

5-22-44

PICACHO UNIT AGREEMENT  
LINCOLN COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 25th day of May, 1944, by and between the parties subscribing or consenting hereto;

W I T N E S S E T H:

WHEREAS, the parties subscribing hereto are the owners of operating, royalty, or other oil or gas interests in the Unit Area subject to this agreement; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent avoidable waste and secure other benefits obtainable through development and operation of the Unit Area subject to this agreement under the terms, conditions and limitations hereinafter set forth, under and pursuant to the provisions of Sections 17, 27 and 32 of the Act of Congress approved February 25, 1920, entitled: "An Act to Promote the Mining of Coal, Phosphate, Oil, Oil Shale, Gas and Sodium on the Public Domain," 41 Stat. 443,448,450, as amended or supplemented by the Acts of March 4, 1931, 46 Stat. 1523, and August 21, 1935, 49 Stat. 676; 30 U.S.C. 226, 184, and 189; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Chap. 72, Laws 1935) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, for and in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

1. LAWS AND REGULATIONS: The Act of Congress, approved February 25, 1920 supra, as amended, and the Acts of the Legislature of the State of New Mexico (Chap. 72, Laws of 1935 and Chapter 88, Laws 1943) and all pertinent regulations issued thereunder, including operating regulations, are accepted and made a part of this agreement.

2. DEFINITIONS: For all purposes of this agreement, certain terms used herein are defined as follows:

(a) "Secretary" shall mean the Secretary of the Interior of the United States and those persons or agencies duly authorized to act for and in his behalf.

(b) "Supervisor" shall mean the Oil and Gas Supervisor of the United States Geological Survey and those persons or agencies duly authorized to act for and in his behalf.

(c) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

(d) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.

(e) "Working Interest Owner" shall mean a party hereto whose interest in the unitized substances under existing contracts and under this agreement is subject to a charge for, or an obligation to pay a portion of the costs and expenses of operations hereunder.

(f) "Royalty Owner" shall mean a party hereto or consenting hereto whose interest in the unitized substances is free from any obligation, liability, or charge for and on account of the costs and expenses of operations hereunder.

(g) "Paying Quantities" shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and operating the well and a small profit in addition thereto.

3. UNIT AREA: The following described lands are hereby designated and recognized as constituting the Unit Area:

In Township 11 South. Range 18 East

All of Sections 17, 20, 21, 26, 27, 28, 33, 34, and 35

Section 16:  $S\frac{1}{2}$   
Section 22:  $W\frac{1}{2}$ ,  $SE\frac{1}{4}$ ,  $S\frac{1}{2}$   $NE\frac{1}{4}$   
Section 23:  $S\frac{1}{2}$ ,  $S\frac{1}{2}$   $NW\frac{1}{4}$   
Section 24:  $SW\frac{1}{4}$   
Section 25:  $W\frac{1}{2}$   
Section 29:  $E\frac{1}{2}$ ,  $E\frac{1}{2}$   $W\frac{1}{2}$   
Section 32:  $E\frac{1}{2}$   
Section 36:  $W\frac{1}{2}$

In Township 12 South. Range 18 East

All of Sections 1, 2, 3, 4, 9, 10, 11, 12, 13, 14, 15, 22, 23, 26, and 27

Section 5:  $E\frac{1}{2}$   
Section 8:  $E\frac{1}{2}$   $E\frac{1}{2}$   
Section 16:  $E\frac{1}{2}$ ,  $E\frac{1}{2}$   $W\frac{1}{2}$   
Section 21:  $E\frac{1}{2}$   
Section 24:  $W\frac{1}{2}$   
Section 28:  $E\frac{1}{2}$   
Section 34:  $N\frac{1}{2}$   
Section 35:  $N\frac{1}{2}$

Embracing 20,471.33 Acres

The Unit Operator, with the consent of a majority in interest of the Working Interest, and subject to the approval of the Secretary, the Commissioner and the Commission, may enlarge the unit area to include other lands believed to be productive of the unitized substances, or may with like consent and approval, diminish the unit area to exclude lands not in any participating area hereunder which is believed to be barren of the unitized substances.

Exhibit "A" attached hereto is a map on which is outlined the herein established Unit Area, together with the ownership of the land and leases in said Area. Exhibit "B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the Unit Area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights, and hereinafter referred to as "unitized lands". Said exhibits shall be revised by the Unit Operator whenever any change in the Unit Area or ownership of rights renders such change necessary, and the revised exhibits shall be filed with the record of this agreement.

4. UNITIZED SUBSTANCES: All oil, gas, natural gasoline and associated fluid hydrocarbons producible from land subject to this agreement, in any and all sands or horizons, are unitized under the terms of this agreement and hereinafter are called "unitized substances".

5. UNIT OPERATOR: Stanolind Oil and Gas Company is hereby designated as Unit Operator and by signature hereto agrees and consents to accept the duties and obligations of Unit Operator to conduct and manage the operation of said unit area for the discovery and development of unitized substances as hereinafter provided. Hereinafter whenever reference is made to the Unit Operator, such reference is understood to mean the unit operator acting in that capacity and not as an owner of interests in unitized substances, and whenever reference is made to an owner of unitized substances, such a reference shall be understood to include any interests in unitized substances owned by the Unit Operator.

The Unit Operator shall have the right to resign at any time provided that any well drilled hereunder is placed in a satisfactory condition for suspension, or is satisfactorily abandoned under the Federal Oil and Gas Operating Regulations, if on Federal land, and under the laws of the State of New Mexico, and the rules and regulations of the Commission, if on state or patented land, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of three (3) months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto and the Secretary and the Commissioner,

unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of the Unit Operator prior to the date on which relinquishment by or removal of Unit Operator becomes effective. The parties hereto or a duly qualified new Unit Operator may purchase at its then depreciated market value all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, owned by the retiring Unit Operator, in its capacity as such operator, or make other arrangements satisfactory to the retiring Unit Operator for the use thereof, provided that no such equipment, material, or appurtenances so selected for purchase shall be removed prior to the effective date of Unit Operator's retirement. Any equipment, material, and appurtenances not so purchased or arranged for as to the use thereof within said time limit may be removed by the retiring Unit Operator at any time within six (6) months after his relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of working interest rights in land when subject to this agreement. The termination of any rights as Unit Operator under this agreement shall not of itself terminate any right, title, or interest which the Unit Operator may then have in the unitized substances, but the Unit Operator shall have the right and option in connection with its resignation to reassign or retransfer to its several predecessors in interest all of its interest in the lands and leases severally acquired from them, together with its working interest in the unitized substances, and upon such delivery be discharged from any future liability as a working interest owner hereunder; said reassignments to be effective as to said transferee thereupon, subject, however, to the approval of the Secretary as to transfers of interest in lands of the United States and subject, however, to the approval of the Commissioner as to interests in lands of the State of New Mexico.

6. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall discontinue or relinquish his rights as Unit Operator or shall fail to fulfill his duties and obligations as Unit Operator under this agreement, the owners of the majority of the unitized working interests in the participating area on an acreage basis, or the owners of working interests according to their total acreage interest in the unit area until a participating area shall have been established, shall select a new Unit Operator, provided that if the majority of the working interests rights which are at any time qualified to vote in selecting a new Unit Operator are owned by one party to this agreement then a vote of at least two owners of working interests qualified to vote shall be required to select a new operator. Such selections shall not become effective until (a) a Unit Operator so selected shall agree and consent in writing to accept the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Secretary and the Commissioner. In the absence of the selection of an acceptable Unit Operator by the working interest owners within (6) months after notice by Unit Operator of intention to relinquish its rights as Unit Operator, this unit agreement shall automatically terminate.

The Unit Operator shall be subject to removal by the Working Interest Owners in the same manner as herein provided for the selection of a new Unit Operator.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as hereinafter specified, the exclusive right, privilege, and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with the Unit Operator and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges, and obligations in the premises; provided that nothing herein shall be construed to transfer title to any land, or to any operating agreement or leases, it being understood that under and pursuant to this agreement the Unit Operator shall exercise the rights of possession and use vested in the parties hereto only and exclusively for the purposes herein specified. The Unit Operator shall pay all costs and expenses of operations with respect to the unitized land, and no part thereof shall be charged to the Royalty Owners. The method of handling such costs and expenses is left to private arrangement between the Unit Operator and the Working Interest Owners.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract.

8. DRILLING TO DISCOVERY: Within six (6) months from the effective date of this agreement, Unit Operator shall begin operations in the unit area to drill an adequate test well at a location upon the Unit Area to be approved by the Supervisor, if such location is upon lands of the United States, and if upon State lands or patented lands, such location shall be approved by the Commission, and having commenced such operations shall continue such drilling diligently until said well shall have been drilled to a depth not less than 3500 feet unless oil or gas which can be produced in paying quantities is encountered in said well at a lesser depth or unless, at a lesser depth, an igneous or metamorphic formation or some other condition or formation is encountered which would render further drilling inadvisable or impracticable. If said first well, drilled as aforesaid, fails to encounter the unitized substances, Unit Operator or his successor shall thereupon commence within six (6) months after the completion of the former well, and drill, one at a time, additional wells until a productive well is completed to the satisfaction of the Supervisor and Commissioner, or until it is reasonably proved that the unitized land is incapable of producing the unitized substances; provided that the Secretary and Commissioner may grant extension of time for the commencement of any such well; and provided further that nothing herein contained shall preclude any Operator from effectively resigning as provided in Section 5 hereof before any obligation to commence a second or subsequent well accrues hereunder, and be relieved of the obligation to commence such well.

9. PLAN OF DEVELOPMENT AND OPERATION: Within sixty (60) days from completion of a well capable of producing the unitized substances as aforesaid, Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission an acceptable plan of development for the Unit Area, which plan or a subsequent modification thereof, when so approved, shall constitute the further drilling and operating obligations of Unit Operator. Said plan for further development and operation on like approval may be modified from time to time to meet changed conditions; provided further that in no event shall the Operator under any such plan, or otherwise, be under any obligation to drill any well to any formation that does not afford a fair possibility for encountering the unitized substances in paying quantities. Well drilling operations including well completions, producing practices and well abandonments, shall be in accordance with the Plan of Development and Operation. All operations thereunder shall be subject to the approval of the Supervisor as to wells on federal land and by the Commission for wells on state and private land.

During any period when it shall appear that an acceptable plan of development cannot be adopted because of the inability of the Supervisor, the Commissioner and the Commission to agree upon the terms thereof, the Unit Operator may, in accordance with the applicable regulations referred to in Section 1 hereof, proceed with reasonable diligence to drill other wells to determine the limits of production and to develop the productive portion of the unit area, and may and shall operate all productive wells in conformity with good operating practices, and the conservation principles of this agreement.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a productive well as aforesaid, Unit Operator shall submit for the approval of the Secretary, the Commissioner and the Commission a schedule of lands based on subdivisions of the public land survey then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule, when approved, to constitute a participating area effective as of the date of first production. Said schedule shall set forth the percentage acreage interest of each owner of rights in the participating area thereby established. Such percentage acreage interest shall govern the allocation of production from and after the date the participating area becomes effective. With the approval of the Secretary, Commissioner and the Commission, a separate participating area may be established for any separate deposit of unitized substances or for any group of such deposits. The participating area or areas so established shall be enlarged from time to time in like manner and subject to like approval whenever such action appears proper as a result of further drilling operations to include additional land then regarded as reasonably proved to be productive in paying quantities, and a new schedule of percentage acreage interests conformable thereto shall thereupon be fixed. The effective date of any such enlargement shall be the first of the month next following the month in which the well is completed which demonstrates the propriety of the enlargement, and any unitized substances therefore produced from such well shall be allocated to the lease on which the well is drilled. A well shall be deemed completed when equipped and successfully tested for production, all of which shall be done diligently. No land once included in a participating area shall be excluded from such participating area on account of depletion of the unitized substances therefrom, or for any cause save loss of title.

It is the intent of this Section that a participating area shall at all times represent as nearly as possible the area known or reasonably estimated to be productive in paying quantities; but, regardless of any increase in the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of increase of the participating area.

