

13041

STATUTORY UNITIZATION
WATERFLOOD
UNIT NAME: EAST HOBBS SAN ANDRES UNIT
OPERATOR: ENERQUEST RESOURCES, LLC
COUNTY: LEA

DATE	OCC CASE NO.	TOTAL	STATE	FEDERAL	INDIAN	SEGREGATION	TERM
APPROVED	OCC ORDER NO.	ACREAGE			FEE	CLAUSE	

EFFECTIVE		920.00	80.00	0	840.00	SEGREGATION	5 YEARS
02/13/2004						CLAUSE	SO LONG AS
APPROVALS						EXTENDS ALL	
						LEASES	

SLO--02-13-2004
OCD--11-14-2003 CASE NOS. 13041, 13042
ORDER NO. R-11980-A
STATUTORY UNITIZATION

TOWNSHIP 18 SOUTH, RANGE 39 EAST

SECTION 29: SW/4, SW/4NW/4
SECTION 30: S/2N2, S/2
SECTION 31: N/2N/2
SECTION 32: N/2NW/4

Exhibit "B"
Schedule of Ownership of Oil and Gas Interests East Hobbs (San Andres) Unit

Lea County, New Mexico									
Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
1	Sec. 29: S/2 SW/4, NW/4 SW/4	120	HBP	Eram Ali	0.00010821	Eram Ali	0.00987500	Charter Royalty 94-1 Acq Fund	0.05250000
				Douglas H. Christensen	0.00005411	Douglas H. Christensen	0.00493750	James R. Small	0.02250000
	CARRIE O. DAVIS			Crumpp Family Partnership Ltd.	0.00114705	Crumpp Family Partnership Ltd.	0.10467500	Marshall R. Young Oil Company	0.00666667
				Carleton Davis	0.00208400	Dingus Investments, Inc.	0.07241669	George M. Young, Sr.	0.00333333
				Dingus Investments, Inc.	0.00079298	EnerQuest Oil & Gas, Ltd.	0.45659531		
				Donna E. Dyer	0.00312500	Lone Star Oil & Gas	0.00493750		
				Sandra J. Eaton	0.00295150	Parsley Resources, Inc.	0.05069162		
				EnerQuest Oil & Gas, Ltd.	0.00307324	Christopher P. Renaud	0.03517969		
				Gods House of Prayer	0.05833400	Armand Smith, Jr.	0.05069169		
				Virginia Ann Jackson	0.00196800				
				Theodore Johnson Estate	0.00625000				
				Judson Properties, Ltd.	0.00065567				
				LAJ Corporation	0.00065567				
				Dorothy Locastro	0.00062500				
				Lone Star Oil & Gas	0.00005411				
				Elizabeth Love	0.00680500				
				The Martin Living Trust	0.00065566				
				New Mexico Boys and Girls Ranch	0.00208300				
				Mary J. Parker	0.00393400				
				Matthew J. Parsley	0.00068563				
				Sai Ribera	0.01180600				
				Rowley Bros	0.00833400				
				Armand Smith, Jr.	0.00068563				
				Sugarberry Land Company	0.00205604				
				David A. Williams	0.00312500				
				Virginia M. Wingard	0.00295150				
2	Sec. 30: S/2 NE/4	80	HBP	Eram Ali	0.00017414	Eram Ali	0.00973947	Charter Royalty 94-1 Acq Fund	0.04790625
				BKKA	0.01171880	FAO Florence Branaman	0.00625000	James R. Small	0.02053125
	D.F. FERGASON			Roy G. Barton, Jr.	0.01171880	Douglas H. Christensen	0.00486974	Marshall R. Young Oil Company	0.00177084
				Roy G. Barton, Sr & Opal Barton	0.00468750	Crumpp Family Partnership Ltd.	0.10323821	George M. Young, Sr.	0.00086541
				Clare C. Beall	0.00156250	Dingus Investments, Inc.	0.07142266		
				Mildred M. Day Bernard	0.00234370	EnerQuest Oil & Gas, Ltd.	0.45032823		

