

**UNIT AGREEMENT**  
**FOR THE DEVELOPMENT AND OPERATION**  
**OF THE**  
**EAST BLINEBRY - DRINKARD UNIT**  
**LEA COUNTY, NEW MEXICO**

**BEFORE THE**  
**OIL CONSERVATION DIVISION**  
Case No. Exhibit No. **3**  
Submitted By:  
**Apache Corporation**  
Hearing Date: June 16, 2005

# UNIT AGREEMENT

## EAST BLINEBRY - DRINKARD UNIT LEA COUNTY, NEW MEXICO

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THIS AGREEMENT, entered into as of the 1<sup>st</sup> day of March, 2005, 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. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly, or separately with others, in collectively adapting 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 Oil Conservation Division of the Energy and Minerals Department 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 1978 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 commit to this Agreement their respective interest in the below defined Unit Area, and agree severally among themselves as follows:

SECTION 1. ENABLING ACT AND REGULATION. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this Agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this Agreement; and as to 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 non-federal land 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:

(a) "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.

(b) "Department" is defined as the Department of the Interior of the United States of America.

(c) "Division" is defined as the Oil Conservation Division of the Department of Energy and Minerals of the State of New Mexico.

(d) "Effective Date" is the date determined in accordance with Section 24, or as redetermined in accordance with Section 39.

(e) "Oil and Gas Rights" are rights 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.

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

(g) "Plan of Operation" shall have the meaning ascribed to such term in Section 11 hereof.

(h) "Proper BLM Office" is defined as the Bureau of Land Management office having jurisdiction over the federal lands included in the Unit Area.

(i) "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.

(j) "Royalty Owner" is the owner of a Royalty Interest.

(k) "Secretary" is defined as the Secretary of the Interior of the United States of America, or his duly authorized delegate.

(l) "Tract" is each parcel of land described as such and given a Tract number in Exhibit "B-1".

(m) "Tract Participation" is defined as the percentage of participation shown on Exhibit "B-2" for allocating Unitized Substances to a Tract under this Agreement.

(n) "Unit Area" is defined as those lands described in Exhibit "B-1" and depicted on Exhibit "A" hereof, and such land is hereby designated and recognized as constituting the Unit Area, containing 2,080.00 acres, more or less, in Lea County, New Mexico.

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

(p) "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.

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

(r) "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, East Blinebry - Drinkard Unit, Lea County, New Mexico".

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

(t) "Unit Operator" is the party designated by the Working Interest Owners pursuant to Section 6 of this Agreement and any successor thereof selected and qualified in accordance with the provisions of this Agreement and the Unit Operating Agreement.

(u) "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.

(v) "Unitized Formation" shall mean that interval underlying the Unit Area, the vertical limits of which extend from an upper limit 75 feet above the stratigraphic Blinebry marker to a lower limit at the top of the Abo formation as seen on the Type Log from the Continental Lockhart B-11 #17 located at 1980' FNL and 1980' FEL, Section 11-T21S-R37E, and is that interval which is correlative to the interval from 5615' to 6795' below the surface measured from the derrick floor as shown on Exhibit "C" Type Log. The Blinebry marker has been defined by the New Mexico Oil Conservation Commission ("NMOCC") at a depth of 5457 feet (elevation 3380, sub-sea datum 2077) in Exxon State S #20, located in SW/4 NW/4 of Sections 2-T22S-R37E, Lea County, New Mexico.)

(w) "Unitized Lands" shall have the means ascribed to such term in Section 5 of this Agreement.

(x) "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.

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

(z) "Working Interest Owners" 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, mineral 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 the remaining one-eighth (1/8) of his interest therein.

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-1" 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. Exhibit "B-2" attached hereto is a schedule showing the Tract Participation of each Tract. Exhibit "B-3" attached hereto is a schedule showing a summary of Tract Participation for the Proper BLM Office. Exhibit "C" attached hereto is a copy of the Type Log identifying the unitized interval underlying the Unit Area. However, nothing herein or in said schedules or map shall be construed as a representation by any party hereto as to the ownership of any interest other

than such interest or interests as are shown in said map or schedules as owned by such party. The shapes and descriptions of the respective Tracts have been established by using the best information available as of the date of execution of this Agreement. Each Working Interest Owner is responsible for supplying Unit Operator with accurate information relating to such Working Interest Owner's interest. If it subsequently appears that any Tract, because of diverse Royalty or Working Interest ownership, 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 within thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each other, such revision of an Exhibit occurring outside of such thirty (30) day period 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 the Working Interest Owners and set forth in the revised Exhibit. Not less than four copies of any such revision 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., 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 any 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) of this Section 4, the Working Interest Owners may agree upon an adjustment of investment by reason of any such expansion. Such expansion shall be affected 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 therefore with Unit Operator requesting such admission.

(b) Unit Operator shall circulate a notice of the proposed expansion to each of the Working Interest Owners 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 enlarged Unit Area and other pertinent data. After negotiation (at a Working Interest Owners' meeting or otherwise,) if at least two Working Interest Owners having in the aggregate at least sixty-five percent (65%) of the Unit Participation then in effect have agreed to the inclusion of such tract or tracts in the Unit Area, then Unit Operator shall:

(1) After obtaining preliminary concurrence by the A.O., prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefore, the basis for admission of the additional tract or tracts, the tract participation to be assigned thereto and the proposed effective date thereof; and

(2) Deliver copies of said notice to (i) the A.O. at the Proper BLM Office, (ii) each Working Interest Owner and (iii) 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 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 joinders 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 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. Upon the approval of any such expansion, the tract or tracts added to the Unit Area shall thereafter be considered to be a "Tract" or "Tracts" as defined under this Agreement. 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(v) of this Agreement.

SECTION 6. UNIT OPERATOR. APACHE CORPORATION is hereby designated the initial 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 references 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 (i) the interests of the Working Interest Owners in the Unit Area, (ii) the Unitized Substances produced therefrom, (iii) the proceeds thereof and (iv) the Unit Equipment to the extent provided in the Unit Operating Agreement.

SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR. The Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release such Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after written notice of its intention to resign has been given by Unit Operator to all Working Interest Owners 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 such six (6) month period.

The Unit Operator shall, upon material default or material failure in the performance of its material duties hereunder or under the Unit Operating Agreement, be subject to removal by the affirmative vote of three (3) or more Working Interest Owners having, in the aggregate, sixty-five percent (65%) 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 delivery of notice thereof to the A.O.

In all such instances of effective resignation or removal, until a successor to the outgoing 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 as the owner of a Working Interest or other interest in the Unit Area or in the Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall promptly deliver possession of all well 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 Unit Operator is then 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 any 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 hereinabove provided, the Working Interest Owners shall select a successor Unit Operator as herein provided. The selection of a successor Unit Operator shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the A.O. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the A.O. at their election, may declare this Agreement terminated.

In selecting a successor Unit Operator, the affirmative vote of three or more Working Interest Owners having a total of sixty-five percent (65%) or more of the 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 two or more other 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 sixty-five percent (65%) 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 obligation 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 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 or the proceeds thereof 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 Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit

Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. PLAN OF OPERATIONS. It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances 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 (a "Plan of Operation") approved by the Working Interest Owners, the A.O., and the Division, including the right to drill and maintain injection wells within the Unit Area and completed in the Unitized Formation, and to use any temporarily or permanently abandoned well or wells that penetrated the Unitized Formation for said purpose. Subject to like approval, the Plan of Operation may be revised as conditions may warrant.

The initial Plan of Operation shall be filed with the A.O., and the Division concurrently with the filing of this Unit Agreement for final approval. The initial Plan of Operation and all revisions thereof shall be as complete and adequate as the A.O. and the Division may determine to be necessary for timely operation consistent herewith. Upon approval of this Agreement and the initial Plan of Operation by the A.O., said Plan of Operation, and all subsequently approved Plans of Operation, shall constitute the operating obligations of the Unit Operator under this Agreement for the period(s) specified therein. Thereafter, from time to time before the expiration of any existing Plan of Operation, the Unit Operator shall submit for like approval a Plan of Operation 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 currently 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 on 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 Unitized Lands.

SECTION 13. TRACT PARTICIPATION. In Exhibit "B-2" attached hereto there are listed and numbered the various Tracts within the Unit Area, and set forth opposite each Tract are figures which represent the Tract Participation, during Unit Operations if all Tracts in the Unit Area qualify as provided herein. The Tract Participation of each Tract as shown in Exhibit "B-2" has been determined in accordance with the following formula:

Tract Participation: Beginning at 7:00 A.M. on the Effective Date of this Agreement and continuing for the term of this agreement, the Tract Participation of each Tract shall be determined by the formula:

$$\text{Tract Participation} = 95\% A/B + 5\% C/D$$

A. The number of barrels of cumulative oil produced from the Unitized Formation underlying such Tract from date of first production through June 1, 2004.

B. The total number of barrels of cumulative oil produced from the Unitized Formation underlying all such Tracts from date of first production through June 1, 2004.

