

August 25, 2005



**UNIT PETROLEUM COMPANY**

A Subsidiary of Unit Corporation

**WORKING INTEREST OWNERS**

Working Interest Unit  
East Half (E/2) Section 8, West Half (W/2) Section 9,  
All Section 16 and North Half (N/2) Section 17,  
Township 20 South, Range 36 East, N.M.P.M.  
Lea County, New Mexico  
Monument Prospect

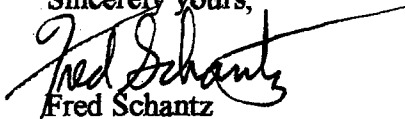
Ladies and Gentlemen:

Unit Petroleum Company hereby proposes forming the captioned 1,600 acre working interest unit, including your leasehold in NE/4 Section 8 and W/2 Section 9. Your collective interest would comprise 30% of the working interest wherein each of you would own 7.5% working interest. Unit Petroleum Company will be the other working interest owner with 70% working interest. Unit Petroleum Company proposes to drill an 11,600 foot Morrow test well at an estimated cost of \$2.4 Million, including cost of completing the well. Dry hole costs are estimated at \$1.5 Million.

Please advise your response to our proposal at your earliest convenience. I assume that each company is very interested in participating in a working interest unit and participating in the drilling of a Morrow test rather than granting a term assignment.

Please call me if you have a question regarding our proposal.

Sincerely yours,

  
Fred Schantz  
District Landman

Oil Conservation Division

Case No. 13781

Exhibit No. 3

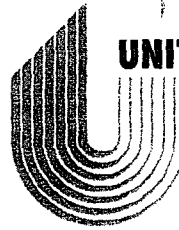
**WORKING INTEREST OWNERS**

Apache Corporation  
Attention: Mario R. Moreno, Jr.  
6120 S. Yale Ave, Suite 1500  
Tulsa, OK 74136-4231

BP America Production Company  
Attention: Tom Furtwangler  
501 Westlake Park Blvd – WL-1 6.918  
Houston, Texas 77079

Chevron U.S.A., Inc.  
Attention: James Baca – N-1002  
1111 South Wilcrest  
Houston, Texas 77099

ConocoPhillips Company  
Attention: Linda Hicks  
P.O. Box 2197 WL3  
Houston, Texas 77252-2197



**UNIT PETROLEUM COMPANY**

A Subsidiary of Unit Corporation

January 9, 2006

**WORKING INTEREST OWNERS**

**Working Interest Unit Proposal #2  
East Half (E/2) Section 8, South Half (S/2) Section 9,  
All Section 16 and North Half (N/2) Section 17,  
Township 20 South, Range 36 East, N.M.P.M.  
Lea County, New Mexico**

Ladies and Gentlemen:

Unit Petroleum Company hereby proposes forming the captioned 1,600 acre working interest unit, including your leasehold in NE/4 Section 8 and S/2 Section 9. Your collective interest would comprise approximately 30% of the working interest wherein each of you would own an approximate 7.5% working interest. Unit Petroleum Company will be the other working interest owner with 70% working interest. Unit Petroleum Company proposes to drill the initial test well - an 11,600 foot Morrow test well located in the NE/4 Section 17 (described above) - at an estimated cost of \$2.4 Million, including cost of completing the well. Dry hole costs are estimated at \$1.5 Million.

This is essentially the same proposal we made by letter dated August 25, 2005 with the exception of Section 9. We propose a S/2 Section 9 configuration there rather than the W/2 Section 9 configuration in our previous proposal.

Alternatively, if you would rather grant a term assignment of your leasehold interest in the NE/4 Section 8 and the S/2 Section 9, wherein Unit would be willing to pay you \$400/net mineral acre for a 2 year term assignment and you would deliver a 75% net revenue interest, we would certainly entertain that option. Finally, if you would rather farmout your leasehold interest, reserving an overriding royalty interest equal to the difference between current royalty and overriding royalty burdens and 25% with the option at payout of the well to convert that overriding royalty interest to a 25% working interest, proportionately reduced, we would be willing to enter into a farmout agreement to accommodate that option.

