

**APPLICATION FOR AUTHORIZATION TO INJECT  
VACA "13" FEDERAL NO.2**

XI. **CHEMICAL ANALYSIS OF WATER FROM FRESH WATER WELLS WITHIN ONE MILE OF INJECTION WELL**

A phone conversation with Fred McMinn of the State Engineers Offices, State of New Mexico @ 3:55 p.m. on 4/4/2000 failed to identify any fresh water wells within one mile of the proposed injection well. However, a search of EOG Resources internal records shows a fresh water well with an approved permit number of C-2373-S located in the NE1/4,NW1/4,NW1/4 of section 13, township 25S, Range 33E in Lea County, New Mexico on land owned by Diamond & One-Half filed by Enron Oil & Gas Company (currently known as EOG Resources, Inc.) for the purpose of commercial oil and gas development. This well was drilled to a total depth of 642' with fresh water zone being encountered at a depth of 295' and 6-5/8" casing set and cemented at 636'. Please see attached fresh water analysis.

XII. I have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the injection zone and any underground source of drinking water.

XIII. See attached proof.

P. O. BOX 1488  
 MIDLAND, TEXAS 79706  
 PH. 943-3234 OR 563-1040

Martin Water Laboratories, Inc.

708 W. INDIANA  
 MIDLAND, TEXAS 79701  
 PHONE 882-4521

RESULT OF WATER ANALYSES

TO: Mr. Randy Cate LABORATORY NO. 50094  
P.O. Box 2267, Midland, TX 79702 SAMPLE RECEIVED 5-16-00  
 RESULTS REPORTED 5-16-00

COMPANY EOG Resources, Inc. LEASE Vaca 13 Federal  
 FIELD OR POOL \_\_\_\_\_  
 SECTION 13 BLOCK \_\_\_\_\_ SURVEY T-2556R-33E COUNTY Lea STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:

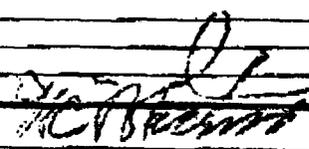
- NO. 1 Raw water - taken from fresh water well located in NW/4 of Section 13.
- NO. 2 \_\_\_\_\_
- NO. 3 \_\_\_\_\_
- NO. 4 \_\_\_\_\_

REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.0062			
pH When Sampled				
pH When Received	6.54			
Bicarbonate as HCO <sub>3</sub>	88			
Supersaturation as CaCO <sub>3</sub>				
Undersaturation as CaCO <sub>3</sub>				
Total Hardness as CaCO <sub>3</sub>	4.300			
Calcium as Ca	980			
Magnesium as Mg	450			
Sodium and/or Potassium	485			
Sulfate as SO <sub>4</sub>	458			
Chloride as Cl	3.409			
Iron as Fe	11.2			
Barium as Ba				
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	5.869			
Temperature °F.				
Carbon Dioxide, Calculated				
Dissolved Oxygen				
Hydrogen Sulfide	0.0			
Resistivity, omegacm at 77° F.	0.920			
Suspended DM				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Nitrate, as N	1.0			

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks The undersigned certifies the above to be true and correct to the best of his knowledge and belief.





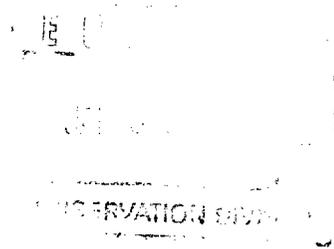
#12329

January 26, 2001

EOG Resources, Inc.  
P. O. Box 2267  
Midland, TX 79702  
(915) 686-3600

Bureau of Land Management  
2901 West 2<sup>nd</sup> Street  
Roswell, NM 88201  
Attention: Mr. Les Babyak

New Mexico State Land Office  
P. O. Box 1148  
Santa Fe, NM 87504-1148  
Attention: Mr. Pete Martinez



RE: Amended Plan of Development  
Red Hills North (Bone Spring) Unit  
Lea County, New Mexico  
USA NMNM 104037X  
Red Hills North Prospect  
EOG K0012678

Gentlemen:

Reference is made to the captioned unit and the Initial Plan of Development for same dated June 12, 2000. EOG Resources, Inc. ("EOG") as Operator has completed the initial horizontal well (RHNU 211) as set forth in the initial plan. This well was drilled to TMD of 16,229' (TVD 12,259') and is currently producing 426 BOD and 953 MCFD.

EOG is preparing to drill a second horizontal unit well, the RHNU 212. This well is located at a surface location of 1750' FNL and 2475' FWL of Section 12, T25S, R33E. The well will be drilled to a bottom hole location of approximately 320' FNL and 2300' FWL of Section 7. The TVD will be 12,700' and the TMD will be 17,800'.

The Application to Drill has been approved and a copy is enclosed for your file. EOG anticipates being able to spud the RHNU 212 on or about March 8, 2001. Should there be any concerns or questions regarding this amended plan, please do not hesitate to contact the undersigned at (915) 686-3730.

Sincerely,

EOG RESOURCES, INC.

Larry D. Cunningham  
Project Landman

encl.

Bureau of Land Management  
New Mexico State Land Office  
January 26, 2001  
Page 2

cc: New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504  
NMOCD Case No. 12329  
Order No. R-11388





United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
ROSWELL FIELD OFFICE  
2909 West Second Street  
Roswell, New Mexico 88202

IN REPLY REFER TO:  
3162.4  
NM-14497-A

EOG Resources, Inc.  
Attn: Mike Francis  
P. O. Box 2267  
Midland, TX 79702

NOV 09 2000

Dear Mr. Francis:

Your Application for Permit to Drill (APD), the Red Hills North Unit Well No. 212, 1750' FNL and 2475' FWL (SHL) and 320' FNL and 2300' FWL (BHL), Section 7, T. 25 S., R. 34 E., Lea County, New Mexico, Lease No. NM-14497-A was received November 8, 2000.

The APD has been reviewed pursuant to part III.B.2 of Oil and Gas Onshore Order No. 1, except for the Archaeological Survey Report, and is found to be:

- Administratively complete
- Administratively deficient in the following items marked with an "X"
- Form 3160-3
  - Survey Plat
  - Bonding
  - Drilling Plan
  - BOP Diagram
  - Choke Manifold Diagram
  - H<sub>2</sub>S Drilling Plan
  - Surface Use Plan (including certification statement)
  - Private Surface Owner's Agreement or Statement that an agreement has been reached concerning surface use
  - Other:

Please submit six (6) copies of each of the above noted deficiencies, except for the Archaeological Survey Report. Technical adequacy of the APD will be determined during processing and you will be contacted if additional information is required.

If you would like to know whether the Archeological Survey Report has been filed with the BLM, call Rose Marie Havel in the Carlsbad Field Office at (505) 234-5917.

Sincerely,

Linda A. Askwig  
Legal Instruments Examiner

**OPERATOR'S COPY**

Form 3160-3  
(August 1999)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No. **NM80400, NM14034**  
~~NM18640~~ Drillsite **NM 14492A**

6. If Indian, Allottee or Tribe Name

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

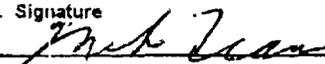
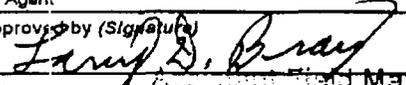
1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Red Hills North Unit #212
2. Name of Operator EOG Resources, Inc.		9. API Well No.
3a. Address P.O. Box 2267, Midland, TX 79702	3b. Phone No. (include area code) (915)686-3714	10. Field and Pool, or Exploratory Red Hills Bone Spring
4. Location of Well (Report location clearly and in accordance with any State requirements.)  At surface SL 2,475' FWL & 1,750' FNL, Sec 12  At proposed prod. Zone BHL 2,300' FWL & 320' FNL, Sec 7		11. Sec., T., R., M., or Blk. And Survey or Area  Sec 12, T25S, R33E (surface) Sec 7, T25S, R34E (bottom hole)
14. Distance in miles and direction from nearest town or post office* 19 miles west from Jai, NM		12. County or Parish Lea
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. Unit line, if any) 320'		13. State NM
16. No. of Acres in lease See Exhibit 5	17. Spacing Unit dedicated to this well 280 ac SE/4 NW/4-NE/4 Sec 12 N/2 NW/4 - Sec 7	
18. Distance from proposed location* to nearest well, drilling, completed applied for, on this lease, ft. 1000'	19. Proposed Depth TVD 12,700 TMD 17,800	20. BLM/BIA Bond No. on file NM2308
21. Elevations (Show whether DF, KDB, RT, GL, etc) GL-3399	22. Approximate date work will start* 1/6/2000	23. Estimated duration 60 days

**24. Attachments**

The following completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

**CARLSBAD CONTROLLED WATER BASIN**

- |  |  |
|--|--|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above)     |
| 2. A Drilling Plan.  | 5. Operator certification.   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPC shall be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Mike Francis	Date 11/8/2000
Title Agent		
Approved by (Signature) 	Name (Printed/Typed) /S/LARRY D. BRAY	Date JAN 17 2000
Title Assistant Field Manager, Lands and Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 1 YEAR

Application approval does not warrant or certify the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS**

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos Rd., Artec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-11  
 Revised February 21, 1991  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 5163		3 Pool Name Red Hills Bone Spring	
4 Property Code		5 Property Name RED HILLS NORTH UNIT			6 Well Number 212
7 GRID No. 7377		8 Operator Name EOG RESOURCES INC.			9 Elevation 3399

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	25	33		1750	NORTH	2475	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 200	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>16</p> <p>EOG RESOURCES INC.          RED HILLS NORTH UNIT No. 212          ELEV. = 3399'          Y = 418271.10          X = 749826.92          LAT. = 32°08'50.53"          LONG. = 103°34'34.12"</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mike Francis</i>          Signature</p> <p>Mike Francis          Printed Name</p> <p>Agent          Title</p> <p>11/6/00          Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to best of my belief.</p> <p>OCTOBER 19, 2000          Date of Survey</p> <p><i>James E. Tompkins</i>          Signature</p> <p>JAMES E. TOMPKINS          REGISTERED PROFESSIONAL LAND SURVEYOR          NEW MEXICO          14729</p> <p>14729          Certificate Number</p>

District I  
 PO Box 1060, Hobbs, NM 88241-1960  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Erasos Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-10  
 Revised February 21, 199  
 Instructions on bac  
 Submit to Appropriate District Office  
 State Lease - 4 Copie  
 Fee Lease - 3 Copie

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		5763	Red Hills Bone Spring
Property Code	Property Name		Well Number
	RED HILLS NORTH UNIT		212
OCRD No.	Operator Name		Elevation
7377	EOG RESOURCES INC.		3395

<sup>10</sup> Surface Location

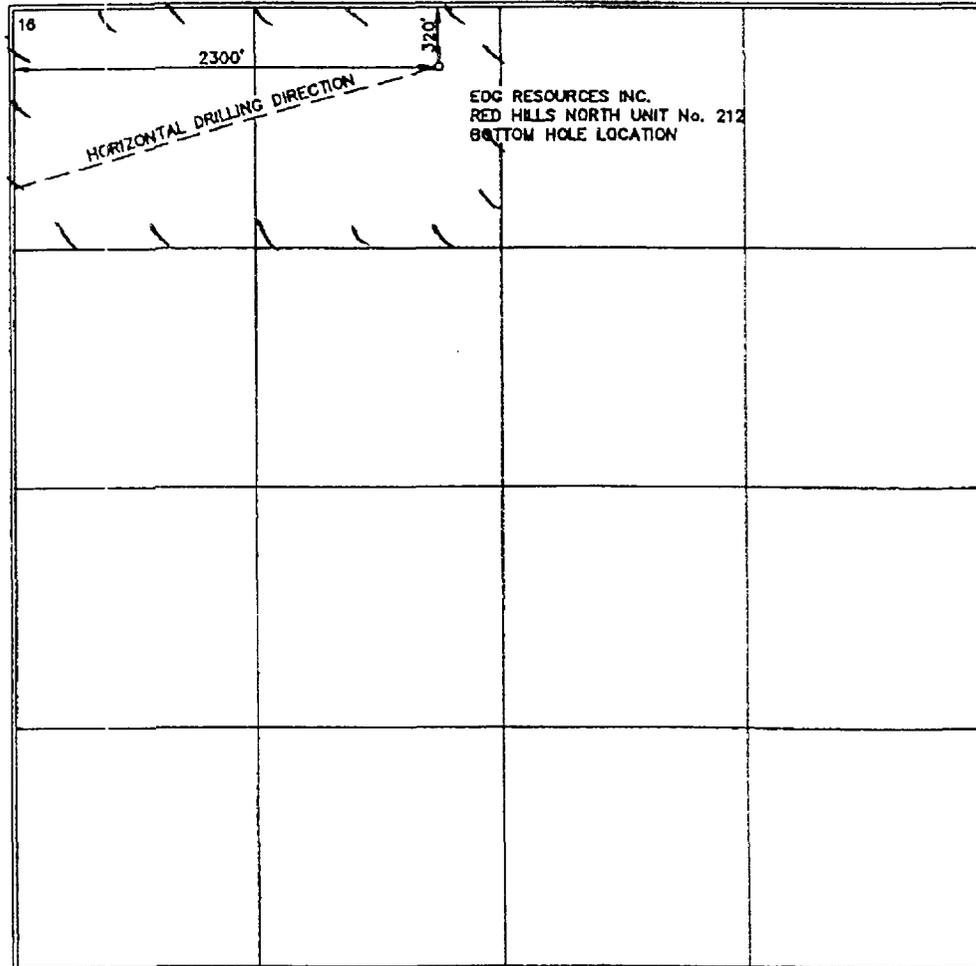
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	7	25	34		320	NORTH	2300	WEST	LEA

Dedicated Acre	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Mike Francis*  
 Signature  
 Mike Francis  
 Printed Name  
 Agent  
 Title  
 11/6/00  
 Date

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to best of my belief.

OCTOBER 19, 2000  
 Date of Survey  
 Signature and Seal of Professional Surveyor:

*James E. Tompkins*  
 REGISTERED PROFESSIONAL LAND SURVEYOR  
 NEW MEXICO  
 14729  
 Certificate Number 14729

DRILLING PROGRAM  
 EOG RESOURCES, INC.  
 RED HILLS NORTH UNIT NO. 212  
 LEA COUNTY, NM

1. GEOLOGIC NAME OF SURFACE FORMATION:

Permian

2. ESTIMATED TOPS OF IMPORTANT GEOLOGICAL MARKERS:

Rustler	1100'
Delaware Mt. Group	5150'
Bone Spring Lime	9275'
3 <sup>rd</sup> Bone Spring Sand	12225'
TVD	12,700'
TMD	17,800'

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL OR GAS:

Upper Permian Sands	100'	Fresh Water
3 <sup>rd</sup> Bone Spring Sand	12400'	Oil

No other formations are expected to give up oil, gas or fresh water in measurable quantities. The surface fresh water sands will be protected by setting 13-3/8" casing at 650' and circulating cement back to surface, and 9-5/8" casing will be set at 5200' with cement circulated back to surface.

4. CASING PROGRAM:

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight Grade Jt. Cond. Type</u>
17 1/2"	0- <del>650</del> 1150'	13 3/8"	48# H-40 A ST&C <b>WITNESS</b>
12 1/4"	0-5200'	9 5/8"	40# N-80 LT&C
8 3/4"	0-12700'	7"	26# P-110 LT&C
6 1/8"	0'-17800'	4 1/2"	11.6# P-110 Hydrill

Cementing Program:

17 1/2" Surface Casing: Cement to surface with 325 sx Premium Plus + 3% Econolite + 2% Calcium Chloride + .25 lb/sk Flocele + 150 sx Premium Plus + 2% Calcium Chloride.

9 5/8" 1" Intermediate: Cement to surface with 1100 sx Interfill C + .25 lb/sk Flocele + 250 sx Premium Plus + 2% Calcium Chloride

DRILLING PROGRAM

EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

7" 2<sup>nd</sup> Intermediate: Cement with 800 sx Premium + 3% Econolite + 5 lb/sk Salt (3%) + .25 lb/sk Flocele + 250 sx Premium 50/50 Pozmix 'A' + 2% Halliburton-Gel First 2% + 0.5% Halad-322 + 0.2% HR-5.

4-1/2" Production: 520 sx Premium + 0.3% Halad-344 + .3% Halad-413 + .3% Super CBL + .3% SCR-100. This cement slurry is designed to bring TOC to 11,800'.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a double ram-type (5000 psi WP) preventer and an annular preventer (5000 psi WP). Units will be hydraulically operated and the ram-type will be equipped with blind rams on top and drill pipe rams on bottom. All will be installed on the 11 3/4" surface casing and used continuously until TD is reached. All BOP's and accessory equipment will be tested to 600 psi before drilling out of surface casing. Before drilling out of intermediate casing, the ram-type BOP and accessory equipment will be tested to 5000 psi and the annular to 70% of rated working pressure (3500 psi).

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and 4" choke line will be included in the drilling spool located below the ram-type BOP. Other accessories to the BOP equipment will include a kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 5000 psi WP rating.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM:

The well will be drilled to TD with a combination of brine, cut brine, and polymer/KCL mud system. The applicable depths and properties of this system are as follows:

<u>Depth</u>	<u>Type</u>	<u>Wt (ppg)</u>	<u>Viscosity (sec)</u>	<u>Waterloss (cc)</u>
0-650'	Fresh Water (spud)	8.5	40-45	N.C.
1150'-650'	Brine Water	10.0	30	N.C.
5200'-12700'	Cut Brine & Polymer/KCL	8.8-9.2	28	N.C.
12700'-17800'		8.33	28	N.C.

DRILLING PROGRAM

EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

7. Auxillary Well Control and Monitoring Equipment:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) A mud logging unit complete with H<sub>2</sub>S detector will be continuously monitoring drilling penetration rate and hydrocarbon shows from 2000' to TD.

8. LOGGING, TESTING AND CORING PROGRAM:

- (A) The electric logging program will consist of a GR-Compensated Neutron from 12,300' to Surface. LWD GR from 12,300' to 13,800'.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES AND POTENTIAL HAZARDS:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature (BHT) at TD is 175 degrees F with an estimated maximum bottom-hole pressure (BHP) at TD of 5000 psig. No hydrogen sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major loss circulation zones have been reported in offsetting wells.

10. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location work will not begin until approval has been received from the BLM. Anticipated spud date is unknown at the present time. Once drilling has commenced, the drilling operation should be finished in approximately 60 days. If the well is productive, an additional 30 to 45 days will be required for the completion and testing before a decision is made to install permanent facilities.

DRILLING PROGRAM  
EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 212  
LEA COUNTY, NM

**SURFACE USE AND OPERATIONS PLAN**

1. EXISTING ROADS:

Access to location will be made as shown on Exhibit #2

Routine grading and maintenance of existing roads will be conducted as necessary to maintain their condition as long as any operations continue on this lease.

2. PROPOSED ACCESS ROAD:

440' of new access road is required. Exhibit 2

No turnouts necessary.

No culverts, cattleguards, gates, low-water crossings, or fence cuts are necessary.

Surfacing material consists of native caliche to be obtained from the nearest BLM-approved caliche pit. Any additional materials required will be purchased from the dirt contractor.

3. LOCATION OF EXISTING WELLS:

Exhibit #3 shows all existing wells within a one-mile radius of this well.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

There are no existing production facilities. If production is encountered, a temporary facility will be established on the drill pad, and if warranted, a production facility would be built at a later date in the immediate area of the drill pad location. If the well is productive, the flowline would also be located on the drill-pad site and no additional disturbance will occur.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water for drilling will be purchased from commercial sources and transported to the well site over the roads as shown on Exhibit #2.

DRILLING PROGRAM

EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

6. PLANS FOR RESTORATION OF THE SURFACE:

After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Location will be cleaned of all trash and junk to leave the well in an aesthetically pleasing condition as possible.

Any unguarded pits containing fluid will be fenced until they are dry and back filled.

After abandonment of the well, surface restoration will be in accordance with current federal laws and regulations. Location will be cleaned, and the well pad removed to promote vegetation. Reseeding will be as per BLM specifications

7. METHODS OF HANDLING WASTE DISPOSAL:

A small reserve pit will be utilized. Reserve pit will be evacuated of drilling fluid within 10 days after the well is completed.

Drill cuttings will be encapsulated in plastic and buried 2' below ground level.

Water produced during tests and waste water will be saved and hauled to a disposal well. Oil produced during tests will be in test tanks until sold.

Current laws and regulations pertaining to the disposal of human waste will be complied with.

Trash, waste paper, garbage and junk will be hauled to an approved disposal site in an enclosed trash trailer.

All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES:

No airstrip, campsite, or other facilities will be built.

9. WELL SITE LAYOUT:

Exhibit #4 shows the relative location and dimensions of the well pad, steel mud pits, and location of major rig components. Pad area has been staked and flagged.

Only minor leveling of the well site will be required.