C. The number of surface acres constituting such Tract.

D. The total number of surface acres of all such Tracts.

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-1" 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 Owners 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 in other Tracts, 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 Participations which would have been attributed to the nonsubscribing 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 such Working Interest Owner's respective Working Interests in the relevant 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 A.O., file therewith schedules of those Tracts which have been committed and made subject to this Agreement and are entitled to participate in Unitized Substances. Said schedules shall set forth opposite 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 formulas set forth in Section 13 (Tract Participation) above. Exhibit "B-1", "B-2" and "B-3" shall be revised, and upon approval thereof by the A.O., shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until new schedules are approved by the A.O.

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, and other production or development purposes and for injection or unavoidable loss in accordance with a Plan of Operation approved by the A.O.) 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-2". All oil, condensate and distillate shall be allocated to the several Tracts based on the Tract Participations. All gas and its associated and constituent liquid of liquefiable hydrocarbons, and gaseous substances and sulphur contained in the gas shall be allocated to the several Tracts based on the Tract Participations. 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, as such production is deemed attributable to such Tract under this Agreement, 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 under such Tract.

If the Working Interests and/or the Royalty Interests 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 recordable 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. TAKING UNITIZED SUBSTANCES IN KIND. The Unitized Substances allocated to each Tract may 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 the purpose of receiving such share of Unitized Substances in kind within the Unitized Area, provided the same are constructed, maintained and operated as not to interfere with Unit Operations. Subject to Section 17 hereof, any

extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party 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, then so 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 price received by the Unit Operator, for its share of Unitized Substances and the account 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.

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 all Royalty, 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 hereto, as provided in Section 4 (Expansion) hereof, or any Tract or Tracts within the Unit Area not committed hereto as of the Effective Date hereof but which are subsequently committed hereto under the provisions of Section 14 (Tracts Qualified for Participation) and Section 32 (Nonjoinder and Subsequent Joinder); or if any Tract is excluded from this Agreement as provided for in Section 21 (Loss of Title), the schedules as shown in Exhibits "B-1", "B-2" and "B-3" shall be revised by the Unit Operator; and the revised Exhibits "B-1", "B-2" and "B-3", upon approval by the A.O., shall govern the allocation of production on and after the effective date thereof until revised schedules are 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 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 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 United States of America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the Unitized 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 therefore 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 on which the royalty rate depends upon the daily average production per well, such average production shall be determined in accordance with the operating regulations pertaining to Federal leases as though the 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 thereon capable of producing Unitized Substances as of the Effective Date hereof, provided that a Tract not having any well so capable of producing Unitized Substances on the Effective Date hereof shall be considered as having one such well for the purpose of this provision.

All Royalty due 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 payments or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations.

Each Royalty Owner (other than 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-2" attached hereto. If any Royalty Interest in a Tract or Tracts should be lost by title failure or otherwise in whole or in part, during the term of this Agreement, then the Royalty Interest of the party representing himself to be the owner thereof shall be reduced proportionately and the interests of all parties 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 therefore 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 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 may be defined by or pursuant to Federal and State laws and regulations.

SECTION 20. DRAINAGE. The Unit Operator shall take reasonable and prudent measures to prevent drainage of Unitized Substances from Unitized land by wells on land not subject to this Agreement. The Unit Operator, upon approval by the Working Interest Owners and the A.O. 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 operations in the border area for the maximum economic recovery, conservation purposes and proper protection of the parties and interests 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 to this Agreement, payment or delivery on account thereof may be withheld by the Unit Operator without liability for interest until the dispute is finally settled; provided, that, as to Federal lands or leases, no payments of funds due the United States shall be withheld, but such funds shall be deposited as directed by the A.O. 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 Substances are delivered or to whom the proceeds thereof are paid furnish acceptable security to the Unit Operator for the proper accounting therefore 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 judgment 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 or parties 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 Exhibits "B-1" and "B-2". Unit Operator 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, shall and by its approval hereof, or by the approval hereof by their duly authorized representatives, does hereby establish, alter, change or revoke the drilling, producing, rental, minimum Royalty and Royalty requirements of Federal leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this Agreement.

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

(a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each Tract subject to this Agreement, regardless of whether there is any development of such 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 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/or 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) The segregation of any Federal lease committed to this Agreement is governed by the following provision in the fourth paragraph of Section 17(j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization; provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

SECTION 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 obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer.

SECTION 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., and the Division.

If this Agreement does not become effective on or before March 1, 2006, it shall ipso facto expire on said date (hereinafter called "Expiration Date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Unit Participation of at least 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 Extended Expiration Date, it shall ipso facto expire on the Extended Expiration Date and thereafter be of no further force and effect.

Unit Operator shall file a counterpart of this Agreement or a memorandum of this Agreement stating, among other things, the Effective Date hereof, for record within thirty (30) days after the Effective Date hereof, in the office of the County Clerk of Lea County, New Mexico.

The terms of this Agreement shall be in effect for so long as and during the time that Unitized Substances are produced from the Unitized Land and so long thereafter as drilling, reworking or other operations (including improved or enhanced 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 A.O. by Working Interest Owners owning at least seventy-five percent (75%) 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 contracts affecting the separate Tracts just as if this Agreement had never been entered into.

Notwithstanding any other provision 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 personal property and facilities used in connection with Unit Operations.

SECTION 25. RATE OF PROSPECTING, DEVELOPMENT AND 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 applicable 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 of any such alteration or modification and the public interest to be served thereby is to be stated in the order of alternation or modification; provided, further, that no such alteration or modification shall be effective as to any 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 the Unit Operator's receipt of such 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(l) 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 (i) to appear for or on behalf of any interests affected hereby before the Department and the Division, (ii) to appeal from any order issued under the rules and regulations of the Department or the Division, and/or (iii) to apply for relief from any of said rules and regulations or in any proceedings relative to operations before 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 e-mail, facsimile transmission, 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 ratification or consent hereof or to such other addresses 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 RIGHTS. Nothing in this Agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said Unitized Lands are located, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive; provided, however, each party hereto covenants that it will not resort to any action to partition the Unitized Land 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 estates affected 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 and shall be owned by the Working Interest Owners in proportion to their respective Unit Participation.

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 of the Unitized Lands covered by this Agreement shall be suspended while, but only so long as, the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agency, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials 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. NONJOINDER AND SUBSEQUENT JOINDER. Except as set forth in Section 14, the 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 to the Unit Operating Agreement in order for such interest to be regarded as effectively committed to this Agreement.

Any oil or gas interest in the Unitized Formation not committed hereto prior to submission of this Agreement to the A.O. for final approval may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for Participation) hereof, at any time up to the Effective Date hereof on the same basis of 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 Working Interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that from and after the Effective Date hereof, the right of subsequent joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by Working Interest Owners owning not less than sixty-five percent (65%) of the Unit Participation then in effect, and approved by the 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 Federal land is involved, such joinder must be approved by the 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 on 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 A.O. of duly executed counterparts of any and all documents necessary to establish effective commitment of any Tract or interest to this Agreement, unless objection to such joinder by the 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, and their respective 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 commit all interests owned or controlled by such party within the Unit Area; 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, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that

the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefore 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 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 partnership duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

SECTION 37. PRODUCTION AS OF THE EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all lease tanks 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 then 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 overproduction has been sold or otherwise disposed of, such overproduction 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 or 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 65, Article 14, N.M.S. 1953 Annotated). If such application is made and statutory unitization is approved by the Division, then effective as of the date of the Division's order approving statutory unitization, this Agreement and/or the Unit Operating Agreement shall automatically be revised and/or amended in accordance with the following:

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

“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.

SECTION 40. CONTROLLING AGREEMENT. Notwithstanding anything herein to the contrary, in the event of a conflict between this Agreement and the Unit Operating Agreement, the terms and provisions of this Agreement shall control.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, the undersigned have executed this agreement on the dates evidenced by their respective certificates of acknowledgement hereof.

