SEC. 18	132.43	7-31-88	CLORINDA JIMENEZ 12.5%	CONOCO		CONOCO 100%
2045	T-18N, R-29E LOT 4 SEC. 18; LOTS 1 & 2 SEC. 19	115.41	5-3-88	ALBIRIA MARTINEZ 12.5%	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%
2046	T-17N, R-29E SE & E/2NESW SEC. 18	180.00	11-18-88	VICENTITA MAYTA 12.5%	CO2-IN-ACTION		CO2-IN-ACTION 100%
2047	T-17N, R-29E NE SEC. 22	160.00	9-1-88	SAMUEL T. MITCHELL 12.5%	CONOCO		CONOCO 100%

EXHIBIT "B"

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TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDE ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2048	<u>T-17N, R-29E</u> SE SEC. 15	160.00	9-1-88	SAMUEL T. MITCHELL 12.5%	CONOCO 100%		CONOCO 100%
2049	<u>T-17N, R-29E</u> NW/4 SEC. 10	40.00	11-21-88	IGNACIO VIGIL ET UX 12.5%	CO2-IN-ACTION		CO2-IN-ACTION 100%
2050	<u>T-17N, R-29E</u> SW/4 SEC. 5; LOTS 1 & 2 & SENE SEC. 6	160.53	6-16-89 6-16-89	BENITO PACHECO 6.25% JOE A. PACHECO 6.25% 12.50%	CO2-IN-ACTION	G. D. BOWIE, JR., ET AL. 6.625% ON 85% OF TOTAL PRODUCTION	CO2-IN-ACTION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2051	T-18N, R-29E W/2NW SEC. 29	80.00	12-27-88	WILLIAM C. O'KEEFE CONSERVATOR OF THE ESTATE OF ALICE MABEL REXROAD <u>12.5%</u>	CO2-IN-ACTION		CO2-IN-ACTION 100%
2052	T-18N, R-29E E/2NE & NESE SEC. 17	120.00	2-25-85	ARMAND L. SMITH ET UX 6.25% SIDNEY C. SMITH ET UX <u>6.25%</u> <u>12.50%</u>	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
2053	T-18N, R-29E LOTS 1 & 2 & S/2NE SEC. 5	158.64	5-16-85	SAMANTHA S. GALLENLINE ET VIR 2.5000% BARBARA G. SCHEIBLING ET VIR .62500% JAMES S. STICKEL ET UX .62500% STEVE STICKEL .62500% PATRICIA HENSEL ET VIR .83333%	CO2-IN-ACTION	G. D. BOWIE, JR., ET AL. 6.625% ON 85% OF TOTAL PRODUCTION	CO2-IN-ACTION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2053 CONT'D							
			5-16-85	JOYCE K. MILLER ET VIR .83333%			
			5-16-85	AUGUST C. STICKEL III .83334%			
			5-16-85	DANIEL A. STICKEL .41666%			
			5-16-85	EUGENE S. STICKEL III, ET UX .41667%			
			5-16-85	DORTHEA K. STICKEL ET AL. .41667%			
			5-16-85	T. J. STICKEL ET UX 1.25000%			
			5-16-85	SARAH E. WOKK ET VIR .62500%	UNLEASED		
				DAVID STICKEL .25000%			
				12.50000%			
2054	<u>T-19N, R-29E</u> NMSW SEC. 26; NESW & N/2SE SEC. 27; LOT 4 & E/2SW SEC. 30	278.59	7-19-87	ANTONIO TRUJILLO 12.5%	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
2055	<u>T-19N, R-29E</u> SE SEC. 19	160.00	8-15-87	R. E. TRUJILLO ET UX 12.5%	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%

EXHIBIT "B"

