

**UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
E K QUEEN UNIT
LEA COUNTY, NEW MEXICO.**

PROPOSED AMENDED LANGUAGE

2.7 The Queen Sand Or Queen Formation is defined as and shall mean those heretofore established underground reservoirs that exist in the interval from the top of the Queen Sand or Artesia Red Sand member as is picked at 4,352 feet on the Gamma Ray-Neutron log in the Carper Drilling Company's # 9 Carper Sivley located in the Northwest one-quarter of the Southeast one-quarter (NW/4 SE/4) of Section 24, Township 18 South, Range 33 East, N.M.P.M. *200 feet downward*. All depths are included in the Queen formation of the Guadalupe Series, a part of the Permian System, insofar as the same lies within the Unit Area."

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 12891 Exhibit No. 3

Submitted by:

SEELY OIL COMPANY

Hearing Date: July 11, 2002