Please advise your response to our proposal at your earliest convenience. Please call me if you have a question regarding our proposal.

Sincerely yours,

Fred Schantz  
District Landman

**WORKING INTEREST OWNERS**

Apache Corporation.  
Attention: Mario R. Moreno, Jr.  
6120 S. Yale Ave, Suite 1500  
Tulsa, OK 74136-4231

BP America Production Company  
Attention: Tom Furtwangler  
501 Westlake Park Blvd – WL-1 6.918  
Houston, Texas 77079

Chevron U.S.A., Inc.  
Attention: James Baca – N-1002  
1111 South Wilcrest  
Houston, Texas 77099

ConocoPhillips Company  
Attention: Linda Hicks  
P.O. Box 2197 WL3  
Houston, Texas 77252-2197

March 10, 2006



**UNIT PETROLEUM COMPANY**

A Subsidiary of Unit Corporation

**WORKING INTEREST OWNERS**

Working Interest Unit Proposal #3  
East Half (E/2) Section 8, South Half (S/2) Section 9,  
All Section 16 and North Half (N/2) Section 17,  
Township 20 South, Range 36 East, N.M.P.M.  
Lea County, New Mexico

Ladies and Gentlemen:

Unit Petroleum Company hereby proposes forming the captioned 1,600 acre working interest unit, including your leasehold in NE/4 Section 8 and S/2 Section 9. Your collective interest would comprise approximately 30% of the working interest wherein each of you would own an approximate 7.5% working interest. Unit Petroleum Company will be the other working interest owner with a 70% working interest. Unit Petroleum Company proposes to drill the initial test well - an 11,600 foot Morrow test well located in the NE/4 Section 17 (described above) - at an estimated cost of \$2.4 Million, including cost of completing the well. Dry hole costs are estimated at \$1.5 Million.

This is essentially the same proposal we made by letter dated January 9, 2006 with the exception of increased terms stated below.

Alternatively, if you would rather grant a term assignment of your leasehold interest in the NE/4 Section 8 and the S/2 Section 9, wherein Unit would be willing to pay you \$450/net mineral acre for a 2 year term assignment and you would deliver a 75% net revenue interest, we would certainly entertain that option.

Finally, if you would rather farmout your leasehold interest, reserving an overriding royalty interest equal to the difference between current royalty burdens and overriding royalty burdens and 25% with the option at payout of the well to convert that overriding royalty interest to a 30% working interest, proportionately reduced, we would be willing to enter into a farmout agreement to accommodate that option.

Please advise your response to our proposal at your earliest convenience. Please call me if you have a question regarding our proposal.

Sincerely yours,

Fred Schantz  
District Landman

**WORKING INTEREST OWNERS**

Apache Corporation.  
Attention: Mario R. Moreno, Jr.  
6120 S. Yale Ave, Suite 1500  
Tulsa, OK 74136-4231

BP America Production Company  
Attention: Tom Furtwangler  
501 Westlake Park Blvd – WL-1 6.918  
Houston, Texas 77079

Chevron U.S.A., Inc.  
Attention: Robert A. Nunmaker III  
1111 South Wilcrest  
Houston, Texas 77099

ConocoPhillips Company  
Attention: Linda Hicks  
P.O. Box 2197 WL3  
Houston, Texas 77252-2197

**VIA CERTIFIED MAIL**



**UNIT PETROLEUM COMPANY**

A Subsidiary of Unit Corporation

July 7, 2006

**WORKING INTEREST OWNERS**

**Monument 9 #1  
Working Interest Unit Proposal  
South Half (S/2) Section 9,  
Township 20 South, Range 36 East, N.M.P.M.  
Lea County, New Mexico**

Ladies and Gentlemen:

Unit Petroleum Company hereby proposes forming the captioned 320 acre working interest unit covering S/2 Section 9, T20S-R36E, Lea County, New Mexico. Unit Petroleum Company proposes to drill a test well - an 11,600 foot Morrow well - located 1310' FSL & FWL Section 9, T20S-R36E, Lea County, New Mexico. Enclosed is an AFE showing the estimated cost of drilling the well to be \$2,448,900. Dry hole costs are estimated at \$1,585,800. We hope to commence this well some time in the 4<sup>th</sup> quarter of this year.