DRILLING PROGRAM  
EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

10. OTHER INFORMATION:

The area around the well site is grassland and the top soil is duned and sandy. The vegetation is native scrub grasses with abundant sagebrush, yucca, and prickly pear.

There is no permanent or live water in the immediate area.

Cultural resources examination has been completed by Desert West Archaeology Consultants.

11. OPERATORS REPRESENTATIVE:

The field representative responsible for assuring compliance with the approved surface-use and operations plan is as follows:

Mr. Dewey Smeltzer

Phone: Business 1/915/686-3601

Home 1/915/520-9608

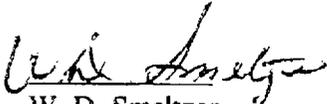
DRILLING PROGRAM

EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

12. CERTIFICATION:

I HEREBY CERTIFY that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Enron Oil & Gas Company and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

  
W. D. Smeltzer  
Drilling Manager

Date: 11-6-00

DRILLING PROGRAM

EOG RESOURCES, INC.  
RED HILLS NORTH UNIT NO. 212

LEA COUNTY, NM

ATTACHMENT TO EXHIBIT #1

1. Blow out preventer and all fittings must be in good condition, 5000 psi W.P. minimum.
2. All fittings to be flanged.
3. Safety valve must be available on rig floor at all times with proper connections, valve to be full bore 5000 psi W.P. minimum.
4. All choke and fill lines to be securely anchored, especially ends of choke lines.
5. Equipment through which bit must pass shall be at least as large as the diameter of the casing being drilled through.
6. Kelly cock on kelly.
7. Extension wrenches and hand wheels to be properly installed.
8. Blow out preventer control to be located as close to driller's position as feasible.
9. Blow out preventer closing equipment to include minimum 40-gallon accumulator, two independent sources of pump power on each closing unit installation, and meet all API specifications.

EDG Resources, Inc.  
Red Hills North Unit No. 212 well

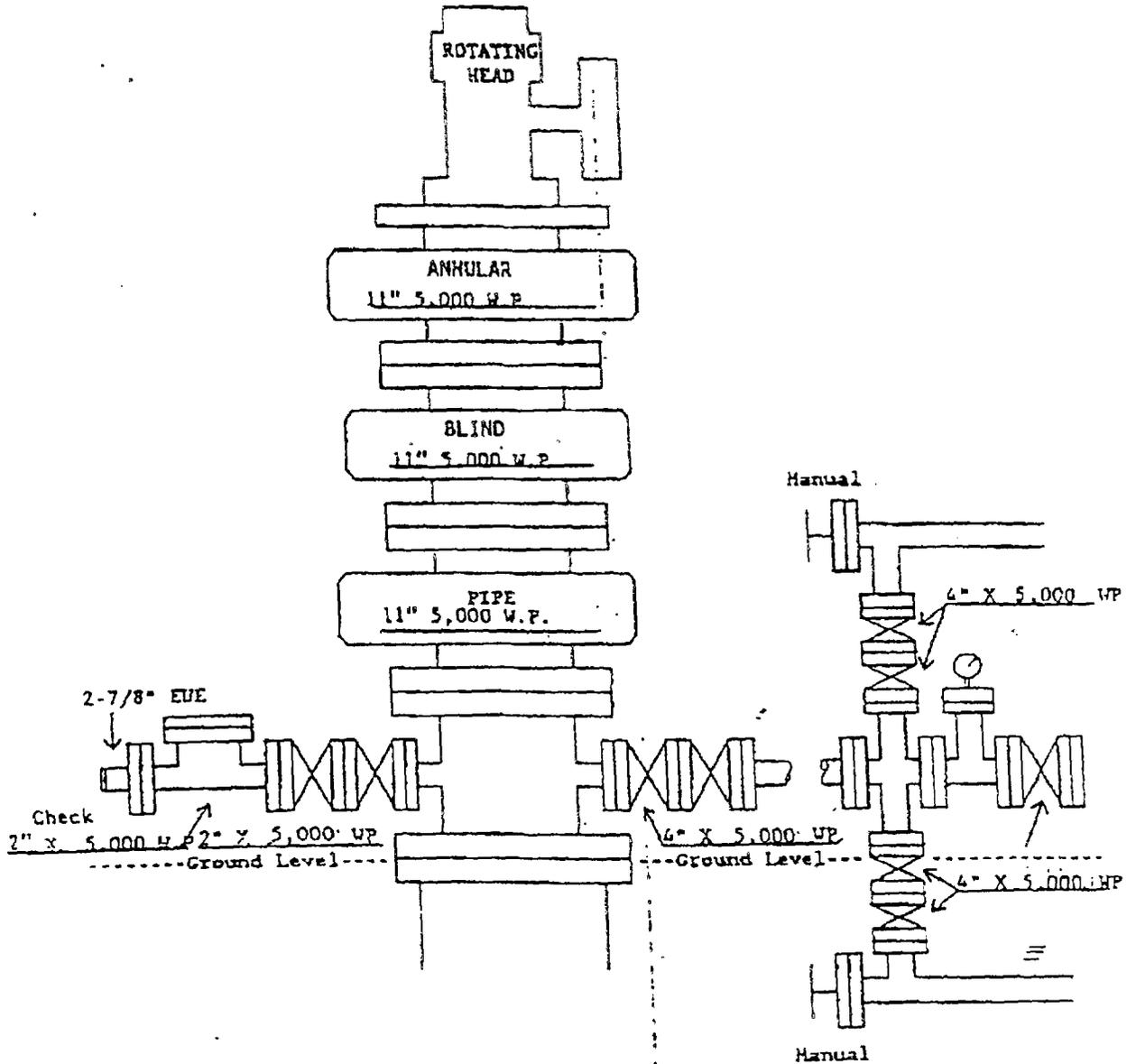
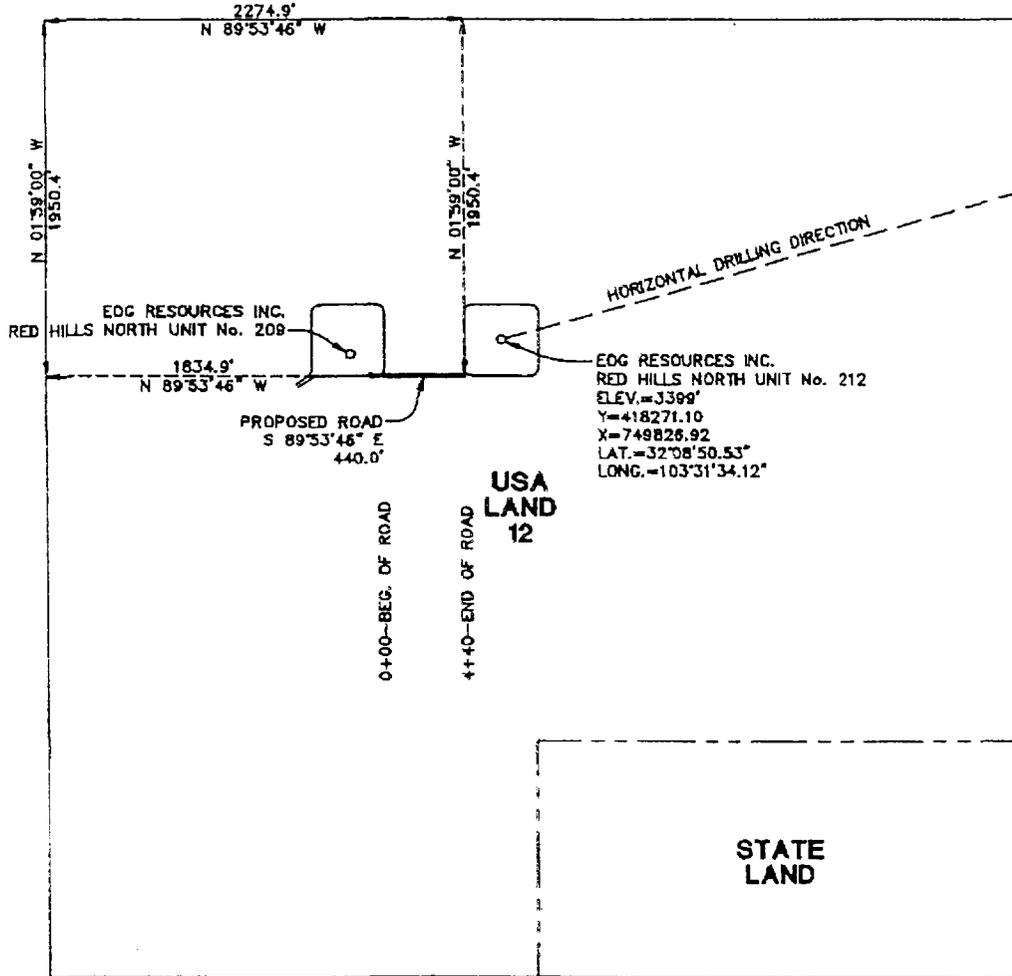


EXHIBIT #1

**SECTION 12, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.  
LEA COUNTY,  
NEW MEXICO**



**CENTERLINE DESCRIPTION OF A PROPOSED ROAD:**

**BEGINNING** at a point in the southeast corner of a well pad for EOG Resources, Inc. RED HILLS NORTH UNIT No. 209, from which point the northwest corner of Section 12, T-25-S, R-33-E, N.M.P.M., Lea County, New Mexico, bears N 89° 53' 46" W, 1834.9 feet and N 01° 59' 00" W, 1950.4 feet;

**THENCE** S 89° 53' 46" E, with the centerline of proposed road, 440.0 feet to a point in the southwest corner of a well pad for EOG Resources, Inc. RED HILLS NORTH UNIT No. 212, for the end of this road, from which point the northwest corner of said Section 12 bears N 01° 59' 00" W, 1950.4 feet and N 89° 53' 46" W, 2274.9 feet.

Exhibit 2  
**PROPOSED ROAD TO SERVE  
RED HILLS NORTH UNIT No. 212**

I hereby certify that this plat was prepared from an actual survey made on the ground and meets or exceeds all requirements for land surveys as specified by the state of New Mexico.

*James E. Tompkins*  
  
**JAMES E. TOMPKINS**  
 Registered Professional Surveyor  
 New Mexico Certificate No. 14729

<b>EOG RESOURCES INC.</b>		
440.0 feet of proposed road in Section 12, T-25-S, R-33-E, N.M.P.M., Lea County, New Mexico		
<b>WEST TEXAS CONSULTANTS, INC.</b> ENGINEERS-PLANNERS-SURVEYORS MIDLAND, TEXAS		
Survey Date: 10-19-00	Date: 10-20-00	Scale: 1" = 1000'
WTC No.: 46048	Drawn By: JWD	Sheet 1 of 2

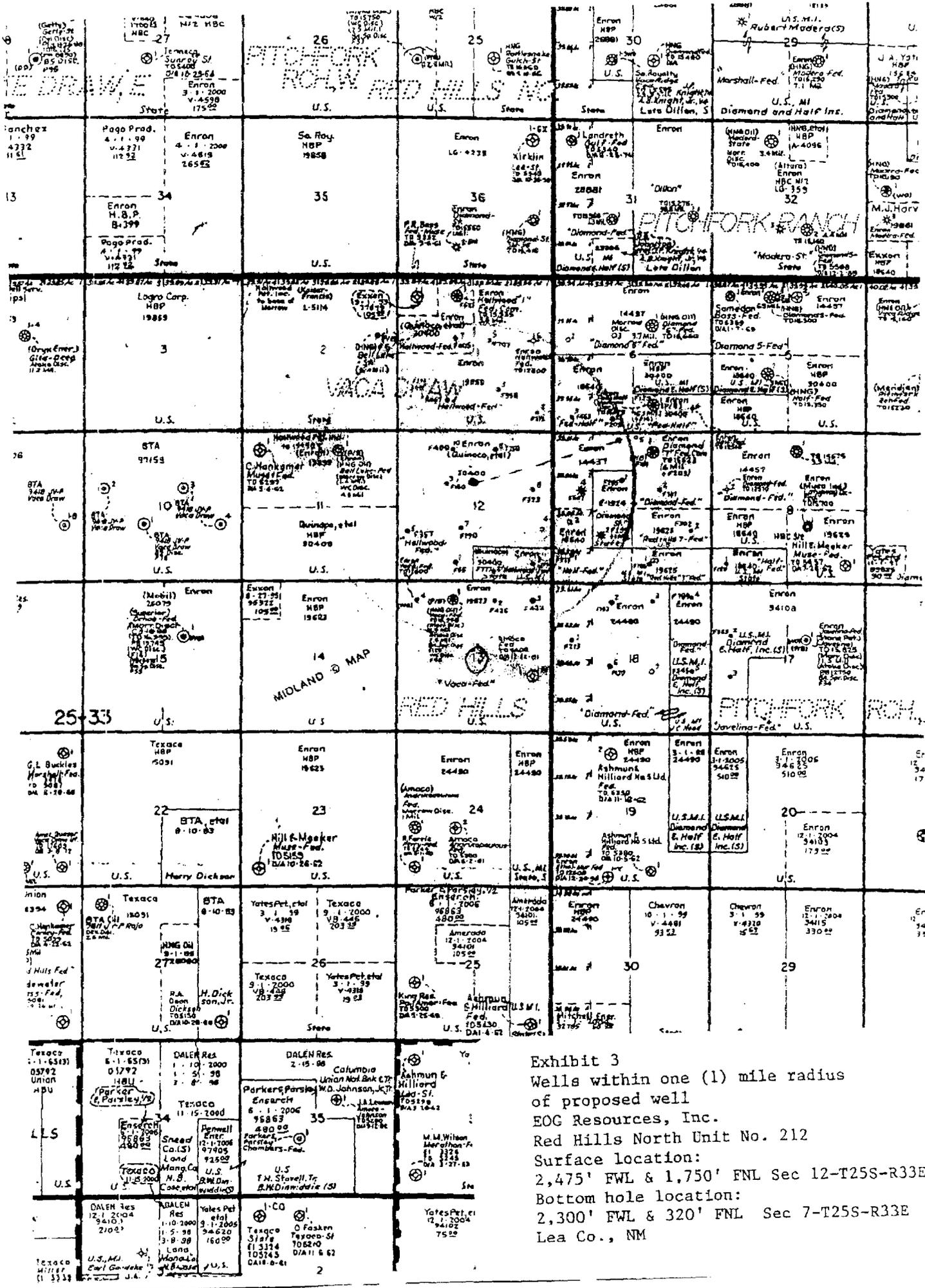
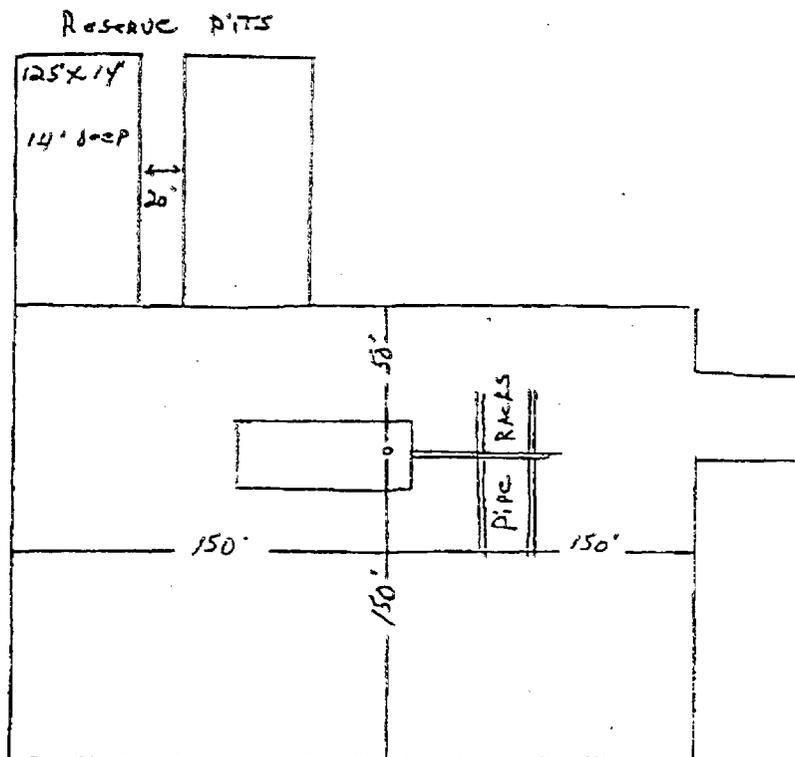
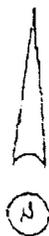


Exhibit 3  
 Wells within one (1) mile radius  
 of proposed well  
 EOG Resources, Inc.  
 Red Hills North Unit No. 212  
 Surface location:  
 2,475' FWL & 1,750' FNL Sec 12-T25S-R33E  
 Bottom hole location:  
 2,300' FWL & 320' FNL Sec 7-T25S-R33E  
 Lea Co., NM

EOG Resources, Inc.

Red Hills North Unit No. 212

Lea County, NM



200' x 300' well pad  
No Scale

EXHIBIT #4

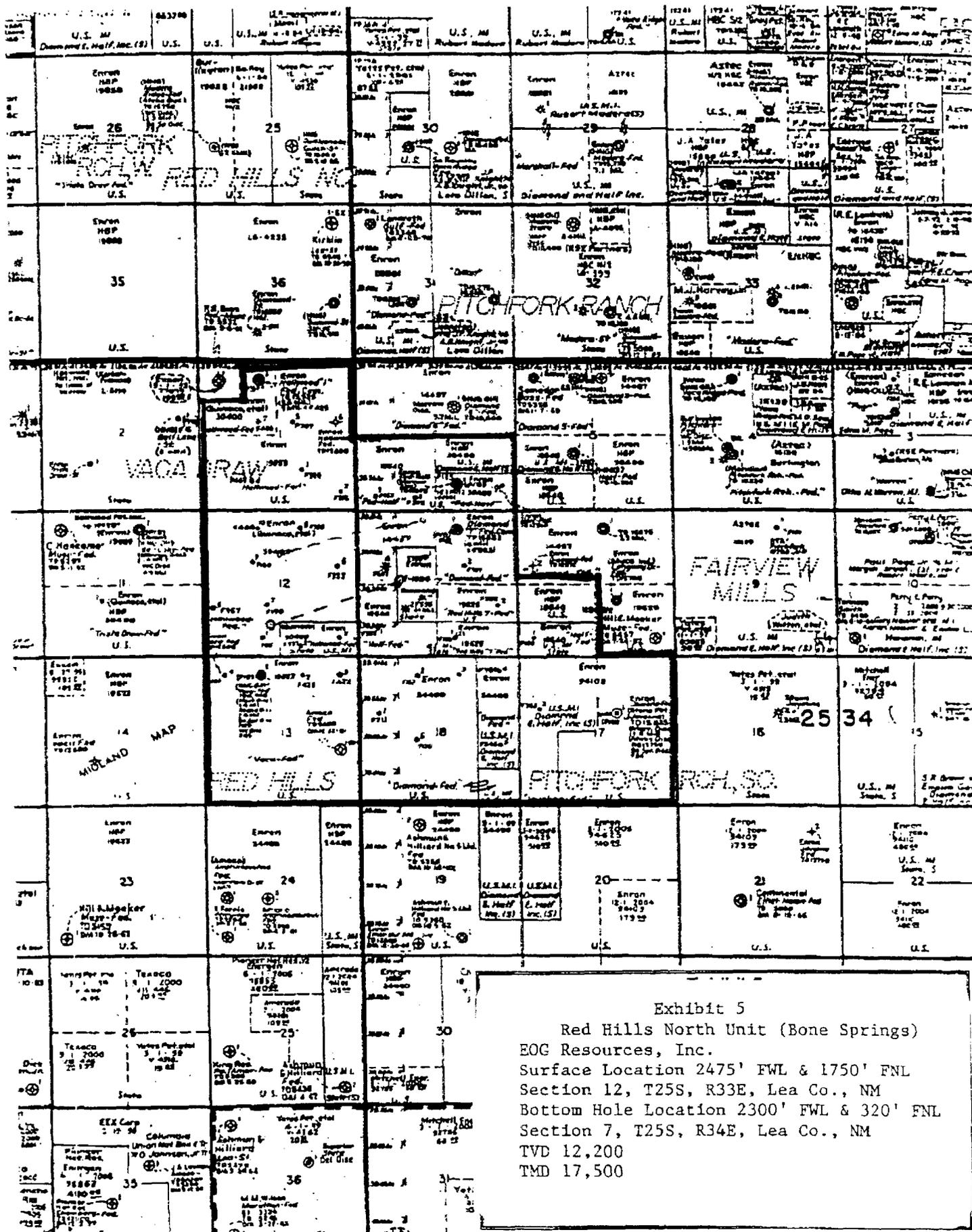


Exhibit 5  
 Red Hills North Unit (Bone Springs)  
 EOG Resources, Inc.  
 Surface Location 2475' FWL & 1750' FNL  
 Section 12, T25S, R33E, Lea Co., NM  
 Bottom Hole Location 2300' FWL & 320' FNL  
 Section 7, T25S, R34E, Lea Co., NM  
 TVD 12,200  
 TMD 17,500

**Statement Accepting Responsibility For Operations**

**Operator Name:** EOG Resources, Inc.  
**Street or Box:** P.O. Box 2267  
**City, State:** Midland, TX  
**Zip Code:** 79702

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

**Lease No.:** NM18640

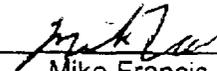
**Legal Description of Land:** Section 12, T25S, R33E, NMPM  
Lea Co., NM

**Formation(s) (if applicable):**

**Bond Coverage:** (*State if individually bonded or another's bond*) Individually

**BLM Bond File No.:** NM2308 with endorsement to State of NM

**Authorized Signature:**

  
Mike Francis

**Title:** Agent

**Date:** 11/6/2000

# SPECIAL DRILLING STIPULATIONS

## THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name EOG RESOURCES INC. Well Name & No. #212 RED HILLS NORTH UNIT  
(SHL) Location 1750' F N L & 2475' F W L Sec. 12, T. 25S, R. 33E  
Lease No. NM-14497-A County LEA State New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

### I. SPECIAL ENVIRONMENT REQUIREMENTS

- Lesser Prairie Chicken (stips attached)       Floodplain (stips attached)  
 San Simon Swale (stips attached)       Other

### II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

The BLM will monitor construction of this drill site. Notify the  Carlsbad Field Office at (505) 234-5972  Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche.

