

APR 19 1983

*case
6101*

Gulf Oil Corporation
P. O. Box 1150
Midland, TX 79701

Gentlemen:

The Nopal Draw Unit Agreement, No. 14-08-0001-16069, Eddy County, New Mexico, was approved December 27, 1977, effective as of that date. The term of the unit agreement is 5 years from the effective date of the unit agreement and for so long thereafter as unitized substances are produced in paying quantities.

The Nopal Draw Federal Unit Well No. 1 was initially completed in the Morrow Formation and a participating area was established. The Morrow was subsequently abandoned and the well was recompleted in the Delaware as an oil well in August 1980. According to our records, this well never produced in paying quantities and was plugged and abandoned in August 1981.

Inasmuch as there has been no further drilling or production in the Nopal Draw Unit, the unit agreement is considered to have terminated on December 27, 1982, pursuant to Section 20 of the unit agreement.

Sincerely yours,

(ORIG. SGD.) JAMES W. SHELTON

Assistant District Manager
for Minerals

cc:
BLM, Santa Fe
NMOCD, Santa Fe



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Box 26124
Albuquerque, New Mexico 87125

FEB 22 1979

Gulf Oil Exploration and Production Company
Attention: Mr. R. E. Galvin
P. O. Drawer 1150
Midland, Texas 79702

Mo. 6101

Gentlemen:

Your letter of February 7, 1979, indicates that as unit operator of the Nopal Draw unit agreement, Eddy County, New Mexico, you have determined that unit well No. 1 in the NE 1/4 sec. 8, T. 21 S., R. 25 E., N.M.P.M., is capable of producing unitized substances in paying quantities.

Unit well No. 1 was tested March 3, 1978 for an initial potential of 1,700 MCFGPD from the Morrow interval 10,098 - 10,152 feet.

This office concurs with your determination that such well is capable of producing unitized substances in paying quantities from the Morrow formation pursuant to Section 9 of the unit agreement. You are requested, pursuant to Section 11 of the unit agreement, to submit an application for the initial Morrow participating area embracing those lands reasonably proven capable of producing from the Morrow in paying quantities at your earliest convenience.

Sincerely yours,

[Handwritten signature]

Oil and Gas Supervisor, SRMA

cc:
BLM, Santa Fe (ltr. only)
NMOCD, Santa Fe (ltr. only) *cc: copy for*

CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Oil and Gas Supervisor of the Geological Survey (33 F.R. 5812), I do hereby:

A. Approve the attached agreement for the development and operation of the NOPAL DRAW UNIT
Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

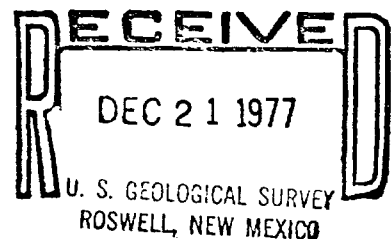
C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated December 27, 1977.

C. W. E. Tappan
Acting Oil and Gas Supervisor
United States Geological Survey

Contract Number 14-08-0001-16069.

JAN 1 1978
U. S. GEOLOGICAL SURVEY
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UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE

Gulf Oil Corporation
Southwest Division
Midland, Texas
December 14, 1977
Case No. 6101

NOPAL DRAW UNIT AREA

COUNTY OF EDDY

STATE OF NEW MEXICO

1 THIS AGREEMENT, entered into as of the 18th day of November,
2 19 77, by and between the parties subscribing, ratifying, or consenting
3 hereto, and herein referred to as the "parties hereto,"

4 WITNESSETH:

5 WHEREAS, the parties hereto are the owners of working, royalty, or
6 other oil and gas interests in the unit area subject to this agreement;
7 and

8 WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437,
9 as amended, 30 U. S. C. secs. 181 et seq., authorizes Federal lessees
10 and their representatives to unite with each other, or jointly or separately
11 with others, in collectively adopting and operating a cooperative or unit
12 plan of development or operation of any oil or gas pool, field, or like
13 area, or any part thereof for the purpose of more properly conserving the
14 natural resources thereof whenever determined and certified by the Secretary
15 of the Interior to be necessary or advisable in the public interest; and

16 WHEREAS, the parties hereto hold sufficient interests in the _____
17 NOPAL DRAW Unit Area covering the land
18 hereinafter described to give reasonably effective control of operations
19 therein; and

20 WHEREAS, it is the purpose of the parties hereto to conserve natural
21 resources, prevent waste, and secure other benefits obtainable through
22 development and operation of the area subject to this agreement under
23 the terms, conditions, and limitations herein set forth;

24 NOW, THEREFORE, in consideration of the premises and the promises
25 herein contained, the parties hereto commit to this agreement their
26 respective interests in the below-defined unit area, and agree severally
27 among themselves as follows:

28 1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of
29 February 25, 1920, as amended, supra, and all valid pertinent regulations,
30 including operating and unit plan regulations, heretofore issued there-
31 under or valid, pertinent, and reasonable regulations hereafter issued
32 thereunder are accepted and made a part of this agreement as to Federal
33 lands, provided such regulations are not inconsistent with the terms of
34 this agreement; and as to non-Federal lands, the oil and gas operating
35 regulations in effect as of the effective date hereof governing drilling
36 and producing operations, not inconsistent with the terms hereof or the
37 laws of the State in which the non-Federal land is located, are hereby
38 accepted and made a part of this agreement.

1 2. UNIT AREA. The area specified on the map attached hereto marked
2 Exhibit "A" is hereby designated and recognized as constituting the unit
3 area, containing 1920 acres, more or less.

4 Exhibit "A" shows, in addition to the boundary of the unit area,
5 the boundaries and identity of tracts and leases in said area to the
6 extent known to the Unit Operator. Exhibit "B" attached hereto is a
7 schedule showing to the extent known to the Unit Operator the acreage,
8 percentage, and kind of ownership of oil and gas interests in all land
9 in the unit area. However, nothing herein or in said schedule or map
10 shall be construed as a representation by any party hereto as to the
11 ownership of any interest other than such interest or interests as are
12 shown in said map or schedule as owned by such party. Exhibits "A" and
13 "B" shall be revised by the Unit Operator whenever changes in the unit
14 area render such revision necessary, or when requested by the Oil and
15 Gas Supervisor, hereinafter referred to as "Supervisor" and not less
16 than six copies of the revised exhibits shall be filed with the Supervisor.

17 The above-described unit area shall when practicable be expanded
18 to include therein any additional tract or tracts regarded as reasonably
19 necessary or advisable for the purposes of this agreement, or shall be
20 contracted to exclude lands not within any participating area whenever
21 such expansion or contraction is necessary or advisable to conform with
22 the purposes of this agreement. Such expansion or contraction shall be
23 effected in the following manner:

24 (a) Unit Operator, on its own motion or on demand of the Director
25 of the Geological Survey, hereinafter referred to as "Director," after
26 preliminary concurrence by the Director, shall prepare a notice of proposed
27 expansion or contraction describing the contemplated changes in the
28 boundaries of the unit area, the reasons therefor, and the proposed
29 effective date thereof, preferably the first day of a month subsequent
30 to the date of notice.

31 (b) Said notice shall be delivered to the Supervisor, and copies
32 thereof mailed to the last known address of each working interest owner,
33 lessee, and lessor whose interests are affected, advising that 30 days
34 will be allowed for submission to the Unit Operator of any objections.

35 (c) Upon expiration of the 30-day period provided in the preceding
36 item (b) hereof, Unit Operator shall file with the Supervisor evidence
37 of mailing of the notice of expansion or contraction and a copy of any
38 objections thereto which have been filed with the Unit Operator, together
39 with an application in sufficient number, for approval of such expansion
40 or contraction and with appropriate joinders.

41 (d) After due consideration of all pertinent information, the ex-
42 pansion or contraction shall, upon approval by the Supervisor, become
43 effective as of the date prescribed in the notice thereof.

