

UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION  
OF THE  
SQUARE LAKE ~~UNIT~~ DEEP UNIT AREA  
COUNTY OF EDDY, STATE OF NEW MEXICO

INDEX

<u>Section</u>	<u>Title</u>	<u>Page</u>
	Preliminary Recitals	1
1.	ENABLING ACT AND REGULATIONS	2
2.	UNIT AREA	2
3.	UNITIZED SUBSTANCES	5
4.	UNIT OPERATOR	6
5.	RESIGNATION OR REMOVAL OF UNIT OPERATOR	6
6.	SUCCESSOR UNIT OPERATOR	8
7.	ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT	8
8.	RIGHTS AND OBLIGATIONS OF UNIT OPERATOR	9
9.	DRILLING TO DISCOVERY	10
10.	PLAN OF FURTHER DEVELOPMENT AND OPERATION	11
11.	PARTICIPATION AFTER DISCOVERY	12
12.	ALLOCATION OF PRODUCTION	14
13.	DEVELOPMENT OR OPERATIONS OF NON-PARTICIPATING LAND OR FORMATIONS	15
14.	ROYALTY SETTLEMENT	16
15.	RENTAL SETTLEMENT	17
16.	CONSERVATION	18
17.	DRAINAGE	18
18.	LEASES AND CONTRACTS CONFORMED AND EXTENDED	18
19.	COVENANTS RUN WITH LAND	21
20.	EFFECTIVE DATE AND TERM	21
21.	RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION	22
22.	CONFLICT OF SUPERVISION	23
23.	APPEARANCES	23
24.	NOTICES	23
25.	NO WAIVER OF CERTAIN RIGHTS	24
26.	UNAVOIDABLE DELAY	24
27.	FAIR EMPLOYMENT	24
28.	LOSS OF TITLE	25
29.	NON-JOINDER AND SUBSEQUENT JOINDER	25
30.	COUNTERPARTS	26
31.	SURRENDER	27
32.	TAXES	29
33.	NO PARTNERSHIP	30

OCC Case #1608  
Nearburg & Ingram Exhibit "C"

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Nearburg & Ingram* EXHIBIT No. C  
CASE 1608