All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately \_\_\_ inches in depth. Approximately \_\_\_ cubic yards of topsoil material will be stockpiled for reclamation.

Other. V-Door south (Reserve pits to the east).

### III. WELL COMPLETION REQUIREMENTS

A communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

A. Seed Mixture 1 (Loamy Sites)  
Side Oats Grama (*Bouteloua curtipendula*) 5.0  
Sand Dropseed (*Sporobolus cryptandrus*) 1.0

B. Seed Mixture 2 (Sandy Sites)  
Sand Dropseed (*Sporobolus cryptandrus*) 1.0  
Sand Lovegrass (*Eragrostis trichodes*) 1.0  
Plains Bristlegrass (*Setaria macrostachya*) 2.0

C. Seed Mixture 3 (Shallow Sites)  
Sideoats Grama (*Boute curtipendula*) 1.0

D. Seed Mixture 4 (Gypsum Sites)  
Alkali Sacaton (*Sporobolus airoides*) 1.0  
Four-Wing Saltbush (*Atriplex canescens*) 5.0

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

Other.

### RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

### OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

- (1) Lined as specified above and
- (2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and it capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from the BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

### CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to proceed by BLM.

### TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: EOG Resources, Inc.  
Well Name & No. Red Hills North Unit #212  
SHL Location: 2475' FWL, 1750' FNL, Section 12, T. 25 S., R. 33 E., Lea County, New Mexico  
BHL Location: 320' FNL, 2300' FWL, Section 7, T. 25 S., R. 34 E., Lea County, New Mexico  
Lease: NM-14497A

### I. DRILLING OPERATIONS REQUIREMENTS:

The Bureau of Land Management (BLM) is to be notified at the BLM Hobbs Satellite Office, 414 West Taylor, Hobbs, NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

1. Spudding
2. Cementing casing: 13-3/8 inch 9-5/8 inch 7 inch 4-1/2 inch
3. BOP tests
4. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as: spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

### II. CASING:

1. The 13-3/8 inch surface casing shall be set at approximately 1150 feet into the top of the Rustler anhydrite and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 9-5/8 inch first intermediate casing is to be circulated to the surface.
3. The minimum required fill of cement behind the 7 inch second intermediate casing is to tie at least 200 feet into the first intermediate casing.
4. The minimum required fill of cement behind the 5 inch production casing is to be at least 200 feet above the top of the uppermost hydrocarbon bearing interval.

### III. PRESSURE CONTROL:

1. The BOP and related equipment as described in Onshore Order No. 2 shall be installed and operational before drilling below the 13-3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced. The blowout preventer assembly shall consist of a minimum of: one annular preventer, or double ram, and two ram preventers with one being blind and one being a pipe ram. Additional equipment should include an upper kelly cock valve with handle available. Safety valves and subs to fit all drill strings in use must be available on the rig floor. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) below the intermediate casing shall be 5000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

4. Any wells that penetrate the Wolfcamp, the BOPE shall be tested:

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman like manner. Hard line connections shall be required.

#### **IV. DRILLING MUD:**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

acs

11/14/00

EXHIBIT A

BLM Serial Number: NM-14497-A

Company Reference: #212 RED HILLS NORTH UNIT

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

Flat-blading is authorized on segment(s) delineated on the attached map.

## 3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES	
Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

400 foot intervals.

\_\_\_ foot intervals.

locations staked in the field as per spacing intervals above.

locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

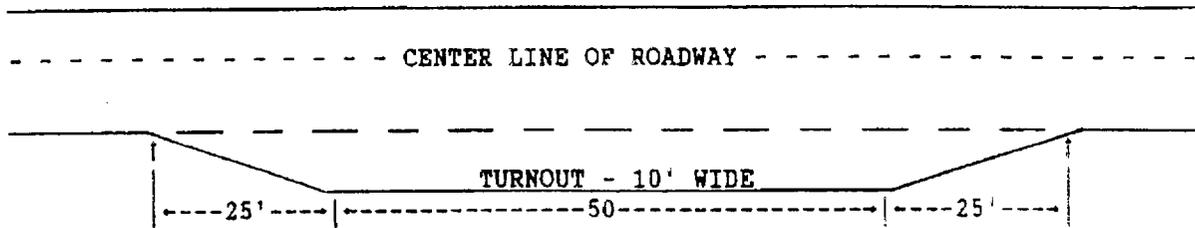
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval =  $\frac{400}{4} + 100 = 200$  feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

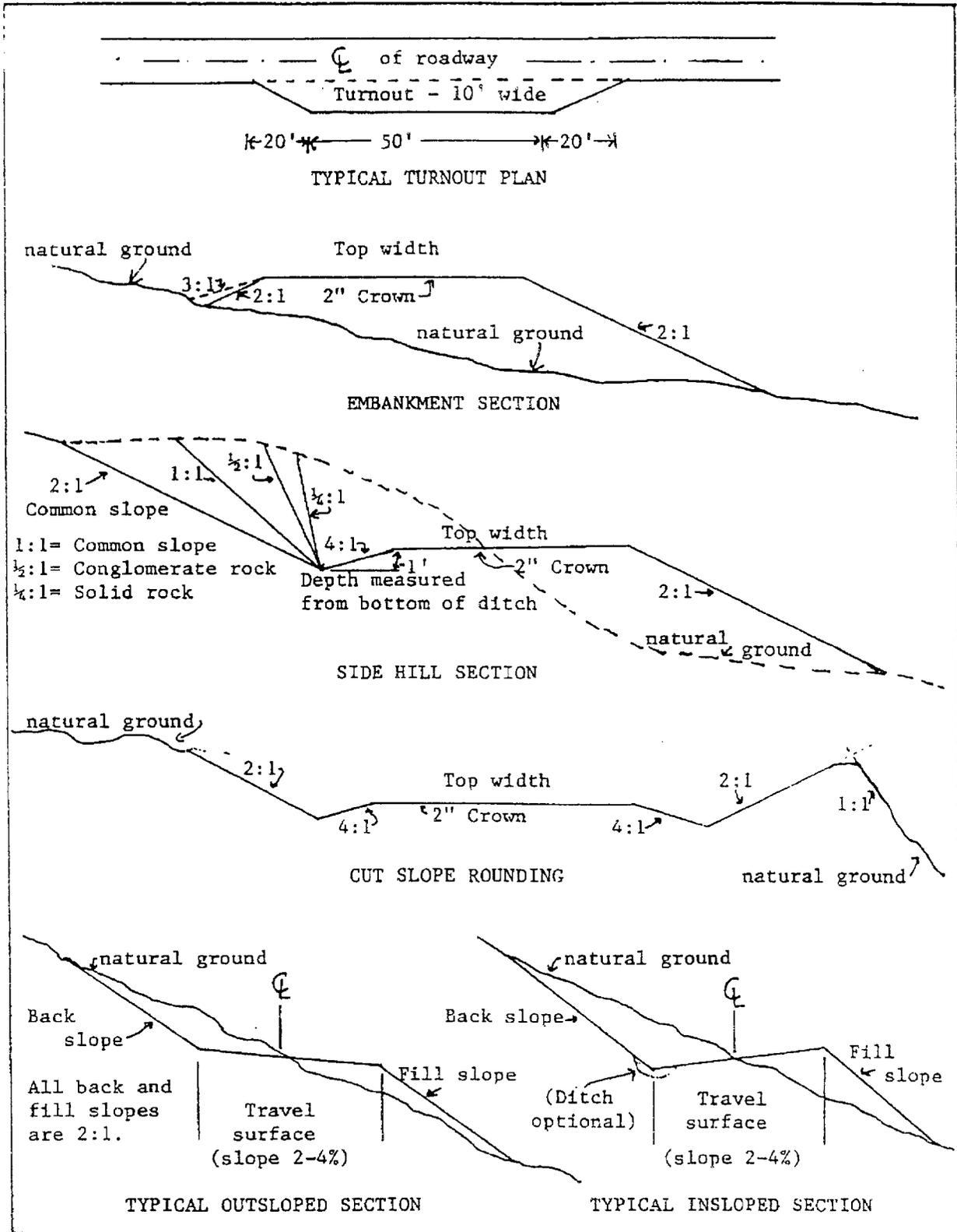
9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS: None.

FIGURE 1: CROSS-SECTIONS AND PLANS FOR TYPICAL ROAD CONSTRUCTION REPRESENTATIVE OF BLM RESOURCE, AND HIGHER CLASS, ROADS.

(Travel way, top width, driving surface, and travel surface are synonymous.)



UNIT NAME: RED HILLS NORTH UNIT  
OPERATOR: EOG RESOURCES  
COUNTY: LEA

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DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	INDIAN	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE			FEE	CLAUSE	
EFFECTIVE	CASE NO. 12329	3,555.84	80.00	3,475.84	0	MODIFIED	SO LONG AS
07/01/2000	CASE NO. 12399						
	ORDER NO. R-11388						
	ORDER NO. R-11389						

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APPROVALS

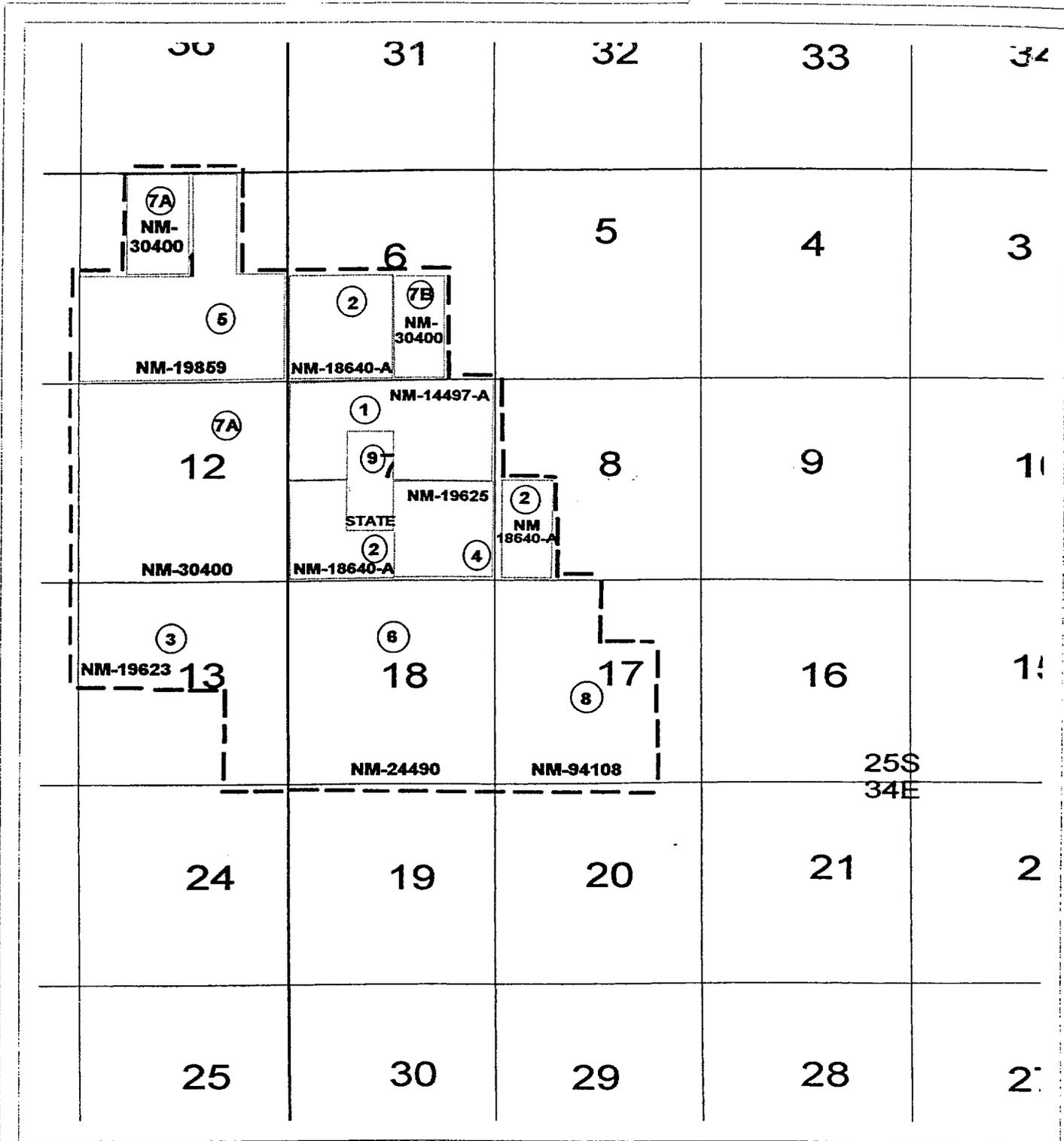
SLO--06-20-2000  
OCD--05-26-2000  
BLM--06-20-2000

TOWNSHIP 25 SOUTH, RANGE 33 EAST

SECTION 1: LOTS 2, 3, SW/4NE/4, SE/4NW/4, S/2  
SECTION 12: ALL  
SECTION 13: N/2, E/2SE/4

TOWNSHIP 25 SOUTH, RANGE 34 EAST

SECTION 6: LOTS 6, 7, E/2SW/4, W/2SE/4,  
SECTION 7: LOTS, 1, 2, 3, 4, E/2, E/2W/2  
SECTION 8: W/2SW/4  
SECTION 17: W/2, SW/4NE/4, W/2SE/4  
SECTION 18: LOTS 1, 2, 3, 4, E/2, E/2W/2



**RED HILLS NORTH  
EXHIBIT "A"**

Federal 3475.84

State 80.00

Total 3555.84

Unit Outline - - - -

○ Tract Numbers as Listed on Exhibit "B"



Exhibit 'B'  
 Schedule Showing All Lands and Leases  
 Within the Red Hills North Unit  
 Lea County, New Mexico

Tract No.	Description of Lands	Total Acres	Serial Number and Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
1	Township 25 South, Range 34 East Section 7: Lots 1 & 2, NE/4, NE/4 NW/4	279.05	HBP	NM 14497 A USA	3-1-2000	EOG Resources, Inc.	0.66666700% Roden Associates Ltd. 3-1-2000 0.780300000%
							Ben B. Hutchinson Estate 4-7-2000 0.250000000% Roden Associates Ltd. 3-1-2000 0.780300000%
							Trust 4-4-2000 0.250000000% Roden Participants Ltd. 3-1-2000 0.780300000%
							Robert N. Enfield 5-22-2000 0.250000000% EOG Resources, Inc. 95.318300000%
							Sunshine Company 1.000000000% 5-4-2000 4-6-2000
							Ann Hutchinson Krull 0.250000000% 4-6-2000
							Mona L. Coffield 0.250000000% 5-8-2000
							Bryan Bell Family Limited Partnership #1 0.500000000% 4-17-2000
							Marilyn J. Clifford Individual Retirement 0.500000000% 4-10-2000
							States Inc. 0.333333000% 4-28-2000
EOG Resources, Inc. 0.600000000% 3-1-2000							
2	Township 25 South, Range 34 East Section 6: Lots 6, 7, E/2 SW/4 Section 7: Lots 3, 4, SE/4 SW/4 Section 8: W/2 SW/4	358.41	HBP	NM 18640 A USA	3-1-2000	EOG Resources, Inc.	0.66666700% Roden Associates Ltd. 4-7-2000 0.780300000%
							Barbara Ann Woods 5-15-2000 0.30555600% Roden Participants Ltd. 3-1-2000 0.780300000%
							Boley B. Embrey 4-10-2000 0.125000000% EOG Resources, Inc. 95.318300000%
							Danielle Hannifin 0.30555700% 3-24-2000
							Edward R. Hudson, Jr. 0.40635000% 3-24-2000
							Holly Schertz 0.30555700% 3-24-2000
							Josephine T. Hudson 0.218700000% 3-23-2000
							Kathleen Hannifin Bullard Estate 0.30555600% 3-24-2000
							Shanee Oil Company, Inc. 0.250000000% 4-5-2000
							David L. Schmidt 0.250000000% 5-10-2000
David H. Pace 0.125000000% 5-9-2000							
Barbara E. Hannifin 0.30555700%							
Bob Bales 0.125000000% 3-15-2000							
Lindy's Living Trust 0.32812500% 5-22-2000							
Delmar H. Lewis 0.32812500%							
Roxy A. Burkfield 0.91666000% 5-22-2000							
Monty D. McLane 0.20370500% 4-14-2000							
Mary Hudson Ard 0.218700000% 3-23-2000							
Rhonda Pace 0.125000000% 5-5-2000							
States Inc. 0.43518500% 4-28-2000							

Exhibit "B"  
 Schedule Showing All Lands and Leases  
 Within the Red Hills North Unit  
 Lea County, New Mexico

Tract No.	Description of Lands	Total Acres	Serial Number and Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
3	Township 25 South, Range 33 East Section 13: N/2, E/2 SE/4	400	NM 19623 HBP	USA 12.50%	EOG Resources, Inc. 100%	The Beverage Company 1.875000000% Armadio Prego 3.750000000% Bravo-1 LLC 5.125000000%	EOG Resources, Inc. 100.000000000% 4-24-2000 4-24-2000 5-12-2000
4	Township 25 South, Range 34 East Section 7: SE/4	160	NM 19625 HBP	USA 12.50%	EOG Resources, Inc. 100%	Estate of Lillie M. Yates 6.250000000% 4-10-2000	EOG Resources, Inc. 100.000000000% 4-18-2000
5	Township 25 South Range 33 East Section 1: Lot 2, S/2, SW/4 NE/4	399.93	NM 19859 HBP	USA 12.50%	Phillips Petro. Co. 100%	Erik C. Bateman 1.562500000% Mortimer M. Merritt 0.499970000% Glenda Christian Young 1.562500000% James H. Stone, Inc. 1.312500000% Chapman H. Snodgrass 1.312500000%	Hallwood Petroleum Inc. 9.915000000% Roden Associates Ltd. 0.703100000% Roden Participants Ltd. 3.515100000% Michael Shearn 0.312100000% Sol West III 1.248500000%
6	Township 25 South, Range 34 East Section 18: Lots 1-4, E/2 and E/2 W/2	638.56	NM 24490 HBP	USA 12.50%	EOG Resources, Inc. 100%	Estelle C. Haefele 0.117188000% Kelly Revocable Trust 0.234375000% James W. Haefele 0.117187000% John G. Andrikopoulos 0.058594000% Judy K. Andrikopoulos 0.058594000% Janice A. Kruzich 0.250000000% Dorothy J. Tucker Trust 0.234375000% A. G. Andrikopoulos Resources, Inc. 3.929687000%	EOG Resources, Inc. 100.000000000% 3-23-2000 3-22-2000 5-12-2000 5-12-2000 3-22-2000 5-15-2000 4-20-2000
7A	Township 25 South, Range 33 East Section 1: Lot 3, SE/4 NW/4 Section 12: All	719.89	NM 30400 HBP	USA 12.50%	EOG Resources, Inc. 100%	Jarmila Vrana 1989 Revocable Trust 3.000000000% Serba Revocable Trust A 3.000000000%	Hallwood Petroleum Inc. 9.915000000% Roden Associates Ltd. 0.703100000% Roden Participants Ltd. 3.515100000% Michael Shearn 0.312100000% Sol West III 1.248500000% EOG Resources, Inc. 84.306200000%

Exhibit "B"  
 Schedule Showing All Lands and Leases  
 Within the Red Hills North Unit  
 Lea County, New Mexico

