

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF PURVIS OPERATING CO.  
FOR APPROVAL OF A UNIT AGREEMENT,  
LEA COUNTY, NEW MEXICO.

CASE NO. 13,782

AFFIDAVIT OF CLIFTON BIAS

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

Clif Bias, being first duly sworn on his oath, deposes and states as follows:

1. My name is Clif Bias, and I reside in Midland, Texas. I am the petroleum geologist employed by Purvis Operating Co. ("Purvis") who is responsible for the formation of the proposed Oil Rock State Fee Unit Area (the "Unit Area"), comprised of 1926.21 acres of State and Fee lands situated in Lea County, New Mexico. The horizontal limits of the Unit Area are as follows:

Township 15 South, Range 35 East, N.M.P.M.  
Section 6: Lots 1, 2, S½NE¼, and SE¼ (E½)  
Section 7: E½  
Section 8: All  
Section 17: All

2. Purvis, the designated Unit Operator in the Unit Agreement for the Development and Operation of the Oil Rock State Fee Unit Area (the "Unit Agreement"), proposes the formation of the Unit Area to test all formations.

3. **Attachment 1** to this Affidavit is a copy of the Unit Agreement. This agreement is on the form approved by the Commissioner of Public Lands of the State of New Mexico (the "Commissioner").

4. **Exhibit A** to the Unit Agreement is a plat showing the boundaries of the Unit Area.

5. **Exhibit B** to the Unit Agreement (together with related Exhibits 1-6) identifies interest ownership in the Unit Area. The Commissioner has preliminarily approved the Unit Agreement, and his letter of preliminary approval is **Attachment 2** to this affidavit. Purvis has committed its working interest to the Unit Agreement, and

Oil Conservation Division  
Case No. 13782  
Exhibit No. 1

ratifications are being obtained from other interest owners.

6. The initial Unit well will be drilled at a standard location 1,310 feet from the North line and 660 feet from the East line of Section 7, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico to an approximate depth of 13,500 feet subsurface. The estimated completed well costs are \$3,005,700. A copy of the Authorization for Expenditure for the initial Unit well is **Attachment 3** to this affidavit.

7. **Attachment 4** to this affidavit is a geologic justification for the Unit, with appropriate Morrow structure and isopach maps. The primary objective is the Morrow formation, with other Pennsylvanian, Austin (upper Mississippian), and Devonian production possible.

8. The Unit Area covers an area that can be reasonably developed under a unit plan of development.

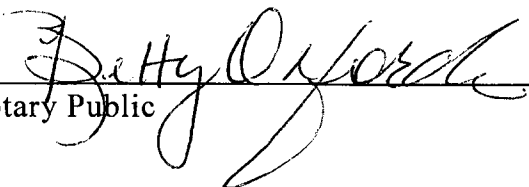
9. If the initial Unit well is successful, additional wells will be drilled in the Unit Area. Accordingly, approval of the Unit Agreement will result in the efficient recovery of hydrocarbons.

10. Approval of the Unit Agreement and the development of the Unit Area pursuant to a unit plan of development are in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

  
\_\_\_\_\_  
Clifton Bias

SUBSCRIBED AND SWORN TO before me on this 12th day of September, 2006  
by Clifton Bias.



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

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

ONLINE VERSION

STATE/FEE  
EXPLORATORY UNIT

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE

\_\_\_\_\_ OIL ROCK STATE FEE \_\_\_\_\_ UNIT AREA

\_\_\_\_\_ LEA \_\_\_\_\_ County(ies),  
NEW MEXICO

*Attachment 1*

ONLINE VERSION

STATE/FEE  
EXPLORATORY UNITS  
Revised February 12, 2004

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE

OIL ROCK STATE FEE

UNIT AREA

LEA

COUNTY(IES), NEW MEXICO

TABLE OF CONTENTS by Sections

SECTION

1. UNIT AREA
2. UNITIZED SUBSTANCES
3. UNIT OPERATOR
4. RESIGNATION OR REMOVAL OF UNIT OPERATOR
5. SUCCESSOR UNIT OPERATOR
6. ACCOUNTING PROVISIONS
7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR
8. DRILLING TO DISCOVERY
9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES
10. PARTICIPATION AFTER DISCOVERY
11. ALLOCATION OF PRODUCTION
12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES
13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA
14. CONSERVATION
15. DRAINAGE
16. COVENANTS RUN WITH LAND
17. EFFECTIVE DATE AND TERM
18. RATE OF PRODUCTION
19. APPEARANCES
20. NOTICES
21. LOSS OF TITLE
22. SUBSEQUENT JOINDER
23. COUNTERPARTS
- EXHIBIT "A". MAP OF UNIT AREA
- EXHIBIT "B". SCHEDULE OF OWNERSHIP
- EXHIBIT "C". SCHEDULE OF TRACT PARTICIPATION
- EXHIBIT 1-6, FEE INTERESTS
- EXHIBIT \_\_\_\_\_

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION OF THE  
OIL ROCK STATE FEE

UNIT AREA

LEA

COUNTY(IES), NEW MEXICO

THIS AGREEMENT, entered into as of the 1ST day of JULY, 2006, 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 or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, (Chap. 19, Art. 10, Sec. 45, N.M. Statutes 1978 Annotated), to consent to and approve the development or operation of State Lands under agreements made by lessees of State Land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 19, Art. 10, Sec. 47, N.M. Statutes 1978 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State Lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part of or all of any oil or gas pool, field, or area; 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 (Chap. 72, Laws 1935, as amended, being Section 70-2-1 et seq. N. M. Statutes Annotated, 1978 Compilation) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the OIL ROCK STATE FEE 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 interests in the below defined unit area, and agree severally among themselves as follows:

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area: [Attach another page if you need more space.]

Township 15S, Range 35E, N.M.P.M.

Section 6 Subdivisions: E/2

Section 7 Subdivisions: E/2

Section 8 Subdivisions: ALL

Section 17 Subdivisions: ALL

Containing 1,920 total acres, more or less, in County(ies) LEA New Mexico

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibit "A" and "B" shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner" or the Oil Conservation Division, hereinafter referred to as the "Division".

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR: PURVIS OPERATING CO.

whose address is P.O. BOX 51990, MIDLAND, TX 79710-1990 is hereby designated as

unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to

accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be effective upon notice thereof to the Commissioner and the Division.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials, and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new operator. Such selection 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 Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election, with notice to the Division, may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS: The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. 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 which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, 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.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to attain the top of the Mississippian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 13,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter, file a report with the Commissioner and Division of the status of the development of the unit area and the development contemplated for the following twelve months period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units, but in such event, the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator

and the lessees or record in the manner prescribed by (Sec. 19-10-20 N.M. Statutes 1978 Annotated), of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by (Sec. 19-10-23 N.M. Statutes 1978 Annotated), and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

Notwithstanding any of the provisions of this Agreement to the contrary, all undeveloped regular well spacing or proration unit tracts within the unit boundaries shall be automatically eliminated from this Agreement and shall no longer be a part of the unit or be further subject to the terms of this agreement unless at the expiration of five (5) years after the first day of the month following the effective date of this agreement diligent drilling operations are in progress on said tracts.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tracts of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: The respective lease owners in accordance with the terms of their leases shall pay all rentals due to the State of New Mexico.

All royalties due to the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty share in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Division as conforming to good petroleum engineering practices; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the terms of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offset to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico of which only a portion is committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as two separate leases as to such segregated portions, commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced within the unitized area and committed to this agreement, in accordance with the terms of this agreement. If oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease which part is committed to this agreement at the expiration of the fixed term of such lease, such production shall not be considered as production from lands embraced in such lease which are not within the unitized area, and which are not committed thereto, and drilling or reworking operations upon some part of the lands embraced within the unitized area and committed to this agreement shall be considered as drilling and reworking operations only as to lands embraced within the unit agreement and not as to lands embraced within the lease and not committed to this unit agreement; provided, however, as to any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto upon which oil and gas, or either of them, has been discovered is discovered upon that portion of such lands not committed to this agreement, and are being produced in paying quantities prior to the expiration of the fixed term of such

lease, such production in paying quantities shall serve to continue such lease in full force and effect in accordance with its terms as to all of the lands embraced in said lease.

14. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests 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 to the grantee, transferee or other successor in interest. No assignment or transfer or any working, royalty, or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photo static, or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and the Division and shall terminate in five (5) years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced in paying quantities from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered are being produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests, signatory hereto, with the approval of the Commissioner and with notice to the Division. Likewise, the failure to comply with the drilling requirements of Section 8 hereof, may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by the Division, and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby, before the Commissioner of Public Lands and the Division, and to appeal from orders issued under the regulations of the Commissioner or Division, or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Division; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceedings.

20. NOTICES: All notices, demands, or statements required hereunder to be given or rendered to the parties hereto, shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses, set forth in connection with the signatures hereto or to the ratification or consent hereof, or to such other address as any such party may have furnished in writing to party sending the notice, demand, or statement.

21. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail, and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement, or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working, or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof, without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator, as such, is relieved from any responsibility for any defect or failure of any title hereunder.

22. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto, prior to the submission of the agreement for final approval by the Commissioner and the Division, may be committed hereto by the owner or owners of such rights, subscribing or consenting to this agreement, or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development, and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Division of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties, before participating in any benefits hereunder, shall be required to assume and pay to unit operator, their proportionate share of the unit expenses incurred prior to such party's or parties joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

23. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or 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 such 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 lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

[Note -- Signature pages follow.]



UNIT OPERATOR AND WORKING INTEREST OWNER

PURVIS OPERATING CO.  
BUSINESS ENTITY  
By J. H. Purvis  
SIGNATURE OF OFFICER  
Address P.O. BOX 51990, MIDLAND, TX 79710-1990 Date of Execution 6/28/2006  
STATE OF TEXAS )  
COUNTY OF MIDLAND ) ss.

**Acknowledgment in an Individual Capacity**

This instrument was acknowledged before me on \_\_\_\_\_ Date

by \_\_\_\_\_  
Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**

This instrument was acknowledged before me on 6/28/2006 Date

by J. H. PURVIS  
Name(s) of Person(s)

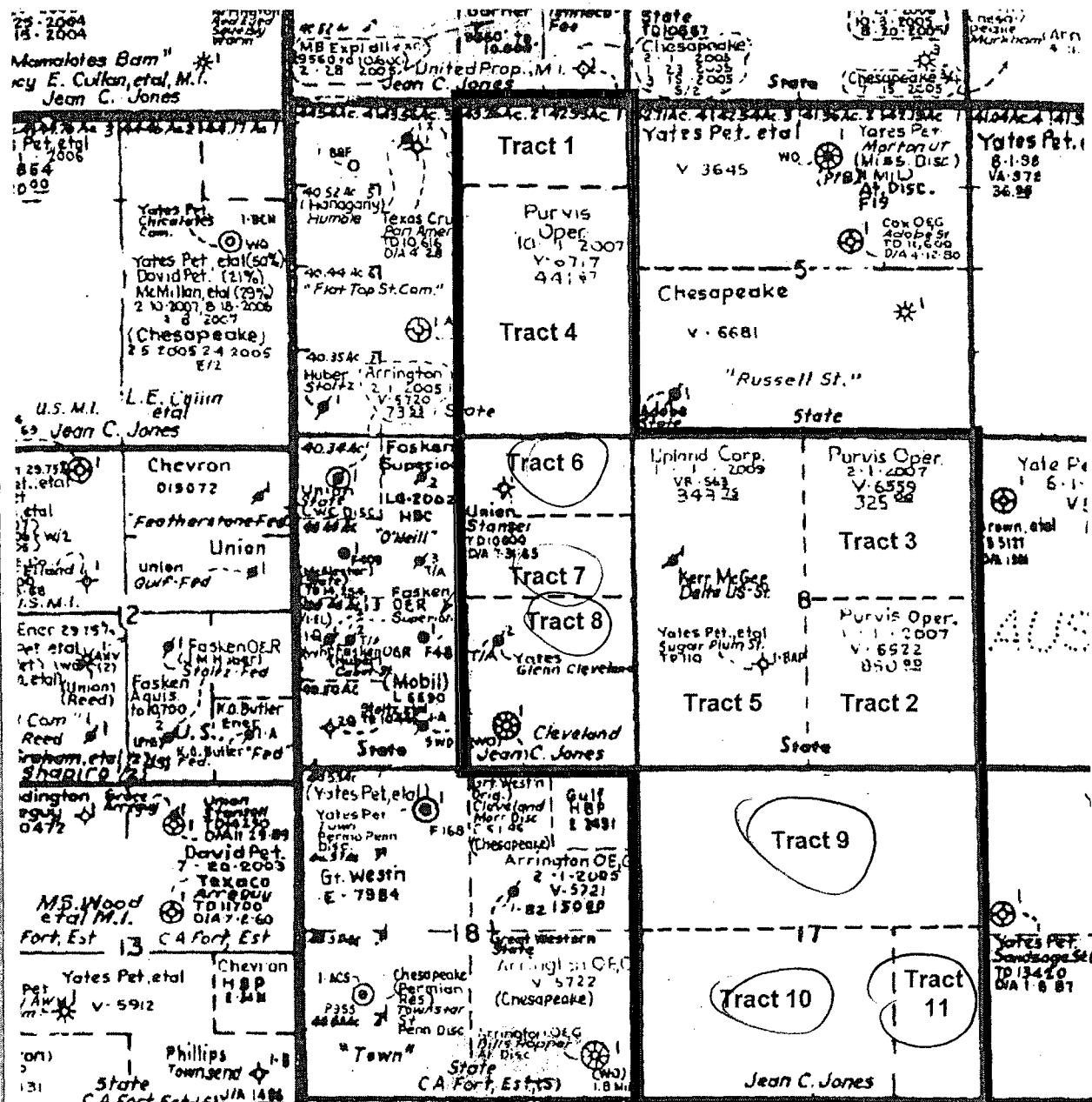
as PRESIDENT of PURVIS OPERATING CO.  
Type of authority, e.g., officer, trustee, etc. Name of party on behalf of whom instrument was executed



Betty Oxford  
Signature of Notarial Officer

My commission expires: 7-14-2009

**EXHIBIT "A" - PLAT**  
**OIL ROCK STATE FEE UNIT, LEA COUNTY, NEW MEXICO**



**Purvis Operating Co. Oil Rock State Fee Unit**

- TRACT 1:** Yates Pet. Corp. State Lease V-6362  
Expires 9/1/06
- TRACT 2:** Purvis, et al State Lease V-6522  
Expires 1/1/07
- TRACT 3:** Purvis, et al State Lease V-6559  
Expires 2/1/07
- TRACT 4:** Purvis, et al Lease V-6717  
Expires 10/1/07
- TRACT 5:** Chesapeake State Lease VB-563  
Expires 1/1/09
- TRACT 6-11:** Fee Tracts - See Exhibits 1-6

Proposed Unit - 1,920 ac.