44 (e) All legal subdivisions of unitized lands (i.e., 40 acres by
45 Government survey or its nearest lot or tract equivalent in instances
46 of irregular surveys, however, unusually large lots or tracts shall be
47 considered in multiples of 40 acres, or the nearest aliquot equivalent
48 thereof), no parts of which are entitled to be in a participating area
49 within 5 years commencing the first day of the month following the effective
50 date of the first initial participating area established under this unit

1 agreement, shall be eliminated automatically from this agreement, effective
2 as of the first day thereafter, and such lands shall no longer be a part of
3 the unit area and shall no longer be subject to this agreement, unless at the
4 expiration of said 5-year period diligent drilling operations are in
5 progress on unitized lands not entitled to participation, in which event
6 all such lands shall remain subject hereto for so long as such drilling
7 operations are continued diligently, with not more than 90 days time
8 elapsing between the completion of one such well and the commencement
9 of the next such well, except that the time allowed between such wells
10 shall not expire earlier than 30 days after the expiration of any period
11 of time during which drilling operations are prevented by a matter beyond
12 the reasonable control of Unit Operator as set forth in the section
13 hereof entitled "Unavoidable Delay"; provided that all legal subdivisions
14 of lands not in a participating area and not entitled to become partici-
15 pating under the applicable provisions of this agreement within 10 years
16 after said first day of the month following the effective date of said
17 first initial participating area shall be eliminated as above specified.
18 Determination of creditable "Unavoidable Delay" time shall be made by
19 unit operator and subject to approval of the Supervisor. Elimination
20 taking place after the completion of a well that has deferred elimination
21 shall be effective on the first day after the time allowed to commence
22 the next well. The Unit Operator shall, within 90 days after the effective
23 date of any elimination hereunder, describe the area so eliminated to
24 the satisfaction of the Supervisor and promptly notify all parties in
25 interest.

26 If conditions warrant extension of the 10-year period specified in
27 this subsection 2(e), a single extension of not to exceed 2 years may be
28 accomplished by consent of the owners of 90% of the current unitized
29 working interests and 60% of the current unitized basic royalty interests
30 (exclusive of the basic royalty interests of the United States), on a
31 total-nonparticipating-acreage basis, respectively, with approval of the
32 Director, provided such extension application is submitted to the Director
33 not later than 60 days prior to the expiration of said 10-year period.

34 Any expansion of the unit area pursuant to this section which
35 embraces lands theretofore eliminated pursuant to this subsection 2(e)
36 shall not be considered automatic commitment or recommitment of such
37 lands.

38 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to
39 this agreement shall constitute land referred to herein as "Unitized land"
40 or "land subject to this agreement". All oil and gas in any and all
41 formations of the unitized land are unitized under the terms of this
42 agreement and herein are called "unitized substances".

43 4. UNIT OPERATOR. GULF OIL CORPORATION is hereby desig-
44 nated as Unit Operator and by signature hereto as Unit Operator agrees
45 and consents to accept the duties and obligations of Unit Operator for
46 the discovery, development, and production of unitized substances as
47 herein provided. Whenever reference is made herein to the Unit Operator,
48 such reference means the Unit Operator acting in that capacity and not
49 as an owner of interest in unitized substances, and the term "working
50 interest owner" when used herein shall include or refer to Unit Operator
51 as the owner of a working interest when such an interest is owned by it.

52 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall
53 have the right to resign at any time prior to the establishment of a
54 participating area or areas hereunder, but such resignation shall not
55 become effective so as to release Unit Operator from the duties and

1 obligations of Unit Operator and terminate Unit Operator's rights as
2 such for a period of 6 months after notice of intention to resign has
3 been served by Unit Operator on all working interest owners and the
4 Supervisor, and until all wells then drilled hereunder are placed in a
5 satisfactory condition for suspension or abandonment whichever is required
6 by the Supervisor, unless a new Unit Operator shall have been selected
7 and approved and shall have taken over and assumed the duties and obliga-
8 tions of Unit Operator prior to the expiration of said period.

9 Unit Operator shall have the right to resign in like manner and
10 subject to like limitations as above provided at any time a participating
11 area established hereunder is in existence, but, in all instances of
12 resignation or removal, until a successor unit operator is selected
13 and approved as hereinafter provided, the working interest owners shall
14 be jointly responsible for performance of the duties of unit operator,
15 and shall not later than 30 days before such resignation or removal
16 becomes effective appoint a common agent to represent them in any action
17 to be taken hereunder.

18 The resignation of Unit Operator shall not release Unit Operator
19 from any liability for any default by it hereunder occurring prior to
20 the effective date of its resignation.

21 The Unit Operator may, upon default or failure in the performance
22 of its duties or obligations hereunder, be subject to removal by the same
23 percentage vote of the owners of working interests as herein provided
24 for the selection of a new Unit Operator. Such removal shall be effec-
25 tive upon notice thereof to the Supervisor.

26 The resignation or removal of Unit Operator under this agreement
27 shall not terminate its right, title or interest as the owner of a
28 working interest or other interest in unitized substances, but upon
29 the resignation or removal of Unit Operator becoming effective, such
30 Unit Operator shall deliver possession of all equipment, materials and
31 appurtenances used in conducting the unit operations and owned by the
32 working interest owners to the new duly qualified successor Unit Operator
33 or to the owners thereof if no such new Unit Operator is elected, to be
34 used for the purpose of conducting unit operations hereunder. Nothing
35 herein shall be construed as authorizing removal of any material, equip-
36 ment and appurtenances needed for the preservation of any wells.

37 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall
38 tender his or its resignation as Unit Operator or shall be removed as
39 hereinabove provided, or a change of Unit Operator is negotiated by
40 working interest owners, the owners of the working interests in the
41 participating area or areas according to their respective acreage interests
42 in such participating area or areas, or, until a participating area shall
43 have been established, the owners of the working interests according to
44 their respective acreage interests in all unitized land, shall by majority
45 vote select a successor Unit Operator: Provided, That, if a majority
46 but less than 75 per cent of the working interests qualified to vote
47 are owned by one party to this agreement, a concurring vote of one or
48 more additional working interest owners shall be required to select a
49 new operator. Such selection shall not become effective until

50 (a) a Unit Operator so selected shall accept in writing the duties
51 and responsibilities of Unit Operator, and

(b) the selection shall have been approved by the Supervisor. If no successor Unit Operator is selected and qualified as herein provided, the Director at his election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor, prior to approval of this unit agreement.

8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

9. DRILLING TO DISCOVERY. Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until all formations of Pennsylvania age have been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 10,400 feet. Until the discovery of a deposit of unitized substances capable

1 of being produced in paying quantities, the Unit Operator shall continue
2 drilling diligently one well at a time, allowing not more than 6 months
3 between the completion of one well and the beginning of the next well,
4 until a well capable of producing unitized substances in paying quantities
5 is completed to the satisfaction of said Supervisor or until it is
6 reasonably proved that the unitized land is incapable of producing
7 unitized substances in paying quantities in the formations drilled here-
8 under. Nothing in this section shall be deemed to limit the right of
9 the Unit Operator to resign as provided in Section 5 hereof, or as requir-
10 ing Unit Operator to commence or continue any drilling during the period
11 pending such resignation becoming effective in order to comply with the
12 requirements of this section. The Director may modify the drilling
13 requirements of this section by granting reasonable extensions of time
14 when, in his opinion, such action is warranted.

15 Upon failure to comply with the drilling provisions of this section,
16 the Director may, after reasonable notice to the Unit Operator, and
17 each working interest owner, lessee, and lessor at their last known
18 addresses, declare this unit agreement terminated.

19 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months
20 after completion of a well capable of producing unitized substances
21 in paying quantities, the Unit Operator shall submit for the approval
22 of the Supervisor an acceptable plan of development and operation for
23 the unitized land which, when approved by the Supervisor, shall consti-
24 tute the further drilling and operating obligations of the Unit Operator
25 under this agreement for the period specified therein. Thereafter, from
26 time to time before the expiration of any existing plan, the Unit Operator
27 shall submit for the approval of the Supervisor a plan for an additional
28 specified period for the development and operation of the unitized land.
29 Any plan submitted pursuant to this section shall provide for the explora-
30 tion of the unitized area and for the diligent drilling necessary for
31 determination of the area or areas thereof capable of producing unitized
32 substances in paying quantities in each and every productive formation
33 and shall be as complete and adequate as the Supervisor may determine
34 to be necessary for timely development and proper conservation of the
35 oil and gas resources of the unitized area and shall

36 (a) specify the number and locations of any wells to be drilled
37 and the proposed order and time for such drilling; and

38 (b) to the extent practicable specify the operating practices
39 regarded as necessary and advisable for proper conservation of natural
40 resources.