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Lea County, New Mexico

Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
				Mary Payne Brisbane	0.00911460	Lone Star Oil & Gas	0.00486974		
				Douglas H. Christensen	0.00007243	Parsley Resources, Inc.	0.04999571		
				Dr. Ben M. Colletti	0.00468750	Christopher P. Renaud	0.03469679		
				Genevieve Ferguson Colletti	0.01997228	Armand Smith, Jr.	0.04999570		
				Cump Family Partnership Ltd.	0.00153549	FAO Andrew A. Stoudt	0.00625000		
				Helen A. Dean	0.00152990	FAO Mary E. Wyrnn	0.00625000		
				Ivan C. Dean	0.00611980				
				Dingus Investments, Inc.	0.00115430				
				Kenneth L. & Jane E. Edwards	0.00260420				
				Ervin Elsea	0.00130200				
				EnerQuest Oil & Gas, Ltd.	0.00496030				
				Nelle L. Fleming	0.00026041				
				Headington Oil Company, LP	0.00390620				
				Charles Fred Jennings	0.00009766				
				James Roger Jennings	0.00009766				
				Jo Johnson	0.00390630				
				M.H. Lang	0.00039060				
				Jewel Lansing & Annette Lansing J/T	0.00065104				
				Eva Mae Lewis	0.00234370				
				Lone Star Oil & Gas	0.00007243				
				Michelle Martinez	0.00130210				
				Virginia H. Jennings Matthews	0.00006510				
				Margaret Ferguson Mauk	0.00998609				
				Elizabeth Jennings McCormick	0.00026041				
				Margaret Peabody Newkom	0.00065105				
				Kendall B. Niceley	0.00078130				
				Mathew J. Parsley	0.00101060				
				Pecos Bend Royalties, Inc.	0.00039060				
				Christine Riley	0.00130210				
				Russell T. Rudy	0.00781250				
				Armand Smith, Jr.	0.00101060				
				Sugarberry Land Company	0.00303060				
				Mrs. Harry Titzkowski	0.00156250				
				Wanda K. Vanderbergh	0.00026041				

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Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
	NE 1/4 Sec 29, NW 1/4 SW 1/4	40 HBP		Carolyn Wardwell	0.00458980				
				Eram Ali	0.00024590	Eram Ali	0.00621448	Peggy Prall Charlier Estate	0.05468750
				EnerQuest Oil & Gas, Ltd.	0.00491890	David H. Arrington	0.28586660		
				Carleton Davis	0.00208330	Bruce D. Brockman	0.00142933		
	DAVIS			Dingus Investments, Inc.	0.00077880	Michael E. Chapman	0.00142933		
				Donna E. Dyer	0.00312500	Keith W. Davis	0.00571733		
				Sandra J. Eaton	0.00295150	Dingus Investments, Inc.	0.03937497		
				Gods House of Prayer	0.05333330	EnerQuest Oil & Gas, Ltd.	0.16366462		
				Virginia Ann Jackson	0.00196760	JMA Oil Properties, Ltd.	0.01429333		
				Theodore R. Johnson Estate	0.00625000	Sydney E. Niblo	0.00571733		
				Judson Properties, Ltd.	0.00065580	Parsley Resources, Inc.	0.01966262		
				LJL Corporation	0.00065580	W.F. Pendleton	0.00571733		
				Dorothy L. Locastro	0.00062500	Gary Phillips	0.00142933		
				Elizabeth N. Love	0.00662500	Armand Smith, Jr.	0.01966262		
				The Martin Living Trust	0.00065590	Gordon E. Sommers	0.00571733		
				New Mexico Boys and Girls Ranch	0.00208340	Texland Limited Partnership, L	0.24155728		
				Mary Parker	0.00393520	H.C. Zachary	0.00285867		
				Matthew J. Parsley	0.00077890				
				Salvatore Ribera	0.01180560				
				Rowley Bros.	0.00833340				
				Armand Smith, Jr.	0.00077890				
				Sugarberry Land Company	0.00233650				
				David A. Williams	0.00312500				
				Virginia M. Wingard	0.00295130				
4	Sec 29, SW 1/4 NW 1/4	40	Expires 3/19/06	June D. Speight	0.10156250	Eram Ali	0.01199010		
				Ellis Carl Browning & Evelyn Browning	0.00954861	Douglas H. Christensen	0.00364775		
	JUNE SPEIGHT			Vera Browning Stephens	0.00954861	Crump Family Partnership Ltd.	0.03575078		
				Nelda Charlene Browning	0.00954861	Dingus Investments, Inc.	0.08048336		
				Nancy L. Willman, Trustee	0.00954861	EnerQuest Oil & Gas, Ltd.	0.42030482		
				Grady Hicks	0.00954861	Lone Star Oil & Gas	0.00364775		
				Deborah A. Smith	0.00318287	Parsley Resources, Inc.	0.04748330		