Tract No.	Description of Lands	Total Acres	Serial Number and Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
7B	Township 25 South, Range 34 East Section 6: W/2 SE/4	80	NM 30400 HBP	USA	EOG Resources, Inc.	Jarmila Vrana 1989 Revocable Trust 3-23-2000 0.300000000% Serba Revocable Trust 3-21-2000 0.300000000%	Roden Associates Ltd. 0.780300000% Roden Participants Ltd. 3.901400000% EOG Resources, Inc. 95.318400000%
8	Township 25 South, Range 34 East Section 17: W/2, SW/4 NE/4, W/2 SE/4	440	NM 94108 HBP	USA	EOG Resources, Inc.	3-1-2000 EOG Resources, Inc. 12.50% 100%	EOG Resources, Inc. 100.000000000% 3-1-2000
9	Township 25 South, Range 34 East Section 7: NE/4 SW/4, SE/4 NW/4	80	NM E 1924 2 6/10/58	State of New Mexico	EOG Resources, Inc.	3-1-2000 12.50% 100%	Roden Associates Ltd. 0.780300000% Roden Participants Ltd. 3.901400000% EOG Resources, Inc. 95.318300000%
<b>Recapitulation</b>							
	80 Acres of State of New Mexico Lands					2.249829%	
	3475.84 Acres of Bureau of Land Management Lands					97.750171%	
	<b>3555.84 Total Unit Acres</b>					<b>100.00000000%</b>	

ES

**NEW MEXICO STATE LAND OFFICE  
OIL, GAS AND MINERALS DIVISION**

**RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS**



**310 OLD SANTA FE TRAIL  
POST OFFICE BOX 1148  
SANTA FE, NEW MEXICO  
87504**

**PHONE: (505) 827-5744  
FAX: (505) 827-4739**



DATE: 8-10-2000

TO: ROY JOHNSON

FIRM: NMOCB

FAX NUMBER: 827-8177

FROM: PETE MARTINEZ

SUBJECT/MESSAGE: UNIT TRACT PARTICIPATION  
FOR RED HILLS NORTH (BS) UNIT

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

NUMBER OF PAGES THIS TRANSMISSION INCLUDING THIS COVER

2

IF YOU DO NOT RECEIVE ALL OF THIS TRANSMISSION  
PLEASE CALL:

PETE MARTINEZ 827-5791



**Exhibit 'C'**

**Red Hills North (Bone Spring) Unit Tract Participation**

Tract	Tract Participation for Unit Parameters			Tract Participation in Unit Based on Formula
	Rem. Prim. Prod. (a)	June/July '99 Prod. (b)	Net Acre-Ft. (c)	1/3a + 1/3b + 1/3c
Tract 1	0.09974461	0.10277577	0.07794363	0.09348800
Tract 2	0.13604230	0.10848436	0.13156166	0.12536277
Tract 3	0.05903063	0.06582912	0.07485770	0.06657248
Tract 4	0.04971111	0.05888969	0.05933064	0.05597715
Tract 5	0.11901635	0.11956199	0.08593490	0.10817108
Tract 6	0.15367646	0.16344807	0.17711445	0.16474633
Tract 7A	0.27997336	0.30276728	0.30644542	0.29639536
Tract 7B	0.00861499	0.00621790	0.01921108	0.01134799
Tract 8	0.05638583	0.03845338	0.02974557	0.04152826
Tract 9	0.03780436	0.03357243	0.03785494	0.03641058
<b>TOTALS</b>	<b>1.00000000</b>	<b>1.00000000</b>	<b>1.00000000</b>	<b>1.00000000</b>



June 16, 2000

EOG Resources, Inc.

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

19

RE: Application for Unit Approval  
Red Hills North Unit  
Lea County, New Mexico

Case 17329

Dear Mr. Stogner:

The Mexico State Land Office has requested a change to Exhibit "B" of the Unit Agreement to show EOG Resources, Inc. as Lessee of Record for State Lease No. E-1924-2.

Please replace Exhibit "B" of the Unit Agreement sent to you on June 14, 2000, with the corrected copy being furnished to you with this letter.

Should there be any questions or comments, please do not hesitate to contact the undersigned at (915) 686-3730.

Sincerely,

EOG RESOURCES, INC.

Larry D. Cunningham  
Project Landman

Exhibit "B"  
 Schedule Showing All Lands and Leases  
 Within the Red Hills North Unit  
 Lea County, New Mexico

Tract No.	Description of Lands	Total Acres	Serial Number and Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
1	Township 25 South, Range 34 East		NM 14497 A	USA	EOG Resources, Inc.	Alan Jochimsen	0.66666700% Roden Associates Ltd.
	Section 7: Lots 1 & 2, NE/4, NE/4 NW/4	279.05	HBP		100%	Ben B. Hutchinson Estate	0.25000000% Roden Participants Ltd.
						Robert N. Enfield	0.25000000% EOG Resources, Inc.
						Sunshine Company	1.00000000%
						Ann Hutchinson Krull	0.25000000%
						Mona L. Coffield	0.25000000%
						Bryan Bell Family Limited Partnership #1	0.50000000%
						Marilyn J. Clifford	0.50000000%
						Individual Retirement States Inc.	0.33333300%
						EOG Resources, Inc.	0.60000000%
2	Township 25 South, Range 34 East		NM 18640 A	USA	EOG Resources, Inc.	Alan Jochimsen	0.66666700% Roden Associates Ltd.
	Section 6: Lots 6, 7, E/2 SW/4	358.41	HBP		100%	Barbara Ann Woods	0.30555600% Roden Participants Ltd.
	Section 7: Lots 3, 4, SE/4 SW/4					Boley B. Embrey	0.12500000% EOG Resources, Inc.
	Section 8: W/2 SW/4					Danielle Hannifin	0.30555700%
						Edward R. Hudson, Jr.	0.40635000%
						Holly Schertz	0.30555700%
						Josephine T. Hudson	0.21870000%
						Kathleen Hannifin Bullard Estate	0.30555600%
						Shanee Oil Company, Inc.	0.25000000%
						David L. Schmidt	0.25000000%
						David H. Pace	0.12500000%
						Barbara E. Hannifin	0.30555700%
						Bob Bales	0.12500000%
						Lindy's Living Trust	0.32812500%
						Delmar H. Lewis	0.32812500%
						Roxy A. Burkfield	0.91666000%
						Monty D. McLane	0.20370500%
						Mary Hudson Ard	0.21870000%
						Rhonda Pace	0.12500000%
						States Inc.	0.43518500%

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 Within the Red Hills North Unit  
 Lea County, New Mexico

Tract No.	Description of Lands	Total Acres	Serial Number and Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
3	Township 25 South, Range 33 East Section 13: N/2, E/2 SE/4	400	NM 19623 HBP	USA 12.50%	EOG Resources, Inc. 100% The Beverage Company Armadillo Prego Bravo-I LLC	1.857000000% 1.875000000% 3.750000000%	EOG Resources, Inc. 100.000000000%
4	Township 25 South, Range 34 East Section 7: SE/4	160	NM 19625 HBP	USA 12.50%	EOG Resources, Inc. 100%	6.250000000% 100%	EOG Resources, Inc. 100.000000000%
5	Township 25 South Range 33 East Section 1: Lot 2, S/2, SW/4 NE/4	399.93	NM 19859 HBP	USA 12.50%	Phillips Petro. Co. 100% Erik C. Bateman Mortimer M. Merritt Glenda Christian Young James H. Stone, Inc. Chapman H. Snodgrass	1.562500000% 0.499970000% 1.562500000% 1.312500000% 1.312500000% EOG Resources, Inc.	Hallwood Petroleum Inc. Rodan Associates Ltd. Rodan Participants Ltd. Michael Shearn Sol West III EOG Resources, Inc.
6	Township 25 South, Range 34 East Section 18: Lots 1-4, E/2 and E/2 W/2	638.56	NM 24490 HBP	USA 12.50%	EOG Resources, Inc. 100%	0.117188000% 0.234375000% 0.117187000% 0.058594000% 0.058594000% 0.250000000% 0.234375000% 3.929687000%	EOG Resources, Inc. 100.000000000%
7A	Township 25 South, Range 33 East Section 1: Lot 3, SE/4 NW/4 Section 12: All	719.89	NM 30400 HBP	USA 12.50%	EOG Resources, Inc. 100% Jarmila Vrana 1989 Revocable Trust Serba Revocable Trust A	3.000000000% 3.000000000% 3.000000000% 3.000000000% 3.000000000% 3.000000000% 3.000000000% 3.000000000%	Hallwood Petroleum Inc. Rodan Associates Ltd. Rodan Participants Ltd. Michael Shearn Sol West III EOG Resources, Inc.

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 Lea County, New Mexico

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Recapitulation

80 Acres of State of New Mexico Lands  
 3475.84 Acres of Bureau of Land Management Lands  
 3555.84 Total Unit Acres

2.249829%  
97.750171%  
100.0000000%



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4	Township 25 South, Range 34 East Section 7: SE/4	160	NM 19625 HBP	USA 12.50%	EOG Resources, Inc. Estate of Lillie M. Yates	6.250000000%	EOG Resources, Inc. 100.000000000%
5	Township 25 South Range 33 East Section 1: Lot 2, S/2, SW/4 NE/4	399.93	NM 19859 HBP	USA 12.50%	Phillips Petro. Co. 100% Erik C. Batemen Mortimer M. Merritt Glenda Christian Young James H. Stone, Inc. Chapman H. Snodgrass	1.562500000% 0.499970000% 1.562500000% 1.312500000% 1.312500000% EOG Resources, Inc.	Hallwood Petroleum Inc. Roden Associates Ltd. Roden Participants Ltd. Michael Shearn Sol West III EOG Resources, Inc.
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Exhibit "B"

Schedule Showing All Lands and Leases  
Within the Red Hills North Unit  
Lea County, New Mexico

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Recapitulation

80 Acres of State of New Mexico Lands 2.249829%  
3475.84 Acres of Bureau of Land Management Lands 97.750171%  
3555.84 Total Unit Acres 100.000000%



EOG Resources, Inc.

June 15, 2000

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RE: NMOCD Case No. 12329  
Order No. R-11388  
Red Hills North Unit  
Lea County, New Mexico

Dear Mr. Stogner:

Reference is made to the captioned case and the approval of EOG Resources, Inc.'s (EOGR) application. Pursuant to that order dated May 25, 2000, please find enclosed the following items:

- (1) Copy of completely executed Unit Agreement. This agreement has been corrected as to Exhibits "A" and "B" as directed by the State Land Office and Bureau of Land Management.
- (2) An Initial Plan of Operations as required by the agreement and the captioned order.
- (3) A list of unit wells showing the old well names/numbers and the new well names/numbers as required by all parties.

The above described items have been furnished to the Bureau of Land Management and the New Mexico State Land Office for their final approval. Division Case No. 12399, which was consolidated with the captioned case, for the pilot injection project is ready to begin subject to EOGR receiving NMOCD's order approving same.

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
June 15, 2000  
Page 2

The Examiner's time, consideration and rapid approval of this application has been greatly appreciated by EOG. Should there be any questions or comments, please do not hesitate to contact the undersigned at (915) 686-3730.

Sincerely,

EOG RESOURCES, INC.

A handwritten signature in black ink, appearing to read "Larry Cunningham", with a long, sweeping horizontal stroke at the end.

Larry D. Cunningham  
Project Landman

enclosures

STATE/FEDERAL/FEE  
WATERFLOOD UNIT

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE

Red Hills North UNIT AREA  
Lea COUNTY, NEW MEXICO  
NO. \_\_\_\_\_

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
Red Hills North UNIT  
Lea COUNTY, NEW MEXICO

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UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
Red Hills North Unit UNIT  
Lea COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1<sup>st</sup> day of March, 2000, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

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

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Sec. 131 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating a cooperative or unit plan of development or operation of any oil or gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section Chapter 38, Laws 1943, as amended by Section 1 of Chapter 176, Laws of 1961) (Chapter 19, Article 10, Section 45, New Mexico Statutes 1973 Annotated), to consent to and approve the development or operation of State lands under agreements made by lessees or State land owners severally with other lessees where such agreements provide for the unit operation or development of part or of all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section Chapter 38, Laws 1943, as amended by Section 1, Chapter 162, Laws of 1951) (Chapter 19, Article 10, Section 47, New Mexico Statutes 1973 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Division of the State of New Mexico (hereinafter referred to as the "Division") is authorized by an Act of the Legislature (Chapter 72, Laws of 1935 as amended) (Chapter 70, Article 2, Section 2 et seq., New Mexico Statutes 1973 Annotated) to approve this Agreement and the conservation provisions hereof; and

WHEREAS, the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico is authorized by law (Chapter 65, Article 3 and Article 14, N.M.S., 1953 Annotated) to approve this Agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interest in the Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

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

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

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

	<u>Township 25 South, Range 33 East, N.M.P.M.</u>	
	Section:	12
	Section	13                    N/2, E/2 SE/4
	Section:	1                        Lots 2, 3, SE/4 NW/4, SW/4 NE/4 S/2
	<u>Township 25 South, Range 34 East, N.M.P.M.</u>	
	Section :	18
	Section :	17                    W/2, SW/4 NE/4 W/2 SE/4
	Section:	7
	Section :	6                    SW/4, W/2 SE/4
	Section :	8                    W/2 SW/4

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- (a) "Unit Area" is defined as those lands described in Exhibit "B" and depicted on Exhibit "A" hereof, and such land is hereby designated and recognized as constituting the Unit Area, containing 3,555.84 acres, more or less, in Lea County, New Mexico.
- (b) "Land Commissioner", is defined as the Commissioner of Public Lands of the State of New Mexico.
- (c) "Division" is defined as the Oil Conservation Division of the Department of Energy and Minerals of the State of New Mexico.
- (d) "Authorized Officer" or "A.O." is any employee of the Bureau of Land Management who has been delegated the required authority to act on behalf of the BLM.
- (e) "Secretary" is defined as the Secretary of the Interior of the United States of America, or his duly authorized delegate.
- (f) "Department" is defined as the Department of the Interior of the United States of America.
- (g) "Proper BLM Office" is defined as the Bureau of Land Management office having jurisdiction over the federal lands included in the Unit Area.
- (h) "Unitized Formation" shall mean that interval underlying the Unit Area, the vertical limits of which extend from an upper limit described as at the top of the Third Bone Spring Sand, to a lower limit at the base of the Third Bone Spring Sand; the geologic markers having been previously found to occur at 12,233 feet and 12,408 feet, respectively, in EOG Resources Inc.'s Hallwood "12" Federal No. 6 well (located 660 feet FEL and 1,980 feet FNL of Section 12, T-25-S, R-33-E, Lea County, New Mexico) as recorded on the EOG Resources, Inc.'s Hallwood "12" Federal No. 6 Atlas Wireline Service Compensated Density - Neutron Log run on June 25, 1994, said log being measured from a Kelly drive bushing elevation of 3,430 feet above sea level.
- (i) "Unitized Substances" are all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons, other than outside substances, within and produced from the Unitized Formation.
- (j) "Tract" is each parcel of land described as such and given a Tract number in Exhibit "B".
- (k) "Tract Participation" is defined as the percentage of participation shown on Exhibit "B" for allocating Unitized Substances to a Tract under this agreement.
- (l) "Unit Participation" is the sum of the percentages obtained by multiplying the Working Interest of a Working Interest Owner in each Tract by the Tract Participation of such Tract.
- (m) "Working Interest" is the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership or mineral fee simple title, under an oil and gas lease, operating agreement, or otherwise held, which interest is chargeable with and obligated to pay or bear, either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing and producing the Unitized Substances from the Unitized Formation and operations thereof hereunder. Provided that any royalty interest created out of a working interest subsequent to the execution of this Agreement by the owner of the working interest shall continue to be subject to such working interest burdens and obligations.
- (n) "Working Interest Owner" is any party hereto owning a Working Interest, including a carried working interest owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise. The owner of oil and gas rights that are free of lease or other instrument creating a Working Interest in another shall be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth (1/8) interest therein.
- (o) "Royalty Interest" or "Royalty" is an interest other than a Working Interest in or right to receive a portion of the Unitized Substances or the proceeds thereof and includes the royalty interest reserved by the lessor or by an oil and gas lease and any overriding royalty interest, oil payment interest, net profit contracts, or any other payment or burden which does not carry with it the right to search for and produce unitized substances.
- (p) "Royalty Owner" is the owner of a Royalty Interest.
- (q) "Unit Operating Agreement" is the agreement entered into by and between the Unit Operator and the Working Interest Owners as provided in Section 9, *infra*, and shall be styled "Unit Operating Agreement, Red Hills North Unit, Lea County, New Mexico.

(r) "Oil and Gas Rights" is the right to explore, develop and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

(s) "Outside Substances" is any substance obtained from any source other than the Unitized Formation and injected into the Unitized Formation.

(t) "Unit Manager" is any person or corporation appointed by Working Interest Owners to perform the duties of Unit Operator until the selection and qualification of a successor Unit Operator as provided for in Section 7 hereof.

(u) "Unit Operator" is the party designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations.

(v) "Unit Operations" is any operation conducted pursuant to this Agreement and the Unit Operating Agreement.

(w) "Unit Equipment" is all personal property, lease and well equipment, plants, and other facilities and equipment taken over by otherwise acquired for the joint account for use in Unit Operations.

(x) "Unit Expense" is all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Agreement and the Unit Operating Agreement for or on account of Unit Operations.

(y) "Effective Date" is the date determined in accordance with Section 24, or is re-determined in accordance with Section 39.

**SECTION 3. EXHIBITS.** The following exhibits are incorporated herein by reference: Exhibit "A" attached hereto is a map showing the Unit Area and the boundaries and identity of tracts and leases in said Unit Area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing, to the extent known to the Unit Operator, the acreage comprising each Tract, percentages and kind of ownership of oil and gas interests in all land in the Unit Area, and Tract Participation of each Tract. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. The shapes and descriptions of the respective Tracts have been established by using the best information available. Each Working Interest Owner is responsible for supplying Unit Operator with accurate information relating to each Working Interest Owner's interest. If it subsequently appears that any Tract, because of diverse royalty or working interest ownership on the Effective Date hereof, should be divided into more than one Tract, or when any revision is requested by the A.O., or any correction of any error other than mechanical miscalculations or clerical is needed, then the Unit Operator, with the approval of the Working Interest Owners, may correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any reevaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit made prior to thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each other such revision of an exhibit shall be effective at 7:00 a.m. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners and set forth in the revised exhibit. Copies of such revision shall be filed with the Land Commissioner, and not less than four copies shall be filed with the A.O. In any such revision, there shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof.

**SECTION 4. EXPANSION.** The above described Unit Area may, with the approval of the A.O. and Land Commissioner, when practicable be expanded to include therein any additional Tract or Tracts regarded as reasonably necessary or advisable for the purposes of this Agreement provided, however, in such expansion there shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof. Pursuant to Subsection (b), the Working Interest Owners may agree upon an adjustment of investment by reason of the expansion. Such expansion shall be effected in the following manner:

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

(b) Unit Operator shall circulate a notice of the proposed expansion to each Working Interest Owner in the Unit Area and in the Tract proposed to be included in the unit, setting out the basis for admission, the Tract Participation to be assigned to each Tract in the expanded Unit Area and other pertinent data. After negotiation at Working Interest Owners' meeting or meetings at which three (3) Working Interest Owners having in the aggregate seventy-five percent (75%) of the Unit Participation then in effect have agreed to admission of such Tract or Tracts in the Unit Area, then Unit Operator shall:

1. After obtaining preliminary concurrence by the A.O. and Land Commissioner, prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefor, the basis for admission of the additional Tract or Tracts, the Tract Participation to be assigned thereto and the proposed effective date hereof; and

2. Deliver copies of said notice to Land Commissioner, the A.O. at the proper BLM Office, each Working Interest Owner and to the last known address of each lessee and lessor whose interests are affected, advising such parties that thirty (30) days will be allowed for submission to the Unit Operator of any objection to such proposed expansion; and

3. File, upon the expiration of said thirty (30) day period as set out in (2) immediately above with the Land Commissioner and A.O. the following: (a) evidence of mailing or delivering copies of said notice of expansion; (b) an application for approval of such expansion; (c) an instrument containing the appropriate covenants in compliance with the participation requirements of Section 14, and Section 34, *infra*; and (d) a copy of all objections received along with the Unit Operator's response thereto.

The expansion shall, after due consideration of all pertinent information and approval by the Land Commissioner and the A.O., become effective as of the date prescribed in the notice thereof, preferably the first day of the month subsequent to the date of notice. The revised Tract Participation of the respective Tracts included within the Unit Area prior to such enlargement shall remain the same ratio one to another.

**SECTION 5. UNITIZED LAND.** All land committed to this Agreement as to the Unitized Formation shall constitute land referred to herein as "Unitized Land" or "Land subject to this Agreement". Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any formation other than the Unitized Formation as defined in Section 2 (b) of this Agreement.

**SECTION 6. UNIT OPERATOR.** EQG Resources, Inc. is hereby designated the Unit Operator, and by signing this instrument as Unit Operator, agrees and consents to accept the duties and obligations of Unit Operator for the operation, development and production of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, when such interests are owned by it and the term "Working Interest Owner" when used herein shall include or refer to the Unit Operator as the owner of a Working Interest when such an interest is owned by it.

