

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
WEST LOVINGTON STRAWN UNIT
LEA COUNTY, NEW MEXICO

SECTION 16. OUTSIDE SUBSTANCES.

Paragraph 2 (New): Consistent with Article 11.1 of the Unit Operating Agreement (Basis of Charge to Working interest Owners), Unit Operator shall allocate and pay the proceeds from the production, recovery, and sale of all volumes of gas purchased or acquired and injected into the Unitized Formation for pressure maintenance operations before the effective date of the first expansion of the Unit (the "Initial Injection Volumes") to the Working Interest Owners in the Unit as then constituted, and according to the Unit Participations in effect at the time the costs of acquisition of the Initial Injection Volumes were incurred (per Exhibit "D" attached to the Unit Operating Agreement in effect before November 1, 1997). At such time as 100% of the Initial Injection Volumes have been produced, recovered, and sold, proceeds from the production, recovery, and sale of subsequently acquired and injected gas volumes shall be allocated and paid to the Working Interest Owners in proportion to their Unit Participations (per Exhibit "D" to the Unit Operating Agreement in effect during the pertinent time period) at the time the costs of acquisition of subsequently injected gas volumes were incurred.'

Gillette Oil

EXHIBIT 10

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