Lea County, New Mexico

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Schedule of Ownership of Oil and Gas Interests East Hobbs (San Andres) Unit

Lea County, New Mexico									
Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
				Armand Smith, Jr.	0.00097538	Lone Star Oil & Gas	0.00375645		
				Matthew J. Parsley	0.00097538				
				Evelyn M. Laney	0.00954861				
				Sugarberry Land Company	0.00352686				
				Kite Royalty Co., LLC	0.00110832				
				Viersen Oil & Gas Co.	0.00886657				
				EnerQuest Oil & Gas, Ltd.	0.00567221				
				Ardayse Waits Oil, Ltd.	0.00136409				
				Lone Star Oil & Gas	0.00009280				
6:Sec. 30: NW/4 SE/4, S/2 SE/4		60	HBP	Eram Ali	0.00018563	Eram Ali	0.01396442	Ardayse Waits Oil, Ltd.	0.00853925
				Jana Sue Barry, ssp	0.00023872	Douglas H. Christensen	0.00698220		
LANEY A				Ro Jean Booth	0.00525174	Lois Sherrerd Clements Trust	0.00958602		
				Claudine Bradley, ssp	0.00023872	Anne Key Davis, ssp	0.04443360		
				Douglas H. Christensen	0.00009281	Anne Key Davis	0.02566502		
				Crump Family Partnership Ltd.	0.00196761	Dingus Investments, Inc.	0.08978358		
				Anne Key Davis, ssp	0.00110832	EnerQuest Oil & Gas, Ltd.	0.25485461		
				Dingus Investments, Inc.	0.00136124	Nancy Herslberger	0.00239653		
				EnerQuest Oil & Gas, Ltd.	0.00567221	Julie Ann Hopkins Trust	0.02221680		
				Ruth Fosberg, ssp	0.00095486	Mark Collier Hopkins Trust	0.03504936		
				Mary Virginia Gibbs	0.00477431	Hugh B. Key, II, ssp	0.04443360		
				Velma E. Gilmer Trust	0.02005208	Kite Royalty Co., LLC	0.03504933		
				Julie Ann Hopkins Trust	0.00055416	Carolyn V. Larson	0.00239653		
				Mark Collier Hopkins Trust	0.00055416	Lone Star Oil & Gas	0.00698221		
				Hugh B. Key, II, ssp	0.00110832	Virginia G. Olincy Oil Trust	0.02875825		
				Kite Royalty Co., LLC	0.00055416	Parsley Resources, Inc.	0.07161998		
				A. Jeanette Laney Trust	0.00572917	Christopher P. Renaud	0.05124011		
				N. Duane & Dortha L.J. Laney Revocable Trust	0.00023872	Armand Smith, Jr.	0.07162009		
				Evelyn M. Laney	0.00954861	Marie Uftr Silinnett	0.00479306		
				Vera N. Laney, ssp	0.02864583	Uftr Family Trust dated 4/28/99	0.00479306		
				Lone Star Oil & Gas	0.00009281	James F. Van Vranken	0.00239653		
				Anna Lois Lynch Revocable Trust	0.00477431	Robert Gordon Van Vranken, Jr.	0.00239653		