Alternatively, if you would rather grant a term assignment of your leasehold interest in the S/2 Section 9, wherein Unit would be willing to pay you \$450/net mineral acre for a 2 year term assignment and you would deliver a 75% net revenue interest, we would certainly entertain that option.

Finally, if you would prefer to farmout your leasehold interest, reserving an overriding royalty interest equal to the difference between current royalty burdens and overriding royalty burdens and 25%, with the option at payout of the well to convert that overriding royalty interest to a 30% working interest, proportionately reduced, we would be willing to enter into a farmout agreement providing for those terms.

Please advise your response to our proposal by August 11, 2006. Please call me if you have a question regarding our proposal. I look forward to talking with you about this proposal.

Sincerely yours,

Fred Schantz  
District Landman

**WORKING INTEREST OWNERS**

Apache Corporation.  
Attention: Mario R. Moreno, Jr.  
6120 S. Yale Ave, Suite 1500  
Tulsa, OK 74136-4231

BP America Production Company  
Attention: Tom Furtwangler  
501 Westlake Park Blvd – WL-1 6.918  
Houston, Texas 77079

Chevron U.S.A., Inc.  
Attention: Robert A. Nunmaker III  
1111 South Wilcrest  
Houston, Texas 77099

ConocoPhillips Company  
Attention: Linda Hicks  
P.O. Box 2197 WL3  
Houston, Texas 77252-2197

EOG Resources, Inc.  
Attention: Patrick J. Tower, Land Manager  
P.O. Box 2267  
Midland, TX 79702



## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Apache Corporation.  
Attn: Mario R. Moreno, Jr.  
6120 S. Yale Ave, Suite 1500  
Tulsa, OK 74136-4231

2. Article Number

(Transfer from service label)

7005 0390 0000 6043 9059

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-14-15

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Address

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

JUL 11 2006

3. Service Type

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ConocoPhillips Company  
Attn: Linda Hicks  
P.O. Box 2197 WL3  
Houston, Texas 77252-2197

2. Article Number

(Transfer from service label)

7005 0390 0000 6043 9080

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Address

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

JUL 12 2006

3. Service Type

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chevron U.S.A., Inc.  
Attn: Robert A. Nunmaker III  
1111 South Wilcrest  
Houston, Texas 77099

2. Article Number

(Transfer from service label)

7005 0390 0000 6043 9073

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Address

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

7-10

3. Service Type

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent: <input type="checkbox"/> Addressee</span></p> <p><b>X</b> <span style="font-family: cursive; font-size: 1.5em; margin-left: 10px;">Bey</span></p>	
<p>1. Article Addressed to:</p> <p style="margin-left: 40px;"><b>EOG Resources, Inc.</b> <b>Attn: Patrick J. Tower, Land Mgr.</b> <b>P.O. Box 2267</b> <b>Midland, TX 79702</b></p>		<p>B. Received by (Printed Name)</p> <p style="margin-left: 40px;"><span style="font-family: cursive; font-size: 1.5em;">Bey</span></p>	<p>C. Date of Delivery</p> <p style="margin-left: 40px;"><span style="font-family: cursive; font-size: 1.5em;">5/10/06</span></p>
<p>2. Article Number (Transfer from service label)</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>7005 0390 0000 6043 9097</p>	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p><b>X</b> <span style="font-family: cursive; font-size: 1.5em; margin-left: 10px;">CK</span></p>	
<p>1. Article Addressed to:</p> <p style="margin-left: 40px;"><b>BP America Production Company</b> <b>Attn: Tom Furtwangler</b> <b>501 Westlake Park Blvd -</b> <b>WL-1 6.918</b> <b>Houston, TX 77079</b></p>		<p>B. Received by (Printed Name)</p>	<p>C. Date of Delivery</p>
<p>2. Article Number (Transfer from service label)</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>7005 0390 0000 6043 9066</p>	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154