EXHIBIT "B" - SCHEDULE OF OWNERSHIP  
OIL ROCK STATE FEE UNIT, LEA COUNTY, NEW MEXICO

Tract	Township	Section	Acres	Serial #	Expiration	Lessor	Lessee of Record	ORRI	Working Interest	Percentage
1	T-15-S, R-35-E	N/2NE of 6	80	VO-6362	9/1/2006	State of NM	Yates Petroleum Corp.	?	Yates Petroleum Corp.	?
2	T-15-S, R-35-E	SE of 8	160	VO-6522	1/1/2007	State of NM	Purvis Operating Co.	3.33%	Purvis Operating Co.	100%
3	T-15-S, R-35-E	NE of 8	160	VO-6559	2/1/2007	State of NM	Purvis Operating Co.	3.33%	Purvis Operating Co.	100%
4	T-15-S, R-35-E	SE & S/2NE of 6	240	VO-6717	10/1/2007	State of NM	Purvis Operating Co.	3.33%	Purvis Operating Co.	100%
5	T-15-S, R-35-E	W/2 of 8	320	VB-563	1/1/2009	State of NM	Chesapeake Operating, Inc.	?	Chesapeake Operating, Inc.	?
6	T-15-S, R-35-E	N/2NE of 7	80	Fee	Multiple	Fee	SEE EXHIBIT 1	None	SEE EXHIBIT 1	SEE EXHIBIT 1
7	T-15-S, R-35-E	S/2NE of 7	80	Fee	Multiple	Fee	SEE EXHIBIT 2	None	SEE EXHIBIT 2	SEE EXHIBIT 2
8	T-15-S, R-35-E	SE of 7	160	Fee	Multiple	Fee	SEE EXHIBIT 3	None	SEE EXHIBIT 3	SEE EXHIBIT 3
9	T-15-S, R-35-E	N/2 of 17	320	Fee	Multiple	Fee	SEE EXHIBIT 4	None	SEE EXHIBIT 4	SEE EXHIBIT 4
10	T-15-S, R-35-E	SW & W/2SE of 17	240	Fee	Multiple	Fee	SEE EXHIBIT 5	None	SEE EXHIBIT 5	SEE EXHIBIT 5
11	T-15-S, R-35-E	E/2SE of 17	80	Fee	Multiple	Fee	SEE EXHIBIT 6	None	SEE EXHIBIT 6	SEE EXHIBIT 6

STATE ACRES	960
FEE ACRES	960
TOTAL	1920

EXHIBIT "C" - TRACT PARTICIPATION  
OIL ROCK STATE FEE UNIT, LEA COUNTY, NEW MEXICO

Tract	Township	Section	Acres	Tract Participation	Serial #	Lessee of Record
1	T-15-S, R-35-E	N/2NE of 6	80	0.04166667	VO-6362	Yates Petroleum Corp.
2	T-15-S, R-35-E	SE of 8	160	0.08333333	VO-6522	Purvis Operating Co.
3	T-15-S, R-35-E	NE of 8	160	0.08333333	VO-6559	Purvis Operating Co.
4	T-15-S, R-35-E	SE & S/2NE of 6	240	0.12500000	VO-6717	Purvis Operating Co.
5	T-15-S, R-35-E	W/2 of 8	320	0.16666667	VB-563	Chesapeake Operating, Inc.
6	T-15-S, R-35-E	N/2NE of 7	80	0.04166667	Fee	SEE EXHIBIT 1
7	T-15-S, R-35-E	S/2NE of 7	80	0.04166667	Fee	SEE EXHIBIT 2
8	T-15-S, R-35-E	SE of 7	160	0.08333333	Fee	SEE EXHIBIT 3
9	T-15-S, R-35-E	N/2 of 17	320	0.16666667	Fee	SEE EXHIBIT 4
10	T-15-S, R-35-E	SW & W/2SE of 17	240	0.12500000	Fee	SEE EXHIBIT 5
11	T-15-S, R-35-E	E/2SE of 17	80	0.04166667	Fee	SEE EXHIBIT 6

Total Participation Per Company Including Exhibits 1-6			Total Acres Per Company
Purvis Operating Co.	0.65807292		1263.50
Yates Petroleum Corp.	0.09557292		183.50
Chesapeake Operating, Inc.	0.16666667		320.00
David Petroleum	0.00260417		5.00
Unleased Acreage as of 5/18/06	0.07708333		148.00
<b>TOTAL</b>	<b>1.00000000</b>		<b>1920.00</b>

# PURVIS OPERATING CO. OIL ROCK STATE FEE UNIT, LEA COUNTY, NM - EXHIBIT 1

## OWNERSHIP CHART BY TRACT - 5/06

N/2NE OF 7 - 80 Acres

NAME	FRACTIONAL OWNERSHIP	DECIMAL OWNERSHIP	MINERAL OWNERSHIP	LEASE OWNERSHIP	STATUS AS OF 6/13/06
POPCO	1/18	0.05555555	4.444444	POPCO	Owned By POPCO
Madalyn Lansford	7/288	0.024305555	1.944444	POPCO	Leased until 5/28/07
	1/5 x 34/288	0.02361111	1.88888888	POPCO	Leased until 5/28/07
Lawrance Dotson	1/5 x 34/288	0.02361111	1.88888888	POPCO	Leased until 11/30/07
George Dotson	1/5 x 34/288	0.02361111	1.88888888	POPCO	Leased until 4/12/2011
Charree Dotson	1/2 x 1/5 x 34/288	0.011805555	0.944444	POPCO	Leased until 11/30/07
Charlee Dotson	1/2 x 1/5 x 34/288	0.011805555	0.944444	POPCO	Leased until 11/30/07
Jason Campbell	1/4 x 1/5 x 34/288	0.005902777	0.47222215	YATES	Extended until 8/12/09
Roy Dean Campbell	1/4 x 1/5 x 34/288	0.005902777	0.47222215	POPCO	Leased until 5/2/07
Charles Phillips	1/4 x 1/5 x 34/288	0.005902777	0.47222215	POPCO	Leased until 4/27/07
Odus Phillips	1/4 x 1/5 x 34/288	0.005902777	0.47222215	POPCO	Leased until 5/7/07
Flo S. Brown	7/288	0.024305555	1.944444	YATES	Extended until 8/26/09
Mary Ann Gathings	7/288	0.024305555	1.944444	POPCO	Leased until 11/30/07
Willie Ruth Tatum	7/288	0.024305555	1.944444	POPCO	Leased until 11/30/07
Weigle Family Trust	7/288	0.024305555	1.944444	POPCO	Leased until 11/30/07
Carlton Carmichael, Jr.	1/3 x 14/576	0.008101851	0.64814808	POPCO	Leased until 11/30/07
Ila Nettesheim	1/3 x 14/576	0.008101851	0.64814808	POPCO	Leased until 11/30/07
Evelyn Horner	1/3 x 14/576	0.008101851	0.64814808	YATES	Extended until 8/11/09
Harry H. Jung	1/329	0.003039513	0.24316104	YATES	Extended until 8/20/09
Nova J. Marley	1/329	0.003039513	0.24316104	POPCO	Leased until 11/30/07
Carl Schellinger	2/329	0.006079027	0.48632216	YATES	Extended until 8/11/09
Elova Miller	7/576	0.012152777	0.97222216	POPCO	Leased until 11/30/07
Mary Lee Hart	3/32	0.09375	7.5	POPCO	Leased until 4/17/2011
Kathy Kiel Johnson	1/32	0.03125	2.5	POPCO	Leased until 5/12/2009
Oliver B. Kiel	1/16	0.0625	2.5	POPCO	Leased until 5/12/2009
Black Stone Minerals	1/4	0.25	20	OPEN	EXPIRED
Higgins Trust	1/4	0.25	20	OPEN	EXPIRED
Total			80.00		

Yates	3.79429773 acres	4.74287216%
POPCO	36.20612325 acres	45.25765406%
Open	40 acres	50.00000000%

