UNIT AGREEMENT

# PEARSALL QUEEN SAND UNIT

# Lea County, New Mexico

-22e 3005 INDEX

### SECTION

\_\_\_\_

1	Enabling Act and Regulations	2
2	Unit Area and Definitions	2
3	Exhibits	4
4	Expansion	5
5	Unitized Land and Unitized Substances	6
6	Unit Operator	6
7	Resignation or Removal of Unit Operator	6
8	Successor Unit Operator	7
9	Accounting Provisions and Unit Operating Agreement	8
10	Rights and Obligations of Unit Operator	8
11	Plan of Operations	8
12	Tract Participation	9
13	Tracts Qualified for Unit Participation	10
14	Allocation of Unitized Substances	11
15	Royalty Settlement	14
16	Rental Settlement	15
17	Conservation	15
18 19	Drainage Leases and Contracts Conformed and Extended	15
20	Mathematical Errors	15
20	Covenants Run with Land	17 17
21	Effective Date and Term	18
22	Rate of Prospecting, Development and Production	19
24	Nondiscrimination	19
25	Appearances	19
26	Notices	20
27	No Waiver of Certain Rights	20
28	Unavoidable Delay	20
29	Loss of Title	20
30	Nonjoinder and Subsequent Joinder	21
31	Counterparts	22
32	Taxes	22
33	Conflict of Supervision	, 23
34	Limitation of Approvals	23
35	Border Agreements	24
	<b>.</b>	
	EXHIBIT "A" (Map of Unit Area)	
	EXHIBIT "B" (Schedule of Ownership)	
	EXHIBIT "C" (Schedule of Unit Participation)	

#### UNIT AGREEMENT

# PEARSALL QUEEN SAND UNIT

Lea County, New Mexico

PAGE

# INDEX

### SECTION

1	Enabling Act and Regulations	2
2	Unit Area and Definitions	2
3	Exhibits	4
4	Expansion	5
5	Unitized Land and Unitized Substances	6
6	Unit Operator	6
7	Resignation or Removal of Unit Operator	6
8	Successor Unit Operator	7
9	Accounting Provisions and Unit Operating Agreement	8
10	Rights and Obligations of Unit Operator	8
11	Plan of Operations	8
12	Tract Participation	9
13	Tracts Qualified for Unit Participation	10
14	Allocation of Unitized Substances	11
15	Royalty Settlement	14
16	Rental Settlement	15
17	Conservation	15
18	Drainage	1.5
19	Leases and Contracts Conformed and Extended	1.5
20	Mathematical Errors	17
21	Covenants Run with Land	17
22	Effective Date and Term	18
23	Rate of Prospecting, Development and Production	19
24	Nondiscrimination	19
25	Appearances	19
26	Notices	20
27	No Waiver of Certain Rights	20
28	Unavoidable Delay	20
29	Loss of Title	20
30	Nonjoinder and Subsequent Joinder	21
31	Counterparts	22
32	Taxes	22
33	Conflict of Supervision	23
34	Limitation of Approvals	23
35	Border Agreements	24
	EXHIBIT "A" (Map of Unit Area)	
	EXHIBIT "B" (Schedule of Ownership)	
	EXHIBIT "C" (Schedule of Unit Participation)	