**UNIT OPERATOR AND WORKING INTEREST OWNER  
APACHE CORPORATION**

By: \_\_\_\_\_  
Rob Johnston  
Vice President

Address: Two Warren Place  
6120 South Yale, #1500  
Tulsa, Oklahoma 74136-4224

**WORKING INTEREST OWNER**

**BAYNARD W. MALONE, TRUSTEE OF THE  
ANDERSON-MALONE TRUST**

\_\_\_\_\_

**BP AMERICA PRODUCTION CO.**

\_\_\_\_\_

**CHEVRON U.S.A. INC.**

\_\_\_\_\_

**CHRISTOPHER R. WILKINSON AND  
CHRISTINE A. WILKINSON, JOINT TENANTS  
WITH RIGHT OF SURVIVORSHIP**

\_\_\_\_\_

**DAVID H. ARRINGTON**

---

**DONALD LONG**

---

**EARL MALONE MD**

---

**ELIZABETH EATON**

---

**ELLIOTT INDUSTRIES LIMITED PARTNERSHIP**

---

**ELLIOTT-HALL COMPANY LIMITED  
PARTNERSHIP**

---

**EXXON CO. USA**

---

**FRANK A. GLISPIN**

---

**J. L. REYNOLDS & JESSIE M. REYNOLDS**

---

**K. D. MCPETERS**

---

**KENNETH LONG**

---

**LETTUNICH OIL COMPANY**

---

**MARSHA COCKRELL**

---

**T. H. MCELVAIN OIL & GAS LIMITED  
PARTNERSHIP  
BY: MCELVAIN OIL & GAS PROPERTIES INC., ITS  
SOLE GENERAL PARTNER**

---

**ORA LEE JONES**

---

**P. L. LAWRENCE, JR. ESTATE**

---

**ROSSER E. SCHWARZ**

---

**TIERRA EXPLORATION, INC.**

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**TRIPLE H. RESOURCES, INC.**

\_\_\_\_\_

**WATSON TRUCK & SUPPLY INC.**

\_\_\_\_\_

**STATE OF OKLAHOMA       §**  
**§**  
**COUNTY OF TULSA       §**

This instrument was acknowledged before me on \_\_\_\_\_ by Rob Johnston,  
Vice President of Apache Corporation, Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

**STATE OF                   §**  
**§**  
**COUNTY OF               §**

This instrument was acknowledged before me on \_\_\_\_\_ by Baynard W.  
Malone, Trustee of the Anderson-Malone Trust.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

§

COUNTY OF

§

§

This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of BP America Production Company.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

§

COUNTY OF

§

§

This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of Chevron U.S.A. Inc.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

§

COUNTY OF

§

§

This instrument was acknowledged before me on \_\_\_\_\_ by Christopher R.  
Wilkinson.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

§  
§  
§

COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by Christine A. Wilkinson.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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§

COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by David H. Arrington.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by Donald Long.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §  
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This instrument was acknowledged before me on \_\_\_\_\_ by Earl Malone,  
M.D.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §  
§

This instrument was acknowledged before me on \_\_\_\_\_ by Elizabeth  
Eaton.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §  
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This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of Elliott Industries Limited Partnership.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of Elliot-Hall Company Limited Partnership

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of Exxon Co. USA.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by Frank A.  
Glispin.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by J.L. Reynolds.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by Jessie M. Reynolds.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by K.D. McPeters.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by Kenneth Long.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of Lettunich Oil Company.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §

This instrument was acknowledged before me on \_\_\_\_\_ by Marsha  
Cockrell.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of T.H. McElvain Oil & Gas Ltd. Partnership.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by Ora Lee Jones.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_ on behalf of Percy L. Lawrence, Jr. Estate.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §  
§

This instrument was acknowledged before me on \_\_\_\_\_ by Rosser E. Schwartz.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §  
§

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_, as \_\_\_\_\_ of Tierra Exploration, Inc.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF §  
COUNTY OF §  
§

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_, as \_\_\_\_\_ of Triple H. Resources, Inc.

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

\_\_\_\_\_  
Notary Public in and for said  
County and State

STATE OF

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COUNTY OF

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This instrument was acknowledged before me on \_\_\_\_\_ by  
\_\_\_\_\_, as \_\_\_\_\_ of Watson Truck & Supply, Inc.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public in and for said  
County and State

TOWNSHIP 21S, RANGE 37E, N.M.P.M.

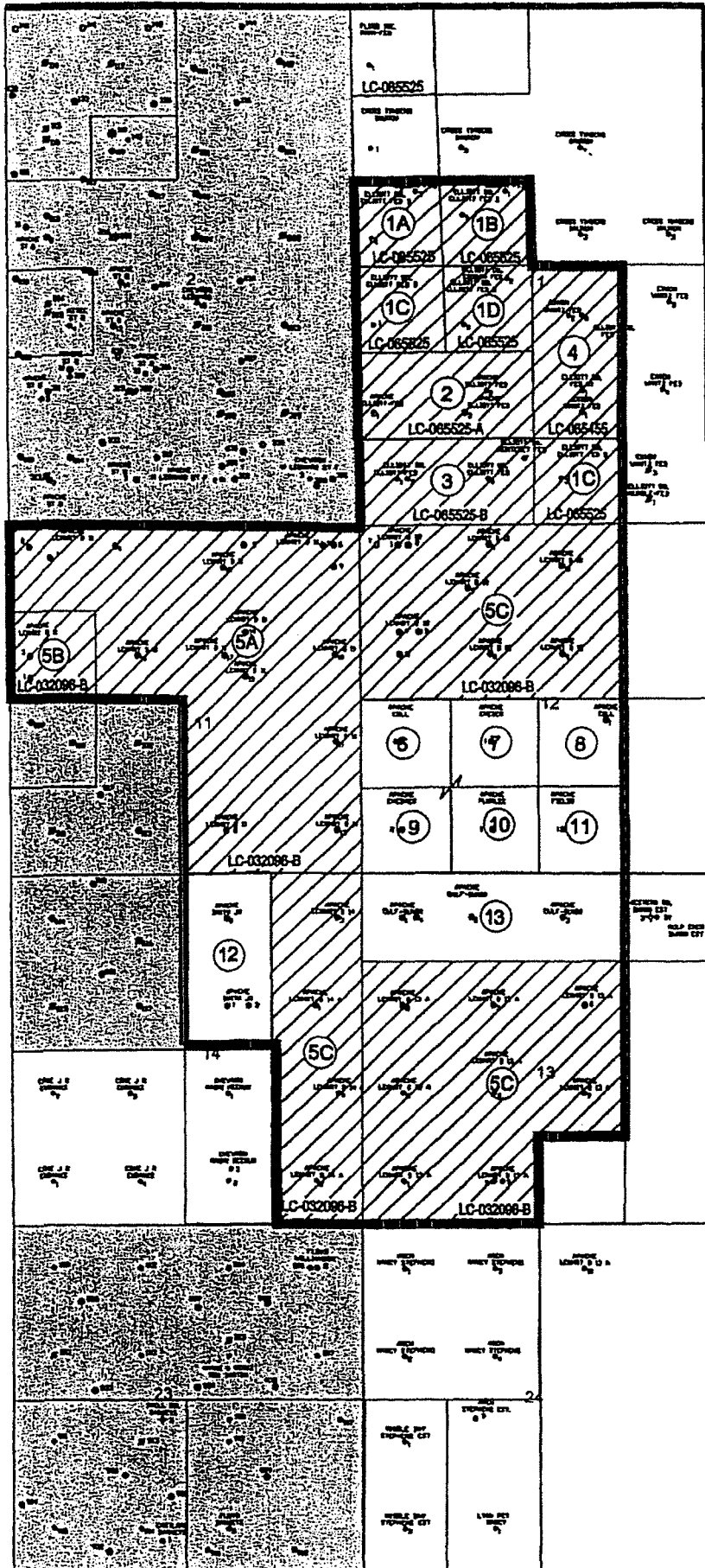
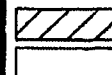


EXHIBIT "A"  
EAST BLINEBRY DRINKARD UNIT  
LEA COUNTY, NEW MEXICO  
APACHE CORP., OPERATOR

LEGEND

⑪ UNIT TRACT NUMBER



FEDERAL LANDS

PATENTED (FEE) LANDS

ACREAGE PERCENTAGE

1640.00 78.85

440.00 21.15

TOTALS 2080.00 100%



**EXHIBIT "B-1"**  
Attached to Unit Agreement  
**EAST BLINEBRY DRINKARD UNIT**  
Lea County, New Mexico  
March 1, 2005

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
<b>FEDERAL LANDS:</b>							
1A	T21S-R37E, NMPM Section 1: Lot 12 (Elliott B Federal)	40	LC-065525 HBP 9/1/1947	USA 12.500000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 2.250000% Elliott-Hall Co. Limited Partners 2.250000%	T.H. McElvain Oil & Gas Limited Partnership 60.0000% Elliott Industries Limited Partnership 20.00% Elliott-Hall Company Limited Partnership 20.00% Total - 100%
As to the interval from the top of the Blinebry to 100' below the base of the Blinebry Formation which includes the Blinebry and 100' of the Tubb Formation.							
	T21S-R37E, NMPM Section 1: Lot 12		LC-065525 HBP 9/1/1947	USA 12.500000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 2.557771% Elliott-Hall Co. Limited Partners 2.557771%	T.H. McElvain Oil & Gas Limited Partnership 51.390000% Elliott Industries Limited Partnership 17.130000% Elliott-Hall Company Limited Partnership 17.130000% Tierra Exploration, Inc. 8.750000% Watson Truck & Supply, Inc. 2.10% Christopher R. Wilkinson and Christine A. Wilkinson, Joint Tenants with Right of Survivorship 1.400000%
As to 100' below the Base of the Blinebry Formation which includes the Tubb and Drinkard Formations.							