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2056	<u>T-17N, R-29E</u> SW & SWNW SEC. 10	200.00	11-21-88	IGNACIO VIGIL FT UX 12.5%	002-IN-ACTION		002-IN-ACTION 100%
2057	<u>T-18N, R-29E</u> SWSW SEC. 9	40.00	2-14-88	MARION BRUCE FT UX 12.5%	002-IN-ACTION	RIO PETER LTD. 2.2%	002-IN-ACTION 100%
2058	<u>T-19N, R-29E</u> W/2SW & SE2SW SEC. 28; SESE SEC. 29; NE SEC. 32; NW SEC. 33	480.00	6-22-78	SAMANTHA S. GALLENTINE FT VIR 2.5% BARBARA G. SCHEIBLING .62500% JAMES S. STICKEL .62500% STEVE STICKEL .62500% PATRICIA HENSEL .83333% JOYCE K. MILLER .83333%	CONOCO		CONOCO 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2058	CONT'D						
			6-22-78	AUGUST C. STICKEL III .83334%			
			6-22-78	DANIEL A. STICKEL .41666%			
			6-22-78	EUGENE S. STICKEL III .41667%			
			6-22-78	MARY C. STICKEL ET AL .41667%			
			6-22-78	T. J. STICKEL 1.25000%			
			6-22-78	SARAH E. WORK ET VIR 2.50000%			
			6-22-78	DAVID STICKEL .62500%			
				<u>12.50000%</u>			
2059	T-17N, R-29E SEW SEC. 14	40.00	12-8-79	NATALIE G. MITCHELL AND SHERRIE G. MITCHELL, JOINT TENANTS 12.5%	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
2060	T-18N, R-29E SWSE SEC. 9	40.00	9-15-91	JAMES K. BYRD ET UX 6.25% SUN OIL COMPANY 12.5% 18.75%	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%

EXHIBIT "B"

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2061	T-18N, R-29E SWSE SEC. 4; NESE SEC. 8; NW & N/2SW SEC. 9	320.00	2-14-88	MARION BRUCE ET UX 12.5%	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%
2062	T-18N, R-29E LOT 2 & SENW SEC. 18 INCLUDING TWO TRACTS IN N/2 SW/4 CON- TAINING 3.85 ACRES, M/L, AND 2.00 ACRES, M/L, RESPECTFULLY, AND EXCLUDING TRACTS IN THE SE/4 NW/4 CONTAINING 3.9 ACRES, M/L AND SW/4NW/4 CON- TAINING 2.00 ACRES, M/L.	78.25	2-24-88	ANTONIO GRIEGO ET UX 12.5%	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%

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2063	T-20N, R-29E LOTS 1, 2 & 3 & NE1/4 & E/2SW & N/2SE SEC. 31	310.94	5-18-88	KATHERINE V. HEIMANN 8.33333% E. J. GANNON, JR. 6.25% <u>14.58333%</u>	CO2-IN-ACTION 50% UNLEASED 50%	RIO PETRO, LTD. 1.1%	CO2-IN-ACTION 50% E.J. GANNON, JR 50% <u>100%</u>
2064	T-18N, R-29E SW & NWSE & SWNW SEC. 4; SE SEC. 5	400.00	2-10-88	EDITH SHRUM <u>12.5%</u>	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%
2065	T-18N, R-29E NE & W/2SE & SESE SEC. 8	280.00	2-24-88	LOLA B. FITTER <u>12.5%</u>	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%
2066	T-18N, R-29E LOTS 3 & 4 & E/2 SW & W/2SE SEC. 7	236.74	4-3-88	BILLY M. HAZEN ET UX <u>12.5%</u>	CO2-IN-ACTION	RIO PETRO, LTD. 2.2%	CO2-IN-ACTION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2067	T-17N, R-29E S/2S/2NW & NESW & NWSE SEC. 20	120.00	5-13-85	KRISTEN GALEN TRIGG 3.51562% STEPHEN TALBOT TRIGG ET AL 10.54688% THOMAS E. MCCULLOUGH 1.17188% LOUISE TALBOT TRIGG 2.34375% LINDA M. DECKER 1.17187% <u>18.75000%</u>	CO2-IN-ACTION	G. D. BOWIE, JR., ET AL 6.625% ON 85% OF TOTAL PRODUCTION	CO2-IN-ACTION 100%
2068	T-17N, R-29E W/2SMNW & W/2E/2SMNW & W/2E/2E/2SMNW & W/2NWSW & W/2E/2NWSW & W/2E/2E/2NWSW SEC. 11	70.00	6-19-88	MAGDALENA PACHECO 6.94444% FRANK GARCIA 5.55556% <u>12.50000%</u>	CO2-IN-ACTION		CO2-IN-ACTION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2069	T-18N., R-29E 5.9 ACRES DESCRIBED AS FOLLOWS; A STRIP OF LAND 4 RODS WIDE AND 80 RODS LONG ADJOINING THE EASTERN BOUNDARY, AND A STRIP OF LAND 4 RODS WIDE AND 76 RODS LONG ADJOINING THE NORTHERN BOUNDARY, SE/4NW/4, CONTAINING 3.9 ACRES, MORE OR LESS; AND A STRIP OF LAND 4 RODS WIDE AND 80 RODS LONG ALONG THE NORTHERN BOUNDARY, SW/4NW/4, CONTAINING 2.00 ACRES, M/L IN SEC. 18	5.9	6-19-84	ARMAND LEE SMITH AND SIDNEY CRAIG SMITH <u>18.75%</u>	CITIES SERVICE OIL AND GAS CORPORATION		CITIES SERVICE OIL AND GAS CORPORATION 100%
2070	T-19N., R-29E LOT 1, E/2W/2 SWNE SEC. 31	238.63	7-19-87	ANTONIO TRUJILLO <u>12.5%</u>	AMERADA HESS CORPORATION		AMERADA HESS CORPORATION 100%
2071	T-18N., R-29E LOT 3, SEC. 19	39.09	5-3-88	ALBIRIA MARTINEZ <u>12.5%</u>	CO2-IN-ACTION RIO PETRO, LTD.	2.2%	CO2-IN-ACTION 100%