**PURVIS OPERATING CO. OIL ROCK STATE FEE UNIT, LEA COUNTY, NM - EXHIBIT 2**

**OWNERSHIP CHART BY TRACT**

**S/2NE OF 7 - 80 Acres**

NAME	FRACTIONAL OWNERSHIP	DECIMAL OWNERSHIP	MINERAL OWNERSHIP	LEASE OWNERSHIP	STATUS AS OF 6/13/06
POPCO	1/12	0.083333333	6.66666664	POPCO	Owned By POPCO
Madalyn Lansford	5/96	0.052083333	4.16666664	POPCO	Leased until 5/28/07
	1/5 x 14/96	0.029166666	2.33333328	POPCO	Leased until 5/28/07
Lawrence Dotson	1/5 x 14/96	0.029166666	2.33333328	POPCO	Leased until 11/30/07
George Dotson	1/5 x 14/96	0.029166666	2.33333328	POPCO	Leased until 4/12/2011
Charlee Dotson	1/2 x 1/5 x 14/96	0.014583333	1.16666664	POPCO	Leased until 11/30/07
Charlee Dotson	1/2 x 1/5 x 14/96	0.014583333	1.16666664	POPCO	Leased until 11/30/07
Jason Campbell	1/4 x 1/5 x 14/96	0.007291666	0.58333328	YATES	Extended until 8/12/09
Roy Dean Campbell	1/4 x 1/5 x 14/96	0.007291666	0.58333328	POPCO	Leased until 5/2/07
Charles Phillips	1/4 x 1/5 x 14/96	0.007291666	0.58333328	POPCO	Leased until 4/27/07
Odus Phillips	1/4 x 1/5 x 14/96	0.007291666	0.58333328	POPCO	Leased until 5/7/07
Flo S. Brown	5/96	0.052083333	4.16666664	YATES	Extended until 8/26/09
Mary Ann Gathings	5/96	0.052083333	4.16666664	POPCO	Leased until 11/30/07
Willie Ruth Tatum	5/96	0.052083333	4.16666664	POPCO	Leased until 11/30/07
Weigle Family Trust	5/96	0.052083333	4.16666664	POPCO	Leased until 11/30/07
Carlton Carmichael, Jr.	1/3 x 10/192	0.017361111	1.38888888	POPCO	Leased until 11/30/07
Ila Nettlesheim	1/3 x 10/192	0.017361111	1.38888888	POPCO	Leased until 11/30/07
Evelyn Horner	1/3 x 10/192	0.017361111	1.38888888	YATES	Extended until 8/11/09
Harry H. Jung	5/768	0.006510416	0.52083328	YATES	Extended until 8/20/09
Nova J. Marley	5/768	0.006510416	0.52083328	POPCO	Leased until 11/30/07
Carl Schellinger	5/384	0.013020833	1.04166664	YATES	Extended until 8/11/09
Elova Miller	5/192	0.026041666	2.08333328	POPCO	Leased until 11/30/07
Mary Lee Hart	3/32	0.09375	7.5	POPCO	Leased until 4/17/2011
Kathy Kiel Johnson	1/32	0.03125	2.5	POPCO	Leased until 5/12/09
Oliver B. Kiel	1/16	0.0625	2.5	POPCO	Leased until 5/12/09
Higgins Trust	1/4	0.25	20	OPEN	EXPIRED
		<b>Total</b>	<b>80.00</b>		

Yates	7.70138872 acres	9.62673590%
POPCO	52.29861048 acres	65.37326310%
Open	20 acres	25.00000000%

**PURVIS OPERATING CO. OIL ROCK STATE FEE UNIT, LEA COUNTY, NM - EXHIBIT 3**

**OWNERSHIP CHART BY TRACT**

SE OF 7 - 160 Acres

NAME	FRACTIONAL OWNERSHIP	DECIMAL OWNERSHIP	MINERAL OWNERSHIP	LEASE OWNERSHIP	STATUS AS OF 6/13/06
Kirk Ary	1/27	0.037037037	5.92592592	OPEN	EXPIRED
William C. Eiland	1/27	0.037037037	5.92592592	OPEN	EXPIRED
Douglas Koch	1/27	0.037037037	5.92592592	OPEN	EXPIRED
Madalyn Lansford	23/288	0.079861111	12.77777776	POPCO	Leased until 5/28/07
	1/5 x 50/288	0.034722222	5.55555552	POPCO	Leased until 5/28/07
Lawrance Dotson	1/5 x 50/288	0.034722222	5.55555552	POPCO	Leased until 11/30/07
George Dotson	1/5 x 50/288	0.034722222	5.55555552	POPCO	Leased until 4/12/2011
Charlee Dotson	1/2 x 1/5 x 50/288	0.017361111	2.77777776	POPCO	Leased until 11/30/07
Charlee Dotson	1/2 x 1/5 x 50/288	0.017361111	2.77777776	POPCO	Leased until 11/30/07
Jason Campbell	1/4 x 1/5 x 50/288	0.008680555	1.38888888	YATES	Extended until 8/12/09
Roy Dean Campbell	1/4 x 1/5 x 50/288	0.008680555	1.38888888	POPCO	Leased until 5/2/07
Charles Phillips	1/4 x 1/5 x 50/288	0.008680555	1.38888888	POPCO	Leased until 4/27/07
Odus Phillips	1/4 x 1/5 x 50/288	0.008680555	1.38888888	POPCO	Leased until 5/7/07
Flo S. Brown	23/288	0.079861111	12.77777776	YATES	Extended until 8/26/09
Mary Ann Gathings	23/288	0.079861111	12.77777776	POPCO	Leased until 11/30/07
Willie Ruth Tatum	23/288	0.079861111	12.77777776	POPCO	Leased until 11/30/07
Weigle Family Trust	23/288	0.079861111	12.77777776	POPCO	Leased until 11/30/07
Carlton Carmichael, Jr	1/3 x 46/576	0.02662037	4.2592592	POPCO	Leased until 11/30/07
Ila Nettesheim	1/3 x 46/576	0.02662037	4.2592592	POPCO	Leased until 11/30/07
Evelyn Horner	1/3 x 46/576	0.02662037	4.2592592	YATES	Extended until 8/11/09
Harry H. Jung	6/601	0.009982638	1.59722208	YATES	Extended until 8/20/09
Nova J. Marley	6/601	0.009982638	1.59722208	POPCO	Leased until 11/30/07
Carl Schellinger	11/551	0.019965277	3.19444432	YATES	Extended until 8/11/09
Elova Miller	23/576	0.039930555	6.38888888	POPCO	Leased until 11/30/07
Mary Lee Hart	3/32	0.09375	15	POPCO	Leased until 4/17/2011
Kathy Kiel Johnson	1/32	0.03125	5	POPCO	Leased until 5/12/09
Oliver B. Kiel	1/32	0.03125	5	POPCO	Leased until 5/12/09
<b>Total</b>			<b>160.00</b>		

Yates	23.21759216 acres	14.51099510%
POPCO	119.0046288 acres	74.37789300%
Open	17.77777776 acres	11.11111110%