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
1B	T21S-R37E, NMPPM Section 1:	40	LC-065525 HBP 9/1/1947	USA 12.500000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 2.250000% Elliott-Hall Co. Limited Partners 2.250000%	Frank A. Glispin 0.875000%
	Lot 11 (Elliott B Federal)						K. D. McPeters 0.350000%
	As to the interval from the top of the Blinebry to 100' below the base of the Blinebry Formation which includes the Blinebry and 100' of the Tubb Formation.						Triple H. Resources, Inc. 0.875000% Total - 100%
	T21S-R37E, NMPPM Section 1:		LC-065525 HBP 9/1/1947	USA 12.500000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 1.788750% Elliott-Hall Co. Limited Partners 1.788750%	T.H. McElvain Oil & Gas Limited Partnership 60.0000%
	Lot 11						Elliott Industries Limited Partnership 20.00%
	As to 100' below the Base of the Blinebry Formation which includes the Tubb and Drinkard Formations.						Elliott-Hall Company Limited Partnership 20.00% Total - 100%
	T21S-R37E, NMPPM Section 1:		LC-065525 HBP 9/1/1947	USA 12.500000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 1.788750% Elliott-Hall Co. Limited Partners 1.788750%	T.H. McElvain Oil & Gas Limited Partnership 47.7000%
	Lot 11						Elliott Industries Limited Partnership 15.90%
	As to 100' below the Base of the Blinebry Formation which includes the Tubb and Drinkard Formations.						Elliott-Hall Company Limited Partnership 15.90% Tierra Exploration, Inc. 12.50% Watson Truck & Supply, Inc. 3.00% Christopher R. Wilkinson and Christine A. Wilkinson, Joint Tenants with Right of Survivorship 2.00%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
							Frank A. Glispin 1.2500% K. D. McPeters 0.5000% Triple H. Resources, Inc. 1.2500% Total - 100%
1C	T21S-R37E, NMPM Section 1: Lot 13 and SW1/4 SE1/4 (Elliott B Federal)	80	LC-065525 HBP 9/1/1947	USA 12.5000000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 2.250000% Elliott-Hall Co. Limited Partners 2.250000%	T.H. McElvain Oil & Gas Limited Partnership 60.00% Elliott Industries Limited Partnership 20.00% Elliott-Hall Company Limited Partnership 20.00% Total - 100%
1D	T21S-R37E, NMPM Section 1: Lot 14 (Elliott B Federal) (Coogan Federal)	40	LC-065525 HBP 9/1/1947	USA 12.5000000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 2.25% Elliott-Hall Co. Limited Partners 2.25%	T.H. McElvain Oil & Gas Limited Partnership 60.00% Elliott Industries Limited Partnership 20.00% Elliott-Hall Company Limited Partnership 20.00% Total - 100%
	As to the interval from the top of the Blinebry to 100' below the base of the Blinebry Formation which includes the Blinebry and 100' of the Tubb Formation.						
	T21S-R37E, NMPM Section 1: Lot 14		LC-065525 HBP 9/1/1947	USA 12.5000000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Partners 1.78875% Elliott-Hall Co. Limited Partners 1.78875%	T.H. McElvain Oil & Gas Limited Partnership 47.7000% Elliott Industries Limited Partnership 15.90% Elliott-Hall Company Limited Partnership 15.90%
	As to 100' below the Base of the Blinebry Formation which includes the Tubb and Drinkard Formations.						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
							Tierra Exploration, Inc. 12.50% Watson Truck & Supply, Inc. 3.00% Christopher R. Wilkinson and Christine A. Wilkinson, Joint Tenants with Right of Survivorship 2.00% Frank A. Glispin 1.2500% K. D. McPeters 0.5000% Triple H. Resources, Inc. 1.2500% Total - 100%
	Tract 1 ----- 200.00 net acres or 9.61% of Unit (surface) area						
2	T21S-R37E, NMPM Section 1: N/2 SW/4 (Elliott Federal)	80	LC-065525-A HBP 9/1/1947	USA 12.500000%	Graham Royalty, Ltd. 100.0000%	Daniel L. Veirs 0.96875%	Apache Corporation 100.0000%
	Tract 2 ----- 80.0 net acres or 3.84% of Unit (surface) area						
3	T21S-R37E, NMPM Section 1: S/2 SW/4 (Monterey Federal)	80	LC-065525-B HBP 9/1/1947	USA 12.500000%	Elliott Industries Co. LP 50.00% Elliott Hall Co UT LP 50.00% Total - 100%	Elliott Industries Limited Part- nership 1.800000% Elliott -Hall Company Limited Partnership 1.800000% Genesis Ltd. Partnership 0.73437%	T.H. McElvain Oil & Gas Limited Partnership 60.0000% Elliott Industries Limited Partnership 20.0000% Elliott-Hall Company Limited Partnership 20.0000% Total - 100%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
Tract 3 ----- 80.0 net acres or 3.84% of Unit (surface) area							
4	T21S-R37E, NMIPM Section 1: Lot 15 and NW/4 SE/4 (H.T. Federal)	80	LC-065455 HBP 11/1/1947	USA 12.500000%	Exxon Co. USA 100.0000%	Elliott Industries Limited Partners 1.8750% Elliott-Hall Co. Limited Partners 1.8750% Audrey M. Baker 1.25000%	T.H. McElvain Oil & Gas Limited Partnership 60.0000% Elliott Industries Limited Partnership 20.0000% Elliott-Hall Company Limited Partnership 20.0000% Total - 100%
As to the Blinebry Formation.							
	T21S-R37E, NMIPM Section 1: Lots 15 and NW/4 SE/4 (H.T. Federal)		LC-065455 HBP 11/1/1947	USA 12.500000%	Exxon Co. USA 100.0000%	Elliott Industries Limited Partners 2.5000% Elliott-Hall Co. Limited Partners 2.5000%	Exxon Mobil Corporation 100%
As to the Tubb and Drinkard Formations.							
Tract 4 ----- 80.0 net acres or 3.84% of Unit (surface) area							
5A	T21S-R37E, NMIPM Section 11: E/2, N/2 NW/4, SE/4 NW/4 (Lockhart /B/-11)	440	LC-032096-B HBP 11/1/1961	USA Schedule D	Apache Corporation 50% BP America Production Company 25% Chevron U.S.A., Inc. 25%	Apache Corporation 0.218650%	Apache Corporation 50% BP America Production Company 25% Chevron U.S.A., Inc. 25% TOTAL-100.00%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
5B	T21S-R37E, NMMPM Section 11: SW/4 NW/4 (Lockhart /B-11/)	40	LC-032096-B HBP 11/1/1961	USA Schedule D	Apache Corporation 50% BP America Production Company 25% Chevron U.S.A., Inc. 25% TOTAL - 100.00%	Apache Corporation 0.218650%	Apache Corporation 50% BP America Production Company 25% Chevron U.S.A., Inc. 25% TOTAL-100.00%
As to the Blinebry and Tubb Formations.							
	T21S-R37E, NMMPM Section 11: SW/4 NW/4 (Lockhart /B-11/)		LC-032096-B HBP 11/1/1961	USA Schedule D	Apache Corporation 50% BP America Production Company 25% Chevron U.S.A., Inc. 25% TOTAL - 100.00%	Apache Corporation 0.218650%	Apache Corporation 93.75% Lettunich Oil Co. 6.25% TOTAL-100.00%
As to the Drinkard Formation.							
5C	T21S-R37E, NMMPM Section 12: NW/4 and W/2 NE/4 Section 14: E/2 E/2 Section 13: S/2 NW/4, SW/4 NE/4, SW/4, NW/4 SE/4 (Lockhart /B-12/) (Lockhart /A/ /B-13/) (Lockhart /B-14/)	720	LC-032096-B HBP 11/1/1961	USA Schedule D	Apache Corporation 75% Chevron U.S.A., Inc. 25% TOTAL - 100.00%	Apache Corporation 0.218650%	Apache Corporation 75% Chevron U.S.A., Inc. 25% TOTAL - 100.00%

As to the Drinkard and Tubb Formations.