Unit Operator shall have a lien upon interests of Working Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

**SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR.** Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator until a period of six (6) months after written notice of intention to resign has been given by Unit Operator to the Working Interest Owners, the Land Commissioner and the A.O. unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

The Unit Operator shall, upon default or failure in the performance of its duties and obligations hereunder, be subject to removal by Working Interest Owners having in the aggregate eighty percent (80%) or more of the Unit Participation then in effect exclusive of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Land Commissioner and the A.O.

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

The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title or interest in the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, books and records, materials, appurtenances and any other assets used in connection with the Unit Operations to the new duly qualified successor Unit Operator or to the Unit Manager if no such new Unit Operator is elected. Nothing herein shall be construed as authorizing the removal of any material, equipment or appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator or Unit Manager who resigns or is removed hereunder from its liability or duties accruing or performable by it prior to the effective date of such resignation or removal.

**SECTION 8. SUCCESSOR UNIT OPERATOR.** Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinafove provided, the Working Interest Owners shall select a successor Unit Operator as hereinafove provided. Such selection shall not become effective until such a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator and such selection shall have been approved by the Land Commissioner and the A.O. If no successor Unit Operator or Unit Manager is elected and approved as is herein provided, the Land Commissioner and/or the A.O., at their election, may declare this Agreement terminated.

In selecting a successor Unit Operator, the affirmative vote of three (3) or more Working Interest Owners having a total Unit Participation of sixty-five percent (65%) or more of the total Unit Participation shall prevail; provided that if any one Working Interest Owner has a Unit Participation of more than thirty-five percent (35%), its negative vote or failure to vote shall not be regarded as sufficient unless supported by the vote of the remaining

Working Interest Owners having a total Unit Participation of at least five percent (5%). If the Unit Operator who is removed votes only to succeed itself or fails to vote, the successor Unit Operator may be selected by the affirmative vote of the owners of at least seventy-five percent (75%) of the Unit Participation remaining after excluding the Unit Participation of Unit Operator so removed.

**SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT.**

Costs and expenses incurred by Unit Operator in conducting Unit Operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement. Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other contracts and such other rights and obligations as between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be deemed either to modify any of the terms and conditions of this Agreement or to relieve the Unit Operator of any right or obligation established under this Agreement, and in case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement, this Agreement shall prevail. Copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Land Commissioner and with the A.O. at the Proper BLM Office as required prior to approval of this Agreement.

**SECTION 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR.** Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto including surface rights which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Upon request, acceptable evidence of title to said rights shall be deposited with said Unit Operator and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit Operator, if it should be a Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

**SECTION 11. PLAN OF OPERATIONS.** It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances and that the object and purpose of this Agreement is to formulate and to put into effect an improved recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve natural resources. Unit Operator shall have the right to inject into the Unitized Formation any substances for secondary recovery or enhanced recovery purposes in accordance with a plan of operation approved by the Working Interest Owners, the A.O., the Land Commissioner and the Division, including the right to drill and maintain injection wells on the Unitized Land and completed in the Unitized Formation, and to use abandoned wells to receive producing from the Unitized Formation for said purpose. Subject to like approval, the Plan of Operations may be revised as conditions may warrant.

The initial Plan of Operation shall be filed with the A.O., the Land Commissioner and the Division concurrently with the filing of the Unit Agreement for final approval. Said initial plan of operations and all revisions thereof shall be as complete and adequate as the A.O., the Land Commissioner and the Division may determine to be necessary for timely operation consistent herewith. Upon approval of this Agreement and the initial plan by the A.O. and Commissioner, said plan, and all subsequently approved plans, shall constitute the operating obligations of the Unit Operator under this Agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for like approval a plan for an additional specified period of operations. After such operations are commenced, reasonable diligence shall be exercised by the Unit Operator in complying with the obligations of the approved Plan of Operation.

Notwithstanding anything to the contrary herein contained, should the Unit Operator fail to commence Unit Operations for the secondary recovery of Unitized Substances from the Unit Area within eighteen (18) months after the effective date of this Agreement, or any extension thereof approved by the A.O., this Agreement shall terminate automatically as of the date of default.

**SECTION 12. USE OF SURFACE AND USE OF WATER.** The parties to the extent of their rights and interests hereby grant to Unit Operator the right to use as much of the surface, including the water thereunder, of the Unitized Land as may reasonably be necessary for Unit Operations.

Unit Operator's free use of water or brine or both for Unit Operations, shall not include any water from any well, lake, pond or irrigation ditch of a surface owner, unless approval for such use is granted by the surface owner.

Unit Operator shall pay the surface owner for damages to growing crops, fences, improvements and structures in the Unitized Land that result from Unit Operations, and such payments shall be considered as items of unit expense to be borne by all the Working Interest Owners in the Unit subject herein.

**SECTION 13. TRACT PARTICIPATION.** In Exhibit 'B' attached hereto there are listed and named all the Tracts of land within the Unit Area, and set forth opposite each Tract are figures which represent the Tract Participation, during Unit Operations, of each Tract in the Unit Area qualified as provided herein. The Tract Participation of each Tract is shown in Exhibit 'B' was determined in accordance with the following formula:

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Tract participation = 33.33% A/B + 33.33% C/D + 33.33% E/F

- A = the Tract Net acre porosity -feet of the Unitized Formation as of July 31, 1999.
- B = the Unit Total Net acre porosity-feet from the Unitized Formation as of July 31, 1999.
- C = the Remaining Primary Oil Equivalent Reserves from the Unitized Formation for the Tract, beginning August 1, 1999, as agreed to by the Working Interest Owners on \_\_\_\_\_.
- D = the Remaining Primary Oil Reserves from the Unitized Formation for all Unit Tracts, beginning October 1, 1982, as determined by the Technical Committee on February 25, 1983.
- E = the amount of oil produced from the Unitized Formation by the Tract from June 1, 1999, through July 31, 1999.
- F = the amount of oil produced from the Unitized Formation by all Unit Tracts from June 1, 1999, through July 31, 1999.

This tract participation formula will be used for both primary and secondary phases of the Red Hills North Unit.

In the event less than all Tracts are qualified on the Effective Date hereof, the Tract Participation shall be calculated on the basis of all such qualified Tracts rather than all Tracts in the Unit Area.

SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the Effective Date hereof, the Tracts within the Unit Area which shall be entitled to participation in the production of Unitized Substances shall be those Tracts more particularly described in Exhibit "B" that corner or have a common boundary (Tracts separated only by a public road or a railroad right-of-way shall be considered to have a common boundary), and that otherwise qualify as follows:

(a) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this Agreement and as to which Royalty Owners owning seventy-five percent (75%) or more of the Royalty Interest have become parties to this Agreement.

(b) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this Agreement, and as to which Royalty Owners owning less than seventy-five percent (75%) of the Royalty Interest have become parties to this Agreement, and as to which (1) the Working Interest Owner who operates the Tract and Working Interest Owners owning at least seventy-five percent (75%) of the remaining Working Interest in such Tract have joined in a request for the inclusion of such Tract, and as to which (2) Working Interest Owners owning at least seventy-five percent (75%) of the combined Unit Participation in all Tracts that meet the requirements of Section 14 (a) above have voted in favor of the inclusion of such tract.

(c) Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties to this Agreement, regardless of the percentage of Royalty Interest therein that is committed hereto; and as to which (1) the Working Interest Owner who operates the Tract and Working Interest Owner owning at least seventy-five percent (75%) of the remaining Working Interest in such Tract who have become parties to this Agreement have joined in a request for inclusion of such Tract, and have executed and delivered, or obligated themselves to execute and deliver an indemnity agreement indemnifying and agreeing to hold harmless the other owners of committed Working Interests, their successors and assigns, against all claims and demands that may be made by the owners of Working Interest in such Tract who are not parties to this Agreement, and which arise out of the inclusion of the Tract; and as to which (2) Working Interest Owners owning at least seventy-five percent (75%) of the Unit Participation in all Tracts that meet the requirements of Section 14 (a) and 14 (b) have voted in favor of the inclusion of such Tract and to accept the indemnity agreement. Upon the inclusion of such a Tract, the Tract Participation which would have been attributed to the non-subscribing owners of Working Interest in such Tract, had they become parties to this Agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreements, and joined in the indemnity agreement, in proportion to their respective Working Interests in the Tract.

If on the Effective Date of this Agreement there is any Tract or Tracts which have not been effectively committed to or made subject to this Agreement by qualifying as above provided, then such Tract or Tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this Agreement for final approval by the Land Commissioner and the A.O., file therewith a schedule of those tracts which have been committed and made subject to this Agreement and are entitled to participate in Unitized Substances. Said schedule shall set forth beside each such committed Tract the lease number or assignment number, the owner of record of the lease, and the percentage participation of such tract which shall be computed according to the participation formula set forth in Section 13 (Tract Participation) above. This schedule of participation shall be revised Exhibit "B" and upon approval thereof by the Land Commissioner and the A.O., shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until a new schedule is approved by the Land Commissioner and A.O.

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**SECTION 15.A. ALLOCATION OF UNITIZED SUBSTANCES.** All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices on unitized land for drilling, operating, camp and other production or development purposes and for injection or unavoidable loss in accordance with a Plan of Operation approved by the A.O. and Land Commissioner) shall be apportioned among and allocated to the qualified Tracts in accordance with the respective Tract Participations effective hereunder during the respective periods such Unitized Substances were produced, as set forth in the schedule of participation in Exhibit "B". The amount of Unitized Substances so allocated to each Tract, and only that amount (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such Tract) shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

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

No Tract committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances.

If the Working Interest and/or the Royalty Interest in any Tract are divided with respect to separate parcels or portions of such Tract and owned now or hereafter in severalty by different persons, the Tract Participation shall in the absence of a reasonable instrument executed by all owners in such Tract and furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

**SECTION 15.B. EXCESS IMPUTED NEWLY DISCOVERED CRUDE OIL.** Each Tract shall be allocated any excess imputed newly discovered crude oil in the proportion that its Tract Participation bears to the total of the Tract Participations of all Tracts not previously allocated the total number of barrels of crude oil allocable to these Tracts out of unit production in accordance with the Tract Participations of such Tracts; provided, however, that excess imputed newly discovered crude oil allocated to each such Tract, when added to the total number of barrels of imputed newly discovered crude oil previously allocated to it, shall not exceed, in any month, the total number of barrels of oil allocable out of unit production in accordance with its Tract Participation.

**SECTION 15.C. EXCESS IMPUTED STRIPPER CRUDE OIL.** Each Tract shall be allocated any excess imputed stripper crude oil in the proportion that its Tract Participation bears to the total of the Tract Participations of all Tracts not previously allocated the total number of crude oil barrels allocable to these Tracts out of unit production in accordance with the Tract Participations of such Tracts; provided, however, that excess imputed stripper crude oil allocated to each such Tract, when added to the total number of barrels of imputed stripper crude oil previously allocated to it, shall not exceed, in any month, the total number of barrels of oil allocable to it out of unit production in accordance with its Tract Participation.

**SECTION 15.D. TAKING UNITIZED SUBSTANCES IN KIND.** The Unitized Substances allocated to each Tract shall be delivered in kind to the respective parties entitled thereto by virtue of the ownership of oil and gas rights therein. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose within the Unitized Area, provided the same are to consistently, maintained and operated as not to interfere with Unit Operations. Subject to Section 17 hereof, any extra expenditures incurred by Unit Operator in relation to the delivery in kind of any portion of the Unitized Substances shall be borne by the party taking delivery. In the event any Working Interest Owner shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unitized Formation even as long as such condition continues, Unit Operator, for the account and at the expense of the Working Interest Owner of the Tract or Tracts concerned, and in order to avoid curtailing the operation of the Unit Area, may, but shall not be required to, sell or otherwise dispose of such production to itself or to others, provided that all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year, and at not less than the prevailing market price in the area for like production, and the amount of such Working Interest Owner shall be charged therewith as having received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owner of the Tract or Tracts concerned. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any Working Interest Owner's share of gas production without first giving such Working Interest Owner explicit and written notice of such intended sale.

Any Working Interest Owner receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, shall be responsible for the payment of overriding royalty and production payments due thereon, and each such party shall hold each other Working Interest Owner harmless against all claims, demands and causes of action by owners of such royalty, overriding royalty and production payments.

If, after the Effective Date of this Agreement, there is any Tract or Tracts that are subsequently committed (either as provided in Section 4 - Expansion) hereof, or any Tract or Tracts within the Unit Area not committed hereto as of the Effective Date hereof but which are subsequently committed hereto under the provisions of Section 14 (Tracts Qualified for Participation) and Section 32 (Non-Under-Unit Substances) under this

any Tract is excluded from this Agreement as provided for in Section 21 (Loss of Title), the schedule of participation as shown in Exhibit "B" shall be revised by the Unit Operator; and the revised Exhibit "B", upon approval by the Land Commissioner and the A.O., shall govern the allocation of production on and after the effective date thereof until a revised schedule is approved as hereinabove provided.

**SECTION 16. OUTSIDE SUBSTANCES.** If gas obtained from formations not subject to this Agreement is introduced into the Unitized Formation for use in repressuring, stimulating of production or increasing ultimate recovery which shall be in conformity with a Plan of Operation first approved by the Land Commissioner and the A.O., a like amount of gas with appropriate deduction for loss or depletion from any cause may be withdrawn from unit wells completed in the Unitized Formation royalty free as to dry gas, but not royalty free as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved Plan of Operation or as otherwise may be consented to or prescribed by the Land Commissioner and the A.O., as conforming to good petroleum engineering practices and provided further that such right of withdrawal shall terminate on the termination date of this Agreement.

**SECTION 17. ROYALTY SETTLEMENT.** The State of New Mexico and United States of America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the substances produced from any Tract unitized hereunder, shall continue to be entitled to such right to take in kind their share of the Unitized Substances allocated to such Tract, and Unit Operator shall make deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for Royalty not taken in kind shall be made by Working Interest Owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any Royalty due under the leases, except that such Royalty shall be computed on Unitized Substances as allocated to each Tract in accordance with the terms of this Agreement. With respect to Federal leases committed hereto in which the royalty rate depends upon the daily average production per well, such average production shall be determined in accordance with the operating regulations pertaining to Federal leases as though the committed Tracts were included in a single consolidated lease.

If the amount of production or the proceeds thereof accruing to any Royalty Owner (except the United States of America) in a Tract depends upon the average production per well or the average pipeline runs per well from such Tract during any period of time, then such production shall be determined from and after the effective date hereof by dividing the quantity of Unitized Substances allocated hereunder to such Tract during such period of time by the number of wells located therein capable of producing Unitized Substances as of the Effective Date hereof; provided that any Tract not having any well so capable of producing Unitized Substances on the Effective Date hereof shall be considered as having one well for the purpose of this provision.

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

With the exception of Federal and State requirements to the contrary, Working Interest Owners may use or consume Unitized Substances for Unit Operations and no Royalty, overriding royalty, production or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations.

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

**SECTION 18. RENTAL SETTLEMENT.** Rentals or minimum Royalties due on the leases committed hereto shall be paid by Working Interest Owners responsible therefor under existing contracts, laws and regulations provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum Royalty in lieu thereof, due under their leases. Rental for lands of the State of New Mexico subject to this Agreement shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or minimum Royalty for lands of the United States of America subject to this Agreement shall be paid at the rate specified in the respective leases from the United States of America, unless such rental or minimum Royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

**SECTION 19. CONSERVATION.** Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to Federal and state laws and regulations.

**SECTION 20. DRAINAGE.** The Unit Operator shall take all reasonable and prudent measures to prevent migration of Unitized Substances from unitized land by wells on land not subject to this Agreement.

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The Unit Operator, upon approval by the Working Interest Owners, the A.O. and the Land Commissioner, is hereby empowered to enter into a borderline agreement or agreements with working interest owners of adjoining lands not subject to this Agreement with respect to operation in the border area for the maximum economic recovery, conservation purposes and proper protection of the parties and interest affected.

**SECTION 21. LOSS OF TITLE.** In the event title to any Tract of unitized land shall fail and the true owner cannot be induced to join in this Agreement, such Tract shall be automatically regarded as not committed hereto, and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any Royalty, Working Interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to State or Federal lands or leases, no payments of funds due the United States or the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the A.O. or Land Commissioner (as the case may be) to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

If the title or right of any party claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the direction of Working Interest Owners shall either:

- (a) require that the party to whom such Unitized Substance are delivered or to whom the proceeds thereof are paid furnish security for the proper accounting thereof to the rightful owner if the title or right of such party fails in whole or in part, or
- (b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgement of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be paid to the party rightfully entitled thereto.

Each Working Interest Owner shall indemnify, hold harmless, and defend all other Working Interest Owners against any and all claims by any party against the interest attributed to such Working Interest Owner on Exhibit "B".

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

**SECTION 22. LEASES AND CONTRACTS CONFORMED AND EXTENDED.** The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil or gas on lands committed to this Agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Land Commissioner, respectively, shall and do hereby approve hereof, or by the approval hereof by their duly authorized representatives, do hereby establish, alter, change or reverse the drilling, production, rental, minimum Royalty and Royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto, and conform said requirements to the provisions of this Agreement.

Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

- (a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each Tract subject to this Agreement, regardless of whether there is any development of any Tract of the Unit Area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.
- (b) Drilling, producing or improved recovery operations performed hereunder shall be deemed to be performed upon and for the benefit of each Tract, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.
- (c) Suspension of drilling or producing operations within the Unit Area pursuant to direction or consent of the Land Commissioner and the A.O., or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each Tract within the Unitized Area.
- (d) Each lease, sublease, or contract relating to the exploration, drilling, development, or operation for oil and gas which by its terms might expire prior to the termination of this Agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the term of this Agreement.
- (e) Any lease embracing lands of the State of New Mexico which is made subject to this Agreement shall continue in full force and effect, the term provided therein as to the lands committed hereto until the termination hereof.
- (f) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto shall be deemed to be on that portion committed and that not committed, and the terms of such lease shall apply separately to each separated portion.

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commencing as of the Effective Date hereof. Provided, however, that notwithstanding any of the provisions of this Agreement to the contrary, such lease (including both segregated portions) shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease if oil or gas is, or has heretofore been discovered in paying quantities on some part of the lands embraced in such lease committed to this Agreement or, so long as a portion of the Unitized Substances produced from the Unit Area is, under the terms of this Agreement, allocated to the portion of the lands covered by such lease committed to this Agreement, or, at any time during the term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the Unit Operator is then engaged in bona fide drilling, reworking, or improved recovery operations on any part of the lands embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so long as such operations are diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

(g) The segregation of any Federal lease committed to this Agreement is governed by the following provision in the fourth paragraph of Section 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 731-734): "Any Federal lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization; provided, however, that any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

**SECTION 23. COVENANTS RUN WITH LAND.** The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and restrictions hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument or transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument or transfer.

**SECTION 24. EFFECTIVE DATE AND TERM.** This Agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective on the first day of the calendar month next following the approval of this Agreement by the A.O., the Land Commissioner and the Commission.

If this Agreement does not become effective on or before July 1, 2000, it shall ipso facto expire (and hereinafter shall "Expiration Date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Participation of at least seventy-five percent (75%) and at least seventy-five percent (75%) of such Working Interest Owners committed to this Agreement have decided to extend Expiration Date for a period not to exceed one (1) year (hereinafter called "Extended Expiration Date"). If Expiration Date is so extended and this Agreement does not become effective on or before the Extended Expiration Date, it shall ipso facto expire on Extended Expiration Date and thereafter be of no further force and effect.

Unit Operator shall file for record within thirty (30) days after the Effective Date of this Agreement, in the office of the County Clerk of Lea County, New Mexico, where a counterpart of this Agreement has become effective according to its terms and stating further the effective date.

The terms of this Agreement shall be for and during the time that Unitized Substances are produced from the unitized land and/or land thereafter as drilling, reworking or other operations (including improved recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days unless sooner terminated as herein provided.

This Agreement may be terminated with the approval of the Land Commissioner and the A.O. by Working Interest Owners owning eighty percent (80%) of the Unit Participation then in effect whenever such Working Interest Owners determine that Unit Operations are no longer profitable, or in the interest of conservation. Upon approval, such termination shall be effective as of the first day of the month after said Working Interest Owners' determination. Notice of any such termination shall be filed by Unit Operator in the office of the County Clerk of Lea County, New Mexico, within thirty (30) days of the effective date of termination.

Upon termination of this Agreement, the parties hereto shall be governed by the terms and provisions of the leases and instruments affecting the separate Tracts just as if this Agreement had never been entered into.

Notwithstanding any other provisions in the leases unitized under this Agreement, Royalty Owners hereby grant Working Interest Owners a period of six months after termination of this Agreement in which to salvage, sell, distribute or otherwise dispose of the equipment, material and facilities used in connection with Unit Operations.