**PURVIS OPERATING CO. OIL ROCK STATE FEE UNIT, LEA COUNTY, NM - EXHIBIT 4**

**OWNERSHIP CHART BY TRACT**

**N/2 OF 17 - 320 Acres**

NAME	RACTIONAL OWNERSHIP	DECIMAL OWNERSHIP	MINERAL OWNERSHIP	LEASE OWNERSHIP	STATUS AS OF 6/13/06
POPCO	1/8	0.125	40	POPCO	Owned By POPCO
	1/9 X 5/16	0.034722222	11.11111104	POPCO	Owned By POPCO
Madalyn Lansford	1/9 X 5/16	0.034722222	11.11111104	POPCO	Leased until 5/28/07
	1/5 x 1/8	0.025	8	POPCO	Leased until 5/28/07
	1/5 x 1/9 x 5/16	0.006944444	2.22222208	POPCO	Leased until 5/28/07
Lawrence Dotson	1/5 x 1/8	0.025	8	POPCO	Leased until 11/30/07
	1/5 x 1/9 x 5/16	0.006944444	2.22222208	POPCO	Leased until 11/30/07
George Dotson	1/5 x 1/8	0.025	8	POPCO	Leased until 4/12/2011
	1/5 x 1/9 x 5/16	0.006944444	2.22222208	POPCO	Leased until 4/12/2011
Charree Dotson	1/2 x 1/5 x 1/8	0.0125	4	POPCO	Leased until 11/30/07
	1/2 x 1/5 x 1/9 x 5/16	0.003472222	1.11111104	POPCO	Leased until 11/30/07
Charlee Dotson	1/2 x 1/5 x 1/8	0.0125	4	POPCO	Leased until 11/30/07
	1/2 x 1/5 x 1/9 x 5/16	0.003472222	1.11111104	POPCO	Leased until 11/30/07
Jason Campbell	1/4 x 1/5 x 1/8	0.00625	2	YATES	Extended until 8/12/09
	1/4 x 1/5 x 1/9 x 5/16	0.001736111	0.55555552	YATES	Extended until 8/12/09
Roy Dean Campbell	1/4 x 1/5 x 1/8	0.00625	2	POPCO	Leased until 5/2/07
	1/4 x 1/5 x 1/9 x 5/16	0.001736111	0.55555552	POPCO	Leased until 5/2/07
Charles Phillips	1/4 x 1/5 x 1/8	0.00625	2	POPCO	Leased until 4/27/07
	1/4 x 1/5 x 1/9 x 5/16	0.001736111	0.55555552	POPCO	Leased until 4/27/07
Odus Phillips	1/4 x 1/5 x 1/8	0.00625	2	POPCO	Leased until 5/7/07
	1/4 x 1/5 x 1/9 x 5/16	0.001736111	0.55555552	POPCO	Leased until 5/7/07
Flo S. Brown	1/9 X 5/16	0.034722222	11.11111104	YATES	Extended until 8/26/09
Mary Ann Gathings	1/9 X 5/16	0.034722222	11.11111104	POPCO	Leased until 11/30/07
Willie Ruth Tatum	1/9 X 5/16	0.034722222	11.11111104	POPCO	Leased until 11/30/07
Weigle Family Trust	1/9 X 5/16	0.034722222	11.11111104	POPCO	Leased until 11/30/07
Carlton Carmichael, Jr.	1/3 x 1/9 x 5/16	0.011574074	3.70370368	POPCO	Leased until 11/30/07
Ila Nettlesheim	1/3 x 1/9 x 5/16	0.011574074	3.70370368	POPCO	Leased until 11/30/07
Evelyn Horner	1/3 x 1/9 x 5/16	0.011574074	3.70370368	YATES	Extended until 8/11/09
Harry H. Jung	1/2 x 1/2 x 1/2 x 1/9 x 5/16	0.004340277	1.38888864	YATES	Extended until 8/20/09
Nova J. Marley	1/2 x 1/2 x 1/2 x 1/9 x 5/16	0.004340277	1.38888864	POPCO	Leased until 11/30/07
Carl Schellinger	1/2 x 1/2 x 1/9 x 5/16	0.008680555	2.7777776	YATES	Extended until 8/11/09
Elova Miller	1/2 x 1/9 x 5/16	0.017361111	5.55555552	POPCO	Leased until 11/30/07
Mildred S. Lindsey	1/8	0.125	40	POPCO	Leased until 9/1/2010
Virginia Mainard	1/8	0.125	40	POPCO	Leased until 9/1/2010
Black Stone Min. Co.	1/16	0.0625	20	OPEN	EXPIRED
L.C. Clark, Jr.	1/2 x 1/32	0.015625	5	POPCO	Leased until 9/9/2010
Marilyn Williams	1/2 x 1/32	0.015625	5	DAVID PETROLEUM	Lease until 6/29/07
Richard Hosteller	1/2 x 1/64	0.0078125	2.5	POPCO	Leased until 7/1/07
John S. Lowe	1/2 x 1/64	0.0078125	2.5	YATES	Leased until 11/11/07
James R. McCrory	1/2 x 3/64	0.0234375	7.5	POPCO	Leased until 4/8/06 (Extended until 4/8/09)
W.T. Reed Trust/WCB	1/2 x 3/64	0.0234375	7.5	POPCO	Leased until 4/8/06 (Extended until 4/8/09)
Reiter-Foster/Apache?	1/32	0.03125	10	OPEN	EXPIRED
<b>Total</b>			<b>320.00</b>		

Yates	24.03703648 acres	7.51157390%
David Petroleum	5 acres	1.56250000%
POPCO	260.9629616 acres	81.55092550%
Open	30 acres	9.37500000%



**PURVIS OPERATING CO. OIL ROCK STATE FEE UNIT, LEA COUNTY, NM - EXHIBIT 5**

**OWNERSHIP CHART BY TRACT**

**SW & W/2SE OF 17 - 240 Acres**

NAME	FRACTIONAL OWNERSHIP	DECIMAL OWNERSHIP	MINERAL OWNERSHIP	LEASE OWNERSHIP	STATUS AS OF 6/16/06
POPCO	1/8	0.125	30	POPCO	Owned By POPCO
	1/9 X 3/4	0.0833333333	19.99999992	POPCO	Owned By POPCO
Madalyn Lansford	1/9 X 3/4	0.0833333333	19.99999992	POPCO	Leased until 5/28/07
	1/5 x 1/8	0.025	6	POPCO	Leased until 5/28/07
	1/5 x 1/9 x 3/4	0.0166666666	3.99999984	POPCO	Leased until 5/28/07
Lawrance Dotson	1/5 x 1/8	0.025	6	POPCO	Leased until 11/30/07
	1/5 x 1/9 x 3/4	0.0166666666	3.99999984	POPCO	Leased until 11/30/07
George Dotson	1/5 x 1/8	0.025	6	POPCO	Leased until 4/12/2011
	1/5 x 1/9 x 3/4	0.0166666666	3.99999984	POPCO	Leased until 4/12/2011
Charree Dotson	1/2 x 1/5 x 1/8	0.0125	3	POPCO	Leased until 11/30/07
	1/2 x 1/5 x 1/9 x 3/4	0.0083333333	1.99999992	POPCO	Leased until 11/30/07
Charlee Dotson	1/2 x 1/5 x 1/8	0.0125	3	POPCO	Leased until 11/30/07
	1/2 x 1/5 x 1/9 x 3/4	0.0083333333	1.99999992	POPCO	Leased until 11/30/07
Jason Campbell	1/4 x 1/5 x 1/8	0.00625	1.5	YATES	Extended until 8/12/09
	1/4 x 1/5 x 1/9 x 3/4	0.0041666666	0.99999984	YATES	Extended until 8/12/09
Roy Dean Campbell	1/4 x 1/5 x 1/8	0.00625	1.5	POPCO	Leased until 5/2/07
	1/4 x 1/5 x 1/9 x 3/4	0.0041666666	0.99999984	POPCO	Leased until 5/2/07
Charles Phillips	1/4 x 1/5 x 1/8	0.00625	1.5	POPCO	Leased until 4/27/07
	1/4 x 1/5 x 1/9 x 3/4	0.0041666666	0.99999984	POPCO	Leased until 4/27/07
Odus Phillips	1/4 x 1/5 x 1/8	0.00625	1.5	POPCO	Leased until 5/7/07
	1/4 x 1/5 x 1/9 x 3/4	0.0041666666	0.99999984	POPCO	Leased until 5/7/07
Flo S. Brown	1/9 X 3/4	0.0833333333	19.99999992	YATES	Extended until 8/26/09
Mary Ann Gathings	1/9 X 3/4	0.0833333333	19.99999992	POPCO	Leased until 11/30/07
Willie Ruth Tatum	1/9 X 3/4	0.0833333333	19.99999992	POPCO	Leased until 11/30/07
Weigle Family Trust	1/9 X 3/4	0.0833333333	19.99999992	POPCO	Leased until 11/30/07
Arifon Carmichael, Jr	1/3 x 1/9 x 3/4	0.0277777777	6.66666648	POPCO	Leased until 11/30/07
Ila Nettesheim	1/3 x 1/9 x 3/4	0.0277777777	6.66666648	POPCO	Leased until 11/30/07
Evelyn Horner	1/3 x 1/9 x 3/4	0.0277777777	6.66666648	YATES	Extended until 8/11/09
Harry H. Jung	1/2 x 1/2 x 1/2 x 1/9 x 3/4	0.0104166666	2.49999984	YATES	Extended until 8/20/09
Nova J. Marley	1/2 x 1/2 x 1/2 x 1/9 x 3/4	0.0104166666	2.49999984	POPCO	Leased until 11/30/07
Carl Schellinger	1/2 x 1/2 x 1/9 x 3/4	0.0208333333	4.99999992	YATES	Extended until 8/11/09
Elova Miller	1/2 x 1/9 x 3/4	0.0416666666	9.99999984	POPCO	Leased until 11/30/07
<b>Total</b>			<b>240.00</b>		