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	T21S-R37E, NMMPM Section 12: NW/4 and W/2 NE/4 Section 14: E/2 E/2 Section 13: S/2 NW/4, SW/4 NE/4, SW/4, NW/4 SE/4 (Lockhart /B-12/) (Lockhart /A/ /B-13/) (Lockhart /B-14/)		LC-032096-B HBP 11/1/1961	USA Schedule D	Apache Corporation 75% Chevron U.S.A., Inc. 25% TOTAL - 100.00%	Apache Corporation 0.218650%	Apache Corporation 100%
As to the Blinebry Formation.							
Tract 5 ----- 1,200.0 net acres or 57.69% of Unit (surface) area							
TOTAL FEDERAL LANDS = 1640.00 ACRES OR 78.85%							
<u>FEE LANDS:</u>							
6	T21S-R37E, NMMPM Section 12: NW/4 SW/4 (Coll)	40	Fee Lease HBP 3/19/1947 (21) Fee Lease HBP 3/20/1947 Fee Lease HBP 3/22/1947 (3) Fee Lease HBP 3/24/1947 (3) Fee Lease HBP 3/26/1947 (3)	Jon F. Coll 0.585938% Charles H. Coll 0.585938% Sally Rodgers 0.234376% Max Coll II 0.351564% Eric J. Coll 0.263673% Clarke C. Coll 0.263673% Jon F. Coll II 0.041836% Melanie Coll de Temple 0.008379% Max W. Coll III 0.008379% Gerald R. Sharp 0.130208% Habel Trust Dtd. 11/15/84 0.130208%	Apache Corporation 99.375% J. L. Reynolds & Jessie M. Reynolds 0.6250% TOTAL - 100%	Apache Corporation 0.218650%	Apache Corporation 99.375% J. L. Reynolds & Jessie M. Reynolds 0.6250% TOTAL - 100%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Edith A. Schmidt 0.130208%			
				June D. Speight 3.125000%			
				J. Hiram Moore Trust			
				0.175781% National Finance Credit Corp.			
				0.130208% The Black Trust			
				0.130210% BMCM Partnership LP			
				0.130208% Shriners Hospitals for Children			
				0.908200% Allie M. Lee Trust			
				2.724609% Roy G. Sr. & Opal Barton Rev. Tr.			
				0.566406% Medora M. Lemaster			
				0.117190% Trubee Buford			
				0.009765% Lynn Lawrence			
				0.009765% Stacia Ann Lemaster			
				0.009765% Richard Grant Lemaster			
				0.009765% Margaret C. Lemaster			
				0.009765% Robin G. Lemaster			
				0.009766% Cindy Macias			
				0.009766% Sue Sanders			
				0.009766%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Illene Gulick Living Trust 0.039062% JG Burson 1.562500% <b>Total -</b> <b>12.421877%</b>			
	Tract 6 ----- 40.0 net acres or 1.92% of Unit (surface) area						
7	T21S-R37E, NMPPM Section 12: NE/4 SW/4 (Chesher)	40	Fee Lease HBP 3/19/1947 (20) Fee Lease HBP 3/20/1947 Fee Lease HBP 3/22/1947 (3) Fee Lease HBP 3/24/1947 (3) Fee Lease HBP 3/26/1947 (3) Fee Lease 10/10/2002 (34) Fee Lease 9/24/2004 (10)	Jon F. Coll 0.175781% Charles H. Coll 0.175781% Sally Rodgers 0.070312% Max Coll II 0.105489% Eric J. Coll 0.079101% Clarke C. Coll 0.079101% Jon F. Coll II 0.012551% Melanie Coll de Temple 0.002514% Max W. Coll III 0.002514% Gerald R. Sharp 0.026042% Habel Trust dbd 11/15/84 0.026042% Edith A. Schmidt 0.026042% June D. Speight 3.125000% J. Hiram Moore Trust 0.175781% National Finance Credit Corp. 0.130208%	Apache Corporation 93.101655% Kenneth Long 0.041667% Marsha Cockrell 0.041667% Donald Long 0.041667% Ora Lee Jones 0.158730% Elizabeth Eaton 0.416667% Earl Malone MD 0.416667% Baynard W. Malone, Trustee of The Andersen-Malone Trust 0.416667% Rosser E. Schwarz 0.208333% David H. Arrington 0.156250% P. L. Lawrence, Jr. Estate 5.000000% <b>100.00%</b>		Apache Corporation 93.101655% Kenneth Long 0.041667% Marsha Cockrell 0.041667% Donald Long 0.041667% Ora Lee Jones 0.158730% Elizabeth Eaton 0.416667% Earl Malone MD 0.416667% Baynard W. Malone, Trustee of The Andersen-Malone Trust 0.416667% Rosser E. Schwarz 0.208333% David H. Arrington 0.156250% P. L. Lawrence, Jr. Estate 5.000000% <b>100.00%</b>

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	The Black Trust						
	0.130208%						
	BMCN Partnership LP						
	0.130208%						
	Shriners Hospitals for Children						
	0.166016%						
	Allie M. Lee Trust						
	0.498047%						
	Roy G. Sr. & Opal						
	Barton Rev. Tr.						
	0.566406%						
	Lillian . Long						
	0.052083%						
	Lawrence Dale Long						
	0.039062%						
	Charlene Bruhn						
	0.039062%						
	Dorothy Scribner						
	0.039062%						
	Jimmy Long						
	0.007812%						
	Jo Ann Long						
	0.007812%						
	Dennis A. Whorton						
	0.009921%						
	Janice Rodgers Griffith						
	0.009921%						
	Laquita Rogers Cross						
	0.009921%						
	Robert Herron						
	0.069444%						
	Bill Herron						
	0.069444%						
	Dorothy Leathers						
	0.069444%						
	Ann Elizabeth Romer						
	0.052083%						
	Judith Lee Taylor						
	0.017361%						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Glen Warren Roth 0.017361%			
				Clifford J. Roth 0.017361%			
				Cindy Ann Allen Trustee of the Reeder			
				Legacy Trust Dated 8/4/04 0.052083%			
				Frances May Reeder, Life Estate			
				0.052083%			
				Margie Pearl Patterson			
				0.069444%			
				Norma D. Owen & Charles B. Owen			
				0.069444%			
				Freda M. Long 0.069444%			
				Norma J. Reger 0.208333%			
				Ruth D. Brown 0.031746%			
				Ina Bell Berryman 0.029762%			
				Ina Carol Randall 0.014881%			
				Cathy Ruth Chapman 0.015873%			
				A. V. Rodgers, Life Estate			
				0.029762%			
				Donna Rodgers Collins			
				0.022313%			
				Ruby Rodgers 0.007444%			
				Howard P. Chandler 0.069444%			
				Pat R. Chandler 0.069444%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Earl W. Lyon 0.0694444%			
				Louise B. Siewert and Henry G. Siewert, Trustees of the Stewart Family Trust			
				dated 11/1/91			
				0.208333%			
				Betty Ann Philleary			
				0.208333%			
				June S. Brown			
				0.091146%			
				Kay Parker Adkins			
				0.091146%			
				Sara Brown			
				Marshall			
				0.091146%			
				William Bivins			
				0.546875%			
				Joy Ann Bivins			
				Bellan			
				0.546875%			
				Wayman Weldon			
				Holmes			
				0.273437%			
				Boy's Ranch			
				Foundation			
				2.187500%			
				Kenneth Noel			
				Headley			
				0.937500%			
				Charles F. Malone,			
				Trustee of the			
				Charles F. Malone			
				Living Trust			
				0.083333%			
				Gilbert J. Eaton			
				0.078125%			
				Anne S. Johnson			
				0.041667%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	New Mexico Western Minerals, Inc.						
	0.937500%						
	Michael H. Moore						
	0.058594%						
	Edith Coppedge Wheeler						
	0.029297%						
	Mary J. McWhorter						
	0.039063%						
	Ann Dennard						
	Allison						
	0.029297%						
	Davis E. Coppedge						
	0.014648%						
	James E. Coppedge						
	0.014648%						
	Brent W. McWhorter						
	or Ruth A. McWhorter,						
	Trustee of the						
	McWhorter Family						
	Trust dated						
	0.039063%						
	Frank H. Hults						
	0.234375%						
	Maura Smyrl						
	Jennings						
	0.468750%						
	Tate Byrne						
	Jennings						
	0.468750%						
	Medora M.						
	Lemaster						
	0.117190%						
	Trubee Buford						
	0.009765%						
	Lynn Lawrence						
	0.009765%						
	Stacia Ann						
	Lemaster						
	0.009765%						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Richard Grant Lemaster 0.009765% Margaret C Lemaster 0.009765% Robin G. Lemaster 0.009766% Cindy Macias 0.009766% Sue Sanders 0.009766% Illene Gulick Living Trust 0.039062% <u>15.064997%</u>			
				<b>Total -</b>			
	<b>Tract 7 ----- 40.0 net acres or 1.92% of Unit (surface) area</b>						
8	T21S-R37E, NMPM Section 12: <u>NW/4 SE/4</u>  (Coll)	40	Fee Lease HBP 3/19/1947 (20) Fee Lease HBP 3/20/1947 Fee Lease HBP 3/22/1947 (3) Fee Lease HBP 3/24/1947 (3) Fee Lease HBP 3/26/1947 (3)	Roy G. Sr. & Opal Barton Rev. Tr. 0.566406% June D. Speight 3.125000% Jon F. Coll 0.976564% Charles H. Coll 0.976564% Eric J. Coll 0.439453% J. Hiram Moore Trust 0.175781% Allie M. Lee Trust 2.724609% Trubee Buford 0.009765% Illene Gulick Living Trust 0.039062% Habel Trust Dtd. 11/15/84 0.130208%	Apache Corporation 99.375% J. L. Reynolds & Jessie M. Reynolds 0.62500% <u>100.00%</u>		Apache Corporation 99.375% J. L. Reynolds & Jessie M. Reynolds 0.62500% <u>100.00%</u>