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**SECTION 25. RATE OF PROSPECTING, DEVELOPMENT & PRODUCTION** All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State Statute. The A.O. is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and within the limits made or fixed by the Division to alter or modify the quantity and rate of production under this Agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Land Commissioner and as to any lands in the State of New Mexico or privately-owned lands subject to this Agreement or to the quantity and rate of production from such lands in the absence of specific written approval thereof by the Division.

Powers in this Section vested in the A.O. shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from notice, and thereafter subject to administrative appeal before becoming final.

**SECTION 26. NONDISCRIMINATION** Unit Operator in connection with the performance of work under this Agreement relating to leases of the United States, agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive of Executive Order (11246), 30 F.R. 12319, which are hereby incorporated by reference in this Agreement.

**SECTION 27. APPEARANCES** Unit Operator shall have the right to appear for or on behalf of any interests affected herebefore the Land Commissioner, the Department, and the Division, and to appeal from any order issued under the rules and regulations of the Land Commissioner, the Department or the Division, or to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Land Commissioner, the Department or the Division or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceeding.

**SECTION 28. NOTICES** All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or sent by postpaid certified or registered mail, addressed to such party or parties at their last known address set forth in connection with the signatures hereto or to the notification or address hereof or to such other address as any such party or parties may have furnished in writing to the party sending the notice, demand or statement.

**SECTION 29. NO WAIVER OF CERTAIN RIGHT** Nothing in this Agreement contained shall be construed as a waiver by either party hereto of the right to assert any legal or constitutional right of defense as to the validity or invalidity of any law of the State wherein the Unitized Lands are located, or regulations issued thereunder in any way affecting such party, or as a waiver by either party of any claim and his or its authority to waive; provided, however, each party hereto covenants that it will not resort to any action to partition the unitized lands or the Unit Equipment.

**SECTION 30. EQUIPMENT AND FACILITIES NOT FIXTURES ATTACHED TO REALTY** Each Working Interest Owner has heretofore placed and used on its Tract or Tracts committed to this Agreement various well and lease equipment and other property, equipment and facilities. It is also recognized that additional equipment and facilities may hereafter be placed and used upon the Unitized Land as now or hereafter constituted. Therefore, for all purposes of this Agreement, any such equipment shall be considered to be personal property and not fixtures attached to realty. Accordingly, said well and lease equipment and personal property is hereby severed from the mineral estate created by this Agreement, and it is agreed that any such equipment and personal property shall be and remain personal property of the Working Interest Owners for all purposes.

**SECTION 31. UNAVOIDABLE DELAY** All obligations under this Agreement requiring the Unit Operator to commence or continue improved recovery operations or to operate on or produce Unitized Substances from any or the lands covered by this Agreement shall be suspended while, but only so long as, the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agency, unavoidable accident, and unavoidable delays in transportation, inability to obtain necessary materials or equipment in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

**SECTION 32. NONJOINER AND SUBSEQUENT JOINER** Joinder by any Royalty Owner at any time must be accompanied by appropriate joinder of the corresponding Working Interest Owner in order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to this Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder of the Royalty Operating Agreement in order for such interest to be regarded as effectively committed to this Agreement.

Any oil or gas interest in the Unitized Formations not committed hereto prior to submission of this Agreement to the Division for final approval and the A.O. for final approval may thereafter be committed hereto upon compliance with the applicable provisions of the sections and of section 13 (Tracts Qualified for Participation) hereof, at any time up to the Effective Date hereof on the same basis as Tract Participation as provided in section 13, by the owner or owners thereof subscribing, ratifying, or consenting in writing to this Agreement and, if the interest is a Net Interest, the owner of such interest subscribing also to the Unit Operating Agreement.

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It is understood and agreed, however, that from and after the Effective Date hereof the right of subsequent joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by Working Interest Owners owning not less than sixty-five percent (65%) of the Unit Participation then in effect, and approved by the Land Commissioner and A.O. Such subsequent joinder by a proposed Working Interest Owner must be evidenced by his execution or ratification of this Agreement and the Unit Operating Agreement and, where State or Federal land is involved, such joinder must be approved by the Land Commissioner or A.O. Such joinder by a proposed Royalty Owner must be evidenced by his execution, ratification or consent of this Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such proposed Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective as of the first day of the month following the filing with the Land Commissioner and A.O. of duly executed counterparts of any and all documents necessary to establish effective commencement of any Tract or interest to this Agreement, unless objection to such joinder by the Land Commissioner or the A.O., is duly made sixty (60) days after such filing.

**SECTION 33. COUNTERPARTS.** This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing, specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the land within the described Unit Area. Furthermore, this Agreement shall extend to and be binding on the parties hereto, their successors, heirs and assigns.

**SECTION 34. JOINDER IN DUAL CAPACITY.** Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall constitute all interests owned or controlled by such party provided, that if the party is the owner of a Working Interest, he must also execute the Unit Operating Agreement.

**SECTION 35. TAXES.** Each party hereto shall, for its own account, tender and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it is determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No taxes shall be charged to the United States or to the State of New Mexico, nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

**SECTION 36. NO PARTNERSHIP.** The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This Agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a joint duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligation as herein provided.

**SECTION 37. PRODUCTION AS OF THE EFFECTIVE DATE.** Unit Operator shall make a proper and timely gauge of all leases and other tanks within the Unit Area in order to ascertain the amount of merchantable oil above the pipeline connection, in such tanks as of 7:00 a.m. on the Effective Date hereof. All such oil which has been produced in accordance with established allowables shall be and remain the property of the Working Interest Owner entitled thereto, the same as if the unit had not been formed; and the responsible Working Interest Owner shall promptly remove said oil from the unitized land. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owners, subject to the payment of all Royalty to Royalty Owners under the terms hereof. The oil that is in excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized Substances produced after Effective Date hereof.

If, as of the Effective Date hereof, any Tract is overproduced with respect to the allowable of the wells on that Tract and the amount of over-production has been sold or otherwise disposed of, such over-production shall be regarded as a part of the Unitized Substances produced after the Effective Date hereof and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

**SECTION 38. NO SHARING OF MARKET.** This Agreement is not intended to provide and shall not be construed to provide, directly or indirectly, for any cooperative refining, joint sale or marketing of Unitized Substances.

**SECTION 39. STATUTORY UNITIZATION.** If and when Working Interest Owners owning at least seventy-five percent (75%) Unit Participation and Royalty Owners owning at least seventy-five percent (75%) Royalty Interest have become parties to this Agreement and have approved this Agreement in writing and such Working Interest Owners have also become parties to the Unit Operating Agreement, Unit Operator may make application to the Division for statutory unitization of the uncommitted interests pursuant to the Statutory Unitization Act, Chapter 48, Article 14, N.M.S. 1953 Annotated. If such application is made and statutory unitization is approved by the Division, then this Agreement and the Unit Operating Agreement shall automatically be amended and amended in accordance with the following:

- 1) Section 14 of this Agreement shall be revised by substituting for the entire said section the following:

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"SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION. On and after the Effective Date hereof, all Tracts within the Unit Area shall be entitled to participation in the production of Unitized Substances."

(2) Section 24 of this Agreement shall be revised by substituting for the first three paragraphs of said section the following:

"SECTION 24. EFFECTIVE DATE AND TERM. This Agreement shall become effective on the first day of the calendar month next following the effective date of the Division's order approving statutory unitization upon the terms and conditions of this Agreement, as amended (if any amendment is necessary) to conform to the Division's order: approval of this Agreement, as so amended, by the Land Commissioner; and the A.O. and the filing by Unit Operator of this Agreement or notice thereof for record in the office of the County Clerk of Lea County, New Mexico. Unit Operator shall not file this Agreement or notice thereof for record, and hence this Agreement shall not become effective, unless within ninety (90) days after the date all other prerequisites for effectiveness of this Agreement have been satisfied, such filing is approved by Working Interest Owners owning a combined Unit Participation of at least sixty-five percent (65%) as to all Tracts within the Unit Area.

"Unit Operator shall, within thirty (30) days after the Effective Date of this Agreement, file for record in the office of the County Clerk of Lea County, New Mexico, a certificate to the effect that this Agreement has become effective in accordance with its terms, therein identifying the Division's order approving statutory unitization and stating the Effective Date."

(3) This Agreement and/or the Unit Operating Agreement shall be amended in any and all respects necessary to conform to the Division's order approving statutory unitization.

Any and all amendments of this Agreement and/or the Unit Operating Agreement that are necessary to conform said agreements to the Division's order approving statutory unitization shall be deemed to be hereby approved in writing by the parties hereto without any necessity for further approval by said parties, except as follows:

(a) If any amendment of this Agreement has the effect of reducing any Royalty Owner's participation in the production of Unitized Substances, such Royalty Owner shall not be deemed to have hereby approved the amended agreement without the necessity of further approval in writing by said Royalty Owner; and

(b) If any amendment of this Agreement and/or the Unit Operating Agreement has the effect of reducing any Working Interest Owner's participation in the production of Unitized Substances or increasing such Working Interest Owner's share of Unit Expense, such Working Interest Owner shall not be deemed to have hereby approved the amended agreements without the necessity of further approval in writing by said Working Interest Owner.

Executed as of the day and year first above written.

EOG RESOURCES, INC.

By: William R. Thomas  
William R. Thomas, Senior Vice President

Date of Execution:

March 1, 2000

STATE OF Texas )  
 )ss.  
COUNTY OF Midland )

The foregoing instrument was acknowledged before me this 1st day of March, 2000, by

William R. Thomas, for/of EOG Resources, Inc., a

Delaware corporation, on behalf of said corporation.

My Commission Expires:



Peggy C. Lavine  
Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unutilized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

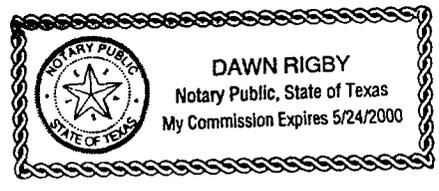
This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 17 day of MARCH, 192000.  
Richard E. Monroe  
Attest:  
**Richard E. Monroe, Jr., V.P.**  
**Tiltex Co., Managing Partner**  
Address: Keaton Associates, Inc.  
100 LOUISIANA, #3600  
HOUSTON, TX 77002  
TRACT (S) \_\_\_\_\_  
STATE OF TEXAS  
COUNTY OF HARRIS ) ss.

On this 20<sup>th</sup> day of MARCH, 192000, before me personally RICHARD E. MONROE, JR., to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 5-24-2000  
Dawn Rigby  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

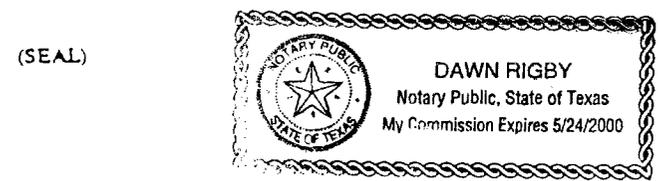
This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 17 day of MARCH, 192000.  
Richard E. Monroe, Jr.  
Attest  
**Richard E. Monroe, Jr., V.P.**  
**Tiltex Co., Managing Partner**  
TRACT (S) \_\_\_\_\_  
Address: Golden Participants, L.P.  
1000 LOUISIANA, # 3600  
HOUSTON, TX 77002

STATE OF TEXAS  
COUNTY OF HARRIS

On this 20<sup>th</sup> day of MARCH, 192000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 5-24-2000  
Dawn Rigby  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 17<sup>th</sup> day of MARCH 2000.

D. Mc Salden  
Attest

Michael Shearn

Address: 4120 RIO BRAVO  
EL PASO, TEXAS  
79902

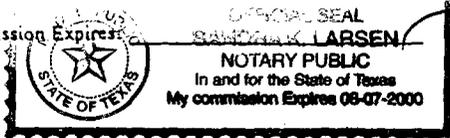
TRACT (S) \_\_\_\_\_  
\_\_\_\_\_

STATE OF Texas  
COUNTY OF EL PASO

) ss.

On this 17<sup>th</sup> day of March 2000, before me personally Michael Shearn, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

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



[Signature]  
Notary Public

(SEAL)

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, ~~19~~ 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 28th day of April, ~~19~~ XX 2000.

HALLWOOD PETROLEUM, INC.

By: Betty J. Dieter  
Betty J. Dieter, Vice President  
Address: P. O. Box 378111

Attest

TRACT (S) \_\_\_\_\_

Denver,

CO 80237

STATE OF COLORADO)

) ss.

COUNTY OF DENVER)

On this 28th day of April, ~~19~~ XX 2000, before me personally appeared Betty J. Dieter, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 1-15-01

Rosalind Mayo  
Notary Public

(SEAL)

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 30 day of March, 2000.

Michael Shaw  
Attest

Sol West III

Address: 412a Rio Blvd #305

EL PASO, TEXAS

79902

TRACT (S) \_\_\_\_\_

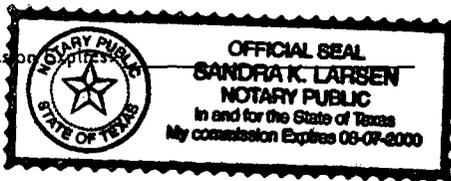
STATE OF TEXAS)

COUNTY OF EL PASO)

) ss.

On this 30 day of March, 2000, before me personally SOL WEST III, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

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



(SEAL)

Sandra K. Larsen  
Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 5<sup>th</sup> day of May, 192000.

Attest

Address: P.O. Box 8028

TRACT (S) 5

Santa Fe, NM  
87504

STATE OF New Mexico

COUNTY OF Santa Fe

) ss.

On this 5<sup>th</sup> day of May, 192000, before me personally Mona L. Coffield, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 6/1/2000

Notary Public

(SEAL)

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 12 day of May, 2000.

BRAVO 1 LIMITED LIABILITY COMPANY  
By BRAVO ENERGY Inc., Manager

By: Charles E. Moran  
Charles E. Moran, Vice President

TRACT (S) \_\_\_\_\_

Address: PO Box 2160

Hobbs, NM 88241

State of New Mexico }

County of Eddy }

This instrument was acknowledged before me on this 12 day of May, 2000, by Charles E. Moran, Vice President of Bravo Energy.

My commission expires: 4-5-2004

Signature of Notary Public: Suzym Wirtley

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unutilized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 8 day of May 2000

[Signature]  
Agent

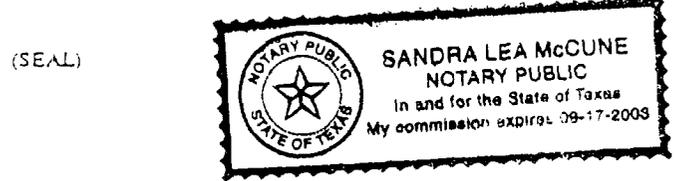
Address: 910 Thunderbird  
El Paso, TX 79907

TRACT(S) 2

STATE OF TEXAS  
COUNTY OF EL PASO

On this 8th day of May 2000, before me personally Roy D Jackson Jr, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 9-17-2003  
[Signature]  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unleased substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 1 day of May, 2000.  
Linda Elaine McKnight  
Agent  
Address: 3138 Quail Valley East  
Missouri City, Tx  
77489

TRACT(S) 2  
STATE OF Texas  
COUNTY OF \_\_\_\_\_

On this 1<sup>st</sup> day of May, 2000, before me personally Linda Elaine McKnight, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 6-11-2002  
Kathy Tarbutton  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unmineralized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his or her or his heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 1st day of May, 2000

\_\_\_\_\_ \_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_

TRACT(S) 1

STATE OF NEW MEXICO

COUNTY OF EDDY

On this 1st day of May, 2000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 9-21-2001

\_\_\_\_\_  
Notary Public

(SEAL)

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 25<sup>th</sup> day of April, 2000  
Rick Huntington Ellen & Loretta Brown  
Agent  
Address: 3231 W. Shavano  
Midland, TX 79705  
915-697-3331

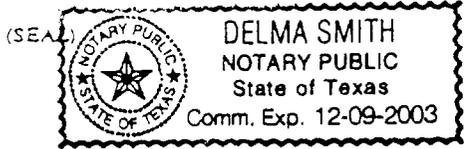
TRACT(S) 2

STATE OF Texas

COUNTY OF Midland

On this 28<sup>th</sup> day of April, 2000, before me personally Ellen Loretta Brown, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: \_\_\_\_\_  
Delma Smith  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, ~~19~~ 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 9th day of May, ~~19~~ 2000

Area: \_\_\_\_\_

x David H. Pace

Address: \_\_\_\_\_

P.O. Box 10445

TRACT (S) 3

Midland, Texas

79702-7445

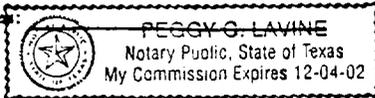
STATE OF Texas)

) ss.

COUNTY OF Midland)

On this 9th day of May, ~~19~~ 2000, before me personally David H. Pace, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires:



Peggy O. Lavine  
Notary Public

(SEAL)

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 25<sup>th</sup> day of April 2000

Ronald Hollings  
Agent Secretary

States, Inc.

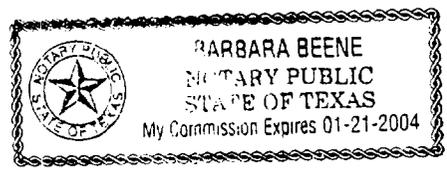
John H. Connally  
President

TRACT (S) 3, 5

STATES, INC.  
APPROVED  
AS TO FORM  
AS TO CONTENT  
AS TO INTEREST  
ADMINISTRATION  
24

THE STATE OF TEXAS §  
COUNTY OF STEPHENS §

1<sup>st</sup> The foregoing instrument was acknowledged before me, a Notary Public, on the day of May, 2000, by JOHN H. CONNALLY, President of States, Inc. a Texas corporation, on behalf of said corporation.



Barbara Beene  
Notary Public, State of Texas

**This Ratification is executed and tendered to EOG Resources, Inc. subject to conditions set out in a Letter dated April 26, 2000 from States, Inc to EOG Resources, Inc.**

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 10<sup>th</sup> day of MAY # 2000  
David L. Schmidt  
Address: \_\_\_\_\_  
Address: \_\_\_\_\_

TRACT (S) 3  
\_\_\_\_\_

STATE OF TEXAS  
COUNTY OF Midland

On this 10<sup>th</sup> day of MAY # 2000, before me personally David L. Schmidt to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: \_\_\_\_\_  
Karen Cook  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 5th day of May 2000  
Rhonda Pace Robertson

Attest

Address: 720 Quintanilla  
ESTADO TX.  
79922

TRACT (S) 3

STATE OF \_\_\_\_\_ ) ss.

COUNTY OF \_\_\_\_\_

On this 5th day of May, 2000, before me personally Rhonda Pace Robertson, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 2-14-01

Darlin Esquivel  
Notary Public





RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this \_\_\_\_\_ day of April, 192000.

\_\_\_\_\_  
Attest Geral A. Beveridge  
Geral A. Beveridge, Managing Partner of The  
Address: Beveridge Company  
P O Box 993  
Midland TX 79702

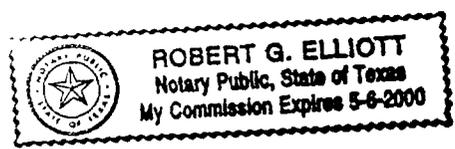
TRACT (S) \_\_\_\_\_  
\_\_\_\_\_  
STATE OF \_\_\_\_\_ ) ss.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: \_\_\_\_\_  
\_\_\_\_\_  
Notary Public

(SEAL)  
STATE OF TEXAS  
COUNTY OF MIDLAND

This instrument was acknowledged before me on April 24<sup>th</sup>, 2000, by Geral A. Beveridge, Managing Partner of The Beveridge Company, a Texas general partnership, on behalf of said partnership.



Robert Elliott  
Notary Public, State of Texas

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 ~~19~~ 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 4th day of April ~~19~~ 2000

\_\_\_\_\_  
Attest Marilyn J. Clifford  
Marilyn J. Clifford  
Address: \_\_\_\_\_

TRACT (S) 5  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF Texas  
COUNTY OF Lubbock

On this 10th day of April ~~19~~ 2000, before me personally Marilyn J. Clifford, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: GLENDA FUQUA  
Notary Public, State of Texas  
My Commission Expires 5-14-2001

Glenda Fuqua  
Notary Public

Plains National Bank of West Texas, as  
Custodian of the Individual Retirement  
Account of Marilyn J. Clifford

(SEAL)  
Attest:  
\_\_\_\_\_  
STATE OF Texas  
COUNTY OF Lubbock

By: Harry A. Knight  
Harry A. Knight, Executive Vice  
President & Trust Officer  
P.O.Box 271, Lubbock, TX 79408-0271  
) ss.

On this 12th day of April ~~19~~ 2000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: BARBARA ETHRIDGE  
Notary Public, State of Texas  
My Commission Expires 3/18/2004  
(SEAL)  
Rev. 07/95

Barbara Ethridge  
Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 17th day of April, 19 2000.