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Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
				Loyce M. Matthews Trust	0.00477430	White Star Royalty Co., LLC	0.03504933		
				P. T. Matthews Trust	0.00477430				
				Mathew J. Parsley	0.00097538				
				Rev. Ray D. Pinson	0.00525174				
				Armand Smith, Jr.	0.00097538				
				Rita Joyce Stone, ssp	0.00023872				
				Sugarberry Land Company	0.00352686				
				Viersen Oil & Gas Co.	0.00886557				
				Artamysse Watts Oil, Ltd.	0.00136409				
				White Star Royalty Co., LLC	0.00055416				
7	Sec. 30: NE1/4 SE1/4	13.33	HBP	Texas Land & Royalty Company, Ltd.	0.06007948	Eram All	0.01187943	Fisher Family Partnership	0.00585938
				Armand Smith, Jr.	0.00417020	Dingus Investments, Inc.	0.07717991	Ring Investments Corp.	0.00703125
				Christopher P. Renaud	0.00208753	EnerQuest Oil & Gas, Ltd.	0.36483499	Sophie Gimbel Estate	0.00156250
	LANEY REESE 1			Reese Minerals Limited Partnership	0.03125000	Christopher P. Renaud	0.01166544	Jill A. Roberts Rev. Trust dated 10/27/83	0.00268555
				Caprock Minerals, LLC	0.00173611	Parsley Resources, Inc.	0.03224288	Susan A. Unterberg	0.00268555
				Laurie Juanita Scott	0.00347222	Armand Smith, Jr.	0.04389475	Jill A. Roberts Trust U/A IX A. Appleman Trust	0.00268555
				Angela Marie Reese	0.00173611	Douglas H. Christensen	0.00160060	Susan A. Unterberg Trust U/A IX A. Appleman Trust	0.00268555
				Irene Investments, Inc.	0.00260417	Murray E. Helmers	0.11374800	Peter J. Gould	0.00195313
				Ann Hooper Taylor	0.00520833	George R. Kravis II Trust	0.08271404	Texas Land & Royalty Company, Ltd.	0.02638374
				Colleen G.M. Wallace	0.00260417	The Raymond and Bessie Kravis Foundation	0.06767578	Armand Smith, Jr.	0.00317841
				Dingus Investments, Inc.	0.00643249	Lone Star Oil & Gas	0.00160060	Christopher P. Renaud	0.00159105
				Douglas H. Christensen	0.00028643			Dingus Investments, Inc.	0.00490267
				Eram All	0.00096123			Douglas H. Christensen	0.00021831
				Lone Star Oil & Gas	0.00028643			Eram All	0.00073263
				Parsley Resources, Inc.	0.00208510			Lone Star Oil & Gas	0.00021831
								Parsley Resources, Inc.	0.00158920
8	Sec. 30: NE1/4 SE1/4	26.67	HBP	Texas Land & Royalty Company, Ltd.	0.06007948	Eram All	0.01537064	Fisher Family Partnership	0.00585938

Exhibit "B"
Schedule of Ownership of Oil and Gas Interests East Hobbs (San Andres) Unit