Until a participating area or areas has or have been established as herein provided, or in the absence of agreement at any time between the Unit Operator, the Secretary, the Commissioner, and the Commission as to the proper boundaries of a participating area, the portion of all payments affected by such absence of agreement, except the royalties due the United States and the State of New Mexico, may be impounded in a mutually acceptable bank.

11. DEVELOPMENT OF LANDS OUTSIDE THE PARTICIPATING AREA: Any exploratory wells drilled on any unitized land outside the boundaries of any then existing participating area shall be drilled by the Unit Operator at the cost of the Participating Area Working Interest Owners as may be provided in the separate operating contract herein referred to. If any such well encounters the unitized substances in paying quantities, the said well and the portion of the unitized lands proved thereby to be productive in paying quantities shall be added to the participating area in manner as provided in Section 10 hereof. If said well encounters a producible quantity of the unitized substances, but not in paying quantity, the owner of the operating rights on the tract covered by the well may at his option within 30 days after notice by the Unit Operator take over said well by making reimbursement to the Operator as provided in said operating contract. Otherwise the Unit Operator may continue to operate the well and appropriate the production therefrom to apply upon the cost of drilling, equipping and operating said well; provided, however, that if and when Unit Operator secures reimbursement therefrom for the cost of drilling, equipping and operating the same, Unit Operator may turn the well over to the owner of the operating rights on the tract on which the well is situated upon compensation for the fair market value of the recoverable equipment. If the Operator shall desire to abandon said well, the owner of the operating rights on said tract may take over and operate said well by reimbursing the Unit Operator for the fair market value of the recoverable casing and other well property necessary to operate the well.

If upon thirty (30) days notice by the owner of the operating rights on any unitized tract of land outside the participating area, Unit Operator shall fail or refuse to commence and drill a well for the testing of the productivity of the tract, the owner of the operating rights on said tract may drill said well at his sole cost, risk, and expense, including cost of abandonment, and if said well encounters the unitized substances in paying quantities, the well and the unitized land proved productive in paying quantities thereby shall be added to the then existing participating area and the participating area shall be enlarged upon a basis of financial adjustment of investment costs between the said owner of the operating rights on the well tract and the Working Interest Owners in the former participating area as may be provided by the operating contract, or otherwise by agreement among said parties. In the event that said well encounters the unitized substances in producible quantity but not in paying quantity, and upon determination thereof by the Unit Operator and the Working Interest Owners, the parties so drilling said well may operate and produce the well at their sole cost and risk and expense and for their sole benefit.

Any operations under this section shall be subject to the drilling, producing and conservation requirements of this agreement and of any plan of development then or thereafter in force, and subject to the payment of the rental and royalty required by the applicable leases or contracts on the production from said well.

12. ALLOCATION OF PRODUCTION--ROYALTIES: Except as provided in Section 11, all unitized substances produced under this agreement, except any part thereof used for production and development purposes thereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of land of the participating area, and, for the purpose of determining any benefits that accrue on an acreage basis as a result of operations under this agreement, each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area. Unitized substances produced from any participating area and used in conformity with good operating practice under an approved plan of operation for repressuring or cycling in any participating area shall be free from any royalty charge.

If Unit Operator introduces gas obtained from sources other than the unitized substances into any participating area hereunder for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan first approved by the Supervisor, the Commissioner, and the Commission, a like amount of gas may be drawn from the formation into which the gas was introduced, royalty free as to dry gas but not as to the products extracted therefrom, provided that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor, the Commissioner and the Commission as conforming to good petroleum engineering practice, and provided further that such right of withdrawal shall terminate on the termination of the unit.

Except as otherwise herein provided, royalties shall be paid or delivered as provided by existing leases or contracts, at the lease or contract rate upon the unitized substances allocated to the lease or tract. Settlement shall be made on or before the 20th day of each month for the unitized substances produced during the preceding calendar month. Such royalties shall be paid by the party operating the wells, but nothing herein shall operate to relieve the lessees, or any of them, of their obligation to pay rentals and royalties under the terms of their respective leases.

The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take their respective royalty shares in kind or value.

13. GOVERNMENT ROYALTIES: Royalty due the United States on account of federal lands subject to this agreement within the Unit Area shall be computed as provided in the operating regulations; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though all the unitized lands within the participating area were a single consolidated lease. During the period of the National Emergency proclaimed by the President on May 27, 1941, Proclamation No. 2487 (55 Stat. 1647) as to any new oil or gas deposit discovered by virtue of a well or wells drilled under this agreement, the royalty obligation to the United States shall be fixed for a period of ten years after such discovery at a flat royalty rate of  $12\frac{1}{2}\%$  of the amount or value of the production allocable to said leases from such new deposit.

14. RENTALS: Each lessee shall be responsible for and shall pay all rentals of whatsoever kind on his respective leases. Rental for land of the United States subject to this agreement at the rate specified in the respective leases from the United States shall be paid, suspended, or reduced as may be determined by the Secretary pursuant to applicable law and regulations. The Unit Operator may apply the government's allocated royalty share of the unitized substances to repayment for government rentals advanced hereunder to the same extent as otherwise allowed in the case of an individual government lease.

15. CONSERVATION: Operations and production of unitized substances shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. Production of unitized substances shall at all times be without waste as defined by or pursuant to state or federal law.

16. DRAINAGE: Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with the approval of the Secretary as to federal interests and of the Commissioner as to state interests, and at the election of the Unit Operator as to private interests, pay the Royalty Owners a fair and reasonable compensatory royalty, as determined by the Supervisor as to federal interests, and the Commissioner as to state interests subject to this agreement, and by agreement between the Unit Operator and royalty owners, as to private interests.

17. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto or consenting hereto holding interests in leases embracing unitized land of the United States or of the State of New Mexico consent that the Secretary and Commissioner, respectively, may, and said Secretary and Commissioner, by their approval of this agreement, do hereby establish, alter, change or revoke the drilling, producing, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.