Bryan Bell  
Bryan Bell, General Partner  
Bryan Bell Family Ltd. Partnership No. 1 Address: 1331 Third Street  
TRACT (S) New Orleans, LA 70130

STATE OF Louisiana  
Parish Orleans  
COUNTRY OF Orleans

On this 17th day of April, 19 2000, before me personally Bryan Bell, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: at death

John H. Wells  
Notary Public

**JOHN H. WELLS**  
(SEAL) Embossed Seal is the Official Seal of  
State of Louisiana, Notary Public,  
No. 123456789

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or his heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 20TH day of APRIL, 2000

Area \_\_\_\_\_

Boley Embrey  
Address: BOLEY EMBREY  
P.O. BOX 51026  
MIDLAND, TEXAS 79701

TRACT(S) \_\_\_\_\_

STATE OF TEXAS

COUNTY OF MIDLAND

On this 20th day of April, 2000, before me personally Boley Embrey, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his/her free act and deed.

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

[Signature]  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unutilized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 7th day of April, 2000.

\_\_\_\_\_  
Attest

  
\_\_\_\_\_  
Address

TRACT (S) \_\_\_\_\_

 **Alan Jochimsen**  
4209 Cardinal Ln.  
Midland, TX 79707-1935

STATE OF Texas

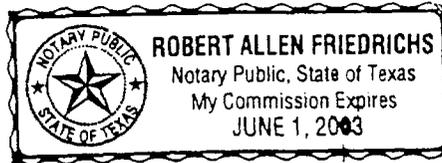
COUNTY OF Midland

On this 7th day of April, 2000, before me personally Alan Jochimsen, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: June 1, 2003

  
\_\_\_\_\_  
Notary Public

(SEAL)



This Ratification is executed and tendered to EOG Resources, Inc. subject to conditions set out in a Letter dated April 6, 2000 from Monty D. McLane and Alan Jochimsen to EOG Resources, Inc.

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 14<sup>th</sup> day of April, 192000.

\_\_\_\_\_  
Agent

Monty D. McLane

Address: \_\_\_\_\_

Monty D. McLane

PO Box 9451

Midland, TX 79705

TRACT (S) \_\_\_\_\_

STATE OF Texas

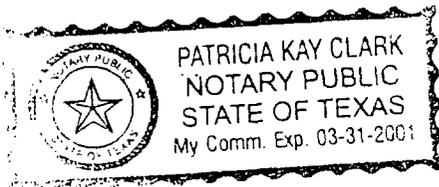
COUNTY OF Midland

On this 14<sup>th</sup> day of April, 192000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 3/31/01

Patricia K. Clark  
Notary Public

(SEAL)



This Ratification is executed and tendered to EOG Resources, Inc. subject to conditions set out in a Letter dated April 6, 2000 from Monty D. McLane and Alan Jochimsen to EOG Resources, Inc.

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unutilized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 20 day of April, 192000  
W. R. Hill, Secy. A. G. Andrikopoulos  
Agent Address: A. G. Andrikopoulos Resources, Inc.  
Post Office Box 788  
Cheyenne, WY 82003-0788

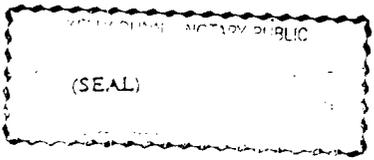
TRACT (S) 7

STATE OF Wyoming  
COUNTY OF Laramie

On this 20<sup>th</sup> day of April, 192000, before me personally A. G. Andrikopoulos, President of to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.  
A. G. Andrikopoulos Resources, Inc.

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

Kelly Dunn  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 10th day of April, 192000

Ann Hutchinson Krull  
Attest

Address: 253 Hood Lane Rd  
Uledo NM 86008

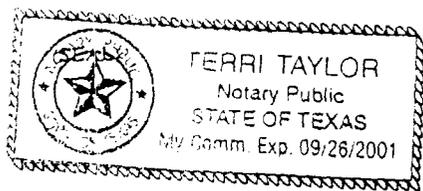
TRACT (S) E

STATE OF Texas  
COUNTY OF Tarrant

On this 4th day of April, 192000 before me personally Ann Hutchinson Krull, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 9/26/2001

Ferri Taylor  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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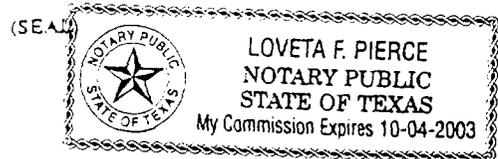
EXECUTED this 20 day of March, 2000  
James H Stone James H Stone  
Agent Address: P.O. Box 554  
Menard, TX 76559

TRACT (S) \_\_\_\_\_  
\_\_\_\_\_

STATE OF Texas  
COUNTY OF Menard

On this 20th day of March, 192000, before me personally James H Stone, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 10/4/03 Loveta F. Pierce  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 15 day of March, 2000.

\_\_\_\_\_  
Agent

Bob L. Bales

Address: 2608 McClinton  
MIDLAND TX.  
79705

TRACT (S) \_\_\_\_\_

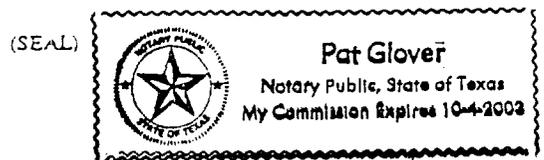
STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ ) ss.

On this 15 day of March, 2000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 10-4-2003

Pat Glover  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 22nd day of March, 19 2000

James A. Krugick  
Attest

Address: P.O. Box 2368  
Jackson, Wyo  
83001

TRACT (S) \_\_\_\_\_

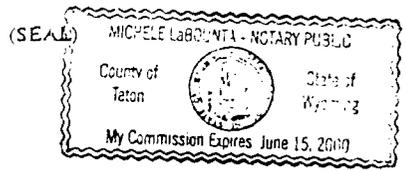
STATE OF Wyoming

COUNTY OF USA Teton

On this 22 day of March, 19 2000, before me personally James A. Krugick, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s)he executed the same as his/her free act and deed.

My Commission Expires: 6/15/00

Michele Labounta  
Notary Public





**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California  
County of Ventura } ss.

On March 21, 2000, before me, Diane L. Ratcliff Notary  
Date Name and Title of Officer (e.g., Jane Doe, Notary Public)  
personally appeared Glenda Christian Paus  
Name(s) of Signer(s)

personally known to me  
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in ~~his/hers/their~~ authorized capacity(ies), and that by ~~his/hers/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Diane L. Ratcliff  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Ratification + joinder of unit agreement + unit operating Agreement

Document Date: March 1, 2000 Number of Pages: 1

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

- Signer's Name: \_\_\_\_\_
- Individual
  - Corporate Officer — Title(s): \_\_\_\_\_
  - Partner —  Limited  General
  - Attorney in Fact
  - Trustee
  - Guardian or Conservator
  - Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or his heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 23 day of March, 192000

\_\_\_\_\_  
Agent

Josephine T. Hudson  
Josephine T. Hudson

Address: 616 Texas Street

TRACT (S) \_\_\_\_\_

Fort Worth, TX 76102

STATE OF TEXAS)

COUNTY OF TARRANT)

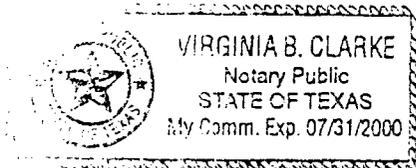
) ss.

On this 23 day of March, 19 2000, before me personally Josephine T. Hudson, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 7/31/2000

Virginia B. Clarke  
Notary Public Virginia B. Clarke

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 24 day of March, 192000

Attest \_\_\_\_\_

Edward R. Hudson Jr.

Address: 616 Texas Street

TRACT (S) \_\_\_\_\_

Fort Worth, TX 76102

STATE OF TEXAS

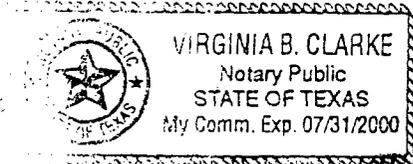
COUNTY OF TARRANT

On this 24 day of March, 192000, before me personally Edward R. Hudson Jr., to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 7/31/2000

Virginia B. Clarke  
Notary Public Virginia B. Clarke

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 21<sup>st</sup> day of March 2000

Elizabeth Saba  
Agent

Address: 4919 Occidental Rd.  
Santa Rosa, CA 95401

TRACT (S) # 1

STATE OF \_\_\_\_\_

COUNTY OF SEE ATTACHED

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

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

Notary Public

(SEAL)

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

*Acknowledgment*

State of California

ss.

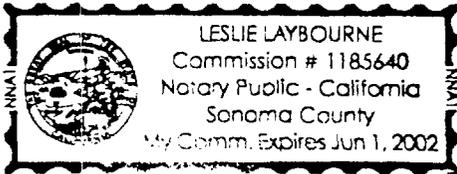
County of Sonoma

On 3-21-2000, before, me, Leslie Laybourne, Notary Public, personally

appeared Elisabeth Serba  
Name(s) of Signers(s)

personally known to me

proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Leslie Laybourne  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: Ratification and Joinder of Unit Agreement

Document Date: 3-21-2000 Number of Pages 1

Signer(s) Other Than Names Above: N/A

**Capacity(ies) Claimed by Signer**

- Signer's Name Elisabeth Serba
- Individual
- Corporate Officer - Title(s) \_\_\_\_\_
- Partner -  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

RIGHT THUMBPRINT OF SIGNER



Signer Is Representing \_\_\_\_\_

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 23 day of March, 192000  
Chapman H. Snodgrass  
Attest: Keri Carson  
Address: 1704 Huntington ST  
PO Box 1345  
Midland, Tx 79702

TRACT (S) \_\_\_\_\_  
\_\_\_\_\_

STATE OF Texas  
COUNTY OF Midland

On this 23 day of March, 192000, before me personally Chapman H. Snodgrass, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 1-23-02  
Notary Public [Signature]

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

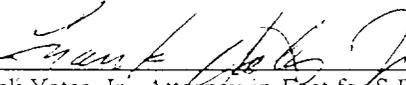
In consideration of the execution of the Unit Agreement for the Development and Operation of the **Red Hills North Unit Area**, County of Lea, State of New Mexico, dated March 1, 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assignees or successors in interest.

EXECUTED this 29th day of March, 2000.

ESTATE OF LILLIE M. YATES

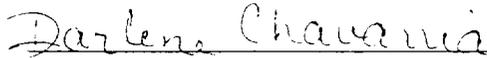
By:  37  
Frank Yates, Jr., Attorney-in-Fact for S.P. Yates, B.W. Harper and Frank Yates, Jr., Personal Representatives of the Estate of Lillie M. Yates, Deceased.

*Address:* 105 South Fourth Street  
Artesia, New Mexico 88210

STATE OF NEW MEXICO        )  
  :SS  
COUNTY OF EDDY            )

The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of March, 2000, by Frank Yates, Jr., Attorney-in-Fact for S.P. Yates, B.W. Harper and Frank Yates, Jr., Personal Representatives of the Estate of Lillie M. Yates, Deceased.

My commission expires:  
9-15-2003

  
Notary Public

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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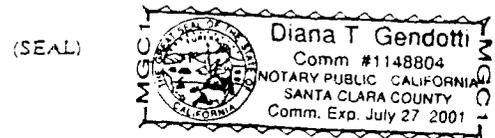
This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or his heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 27<sup>th</sup> day of March, 2000.  
Diana T. Gendotti x Jarmila Vrana  
Area: \_\_\_\_\_ Address: 631 Chadbourne  
Millbrae, CA 94030

TRACT (S) No. 1  
STATE OF California  
COUNTY OF Santa Clara

On this 27<sup>th</sup> day of March, 2000 before me personally Jarmila Vrana, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: July 27, 2001  
Diana T. Gendotti  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 1X 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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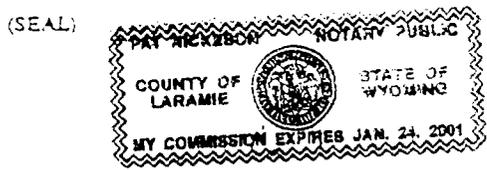
This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 27<sup>th</sup> day of March, 2000,  
KELLY REVOCABLE TRUST By: Gale O. Kelly  
Trustee Address: Gale O. Kelly, Trustee  
7 P.O. Box 2097  
TRACT (S) 7 Cheyenne, WY 82003

STATE OF Wyoming  
COUNTY OF Laramie

On this 27<sup>th</sup> day of March, 2000, before me personally Gale O. Kelly, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 1/24/2001  
Pat Nickerson  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 29 day of March 2000

\_\_\_\_\_ Area

Holly Schertz  
Holly Schertz  
Address: P.O. Box 2588

TRACT (S) Tract 3  
\_\_\_\_\_

Roswell, NM 88202-2588  
\_\_\_\_\_

STATE OF New Mexico)

COUNTY OF Chaves)

On this 29th day of March ~~19~~ 2000, before me personally Holly Schertz, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 4-12-02

Patti Stacy  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 29th day of March, 2000.

Attest

Danielle Hannifin  
Danielle Hannifin

Address: P.O. Box 182

TRACT(S) Tract 3

Roswell, NM 88202-0182

STATE OF New Mexico

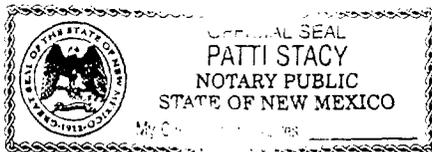
COUNTY OF Chaves

On this 29th day of March, 2000, before me personally Danielle Hannifin to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 4-12-02

Patti Stacy  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 29th day of March 192000.

Estate of Kathleen Hannifin Bullard

Barbara E. Hannifin  
By: Barbara E. Hannifin, Personal Representative

\_\_\_\_\_  
Attest

Address: P.O. Box 182  
Roswell, NM 88202-0182

TRACT (S) Tract 3

STATE OF New Mexico)

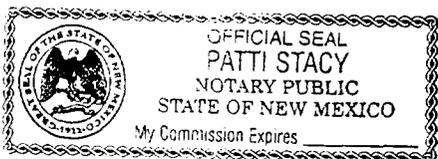
COUNTY OF Chaves) ss.

On this 29th day of March 192000, before me personally Barbara E. Hannifin, Pers. Rep., to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 4-12-02

Patti Stacy  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 29th day of March, 192000

\_\_\_\_\_  
Attest

TRACT (S) Tract 3  
\_\_\_\_\_

**NUEVO SEIS LIMITED PARTNERSHIP**  
a New Mexico Limited Partnership

By: MM, Inc., its General Partner

By: Barbara E. Hannifin  
Barbara E. Hannifin, President

**NUEVO SEIS LIMITED PARTNERSHIP**  
P. O. BOX 2588  
ROSWELL, NEW MEXICO 88202-2588  
(505) 623-4618

STATE OF New Mexico

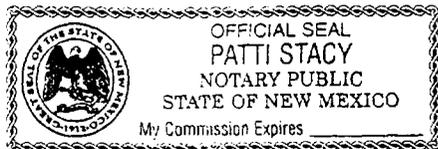
COUNTY OF Chaves

On this 29th day of March, 192000, before me personally Barbara E. Hannifin, Pres./GP, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 4-12-02

Patti Stacy  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 27 day of MARCH, 2000.

Attest

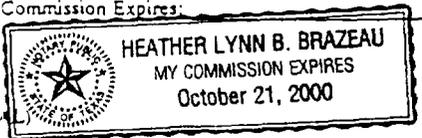
Address: 4808 WESTRIDGE AVE.  
FORT WORTH, TX 76116

TRACT (S) Mary T Ard

STATE OF TEXAS  
COUNTY OF TARRANT

On this 27 day of MARCH, 2000, before me personally MARY T ARD, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires:



Heather Lynn B. Brazeau  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 5th day of April, 2000  
C. D. Finner President Shaner Oil Co.  
Attest

Address: 401 West Texas  
404 (Suite)  
Midland TX 79705

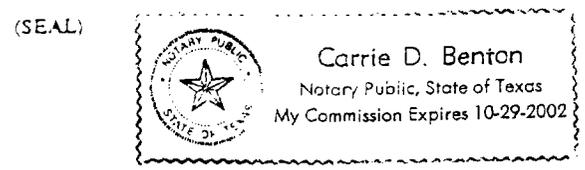
TRACT (S) \_\_\_\_\_  
\_\_\_\_\_

STATE OF TEXAS  
COUNTY OF Midland

On this 5th day of April, 2000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 10-29-02

Carrie D. Benton  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 22 day of March, 2000  
Delmar H. Lewis  
Attest

Address: \_\_\_\_\_  
DOS HERMANAS OIL & GAS  
6300 Ridglea Place, Ste 1005-A  
Ft Worth, Texas 76116

TRACT (S) \_\_\_\_\_  
STATE OF TEXAS  
COUNTY OF TARRANT

On this 22<sup>nd</sup> day of MARCH, 2000, before me personally DELMAR H. LEWIS, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 06-01-2002  
Stephanie Barton  
Notary Public STEPHANIE BARTON

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 22<sup>nd</sup> day of March, 192000.

Francis H. Hudson  
Attest FRANCIS H. HUDSON

Lindy's Living Trust

Address: DOS HERMANAS OIL & GAS  
6300 Ridglea Place, Ste 1005-A  
Ft Worth, Texas 76116

TRACT (S) \_\_\_\_\_

STATE OF TEXAS

COUNTY OF TARRANT

On this 22<sup>nd</sup> day of MARCH, 192000, before me personally FRANCIS H. HUDSON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 06-01-2002

Stephanie Barton  
Notary Public STEPHANIE BARTON

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 22<sup>nd</sup> day of MARCH, 192000

\_\_\_\_\_  
Area

James W. White  
Address: 7000 RANGER DR

TRACT(S) 7

CHEYENNE WY 82009

STATE OF WYOMING

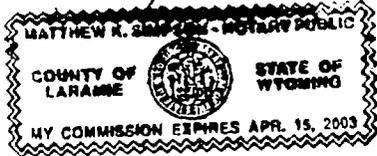
COUNTY OF LARAMIE

On this 22<sup>nd</sup> day of March, 192000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: April 15, 2003

Matthew K. Simpson  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 22<sup>ND</sup> day of MARCH, 19 2000.

\_\_\_\_\_ Attest

Estelle Harper

Address: 7000 Ranger Dr  
Chesapeake Ny 13007

TRACT (S) 7

STATE OF WYOMING

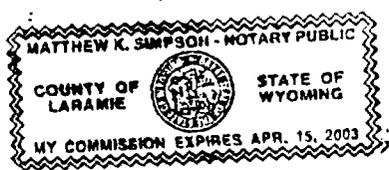
COUNTY OF LARAMIE

On this 22<sup>ND</sup> day of March, 19 2000, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: April 15, 2003

Matthew K. Simpson  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 17<sup>th</sup> day of April, 2000

\_\_\_\_\_  
Attest

Robert N. Espinoza

Address: P.O. Box 2431  
Santa Fe, NM  
87504

TRACT (S) 5

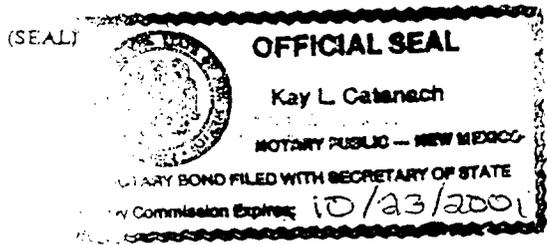
STATE OF NEW MEXICO

COUNTY OF SANTA FE

On this 17<sup>th</sup> day of April, 2000, before me personally Robert N. Espinoza, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: October 23, 2001

Kay L. Catarachin  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 10<sup>TH</sup> day of April, 2000  
[Signature]

Area:

Address: DR ERIK BATEMAN  
2740 OSTRON AVE  
Long BEACH CA  
(PH) (562) 425 4478 90815

TRACT (S) \_\_\_\_\_

STATE OF California

COUNTY OF Orange

On this 10 day of April, 19 2000, before me personally Erik Bateman, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as (his) her free act and deed.

My Commission Expires: NOVEMBER 20, 2002 [Signature]  
Notary Public

(SEAL)



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 3<sup>RD</sup> day of April 192000.  
Roxy A. Barkfield Address: Roxy A. Barkfield  
Roxy A. Barkfield 1207 Camino Real  
Arbuckle, NM. 88201

TRACT (S) \_\_\_\_\_

STATE OF New Mexico

COUNTY OF Chaves

On this 3<sup>RD</sup> day of April 192000, before me personally Roxy A. Barkfield, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 8-30-2000

Renee M. Montoya  
Notary Public

(SEAL)

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 10<sup>th</sup> day of April, 2000  
Barbara A. Woods Barbara A. Woods  
Attest  
Address: RR 2 Box 1166  
Perotello, ID  
83205

TRACT (S) \_\_\_\_\_

STATE OF Idaho

COUNTY OF Bannock

On this 10<sup>th</sup> day of April, 2000, before me personally Barbara A. Woods, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: Nov 1, 2002 Melissa M. Clark  
Notary Public

(SEAL)

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 15th day of May, 19 2000.