Yates	36.66666600 acres	15.27777750%
POPCO	203.333331120 acres	84.72222130%
Open	0 acres	0.00000000%

**PURVIS OPERATING CO. OIL ROCK STATE FEE UNIT, LEA COUNTY, NM - EXHIBIT 6**

**OWNERSHIP CHART BY TRACT**

**E/2SE OF 17 - 80 Acres**

NAME	FRACTIONAL OWNERSHIP	DECIMAL OWNERSHIP	MINERAL OWNERSHIP	LEASE OWNERSHIP	STATUS AS OF 6/13/06
POPCO	1/8	0.125	10	POPCO	Owned By POPCO
	1/9 X 1/2	0.05555555	4.444444	POPCO	Owned By POPCO
Madalyn Lansford	1/9 X 1/2	0.05555555	4.444444	POPCO	Leased until 5/28/07
	1/5 x 1/8	0.025	2	POPCO	Leased until 5/28/07
	1/5 x 1/9 x 1/2	0.01111111	0.888888	POPCO	Leased until 5/28/07
Lawrance Dotson	1/5 x 1/8	0.025	2	POPCO	Leased until 11/30/07
	1/5 x 1/9 x 1/2	0.01111111	0.888888	POPCO	Leased until 11/30/07
George Dotson	1/5 x 1/8	0.025	2	POPCO	Leased until 4/12/2011
	1/5 x 1/9 x 1/2	0.01111111	0.888888	POPCO	Leased until 4/12/2011
Charree Dotson	1/2 x 1/5 x 1/8	0.0125	1	POPCO	Leased until 11/30/07
	1/2 x 1/5 x 1/9 x 1/2	0.00555555	0.444444	POPCO	Leased until 11/30/07
Charlee Dotson	1/2 x 1/5 x 1/8	0.0125	1	POPCO	Leased until 11/30/07
	1/2 x 1/5 x 1/9 x 1/2	0.00555555	0.444444	POPCO	Leased until 11/30/07
Jason Campbell	1/4 x 1/5 x 1/8	0.00625	0.5	YATES	Extended until 8/12/09
	1/4 x 1/5 x 1/9 x 1/2	0.00277777	0.22222216	YATES	Extended until 8/12/09
Roy Dean Campbell	1/4 x 1/5 x 1/8	0.00625	0.5	POPCO	Leased until 5/2/07
	1/4 x 1/5 x 1/9 x 1/2	0.00277777	0.22222216	POPCO	Leased until 5/2/07
Charles Phillips	1/4 x 1/5 x 1/8	0.00625	0.5	POPCO	Leased until 4/27/07
	1/4 x 1/5 x 1/9 x 1/2	0.00277777	0.22222216	POPCO	Leased until 4/27/07
Odus Phillips	1/4 x 1/5 x 1/8	0.00625	0.5	POPCO	Leased until 5/7/07
	1/4 x 1/5 x 1/9 x 1/2	0.00277777	0.22222216	POPCO	Leased until 5/7/07
Flo S. Brown	1/9 X 1/2	0.05555555	4.444444	YATES	Extended until 8/26/09
Mary Ann Gathings	1/9 X 1/2	0.05555555	4.444444	POPCO	Leased until 11/30/07
Willie Ruth Tatum	1/9 X 1/2	0.05555555	4.444444	POPCO	Leased until 11/30/07
Weigle Family Trust	1/9 X 1/2	0.05555555	4.444444	POPCO	Leased until 11/30/07
Carlton Carmichael, Jr.	1/3 x 1/9 x 1/2	0.01851851	1.48148144	POPCO	Leased until 11/30/07
Ila Nettesheim	1/3 x 1/9 x 1/2	0.01851851	1.48148144	POPCO	Leased until 11/30/07
Evelyn Horner	1/3 x 1/9 x 1/2	0.01851851	1.48148144	YATES	Extended until 8/11/09
Harry H. Jung	1/2 x 1/2 x 1/2 x 1/9 x 1/2	0.00694444	0.55555552	YATES	Extended until 8/20/09
Nova J. Marley	1/2 x 1/2 x 1/2 x 1/9 x 1/2	0.00694444	0.55555552	POPCO	Leased until 11/30/07
Carl Schellinger	1/2 x 1/2 x 1/9 x 1/2	0.01388888	1.11111104	YATES	Extended until 8/11/09
Elova Miller	1/2 x 1/9 x 1/2	0.02777777	2.22222217	POPCO	Leased until 11/30/07
Higgins Trust	1/4	0.25	20	OPEN	EXPIRED
<b>Total</b>			<b>80.00</b>		

Yates	8.31481460 acres	10.39351826%
POPCO	51.685184382 acres	64.60648048%
Open	20.00000000 acres	25.00000000%



PATRICK H. LYONS  
COMMISSIONER

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

August 18, 2006

Jim Bruce  
P. O. Box 1056  
Santa Fe, NM 87504

Attention: Mr. Jim Bruce

Re: Preliminary Approval  
Oil Rock State Fee Unit Agreement  
Lea County, New Mexico

Dear Mr. Bruce:

This office has received the unexecuted copy of the unit agreement which you have submitted for the proposed Oil Rock State Fee Exploratory Unit area, Lea County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content. It is our understanding that Purvis Operating Company will be the operator of the unit area.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.5i, applications for approval shall contain a statement of facts showing:
  - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
  - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
  - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
  - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.

**-State Land Office Beneficiaries -**

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

*Attachment 2*

Jim Bruce  
August 18, 2006  
Page 2

4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.
5. Please submit an original and one copy of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Purvis Operating Company must submit a \$10,000 Surface Improvement Damage Bond.
8. Copies of all the well records for the initial unit well.

Please submit a \$120.00 filing fee.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS  
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/pm

pc: Reader File,  
NMOCD – Attn: Mr. David Catanach

**PURVIS OPERATING CO.**  
COST ESTIMATE & AUTHORITY FOR EXPENDITURE (AFE)

Date: 7/13/2006 Lease & Well #: ANTELOPE #1  
Purpose: Test Atoka/Morrow  
Location: 1310' FNL and 660' FEL, Sec. 7, T-15S, R-35E County: Lea  
Classification: Exploratory: (X) Development: ( ) Oil: ( ) Gas: (X)  
Est. Commencement Date: 1/1/2007  
Prepared by: D. E. Brown, P.E.  
State: New Mexico Projected Depth: 13,500'

**DRILLING COSTS**

**TANGIBLE**

**CASING**

- a. Conductor, Rat hole and Mouse hole
- b. Surface
- c. Intermediate
- d. Wellhead Equipment - Surface
- e. Wellhead Equipment - Intermediate
- f. Casing Crew
- Total Tangibles**

Estimated Cost	Ref.
8,000	
12,400	1
164,300	1a
2,000	
4,000	
6,000	
196,700	

**INTANGIBLE**

**PRE-SPUD WORK**

- a. Title Work
- b. Plugging Bond
- c. Right of Way, Staking, Surveying
- d. Miscellaneous

2,500	
1,000	
1,000	

**DIRT WORK**

- a. Roads
- b. Location, Cellar & Pits
- c. Pit Lining
- d. Pit Removal
- e. Damages
- f. Fences

5,000	
20,000	
4,500	
30,000	
5,000	
700	

**RIG COSTS**

- a. Footage Rate
- b. Daywork
- c. Bits & Rental Tools
- d. Fuel
- e. Water Tank/Water Line
- f. Trash Pits
- g. Rig mobilization

990,000	2
85,000	3
96,300	
5,000	
2,700	
50,000	

**MUD COSTS**

- a. Surface
- b. Intermediate
- c. Production
- d. Water
- e. Mud Oil
- f.