Owners and lessors of privately owned lands or of interests therein, including royalty interests, and including their heirs, executors, administrators, successors and assigns, by subscribing or consenting to this agreement, in person or by attorney in fact, do hereby severally agree that the respective leases covering their several lands or interests therein, may be and remain in force and effect for the respective primary terms therein stated, and so long thereafter as oil or gas may be produced therefrom in quantities sufficient to justify the cost of production; and also in the event that any of the land embraced in any such lease is during the primary term of such lease included within a participating area duly selected and approved under this unit plan of development, so that each owner becomes entitled to a share in the proceeds of production from the participating area, payable at the respective lease rates on the production allocated on an acreage basis to the portion of the lease within the participating area, then each such lease is hereby extended, without further delay rental obligation, as to the land embraced therein which is so included in such participating area, for the full term of this unit plan as herein stated.

The Secretary, Commissioner and, except as otherwise provided in the preceding paragraph of this Section, all parties hereto further determine, agree and consent that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases subject hereto; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; that if a discovery of a valuable deposit of unitized substances is made anywhere on the unitized land, each such lease in effect on or after the date of such discovery shall be deemed to continue in force and effect as to land in the unit area, as long as unitized substances are produced anywhere on unitized land in paying quantity; and the suspension of all operations and production on the unitized land pursuant to direction or consent of said Secretary and Commissioner shall be deemed to constitute such suspension pursuant to such direction or consent with respect to each such lease, and that no lease shall expire on account of such suspension, as to land in the unit area.

The parties hereto or consenting hereto, holding interests in leases subject to this agreement embracing lands other than those of the United States or of the State of New Mexico or holding interests in any other agreements that involve oil and gas rights in lands in the Unit Area, consent and agree, to the extent of their respective interests, that all such leases and agreements shall conform to the provisions of this agreement.

18. COVENANTS RUN WITH LAND: The covenants herein run with the land until this agreement terminates, and any grant, transfer or lease of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, lessee, or other successor in interest and as to federal land, shall be subject to approval by the Secretary, and as to lands of the State of New Mexico, shall be subject to the approval of the Commissioner. No transfer of any interest in and to any of the unitized lands or affecting the production therefrom shall be binding upon the Unit Operator until the first day of the next calendar month after the Unit Operator has been furnished with an original, photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM: This agreement shall become effective on the first day of the calendar month next following approval by the Secretary and the Commissioner, provided however that nothing herein shall be construed to waive or limit the right of the Commission to approve this agreement pursuant to applicable state law. Except as otherwise provided by the second paragraph of Section 17 hereof, this agreement shall terminate on June 30, 1949, unless (1) such date of expiration is extended by the Secretary and the Commissioner; or (2) a discovery of unitized substances in paying quantities has been made on the Unit Area, in which case this agreement shall remain in effect as long as unitized substances can be produced from the Unit Area in paying quantities; or (3) it is proved at an earlier date that the Unit Area is incapable of production of unitized substances in paying quantities, and with approval of the Secretary and the Commissioner, notice of termination is given by Unit Operator to all parties in interest by letter addressed to them at their last known places of address; or (4) it is terminated as provided in Section 6 hereof; provided that this agreement may be terminated at any time with the consent of the owners of 75%, on an acreage basis, of the Working Interest Owners signatory hereto with the approval of the Secretary and the Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION: All production and the disposal thereof, shall be in conformity with allocations, allotments and quotas made or fixed by the Commission under any State Statute; provided however that the Secretary is vested with authority pursuant to the amendatory acts of Congress of March 4, 1931, and August 21, 1935, supra, to alter or modify from time to time in his discretion the rate of prospecting and development, and, within the limits made or fixed by the Commission, to modify the quantity and rate of production under this agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any lands of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. FORCE MAJEURE: Failure or delay in the performance of the terms, conditions, and covenants hereof shall not cause this contract to expire, terminate, or be forfeited in whole or in part, nor subject the Unit Operator or other party otherwise liable therefor to liability in damages, to the extent and so long as such prompt performance is hindered, delayed or prevented by any federal or state law, executive order, rule or regulation, or to the extent and so long as such performance is hindered, delayed, or prevented by an act of God, of the public enemy, governmental interference or restraint, inability to obtain material or equipment, weather conditions, labor disputes, failure of transportation, or other cause, whether similar or dissimilar, beyond the control of the party in interest.

22. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the Working Interest Owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that said Unit Operator, Working Interest Owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of Unit Operator to obtain the joint consent of the representatives of the United States and the representatives of the State of New Mexico in and about any matter or thing concerning which it is required herein that such joint consent be obtained. The parties hereto and consenting hereto, including the Commission agree that all powers and authority vested in the Commission in and by any provision of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. NON-DISCRIMINATION: The Unit Operator expressly agrees that in any and all operations conducted hereunder, it shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and shall require an identical provision to be included in all subcontracts.

24. SUBSEQUENT JOINDER: Any person owning rights in the unitized substances within the unit area who does not commit such rights hereto prior to the effective date hereof, may thereafter become parties hereto by subscribing this agreement, and if such parties are working interest owners they shall also subscribe the operating contract and comply with all terms and conditions therein set forth.

25. COUNTERPARTS: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties, owning or claiming an interest in the lands affected hereby.

IN WITNESS WHEREOF the parties have hereunto set their hands and have set opposite their respective names the date of execution.

UNIT OPERATOR

STANOLIND OIL AND GAS COMPANY

ATTEST:

By

Vice-President

Secretary



WORKING INTEREST OWNERS

ATTEST:

F J Kelcher

Secretary

STANOLIND OIL AND GAS COMPANY

By E F Bullard

Vice-President

ATTEST:

Billy Cumming

Secretary

SNOWDEN AND McSWEENEY, INC.

By W Carroll Kelly

Vice-President

Willie Stell Stancliff

Willie Stell Stancliff

William W Brunson

William W. Brunson

Mabel E Brunson

Mabel E. Brunson

G C Brunson

G. C. Brunson

George B McCamey

George B. McCamey

E H Pipkin

E. H. Pipkin

Neil H Wills

Neil H Wills

C O N S E N T

In consideration of the execution of the Picacho Unit Agreement, Lincoln County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Plan; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

Executed this 14 day of June, A. D., 1944.