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Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
				Armand Smith, Jr.	0.00417020	Dingus Investments, Inc.	0.09930025	Ring Investments Corp.	0.00703125
				Christopher P. Renaud	0.00208753	EnerQuest Oil & Gas, Ltd.	0.45677948	Sophie Gimbel Estate	0.00156250
	LANEY REESE 2&3			Reese Minerals Limited Partnership	0.03125000	Christopher P. Renaud	0.01166544	Jill A. Roberts Rev. Trust dated 10/27/83	0.00268555
				Caprock Minerals, LLC	0.00173611	Parsley Resources, Inc.	0.04326908	Susan A. Unterberg	0.00268555
				Laurie Juanita Scott	0.00347222	Armand Smith, Jr.	0.05494095	Jill A. Roberts Trust U/A IX A.	0.00268555
				Angela Marie Reese	0.00173611	Douglas H. Christensen	0.00160060	Appelman Trust	0.00268555
				Irene Investments, Inc.	0.00260417	Lone Star Oil & Gas	0.00160060	A. Appelman Trust	0.00590820
				Ann Hooper Taylor	0.00520833	Murray E. Helmers	0.11374800	George R. Kravis II Trust	0.00483398
				Colleen G. M. Wallace	0.00260417			The Raymond and Beesie Kravis Foundation	0.00195313
				Dingus Investments, Inc.	0.00643249			Peter J. Gould	0.02638374
				Douglas H. Christensen	0.00028643			Texas Land & Royalty Company, Ltd.	0.00317841
				Eram Ali	0.00096123			Armand Smith, Jr.	0.00159105
				Lone Star Oil & Gas	0.00028643			Christopher P. Renaud	0.00490267
				Parsley Resources, Inc.	0.00208510			Dingus Investments, Inc.	0.00021831
								Douglas H. Christensen	0.00073263
								Eram Ali	0.00021831
								Lone Star Oil & Gas	0.00158920
								Parsley Resources, Inc.	0.00158920
9	Sec. 31: N/2 N/2	160	HBP	Elmer R. Beebe	0.01093750	Eram Ali	0.01053575	Sapphire Royalties, Inc.	0.00250000
				Norma L. Beebe	0.01093750	Douglas H. Christensen	0.00526787	Andrews Royalty, Inc.	0.00112500
	PEARL GOODE			Kathrine Bingham	0.01093750	Crump Family Partnership Ltd.	0.1167886	Bandera Minerals, III LLC	0.00250000
				Culroy P/A	0.00130215	Dingus Investments, Inc.	0.07726212	Lowell Deckert Estate	0.01000000
				Keith Pratt Daniels	0.00585937	EnerQuest Oil & Gas, Ltd.	0.48714058	Llano Production Company	0.00071094
				Arnold Dunn	0.01093750	Lone Star Oil & Gas	0.00526787	Magnolia Royalty Company, Inc.	0.00250000
				Pearline R. Elrod	0.01093750	Parsley Resources, Inc.	0.05408638	Morgan Capital Group, Inc.	0.00250000
				Sherril Faye Halliburton & David Vincent Halliburton J/T	0.02734375	Christopher P. Renaud	0.03753357	Daniel M. Alexander & Padgett Alexander Revocable Trust	0.01000000
				Carl & Cybil Lee	0.00195313	Armand Smith, Jr.	0.05408637	James R. Small	0.00030469
				McCaig Family Partnership	0.00065098				

Exhibit "B"
Schedule of Ownership of Oil and Gas Interests East Hobbs (San Andres) Unit

Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
				Lajuan Miles	0.02734375				
				Lynda Pratt Rast	0.00585937				
10	Sec. 32, N/2 NW/4	80	HBP	State of New Mexico	0.12500000	Eram Ali	0.00987500	Jim A. Dawson	0.00005000
						Douglas H. Christensen	0.00493750	Llano Production Company	0.02620000
						Crumpp Family Partnership Ltd.	0.10467500	Lowe Partners, LP	0.04250000
						Dingus Investments, Inc.	0.072241669	James R. Small	0.01125000
						EnerQuest Oil & Gas, Ltd.	0.45659531	Marshall R. Young Oil Company	0.00333333
						Lone Star Oil & Gas	0.00493750	George M. Young, Sr.	0.00166667
						Parsley Resources, Inc.	0.05069162		
						Christopher P. Renaud	0.03517969		
						Armand Smith, Jr.	0.05069169		
11	Sec. 30, W/2 SW/4	80	HBP	Fleischaker Mineral Company LLC	0.02083374	Eram Ali	0.00987500	Charter Royalty 94-1 Acq Fund	0.03062500
				Rocket Oil & Gas Co Ltd Partnership	0.10046620	Douglas H. Christensen	0.00493750	James R. Small	0.01312500
				Stanley H. Singer Revocable Trust	0.00890620	Crumpp Family Partnership Ltd.	0.10467500	Marshall R. Young Oil Company	0.00666667
				Telon Properties, LLC	0.01041686	Dingus Investments, Inc.	0.072241669	George M. Young, Sr.	0.00333333
				Three M Oil Company	0.01562500	EnerQuest Oil & Gas, Ltd.	0.45659531		
						Lone Star Oil & Gas	0.00493750		
						Parsley Resources, Inc.	0.05069162		
						Christopher P. Renaud	0.03517969		
						Armand Smith, Jr.	0.05069169		
12	Sec. 30, E/2 SW/4, S/2 NW/4	160	HBP	Marjorie H. Augustine	0.00979170	Eram Ali	0.01029284		
				Jeanine H. Byron	0.00694440	Douglas H. Christensen	0.00514643		
				Roy Lee Wright Cain Trust w/ David 10/6/90	0.02937500	Crumpp Family Partnership Ltd.	0.10910434		
				Beverly V. Cox	0.00833330	Dingus Investments, Inc.	0.07548096		
				Nancy Iola Henry	0.05875000	EnerQuest Oil & Gas, Ltd.	0.47591338		
				Jerry & Margaret Hooper	0.00694440	Lone Star Oil & Gas	0.00514643		
				Jimmy Joe & Lynne Hooper	0.00694440	Parsley Resources, Inc.	0.05283810		
				William C. Humble	0.00979170	Christopher P. Renaud	0.03666832		
				Lora Mae Rawlings	0.01101560	Armand Smith, Jr.	0.05283810		

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Tract #	Description of Land	Number of Acres	Serial #, Lease Status	Royalty Ownership	Interest	Working Interest	Interest	Overriding Royalty	Interest
				Jill A. Roberts Revocable Trust	0.00781250				
				Lavita Joy Sullivan	0.01305560				
				Susan Unterberg	0.00781250				

EXHIBIT "C"
Schedule of Tract Participation East Hobbs (San Andres) Unit
Lea County, New Mexico

<u>Tract #</u>	<u>Description</u>	<u>Lease Name</u>	<u>Acreage</u>	<u>Tract</u>
				<u>Participation</u> <u>Factor</u>
1	S/2 SW/4, NW/4 SW/4 Section 29, T-18-S, R-39-E	Carrie O. Davis	120	15.204311
2	S/2 NE/4 Section 30, T-18-S, R-39-E	D.F. Ferguson	80	0.857979
3	NE/4 SW/4 Section 29, T-18-S, R-39-E	Zachary Davis	40	1.473563
4	SW/4 NW/4 Section 29, T-18-S, R-39-E	June Speight	40	0.108696
5	NW/4 SE/4, S/2 SE/4 Section 30, T-18-S, R-39-E	Laney	60	18.322423
6	NW/4 SE/4, S/2 SE/4 Section 30, T-18-S, R-39-E	Laney A	60	19.993114
7	NE/4 SE/4 Section 30, T-18-S, R-39-E	Laney Reese #1	13.33	1.822673
8	NE/4 SE/4 Section 30, T-18-S, R-39-E	Laney Reese #2 & #3	26.67	36.944219
9	N/2 N/2 Section 31, T-18-S, R-39-E	Pearl Goode	160	2.473871
10	N/2 NW/4 Section 32, T-18-S, R-39-E	<i>San Andres Unit</i> Ralph Lowe State	80	0.415278
11	W/2 SW/4 Section 30, T-18-S, R-39-E	Rocket Cain	80	0.330804
12	E/2 SW/4, S/2 NW/4 Section 30, T-18-S, R-39-E	Samuel Cain	160	2.053069
TOTALS			920	100.000000