41 Separate plans may be submitted for separate productive zones, subject
42 to the approval of the Supervisor.

43 Plans shall be modified or supplemented when necessary to meet
44 changed conditions or to protect the interests of all parties to this
45 agreement. Reasonable diligence shall be exercised in complying with
46 the obligations of the approved plan of development. The Supervisor
47 is authorized to grant a reasonable extension of the 6-month period
48 herein prescribed for submission of an initial plan of development where
49 such action is justified because of unusual conditions or circumstances.
50 After completion hereunder of a well capable of producing any unitized
51 substance in paying quantities, no further wells, except such as may

1 be necessary to afford protection against operations not under this
2 agreement or such as may be specifically approved by the Supervisor,
3 shall be drilled except in accordance with a plan of development approved
4 as herein provided.

5 11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well
6 capable of producing unitized substances in paying quantities or as soon
7 thereafter as required by the Supervisor, the Unit Operator shall submit
8 for approval by the Supervisor a schedule, based on subdivisions of the
9 public-land survey or aliquot parts thereof, of all unitized land then
10 regarded as reasonably proved to be productive of unitized substances
11 in paying quantities; all lands in said schedule on approval of the Supervi-
12 sor to constitute a participating area, effective as of the date of
13 completion of such well or the effective date of the unit agreement,
14 whichever is later. The acreages of both Federal and non-Federal lands
15 shall be based upon appropriate computations from the courses and dis-
16 tances shown on the last approved public-land survey as of the effective
17 date of the initial participating area. Said schedule also shall set
18 forth the percentage of unitized substances to be allocated as herein
19 provided to each unitized tract in the participating area so established,
20 and shall govern the allocation of production from and after the date
21 the participating area becomes effective. A separate participating
22 area shall be established in like manner for each separate pool or de-
23 posit of unitized substances or for any group thereof produced as a
24 single pool or zone, and any two or more participating areas so established
25 may be combined into one with the consent of the owners of all working
26 interests in the lands within the participating areas so to be combined,
27 on approval of the Supervisor. The participating area or areas so establishe
28 shall be revised from time to time, subject to like approval, whenever
29 such action appears proper as a result of further drilling operations
30 or otherwise, to include additional land then regarded as reasonably
31 proved to be productive in paying quantities, or to exclude land then
32 regarded as reasonably proved not to be productive in paying quantities
33 and the percentage of allocation shall also be revised accordingly.
34 The effective date of any revision shall be the first of the month in
35 which is obtained the knowledge or information on which such revision
36 is predicated; provided, however, that a more appropriate effective date
37 may be used if justified by the Unit Operator and approved by the
38 Supervisor. No land shall be excluded from a participating area on account
39 of depletion of the unitized substances, except that any participating area
40 established under the provisions of this Unit Agreement shall terminate automatically when-
41 ever all completions in the formation on which the participating area is based are
42 abandoned.

43 It is the intent of this section that a participating area shall
44 represent the area known or reasonably estimated to be productive in
45 paying quantities; but, regardless of any revision of the participating
46 area, nothing herein contained shall be construed as requiring any
47 retroactive adjustment for production obtained prior to the effective
48 date of the revision of the participating area.

49 In the absence of agreement at any time between the Unit Operator
50 and the Supervisor as to the proper definition or redefinition of a parti-
51 cipating area, or until a participating area has, or areas have, been
52 established as provided herein, the portion of all payments affected
53 thereby may be impounded in a manner mutually acceptable to the owners
54 of working interests, and the Supervisor. Royalties due the United States,
55 which shall be determined by the Supervisor and the amount thereof deposited,
56 as directed by the Supervisor, to be held as unearned money until a

1 participating area is finally approved and then applied as earned or
2 returned in accordance with a determination of the sum due as Federal
3 royalty on the basis of such approved participating area.

4 Whenever it is determined, subject to the approval of the Supervisor,
5 that a well drilled under this agreement is not capable of production in
6 paying quantities and inclusion of the land on which it is situated in a
7 participating area is unwarranted, production from such well shall,
8 for the purposes of settlement among all parties other than working
9 interest owners, be allocated to the land on which the well is located
10 so long as such land is not within a participating area established for
11 the pool or deposit from which such production is obtained. Settlement
12 for working interest benefits from such a well shall be made as provided
13 in the unit operating agreement.

14 12. ALLOCATION OF PRODUCTION. All unitized substances produced
15 from each participating area established under this agreement, except
16 any part thereof used in conformity with good operating practices within
17 the unitized area for drilling, operating, camp and other production or
18 development purposes, for repressuring or recycling in accordance with
19 a plan of development approved by the Supervisor, or unavoidably lost,
20 shall be deemed to be produced equally on an acreage basis from the
21 several tracts of unitized land of the participating area established
22 for such production and, for the purpose of determining any benefits
23 accruing under this agreement, each such tract of unitized land shall
24 have allocated to it such percentage of said production as the number
25 of acres of such tract included in said participating area bears to the
26 total acres of unitized land in said participating area, except that
27 allocation of production hereunder for purposes other than for settlement
28 of the royalty, overriding royalty, or payment out of production obliga-
29 tions of the respective working interest owners, shall be on the basis
30 prescribed in the unit operating agreement whether in conformity with
31 the basis of allocation herein set forth or otherwise. It is hereby
32 agreed that production of unitized substances from a participating area
33 shall be allocated as provided herein regardless of whether any wells
34 are drilled on any particular part or tract of said participating area.
35 If any gas produced from one participating area is used for repressuring
36 or recycling purposes in another participating area, the first gas with-
37 drawn from such last-mentioned participating area for sale during the
38 life of this agreement shall be considered to be the gas so transferred
39 until an amount equal to that transferred shall be so produced for sale
40 and such gas shall be allocated to the participating area from which
41 initially produced as constituted at the time of such final production.

42 13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS.
43 Any party hereto owning or controlling the working interest in any unitized
44 land having thereon a regular well location may with the approval of the
45 Supervisor, at such party's sole risk, cost, and expense, drill a well
46 to test any formation for which a participating area has not been
47 established or to test any formation for which a participating area has
48 been established if such location is not within said participating area,
49 unless within 90 days of receipt of notice from said party of his inten-
50 tion to drill the well the Unit Operator elects and commences to drill
51 such a well in like manner as other wells are drilled by the Unit Operator
52 under this agreement.

1 If any well drilled as aforesaid by a working interest owner results
2 in production such that the land upon which it is situated may properly
3 be included in a participating area, such participating area shall be
4 established or enlarged as provided in this agreement and the well shall
5 thereafter be operated by the Unit Operator in accordance with the terms
6 of this agreement and the unit operating agreement.

7 If any well drilled as aforesaid by a working interest owner obtains
8 production in quantities insufficient to justify the inclusion in a
9 participating area of the land upon which such well is situated, such
10 well may be operated and produced by the party drilling the same subject
11 to the conservation requirements of this agreement. The royalties in
12 amount or value of production from any such well shall be paid as speci-
13 fied in the underlying lease and agreements affected.

14 14. ROYALTY SETTLEMENT. The United States and any State and all
15 royalty owners who, under existing contract, are entitled to take in
16 kind a share of the substances now unitized hereunder produced from any
17 tract, shall hereafter be entitled to the right to take in kind their
18 share of the unitized substances allocated to such tract, and Unit
19 Operator, or in case of the operation of a well by a working interest
20 owner as herein in special cases provided for, such working interest
21 owner, shall make deliveries of such royalty share taken in kind in
22 conformity with the applicable contracts, laws and regulations. Settle-
23 ment for royalty interest not taken in kind shall be made by working
24 interest owners responsible therefor under existing contracts, laws and
25 regulations on or before the last day of each month for unitized sub-
26 stances produced during the preceding calendar month; provided, however,
27 that nothing herein contained shall operate to relieve the lessees of
28 any land from their respective lease obligations for the payment of any
29 royalties due under their leases.