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. & EXPIRATION DATE	PERCENTAGE OWNERSHIP OF BASIC ROYALTY	LESSEE OF RECORD	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
2072	T-18N, R-29E SWSW SEC. 33 T-19N, R-29E LOTS 1, 2, & SESW SEC. 7	155.94	HRP	T. E. MITCHELL & SON INC.-ALL	SEC DIVISION AMERICAS, INC.		SEC DIVISION AMERICAS, INC. 100%
2073	T-20N, R-29E LOT 4 SEC. 30	36.54	5-18-88	KATHERINE V. HEINMANN 12.5%	CO2-IN-ACTION RIO PETRO, LTD. 2.2%		CO2-IN-ACTION 100%

73 FEE TRACTS CONTAINING 22,860.55 ACRES OR 52.97% OF THE UNIT AREA

EXHIBIT "C"
 WEST BRAVO DOME UNIT
 HARDING COUNTY, NEW MEXICO

<u>TRACT NUMBER</u>	<u>NUMBER OF ACRES</u>	<u>PERCENTAGE OF PARTICIPATION</u>
F-101	1000.00	2.31731
F-102	676.86	1.56849
F-103	319.44	0.74024
F-104	960.66	2.22614
F-105	360.00	0.83423
F-106	79.50	0.18423
F-107	320.00	0.74154
F-108	40.00	0.09269
F-109	120.00	0.27808
S-501	520.00	1.20500
S-502	640.00	1.48308
S-503	920.00	2.13192
S-504	760.00	1.76115
S-505	239.52	0.55504
S-506	958.35	2.22079
S-507	640.00	1.48308
S-508	1240.00	2.87346
S-509	720.00	1.66846
S-510	630.96	1.46213
S-511	872.44	2.02171
S-512	40.00	0.09269
S-513	635.46	1.47256
S-514	476.18	1.10346
S-515	438.34	1.01577
S-516	1200.71	2.78241
S-517	317.28	0.73524
S-518	911.94	2.11325
S-519	880.00	2.03923
S-520	1080.00	2.50269
S-521	1156.90	2.68089
S-522	320.00	0.74154
S-523	538.45	1.24775
S-524	40.00	0.09269
S-525	160.00	0.37077
S-526	40.00	0.09269
S-527	40.00	0.09269
2001	318.56	0.73820
2002	160.00	0.37077
2003	434.22	1.00622