Lois H Fuller

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\_\_\_\_\_

STATE OF New York |  
COUNTY OF New York | SS:

On this 14 day of June, A. D., 1944, before me personally appeared \_\_\_\_\_

Lois H Fuller

\_\_\_\_\_

(husband and wife) (a single person) to me known to be the person described in and who executed the foregoing instrument and acknowledged that ~~she~~ (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

My commission expires \_\_\_\_\_

Walter S Babcock

Notary Public

Com V7 Mar 30 1946

C O N S E N T

In consideration of the execution of the Picacho Unit Agreement, Lincoln County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Plan; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

Executed this 9th day of June, A. D., 1944.

Witness -  
H. P. Saunders Jr.

H P Saunders  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notary Seal

STATE OF New Mexico  
COUNTY OF Chavez SS:

On this 9th day of June, A. D., 1944, before me  
personally appeared H P Saunders  
\_\_\_\_\_

(~~husband and wife~~) (a single person) to me known to be the person described in and who executed the foregoing instrument and acknowledged that he (~~they~~) executed the same as his (~~their~~) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

My commission expires 3-1-45

Ernest Lee Hodges  
Notary Public

C O N S E N T

In consideration of the execution of the Picacho Unit Agreement, Lincoln County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Plan; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

Executed this 15th day of June, A. D., 1944.

Caldwell J Saunders

Faye M Saunders

STATE OF Texas |  
COUNTY OF Dallas | SS:

On this 15th day of June, A. D., 1944, before me personally appeared

Caldwell J Saunders and Faye M Saunders, husband and wife

(husband and wife) (~~a single person~~) to me known to be the persons described in and who executed the foregoing instrument and acknowledged that ~~he~~ (they) executed the same as his (their) free act and deed.

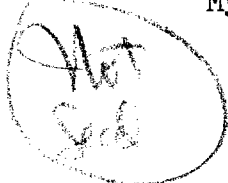
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written

My commission expires

June 1, 1945

Marie Kennedy

Notary Public



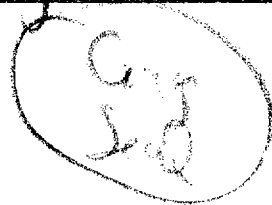
C O N S E N T

In consideration of the execution of the Picacho Unit Agreement, Lincoln County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Plan; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

Executed this 8 day of June, A. D., 1944.

Picacho Cattle Company  
R C Souder Pres

Leving Shum Souder  
Secy - Treas



STATE OF New Mex |  
COUNTY OF De Baca | SS:

On this 8 day of June, A. D., 1944, before me personally appeared

R C Souder and Leving Shum Souder

(husband and wife) (a single person) to me known to be the person described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written

My commission expires

3-28-1948

H. A. S. S.

T B Tudor

Notary Public

C O N S E N T

In consideration of the execution of the Picacho Unit Agreement, Lincoln County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Plan; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

Executed this 7th day of June, A. D., 1944.

Robert F Casey  
Marion K Casey  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF New Mexico |  
COUNTY OF Lincoln | SS:

On this 7th day of June, A. D., 1944, before me personally appeared  
Robert F Casey and Marion K. Casey

(husband and wife) (~~a single person~~) to me known to be the person<sup>s</sup> described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

My commission expires May 25, 1945



Mary Louise Jones  
Notary Public



State of Texas  
County of Briscoe

Before me, the undersigned, a Notary Public in and for Briscoe County Texas, on this day personally appeared Mabel E. Brunson, wife of William W. Brunson, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mabel E. Brunson acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office on this 12th Day of June, 1944.

H. G. Gardiner  
H. G. Gardiner Notary Public in and for  
Briscoe County, Texas

STATE OF NEW MEXICO }  
COUNTY OF EDDY } SS:

On this 8th day of June, A. D., 1944 before me personally appeared Neil H. Wills, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

My commission expires 4/1/47.

Louise Wertheim  
Notary Public

THE STATE OF TEXAS }  
COUNTY OF TARRANT } SS:

Before me, the undersigned authority, on this day personally appeared GEORGE B. McCAMEY, known to me to be the identical person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 15th. day of June, A. D., 1944.

Joe F. Orr (Joe F. Orr)  
Notary Public in and for Tarrant County,  
Texas

STATE OF NEW MEXICO }  
COUNTY OF CHAVES } SS:

On this 6th day of June, A. D., 1944, before me personally appeared G. C. BRUNSON, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

My commission expires April 3, 1948.

Arline Gibbany  
Notary Public

STATE OF

New Mexico

COUNTY OF

Chavez

SS:

appeared

On this 5th day of June, A. D., 1944, before me personally

William W Brunson

(~~husband and wife~~) (~~a single person~~) to me known to be the person      described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

My commission expires

11-12-47

Notary Public

Marion Roney  
Notary Public

STATE OF

New Mexico

COUNTY OF

Chavez

SS:

appeared

On this 11th day of June, A. D., 1944, before me personally

E H Pipkin

(~~husband and wife~~) (~~a single person~~) to me known to be the person      described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

My commission expires

11-12-47

Notary Public

Marion Roney  
Notary Public

EXHIBIT "B"

