

DESIGNATION OF UNIT

THE STATE OF NEW MEXICO X
 X
COUNTY OF EDDY X

KNOW ALL MEN BY THESE PRESENTS: THAT,

WHEREAS, HNG OIL COMPANY, (herein called "HNG") and AMOCO PRODUCTION COMPANY (herein called ("AMOCO")) are the owners and holders of each of those certain Oil & Gas leases which are more fully described on the exhibit attached hereto as to the lands shown therefor on such exhibit; and

WHEREAS, HNG and AMOCO desire to pool, combine and unitize such leases, and the land covered thereby, to the extent necessary to form a unit for the production of gas (including condensate or distillate produced therewith and any other associated liquid hydrocarbons) as hereinafter set forth, and in and by reason of such leases HNG and AMOCO are given and granted the right and power to pool or combine such leases, or any portion or portions thereof, as hereinafter specified;

NOW, THEREFORE, pursuant to the rights and powers granted and given by said leases, HNG and AMOCO do hereby pool, combine and unitize the leases described on the exhibit attached hereto and the respective tracts of land covered thereby, insofar as said leases cover the following described land situated in Eddy County, New Mexico, and containing an aggregate of 320 acres of land, to-wit:

All of the East-half (E/2) of Section 8, T-24-S, R-28-E,
N.M.P.M., Eddy County, New Mexico

do hereby designate said land as a pooled unit for the production of gas (including condensate or distillate produced therewith and any other associated liquid hydrocarbons), in accordance with, and pursuant to the rights and powers granted and given to the lessees in said leases; and do hereby state and declare that it is the judgment of the undersigned that it is necessary or advisable to designate such unit in order properly to explore or to develop and operate the respective leased premises, and that same will promote the conservation of the herein unitized substances in and under and that may be produced from said premises.

The unit created hereby shall be effective as of the date hereof.

EXECUTED this 18th day of February, 1977.

HNG OIL COMPANY

ATTEST:

ME Burns

BY:

J. Stewart Martin
J. Stewart Martin, Vice President

AMOCO PRODUCTION COMPANY

ATTEST:

BY: _____

Title _____