30 If gas obtained from lands not subject to this agreement is introduced
31 into any participating area hereunder, for use in repressuring, stimula-
32 tion of production, or increasing ultimate recovery, which shall be in
33 conformity with a plan first approved by the Supervisor, a like amount
34 of gas, after settlement as herein provided for any gas transferred from
35 any other participating area and with due allowance for loss or depletion
36 from any cause, may be withdrawn from the formation into which the gas
37 was introduced, royalty free as to dry gas, but not as to the products
38 extracted therefrom; provided that such withdrawal shall be at such
39 time as may be provided in the plan of operations or as may otherwise
40 be consented to by the Supervisor as conforming to good petroleum engineer-
41 ing practice; and provided further, that such right of withdrawal shall
42 terminate on the termination of this unit agreement.

43 Royalty due the United States shall be computed as provided in the
44 operating regulations and paid in value or delivered in kind as to all
45 unitized substances on the basis of the amounts thereof allocated to
46 unitized Federal land as provided herein at the rates specified in the
47 respective Federal leases, or at such lower rate or rates as may be
48 authorized by law or regulation; provided, that for leases on which the
49 royalty rate depends on the daily average production per well, said aver-
50 age production shall be determined in accordance with the operating regu-
51 lations as though each participating area were a single consolidated
52 lease.

1 15. RENTAL SETTLEMENT. Rental or minimum royalties due on leases
2 committed hereto shall be paid by working interest owners responsible
3 therefor under existing contracts, laws and regulations, provided that
4 nothing herein contained shall operate to relieve the lessees of any
5 land from their respective lease obligations for the payment of any
6 rental or minimum royalty in lieu thereof due under their leases. Rental
7 or minimum royalty for lands of the United States subject to this agree-
8 ment shall be paid at the rate specified in the respective leases from
9 the United States unless such rental or minimum royalty is waived, sus-
10 pended or reduced by law or by approval of the Secretary or his duly
11 authorized representative.

12 With respect to any lease on non-Federal land containing provisions
13 which would terminate such lease unless drilling operations were within
14 the time therein specified commenced upon the land covered thereby or
15 rentals paid for the privilege of deferring such drilling operations,
16 the rentals required thereby shall, notwithstanding any other provision
17 of this agreement, be deemed to accrue and become payable during the
18 term thereof as extended by this agreement and until the required drill-
19 ing operations are commenced upon the land covered thereby or some portion
20 of such land is included within a participating area.

21 16. CONSERVATION. Operations hereunder and production of unitized
22 substances shall be conducted to provide for the most economical and
23 efficient recovery of said substances without waste, as defined by or
24 pursuant to State or Federal law or regulation.

25 17. DRAINAGE. The Unit Operator shall take appropriate and adequate
26 measures to prevent drainage of unitized substances from unitized land
27 by wells on land not subject to this agreement, or, with prior consent
28 of the Director, pursuant to applicable regulations pay a fair and rea-
29 sonable compensatory royalty as determined by the Supervisor.

30 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, condi-
31 tions and provisions of all leases, subleases and other contracts relat-
32 ing to exploration, drilling, development or operation for oil or gas
33 of lands committed to this agreement are hereby expressly modified and
34 amended to the extent necessary to make the same conform to the provisions
35 hereof, but otherwise to remain in full force and effect; and the parties
36 hereto hereby consent that the Secretary shall and by his approval hereof,
37 or by the approval hereof by his duly authorized representative, does
38 hereby establish, alter, change or revoke the drilling, producing, rental,
39 minimum royalty, and royalty requirements of Federal leases committed
40 hereto and the regulations in respect thereto to conform said require-
41 ments to the provisions of this agreement, and without limiting the
42 generality of the foregoing, all leases, subleases and contracts are
43 particularly modified in accordance with the following:

44 (a) The development and operation of lands subject to this agree-
45 ment under the terms hereof shall be deemed full performance of all
46 obligations for development and operation with respect to each and every
47 part or separately owned tract subject to this agreement, regardless
48 of whether there is any development of any particular part or tract of
49 the unit area, notwithstanding anything to the contrary in any lease,
50 operating agreement or other contract by and between the parties hereto,
51 or their respective predecessors in interest, or any of them.

1 (b) Drilling and producing operations performed hereunder upon any
2 tract of unitized lands will be accepted and deemed to be performed upon
3 and for the benefit of each and every tract of unitized land, and no
4 lease shall be deemed to expire by reason of failure to drill or produce
5 wells situated on the land therein embraced.

6 (c) Suspension of drilling or producing operations on all unitized
7 lands pursuant to direction or consent of the Secretary or his duly
8 authorized representative shall be deemed to constitute such suspension
9 pursuant to such direction or consent as to each and every tract of
10 unitized land. A suspension of drilling or producing operations limited
10a to specified lands shall be applicable only to such lands.

11 (d) Each lease, sublease or contract relating to the exploration,
12 drilling, development or operation for oil or gas of lands other than
13 those of the United States committed to this agreement, which, by its
14 terms might expire prior to the termination of this agreement, is hereby
15 extended beyond any such term so provided therein so that it shall be
16 continued in full force and effect for and during the term of this agree-
17 ment.

18 (e) Any Federal lease for a fixed term of twenty (20) years or
19 any renewal thereof or any part of such lease which is made subject to
20 this agreement shall continue in force beyond the term provided therein
21 until the termination hereof. Any other Federal lease committed hereto
22 shall continue in force beyond the term so provided therein or by law
23 as to the land committed so long as such lease remains subject hereto,
24 provided that production is had in paying quantities under this unit
25 agreement prior to the expiration date of the term of such lease, or, in
26 the event actual drilling operations are commenced on unitized land, in
27 accordance with the provisions of this agreement, prior to the end of
28 the primary term of such lease and are being diligently prosecuted at
29 that time, such lease shall be extended for two years and so long there-
30 after as oil or gas is produced in paying quantities in accordance with
31 the provisions of the Mineral Leasing Act Revision of 1960.

32 (f) Each sublease or contract relating to the operation and develop-
33 ment of unitized substances from lands of the United States committed to
34 this agreement, which by its terms would expire prior to the time at
35 which the underlying lease, as extended by the immediately preceding
36 paragraph, will expire, is hereby extended beyond any such term so provided
37 therein so that it shall be continued in full force and effect for and
38 during the term of the underlying lease as such term is herein extended.

39 (g) The segregation of any Federal lease committed to this agree-
40 ment is governed by the following provision in the fourth paragraph of
41 Sec. 17 (j) of the Mineral Leasing Act, as amended by the Act of Septem-
42 ber 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or
43 hereafter committed to any such (unit) plan embracing lands that are in
44 part within and in part outside of the area covered by any such plan
45 shall be segregated into separate leases as to the lands committed and
46 the lands not committed as of the effective date of unitization: Pro-
47 vided, however, That any such lease as to the non-unitized portion shall
48 continue in force and effect for the term thereof but for not less than
49 two years from the date of such segregation and so long thereafter as
50 oil or gas is produced in paying quantities."

51 (h) Any lease, other than a Federal lease, having only a portion
52 of its lands committed hereto shall be segregated as to the portion
53 committed and the portion not committed, and the provisions of such
54 lease shall apply separately to such segregated portions commencing

1 as of the effective date hereof. In the event any such lease provides
2 for a lump-sum rental payment, such payment shall be prorated between
3 the portions so segregated in proportion to the acreage of the respective
4 tracts.