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	Lynn Lawrence						
	0.009765%						
	Stacia Ann Lemaster						
	0.009765%						
	Richard Grant						
	Lemaster						
	0.009765%						
	Margaret C.						
	Lemaster						
	0.009765%						
	Medora M. Lemaster						
	0.117190%						
	Robin G. Lemaster						
	0.009766%						
	Cindy Macias						
	0.009766%						
	National Finance						
	Credit Corp.						
	0.130208%						
	Clarke C. Coll						
	0.439453%						
	Jon F. Coll II						
	0.069727%						
	Melanie Coll						
	de Temple						
	0.013965%						
	Max W. Coll III						
	0.013965%						
	Sue Sanders						
	0.009766%						
	Edlith A. Schmidt						
	0.130208%						
	Gerald R. Sharp						
	0.130208%						
	Max Coll II						
	0.585939%						
	The Black Trust						
	0.130208%						
	Shriners Hospitals						
	for Children						
	0.908200%						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				BMCM Partnership LP			
				0.130208%			
				Sally Rodgers			
				0.390626%			
			Total -	12.421875%			
	Tract 8 ----- 40.0 net acres or 1.92% of Unit (surface) area						
9	T21S-R37E, NMPM Section 12: SW/4 SW/4  (Chesher)	40	Fee Lease HBP 3/19/1947 (20) Fee Lease HBP 3/20/1947 Fee Lease HBP 3/22/1947 (3) Fee Lease HBP 3/24/1947 (3) Fee Lease HBP 3/26/1947 (3) Fee Lease 10/10/2002 (11) Fee Lease 9/24/2004 (7)	Jon F. Coll 0.175781% Charles H. Coll 0.175781% Sally Rodgers 0.070312% Max Coll II 0.105469% Eric J. Coll 0.079101% Clarke C. Coll 0.079101% Jon F. Coll II 0.012551% Melanie Coll de Temple 0.002514% Max W. Coll III 0.002514% Gerald R. Sharp 0.026042% Habell Trust dbd 11/15/84 0.026042% Edith A. Schmidt 0.026042% June D. Speight 3.125000% J. Hiram Moore Trust 0.175781% National Finance Credit Corp. 0.130208%	Apache Corporation 93.385417% Elizabeth Eaton 0.416667% Earl Malone MD 0.416667% Baynard W. Malone, Trustee of The Andersen-Malone Trust 0.416670% Rosser E. Schwarz 0.208333% David H. Arrington 0.156250% P. L. Lawrence, Jr. Estate 5.000000% 100.00%		Apache Corporation 93.385417% Elizabeth Eaton 0.416667% Earl Malone MD 0.416667% Baynard W. Malone, Trustee of The Andersen-Malone Trust 0.416670% Rosser E. Schwarz 0.208333% David H. Arrington 0.156250% P. L. Lawrence, Jr. Estate 5.000000% 100.00%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	The Black Trust						
	0.130208%						
	BMCM Partnership LP						
	0.130208%						
	Shriners Hospitals for Children						
	0.166016%						
	Allie M. Lee Trust						
	0.498047%						
	Roy G. Sr. & Opal Barton Rev. Tr.						
	1.816406%						
	June S. Brown						
	0.091146%						
	Kay Parker Adkins						
	0.091146%						
	Sara Brown Marshall						
	0.091146%						
	William Bivins						
	0.546875%						
	Joy Ann Bivins Bellan						
	0.546875%						
	Wayman Weldon Holmes						
	0.273437%						
	Boy's Ranch Foundation						
	2.187500%						
	Kenneth Noel Headley						
	0.937500%						
	Charles F. Malone, Trustee of the						
	Charles F. Malone Living Trust						
	0.083333%						
	Gilbert Eaton						
	0.078125%						
	Anne S. Johnson						
	0.041667%						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				New Mexico Western Minerals Inc. 0.937500%			
				Michael H. Moore 0.058594%			
				Edith Coppedge Wheeler 0.029297%			
				Mary J. McWhorter 0.039063%			
				Ann Dennard Allison 0.029297%			
				Davis E. Coppedge 0.014648%			
				James E. Coppedge 0.014648%			
				Brent W. McWhorter or Ruth A. McWhorter, Trustee of the McWhorter Family Trust dated 2/24/89 0.039063%			
				Frank H. Hufts 0.234375%			
				Maura Smyrl Jennings 0.468750%			
				Tate Byrne Jennings 0.468750%			
				Medora M. Lemaster 0.117190%			
				Trubee Buford 0.009765%			
				Lynn Lawrence 0.009765%			
				Stacia Ann Lemaster 0.009765%			
				Richard Grant Lemaster 0.009765%			
				Margaret C. Lemaster 0.009765%			
				Robin G. Lemaster 0.009766%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Cindy Macias 0.009766% Sue Sanders 0.009766% Illene Gulick Living Trust 0.039062% <b>14.490233%</b>			
			<b>Total -</b>				
	Tract 9 ----- 40.0 net acres or 1.92% of Unit (surface) area						
10	T21S-R37E, NM/PM Section 12: SE/4 SW/4 (Plumlee)	40	Fee Lease HBP 3/22/47 (2) Fee Lease HBP 3/5/47 (2) Fee Lease HBP 3/10/1947 Fee Lease HBP 3/17/1947 Fee Lease HBP 3/26/1947 Fee Lease HBP 3/24/1947 Fee Lease HBP 3/19/1947 (2) Fee Lease HBP 3/20/1947	Roy G. Sr. & Opal Barton Rev. Tr. 0.566410% June D. Speight 3.125000% Jon F. Coll 0.175759% Charles H. Coll 0.175770% Max W. Coll III 0.002513% J. Hiram Moore Trust 0.175780% Allie M. Lee Trust 0.498040% Trubee Buford 0.009770% Illene Gulick Living Trust 0.039060% Habell Trust Dtd. 11/15/84 0.130200% Lynn Lawrence 0.009770% Stacia Ann Lemaster 0.009760% Richard Grant Lemaster 0.009770%	Apache Corporation 100.00%		Apache Corporation 100.00%

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Margaret C. Lemaster 0.009770%			
				Medora M Lemaster 0.117190%			
				Robin G. Lemaster 0.009770%			
				Cindy Macias 0.009760%			
				National Finance Credit Corp. 0.130210%			
				Sue Sanders 0.009760%			
				Edith A. schmidt 0.130210%			
				Gerald R. Sharp 0.130210%			
				Francis R. Reeves 0.781240%			
				Bruce Reeves 0.390630%			
				Virginia D. Phillips 1.562500%			
				Lynn Reeves 0.390620%			
				Ethan A. Walker III 1.562500%			
				The Black Trust 0.130210%			
				Shriners Hospitals for Children 0.166020%			
				Mary Ann Fauble 0.781250%			
				John Morris Plumlee 0.781250%			
				BMC Partnership LP 0.130210%			
				Max Coll II 0.105474%			
				Melanie Coll de Temple 0.002513%			

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Jon F. Coll II 0.012550% Clarke C. Coll 0.079101% Eric J. Coll 0.079103% Sally Rodgers 0.070316% <b>Total -</b> <b>12.499969%</b>			
	Tract 10 ----- 40.0 net acres or 1.92% of Unit (surface) area						
11	T21S-R37E, NMPM Section 12: SW/4 SE/4  (Fields)	40	Fee Lease HBP 3/19/1947 (19) Fee Lease HBP 3/20/1947 Fee Lease HBP 3/22/1947 (3) Fee Lease HBP 3/24/1947 (3) Fee Lease HBP 3/26/1947 (3) Fee Lease 10/10/2002 (11) Fee Lease 9/24/2004 (9)	Jon F. Coll 0.175781% Charles H. Coll 0.175781% Sally Rodgers 0.070312% Max Coll II 0.105469% Eric J. Coll 0.079101% Clarke C. Coll 0.079101% Jon F. Coll II 0.012551% Melanie Coll de Temple 0.002514% Max W. Coll III 0.002514% Gerald R. Sharp 0.026042% Habel Trust dbd 11/15/84 0.026042% Edith A. Schmidt 0.026042% June D. Speight 3.125000% J. Hiram Moore Trust 0.175781%	Apache Corporation 93.385417% Elizabeth Eaton 0.416667% Earl Malone MD 0.416667% Baynard W. Malone, Trustee of The Andersen-Malone Trust 0.416667% Rosser E. Schwarz 0.208333% David H. Arrington 0.156250% P. L. Lawrence, Jr. Estate 5.000000% <b>100.00%</b>		Apache Corporation 93.385417% Elizabeth Eaton 0.416667% Earl Malone MD 0.416667% Baynard W. Malone, Trustee of The Andersen-Malone Trust 0.416667% Rosser E. Schwarz 0.208333% David H. Arrington 0.156250% P. L. Lawrence, Jr. Estate 5.000000% <b>100.00%</b>

