

DRAFT VI

UNIT OPERATING AGREEMENT
WEST LOVINGTON STRAWN UNIT
LEA COUNTY, NEW MEXICO

Article 10.4. Investment Adjustments.
Paragraph 2 (revised):

All wells completed in the Strawn formation within the Unit Area shall be Unit wells. If a well becoming a Unit well by virtue of expansion of the Unit Area has not reached payout status, the owner or operator of such well shall (1) receive immediate payment, from the Working Interest Owners in the Unit, sufficient to reimburse one hundred percent (100%) of the costs of drilling, completion and equipping the well ("Payout Costs" or "Payout") and (2) recoup an additional amount in excess of 100% of Payout Costs proportionate to the ability of the well to produce for the initial six consecutive months as measured against the top pool allowable of 250 BOPD (the "Payout Multiple"). In no event shall the Payout and the Payout Multiple exceed a total of 200% of actual Payout Costs.

NEW MEXICO
OIL CONSERVATION DIVISION

EXHIBIT 8
CASE NO. 12289