85,000	
20,000	

**FORMATION EVALUATION**

- a. Mud Logging
- b. Open Hole Logs
- c. Drill Stem Tests & FT's
- d. Coring Equipment & SWC
- e. Core Analysis
- f. Fluid Analysis
- g.

50,500	4
65,000	
15,000	
500	

**RUNNING CASING/CEMENTING**

- a. Surface Float
- b. Surface Cementing
- c. Intermediate Float
- d. Intermediate Cementing
- e. Welding
- f. Handling Casing & Drill Pipe
- g.

1,600	
12,000	
2,500	
23,500	
1,000	
4,000	

**OVERHEAD**

- a. Field Supervision
- b. Engineering
- c. Geologist
- d. Operator's Administrative Cost

46,800	5a
4,000	5
4,000	6
8,800	7

**MISC.**

- a. Transportation and Labor
- b. Contingency
- c. New Mexico Sales Tax

10,000	
140,000	
127,900	

**TOTAL INTANGIBLES**

1,920,800	
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**DRILLING TOTAL**

\$ 2,117,500	
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**COMPLETION COSTS**

**TANGIBLE**

**WELL EQUIPMENT**

- a. Production Casing & Liner
- b. Tubing
- c. Wellhead Equip. - Casing
- d. Wellhead Equip. - Tubing/Pumping T
- e. Packers, Anchors, Misc.
- f. Flow Line

Estimated Cost	Ref.
330,800	8
100,500	9
5,000	
20,000	
10,000	
5,000	

**ARTIFICIAL LIFT EQUIPMENT**

- a. Rods & Pump, TAC
- b. Pumping Unit
- c. Motor, Panel or Engine
- d. Lease Power
- e. Electric Line


**FACILITIES**

- a. Heater Treater/Separator
- b. Tanks - Hook Up
- c. Stack Pack (gas well only)
- d. Flow Line
- e. Gas Sales Line
- f. Misc. Fittings
- Total Tangibles**

17,000	
25,000	
5,000	
10,000	
528,300	

**INTANGIBLE**

**RUNNING CASING/CEMENTING**

- a. Cement & Service
- b. Floating Equipment & Liner Hgr.
- c. Welding
- d. Handling Casing & Drill Pipe
- e.

25,000	
2,500	
1,000	
6,000	

**RENTAL EQUIPMENT/SERVICES**

- a. Completion Rig (15 days)
- b. Bits/Crossover
- c. Reverse Unit
- d. Tubular Inspection
- e. Packer/BP
- f. Rental Tanks
- g. Pump Truck

68,300	
5,000	
3,000	
3,000	

**WIRELINE SERVICES**

- a. Cased Hole Logs
- b. Perforating
- c.

10,000	
10,000	

**STIMULATION SERVICES**

- a. Fracturing
- b. Acidizing
- c. Water

95,000	
10,000	
3,000	

**OVERHEAD**

- a. Field Supervision
- b. Engineering
- c. Operator's Administrative Cost

12,800	5a
2,500	5
2,400	7

**MISC.**

- a. Transportation & Freight
- b. Roustabout Labor
- c. Miscellaneous
- d. Contingency
- e. New Mexico Sales Tax

3,500	
10,000	
5,000	
28,000	
53,900	10

**TOTAL INTANGIBLES**

359,900	
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**COMPLETION TOTAL**

\$ 888,200	
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**SUMMARY**

- Total Tangibles**
- Total Intangibles**
- Contingency**
- GRAND TOTAL, Producer**

\$725,000	
\$2,112,700	
\$168,000	
\$3,005,700	

**REFERENCES:**

- |    |  |    |  |
|----|--|----|--|
| 1  | 400' 13 3/8" H40 - 48# @ \$31.00/ft.           | 5  | 8 days @ \$500; 5 days @ \$500                       |
| 1a | 6200' 9 5/8" J&N - 36# & 40# @ \$26.50/ft.     | 6  | 8 days @ \$500                                       |
| 2  | Drilling Rate @ \$ x                           | 7  | 55 days @ \$160; 15 days @ \$160                     |
| 3  | Day Rate @ \$18,000 x 55 days                  | 8  | 13,500' 5 1/2" - N80 & S95 - 17# & 20# @ \$24.50/ft. |
| 4  | Mud log @ \$1100 x 45 days + \$500 move-in/out | 9  | 13,400' 2 7/8" N-80 - 6 1/2# @ \$7.50/ft.            |
| 5a | 55 days @ \$850; 15 days @ \$850               | 10 | Sales Tax @ 6.5%                                     |

PURVIS OPERATING CO.

By: *J.H. Purvis* Title: President

Date: 9-12-06

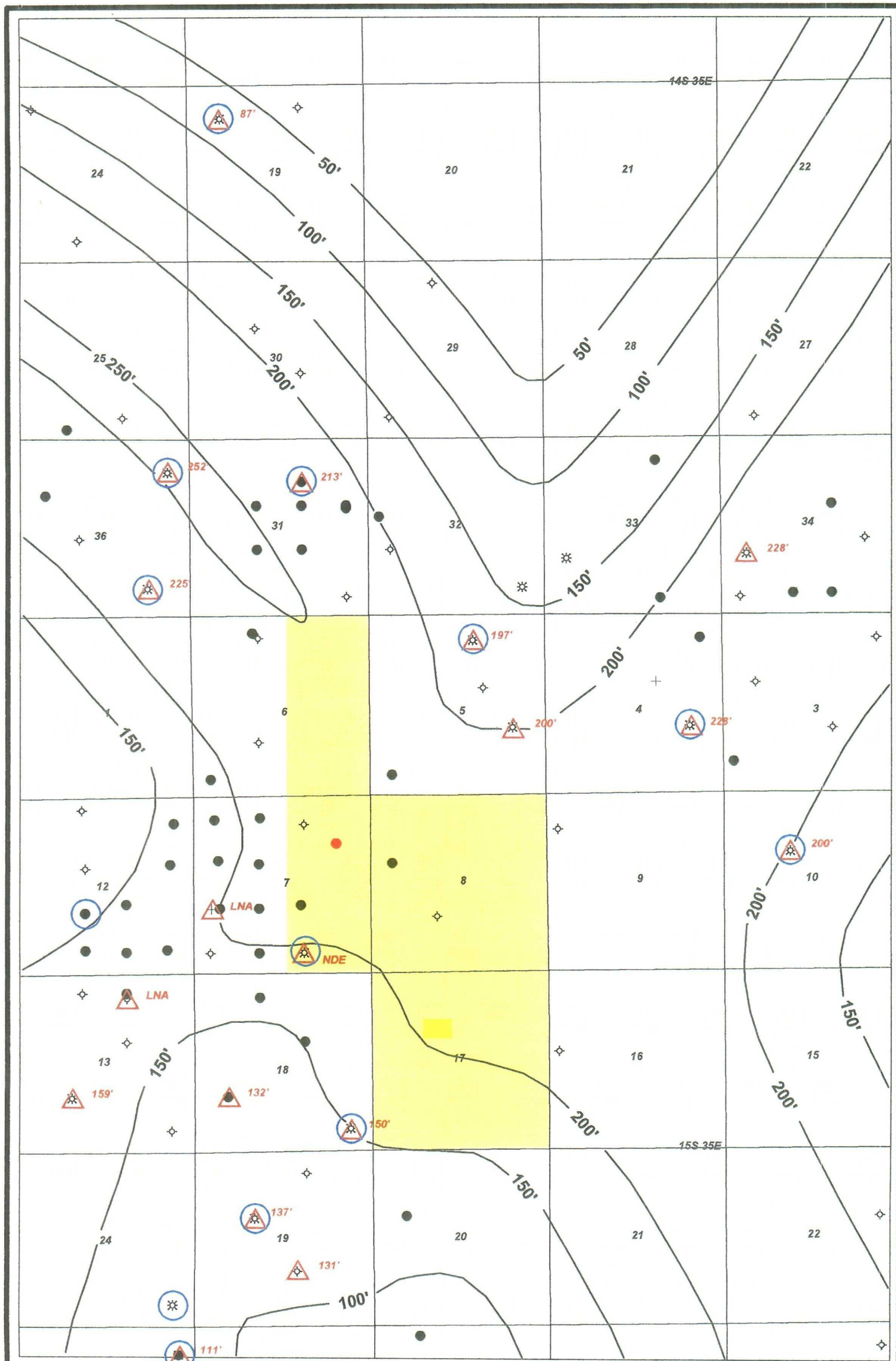
## **Oil Rock State Fee Exploratory Unit Geologic Justification**