5 19. COVENANTS RUN WITH LAND. The covenants herein shall be con-
6 strued to be covenants running with the land with respect to the interest
7 of the parties hereto and their successors in interest until this agree-
8 ment terminates, and any grant, transfer, or conveyance, of interest in
9 land or leases subject hereto shall be and hereby is conditioned upon
10 the assumption of all privileges and obligations hereunder by the grantee,
11 transferee, or other successor in interest. No assignment or transfer
12 of any working interest, royalty, or other interest subject hereto shall
13 be binding upon Unit Operator until the first day of the calendar month
14 after Unit Operator is furnished with the original, photostatic, or
15 certified copy of the instrument of transfer.

16 20. EFFECTIVE DATE AND TERM. This agreement shall become effective
17 upon approval by the Secretary or his duly authorized representative and
18 shall terminate five (5) years from said effective date unless:

19 (a) such date of expiration is extended by the Director, or

20 (b) it is reasonably determined prior to the expiration of the
21 fixed term or any extension thereof that the unitized land is incapable
22 of production of unitized substances in paying quantities in the formations
23 tested hereunder and after notice of intention to terminate the agreement
24 on such ground is given by the Unit Operator to all parties in interest
25 at their last known addresses, the agreement is terminated with the
26 approval of the Supervisor, or

27 (c) a valuable discovery of unitized substances has been made or
28 accepted on unitized land during said initial term or any extension
29 thereof, in which event the agreement shall remain in effect for such
30 term and so long as unitized substances can be produced in quantities
31 sufficient to pay for the cost of producing same from wells on unitized
32 land within any participating area established hereunder and, should
33 production cease, so long thereafter as diligent operations are in progress
34 for the restoration of production or discovery of new production and so
35 long thereafter as the unitized substances so discovered can be produced
36 as aforesaid, or

37 (d) it is terminated as heretofore provided in this agreement.

38 This agreement may be terminated at any time by not less than 75
39 per centum, on an acreage basis, of the owners of working interests
40 signatory hereto, with the approval of the Supervisor; notice of any such
41 approval to be given by the Unit Operator to all parties hereto.

42 21. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. The Director
43 is hereby vested with authority to alter or modify from time to time in
44 his discretion the quantity and rate of production under this agreement
45 when such quantity and rate is not fixed pursuant to Federal or State
46 law or does not conform to any state-wide voluntary conservation or
47 allocation program, which is established, recognized and generally
48 adhered to by the majority of operators in such State, such authority
49 being hereby limited to alteration or modification in the public interest,
50 the purpose thereof and the public interest to be served thereby to be
51 stated in the order of alteration or modification. Without regard to

1 the foregoing, the Director is also hereby vested with authority
2 to alter or modify from time to time in his discretion the rate of
3 prospecting and development and the quantity and rate of production
4 under this agreement when such alteration or modification is in the
5 interest of attaining the conservation objectives stated in this agree-
6 ment and is not in violation of any applicable Federal or State law.

7 Powers in this section vested in the Director shall only be exer-
8 cised after notice to Unit Operator and opportunity for hearing to be
9 held not less than 15 days from notice.

10 22. APPEARANCES. Unit Operator shall, after notice to other
11 parties affected, have the right to appear for and on behalf of any and
12 all interests affected hereby before the Department of the Interior
13 and to appeal from orders issued under the regulations of said Depart-
14 ment or to apply for relief from any of said regulations or in any
15 proceedings relative to operations before the Department of the Interior
16 or any other legally constituted authority; provided, however, that any
17 other interested party shall also have the right at his own expense to
18 be heard in any such proceeding.

19 23. NOTICES. All notices, demands or statements required here-
20 under to be given or rendered to the parties hereto shall be deemed
21 fully given if given in writing and personally delivered to the party
22 or sent by postpaid registered mail, addressed to such party or parties
23 at their respective addresses set forth in connection with the signatures
24 hereto or to the ratification or consent hereof or to such other address
25 as any such party may have furnished in writing to party sending the
26 notice, demand or statement.

27 24. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement con-
28 tained shall be construed as a waiver by any party hereto of the right
29 to assert any legal or constitutional right or defense as to the validity
30 or invalidity of any law of the State wherein said unitized lands are
31 located, or of the United States, or regulations issued thereunder in
32 any way affecting such party, or as a waiver by any such party of any
33 right beyond his or its authority to waive.

34 25. UNAVOIDABLE DELAY. All obligations under this agreement
35 requiring the Unit Operator to commence or continue drilling or to
36 operate on or produce unitized substances from any of the lands covered
37 by this agreement shall be suspended while, but only so long as, the
38 Unit Operator despite the exercise of due care and diligence is prevented
39 from complying with such obligations, in whole or in part, by strikes,
40 acts of God, Federal, State or municipal law or agencies, unavoidable
41 accidents, uncontrollable delays in transportation, inability to obtain
42 necessary materials in open market, or other matters beyond the reason-
43 able control of the Unit Operator whether similar to matters herein
44 enumerated or not. No Unit obligation which is suspended under this section
45 shall become due less than thirty (30) days after it has been determined
46 that the suspension is no longer applicable. Determination of creditable
47 "Unavoidable Delay" time shall be made by the Unit Operator subject to
48 approval by the Supervisor.

49 26. NON-DISCRIMINATION. In connection with the performance of
50 work under this agreement, the operator agrees to comply with all of the
51 provisions of section 202 (1) to (7) inclusive, Executive Order 11246,
52 (30 F.R. 12319), which is hereby incorporated by reference in this agree-
53 ment.

54 27. LOSS OF TITLE. In the event title to any tract of unitized
55 land shall fail and the true owner cannot be induced to join in this

1 unit agreement, such tract shall be automatically regarded as not
2 committed hereto and there shall be such readjustment of future costs
3 and benefits as may be required on account of the loss of such title.
4 In the event of a dispute as to title as to any royalty, working interest,
5 or other interests subject thereto, payment or delivery on account thereof
6 may be withheld without liability for interest until the dispute is
7 finally settled; provided, that, as to Federal land or leases, no pay-
8 ments of funds due the United States should be withheld, but such funds
9 shall be deposited as directed by the Supervisor to be held as unearned
10 money pending final settlement of the title dispute, and then applied
11 as earned or returned in accordance with such final settlement.

12 Unit Operator as such is relieved from any responsibility for any
13 defect or failure of any title hereunder.

14 28. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any sub-
15 stantial interest in a tract within the unit area fails or refuses to
16 subscribe or consent to this agreement, the owner of the working interest
17 in that tract may withdraw said tract from this agreement by written
18 notice to the Supervisor and the Unit Operator prior to the approval of
19 this agreement by the Supervisor. Any oil or gas interests in lands within
20 the unit area not committed hereto prior to submission of this agreement
21 for final approval may thereafter be committed hereto by the owner or
22 owners thereof subscribing or consenting to this agreement, and, if the
23 interest is a working interest, by the owner of such interest also sub-
24 scribing to the unit operating agreement. After operations are commenced
25 hereunder, the right of subsequent joinder, as provided in this section,
26 by a working interest owner is subject to such requirements or approvals,
27 if any, pertaining to such joinder, as may be provided for in the unit
28 operating agreement. After final approval hereof joinder by a non-working
29 interest owner must be consented to in writing by the working interest
30 owner committed hereto and responsible for the payment of any benefits
31 that may accrue hereunder in behalf of such non-working interest.
32 Joinder by any owner of a non-working interest, at any time, must be
33 accompanied by appropriate joinder by the owner of the corresponding
34 working interest in order for the interest to be regarded as committed
35 hereto. Joinder to the unit agreement by a working interest owner, at
36 any time, must be accompanied by appropriate joinder to the unit opera-
37 ting agreement, if more than one committed working interest owner is
38 involved, in order for the interest to be regarded as committed to this
39 unit agreement. Except as may otherwise herein be provided subsequent
40 joinders to this agreement shall be effective as of the first day of
41 the month following the filing with the Supervisor of duly executed
42 counterparts of all or any papers necessary to establish effective
43 commitment of any tract to this agreement unless objection to such
44 joinder is duly made within 60 days by the Supervisor.

