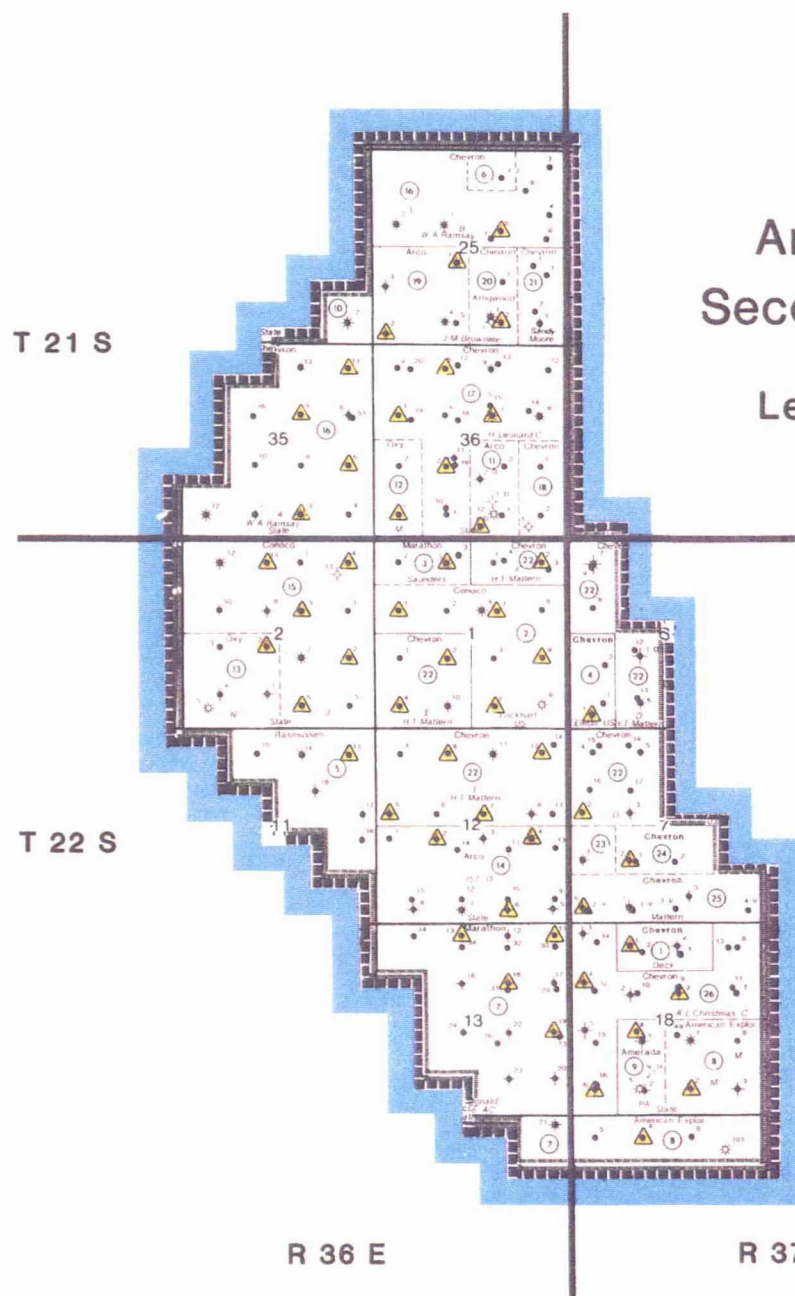


With a water injection program, oil may be moved from one property to another. As illustrated, oil may be moved from Lease A to Lease B and produced from the well located on Lease B. In view of this movement of oil, it is necessary to pool or unitize all interests in order for owners of both leases to receive their share of the income from the oil produced.

In comparison to this two-well illustration, the proposed Arrowhead Grayburg Unit will extend over an area of 5,922.26 acres and will have approximately 52 injection wells and 75 producing wells.



Proposed Arrowhead Grayburg Secondary Recovery Unit Lea County, New Mexico

LEGEND:

- Unit Outline
- ▲ Injection Well