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	National Finance Credit Corp. 0.130208%						
	The Black Trust 0.130208%						
	BMCN Partnership LP 0.130208%						
	Shriners Hospitals for Children 0.166016%						
	Allie M. Lee Trust 0.498047%						
	Roy G. Sr. & Opal Barton Rev. Tr. 0.566406%						
	June S. Brown 0.091146%						
	Kay Parker Adkins 0.091146%						
	Sara Brown Marshall 0.091146%						
	William Bivins 0.546875%						
	Joy Ann Bivins Bellan 0.546875%						
	Wayman Weldon Holmes 0.273437%						
	Boy's Ranch Foundation 2.187500%						
	Kenneth Noel Headley 0.937500%						
	Charles F. Malone, F. Trustee of the Charles Malone Living Trust 0.083333%						
	Gilbert J. Eaton 0.078125%						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Anne S. Johnson 0.041667%			
				New Mexico Western Minerals Inc. 0.937500%			
				Michael H. Moore 0.058594%			
				Edith Coppedge Wheeler 0.029297%			
				Mary J. McWhorter 0.039063%			
				Ann Dennard Allison 0.029297%			
				Davis E. Coppedge 0.014648%			
				James E. Coppedge 0.014648%			
				Brent W. McWhorter or Ruth A. McWhorter, Trustee of the McWhorter Family Trust dated 2/24/89 0.039063%			
				Frank H. Hults 0.234375%			
				Maura Smyrl Jennings 0.468750%			
				Tate Byrne Jennings 0.468750%			
				Priscilla F. Gilmore 0.937500%			
				Patricia D. Lee 0.937500%			
				Medora M. Lemaster 0.117190%			
				Trubee Buford 0.009765%			
				Lynn Lawrence 0.009765%			



TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
				Estate of R. H. Fulton 0.195310%			
				CCTC Ltd. Successor Trustee FBO 0.781250%			
				M. H. McGrail Testamentary Trust 1.562500%			
				Benischek Properties LLC 0.781250%			
				Shriners Hospitals for Children 0.781250%			
				Smith-Todd Properties Ltd. Co. 0.781250%			
				Grooms Trust UAD 12/15/1982 0.341798%			
				John Abney 0.039062%			
				AMCO Resources 0.175781%			
				Mitchell Minerals LLC 0.175781%			
				Pure Resources LP 3.125000%			
				<b>TOTAL -</b> <b>13.232432%</b>			
	Tract 12 ----- 80.0 net acres or 3.84% of Unit (surface) area						
13	T21S-R37E, NMPM Section 13: N/2 NW/4; NW/4 NE/4 (Gulf Bunin)	120	Fee Lease HBP 10/14/1944	N. B. Bunin Properties 12.500000%	Apache Corporation 100.00%	Chevron U.S.A. Inc. 5.47% Daniel L. Veirs 0.50%	Apache Corporation 100.00%
	Tract 13 ----- 120.0 net acres or 5.77% of Unit (surface) area						

TRACT NO.	DESCRIPTION OF LAND LEASE NAME	NUMBER OF ACRES	SERIAL NO. EXPIRATION AND DATE OF LEASE(S)	BASIC ROYALTY OWNERSHIP AND PERCENTAGE(S)	CURRENT OWNER(S) OF RECORD TITLE AND PERCENTAGE(S)	OVERRIDING ROYALTY OWNER AND PERCENTAGE(S)	WORKING INTEREST OWNERS(S) AND PERCENTAGE(S)
	Total Fee Lands	= 440.00	Acres or 21.15%				
	Total Federal Lands	= 1640.00	Acres or 78.85%				
	TOTAL UNIT	2080.00	Acres or 100.00%				

**EXHIBIT "B-2"**

Attached to and made a part of that certain  
Unit Agreement dated March 1, 2005,  
EAST BLINEBRY-DRINKARD UNIT AREA  
Apache Corporation, as Unit Operator,  
Lea County, New Mexico

TRACT NO.	WORKING INTEREST OWNER	WORKING INTEREST IN TRACT	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
<b><u>FEDERAL LANDS</u></b>			
1A	Elliott Industries Ltd.	20%	0.00207
(Blinebry	Elliott-Hall Company	20%	0.00207
Formation)	T.H. McElvain Oil & Gas Ltd Partnership	60%	0.00622
	<b>Total</b>	<b>100.00%</b>	<b>0.010369</b>
1A	T.H. McElvain Oil & Gas Ltd Partnership	51.39%	0.000247
(Tubb &	Elliott Industries	17.13%	0.000082
Drinkard	Limited Partnership		
Formation)	Elliott-Hall Company Limited Partnership	17.13%	0.000082
	Tierra Exploration, Inc.	8.75%	0.000042
	Watson Truck & Supply, Inc.	2.10%	0.000010
	Christopher R. Wilkinson and Christine A. Wilkinson, Joint Tenants with Right of Survivorship	1.40%	0.000007
	Frank A. Glispin	0.8750%	0.000004
	K. D. McPeters	0.3500%	0.000002
	Triple H. Resources, Inc.	0.8750%	0.000004
	<b>Total</b>	<b>100.00%</b>	<b>0.000481</b>
1B	Elliott Industries Ltd.	20%	0.001982
(Blinebry	Elliott-Hall Company	20%	0.001982
Formation)	T.H. McElvain Oil & Gas Ltd Partnership	60%	0.005945
	<b>Total</b>	<b>100.00%</b>	<b>0.009909</b>

TRACT NO.	WORKING INTEREST OWNER	WORKING INTEREST IN TRACT	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
1B	T.H. McElvain Oil & Gas Ltd Partnership (Tubb & Elliott Industries Drinkard Limited Partnership Formation) Elliott-Hall Company Limited Partnership Tierra Exploration, Inc. Watson Truck & Supply, Inc. Christopher R. Wilkinson and Christine A. Wilkinson, Joint Tenants with Right of Survivorship Frank A. Glispin K. D. McPeters Triple H. Resources, Inc.	47.70% 15.90% 15.90% 12.50% 3.00% 2.00%  1.2500% 0.5000% 1.2500%	0.0481% 0.0481% 0.0481% 0.0481% 0.0481% 0.0481%  0.0481% 0.0481% 0.0481%
	Total	100.00%	0.000229 0.000076 0.000076 0.000060 0.000014 0.000010  0.000006 0.000002 0.000006
1C	Elliott Industries Ltd. Elliott-Hall Company T.H. McElvain Oil & Gas Ltd Partnership	20% 20% 60%	0.005352 0.005352 0.016056
	Total	100.00%	0.026760
1D	Elliott Industries Ltd. (Blinebry Elliott-Hall Company Formation) T.H. McElvain Oil & Gas Ltd Partnership	20% 20% 60%	0.002649 0.002649 0.007946
	Total	100.00%	0.013244
1D	T.H. McElvain Oil & Gas Ltd Partnership (Tubb & Elliott Industries Drinkard Limited Partnership Formation) Elliott-Hall Company Limited Partnership Tierra Exploration, Inc. Watson Truck & Supply, Inc. Christopher R. Wilkinson and Christine A. Wilkinson, Joint Tenants with Right of Survivorship Frank A. Glispin	47.70% 15.90% 15.90% 12.50% 3.00% 2.00%  1.2500%	0.0481% 0.0481% 0.0481% 0.0481% 0.0481% 0.0481%  0.0481%
	Total	100.00%	0.000229 0.000076 0.000076 0.000060 0.000014 0.000010  0.000006

TRACT NO.	WORKING INTEREST OWNER	WORKING INTEREST		TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
		IN TRACT		
	K. D. McPeters Triple H. Resources, Inc.	0.5000% 1.2500%	0.0481% 0.0481%	0.000002 0.000006
	Total	100.00%		0.000481
2	Apache Corporation	100%	3.4809%	0.034809
	Total	100.00%		0.034809
3	Elliott Industries Ltd. Elliott-Hall Company T.H. McElvain Oil & Gas Ltd Partnership	20% 20% 60%	4.2742% 4.2742% 4.2742%	0.008548 0.008548 0.025645
	Total	100.00%		0.042742
4	Elliott Industries Ltd. (Blinebry Elliott-Hall Company Formation) T.H. McElvain Oil & Gas Ltd Partnership	20% 20% 60%	2.0279% 2.0279% 2.0279%	0.004056 0.004056 0.012167
	Total	100.00%		0.020279
4	Exxon Co. USA (Tubb & Drinkard Formation)	100%	0.0962%	0.000962
	Total	100.00%		0.000962
5A	Apache Corporation BP America Production Co. Chevron USA Inc	50% 25% 25%	32.1724% 32.1724% 32.1724%	0.160862 0.080431 0.080431
	Total	100.00%		0.321724
5B	Apache Corporation (Blinebry BP America Production Co. & Tubb Chevron USA Inc Formation)	50.00% 25.00% 25.00%	1.5199% 1.5199% 1.5199%	0.007600 0.003800 0.003800
	Total	100.00%		0.015199