45 29. COUNTERPARTS. This agreement may be executed in any number
46 of counterparts no one of which needs to be executed by all parties or
47 may be ratified or consented to by separate instrument in writing speci-
48 fically referring hereto and shall be binding upon all those parties who
49 have executed such a counterpart, ratification, or consent hereto with
50 the same force and effect as if all such parties had signed the same
51 document and regardless of whether or not it is executed by all other
52 parties owning or claiming an interest in the lands within the above-
53 described unit area.

1 30. SURRENDER. Nothing in this agreement shall prohibit the
2 exercise by any working interest owner of the right to surrender vested
3 in such party in any lease, sub-lease, or operating agreement as to
4 all or any part of the lands covered thereby, provided that each party
5 who will or might acquire such working interest by such surrender or by
6 forfeiture as hereafter set forth, is bound by the terms of this agree-
7 ment.

8 If as a result of any such surrender, the working interest rights
9 as to such lands become vested in any party other than the fee owner
10 of the unitized substances, said party shall forfeit such rights and
11 no further benefits from operation hereunder as to said land shall
12 accrue to such party, unless within ninety (90) days thereafter said
13 party shall execute this agreement and the unit operating agreement as
14 to the working interest acquired through such surrender, effective as
15 though such land had remained continuously subject to this agreement
16 and the unit operating agreement. And in the event such agreements are
17 not so executed, the party next in the chain of title shall be and become
18 the owner of such working interest at the end of such ninety (90) day
19 period, with the same force and effect as though such working interest
20 had been surrendered to such party.

21 If as the result of any such surrender or forfeiture the working
22 interest rights as to such lands become vested in the fee owner of the
23 unitized substances, such owner may:

24 (1) Execute this agreement and the unit operating agreement as a
25 working interest owner, effective as though such land had remained
26 continuously subject to this agreement and the unit operating agreement.

27 (2) Again lease such lands but only under the condition that the
28 holder of such lease shall within thirty (30) days after such lands are
29 so leased execute this agreement and the unit operating agreement as to
30 each participating area theretofore established hereunder, effective as
31 though such land had remained continuously subject to this agreement and
32 the unit operating agreement.

33 (3) Operate or provide for the operation of such land independently
34 of this agreement as to any part thereof or any oil or gas deposits
35 therein not then included within a participating area.

36 If the fee owner of the unitized substances does not execute this
37 agreement and the unit operating agreement as a working interest owner
38 or again lease such lands as above provided with respect to each exist-
39 ing participating area, within six (6) months after any such surrender
40 or forfeiture, such fee owner shall be deemed to have waived the right
41 to execute the unit operating agreement or lease such lands as to each
42 such participating area, and to have agreed, in consideration for the
43 compensation hereinafter provided, that operations hereunder as to any
44 such participating area or areas shall not be affected by such surrender.

45 For any period the working interest in any lands are not expressly
46 committed to the unit operating agreement as the result of any such
47 surrender or forfeiture, the benefits and obligations of operations
48 accruing to such lands under this agreement and the unit operating agree-
49 ment shall be shared by the remaining owners of unitized working inter-
50 ests in accordance with their respective participating working interest
51 ownerships in any such participating area or areas, and such owners of

1 working interests shall compensate the fee owner of unitized substances
2 in such lands by paying sums equal to the rentals, minimum royalties,
3 and royalties applicable to such lands under the lease in effect when
4 the lands were unitized, as to such participating area or areas.

5 Upon commitment of a working interest to this agreement and the
6 unit operating agreement as provided in this section, an appropriate
7 accounting and settlement shall be made, to reflect the retroactive
8 effect of the commitment, for all benefits accruing to or payments and
9 expenditures made or incurred on behalf of such surrendered working
10 interest during the period between the date of surrender and the date
11 of recommitment, and payment of any moneys found to be owing by such
12 an accounting shall be made as between the parties then signatory to
13 the unit operating agreement and this agreement within thirty (30)
14 days after the recommitment. The right to become a party to this agree-
15 ment and the unit operating agreement as a working interest owner by
16 reason of a surrender or forfeiture as provided in this section shall
17 not be defeated by the nonexistence of a unit operating agreement and
18 in the event no unit operating agreement is in existence and a mutually
19 acceptable agreement between the proper parties thereto cannot be con-
20 summated, the Supervisor may prescribe such reasonable and equitable
21 agreement as he deems warranted under the circumstances.

22 Nothing in this section shall be deemed to limit the right of
23 joinder or subsequent joinder to this agreement as provided elsewhere in
24 this agreement. The exercise of any right vested in a working interest
25 owner to reassign such working interest to the party from whom obtained
26 shall be subject to the same conditions as set forth in this section
27 in regard to the exercise of a right to surrender.

28 31. TAXES. The working interest owners shall render and pay for
29 their account and the account of the royalty owners all valid taxes
30 on or measured by the unitized substances in and under or that may be
31 produced, gathered and sold from the land subject to this contract after
32 the effective date of this agreement, or upon the proceeds or net proceeds
33 derived therefrom. The working interest owners on each tract shall and
34 may charge the proper proportion of said taxes to the royalty owners
35 having interests in said tract, and may currently retain and deduct
36 sufficient of the unitized substances or derivative products, or net
37 proceeds thereof from the allocated share of each royalty owner to secure
38 reimbursement for the taxes so paid. No such taxes shall be charged
39 to the United States or the State of New Mexico or to any
40 lessor who has a contract with his lessee which requires the lessee to
41 pay such taxes.

42 32. NO PARTNERSHIP. It is expressly agreed that the relation of
43 the parties hereto is that of independent contractors and nothing in
44 this agreement contained, expressed or implied, nor any operations con-
45 ducted hereunder, shall create or be deemed to have created a partner-
46 ship or association between the parties hereto or any of them.

47 33. BUREAU OF LAND MANAGEMENT SPECIAL STIPULATIONS. Nothing in this
48 agreement shall modify or change any special federal stipulations relating
49 to surface management, surface disturbances, or cultural resources attached
50 to and made a part of any oil and gas lease covering lands within the
51 Unit Area.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

Date of Signature and Address

(Date) 11-17-77

(Address) P. O. Box 1150
Midland, Texas 79702

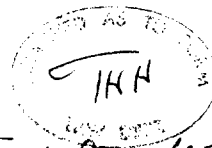
ATTEST:

: *J. B. Peters*
Assistant Secretary

UNIT OPERATOR AND WORKING INTEREST OWNER
GULF OIL CORPORATION

By

R. E. Griffith
R. E. Griffith, Attorney-in-Fact



JB/AB

EXHIBIT "A"
NOPAL DRAW UNIT

UNIT AREA DESCRIPTION

T-21-S, R-25-E, N.M.P.M.

Section 4: Lots 11, 12, 13, 14, and SW/4

Section 5: South 2/3

Section 7: E/2

Section 8: All

Containing 1920.00 acres, more or less, Eddy County, New Mexico.

EXHIBIT "B"

SCHEDULE OF LANDS AND LEASES

NOPAL DRAW UNIT

EDDY COUNTY, NEW MEXICO

Tract No.	Description	Acres	Serial No. & Expiration Date	Basic Royalty & Percentage	Lessee of Record & Percentage	Overriding Royalty & Percentage	Working Interest & Percentage
1	<u>T-21-S, R-25-E</u> Sec 5: SE/4, N/2 SW/4	240	NM-14997 2-28-82	12.5% U.S.A.	Texas Oil & Gas Corporation 100%	John B. Vreeland 4.5% Sherman & Jon Nelson 5%	Texas Oil & Gas Corporation 100%
2	<u>T-21-S, R-25-E</u> Sec 5: Lots 9 thru 16	320	NM-21490 5-31-84	12.5% U.S.A.	W. H. Gilmore 75% Gulf 12.5% RRDC 12.5%	First Roswell Company 5%	Gilmore 75% Gulf 12.5% RRDC 12.5%
3	<u>T-21-S, R-25-E</u> Sec 5: S/2 SW/4	80	NM-21492 6-30-84	12.5% U.S.A.	Coquina Oil Corp. 100%	Dean A. Chase 5%	Coquina 100%
4	<u>T-21-S, R-25-E</u> Sec 8: NE/4, N/2 SE/4, SW/4 SE/4	280	NM-29617 4-30-87	12.5% U.S.A.	RRDC 50% Roy L. McKay 50%	John DiMatteo 4%	RRDC 50% Roy L. McKay 50%
5	<u>T-21-S, R-25-E</u> Sec 7: NE/4, Sec 8: SW/4, Sec 4: SW/4	480	NM-0559176 2-28-78	12.5% U.S.A.	Gulf Oil 100%	James L. Harden 4% Gerald T. Tresner 1%	Gulf 100%
6	<u>T-21-S, R-25-E</u> Sec 7: SE/4, Sec 8: NW/4 Sec 4: Lots 12, 13, 14	440	NM-0559177 2-28-78	12.5% U.S.A.	Gulf Oil 100%	E. I. Vetter 4% G. T. Tresner 1%	Gulf 100%