<u>SECTION</u>	<u>SERIAL NO.</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
<u>TOWNSHIP 11 SOUTH, RANGE 18 EAST</u>					
16	State	S $\frac{1}{2}$	Unleased		320
17	Milton J. Mabey	N $\frac{1}{2}$ NW $\frac{1}{4}$	Unleased		80
17	Robert F. Casey	NE $\frac{1}{4}$	Unleased		160
17	State	SW $\frac{1}{4}$ NW $\frac{1}{4}$	A. T. A. Bonner		40
17	USA 060791	S $\frac{1}{2}$ ; SE $\frac{1}{4}$ NW $\frac{1}{4}$	Mabel E. Brunson		360
20	U. S. A.	W $\frac{1}{2}$ NW $\frac{1}{4}$	Wilma E. Donahoo		80
20	USA 060791	E $\frac{1}{2}$ NW $\frac{1}{4}$ ; W $\frac{1}{2}$ NE $\frac{1}{4}$	Mabel E. Brunson		160
20	Lois H. Fuller*	E $\frac{1}{2}$ NE $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$	Willie Stell Stancliff		160
20	Lois H. Fuller#	N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SE $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	160
20	U. S. A.	SW $\frac{1}{4}$ SW $\frac{1}{4}$	Open		40
20	USA 060791	SE $\frac{1}{4}$ SE $\frac{1}{4}$	Mabel E. Brunson		40
21	Lois H. Fuller*	W $\frac{1}{2}$ , NE $\frac{1}{4}$	Willie Stell Stancliff		480
21	USA 060791	NW $\frac{1}{4}$ SE $\frac{1}{4}$ ; SE $\frac{1}{4}$ SE $\frac{1}{4}$	Mabel E. Brunson		80
21	State	NE $\frac{1}{4}$ SE $\frac{1}{4}$	Neil H. Wills		40
21	Lois H. Fuller	SW $\frac{1}{4}$ SE $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	40
22	State	W $\frac{1}{2}$ NW $\frac{1}{4}$	Chas. B. Gonzales		80
22	Bert Smith	E $\frac{1}{2}$ NW $\frac{1}{4}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$	Open		160
22	State	NW $\frac{1}{4}$ SW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SE $\frac{1}{4}$	Neil H. Wills		120
22	Picacho Cattle Co.	NE $\frac{1}{4}$ SW $\frac{1}{4}$	Open		40
22	State	NW $\frac{1}{4}$ SE $\frac{1}{4}$	Dorsey Ash		40
22	USA 060791	SW $\frac{1}{4}$ SW $\frac{1}{4}$ ; E $\frac{1}{2}$ SE $\frac{1}{4}$	Mabel E. Brunson		120
23	Border Sheep & Farm Co.	S $\frac{1}{2}$ NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ SW $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$	Open		200
23	USA 060791	W $\frac{1}{2}$ SW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SE $\frac{1}{4}$	Mabel E. Brunson		160
23	USA 061211	SE $\frac{1}{4}$ SE $\frac{1}{4}$	Willie Stell Stancliff		40
24	Border Sheep & Farm Co.	SW $\frac{1}{4}$	Open		160
25	Border Sheep & Farm Co.	NE $\frac{1}{4}$ NW $\frac{1}{4}$	Open		40
25	Lois H. Fuller	NW $\frac{1}{4}$ NW $\frac{1}{4}$	Open		40
25	Lois H. Fuller	S $\frac{1}{2}$ NW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	120
25	Frank McKnight et ux	N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	120
26	USA 060791	N $\frac{1}{2}$ N $\frac{1}{2}$ ; SE $\frac{1}{4}$ NW $\frac{1}{4}$ ; SW $\frac{1}{4}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$ SE $\frac{1}{4}$ ; SW $\frac{1}{4}$ SW $\frac{1}{4}$	Mabel E. Brunson		360
26	Lois H. Fuller	SE $\frac{1}{4}$ NE $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$ ; N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ NW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	280
27	USA 060791	N $\frac{1}{2}$ N $\frac{1}{2}$ ; S $\frac{1}{2}$ NW $\frac{1}{4}$ ; SW $\frac{1}{4}$ ; NE $\frac{1}{4}$ ; SE $\frac{1}{4}$ SE $\frac{1}{4}$ ; N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SW $\frac{1}{4}$	Mabel E. Brunson		440
27	Lois H. Fuller	SE $\frac{1}{4}$ NE $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$ ; SW $\frac{1}{4}$ SE $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	200

<u>SECTION</u>	<u>SERIAL NO.</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
<u>TOWNSHIP 11 SOUTH, RANGE 18 EAST</u>					
28	USA 060791	SE $\frac{1}{4}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$ ; NE $\frac{1}{4}$ NE $\frac{1}{4}$	Mabel E. Brunson		280
28	Lois H. Fuller	NW $\frac{1}{4}$ NE $\frac{1}{4}$ ; N $\frac{1}{2}$ NW $\frac{1}{4}$ ; N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	240
28	H. P. Saunders Sr.	S $\frac{1}{2}$ NW $\frac{1}{4}$	Willie Stell Stancliff		80
28	State	SE $\frac{1}{4}$ SW $\frac{1}{4}$	Neil H. Wills		40
29	Lois H. Fuller	E $\frac{1}{2}$ NW $\frac{1}{4}$	Open		80
29	USA 060791	N $\frac{1}{2}$ NE $\frac{1}{4}$	Mabel E. Brunson		80
29	Lois H. Fuller*	SE $\frac{1}{4}$ ; NE $\frac{1}{4}$ SW $\frac{1}{4}$	Willie Stell Stancliff		200
29	Caldwell J. Saunders et ux	S $\frac{1}{2}$ NE $\frac{1}{4}$	Willie Stell Stancliff		80
29	State	SE $\frac{1}{4}$ SW $\frac{1}{4}$	Marvin Potett		40
32	Lois H. Fuller*	N $\frac{1}{2}$ NE $\frac{1}{4}$	Willie Stell Stancliff		80
32	State	SW $\frac{1}{4}$ NE $\frac{1}{4}$	Armen Lahagram		40
32	State	SE $\frac{1}{4}$ NE $\frac{1}{4}$	Vida Heelan		40
32	State	NE $\frac{1}{4}$ SE $\frac{1}{4}$	Alec Lunvall		40
32	State	SE $\frac{1}{4}$ SE $\frac{1}{4}$	Wm. A. Knight		40
32	State	SW $\frac{1}{4}$ SE $\frac{1}{4}$	H. Ohlerich		40
32	State	NW $\frac{1}{4}$ SE $\frac{1}{4}$	Neil H. Wills		40
33	USA 060790	E $\frac{1}{2}$ ; SW $\frac{1}{4}$	G. C. Brunson		480
33	State	E $\frac{1}{2}$ NW $\frac{1}{4}$ ; SW $\frac{1}{4}$ NW $\frac{1}{4}$	Neil H. Wills		120
33	Lois H. Fuller	NW $\frac{1}{4}$ NW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	40
34	USA 060790	E $\frac{1}{2}$ E $\frac{1}{2}$ ; NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SW $\frac{1}{4}$	G. C. Brunson		440
34	Lois H. Fuller	W $\frac{1}{2}$ E $\frac{1}{2}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	200
35	USA 060791	NE $\frac{1}{4}$ ; E $\frac{1}{2}$ SE $\frac{1}{4}$ ; SE $\frac{1}{4}$ NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ NW $\frac{1}{4}$	Mabel E. Brunson		320
35	USA 060790	SW $\frac{1}{4}$ ; W $\frac{1}{2}$ SE $\frac{1}{4}$ ; SW $\frac{1}{4}$ NW $\frac{1}{4}$	G. C. Brunson		280
35	Lois H. Fuller	NE $\frac{1}{4}$ NW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	40
36	State	NW $\frac{1}{4}$ NW $\frac{1}{4}$	Wm. T. Reese		40
36	State	NE $\frac{1}{4}$ NW $\frac{1}{4}$	W. H. Fry		40
36	State	S $\frac{1}{2}$ NW $\frac{1}{4}$	L. W. Anthony		80
36	State	NW $\frac{1}{4}$ SW $\frac{1}{4}$	Mary A. Grove		40
36	State	NE $\frac{1}{4}$ SW $\frac{1}{4}$	Neil H. Wills		40
36	State	SW $\frac{1}{4}$ SW $\frac{1}{4}$	O. L. Opsjon		40
36	State	SE $\frac{1}{4}$ SW $\frac{1}{4}$	A. L. Jackson		40
<u>TOWNSHIP 12 SOUTH, RANGE 18 EAST</u>					
1	State	Lots 1, 2, 3, 4	Willie Stell Stancliff		71.74
1	USA 060754	S $\frac{1}{2}$ N $\frac{1}{2}$ ; SW $\frac{1}{4}$	W. W. Brunson		320
1	State	SE $\frac{1}{4}$	Willie Stell Stancliff		160
2	State	Lots 3 & 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ ; SW $\frac{1}{4}$	Neil H. Wills		281.60
2	State	Lots 1 & 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	279.20
3	USA 060790	All	G. C. Brunson		569.40