REVISED EXHIBIT 7/10/84

EXHIBIT "C"
Page Two

<u>TRACT NUMBER</u>	<u>NUMBER OF ACRES</u>	<u>PERCENTAGE OF PARTICIPATION</u>
2004	240.00	0.55615
2005	197.54	0.45776
2006	398.32	0.92303
2007	1720.00	3.98577
2008	280.00	0.64885
2009	160.00	0.37077
2010	627.52	1.45416
2011	118.33	0.27421
2012	951.52	2.20496
2013	150.96	0.34982
2014	1560.38	3.61588
2015	320.00	0.74154
2016	40.00	0.09269
2017	360.00	0.83423
2018	480.00	1.11231
2019	660.00	1.52942
2020	474.29	1.09908
2021	158.21	0.36662
2022	1319.38	3.05741
2023	200.00	0.46346
2024	80.00	0.18538
2025	80.00	0.18538
2026	652.77	1.51267
2027	156.90	0.36359
2028	2882.46	6.67955
2029	160.00	0.37077
2030	338.64	0.78473
2031	160.00	0.37077
2032	480.00	1.11231
2033	322.92	0.74831
2034	80.00	0.18538
2035	160.00	0.37077
2036	300.00	0.69519
2037	120.00	0.27808
2038	320.00	0.74154
2039	40.00	0.09269
2040	40.00	0.09269
2041	40.00	0.09269
2042	240.00	0.55615
2043	40.00	0.09269

EXHIBIT "C"
Page Three

<u>TRACT NUMBER</u>	<u>NUMBER OF ACRES</u>	<u>PERCENTAGE OF PARTICIPATION</u>
2044	132.43	0.30688
2045	115.41	0.26744
2046	180.00	0.41712
2047	160.00	0.37077
2048	160.00	0.37077
2049	40.00	0.09269
2050	160.53	0.37200
2051	80.00	0.18538
2052	120.00	0.27808
2053	158.64	0.36762
2054	278.59	0.64558
2055	160.00	0.37077
2056	200.00	0.46346
2057	40.00	0.09269
2058	480.00	1.11231
2059	40.00	0.09269
2060	40.00	0.09269
2061	320.00	0.74154
2062	78.25	0.18133
2063	310.94	0.72054
2064	400.00	0.92692
2065	280.00	0.64885
2066	236.74	0.54860
2067	120.00	0.27808
2068	70.00	0.16221
2069	5.90	0.01367
2070	238.63	0.55298
2071	39.09	0.09058
2072	155.94	0.36136
2073	<u>36.54</u>	<u>0.08467</u>
TOTAL	43,153.54	100.00000

EXHIBIT D

ATTACHED TO AND MADE A PART OF THE UNIT AGREEMENT
WEST BRAVO DOME CARBON DIOXIDE GAS UNIT
HARDING COUNTY, NEW MEXICO

I N D E M N I T Y A G R E E M E N T

WHEREAS, Section 9.1.3 of an agreement entitled "Unit Agreement, West Bravo Dome Carbon Dioxide Gas Unit, Harding County, New Mexico," dated September 1, 1983, provides that under certain circumstances and conditions therein stated a Tract that fails to qualify for inclusion in the Unit Area may be included if the requisite Working Interest Owners in the Tract as specified in said Section request the inclusion of the Tract in the Unit Area and execute and deliver, or obligate themselves to execute and deliver, an indemnity agreement; and

WHEREAS, Tract _____, described in the Unit Agreement is such a Tract; and

WHEREAS, the undersigned are owners of Working Interest in such Tract and have become parties to the Unit Agreement and the Unit Operating Agreement and desire the inclusion of the Tract in the Unit Area;

NOW THEREFORE, in consideration of and conditioned upon said Tract meeting the other requirements of the aforesaid Section of the Unit Agreement and its inclusion in the Unit Area, the undersigned hereby requests the inclusion of the above Tract in the Unit Area and agrees, together with other owners of Working Interest in the Tract who execute and deliver, or who obligate themselves to execute and deliver, like indemnity agreements, to indemnify and hold harmless all other Working Interest Owners in the Unit Area against all claims and demands required by said Section to be the subject of such indemnity. Any liability arising hereunder shall be borne by the undersigned and other Working Interest Owners in the Tract who are committed to like indemnity agreements in the proportion that the Working Interest of each in the Tract bears to the Total Working Interest therein of all the owners of Working Interest in the Tract committed to such indemnity agreement.

This indemnity shall become void with respect to all claims and demands based upon occurrences subsequent to the time when the conditions are met that would have initially qualified such Tract for inclusion in the Unit Area without this indemnity.

This agreement shall be binding upon and inure to the benefit of the heirs, devisees, legal representatives, successors, and assigns of the respective parties initially bound or benefited by the provisions hereof.