7	<u>T-21-S, R-25-E</u> Sec 4: Lot 11	40	Open KGS
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TOTAL: 1,880 Acres Federal Land

8	<u>T-21-S, R-25-E</u> Sec 8: SE/4 SE/4	40	Yates-Fee 2-20-78	12.5% Reed W. Cox et ux Corporation	Yates Petroleum 100%	Yates Petroleum 100%
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TOTAL: 40 Acres Fee Land

RECAPITULATION

Federal Lands	1,880	97.91667% of Unit Area
Fee Lands	<u>40</u>	<u>2.08333% of Unit Area</u>
TOTAL	1,920	100.00000% of Unit Area

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: 12/20/77 BY: M. L. Robinson PRESIDENT ROBINSON RESOURCE DEVELOPMENT
COMPANY, INC.
ATTEST Mary Kay Gies Hansen Address: P. O. Box 1227
ASSISTANT SECRETARY ROSWELL, NM 88201

THE STATE OF NEW MEXICO
COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 20TH day of DECEMBER, 1977, by M. L. ROBINSON, PRESIDENT, ROBINSON RESOURCE DEVELOPMENT COMPANY INC. OF ROSWELL, NEW MEXICO, a corporation, on behalf of said corporation.

My Commission Expires:
JULY 19, 1980

Della V. Lucas
Notary Public in and for CHAVES
County, NEW MEXICO

THE STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____

Notary Public in and for _____
County, _____

My Commission Expires:

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: DECEMBER 20, 1977

By [Signature]
Address: P. O. Box 2014
ROSWELL, NM 88201

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____
County, _____.

THE STATE OF NEW MEXICO

COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this 20TH day of DECEMBER, 1977, by ROY L. MCKAY

My Commission Expires:
JULY 19, 1980

[Signature]
Notary Public in and for CHAVES
County, NEW MEXICO

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: December 19, 1977

W. H. Gilmore, Jr.
Address: 316 Building of the Southwest
Midland, Texas 79701

THE STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____
County, _____

THE STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 19th day of December, 1977, by W. H. Gilmore, Jr.

My Commission Expires: _____

November 30, 1978

Helen James
Notary Public in and for Midland
County, Texas

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: December 19, 1977

COQUINA OIL CORPORATION
By: James H. Shaw
James H. Shaw, Attorney-in-Fact
Address: P. O. Drawer 2960
Midland, Texas 79702

THE STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 19th day of December, 1977, by James H. Shaw, Attorney-in-Fact of Coquina Oil Corporation, a corporation, on behalf of said corporation.

My Commission Expires:
January 15, 1978

Roxie Davis
Notary Public in and for Midland County, Texas

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____

Notary Public in and for _____ County, _____

My Commission Expires:

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: November 28, 1977

John B. Vreeland
Address: P. O. Box 2603
Corpus Christi, Texas 78403

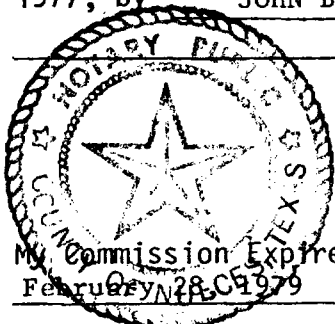
THE STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public in and for _____
County, _____

THE STATE OF TEXAS
COUNTY OF NUECES

The foregoing instrument was acknowledged before me this 28th day of November, 1977, by JOHN B. VREELAND



My Commission Expires: February 28, 1979

Amy Ridenour
Notary Public in and for Nueces
County, Texas

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: 11-25-77

Sherman Nelson

Address: PO Box 885
Sequim Texas

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____
County, _____

THE STATE OF Texas

COUNTY OF Gladwin

The foregoing instrument was acknowledged before me this 25 day of Nov, 1977, by Tom Nelson & Sherman Nelson

My Commission Expires: _____

Marilyn Altman
Notary Public in and for Gladwin
County, Texas

6-30-78

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: December 8, 1977

Dean A. Chase

Address: 2610 Sentinel

Midland, TX 79701

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

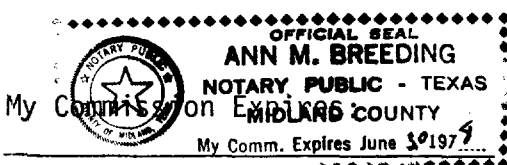
My Commission Expires:

Notary Public in and for _____
County, _____

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 8th day of December 1977, by Dean A. Chase



Ann M. Breeding
Notary Public in and for Midland
County, Texas

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: _____
Address: _____

THE STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public in and for _____ County, _____

THE STATE OF Ohio
COUNTY OF Lake

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____

My Commission Expires: 9-5-80
Notary Public in and for _____ County, State of Ohio

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: _____

James L. Harden
Address: 10555 N. 1st St
Golden, Colo 80601

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____
County, _____

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this 19th day of December, 1977, by James L. Harden

My Commission Expires: _____

Sandy L. Buerger
Notary Public in and for Denver
County, Colorado

January 14, 1980

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and


WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: November 29, 1977


Gerald T. Tresner
Address: 910 Midland Savings Building
Denver, Colorado 80202

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____

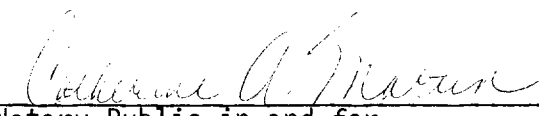
Notary Public in and for _____
County, _____

THE STATE OF COLORADO

COUNTY OF DENVER

The foregoing instrument was acknowledged before me this 29th day of November, 1977, by Gerald T. Tresner

My Commission Expires:
March 12, 1979


Notary Public in and for Denver
County, Colorado

RATIFICATION - NOPAL DRAW UNIT
EDDY COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, certain instrument entitled UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE NOPAL DRAW UNIT, EDDY COUNTY, NEW MEXICO, has been executed as of the 18th day of November, 1977, by various persons conducting operations with respect to the Nopal Draw Unit Area, located in Eddy County, New Mexico, as more particularly described in said Agreement; and

WHEREAS, the Unit Agreement, by Exhibit "A," shows on a map the boundary lines of the Unit Area and the Tracts therein and, by Exhibit "B" describes each Tract within the Unit Area; and

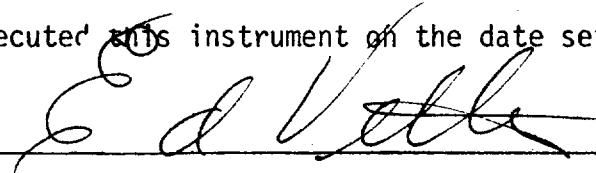
WHEREAS, the Unit Agreement and Unit Operating Agreement each provides that a person may become a party thereto by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof; and

WHEREAS, the undersigned (whether one or more) is, or claims to be, the owner of a royalty, overriding royalty and/or working interest in one or more of the Tracts described in Exhibit "B" of the Unit Agreement,

NOW, THEREFORE, the undersigned (whether one or more), for and in consideration of the premises and the benefits anticipated to accrue under each of said agreements, does hereby agree to become a party to and to be bound by the provisions of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner, and the undersigned does hereby agree that the parties to said agreements are those persons signing the originals of said instruments, counterparts thereof, or other instruments agreeing to be bound by the provisions thereof. The undersigned does also hereby acknowledge receipt of a true copy of the said Unit Agreement, and also the said Unit Operating Agreement if the undersigned is a Working Interest Owner.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date set forth opposite the undersigned's signature.