<u>SECTION</u>	<u>SERIAL NO.</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
<u>TOWNSHIP 12 SOUTH, RANGE 18 EAST</u>					
4	USA 060790	All	G. C. Brunson		577.48
5	USA 060790	E $\frac{1}{2}$ NE $\frac{1}{4}$	G. C. Brunson		65.70
5	USA 060565	Lot 2; SW $\frac{1}{4}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$	N. J. Steinberger		226.21
8	State	NE $\frac{1}{4}$ NE $\frac{1}{4}$ ; NE $\frac{1}{4}$ SE $\frac{1}{4}$	Willie Stell Stancliff		80
8	USA 060565	SE $\frac{1}{4}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$ SE $\frac{1}{4}$	N. J. Steinberger		80
9	State	N $\frac{1}{2}$ SW $\frac{1}{4}$ ; NW $\frac{1}{4}$ SE $\frac{1}{4}$ ; NW $\frac{1}{4}$ NE $\frac{1}{4}$ ; N $\frac{1}{2}$ NW $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	240
9	USA 060753	SE $\frac{1}{4}$ NW $\frac{1}{4}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$ SE $\frac{1}{4}$	Willie Stell Stancliff		200
9	USA 061211	SW $\frac{1}{4}$ NW $\frac{1}{4}$ ; S $\frac{1}{2}$ SW $\frac{1}{4}$	Willie Stell Stancliff		120
9	State	NE $\frac{1}{4}$ NE $\frac{1}{4}$	Neil H. Wills		40
9	State	NE $\frac{1}{4}$ SE $\frac{1}{4}$	Alec Lunvall		40
10	State	N $\frac{1}{2}$ N $\frac{1}{2}$	Neil H. Wills	Snowden & McSweeney	160
10	USA 060753	S $\frac{1}{2}$ N $\frac{1}{2}$ ; N $\frac{1}{2}$ S $\frac{1}{2}$	Willie Stell Stancliff		320
10	State	S $\frac{1}{2}$ S $\frac{1}{2}$	Neil H. Wills		160
11	USA 060753	N $\frac{1}{2}$ NW $\frac{1}{4}$ ; SE $\frac{1}{4}$ NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ NE $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$	Willie Stell Stancliff		280
11	State	SE $\frac{1}{4}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$ SW $\frac{1}{4}$ ; S $\frac{1}{2}$ SE $\frac{1}{4}$	Willie Stell Stancliff		200
11	Geo. M. Slaughter et ux	N $\frac{1}{2}$ NE $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	80
11	State	SW $\frac{1}{4}$ NW $\frac{1}{4}$	J. T. Craven		40
11	State	NW $\frac{1}{4}$ SW $\frac{1}{4}$	Eva B. Thoenix		40
12	T. H. McKnight et ux	W $\frac{1}{2}$ W $\frac{1}{2}$	T. A. Stancliff	Willie Stell Stancliff	160
12	State	NW $\frac{1}{4}$ NE $\frac{1}{4}$ ; NE $\frac{1}{4}$ NW $\frac{1}{4}$ ; E $\frac{1}{2}$ SW $\frac{1}{4}$	Willie Stell Stancliff		160
12	USA 061525	SW $\frac{1}{4}$ NE $\frac{1}{4}$	E. H. Pipkin		40
12	USA 060754	E $\frac{1}{2}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$ NW $\frac{1}{4}$ ; SE $\frac{1}{4}$	W. W. Brunson		280
13	USA 060754	S $\frac{1}{2}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$ ; NE $\frac{1}{4}$ NW $\frac{1}{4}$	W. W. Brunson		440
13	State	N $\frac{1}{2}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$ NW $\frac{1}{4}$	Willie Stell Stancliff		120
13	T. H. McKnight et ux	W $\frac{1}{2}$ NW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	80
14	State	W $\frac{1}{2}$ NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ SW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$ ; S $\frac{1}{2}$ SE $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	240
14	USA 060753	NE $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$ ; E $\frac{1}{2}$ NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ SW $\frac{1}{4}$	Willie Stell Stancliff		400
15	USA 060753	NE $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$ ; W $\frac{1}{2}$ NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ SW $\frac{1}{4}$	Willie Stell Stancliff		360
15	State	E $\frac{1}{2}$ NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ SW $\frac{1}{4}$	Willie Stell Stancliff		120
15	State	S $\frac{1}{2}$ SW $\frac{1}{4}$ S $\frac{1}{2}$ SE $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	160
16	State	SW $\frac{1}{4}$ NE $\frac{1}{4}$	Neil H. Wills		40
16	State	N $\frac{1}{2}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$ ; E $\frac{1}{2}$ W $\frac{1}{2}$	Geo. B. McCamey	Willie Stell Stancliff	440