Purvis Operating Company requests the formation of the Oil Rock State Fee Exploratory Unit to support the drilling of a wildcat well on the east half of section 7, T15S – R35E. The proposed location will be 1320' FNL and 660' FEL of section 7 with a TD of 13,500' in the Lower Mississippian limestone. The primary objective is the Pennsylvanian Morrow sands but there are significant secondary objectives in the Mississippian "Austin" limestone, Atoka sands and Strawn limestone in this location. The Devonian, Canyon, Cisco and Lower Wolfcamp are also prospective secondary objectives in the proposed Unit but the potential locations for these targets are not uniformly distributed across the leases.

Morrow sands on and around the proposed unit, outlined in the attached lease and structure maps, are distributed in sand fairways on the flanks of a deep seated structural high centered on sections 7 and 18. The fairways appear to be a system of stacked and coalescing channels that have the thickest accumulation in the paleo-lows adjacent to the central structure. There are approximately 28 wells completed in the Morrow around the proposed unit but only about 4 of these Morrow completions have cumulative production sufficient to be considered economic for a well expected to cost an estimated \$2.25 million to drill and complete. There is therefore substantial risk of drilling a non-commercial, single objective, Morrow exploratory well.

In order to reduce the likelihood of drilling a non-commercial well and encouraging exploration and development, it is desirable to propose locations where multiple objectives can be identified for wells and the formation of an exploratory unit would facilitate this effort and aid in obtaining the optimum exploitation of the leasehold for all interested parties.

*Attachment 4*



Morrow Penetration



Morrow Completion



Unit Outline

0 Horizontal Scale (feet) 5000

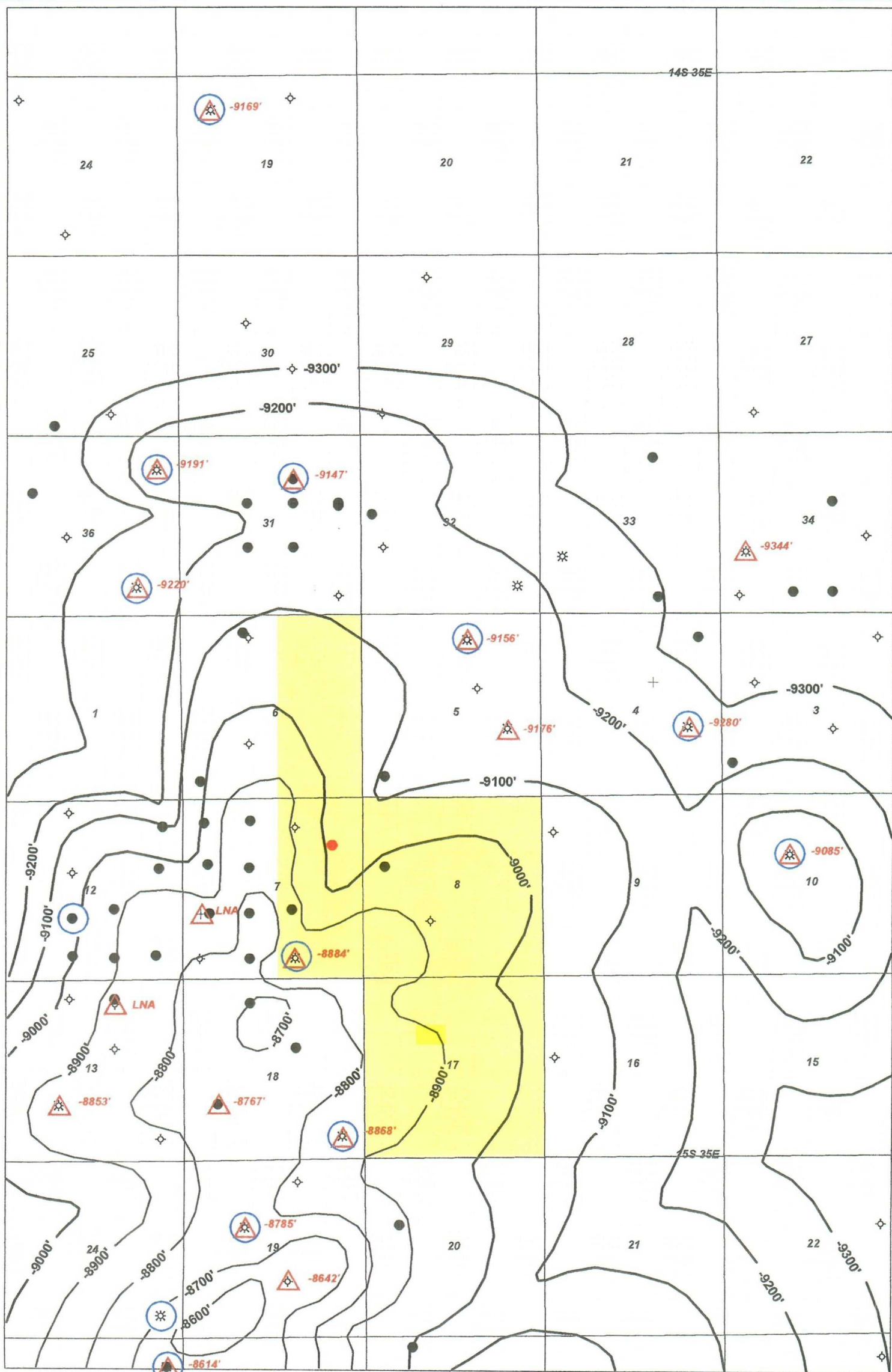
**PURVIS OPERATING COMPANY**  
**OIL ROCK STATE FEE UNIT OUTLINE**  
**MORROW CLASTICS GROSS INTERVAL ISOPACH**  
**LEA COUNTY, NEW MEXICO**

Geol. C. Bias

C.I. = 50'

7/2/06





 Morrow Penetration  
 Morrow Completion

 Unit Outline

Horizontal Scale (feet) 0 5000

**PURVIS OPERATING COMPANY**  
**OIL ROCK STATE FEE UNIT OUTLINE**  
**STRUCTURE ON TOP OF MORROW CLASTICS**  
**LEA COUNTY, NEW MEXICO**

Geol. C. Bias

C.I. = 100'

7/2/06