Date: December 2, 1977


Address: 135 South Main

Salt Lake City, Utah

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1977, by _____ of _____, a corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public in and for _____
County, _____

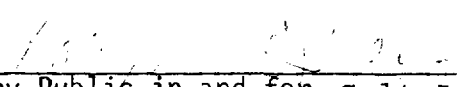
THE STATE OF Utah

COUNTY OF Salt Lake

The foregoing instrument was acknowledged before me this 2nd day of December, 1977, by Ed Vetter

My Commission Expires: _____

4-1-80


Notary Public in and for Salt Lake
County, _____

Other _____

Gulf Energy and Minerals Company - U. S.

SOUTHWEST DIVISION

R. E. Griffith
MANAGER-LAND

P. O. Drawer 1150
Midland, TX 79702

*Starnes
Starnes*

January 5, 1978

Re: Nopal Draw Federal Unit
covering Lots 11, 12, 13,
14 and the SW/4 of the South
2/3 of Section 4; South 2/3
of Section 5; E/2 of Section 7;
and all of Section 8; T-21-S,
R-25-E, NMPM, EDDY COUNTY, New
Mexico
(Case No. 6101 - Order No. R-5610)

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Joe D. Ramey
Member & Secretary

Gentlemen:

Please be advised Gulf is in receipt of the Order of the Commission regarding the captioned unit.

As required in paragraph 3 of said Order, enclosed herewith is a copy of the Unit Agreement along with executed copies of Ratifications for said agreement.

If you have any questions, contact Mr. Allen Brinson of this office, phone 915-682-7301.

Yours very truly,

R. E. Griffith
R. E. GRIFFITH

JAB/dh



A DIVISION OF GULF OIL CORPORATION

CC:
NMOCC (ltr. only) <<< The Guyana

Other _____



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

IN REPLY REFER TO:

10-71977

DEC 05 1977

Gulf Energy and Minerals Company
Attention: Mr. R. E. Griffith
P. O. Drawer 1150
Midland, Texas 79702

No. 6101

Gentlemen:

Your application of November 18, 1977, filed with the Assistant Area Oil and Gas Supervisor, Roswell, New Mexico, requests the designation of the Nopal Draw unit area embracing 1,920.00 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 30 CFR 226, the land requested as outlined on your plat marked "Exhibit 'A' Nopal Draw Unit Area" is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for a well to test all formations of Pennsylvanian Age or to a depth of 10,400 feet. Your proposed use of the Form of Agreement for Unproved Areas will be accepted with the modifications requested in your application provided it is further modified as follows:

Add the words "as amended" after (30 F. R. 12319) in Section 26, Nondiscrimination.

If conditions are such that further modification of said standard form is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office through the Oil and Gas Supervisor for preliminary approval.

In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, notice is hereby given that the rights is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to Roswell, New Mexico, for the Supervisor's approval, include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the 1968 reprint of the aforementioned form.

Sincerely yours,

ORIG. SGT. D. L. LIBBY

[Signature]
Regional Conservation Manager
For the Director

CC:

NMOCC, Santa Fe, NM

J. R. MODRALL
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
FRANK H. ALLEN, JR.
JAMES A. PARKER
JOHN R. COONEY
KENNETH L. HARRIGAN
PETER J. ADANG
DALE W. EK
DENNIS J. FALK
JOE R. G. FULCHER
ARTHUR D. MELENDRES
JAMES P. HOUGHTON
GEORGE J. HOPKINS
PAUL M. FISH
JUDY A. FRY
MARK B. THOMPSON III
JEFFREY W. LOUBET
RUTH M. SCHIFANI
THOMAS L. JOHNSON
LYNN H. SLADE
ALAN KONRAD

LAW OFFICES OF
MODRALL, SPERLING, ROEHL, HARRIS & SISK
PUBLIC SERVICE BUILDING
P. O. BOX 2168
ALBUQUERQUE, NEW MEXICO 87103

JOHN F. SIMMS(1885-1954)
AUGUSTUS T. SEYMOUR
(1907-1965)
TELEPHONE 243-4511
AREA CODE 505

December 6, 1977

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Gulf Oil Corporation -
Docket No. 39-77, Case No. 6101

Dear Mr. Ramey:

Enclosed, please find Entry of Appearance on behalf of
Gulf Oil Corporation in Case No. 6101, which has been
docketed for the Examiner's Hearing on December 14,
1977.

Very truly yours,


James E. Sperling

/jev
Enclosure

cc: Mr. Morgan L. Copeland, w/encl.
Mr. Jeffrey G. Shrader, w/encl.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF GULF OIL CORPORATION FOR APPROVAL
OF A DRILLING UNIT FOR GULF'S NOPAL
DRAW UNIT, EDDY COUNTY, NEW MEXICO


Case No. 6101

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris & Sisk,
of Albuquerque, New Mexico, hereby enter their appearance for
the applicant, Gulf Oil Corporation, with its house counsel
of Midland, Texas.

MODRALL SPERLING ROEHL HARRIS & SISK

By:


James E. Sperling, Attorneys for
Gulf Oil Corporation
P. O. Box 2168
Albuquerque, New Mexico 87103
Telephone: (505) 243-4511

OUTLINE OF BRINSON TESTIMONY

Case No. 6101

Q Would you please state your name, by whom you are employed and in what capacity?

A Allen Brinson, Gulf Oil Corporation, I am a Land Agent.

Q While you have been with Gulf, have part of your duties as a Land Agent consisted of formulating the proposed Nopal Draw Unit?

A Yes, they have.

Q So you are familiar with the negotiations that have gone on in putting this unit together and have personal knowledge as to the numbers of interest owners who have agreed to the formation of this unit and you are familiar with the unit agreement?

A Yes.

Q Mr. Examiner, is the witness qualified to speak regarding the present status of the unit?

A

Q What type of unit is the Nopal Draw Unit?

A It is a Federal exploratory unit covering 1920 acres of Federal and Fee land. I have an exhibit marked as Gulf Oil Corporation's Exhibit No. 1 that shows the breakdown as to acreage. As is shown, Federal lands constitute 1880 acres or 97.92% of the unit. Fee lands constitute 40 acres or 2.08% of the unit.

Q What else does Gulf's Exhibit No. 1 show?

A The various columns on pages 2 through 4 of Gulf's Exhibit No. 1 are as follows:

Column No. 1 shows the Tract number as it appears on Exhibit "B" of the Unit Agreement.

Column No. 2 gives the legal description of each tract within the unit area.

Column No. 3 gives the percentage of unit area which that tract covers and the exact acreage which that tract covers.

Column No. 4 gives the serial number of the lease itself and its expiration date.

Column No. 5 shows the basic royalty under the particular lease and the royalty owner.

Column No. 6 shows the lessee of record and whether or not the lessee of record is committed to the unit.

Column No. 7 shows the name of the overriding royalty owner, if there is one. It also shows the percentage of overriding royalty retained and whether or not that interest has been committed.

Column No. 8 shows the working interest owner and the percentage of the working interest that has been committed to the unit.

Q Do you have a copy of the proposed Nopal Draw Unit Agreement?

A Yes, Gulf Oil Corporation's Exhibit No. 2 is a copy of the proposed Nopal Draw Unit Agreement.

Q Is this Unit Agreement on a form previously approved by the U.S.G.S. ?

A Yes, it is.

Q In the Unit Agreement, is the participation for royalty and overriding royalty interest based upon acreage within the participating area?

A Yes, it is.

Q Does the proposed Unit Agreement contain a segregation clause for non-productive acreage?

A Yes, it does.

Q Does the Unit Agreement provide for subsequent joinder?

A Yes, it does.

Q Has the proposed Unit Agreement received preliminary approval from the U.S.G.S. ?

A Yes, it has.

Q What is the status of sign up for the various classes of owners regarding this unit?

A