TRACT NO.	WORKING INTEREST OWNER	WORKING INTEREST IN TRACT		TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
5B	Apache Corporation	93.75%	2.9342%	0.027508
(Drinkard	Lettunich Oil Company	6.25%	2.9342%	0.001834
Formation)				
	Total	100.00%		0.029342
5C	Apache Corporation	100%	21.2751%	0.212751
(Blinebry)				
	Total	100.00%		0.212751
5C	Apache Corporation	75%	4.0045%	0.030034
Chevron USA Inc		25%	4.0045%	0.010011
(Tubb, Drinkard)				
	Total	100.00%		0.040045
<b><u>FEE LANDS</u></b>				
6	Apache Corporation	99.375%	2.0049%	0.019924
J. L. Reynolds & Jessie M. Reynolds		0.6250%	2.0049%	0.000125
	Total	100.00%		0.020049
7	Apache Corporation	93.1017%	0.9930%	0.009245
Kenneth Long		0.0417%	0.9930%	0.000004
Marsha Cockrell		0.0417%	0.9930%	0.000004
Donald Long		0.0417%	0.9930%	0.000004
Ora Lee Jones		0.1587%	0.9930%	0.000016
Elizabeth Eaton		0.4167%	0.9930%	0.000041
Earl Malone MD		0.4167%	0.9930%	0.000041
Baynard W. Malone, Trustee of the Andersen-Malone Trust		0.4167%	0.9930%	0.000041
Rosser E. Schwarz		0.2083%	0.9930%	0.000021
David H. Arrington		0.1562%	0.9930%	0.000016
P. L. Lawrence, Jr. Estate		5.0000%	0.9930%	0.000497
	Total	100.00%		0.009930
8	Apache Corporation	99.375%	1.2230%	0.012154

TRACT NO.	WORKING INTEREST OWNER	WORKING INTEREST IN TRACT	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
	J. L. Reynolds & Jessie M. Reynolds	0.6250%	1.2230%
			0.000076
	<b>Total</b>	<b>100.00%</b>	<b>0.012230</b>
9	Apache Corporation	93.3854%	1.6254%
	Elizabeth Eaton	0.4167%	1.6254%
	Earl Malone MD	0.4167%	1.6254%
	Baynard W. Malone, Trustee of the Andersen-Malone Trust	0.4167%	1.6254%
	Rosser E. Schwarz	0.2083%	1.6254%
	David H. Arrington	0.1562%	1.6254%
	P. L. Lawrence, Jr. Estate	5.0000%	1.6254%
	<b>Total</b>	<b>100.00%</b>	<b>0.016254</b>
10	Apache Corporation	100%	1.0620%
			0.010620
	<b>Total</b>	<b>100.00%</b>	<b>0.010620</b>
11	Apache Corporation	93.3854%	0.6366%
	Elizabeth Eaton	0.4167%	0.6366%
	Earl Malone MD	0.4167%	0.6366%
	Baynard W. Malone, Trustee of the Andersen-Malone Trust	0.4167%	0.6366%
	Rosser E. Schwarz	0.2083%	0.6366%
	David H. Arrington	0.1562%	0.6366%
	P. L. Lawrence, Jr. Estate	5.0000%	0.6366%
	<b>Total</b>	<b>100.00%</b>	<b>0.006366</b>

TRACT NO.	WORKING INTEREST OWNER	WORKING INTEREST		TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
		IN TRACT		
12	Apache Corporation	100%	8.9886%	0.089886
	Total	100.00%		0.089886
13	Apache Corporation	100%	5.5087%	0.055087
	Total	100.00%		0.055087
FEDERAL LANDS				0.779578
FEE LANDS				0.220422
TOTAL FEDERAL & FEE LANDS				1.000000

**EXHIBIT "B-3"**

Attached to and made a part of that certain  
Unit Agreement dated March 1, 2005,  
EAST BLINEBRY-DRINKARD UNIT AREA  
Apache Corporation, as Unit Operator,  
Lea County, New Mexico

TRACT NO.	SERIAL NUMBER	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
<b>FEDERAL LANDS</b>		
1A	LC-065525 (Blinebry Formation)	0.010369
1A	LC-065525 (Tubb & Drinkard Formation)	0.000481
1B	LC-065525 (Blinebry Formation)	0.009909
1B	LC-065525 (Tubb & Drinkard Formation)	0.000481
1C	LC-065525	0.02676
1D	LC-065525 (Blinebry Formation)	0.013244
1D	LC-065525 (Tubb & Drinkard Formation)	0.000481
2	LC-065525-A	0.034809
3	LC-065525-B	0.042742
4	LC-065455 (Blinebry Formation)	0.020279
4	LC-065455 (Tubb & Drinkard Formation)	0.000962
5A	LC-032096-B	0.321724
5B	LC-032096-B (Blinebry & Tubb Formation)	0.015199
5B	LC-032096-B (Drinkard Formation)	0.029342
5C	LC-032096-B (Blinebry Formation)	0.212751
5C	LC-032096-B (Tubb & Drinkard Formation)	0.040045
	<b>FEDERAL LANDS</b>	<b>0.779578</b>

TRACT NO.	SERIAL NUMBER	TRACT OIL AND GAS PARTICIPATIONS (BY TRACTS)
<b><u>FEE LANDS</u></b>		
6	Fee Lease	0.020049
7	Fee Lease	0.00993
8	Fee Lease	0.01223
9	Fee Lease	0.016254
10	Fee Lease	0.01062
11	Fee Lease	0.006366
12	Fee Lease	0.089886
13	Fee Lease	0.055087
	<b>FEE LANDS</b>	<b>0.22042</b>
	<b>TOTAL FEDERAL &amp; FEE LANDS</b>	<b>1.00000</b>

East Blinebry Drinkard Unit  
Type Log  
Continental, Lockhart B-11 #17  
1980'FNL, 1980'FEL  
Sec. 11, T-21-S, R-37-E  
Lea Co., NM

EXHIBIT "C"

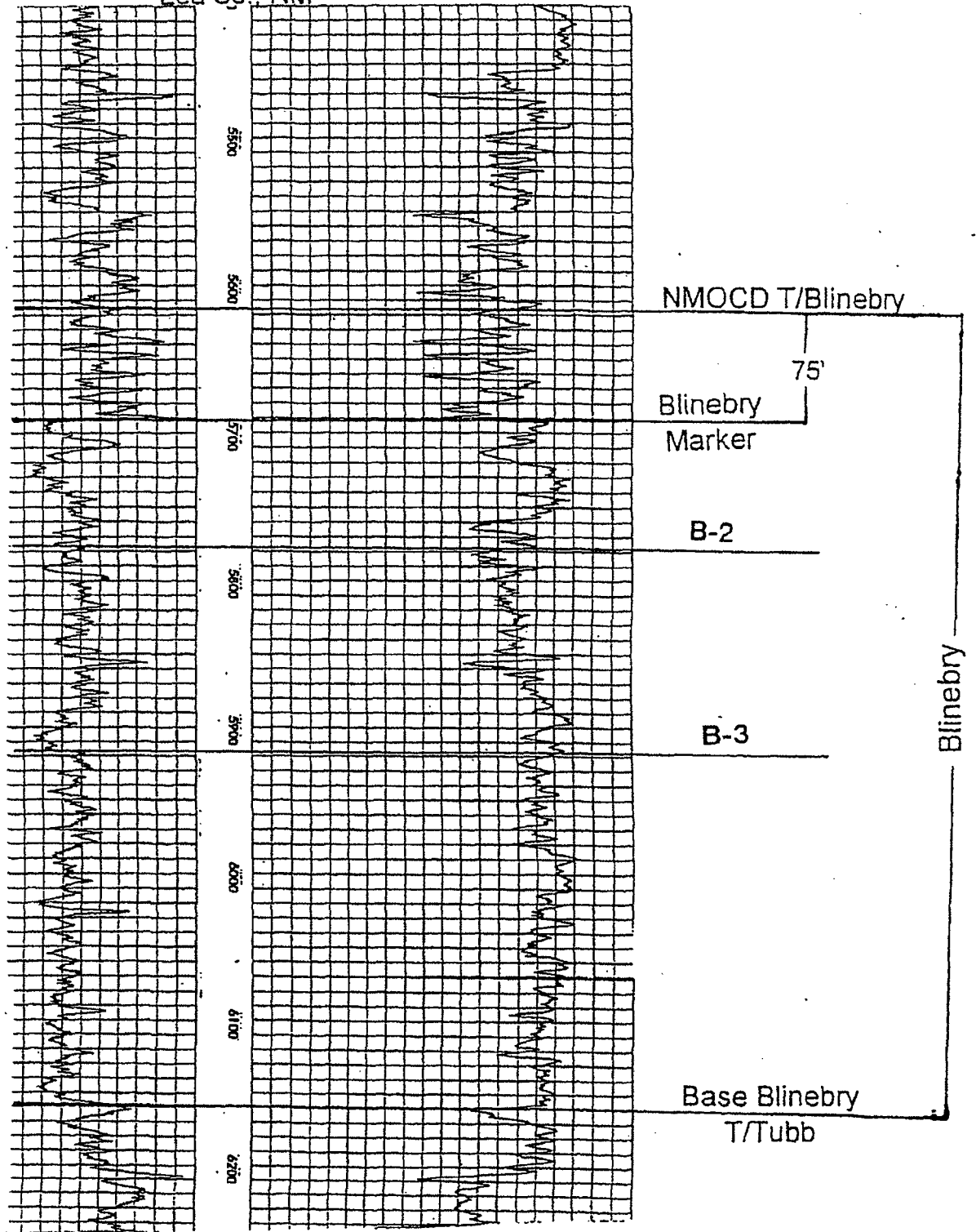


EXHIBIT "C"