<u>SECTION</u>	<u>SERIAL NO.</u>	<u>DESCRIPTION</u>	<u>LESSEE OR APPLICANT</u>	<u>ASSIGNEE</u>	<u>ACRES</u>
<u>TOWNSHIP 12 SOUTH, RANGE 18 EAST</u>					
21	USA 060754	W $\frac{1}{2}$ NE $\frac{1}{4}$	W. W. Brunson		80
21	Geo. M. Slaughter et ux	E $\frac{1}{2}$ NE $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$ ; SW $\frac{1}{4}$ SE $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	200
21	State	SE $\frac{1}{4}$ SE $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	40
22	USA 060753	N $\frac{1}{2}$ ; NW $\frac{1}{4}$ SW $\frac{1}{4}$ ; S $\frac{1}{2}$ S $\frac{1}{2}$	Willie Stell Stancliff		520
22	State	NE $\frac{1}{4}$ SW $\frac{1}{4}$ ; N $\frac{1}{2}$ SE $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	120
23	USA 060754	E $\frac{1}{2}$ ; E $\frac{1}{2}$ NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ SW $\frac{1}{4}$ ; SE $\frac{1}{4}$ SW $\frac{1}{4}$	W. W. Brunson		480
23	State	W $\frac{1}{2}$ NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ SW $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	120
23	State	SW $\frac{1}{4}$ SW $\frac{1}{4}$	Willie Stell Stancliff		40
24	USA 060754	W $\frac{1}{2}$ NW $\frac{1}{4}$	W. W. Brunson		80
24	T. J. McKnight et ux	W $\frac{1}{2}$ SW $\frac{1}{4}$	T. A. Stancliff	Willie Stell Stancliff	80
24	State	E $\frac{1}{2}$ W $\frac{1}{2}$	Willie Stell Stancliff		160
26	USA 060754	E $\frac{1}{2}$ ; E $\frac{1}{2}$ W $\frac{1}{2}$ ; W $\frac{1}{2}$ SW $\frac{1}{4}$	W. W. Brunson		560
26	State	W $\frac{1}{2}$ NW $\frac{1}{4}$	Willie Stell Stancliff		80
27	USA 060753	N $\frac{1}{2}$ N $\frac{1}{2}$ ; S $\frac{1}{2}$ NW $\frac{1}{4}$ ; N $\frac{1}{2}$ SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ NE $\frac{1}{4}$ ; NW $\frac{1}{4}$ SE $\frac{1}{4}$	Willie Stell Stancliff		400
27	USA 060754	S $\frac{1}{2}$ S $\frac{1}{2}$ ; SE $\frac{1}{4}$ NE $\frac{1}{4}$ ; NE $\frac{1}{4}$ SE $\frac{1}{4}$	W. W. Brunson		240
28	State	NE $\frac{1}{4}$ NE $\frac{1}{4}$ ; S $\frac{1}{2}$ NE $\frac{1}{4}$ ; SE $\frac{1}{4}$	Geo. B. McCamey	Willie Stell Stancliff	280
28	Geo. M. Slaughter et ux	NW $\frac{1}{4}$ NE $\frac{1}{4}$	Open		40
34	Geo. M. Slaughter et ux	N $\frac{1}{2}$	Willie Stell Stancliff		320
35	USA 061525	N $\frac{1}{2}$	E. H. Pipkin		320
Total					20,471.33

RECAPITULATION:

Federal Land	10,718.79 Acres
State Land	5,312.54 Acres
Patented Land	4,440.00 Acres

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Total 20,471.33 Acres

\* 1/8 Mineral interest owned by Picacho Royalties Co.  
# 1/2 Mineral interest owned by William G. Kelsey single



C O N S E N T

In consideration of the execution of the Picacho Unit Agreement, Lincoln County, New Mexico, in form approved by the Secretary of the Interior, the undersigned owners of lands or interests in lands or royalties or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his particular ownership or interest, consent to the inclusion of said lands within the Unit area therein defined, approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Agreement; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

Executed this 27th day of June, A. D., 1944.

T. J. McKnight  
Nannie P. McKnight  
George M. Slaughter  
Janice Slaughter (also known as Janice Wyly Slaughter)  
Frank McKnight  
Mary L. McKnight  
Picacho Royalties

By E F Bullard  
Vice President of Stanolind Oil and Gas Company  
As Attorney In Fact

STATE OF OKLAHOMA    §  
                                 §    SS:  
COUNTY OF TULSA    §

On this 27th day of June A. D., 1944, before me personally appeared E.F. BULLARD, to me known to be the duly elected, qualified and acting Vice President of Stanolind Oil and Gas Company, a corporation, and the person described in and who executed the foregoing instrument as attorney in fact as aforesaid, and acknowledged that he executed the same as such attorney in fact as the free act and deed of T. J. McKnight, Nannie P. McKnight, George M. Slaughter, Janice Slaughter (also known as Janice Wyly Slaughter), Frank McKnight, Mary L. McKnight, W. G. Kelsey, and Picacho Royalties, and each and every of them.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year first above written.

My commission expires Dec 11, 1945

Faustina C. [Signature]  
Notary Public

(Powers of attorney supporting this signature are bound in with the form of consent attached to Counterpart No. 1 of this Unit Agreement.)