Attest

Dorothy J. Tucker  
Dorothy J. Tucker, Trustee

Address: Dorothy J. Tucker Trust  
200 Cascade Avenue  
Cheyenne, Wyoming 82009

TRACT (S) 7

STATE OF Wyoming

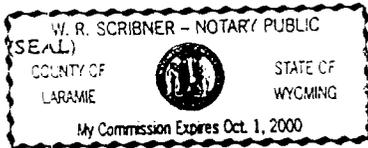
COUNTY OF Laramie

) ss.

On this 15th day of May, 19 2000, before me personally Dorothy J. Tucker, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 10-1-00

[Signature]  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

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This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 12th day of May, 19 2000

Attest

  
Judy K. Andrikopoulos

Address: P. O. Box 350

TRACT (S) 7

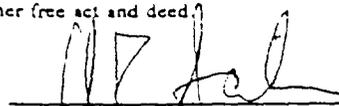
Daniel, WY 83115

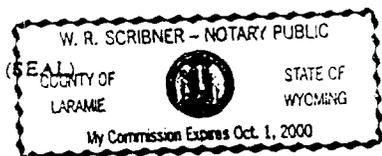
STATE OF Wyoming

COUNTY OF Laramie

On this 12th day of May, 19 2000, before me personally Judy K. Andrikopoulos, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 10-1-00

  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

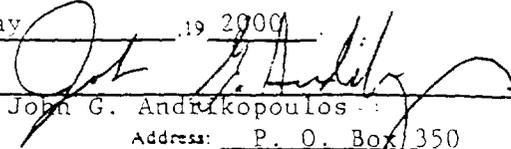
In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1, 19 2000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this 12th day of May, 19 2000

\_\_\_\_\_  
Attest

  
John G. Andrikopoulos  
Address: P. O. Box 350

TRACT (S) 7

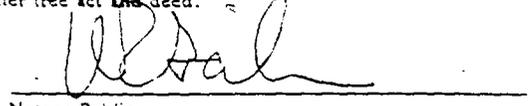
Daniel, WY 83115

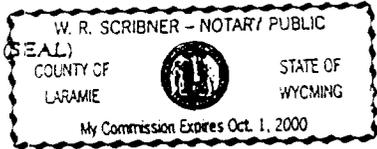
STATE OF Wyoming

COUNTY OF Laramie

On this 12th day of May, 19 2000, before me personally John G. Andrikopoulos, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

My Commission Expires: 10-1-00

  
\_\_\_\_\_  
Notary Public



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND  
UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Red Hills North UNIT AREA, County of Lea State of New Mexico, dated March 1 192000, in form approved on behalf of the Secretary of the Interior and the Commissioner of Public Lands, and in consideration of the execution or ratification by other working interest owners of the contemporary Unit Operating Agreement which relates to said Unit Agreement the undersigned hereby expressly ratifies, approves and adopts said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of Unit Agreement shall be binding upon the undersigned, his, or her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this \_\_\_\_\_ day of April, 2000.

\_\_\_\_\_ )  
Attest

E. B. Herbig  
E. B. Herbig, Managing Partner of Amadillo Prego

Address: \_\_\_\_\_

TRACT (S) \_\_\_\_\_

\_\_\_\_\_ )  
P O Box 993

\_\_\_\_\_ )  
Midland TX 79702

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that (s) he executed the same as his/her free act and deed.

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

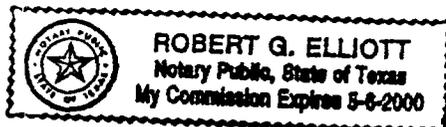
\_\_\_\_\_  
Notary Public

(SEAL)

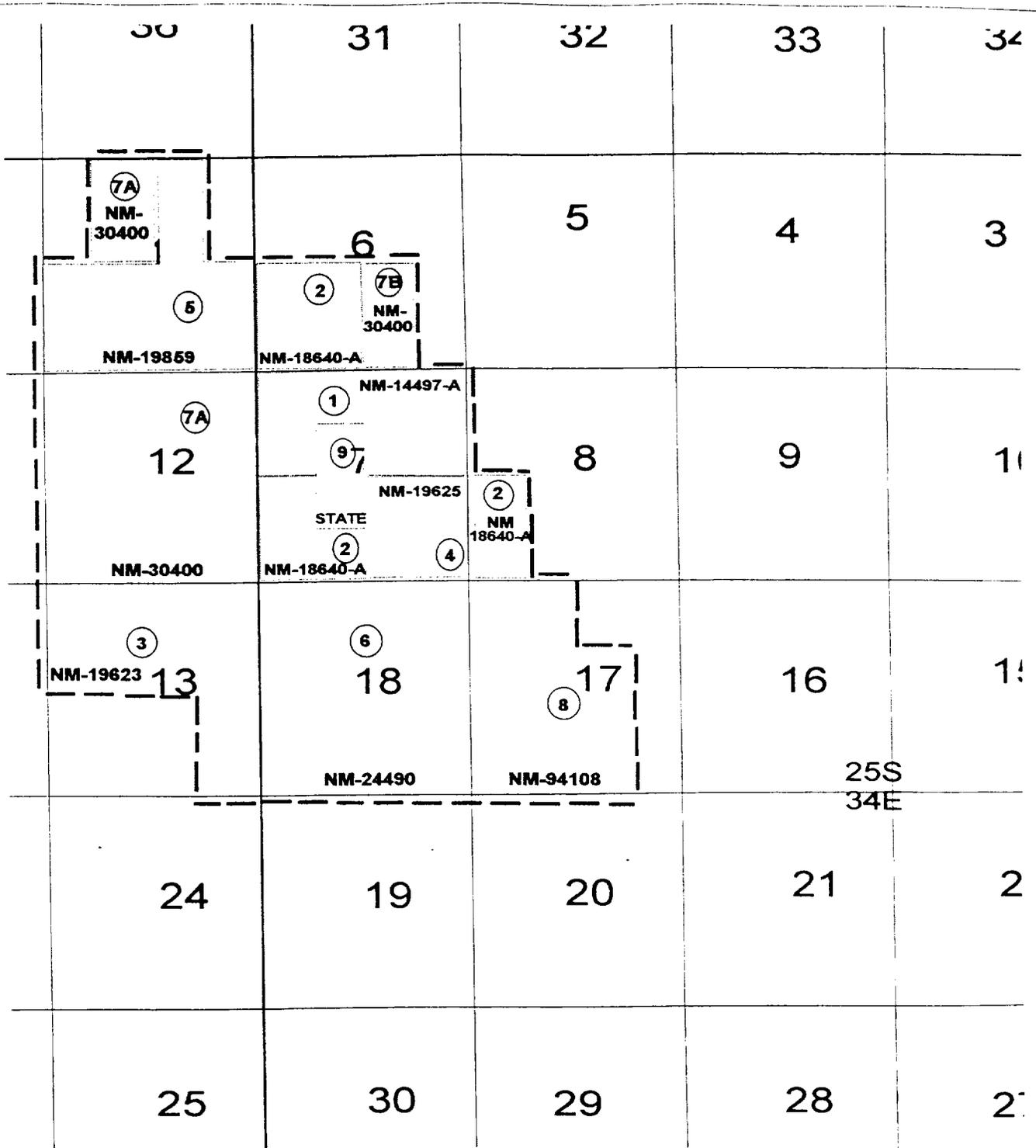
STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on April 24<sup>th</sup>, 2000, by E. B. Herbig, Managing Partner of Amadillo Prego, a Texas general partnership, on behalf of said partnership.



Robert G. Elliott  
Notary Public, State of Texas



**RED HILLS NORTH  
EXHIBIT "A"**

Federal	3475.84
State	80.00
<b>Total</b>	<b>3555.84</b>
Unit Outline	- - - -

○ Tract Numbers as Listed on Exhibit "B"

*Geogresources*

Exhibit "B"

Schedule Showing All Lands and Leases  
Within the Red Hills North Unit  
Lea County, New Mexico

Tract No	Description of Lands	Total Acres	Serial Number and Expiration Date	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty and Percentage		Working Interest and Percentage	
						Basic Royalty and Percentage	Overriding Royalty and Percentage		
1	Township 25 South, Range 34 East Section 7, Lots 1 & 2, NE/4, NE/4 NW/4	279.05	NM 14497 A USA HBP	12.50%	EOG Resources, Inc	Ben B. Hutchinson Estate Trust	0.66666700%	Roden Associates Ltd. Roden Participants Ltd. EOG Resources, Inc.	0.780300000% 3.901400000% 95.318300000%
2	Township 25 South, Range 34 East Section 6: Lots 6, 7, E/2 SW/4 Section 7: Lots 3, 4, SE/4 SW/4 Section 8: W/2 SW/4	358.41	NM 18640 A USA HBP	12.50%	EOG Resources, Inc	Barbara Ann Woods Boley B. Embrey Danielle Hannifin Edward R. Hudson, Jr. Holly Schertz Josephine T. Hudson Kathleen Hannifin Bullard Estate Shanee Oil Company, Inc. David L. Schmidt David H. Pace Barbara E. Hannifin Bob Bales Lindy's Living Trust Delmar H. Lewis Roxy A. Burkfield Monty D. McLane Mary Hudson Ard Rhonda Pace States Inc.	0.66666700% 0.30555600% 0.12500000% 0.30555700% 0.40635000% 0.30555700% 0.21870000% 0.30555600% 0.25000000% 0.25000000% 0.12500000% 0.30555700% 0.12500000% 0.32812500% 0.32812500% 0.91666000% 0.20370500% 0.21870000% 0.12500000% 0.43518500%	Roden Associates Ltd. Roden Participants Ltd. EOG Resources, Inc.	0.780300000% 3.901400000% 95.318300000%

Exhibit "B"

Schedule Showing All Lands and Leases  
Within the Red Hills North Unit  
Lea County, New Mexico

Tract No	Description of Lands	Total Acres	Serial Number and Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
3	Township 25 South, Range 33 East Section 13: N/2, E/2 SE/4	400	NM 19623 HBP	USA 12.50%	EOG Resources, Inc. 100%	The Beverage Company Armadillo Prego Bravo-I LLC 1.857000000% 1.875000000% 3.750000000%	EOG Resources, Inc. 100.000000000%
4	Township 25 South, Range 34 East Section 7: SE/4	160	NM 19625 HBP	USA 12.50%	EOG Resources, Inc. 100%	Estate of Lillie M. Yates 6.250000000%	EOG Resources, Inc. 100.000000000%
5	Township 25 South Range 33 East Section 1: Lot 2, S/2, SW/4 NE/4	399.93	NM 19859 HBP	USA 12.50%	Phillips Petro. Co. 100%	Erik C. Bateman Montimer M. Merritt Glenda Christian Young James H. Stone, Inc. Chapman H. Snodgrass 1.562500000% 0.499970000% 1.562500000% 1.312500000% 1.312500000%	Hallwood Petroleum Inc. Rodan Associates Ltd. Rodan Participants Ltd. Michael Shearn Sol West III EOG Resources, Inc. 9.915000000% 0.703100000% 3.515100000% 0.312100000% 1.248500000% 84.306200000%
6	Township 25 South, Range 34 East Section 18: Lots 1-4, E/2 and E/2 W/2	638.56	NM 24490 HBP	USA 12.50%	EOG Resources, Inc. 100%	Estelle C. Haeefele Kelly Revocable Trust James W. Haeefele John G. Andrikopoulos Judy K. Andrikopoulos Janice A. Kruzich Dorothy J. Tucker Trust A. G. Andrikopoulos Resources, Inc. 0.117188000% 0.234375000% 0.117187000% 0.058594000% 0.058594000% 0.250000000% 0.234375000% 3.929687000%	EOG Resources, Inc. 100.000000000%
7A	Township 25 South, Range 33 East Section 1 Lot 3, SE/4 NW/4 Section 12 All	719.89	NM 30400 HBP	USA 12.50%	EOG Resources, Inc. 100%	Jarmila Vrana 1989 Revocable Trust Serba Revocable Trust A 3.000000000% 3.000000000%	Hallwood Petroleum Inc. Rodan Associates Ltd. Rodan Participants Ltd. Michael Shearn Sol West III EOG Resources, Inc. 9.915000000% 0.703100000% 3.515100000% 0.312100000% 1.248500000% 84.306200000%

Exhibit "B"

Schedule Showing All Lands and Leases  
Within the Red Hills North Unit  
Lea County, New Mexico

Tract No	Description of Lands	Serial Number and Expiration Date	Total Acres	Basic Royalty Owner and Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
7B	Township 25 South, Range 34 East Section 6: W/2 SE/4	NM 30400 USA HBP	80	12.50%	EOG Resources, Inc. Revocable Trust 100%	Jarmila Vrana 1989 Serba Revocable Trust 0.300000000% 0.300000000%	Roden Associates Ltd. Roden Participants Ltd. EOG Resources, Inc. 0.780300000% 3.901400000% 95.318400000%
8	Township 25 South, Range 34 East Section 17: W/2, SW/4 NE/4, W/2 SE/4	NM 94108 USA HBP	440	12.50%	EOG Resources, Inc. 100%		EOG Resources, Inc. 100.000000000%
9	Township 25 South, Range 34 East Section 7: NE/4 SW/4, SE/4 NW/4	NM E 1924 2 State of New Mexico 6/10/58	80	12.50%	W. A. Yeager 100%		Roden Associates Ltd. Roden Participants Ltd. EOG Resources, Inc. 0.780300000% 3.901400000% 95.318300000%
<u>Recapitulation</u>							
		80 Acres of State of New Mexico Lands				2.249829%	
		3475.84 Acres of Bureau of Land Management Lands				97.750171%	
		3555.84 Total Unit Acres				100.000000000%	

**Exhibit 'C'**

**Red Hills North (Bone Spring) Unit Tract Participation**

Tract	Tract Participation for Unit Parameters			Tract Participation in Unit Based on Formula
	Rem. Prim. Prod. (a)	June/July '99 Prod. (b)	Net Acre-Ft. (c)	$1/3a + 1/3b + 1/3c$
Tract 1	0.09974461	0.10277577	0.07794363	0.09348800
Tract 2	0.13604230	0.10848436	0.13156166	0.12536277
Tract 3	0.05903063	0.06582912	0.07485770	0.06657248
Tract 4	0.04971111	0.05888969	0.05933064	0.05597715
Tract 5	0.11901635	0.11956199	0.08593490	0.10817108
Tract 6	0.15367646	0.16344807	0.17711445	0.16474633
Tract 7A	0.27997336	0.30276728	0.30644542	0.29639536
Tract 7B	0.00861499	0.00621790	0.01921108	0.01134799
Tract 8	0.05638583	0.03845338	0.02974557	0.04152826
Tract 9	0.03780436	0.03357243	0.03785494	0.03641058
<b>TOTALS</b>	<b>1.00000000</b>	<b>1.00000000</b>	<b>1.00000000</b>	<b>1.00000000</b>

**EOG Resources, Inc.**  
**Initial Plan of Operations**  
**June 12, 2000**

**Red Hills North (Bone Spring) Unit**  
**Lea County, New Mexico**

EOG Resources, Inc. as operator of the Red Hills North (Bone Spring) Unit, in Lea County, New Mexico, will conduct the following operations upon unitization.

- Rename and re-number all wells in the unit, reflecting the new designation of Red Hill North Unit (RHNU)
- Drill and complete the RHNU 211 (Hallwood 12 Federal No. 11) as a horizontal producing well as approved by the BLM and the Oil Conservation Division of the State of New Mexico. The well will commence by September 2000 and should be completed by November 2000.
- Convert the RHNU 302 (Vaca 13 Federal No. 2) to water injection and commence waterflood operations by the 4<sup>th</sup> quarter of 2000.
- Potentially consolidate several tank batteries in Section 7-T25S-R34E to improve operational efficiencies.
- Continue to install artificial lift equipment as necessary to insure efficient production rates.

EOG Resources, Inc.  
Red Hills North (Bone Spring) Unit  
Lea County, New Mexico  
Well Name/Number Conversion  
As Of June 12, 2000

<i>Pre-Unitization</i>		<i>Post-Unitization</i>	
<i>Well Name</i>	<i>Well No.</i>	<i>Well Name</i>	<i>Well No.</i>
Hallwood 1 Federal	2	RHNU	102
Hallwood 1 Federal	3	RHNU	103
Hallwood 1 Federal	4	RHNU	104
Hallwood 1 Federal	5	RHNU	105
Hallwood 1 Federal	7	RHNU	107
Half 6 Federal	1	RHNU	601
Half 6 Federal	2	RHNU	602
Half 6 Federal	3	RHNU	603
Diamond 7 Federal	1	RHNU	701
Diamond 7 Federal	2	RHNU	702
Diamond 7 Federal	4	RHNU	704
Diamond 7 State	1	RHNU	707
Diamond 7 State	2	RHNU	708
Half 7 Federal	1	RHNU	703
Red Hills 7 Federal	1	RHNU	705
Red Hills 7 Federal	2	RHNU	706
Half 8 Federal	1	RHNU	811
Hallwood 12 Federal	1	RHNU	201
Hallwood 12 Federal	2	RHNU	202
Hallwood 12 Federal	3	RHNU	203
Hallwood 12 Federal	5	RHNU	205
Hallwood 12 Federal	6	RHNU	206
Hallwood 12 Federal	7	RHNU	207
Hallwood 12 Federal	8	RHNU	208
Hallwood 12 Federal	9	RHNU	209
Hallwood 12 Federal	10	RHNU	210
Hallwood 12 Federal	11	RHNU	211
Vaca 13 Federal	1	RHNU	301
Vaca 13 Federal	2	RHNU	302
Vaca 13 Federal	3	RHNU	303
Vaca 13 Federal	4	RHNU	304
Javalina 17 Federal	1	RHNU	901
Javalina 17 Federal	2	RHNU	902
Javalina 17 Federal	3	RHNU	903
Diamond 18 Federal	1	RHNU	801
Diamond 18 Federal	2	RHNU	802
Diamond 18 Federal	3	RHNU	803
Diamond 18 Federal	4	RHNU	804
Diamond 18 Federal	5	RHNU	805
Diamond 18 Federal	6	RHNU	806
Diamond 18 Federal	7	RHNU	807

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
ANTHONY F. MEDEIROS  
  
JACK M. CAMPBELL  
1916-1999

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4121  
FACSIMILE: (505) 983-6000  
E-MAIL: law@westofpecos.com

APR 27 PM 12:54  
OIL CONSERVATION DIV

April 27, 2000

**VIA HAND DELIVERY**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, NM 87505

***RE: In the matter of Case 12329: The application of EOG Resources, Inc. for a Unit Agreement, Lea County, New Mexico.***

Dear Ms. Wrotenbery,

EOG Resources, Inc. hereby respectfully requests that the Examiner Hearing in the above-referenced case which is currently scheduled for May 4, 2000 be continued to the May 18, 2000 Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr

WFC:md

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
ANTHONY F. MEDEIROS  
  
JACK M. CAMPBELL  
1916-1999

OIL CONSERVATION DIV.  
00 APR -5 PM 12:43

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: law@westofpecos.com

April 5, 2000

VIA HAND DELIVERY

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, NM 87505

**RE: *In the matter of Case 12329: The application of EOG Resources, Inc. for a Unit Agreement, Lea County, New Mexico.***

Dear Ms. Wrotenbery,

EOG Resources, Inc. hereby respectfully requests that the Examiner Hearing in the above-referenced case which is currently scheduled for April 6, 2000 be continued to the May 4, 2000 Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,

Paul R. Owen

PRO:md

CAMPBELL, CARR, BERGE  
& SHERIDAN, P.A.  
LAWYERS

MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
MARK F. SHERIDAN  
MICHAEL H. FELDEWERT  
PAUL R. OWEN  
ANTHONY F. MEDEIROS  
  
JACK M. CAMPBELL  
1916-1999

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
FACSIMILE: (505) 983-6043  
E-MAIL: ccbspa@ix.netcom.com

January 18, 2000

**VIA HAND DELIVERY**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, NM 87505

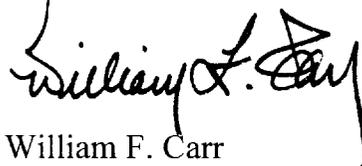
***RE: In the matter of Case 12329: The application of EOG Resources, Inc. for  
a unit agreement, Lea County, New Mexico.***

Dear Ms. Wrotenbery,

EOG Resources, Inc. hereby respectfully requests that the Examiner Hearing in the above-referenced case which is currently scheduled for January 20, 2000 be continued to the February 17, 2000 Examiner Hearing Docket.

Your attention to this request is appreciated.

Very truly yours,

  
William F. Carr

WFC:md

cc: Larry Cunningham via fax

*Mark*  
*MA*  
*1-18-00*

09 JAN 18 AM 11:29  
OIL CONSERVATION DIV.